## SOLUTION ENGINEERING HOLDINGS BERHAD (Company No : 654575-P) (Incorporated in Malaysia)

# CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 DEC 2010 (The figures have not been audited)

	INDIVIDUAL	QUARTER	CUMULATIVE QUARTER			
			1 Jan 10 to 31 Dec 10	1 Jan 09 to 31 Dec 09		
	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-Date RM'000	Preceding Year To-Date Corresponding Quarter RM'000		
Revenue	6,379	6,458	18,092	13,090		
Cost of sale	(5,071)	(3,615)	(13,025)	(8,068)		
Gross profit	1,308	2,843	5,067	5,022		
Other income	2,189	264	4,052	1,958		
Administrative and distribution expenses	(2,689)	(933)	(6,134)	(3,652)		
Finance cost	(57)	(42)	(160)	(110)		
Share of net profit from associated company	10	-	37	-		
Profit before tax	761	2,132	2,862	3,218		
Income tax expense B5	(451)	(21)	(880)	(79)		
Profit for the period	310	2,111	1,982	3,139		
Attributable to :						
Equity holders of the parent Minority Interest	311 (1)	2,113 (2)	1,989 (7)	3,146 (7)		
	310	2,111	1,982	3,139		
Earnings per share attributable to equity holders of parent : Basic, for profit for the period (sen) B13	0.246	1.670	1.572	2.487		

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

# SOLUTION ENGINEERING HOLDINGS BERHAD (Company No: 654575-P)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DEC 2010

(The figures have not been audited)

