

SERSOL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter	Preceding Year	Current Year To	Preceding Year
	30 SEPTEMBER 2022	Corresponding Quarter 30 SEPTEMBER 2021	Date 30 SEPTEMBER 2022	Corresponding Period 30 SEPTEMBER 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	5,561	3,297	13,767	11,260
Cost of sales	(4,030)	(2,302)	(10,129)	(7,754)
Gross Profit	1,531	995	3,638	3,506
Other operating income	32	18	194	88
Operating expenses	(2,093)	(1,104)	(5,693)	(3,460)
(Loss) / Profit from operations	(530)	(91)	(1,861)	134
Finance costs	(16)	(1)	(20)	(2)
(Loss) / Profit before tax	(546)	(92)	(1,881)	132
Income tax expense	4	5	23	14
(Loss) / Profit for the period	(542)	(87)	(1,858)	146
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	(26)	(187)	(20)	(132)
Total comprehensive (loss) / profit for the period	(568)	(274)	(1,878)	14
(Loss) / Profit attributable to:				
Owners of the parent	(542)	(87)	(1,858)	146
(Loss) / Profit for the period	(542)	(87)	(1,858)	146
Total comprehensive (loss) / profit attributable to:				
Owners of the parent	(568)	(274)	(1,878)	14
Total comprehensive (loss) / profit for the period	(568)	(274)	(1,878)	14
(Loss) / Profit per share (sen)				
Basic (note B10)	(0.10)	(0.04)	(0.52)	0.07
Diluted (note B10)	(0.10)	(0.03)	(0.47)	0.06

(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 2021 and the accompanying explanatory notes attached to the interim financial statements.)

SERSOL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Unaudited As At 30 SEPTEMBER 2022	Audited As At 31 DECEMBER 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,665	6,373
Development expenditure	11,732	-
Right of Use Asset	1,565	62
	19,962	6,435
Current assets		
Inventories	6,223	5,620
Trade receivables	3,905	2,806
Other receivables, deposits and prepayments	6,368	3,082
Tax recoverable	19	24
Deposit, Cash and bank balances	2,472	8,027
	18,987	19,559
TOTAL ASSETS	38,949	25,994
EQUITY AND LIABILITIES		
Equity		
Share capital	34,741	21,308
Exchange translation reserve	80	100
Warrants reserve	6,685	7,253
Other reserve	(6,685)	(7,253)
Accumulated losses	(3,918)	(2,102)
Revaluation reserve	3,038	3,080
Equity attributable to owners of the parent	33,941	22,386
TOTAL EQUITY	33,941	22,386
Non-current liabilities		
Lease Liability	6	27
Hire purchases payables	946	-
Deferred tax liabilities	876	890
	1,828	917
Current liabilities		
Trade payables	2,179	2,071
Other payables and accruals	669	450
Hire purchases payables	196	-
Lease Liability	30	36
Taxation	106	134
	3,180	2,691
TOTAL LIABILITIES	5,008	3,608
TOTAL EQUITY AND LIABILITIES	38,949	25,994
Net assets per ordinary share attributable to owners of the parent (RM)	0.06	0.09

(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 2021 and the accompanying explanatory notes attached to the interim financial statements.)

SERSOL BERHADCompany No. 200201034397 (602062-X)
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022**

