

**SERSOL BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2021**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 SEPTEMBER 2021	Preceding Year Corresponding Quarter 30 SEPTEMBER 2020	Current Year To Date 30 SEPTEMBER 2021	Preceding Year Corresponding Period 30 SEPTEMBER 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	3,297	3,681	11,260	15,640
Cost of sales	(2,302)	(2,528)	(7,754)	(12,734)
Gross Profit	995	1,153	3,506	2,906
Other operating income	18	28	88	93
Operating expenses	(1,104)	(1,179)	(3,460)	(3,254)
<b>(Loss) / Profit from operations</b>	<b>(91)</b>	<b>2</b>	<b>134</b>	<b>(255)</b>
Finance costs	(1)	(1)	(2)	(5)
<b>(Loss) / Profit before tax</b>	<b>(92)</b>	<b>1</b>	<b>132</b>	<b>(260)</b>
Income tax expense	5	5	14	14
<b>(Loss) / Profit for the period</b>	<b>(87)</b>	<b>6</b>	<b>146</b>	<b>(246)</b>
<b>Other comprehensive (loss) / income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	(187)	90	(132)	69
<b>Total comprehensive (loss) / profit for the period</b>	<b>(274)</b>	<b>96</b>	<b>14</b>	<b>(177)</b>
(Loss) / Profit attributable to:				
Owners of the parent	(87)	6	146	(246)
(Loss) / Profit for the period	(87)	6	146	(246)
Total comprehensive (loss) / profit attributable to:				
Owners of the parent	(274)	96	14	(177)
Total comprehensive (loss) / profit for the period	(274)	96	14	(177)
(Loss) / Profit per share (sen)				
Basic (note B10)	(0.04)	0.00	0.07	(0.11)
Diluted (note B10)	(0.03)	0.00	0.06	(0.11)

**(The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)**

**SERSOL BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**

	Unaudited As At 30 SEPTEMBER 2021	Audited As At 31 DECEMBER 2020
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,347	6,776
Right of Use Asset	82	121
	6,429	6,897
<b>Current assets</b>		
Inventories	4,295	3,211
Trade receivables	2,662	3,645
Other receivables, deposits and prepayments	208	277
Tax recoverable	22	23
Deposit, Cash and bank balances	10,252	6,585
	17,439	13,741
<b>TOTAL ASSETS</b>	23,868	20,638
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	17,921	12,786
Exchange translation reserve	89	221
Warrants reserve	7,269	7,692
Other reserve	(7,269)	(7,692)
Accumulated losses	(167)	(355)
Revaluation reserve	3,094	3,136
Equity attributable to owners of the parent	20,937	15,788
<b>TOTAL EQUITY</b>	20,937	15,788
<b>Non-current liabilities</b>		
Lease Liability	14	35
Deferred tax liabilities	896	909
	910	944
<b>Current liabilities</b>		
Trade payables	1,731	2,947
Other payables and accruals	158	813
Lease Liability	23	50
Taxation	109	96
	2,021	3,906
<b>TOTAL LIABILITIES</b>	2,931	4,850
<b>TOTAL EQUITY AND LIABILITIES</b>	23,868	20,638
Net assets per ordinary share attributable to owners of the parent (RM)	0.09	0.07

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**SERSOL BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2021**

	Current Year To Date 30 SEPTEMBER 2021	Preceding Year Corresponding Period 30 SEPTEMBER 2020
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before tax	132	(260)
Adjustments for:-		
Non-cash items	343	390
Non-operating items	(43)	(38)
	<hr/>	<hr/>
Operating profit / (loss) before changes in working capital	432	92
Net changes in current assets	(16)	1,060
Net changes in current liabilities	(1,870)	(490)
	<hr/>	<hr/>
CASH (USED IN) / FROM OPERATIONS	(1,454)	662
Income tax refunded	16	-
Interest paid	(1)	(5)
Tax paid	(4)	(5)
	<hr/>	<hr/>
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(1,443)	652
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Interest received	45	42
Proceed from disposal of plant and equipment	200	-
Purchase of plant and equipment	(106)	(9)
	<hr/>	<hr/>
NET CASH FROM INVESTING ACTIVITIES	139	33
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Proceed from issuance of share	5,135	-
Repayment of finance lease	(43)	(138)
	<hr/>	<hr/>
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	5,092	(138)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,788	547
Effect of changes in exchange rates	(121)	(75)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,585	5,496
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	10,252	5,968
	<hr/>	<hr/>
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	10,252	5,968
	<hr/>	<hr/>

