

SERSOL BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED****31 March 2015**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Quarter</u>	<u>Preceding Year</u>	<u>Current Year To</u>	<u>Preceding Year</u>
	<u>31 March 2015</u>	<u>Corresponding</u>	<u>Date</u>	<u>Corresponding</u>
		<u>Quarter</u>	<u>31 March 2015</u>	<u>Period</u>
	<u>RM'000</u>	<u>31 March 2014</u>	<u>RM'000</u>	<u>31 March 2014</u>
		<u>RM'000</u>		<u>RM'000</u>
Revenue	6,189	3,922	6,189	3,922
Other operating income	172	58	172	58
Operating expenses	(6,209)	(4,454)	(6,209)	(4,454)
Profit / (Loss) from operations	152	(474)	152	(474)
Finance costs	(36)	(28)	(36)	(28)
Profit / (Loss) before tax	116	(502)	116	(502)
Income tax credit	5	5	5	5
Profit / (Loss) for the period	121	(497)	121	(497)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	33	1	33	1
Total comprehensive profit / (loss) for the period	154	(496)	154	(496)
Profit / (Loss) attributable to:				
Owners of the parent	121	(495)	121	(495)
Non-controlling interests	-	(2)	-	(2)
Profit / (Loss) for the period	121	(497)	121	(497)
Total comprehensive profit / (loss) attributable to:				
Owners of the parent	154	(494)	154	(494)
Non-controlling interests	-	(2)	-	(2)
Total comprehensive profit / (loss) for the period	154	(496)	154	(496)
Profit / (Loss) per share (sen)				
Basic (note B11)	0.06	(0.26)	0.06	(0.26)
Diluted (note B11)	0.06	(0.26)	0.06	(0.26)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

SERSOL BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2015**

	Unaudited As At 31 March 2015 RM'000	Audited As At 31 December 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,940	9,026
	<u>8,940</u>	<u>9,026</u>
Current assets		
Inventories	3,400	3,198
Trade receivables	5,181	4,132
Other receivables, deposits and prepayments	224	227
Tax recoverable	102	98
Cash and bank balances	3,949	4,097
	<u>12,856</u>	<u>11,752</u>
Current assets classified as held for sale	-	-
TOTAL ASSETS	<u>21,796</u>	<u>20,778</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	19,527	19,527
Share premium	4,218	4,218
Exchange translation reserve	(11)	(44)
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(13,593)	(13,728)
Revaluation reserve	3,924	3,938
Equity attributable to owners of the parent	<u>14,065</u>	<u>13,911</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u>14,065</u>	<u>13,911</u>
Non-current liabilities		
Hire purchases payables	328	391
Deferred tax liabilities	775	779
	<u>1,103</u>	<u>1,170</u>
Current liabilities		
Trade payables	3,645	3,646
Other payables and accruals	924	891
Hire purchases payables	295	296
Bank overdraft	1,764	864
	<u>6,628</u>	<u>5,697</u>
TOTAL LIABILITIES	<u>7,731</u>	<u>6,867</u>
TOTAL EQUITY AND LIABILITIES	<u>21,796</u>	<u>20,778</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.07	0.07

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED

31 March 2015

(The figures have not been audited)

	Current Year To Date 31 March 2015	Preceding Year Corresponding Period 31 March 2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	116	(502)
Adjustments for:-		
Non-cash items	148	96
Non-operating items	<u>(1)</u>	<u>(11)</u>
Operating profit / (loss) before changes in working capital	263	(417)
Net changes in current assets	(1,238)	358
Net changes in current liabilities	<u>32</u>	<u>(1,294)</u>
CASH (USED IN)/ FROM OPERATIONS	(943)	(1,353)
Income tax refunded	-	15
Interest paid	(25)	(21)
Tax paid	<u>(4)</u>	<u>(6)</u>
NET CASH (USED IN)/ FROM OPERATING ACTIVITIES	<u>(972)</u>	<u>(1,365)</u>
NET CASH FOR INVESTING ACTIVITIES		
Dividend received	-	-
Interest received	1	11
Proceed from disposal of quoted investment	-	-
Proceed from disposal of plant and equipment	8	12
Proceed from disposal of an associate	-	-
Net cash outflow from disposal of investment in subsidiary	-	-
Purchase of quoted investment	-	-
Purchase of plant and equipment	<u>(45)</u>	<u>-</u>
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	<u>(36)</u>	<u>23</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Net repayment of other short-term bank borrowings	-	(341)
Increase in fixed deposit pledged	-	-
Proceed from issuance of share	-	-
Repayments of hire purchases payables	(64)	(22)
Repayments of term loans	<u>-</u>	<u>-</u>
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	<u>(64)</u>	<u>(363)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,072)	(1,705)
Effect of changes in exchange rates	24	(1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>3,233</u>	<u>5,828</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>2,185</u>	<u>4,122</u>
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	RM'000	RM'000
Fixed deposits	-	-
Cash and bank balances	3,949	6,198
Current assets classified as held for sale	-	8
Bank overdraft	<u>(1,764)</u>	<u>(2,084)</u>
	<u>2,185</u>	<u>4,122</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

