

SERSOL BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2023**

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|---|--|---|--|--|
| | Current Quarter 31 DECEMBER 2023 | Preceding Year Corresponding Quarter 31 DECEMBER 2022 | Current Year To Date 31 DECEMBER 2023 | Preceding Year Corresponding Period 31 DECEMBER 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 4,068 | 5,323 | 14,091 | 19,090 |
| Cost of sales | (2,760) | (4,667) | (10,400) | (14,796) |
| Gross Profit | 1,308 | 656 | 3,691 | 4,294 |
| Other operating income | 34 | 113 | 225 | 307 |
| Operating expenses | (1,312) | (14,512) | (20,132) | (20,205) |
| Profit/(Loss) from operations | 30 | (13,743) | (16,216) | (15,604) |
| Finance costs | (12) | (15) | (52) | (35) |
| Profit/(Loss) before tax | 18 | (13,758) | (16,268) | (15,639) |
| Income tax expense | (21) | 5 | (7) | 28 |
| Loss for the period | (3) | (13,753) | (16,275) | (15,611) |
| Other comprehensive income, net of tax | | | | |
| Exchange differences on translation of foreign subsidiaries | 24 | 46 | 38 | 26 |
| Revaluation of land and building | - | 1,538 | - | 1,538 |
| Total comprehensive profit/(loss) for the period | 21 | (12,169) | (16,237) | (14,047) |
| Loss attributable to: Owners of the parent | (3) | (13,753) | (16,275) | (15,611) |
| Loss for the period | (3) | (13,753) | (16,275) | (15,611) |
| Total comprehensive Loss attributable to: Owners of the parent | 21 | (12,169) | (16,237) | (14,047) |
| Total comprehensive Loss for the period | 21 | (12,169) | (16,237) | (14,047) |
| Loss per share (sen) | | | | |
| Basic | (0.00) | (2.35) | (2.31) | (3.74) |
| Diluted | (0.00) | (2.35) | (2.31) | (3.43) |

(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 31 DECEMBER 2023**

| | Unaudited As At 31 DECEMBER 2023 | Audited As At 31 DECEMBER 2022 |
|---|---|---|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 9,794 | 11,494 |
| Right of use assets | 1,259 | 1,475 |
| Other investments | 5,912 | - |
| | 16,965 | 12,969 |
| Current assets | | |
| Inventories | 3,616 | 3,574 |
| Trade receivables | 3,080 | 4,548 |
| Other receivables, deposits and prepayments | 137 | 6,701 |
| Tax recoverable | 5 | 3 |
| Deposit, cash and bank balances | 4,381 | 2,712 |
| | 11,219 | 17,538 |
| TOTAL ASSETS | 28,184 | 30,507 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 52,502 | 39,022 |
| Exchange translation reserve | 165 | 127 |
| Accumulated losses | (33,876) | (17,657) |
| Revaluation reserve | 4,506 | 4,562 |
| Equity attributable to owners of the parent | 23,297 | 26,054 |
| TOTAL EQUITY | 23,297 | 26,054 |
| Non-current liabilities | | |
| Lease liability | 872 | 877 |
| Deferred tax liabilities | 1,016 | 1,034 |
| | 1,888 | 1,911 |
| Current liabilities | | |
| Trade payables | 2,255 | 1,200 |
| Other payables and accruals | 515 | 989 |
| Lease liability | 129 | 249 |
| Taxation | 100 | 104 |
| | 2,999 | 2,542 |
| TOTAL LIABILITIES | 4,887 | 4,453 |
| TOTAL EQUITY AND LIABILITIES | 28,184 | 30,507 |
| Net assets per ordinary share attributable to owners of the parent (RM) | 0.03 | 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 BERHADCompany No. 200201034397 (602062-X)
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2023**

