

**SERSOL BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED  
30 JUNE 2023**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter 30 JUNE 2023</b>	<b>Preceding Year Corresponding Quarter 30 JUNE 2022</b>	<b>Current Year To Date 30 JUNE 2023</b>	<b>Preceding Year Corresponding Period 30 JUNE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	3,822	3,868	6,575	8,206
Cost of sales	(2,903)	(2,923)	(4,836)	(6,009)
<b>Gross Profit</b>	<b>919</b>	<b>945</b>	<b>1,739</b>	<b>2,107</b>
Other operating income	106	123	164	162
Operating expenses	(8,317)	(2,048)	(10,248)	(3,600)
<b>Loss from operations</b>	<b>(7,292)</b>	<b>(980)</b>	<b>(8,345)</b>	<b>(1,331)</b>
Finance costs	(13)	(3)	(27)	(4)
<b>Loss before tax</b>	<b>(7,305)</b>	<b>(983)</b>	<b>(8,372)</b>	<b>(1,335)</b>
Income tax expense	4	5	9	19
<b>Loss for the period</b>	<b>(7,301)</b>	<b>(978)</b>	<b>(8,363)</b>	<b>(1,316)</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	13	(16)	24	6
<b>Total comprehensive loss for the period</b>	<b>(7,288)</b>	<b>(994)</b>	<b>(8,339)</b>	<b>(1,310)</b>
Loss attributable to:				
Owners of the parent	(7,301)	(978)	(8,363)	(1,316)
Loss for the period	(7,301)	(978)	(8,363)	(1,316)
Total comprehensive Loss attributable to:				
Owners of the parent	(7,288)	(994)	(8,339)	(1,310)
Total comprehensive Loss for the period	(7,288)	(994)	(8,339)	(1,310)
Loss per share (sen)				
Basic (note B10)	(1.01)	(0.34)	(1.24)	(0.48)
Diluted (note B10)	(1.01)	(0.33)	(1.24)	(0.46)

(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 2022 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 JUNE 2023**

	<b>Unaudited As At 30 JUNE 2023</b>	<b>Audited As At 31 DECEMBER 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,693	11,494
Right of use assets	1,273	1,475
Other investments	8,080	-
	<u>20,046</u>	<u>12,969</u>
<b>Current assets</b>		
Inventories	3,508	3,574
Trade receivables	3,089	4,548
Other receivables, deposits and prepayments	7,648	6,701
Tax recoverable	3	3
Deposit, cash and bank balances	1,692	2,712
	<u>15,940</u>	<u>17,538</u>
<b>TOTAL ASSETS</b>	<u>35,986</u>	<u>30,507</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	52,502	39,022
Exchange translation reserve	151	127
Warrants reserve	-	6,532
Other reserve	-	(6,532)
Accumulated losses	(25,991)	(17,657)
Revaluation reserve	4,533	4,562
Equity attributable to owners of the parent	<u>31,195</u>	<u>26,054</u>
<b>TOTAL EQUITY</b>	<u>31,195</u>	<u>26,054</u>
<b>Non-current liabilities</b>		
Lease liability	767	877
Deferred tax liabilities	1,025	1,034
	<u>1,792</u>	<u>1,911</u>
<b>Current liabilities</b>		
Trade payables	1,902	1,200
Other payables and accruals	755	989
Lease liability	240	249
Taxation	102	104
	<u>2,999</u>	<u>2,542</u>
<b>TOTAL LIABILITIES</b>	<u>4,791</u>	<u>4,453</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>35,986</u>	<u>30,507</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.04	0.04

(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 2022 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 CASH FLOWS FOR THE FIRST QUARTER ENDED  
30 JUNE 2023**

	<b>Current Year To Date 30 JUNE 2023</b>	<b>Preceding Year Corresponding Period 30 JUNE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(8,372)	(1,335)
Adjustments for:-		
Non-cash items	5,670	258
Non-operating items	1,583	(90)
Operating loss profit before changes in working capital	(1,119)	(1,167)
Net changes in current assets	(3,956)	(3,509)
Net changes in current liabilities	469	1,938
<b>CASH USED IN OPERATIONS</b>	<b>(4,606)</b>	<b>(2,738)</b>
Income tax refunded	-	5
Interest paid	-	(4)
Tax paid	(3)	(18)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(4,609)</b>	<b>(2,755)</b>
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Interest received	1	10
Development expenditure incurred	-	(11,732)
Purchase of other investments	(11,788)	-
Proceeds from disposal of property, plant and equipment	45	85
Purchase of property, plant and equipment	(95)	(947)
Proceeds from disposal of other investments	2,081	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(9,756)</b>	<b>(12,584)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	12,325
Proceeds from conversion of warrants	13,480	1,038
Repayment of lease liability	(146)	(19)
Drawdown of hire purchase payables	-	(16)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>13,334</b>	<b>13,328</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,031)</b>	<b>(2,011)</b>
Effect of changes in exchange rates	11	11
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,712</b>	<b>8,027</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<b>1,692</b>	<b>6,027</b>
* Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following:		
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	-	-
Cash and bank balances	1,692	6,027
	<u>1,692</u>	<u>6,027</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 2022 and the accompanying explanatory notes attached to the interim financial statements.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FIRST QUARTER ENDED  
30 JUNE 2023**