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**SERSOL BERHAD**

Company No. 200201034397 (602062-X)  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THIRD QUARTER ENDED****30 SEPTEMBER 2021**

(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 2021	12,786	221	3,136	7,692	(7,692)	(355)	15,788
Conversion of warrants	953	-	-	(423)	423	-	953
Issuance of Shares pursuant to Share Issuance Scheme	4,182	-	-	-	-	-	4,182
Profit for the financial period-to-date	-	-	-	-	-	146	146
Other comprehensive income for the period-to-date							
Realisation of revaluation reserve	-	-	(42)	-	-	42	-
Foreign exchange translation reserve	-	(132)	-	-	-	-	(132)
As at 30 September 2021	17,921	89	3,094	7,269	(7,269)	(167)	20,937
As at 1 January 2020	12,786	256	3,192	7,692	(7,692)	(611)	15,623
Loss for the financial period-to-date	-	-	-	-	-	(246)	(246)
Other comprehensive income for the period-to-date:							
Realisation of revaluation reserve	-	-	(42)	-	-	42	-
Foreign exchange translation reserve	-	(69)	-	-	-	-	(69)
As at 30 September 2020	12,786	187	3,150	7,692	(7,692)	(815)	15,308

(The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

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**A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134****A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020 and the accompanying explanatory notes. The explanatory notes attached to the interim financial statements provides 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 2020.

The accounting policies and methods of computation adopted by the Company and its subsidiaries ("Group") in the interim financial statements are consistent with those adopted for the annual audited statements for the year ended 31 December 2020.

The adoption of the new/amended MFRS and its amendments does not give rise to any adjustment to the opening balances of retained profit of prior and current years or changes in comparatives.

**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 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 01.07.2021	215,349	12,786
Arising from exercise of Warrants	5,292	953
Arising from exercise of Share Issuance Scheme	14,420	4,182
Total Number of Issued Shares as at 30.09.2021	<u>235,061</u>	<u>17,921</u>

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**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

(a) Primary Reporting Format - Geographical Segment:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 September 2021 RM'000	Preceding Year Corresponding Quarter 30 September 2020 RM'000	Current Year To Date 30 September 2021 RM'000	Preceding Year Corresponding Period 30 September 2020 RM'000
<b>Revenue</b>				
Malaysia	3,382	3,293	10,054	14,277
Thailand	895	687	3,173	2,164
Total including inter-segment sales	4,277	3,980	13,227	16,441
Eliminations of inter-segment sales	(980)	(299)	(1,967)	(801)
<b>Total Revenue</b>	<b>3,297</b>	<b>3,681</b>	<b>11,260</b>	<b>15,640</b>
<b>Profit Before Tax</b>				
Segment results				
Malaysia	27	14	99	(30)
Thailand	(1)	(20)	27	(33)
	26	(6)	126	(63)
Finance costs	(1)	(1)	(2)	(5)
Eliminations	(117)	8	8	(192)
<b>Total Profit Before Tax</b>	<b>(92)</b>	<b>1</b>	<b>132</b>	<b>(260)</b>
<b>At 30 September 2021</b>	<b>Malaysia RM'000</b>	<b>Thailand RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Segment assets	28,289	1,940	(6,383)	23,846
Income tax assets	7	15	-	22
<b>Total assets</b>				<b>23,868</b>
Segment liabilities	15,696	399	(14,169)	1,926
Income tax liabilities	1,005	-	-	1,005
<b>Total liabilities</b>				<b>2,931</b>
Other segment information				
Capital expenditure	32	74	-	106
Depreciation of property, plant and equipment	162	58	-	220