| | Current Year To Date 31 DECEMBER 2023 | Preceding Year Corresponding Period 31 DECEMBER 2022 |
|--|--|---|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (16,268) | (15,639) |
| Adjustments for:- | | |
| Non-cash items | 9,365 | 599 |
| Non-operating items | 1,204 | (109) |
| Operating loss profit before changes in working capital | (5,699) | (15,149) |
| Net changes in current assets | 641 | (3,274) |
| Net changes in current liabilities | 580 | (466) |
| CASH USED IN OPERATIONS | (4,478) | (18,889) |
| Income tax refunded | 2 | 5 |
| Tax paid | (34) | (21) |
| NET CASH USED IN OPERATING ACTIVITIES | (4,510) | (18,905) |
| NET CASH FOR INVESTING ACTIVITIES | | |
| Interest received | 2 | 19 |
| Development expenditure incurred | - | 126 |
| Purchase of other investments | (11,788) | - |
| Proceeds from disposal of property, plant and equipment | 45 | - |
| Purchase of property, plant and equipment | (128) | (3,796) |
| Proceeds from disposal of other investments | 4,850 | - |
| NET CASH USED IN INVESTING ACTIVITIES | (7,019) | (3,651) |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | - | 17,714 |
| Proceeds from conversion of warrants | 13,480 | - |
| Repayment of lease liability | (299) | (37) |
| Drawdown of hire purchase payables | - | (608) |
| NET CASH FROM FINANCING ACTIVITIES | 13,181 | 17,069 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 1,652 | (5,487) |
| Effect of changes in exchange rates | 17 | 20 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 2,712 | 8,026 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD* | 4,381 | 2,559 |
| * Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following: | | |
| | RM'000 | RM'000 |
| Fixed deposits | - | - |
| Cash and bank balances | 4,381 | 2,559 |
| | <u>4,381</u> | <u>2,559</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.)

SERSOL BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FOURTH QUARTER ENDED
31 DECEMBER 2023**

| | Attributable to Owners of the Parent | | | | | | Total equity 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 | |
| | Share capital 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 | - | - | - | - | - | (16,275) | (16,275) |
| Other comprehensive income for the financial year: | | | | | | | |
| Realisation of revaluation reserve | - | - | (56) | - | - | 56 | - |
| Foreign exchange translation reserve | - | 38 | - | - | - | - | 38 |
| As at 31 December 2023 | <u>52,502</u> | <u>165</u> | <u>4,506</u> | <u>-</u> | <u>-</u> | <u>(33,876)</u> | <u>23,297</u> |
| As at 1 January 2022 | 21,308 | 100 | 3,080 | 7,253 | (7,253) | (2,102) | 22,386 |
| Conversion of warrants | 1,560 | - | - | (1,160) | 1,160 | - | 1,560 |
| Issuance of ordinary shares | 16,154 | - | - | - | - | - | 16,154 |
| Loss for the financial year | - | - | - | - | - | (15,611) | (15,611) |
| Other comprehensive income for the financial year: | | | | | | | |
| Revaluation Surplus of land and building, net of tax | - | - | 1,538 | - | - | - | 1,538 |
| Realisation of revaluation reserve | - | - | (56) | - | - | 56 | - |
| Foreign exchange translation reserve | - | 26 | - | - | - | - | 26 |
| As at 31 December 2022 | <u>39,022</u> | <u>126</u> | <u>4,562</u> | <u>6,093</u> | <u>(6,093)</u> | <u>(17,657)</u> | <u>26,053</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.)

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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:-

| | Ordinary Share | |
|--|-----------------------|---------------|
| | No of shares | RM |
| | '000 | '000 |
| Total Number of Issued Shares as at 31.12.2023 | <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:-