SERSOL BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FIRST QUARTER ENDED**31 March 2015**

(The figures have not been audited)

	← Non - distributable		Attributable to Owners of the Parent →					Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	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 2015	19,527	4,218	(44)	3,938	7,692	(7,692)	(13,728)	13,911	-	13,911
Total comprehensive income for the period	-	-	33	-	-	-	121	154	-	154
Realisation of revaluation reserve	-	-	-	(14)	-	-	14	-	-	-
As at 31 March 2015	19,527	4,218	(11)	3,924	7,692	(7,692)	(13,593)	14,065	-	14,065
As at 1 January 2014	19,290	3,767	(146)	3,994	7,692	(7,692)	(9,340)	17,565	(38)	17,527
Total comprehensive income for the period	-	-	1	-	-	-	(495)	(494)	(2)	(496)
Translation reserve	-	-	-	(14)	-	-	14	-	-	-
As at 31 March 2014	19,290	3,767	(145)	3,980	7,692	(7,692)	(9,821)	17,071	(40)	17,031

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter ended 31 March 2015 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014. 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 2014.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First Time Adoption of Malaysian Financial Reporting Standards has been applied.

As at the date of these interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2015

1. Amendments to MFRS 119, Defined Benefits Plans: Employee Contributions
2. Annual Improvements to MFRSs 2010 - 2012 Cycle
3. Annual Improvements to MFRSs 2011 - 2013 Cycle

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2016

1. MFRS 14, Regulatory Deferral Accounts
2. Amendments to MFRS 11, Accounting for Acquisitions of Interests in Joint Operations
3. Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation
4. Amendments to MFRS 116 and MFRS 141, Agriculture: Bearer Plants
5. Amendments to MFRS 127, Equity Method in Separate Financial Statements
6. Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
7. Annual Improvements to MFRS s 2012 – 2014 Cycle
8. Amendments to MFRS 10, MFRS 12 and MFRS 128, Investment Entities : Applying the Consolidation Exception
9. MFRS 15, Revenue from Contracts with Customers
10. MFRS 9, Financial Instruments (IFRS 9 issued by IASB in July 2014)

The transition to MFRS framework does not have any significant effects on these interim financial statements.

A2. Seasonality or Cyclicity Factors

The Group's interim operations for the quarter under review and financial period-to-date were not significantly affected by any seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no other items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence during the quarter under review and financial period-to-date.

A4. Material Change in Estimates

There were no changes in estimates amount reported as at to date that would have a material effect on the results for the current quarter under review and financial period-to-date.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review and financial period-to-date.

	Ordinary share of RM0.10 each No of shares '000	RM'000
Share capital-issued and fully paid up as at 01.01.2015	195,272	19,527
Arising from exercise of Warrants	-	-
Arising from exercise of "SIS"	-	-
Share capital as at 31.03.2015	195,272	19,527

On 30 March 2015, the Board has ("Price-fixing Date") fixed the issue price for the placement of 19,527,000 Placement Shares at RM0.25 per Placement Share ("Issue Price"). The shares have been allotted on 9 April 2015 and completed on 15 April 2015.