	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 2023	39,022	127	4,562	6,532	(6,532)	(17,657)	26,054
Conversion of warrants	13,480	-	-	(6,532)	6,532	-	13,480
Loss for the financial year	-	-	-	-	-	(8,363)	(8,363)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(29)	-	-	29	-
Foreign exchange translation reserve	-	24	-	-	-	-	24
As at 30 June 2023	<u>52,502</u>	<u>151</u>	<u>4,533</u>	<u>-</u>	<u>-</u>	<u>(25,991)</u>	<u>31,195</u>
As at 1 January 2022	21,308	100	3,080	7,253	(7,253)	(2,102)	22,386
Conversion of warrants	1,038	-	-	-	-	-	1,038
Issuance of ordinary shares	12,325	-	-	-	-	-	12,325
Loss for the financial year	-	-	-	-	-	(1,316)	(1,316)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(28)	-	-	28	-
Foreign exchange translation reserve	-	6	-	-	-	-	6
As at 30 June 2022	<u>34,671</u>	<u>106</u>	<u>3,052</u>	<u>7,253</u>	<u>(7,253)</u>	<u>(3,390)</u>	<u>34,439</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 2022 and the accompanying explanatory notes attached to the interim financial statements.)

**SERSOL BERHAD**

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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 31 December 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 2022. 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 2022.

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 2023**

1. MFRS 17	Insurance Contracts
2. Amendments to MFRS 17	Insurance Contracts
3. Amendment to MFRS17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
4. Amendments to MFRS 101	Disclosures of Accounting Policies
5. Amendments to MFRS 108	Definition of Accounting Estimates
6. Amendment to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above standards did not give rise to significant effects on the financial statements of the Group.

**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:-

	<b>Ordinary Share</b>	
	<b>No of shares</b>	<b>RM</b>
	<b>'000</b>	<b>'000</b>
Share capital-issued and fully paid up as at 01.04.2023	677,059	47,063
Arising from exercise of Warrants	<u>54,390</u>	<u>5,439</u>
Total Number of Issued Shares as at 30.06.2023	<u>731,449</u>	<u>52,502</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 June 2023 RM'000	Preceding Year Corresponding Quarter 30 June 2022 RM'000	Current Year To Date 30 June 2023 RM'000	Preceding Year Corresponding Period 30 June 2022 RM'000
<b>Revenue</b>				
Malaysia	4,029	3,343	6,155	7,232
Thailand	886	1,186	1,962	2,450
Total including inter-segment sales	4,915	4,529	8,117	9,682
Eliminations of inter-segment sales	(1,093)	(661)	(1,542)	(1,476)
<b>Total Revenue</b>	<b>3,822</b>	<b>3,868</b>	<b>6,575</b>	<b>8,206</b>
<b>Loss Before Tax</b>				
Segment results				
Malaysia	(6,918)	(681)	(8,067)	(1,171)
Thailand	(285)	(339)	(423)	(234)
	(7,203)	(1,020)	(8,490)	(1,405)
Finance costs	(13)	(3)	(27)	(4)
Eliminations	(89)	40	145	74
<b>Loss Before Tax</b>	<b>(7,305)</b>	<b>(983)</b>	<b>(8,372)</b>	<b>(1,335)</b>
<b>At 30 June 2023</b>				
	<b>Malaysia RM'000</b>	<b>Thailand RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Segment assets	57,619	1,966	(23,602)	35,983
Income tax assets	3	-	-	3
<b>Total assets</b>				<b>35,986</b>
Segment liabilities	52,132	1,491	(49,959)	3,664
Income tax liabilities	1,127	-	-	1,127
<b>Total liabilities</b>				<b>4,791</b>
Other segment information				
Capital expenditure	93	2	-	95
Amortisation of right-of-use assets	192	-	11	203
Depreciation of property, plant and equipment	845	63	-	908

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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 Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<b>Revenue</b>				
Coatings Manufacturing	4,915	4,529	8,117	9,682
Eliminations	(1,093)	(661)	(1,542)	(1,476)
<b>Total Revenue</b>	<b>3,822</b>	<b>3,868</b>	<b>6,575</b>	<b>8,206</b>
<b>Loss Before tax</b>				
Segment results				
Coatings Manufacturing	(2,255)	(443)	(3,207)	(712)
Others	(4,948)	(577)	(5,284)	(693)
	(7,203)	(1,020)	(8,491)	(1,405)
Finance costs	(13)	(3)	(27)	(4)
Eliminations	(89)	40	146	74
<b>Loss Before Tax</b>	<b>(7,305)</b>	<b>(983)</b>	<b>(8,372)</b>	<b>(1,335)</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.