	Current Year To Date 30 SEPTEMBER 2022	Preceding Year Corresponding Period 30 SEPTEMBER 2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(1,881)	132
Adjustments for:-		
Non-cash items	479	343
Non-operating items	(85)	(43)
Operating (loss) / profit before changes in working capital	(1,487)	432
Net changes in current assets	(4,932)	(16)
Net changes in current liabilities	325	(1,870)
CASH USED IN OPERATIONS	(6,094)	(1,454)
Income tax refunded	5	16
Interest paid	-	(1)
Tax paid	(19)	(4)
NET CASH FROM OPERATING ACTIVITIES	(6,108)	(1,443)
NET CASH FOR INVESTING ACTIVITIES		
Interest received	15	45
Development expenditure incurred	(11,732)	-
Proceed from disposal of property, plant and equipment	85	200
Purchase of plant and equipment	(1,114)	(106)
NET CASH USED IN INVESTING ACTIVITIES	(12,746)	139
CASH FLOWS FOR FINANCING ACTIVITIES		
Proceed from issuance of share capital	12,325	5,135
Proceed from conversion of warrants	1,108	-
Repayment of finance lease	(28)	(43)
Repayment of hire purchase payables	(96)	-
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	13,309	5,092
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,545)	3,788
Effect of changes in exchange rates	(10)	(121)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,027	6,585
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	2,472	10,252
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	RM'000	RM'000
Cash and bank balances	2,472	10,252

(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 2021 and the accompanying explanatory notes attached to the interim financial statements.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THIRD QUARTER ENDED
30 SEPTEMBER 2022**

(The figures have not been audited)

	← Attributable to Owners of the Parent →						Total Equity RM'000
	Share capital RM'000	Non-distributable 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 2022	21,308	100	3,080	7,253	(7,253)	(2,102)	22,386
Loss for the financial year	-	-	-	-	-	(1,858)	(1,858)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(42)	-	-	42	-
Foreign exchange translation reserve	-	(20)	-	-	-	-	(20)
Transactions with owners:							
Issuance of ordinary shares	12,325	-	-	-	-	-	12,325
Conversion of warrants	1,108	-	-	(568)	568	-	1,108
As at 30 September 2022	<u>34,741</u>	<u>80</u>	<u>3,038</u>	<u>6,685</u>	<u>(6,685)</u>	<u>(3,918)</u>	<u>33,941</u>
As at 1 January 2021	12,786	221	3,136	7,692	(7,692)	(355)	15,788
Profit for the financial year	-	-	-	-	-	146	146
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(42)	-	-	42	-
Foreign exchange translation reserve	-	(132)	-	-	-	-	(132)
Transactions with owners:							
Issuance of ordinary shares	4,182	-	-	-	-	-	4,182
Conversion of warrants	953	-	-	(423)	423	-	953
As at 30 September 2021	<u>17,921</u>	<u>89</u>	<u>3,094</u>	<u>7,269</u>	<u>(7,269)</u>	<u>(167)</u>	<u>20,937</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 2021 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 unaudited condensed interim financial statements for the financial period as at 30 September 2022 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 2021. 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 2022

- | | | |
|-----|--|--|
| 1. | Amendments to MFRS 3 | Reference to Conceptual Framework |
| 2. | Amendments to MFRS 116 | Property, Plant and Equipment – Proceeds before Intended Use |
| 3. | Amendments to MFRS 137 | Onerous Contracts – Cost of Fulfilling a Contract |
| 4. | 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 |
| 5. | MFRS 17 | Insurance Contracts |
| 6. | Amendments to MFRS 17 | Insurance Contracts |
| 7. | Amendments to MFRS 101 | Current or Non-current Disclosures of Accounting Policies |
| 8. | Amendments to MFRS 108 | Definition of Accounting Estimates |
| 9. | Amendment to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| 10. | 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 Cyclical 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.

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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, except for the following:-