A6. Dividend Paid

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

A7. Segmental Reporting

Segmental reporting of the Group's result for the financial period-to-date is as follows:

(a) Primary Reporting Format - Geographical Segment:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2015 RM'000	Preceding Year Corresponding Quarter 31 March 2014 RM'000	Current Year To Date 31 March 2015 RM'000	Preceding Year Corresponding Period 31 March 2014 RM'000
Revenue				
Malaysia	6,660	4,141	6,660	4,141
Thailand	1,945	793	1,945	793
Total including inter-segment sales	8,605	4,934	8,605	4,934
Eliminations of inter-segment sales	(2,416)	(1,012)	(2,416)	(1,012)
Total Revenue	6,189	3,922	6,189	3,922
Profit/ (Loss) Before Tax				
Segment results				
Malaysia	(291)	(477)	(291)	(477)
Thailand	584	16	584	16
Others	-	(5)	-	(5)
	293	(466)	293	(466)
Finance costs	(36)	(28)	(36)	(28)
Eliminations	(141)	(8)	(141)	(8)
Total Profit / (Loss) Before Tax	116	(502)	116	(502)
At 31 March 2014	Malaysia RM'000	Thailand RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	41,319	2,389	(22,014)	21,694
Income tax assets	102	-	-	102
Total assets				21,796
Segment liabilities	15,620	1,428	(12,479)	4,569
Interest bearing -borrowings	2,339	49	-	2,387
Income tax liabilities	775	-	-	775
Total liabilities				7,731
Other segment information				
Capital expenditure	36	9	-	45
Depreciation of property, plant and equipment	129	12	-	141

(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 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Revenue				
Investment Holdings	254	334	254	334
Coatings Manufacturing	6,796	4,214	6,796	4,214
Others	1,555	386	1,555	386
Eliminations	(2,416)	(1,012)	(2,416)	(1,012)
Total Revenue	6,189	3,922	6,189	3,922
Profit / (Loss) Before tax				
Segment results				
Investment Holdings	(14)	(209)	(14)	(209)
Coatings Manufacturing	536	(169)	536	(169)
Others	(229)	(88)	(229)	(88)
	293	(466)	293	(466)
Finance costs	(36)	(28)	(36)	(28)
Eliminations	(141)	(8)	(141)	(8)
Total Profit / (Loss) Before Tax	116	(502)	116	(502)

A8. Material Events Subsequent to the End of the Quarter under Review

There was no material event subsequent to the end of the quarter under review that has not been reflected in the interim financial statement save for the Proposed Private Placement disclosed under Note A5.

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.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1. Review of Group's Results for the Current Quarter and Financial period-to-date Ended 31 March 2015

For the current quarter under review, our Group revenue is RM6.189 million, showing an increase of revenue by RM2.267 million, representing an improvement of approximately 57.80% as compared to the preceding period's corresponding quarter ended 31 March 2014. Our Group recorded a profit after taxation of RM121,000 for the current quarter ended 31 March 2015 as compared to the loss after taxation of RM497,000 for the preceding year's corresponding quarter ended 31 March 2014.

The improvement of results are mainly due to the improvement of Plastic and Metal sales from Thailand and Malaysia, as well as the architectural coatings in Malaysia.

B2. Variation of Results For the Current Quarter Ended 31 March 2015 against Immediate Preceding Quarter

During the current quarter ended 31 March 2015, our Group revenue is RM6.189 million, showing an increase of revenue of RM2.775 million, representing an increase of approximately 81.28% as compared to the revenue of RM3.414 million in the preceding quarter ended 31 December 2014. Our Group recorded a profit after taxation of RM121,000 in the current quarter ended 31 March 2015, as compared to a loss after taxation of RM686,000 in the previous quarter ended 31 December 2014. The profit in the current quarter is mainly due to the increase in revenue and operational efficiency.

B3. Prospects for 2015

In view of the uncertainty of the economy, the Group will continue to take a cautious approach in its business strategy.

With the current foreign exchange situation and in view of the expected lower raw materials prices which will assist our coatings business which is targeted to be more export based as well as with the consolidation of the operation and the expansion into the decorative coatings segments, barring unforeseen circumstances, we are hopeful for a better performance in year 2015.

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 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	-	-
Deferred taxation	5	5	5	5
	5	5	5	5

No provision for taxation for current quarter as most of the subsidiaries have recorded losses and there are available unutilised tax losses for profit making subsidiaries.