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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
	30.06.23	30.06.22	30.06.23	30.06.22
	RM'000	RM'000	RM'000	RM'000
Revenue	3,822	3,868	6,575	4,338
Loss Before Interest and Tax ("LBIT")	(7,292)	(980)	(8,345)	(1,331)
Loss Before Tax ("LBT")	(7,305)	(983)	(8,372)	(1,335)
Loss After Tax ("LAT")	(7,301)	(978)	(8,363)	(1,316)
Loss attributable to Ordinary Equity Holders of the Parent	(7,301)	(978)	(8,363)	(1,316)

**Review of results for the current quarter**

For the current quarter financial period ended 30 June 2023, the Group registered a revenue of RM3.82 million, LBIT of RM7.29 million and LBT of RM7.31 million as compared to a revenue of RM3.87 million, LBIT and LBT of RM0.98 million respectively in the preceding financial year's corresponding quarter.

**Commentary on revenue**

There is no significant fluctuation in revenue.

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

The Group recorded a higher LBIT of RM7.29 million and LBT of RM7.31 million for the current quarter 30 June 2023 compared to the preceding financial year's corresponding quarter of LBIT and LBT of RM0.98 million. This was mainly due to impairment of trade receivable amounting to RM1.6 million, deposits written off amounting to RM3.0 million due to an aborted project and fair value loss on quoted investments amounting to RM1.7 million.

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

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>
	<b>30.06.23</b>	<b>31.03.23</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	3,822	2,753
Loss From Operations	(7,292)	(1,053)
Loss Before Tax	(7,305)	(1,067)
Loss After Tax	(7,301)	(1,062)
Loss attributable to Ordinary Equity Holders of the Parent	(7,301)	(1,062)

The Group recorded a higher LBT of RM7.31 million for the current quarter financial period ended 30 June 2023 as compared to LBT of RM1.07 million for the immediate preceding quarter financial period ended 31 March 2023. This was mainly due impairment of trade receivable amounting to RM1.6 million, deposits written off amounting to RM3.0 million due to an aborted project and fair value loss on quoted investments amounting to RM1.7 million.

**B3. Prospects of the Group**

The Group strives to remain competitive and seek opportunities to grow its business.

**B4. Variance of Profit Forecast**

Not applicable as no profit forecast has been issued.

**B5. Tax Expense**

Tax expense comprises the following:

	<b>Individual quarter ended</b>		<b>Cumulative quarter ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of the current period:-				
Taxation	-	-	-	9
Deferred taxation	4	5	9	10
	<u>4</u>	<u>5</u>	<u>9</u>	<u>19</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:

<b>Description</b>	<b>Proceeds raised (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Balance unutilised (RM'000)</b>	<b>Expected time frame for the use of proceeds (from the date of listing of the Placement Shares)</b>
Purchase of machineries and equipment	390	339	51	Within 36 months
Payment to trade creditors	1,322	1,322	-	Within 36 months
Investment in R&D activities	437	437	-	Within 36 months
Working capital	13,216	13,216	-	Within 36 months
Expenses relating to the Private Placements	200	200	-	Immediately
<b>Total</b>	<b>15,565</b>	<b>15,514</b>	<b>51</b>	

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:

<b>Description</b>	<b>Proceeds raised (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Balance unutilised (RM'000)</b>	<b>Expected time frame for the use of proceeds (from the date of listing of the Placement Shares)</b>
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	443	120	Within 36 months
Working capital	1,291	1,291	-	Within 36 months
Expenses relating to the Private Placements	15	15	-	Immediately
<b>Total</b>	<b>3,829</b>	<b>3,249</b>	<b>580</b>	