	Ordinary Share	
	No of shares	RM
	'000	'000
Share capital-issued and fully paid up as at 01.07.2022	289,574	34,671
Arising from exercise of Warrants	709	70
Bonus Issue	<u>253,378</u>	<u>-</u>
Total Number of Issued Shares as at 30.09.2022	<u>543,661</u>	<u>34,741</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 30 September 2022 RM'000	Preceding Year Corresponding Quarter 30 September 2021 RM'000	Current Year To Date 30 September 2022 RM'000	Preceding Year Corresponding Period 30 September 2021 RM'000
Revenue				
Malaysia	5,119	3,382	12,352	10,054
Thailand	1,407	895	3,857	3,173
Total including inter-segment sales	6,526	4,277	16,209	13,227
Eliminations of inter-segment sales	(965)	(980)	(2,442)	(1,967)
Total Revenue	5,561	3,297	13,767	11,260
Profit Before Tax				
Segment results				
Malaysia	(342)	27	(1,512)	99
Thailand	(193)	(1)	(427)	27
	(535)	26	(1,939)	126
Finance costs	(15)	(1)	(20)	(2)
Eliminations	4	(117)	78	8
Total (Loss) / Profit Before Tax	(546)	(92)	(1,881)	132
At 30 September 2022	Malaysia	Thailand	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
Segment assets	65,286	2,556	(28,912)	38,930
Income tax assets	3	16	-	19
Total assets				38,949
Segment liabilities	40,973	1,388	(39,478)	2,883
Hire purchase payables	1,142	-	-	1,142
Income tax liabilities	982	-	-	982
Total liabilities				5,007
Other segment information				
Capital expenditure	680	434	-	1,114
Amortisation of right-of-use assets	115	-	16	131
Depreciation of property, plant and equipment	290	107	-	397

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A7. Segmental Reporting (Con't)

(b) Secondary Reporting Format - Business Segments:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter	Preceding Year Corresponding	Current Year	Preceding Year
	30 September	Quarter 30 September	To Date	Corresponding Period
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment Holdings	-	14	-	41
Coatings Manufacturing	6,526	4,263	16,209	13,186
Eliminations	(965)	(980)	(2,442)	(1,967)
Total Revenue	5,561	3,297	13,767	11,260
(Loss) / Profit Before tax				
Segment results				
Investment Holdings	(393)	(85)	(1,104)	(289)
Coatings Manufacturing	(103)	111	(699)	415
Others	(39)	-	(136)	-
	(535)	26	(1,939)	126
Finance costs	(15)	(1)	(20)	(2)
Eliminations	4	(117)	78	8
Total (Loss) / Profit Before Tax	(546)	(92)	(1,881)	132

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
	30.09.22	30.09.21	30.09.22	30.09.21
	RM'000	RM'000	RM'000	RM'000
Revenue	5,561	3,297	13,767	11,260
(Loss) / Profit Before Interest and Tax ("LBIT" / "PBIT")	(550)	(91)	(1,861)	134
(Loss) / Profit Before Tax ("LBT" / "PBT")	(546)	(92)	(1,881)	132
(Loss) / Profit After Tax Profit / ("LAT" / "PAT")	(542)	(87)	(1,858)	146
(Loss) / Profit attributable to Ordinary Equity Holders of the Parent	(542)	(87)	(1,858)	146

Review of results for the current quarter

For the current quarter financial period ended 30 September 2022, the Group registered a revenue of RM5.56 million, LBIT and LBT of RM0.54 million respectively as compared to a revenue of RM3.29 million, LBIT and LBT of RM91,000 and RM92,000 respectively in the preceding financial year's corresponding quarter.

Commentary on revenue

The Group recorded a higher revenue for the current quarter is due to higher demand of the Group's products.

Commentary on LBIT / PBIT and LBT / PBT

The Group recorded a LBIT and LBT of RM0.55 million for the current quarter 30 September 2022 compared to the preceding financial year's corresponding quarter of LBIT and LBT of RM91,000 and RM92,000 respectively. This was mainly due to the higher raw material costs and expenses incurred on corporate exercise.

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B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

	Current Quarter	Immediate Preceding Quarter
	30.09.22	30.06.22
	RM'000	RM'000
Revenue	5,561	3,868
Loss From Operations	(530)	(980)
Loss Before Tax	(546)	(983)
Loss After Tax	(542)	(978)
Loss attributable to Ordinary Equity Holders of the Parent	(542)	(978)

The Group recorded a lower LBT of RM0.54 million for the current quarter financial period ended 30 September 2022 as compared to LBT of approximately RM0.98 million for the immediate preceding quarter financial period ended 30 June 2022. This was mainly due to higher revenue during the financial period.