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|-----------------------|---------------------------|-----------------------|
| | Current Quarter | Preceding Year | Current Year To | Preceding Year |
| | | Corresponding | | Corresponding |
| | | Quarter | | Period |
| 31 December | 31 December | 31 December | 31 December | |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| Malaysia | 3,394 | 4,896 | 12,608 | 17,248 |
| Thailand | 1,344 | 1,144 | 4,256 | 5,000 |
| Total including inter-segment sales | 4,738 | 6,040 | 16,864 | 22,248 |
| Eliminations of inter-segment sales | (670) | (717) | (2,773) | (3,158) |
| Total Revenue | 4,068 | 5,323 | 14,091 | 19,090 |
| Profit/(Loss) Before Tax | | | | |
| Segment results | | | | |
| Malaysia | (378) | (13,148) | (16,045) | (14,659) |
| Thailand | 89 | (356) | (399) | (783) |
| | (289) | (13,504) | (16,444) | (15,442) |
| Finance costs | (12) | (15) | (52) | (35) |
| Eliminations | 319 | (239) | 228 | (162) |
| Profit/(Loss) Before Tax | 18 | (13,758) | (16,268) | (15,639) |
| At 31 December 2023 | Malaysia | Thailand | Eliminations | Consolidated |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment assets | 48,778 | 2,147 | (22,746) | 28,179 |
| Income tax assets | 5 | - | - | 5 |
| Total assets | | | | 28,184 |
| Segment liabilities | 51,326 | 1,631 | (49,186) | 3,771 |
| Income tax liabilities | 1,116 | - | - | 1,116 |
| Total liabilities | | | | 4,887 |
| Other segment information | | | | |
| Capital expenditure | 122 | 6 | - | 128 |
| Amortisation of right-of-use assets | 327 | - | 11 | 338 |
| Depreciation of property, plant and equipment | 1,717 | 120 | - | 1,837 |

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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 |
| | 31 December 2023 RM'000 | 31 December 2022 RM'000 | 31 December 2023 RM'000 | 31 December 2022 RM'000 |
| Revenue | | | | |
| Coatings Manufacturing | 4,738 | 4,402 | 16,864 | 20,610 |
| Others | - | 1,638 | - | 1,638 |
| Eliminations | (670) | (717) | (2,773) | (3,158) |
| Total Revenue | 4,068 | 5,323 | 14,091 | 19,090 |
| Profit/(Loss) Before tax | | | | |
| Segment results | | | | |
| Coatings Manufacturing | (46) | (1,161) | (6,073) | (1,862) |
| Others | (243) | (12,343) | (10,371) | (13,580) |
| | (289) | (13,504) | (16,444) | (15,442) |
| Finance costs | (12) | (15) | (52) | (35) |
| Eliminations | 319 | (239) | 228 | (162) |
| Profit/(Loss) Before Tax | 18 | (13,758) | (16,268) | (15,639) |

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 |
| | 31.12.23 | 31.12.22 | 31.12.23 | 31.12.22 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 4,068 | 5,323 | 14,091 | 19,090 |
| Profit/(Loss) Before Interest and Tax ("PBIT/LBIT") | 30 | (13,743) | (16,216) | (15,604) |
| Profit/(Loss) Before Tax ("PBT/LBT") | 18 | (13,758) | (16,268) | (15,639) |
| Loss After Tax ("LAT") | (3) | (13,753) | (16,275) | (15,611) |
| Loss attributable to Ordinary Equity Holders of the Parent | (3) | (13,753) | (16,275) | (15,611) |

Review of results for the current quarter

For the current quarter financial period ended 31 December 2023, the Group registered a revenue of RM4.068 million and PBT of RM0.018 million as compared to a revenue of RM5.323 million and LBT of RM13.758 million in the preceding financial year's corresponding quarter.

Commentary on revenue

The decrease in revenue is due to one-off revenue from sales of gloves amounting to RM1.638 million in the preceding financial year's corresponding quarter.

Commentary on PBT / LBT

The Group recorded a PBT of RM0.018 million for the current quarter 31 December 2023 compared to the preceding financial year's corresponding quarter LBT of RM13.758 million. This was mainly due to the write down on feasibility costs incurred on prospective new business ventures and investment in the preceding financial year's corresponding quarter.