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

- b) 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. On 2 June 2023, the HOA had expired and the Consortium Parties had mutually agreed not to extend the HOA.
- c) 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. On 27 December 2022, the Company and MJets Limited entered into a Joint Venture Agreement to establish a Joint Venture Company to be registered in Malaysia to engage and operate in aviation related business and any other business as agreed upon by the Company and MJets Limited. On 6 July 2023, the Company has received a notice of termination dated 4 July 2023 from MJets in relation to the termination of the JVA dated 27 December 2022 with immediate effect. The termination was due to the failure on the part of the Parties to perform the Business Scope as stated in the JVA. The Board has resolved to accept the termination of the JVA on 6 July 2023.
- d) On 28 October 2022, the Company entered into a Heads of Agreement ("HOA") 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. On 7 April 2023, N&P and Multi Square Coatings (Thailand) Co. Ltd. ("MSCT"), a wholly-owned subsidiary of the Company has established a joint venture company, namely Siam Premium World Products Co. Ltd ("JVCO"), where MSCT has a 49% interest in the total issued shares of N&P. The JVCO had commenced operations in 2023. In view thereof, the HOA had been terminated by both parties on 7 April 2023 as the HOA has transited into a business arrangement.
- e) 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. On 20 December 2022, Sersol Energy Sdn. Bhd. ("Sersol Energy"), a wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement ("the Agreement" or "Venture") with Takuni Group Public Company Limited ("Takuni") (collectively referred to as the "Joint Venturers") to establish Joint Venture Companies ("JVCO") in Malaysia, Thailand and Indonesia with the business objectives to buy, sell, assemble, own and lease electric scooters and bikes, assemble, produce and operate chargers, stations and related charging accessories for the above and any additions thereto to have and exercise all of the powers to engage in any lawful business related or incidental to any of these purposes.
- f) On 20 December 2022, the joint venture companies of Sersol Energy Sdn Bhd, a wholly owned subsidiary of the Company, namely Sersol Takuni (M) Sdn. Bhd. ("Sersol Takuni"), Sersol Takuni (Thailand) Co. Ltd., ("Sersol Takuni Thailand") and PT Sersol Takuni (collectively referred as "ST") had entered into a Memorandum of Understanding ("MOU") with Chongqing Beidou Jean Neo-Energy Technology Ltd. ("Beidou") with the intention to enter into an association of mutual benefit and agree to conduct 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 Collaboration"). There is no material development on the status of the HOA.

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

- g) On 30 January 2023, the joint venture company of Sersol Energy Sdn. Bhd., a wholly owned subsidiary of the Company, namely Sersol Takuni (Thailand) Co. Ltd., had entered into a Memorandum of Understanding (“MOU”) with Marin Engineering Co. Ltd. with the intention to enter into an association of mutual benefit and agree to conduct business 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. There is no material development on the status of the MOU.
- h) On 30 January 2023, the joint venture company of Sersol Energy Sdn. Bhd., a wholly owned subsidiary of the Company namely Sersol Takuni (Thailand) Co. Ltd., had entered into a Memorandum of Understanding (“MOU”) with Umorie Graphene Technologies Sdn. Bhd. with the business objectives of joint business participation and co-operation for the supply and commercialisation of Graphene-Based Battery and Electric Vehicles in Malaysia, Thailand and Indonesia. There is no material development on the status of the MOU.

**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:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short Term Borrowings</b>			
Lease Liability	240	-	240
	<b>240</b>	<b>-</b>	<b>240</b>
<b>Long Term Borrowings</b>			
Lease Liability	767	-	767
	<b>767</b>	<b>-</b>	<b>767</b>
<b>Total</b>	<b>1,007</b>	<b>-</b>	<b>1,007</b>

**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.

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**B10. Loss Profit Per Share****Loss Profit per share**

	Current quarter ended		Cumulative quarter ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Loss attributed to owners of the parent for the period (RM'000)	(7,301)	(978)	(8,363)	(1,316)
Weighted Average Number of shares in issue ('000)	724,402	287,523	673,224	273,140
Basic Loss per share (sen)	(1.01)	(0.34)	(1.24)	(0.48)

**Diluted loss 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 2023	30 June 2022	30 June 2023	30 June 2022
Net Loss attributed to owners of the parent for the period (RM'000)	(7,301)	(978)	(8,363)	(1,316)
Weighted Average Number of shares in issue ('000)	724,402	295,950	673,224	284,014
Diluted Loss per share (sen)	(1.01)	(0.33)	(1.24)	(0.46)

**B11. Auditors' Report of Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2022 was not qualified.

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**B12. Derivative Financial Instruments**

## (a) Disclosure of derivative financial instruments

As at 30 June 2023, 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. Loss Before Tax**

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

	Current quarter ended		Cumulative quarter ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Depreciation	(731)	(89)	(908)	(183)
Gain on disposal of property, plant and equipment	45	85	45	85
Gain on disposal of quoted investments	28	-	28	-
Gain on foreign exchange – Unrealised	57	(28)	72	(11)
Interest expense	(13)	(3)	(27)	(4)
Interest income	-	6	1	10
Amortisation of right of use asset	(111)	(54)	(203)	(63)
Deposits written off	(3,028)	-	(3,028)	-
Impairment loss on trade receivable	(1,577)	-	(1,577)	-
Fair value loss on quoted investments	(1,656)	-	(1,656)	-

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.

**B14. Authorisation for use**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 August 2023.