B3. Prospects of the Group

While the supply chain disruption issue has progressively improved, the Group expects the market condition to remain challenging given the continued pressure from the rising inflation rate and the cost of materials that impact profitability. The Group will continue to improve its performance by taking appropriate measures and strategies to mitigate the business risks and to enhance operational efficiencies.

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 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	-	-
Deferred taxation	4	5	23	14
	<u>4</u>	<u>5</u>	<u>23</u>	<u>14</u>

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B6. Status of Corporate Proposal Announced

Saved as disclosed below, there were no other corporate proposals which had been announced by the Company and are pending for completion as of to date:

- a) On 20 May 2021, Company proposed to undertake the Private Placements. On 24 June 2021, Bursa Securities had, vide its letter dated 24 June 2021, approved the listing of and quotation for up to 65,398,000 Placement Shares to be issued pursuant to the Private Placement I and up to 65,398,000 Placement Shares to be issued pursuant to the Private Placement II. On 3 January 2022, Bursa Securities granted the Company an extension of time until 23 June 2022 for the Company to complete the implementation of the Private Placement I. On 23 June 2022, Bursa Securities has granted the Company an extension of time until 23 December 2022 for the Company to complete the implementation of the Private Placement I. The Private Placement II was completed on 5 April 2022 and the Company has raised a total proceeds of RM15.565 million, which is expected to be utilised in the following manner:

Description	Proceeds raised (RM'000)	Actual utilisation (RM'000)	Balance unutilised (RM'000)	Expected time frame for the use of proceeds (from the date of listing of the Placement Shares)
Purchase of machineries and equipment	390	26	364	Within 36 months
Payment to trade creditors	1,322	1,322	-	Within 36 months
Investment in R&D activities	437	17	420	Within 36 months
Working capital	13,216	12,365	851	Within 36 months
Expenses relating to the Private Placements	200	193	7	Immediately
Total	15,565	13,923	1,642	

The Private Placement I was completed on 18 October 2022 and the Company has raised a total proceeds of RM3.829 million, which is expected to be utilised in the following manner:

Description	Proceeds raised (RM'000)	Actual utilisation (RM'000)	Balance unutilised (RM'000)	Expected time frame for the use of proceeds (from the date of listing of the Placement Shares)
Purchase of machineries and equipment	460	-	460	Within 36 months
Payment to trade creditors	1,500	-	1,500	Within 36 months
Investment in R&D activities	563	-	563	Within 36 months
Working capital	1,291	-	1,291	Within 36 months
Expenses relating to the Private Placements	15	-	15	Immediately
Total	3,829	-	3,829	

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B6. Status of Corporate Proposal Announced (Con't)

- b) On 1 October 2021, Sersol Energy Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Memorandum of Understanding ("MOU") with Aeroleum Sdn Bhd ("ASB") and Silicon Designs (M) Sdn Bhd with the intent to collaborate to produce greener and cleaner fuel for Malaysia using a proprietary technology known as Nano Activated Fuel Technology. The MOU will expire 6 months from the MOU date (i.e., 1 October 2021) ("Expiry Date") and may be further extended by mutual agreement by the parties. There is no conclusion on the negotiations between the parties as at the expiry date of the MOU and thus the MOU had expired and lapsed ("MOU expiry"). Upon the MOU expiry, neither party shall have any claim against the other, save and except for any antecedent claim. The MOU expiry will not have any material financial impact on Sersol and its subsidiaries.
- c) On 8 October 2021, Sersol E-Solutions Sdn Bhd, a wholly-owned subsidiary of the Company entered into a MOU with Dronology Sdn. Bhd. ("DSB") with the intent to establish synergy in the development of a viable and sustainable business model and marketing program to commercially promote the products and services of DSB. DSB is principally involved in designing and manufacturing advanced unmanned systems such as unmanned aerial vehicle, unmanned ground vehicle and unmanned surface vehicles, most commonly known as drones. The MOU is valid for a period of 1 year commencing from 8 October 2021 and may be further extended by mutual agreement by the parties. There is no conclusion on the negotiations between the parties as at the expiry date of the MOU and thus the MOU had expired and lapsed ("MOU expiry"). Upon the MOU expiry, neither party shall have any claim against the other, save and except for any antecedent claim. The MOU expiry will not have any material financial impact on Sersol and its subsidiaries.
- d) On 22 March 2022, the Company proposes to undertake the proposed bonus issue of up to 457,786,000 new ordinary shares in Sersol on the basis of 1 Bonus Share for every 1 existing Sersol Share held by the shareholders of Sersol whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined later and the proposed free warrants issue of up to 152,595,333 free warrants on the basis of 1 Warrant for every 6 existing Shares held by the shareholders of Sersol whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined later.