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B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

| | Current Quarter | Immediate Preceding Quarter |
|--|-----------------|-----------------------------|
| | 31.12.23 | 30.09.23 |
| | RM'000 | RM'000 |
| Revenue | 4,068 | 3,448 |
| Profit/(Loss) From Operations | 30 | (7,901) |
| Profit/(Loss) Before Tax | 18 | (7,914) |
| Loss After Tax | (3) | (7,909) |
| Loss attributable to Ordinary Equity Holders of the Parent | (3) | (7,909) |

The Group recorded a PBT of RM0.018 million for the current quarter financial period ended 31 December 2023 as compared to LBT of RM7.914 million for the immediate preceding quarter financial period ended 30 September 2023.

This was mainly due to deposits and prepayments written off amounting to RM7.4 million which are deemed to be non-recoverable in the immediate preceding quarter financial period ended 30 September 2023.

B3. Prospects of the Group

The Group will continue to strengthen its core business segment in coating, expands into other business segments in the coating industry and focus on operation efficiency.

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 | |
|------------------------------------|--------------------------|------------------|--------------------------|------------------|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of the current period:- | | | | |
| Taxation | (25) | - | (25) | - |
| Deferred taxation | 4 | 5 | 18 | 28 |
| | <u>(21)</u> | <u>5</u> | <u>(7)</u> | <u>28</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 | 342 | 48 | 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 |
| Total | 15,565 | 15,517 | 48 | |

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 | 3,369 | 460 | |

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

- b) 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. There is no material development on the status of the Joint Venture Agreement.
- c) 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 Jian 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.
- d) 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.
- e) 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.

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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 | | | |
| Lease Liability | 129 | - | 129 |
| | <u>129</u> | <u>-</u> | <u>129</u> |
| Long Term Borrowings | | | |
| Lease Liability | 872 | - | 872 |
| | <u>872</u> | <u>-</u> | <u>872</u> |
| Total | <u><u>1,001</u></u> | <u><u>-</u></u> | <u><u>1,001</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.

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

| | Current quarter ended | | Cumulative quarter ended | |
|---|-----------------------|---------------------|--------------------------|---------------------|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Loss attributed to owners of the parent for the period (RM'000) | (3) | (13,753) | (16,275) | (15,611) |
| Weighted Average Number of shares in issue ('000) | 731,449 | 584,027 | 702,657 | 416,946 |
| Basic Loss per share (sen) | (0.00) | (2.35) | (2.31) | (3.74) |

Diluted loss per share

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

| | Current quarter ended | | Cumulative quarter ended | |
|---|-----------------------|---------------------|--------------------------|---------------------|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Net Loss attributed to owners of the parent for the period (RM'000) | (3) | (13,753) | (16,375) | (15,611) |
| Weighted Average Number of shares in issue ('000) | 731,449 | 584,054 | 702,657 | 454,809 |
| Diluted Loss per share (sen) | (0.00) | (2.35) | (2.31) | (3.43) |

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 31 December 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 profit/(loss) before tax:

| | Current quarter ended | | Cumulative quarter ended | |
|---|-----------------------|------------------|--------------------------|------------------|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation | (460) | (169) | (1,837) | (383) |
| Gain on disposal of property, plant and equipment | - | (41) | 45 | 126 |
| Gain/(Loss) on disposal of quoted investments | (1,278) | - | (1,250) | - |
| Gain/(Loss) on foreign exchange –Unrealised | 55 | 7 | 60 | 61 |
| Interest expense | (12) | (15) | (52) | (35) |
| Interest income | 1 | 5 | 2 | 19 |
| Amortisation of right of use asset | (92) | (48) | (338) | (246) |
| Deposits and prepayments written off | - | (11,732) | (10,428) | (11,732) |
| Impairment loss on trade receivable | - | - | (1,577) | - |
| Fair value gain/(loss) on quoted investments | - | - | (224) | - |
| Inventories written down | (52) | (46) | (52) | (46) |

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 29 February 2024.