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**A7. Segmental Reporting (Cont.)**

(b) Secondary Reporting Format - Business Segments:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter	Preceding Year	Current Year	Preceding Year
		Corresponding		Corresponding
	30 September	Quarter	To Date	Period
2021	30 September	30 September	30 September	
	2020	2021	2020	
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Investment Holdings	14	9	41	27
Coatings Manufacturing	4,263	3,971	13,186	10,114
Others	-	-	-	6,300
Eliminations	(980)	(299)	(1,967)	(801)
<b>Total Revenue</b>	<b>3,297</b>	<b>3,681</b>	<b>11,260</b>	<b>15,640</b>
<b>Profit / (Loss) Before tax</b>				
Segment results				
Investment Holdings	(85)	(92)	(289)	(47)
Coatings Manufacturing	111	86	415	(134)
Others	-	(1)	-	118
	26	(7)	126	(63)
Finance costs	(1)	(1)	(2)	(5)
Eliminations	(117)	9	8	(192)
<b>Total (Loss) / Profit Before Tax</b>	<b>(92)</b>	<b>1</b>	<b>132</b>	<b>(260)</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**

(a) Incorporation of Sersol Healthcare Sdn. Bhd.

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

SHSB is currently dormant.

(b) Incorporation of Sersol Energy Sdn. Bhd.

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

SESB is currently dormant.

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

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

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

SSSB is currently dormant.

Saved as disclosed above, there were no changes in the composition of the Group during the period under review.

**A10. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review and financial period-to-date.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET****B1. PERFORMANCE REVIEW**

	Individual Period		Cumulative Period	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30.09.21	30.09.20	30.09.21	30.09.20
	RM'000	RM'000	RM'000	RM'000
Revenue	3,297	3,681	11,260	15,640
(Loss) / Profit Before Interest and Tax ("LBIT / PBIT")	(91)	2	134	(255)
(Loss) / Profit Before Tax ("LBT / PBT")	(92)	1	132	(260)
(Loss) / Profit After Tax ("LAT / PAT")	(87)	6	146	(246)
(Loss) / Profit attributable to Ordinary Equity Holders of the Parent	(87)	6	146	(246)

**Review of results for the current quarter**

For the current financial quarter ended 30 September 2021, the Group registered a revenue of RM3.28 million, LBIT and LBT of RM91,000 and RM92,000 respectively as compared to a revenue of RM3.68 million, PBIT and PBT of RM2,000 and RM1,000 respectively, in the preceding financial year's corresponding quarter.



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**B1. PERFORMANCE REVIEW (CONTINUED)**Commentary on revenue

The Group recorded a lower revenue for the current quarter due to lockdowns occurred in both Malaysia and Thailand during the quarter.

Commentary on LBIT/PBIT and LBT/PBT

The Group recorded a LBIT and LBT of RM91,000 and RM92,000 respectively for the current quarter ended 30 September 2021 compared to the preceding financial year's corresponding quarter of PBIT and PBT of RM2,000 and RM1,000 respectively mainly due to lower revenue posted and a one-off loss on disposal of fixed asset amounting to RM100,000.

**B2. COMMENTS ON MATERIAL CHANGE IN (LOSS)/PROFIT BEFORE TAXATION**

	Current Quarter	Immediate Preceding Quarter
	30.09.21	30.06.21
	RM'000	RM'000
Revenue	3,297	3,601
(Loss)/Profit from Operations	(91)	14
(Loss)/Profit Before Tax	(92)	14
(Loss)/Profit After Tax	(87)	18
(Loss)/Profit attributable to Ordinary Equity Holders of the Parent	(87)	18

The Group recorded a LBT of RM0.09 million for the current financial quarter ended 30 September 2021 as compared to PBT of RM0.014 million for the immediate preceding quarter ended 30 June 2021. This was mainly due to a one-off loss on disposal of fixed asset amounting to RM100,000.