On 12 April 2022, the Company has resolved to revise the proposals to the proposed bonus issue of up to 385,277,375 Bonus Shares on the basis of 7 Bonus Shares for every 8 existing Shares held by the Bonus Shares Entitled Shareholders on the Bonus Shares Entitlement Date and the proposed free warrants issue of up to 165,118,875 Warrants B on the basis of 1 Warrant B for every 5 existing Shares held by the Warrants Entitled Shareholders on the Warrants Entitlement Date.

Bursa Securities had, vide its letter dated 27 April 2022, resolved to approve the following:

- (i) listing and quotation of up to 385,277,375 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- (ii) listing and quotation of up to 75,296,550 additional warrants 2013/2023 ("Adjustment Warrants A") to be issued pursuant to the adjustment arising from the Proposed Bonus Issue of Shares;
- (iii) listing and quotation of up to 75,296,550 new Sersol Shares to be issued pursuant to the exercise of the Adjustment Warrants A;
- (iv) admission to the Official List and listing and quotation of up to 165,118,875 Warrants B to be issued pursuant to the Proposed Free Warrants Issue; and
- (v) listing and quotation of up to 165,118,875 new Sersol Shares to be issued arising from the exercise of the Warrants B.

The Bonus Issue of Shares has been completed following the listing and quotation for 253,377,384 Bonus Shares and 73,740,323 additional Warrants A on the ACE Market of Bursa Securities on 5 July 2022.

On 11 October 2022, the Company submitted an application to Bursa Securities for an extension of time up to 16 December 2022 for the Company to complete the implementation of the Free Warrants Issue.

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B6. Status of Corporate Proposal Announced (Con't)

On 21 October 2022, Bursa Securities resolved to approve the extension of time until 16 December 2022 for the Company to complete the implementation of the Free Warrants Issue.

On 23 November 2022, Free Warrants Issue has been completed following the listing and quotation of 118,517,279 Warrants on the ACE Market of Bursa Securities.