B6. Status of Corporate Proposal Announced

(A) Corporate Proposal

(i) Proposed Private Placement

On 30 March 2015 ("Price-fixing Date"), on behalf of SerSol, TA Securities Holdings Berhad announced that the Board has fixed the issue price for the placement of 19,527,000 Placement Shares at RM0.25 per Placement Share ("Issue Price"). The shares have been allotted on 9 April 2015 and completed and listed on 15 April 2015.

The Issue Price represents a premium of approximately RM0.0104 or 4.34% to the five (5)-day volume weighted average market price of the SerSol Shares up to and including 27 March 2015, being the last market day immediately preceding the Price-fixing Date of RM0.2396 per SerSol Share.

(B) Status of Utilisation of Proceeds

(i) Proceeds from Rights Issue of Shares with Warrants

	Purpose	Proposed Utilisation	Actual Utilisation	Balance Utilisation	Intended Timeframe of Utilisation
		RM'000	RM'000	RM'000	
i)	Research & development	900	900	-	-
ii)	Purchase of plant and machinery	500	93	407	28 October 2015
iii)	Repayment of bank borrowings	2,500	2,500	-	-
iv)	Working capital	5,235	5,235	-	-
iv)	Defray estimated expenses	500	500	-	-
	Total	9,635	9,228	407	

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			
Trade Financing	-	-	-
Hire Purchase Payables	295	-	295
Bank Overdraft	1,764	-	1,764
	<u>2,059</u>	<u>-</u>	<u>2,059</u>
Long Term Borrowings			
Hire Purchase Payables	328	-	328
Total	<u>2,387</u>	<u>-</u>	<u>2,387</u>

B8. Changes in Material Litigation Since the Last Annual Statement of Financial Position Date

The Company's wholly-owned subsidiary, Multi Square Sdn Bhd ("MSSB"), had presented the winding petition against E W Plastic Sdn Bhd ("the Respondent") for the sum of RM1,973,149.36 on 10 October 2014 with Kuala Lumpur High Court . The Respondent's solicitors had filed an application for transfer of proceedings to Johor Bahru High Court and the said application is fixed for hearing on 16 January 2015. On 16 January 2015, the file was ordered to be transferred to the Johor Bahru High Court. Johor Bahru High Court has fixed the hearing date on 16 June 2015.

MSSB had filed a suit for the sum of RM1,973,149.36 against Lee Chee Meng ("LCM"), guarantor for the Respondent which is fixed for hearing on 15 January 2015. The High Court awarded judgement against LCM in the sum of RM1,973,149.36 with interests at 5% per annum. The said LCM being dissatisfied with the outcome has filed an appeal to the Court of Appeal. Hearing is now fixed before the Court of Appeal on 9 July 2015.

B9. Dividend Proposed

No dividend has been proposed during the quarter under review.

B10. Profit / (Loss) Per Share

Basic Profit / (Loss) per share

	Current quarter ended		Cumulative quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Net Profit /(Loss) attributed to owners of the parent for the period (RM'000)	121	(495)	121	(495)
Weighted Average Number of shares in issue ('000)	195,272	192,902	195,272	192,902
Basic profit / (loss) per share (sen)	0.06	(0.26)	0.06	(0.26)

Diluted profit / (loss) per share

Diluted loss per share is equal to the basic 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 2014 was not qualified.

B12. Realised and unrealised losses disclosure

The accumulated losses may be analysed as follows:

	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000
Realised	(10,099)	(10,491)
Unrealised	14	131
	<hr/>	<hr/>
	(10,085)	(10,360)
Less : Consolidation adjustments	(3,508)	(3,368)
Total	<hr/>	<hr/>
	(13,593)	(13,728)

B13. Profit / (Loss) Before Tax

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

	Current quarter ended		Cumulative quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
Allowance for and write off of inventories	-	(5)	-	(5)
Bad debts recovered	1	1	1	1
Depreciation and amortisation	(141)	(99)	(141)	(99)
Gain or (loss) on disposal of property, plant and equipment	8	12	8	12
Gain or (loss) on foreign exchange – Realised	92	2	92	2
Gain or (loss) on foreign exchange – Unrealised	9	15	9	15
Interest expense	(25)	(21)	(25)	(21)
Interest income	1	11	1	11