**B3. Prospects of the Group**

With the opening of business sectors in the Phase 4 of National Recovery Plan (PPN) in most of the states in Malaysia, the Group is cautiously optimistic about the improving business prospect of the paint and coating industry for both Malaysia and Thailand.

However, the Group is not able to assess the impact of the Covid-19 pandemic to businesses of the Group.

On 1 October 2021, Sersol Energy Sdn. Bhd, a wholly owned subsidiary of Sersol Berhad entered into a Memorandum of Understanding with Aeroleum Sdn. Bhd. (1170188-M) and Silicon Designs (M) Sdn. Bhd. (576673-H) for the collaboration to produce greener and cleaner fuel for Malaysia and for the purpose of capturing a sizeable market share of the hydrocarbon fuel market in Malaysia using a breakthrough proprietary technology known as Nano Activated Fuel Technology.

On 8 October 2021, Sersol E-Solutions Sdn. Bhd, a wholly owned subsidiary of Sersol Berhad entered into a Memorandum of Understanding with Dronology Sdn. Bhd. ("DSB") (1210784-P) 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.

**B4. Variance of Profit Forecast**

Not applicable as no profit forecast has been issued.

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**B5. Tax Expense**

Tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Taxation	-	-	-	-
Deferred taxation	5	5	14	14
	<u>5</u>	<u>5</u>	<u>14</u>	<u>14</u>

**B6. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at the date of issue of this report.

**B7. Group Borrowings and Debt Securities**

The Group's borrowings, all repayable in Ringgit Malaysia, as at the end of the quarter under review are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short Term Borrowings</b>			
Lease Liability	23	-	23
Bank Overdraft	-	-	-
	<u>23</u>	<u>-</u>	<u>23</u>
<b>Long Term Borrowings</b>			
Lease Liability	14	-	14
<b>Total</b>	<u>37</u>	<u>-</u>	<u>37</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) / Profit Per Share****Basic (Loss) / Profit per share**

	Current quarter ended		Cumulative quarter ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net (Loss) / Profit attributed to owners of the parent for the period (RM'000)	(87)	6	146	(246)
Weighted Average Number of shares in issue ('000)	227,546	215,349	219,459	215,349
Basic (Loss) / Profit per share (sen)	(0.04)	0.00	0.07	(0.11)

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

The diluted (loss) / profit per share for current financial quarter and financial period to-date are computed as follows:

	Current quarter ended		Cumulative quarter ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net (Loss) / Profit attributed to owners of the parent for the period (RM'000)	(87)	6	146	(246)
Weighted Average Number of shares in issue ('000)	281,514	215,349	258,307	215,349
Basic (Loss) / Profit per share (sen)	(0.03)	0.00	0.06	(0.11)

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

The auditors' report on the audited financial statements for the financial year ended 31 December 2020 was not qualified.

**B12. Derivative Financial Instruments**

## (a) Disclosure of derivative financial instruments

As at 30 September 2021, the Group does not hold any derivative financial instruments.

## (b) Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities reported by the Group during the financial period under review.

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**B13. (Loss) / Profit Before Tax**

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

	Current quarter ended		Cumulative quarter ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation	(73)	(83)	(220)	(252)
Loss on disposal of property, plant and equipment	(100)	-	(100)	-
Gain or (loss) on foreign exchange – Unrealised	(17)	(18)	15	(5)
Interest expense	(1)	(1)	(2)	(5)
Interest income	31	12	45	42
Amortisation of right of use asset	(24)	(38)	(35)	(126)
Bad debt recovered	-	-	-	7

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 the Board of Directors' meeting held on 26 November 2021.