- e) On 17 January 2022, the Company entered into a heads of agreement with SMTrack Berhad, Country Heights Holding Berhad, Jiankun International Berhad, Techna-X Berhad, MQ Technologies Berhad, AHB Holdings Berhad and 5G Infra Tech Solution Sdn. Bhd. to invest through redeemable convertible preference shares in 5G Infra Tech. The conditional period of the HOA is for a period of 3 months from the HOA date (i.e., 17 January 2022) or such other extended date as may be mutually agreed upon by the parties. On 25 November 2022, two (2) of the Parties namely, Country Heights Holding Berhad and Techna-X Berhad had decided to withdraw themselves as parties to the Consortium. The remaining four (4) Parties namely, SMTrack Berhad, MQ Technology Berhad, Jiankun International Berhad and Sersol will proceed with the HOA. The remaining Parties and 5G Infra Tech Solution Sdn. Bhd. (collectively known as "both parties") had mutually agreed to extend the conditional period for a period of six (6) months up to 24 May 2023 for both parties to fulfil the conditions precedent and thereafter to enter into a definitive agreement.
- f) On 30 June 2022, Sersol E-Solutions Sdn. Bhd., a wholly owned subsidiary of the Company had entered into a Memorandum of Understanding with Eminent Display Sdn. Bhd. ("Eminent") with the intention for Sersol e-Solutions to evaluate the business viability of Eminent prior to entering into a sale and purchase agreement for the acquisition of shares in Eminent. The MOU will expire 1 month from the MOU date (i.e., 30 June 2022) ("Expiry Date") and may be further extended by mutual agreement by the parties. The Company is in the midst of negotiation with the other parties for the extension of time of the Expiry Date.
- g) On 30 June 2022, the Company entered into a Heads of Agreement with MJets Limited with the intention to form a joint venture by becoming shareholders in private limited companies to be registered in Malaysia and Indonesia which will be in the business of private aviation, business aviation, aircraft handling, aircraft management, aircraft charter sales, private jet terminal and other aviation related activities. The Company is in the midst of setting up the joint venture company.
- h) On 28 October 2022, the Company entered into a Heads of Agreement with Natural and Premium Foods Co. Limited ("**N&P**") with the intention to enter into an association of mutual benefit and to jointly invest and set up a new joint venture enterprise, entity or designed joint venture entity which shall be mutually agreed between Sersol and N&P, for the purpose of distributing N&P's products in Malaysia. The Company is in the midst of setting up the joint venture company.
- i) On 28 October 2022, the Company entered into a Heads of Agreement with Takuni Group Public Company Limited ("**Takuni**") with the intention to jointly invest and set up a new joint venture enterprise, a Malaysian entity or designed joint venture entity which shall be mutually agreed between Sersol and Takuni, for the purpose of conducting business throughout Malaysia, Thailand and Indonesia including but not limited to selling, distributing, assembling and production of electric scooters and related accessories and infrastructures which shall include the charging of the electric scooters. The Company is in the midst of setting up the joint venture company.

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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			
Hire purchase payables	196	-	196
Lease Liability	30	-	30
	<u>226</u>	<u>-</u>	<u>226</u>
Long Term Borrowings			
Hire purchase payables	946	-	946
Lease Liability	6	-	6
	<u>952</u>	<u>-</u>	<u>952</u>
Total	<u><u>1,178</u></u>	<u><u>-</u></u>	<u><u>1,178</u></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. (Loss) / Profit Per Share**Basic (Loss) / Profit per share**

	Current quarter ended		Cumulative quarter ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Net (Loss) / Profit attributed to owners of the parent for the period (RM'000)	(542)	(87)	(1,858)	146
Weighted Average Number of shares in issue ('000)	532,368	227,546	359,927	219,459
Basic (Loss) / Profit per share (sen)	(0.10)	(0.04)	(0.52)	0.07

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B10. (Loss) / Profit Per Share (Con't)**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.

	Current quarter ended		Cumulative quarter ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Net (Loss) / Profit attributed to owners of the parent for the period (RM'000)	(542)	(87)	(1,858)	146
Weighted Average Number of shares in issue ('000)	529,486	281,514	395,589	258,307
Diluted (Loss) / Profit per share (sen)	(0.10)	(0.03)	(0.47)	0.06

B11. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2021 was not qualified.

B12. Derivative Financial Instruments

(a) Disclosure of derivative financial instruments

As at 30 September 2022, 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	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	RM'000	RM'000	RM'000	RM'000
Depreciation	(214)	(73)	(397)	(220)
Gain or (loss) on disposal of property, plant and equipment	-	(100)	85	(100)
Gain or (loss) on foreign exchange – Unrealised	82	17	54	15
Interest expense	(16)	(1)	(20)	(2)
Interest income	5	31	15	45
Amortisation of right of use asset	(68)	(24)	(131)	(35)

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.