ASSETS         Property, plant and equipment         1.524         1.005           Property, plant and equipment         1.524         1.005           Investment in an associated company         1.031         -           Intangible assets         3.516         4.062           Repeat dease payments         2.638         2.680           Investment in an associated company         1.031         -           Intangible assets         3.516         4.062           Repeat dease payments         2.638         2.638           Investment is an associated company         1.031         -           Intradictional associated company         1.031         -           Investments         2.637         746           Total receivables         2.143         10.144           Other receivables         6.472         9.974           Total ASSETS         31.305         29.540           Equity attributable to equity holders of the parent         5.071         4.980           Share coptial         2.652         1.652         2.652           Share premium         4.054         4.054           Retained earnings         5.071         4.980           Minority interest         21         28			Unaudited 31 Dec 2010 RM'000	Audited 31 Dec 2009 RM'000
Property, plant and equipment         1.524         1.605           Prepaid lease payments         2.638         2.400           Investment in an associated company         1.031         -           Intangible assets         3.516         4.062           Ryono         8.300         8.347           Current Assets         10         311           Inventories         14.0         311           Tade receivables         3.567         7.46           Deposits, cash and bank balances         6.472         9.974           TOTAL ASSETS         31.305         29.540           Equity attributable to equity holders of the parent         31.305         29.540           Share capital         12.652         12.652         12.652           Share premium         4.054         4.054         4.054           Retained earnings         5.071         4.980         21.777         21.680           Minority interest         21         28         704         -527           Deferred taxation         B9         1.66         -         -           Term Labilities         B9         1.527         1.527           Deferred taxation         B9         1.59         -         1	ASSETS			
Prepaid lease payments         2,638         2,680           Investment in an associated company         1,031         -           Intangible assets         3,516         4,062           8,709         8,347           Current Assets         10         311           Inventories         410         311           Trade receivables         12,143         10,144           Other receivables         3,567         746           Tax recoverable         4         18           Deposits, cash and bank balances         6,472         9,974           TOTAL ASSETS         31,305         29,540           EQUITY AND LIABILITIES         21,033         29,540           Equity attributable to equity holders of the parent         5,067         4,980           Share capital         12,652         12,652         12,652           Share capital         12,652         12,652         12,652           Minority interest         21         21,777         21,686           Minority interest         21,777         21,686         -           Mire purchase creditors         B9         1,66         -           Term Labilities         11,711         1,527           Deferr	Non-current assets			
Investment in an associated company         1.031            Intangible assets         3.516         4.062           R709         8.347           Current Assets         10         311           Inventories         410         311           Trade receivables         3.567         746           Other receivables         4.07         9.974           Total ASSETS         6.472         9.974           Total ASSETS         31.305         29.540           EQUITY AND LIABILITIES         6.472         9.974           Equity attributable to equity holders of the parent         31.305         29.540           Share capital         12.652         12.652         12.652           Share capital         21.777         21.686         21.777           Share capital         2.1,777         21.686         21.777           Total equity         21.777         21.686         21.777           Minority interest         21         27.98         21.714           Non-Current Liabilities         1.599         1.527           Deferred taxation         2.622         176           Trade payables         5.898         4.223           Other payables & acro	Property, plant and equipment		1,524	1,605
Intangible assets         3,516 8,709         4,062 8,347           Current Assets         1           Inventories         410         311           Trade receivables         12,143         10,144           Other receivables         3,567         746           Tax recoverable         4         18           Deposits, cash and bank balances         6,472         9,974           TOTAL ASSETS         22,596         21,193           TOTAL ASSETS         31,305         29,540           EQuity attributable to equity holders of the parent         5,071         4,980           Share capital         12,652         12,652           Share premium         4,054         4,054           Retained earnings         5,071         4,980           Ottal equity         21,777         21,686           Minority interest         21         21           Total equity         21,777         21,686           Mire purchase creditors         B9         1,66           Term Loan         B9         1,171         1,527           Deferred taxation         262         176           Trade payables         5,898         4,223           Other payable & acruals	Prepaid lease payments		2,638	2,680
8,009 $8,347$ Current Assets         1           Inventories         410         311           Trade receivables         12,143         10,144           Other receivables         3,567         746           Tax recoverable         4         18           Deposits, cash and bank balances         6,472         9,974           TOTAL ASSETS         31,305         29,540           EQUITY AND LIABILITIES         Equity attributable to equity holders of the parent         Stare capital         12,652         12,652           Share premium         4,054         4,054         4,054         4,054           Retained earnings         5,071         4,980         21,717         21,686           Minority interest         21         28         704         4,054         4,054           Total equity         21,777         21,686         21,717         21,686           Minority interest         21         28         704         -         28           Total equity         21,718         21,714         1,527         26         176         -           Deferred taxation         262         176         -         -         -         -	Investment in an associated company		1,031	-
Current Assets         10         311           Inventories         410         311           Trade receivables         12,143         10,144           Other receivables         3,567         7.46           Tax recoverable         4         18           Deposits, cash and bank balances         6,472         9.974           Deposits, cash and bank balances         6,472         9.974           TOTAL ASSETS         22,596         21,193           TOTAL ASSETS         31,305         29,540           EQuity attributable to equity holders of the parent         Share capital         12,652         12,652           Share capital         12,652         12,652         12,652           Minority interest         21         28         7014         4,980           Total equity         21,778         21,714         28           Non-Current Liabilities         9         1.66         -           Term Loan         B9         1.071         1.527           Deferred taxation         262         176         -           Trade payables         5.898         4.223         -           Other payable & accruals         1.462         1.170         -	Intangible assets		3,516	4,062
Inventories         410         311           Trade receivables         12,143         10,144           Other receivables         3,567         746           Tax recoverable         4         18           Deposits, cash and bank balances $6,472$ $9,974$ 22,596         21,193         22,596           TOTAL ASSETS         31,305         29,540           EQUITY AND LIABILITIES         Equity attributable to equity holders of the parent         Share capital         12,652         12,652           Share capital         12,652         12,652         12,652         12,652           Share premium         4.054         4.054         4.054           Retained earnings         5.071         4.980         21,777           Otal equity         21,798         21,714         28           Non-Current Liabilities         B9         1.66         -           Hire purchase creditors         B9         1.171         1.527           Deferred taxation         262         176         1.599           Term Loan         B9         1.462         1.170           Provision for taxation         7.908         5.393         -           Trade payables			8,709	8,347
$\begin{array}{c cccc} Trade receivables & 12,143 & 10,144 \\ Other receivables & 3,567 & 746 \\ Tax recoverable & 4 & 18 \\ Deposits, cash and bank balances & 6,472 & 9,974 \\ \hline 22,596 & 21,193 \\ \hline EQUITY AND LIABILITIES \\ \hline Equity attributable to equity holders of the parent \\ Share capital & 12,652 & 12,652 \\ Share premium & 4,054 & 4,054 \\ \hline 4,054 & 4,054 & 4,054 \\ \hline Retained earnings & 5,071 & 4,980 \\ \hline 21,777 & 21,686 \\ \hline Minority interest & 21 & 28 \\ \hline Total equity & 21,798 & 21,714 \\ \hline Non-Current Liabilities \\ \hline Hire purchase creditors & B9 & 166 & - \\ \hline Term Loan & B9 & 1,171 & 1,527 \\ \hline Deferred taxation & 262 & 176 \\ \hline 1,599 & 1,527 \\ \hline Current Liabilities \\ \hline Hire purchase creditors & B9 & 150 & - \\ \hline Term Loan & B9 & 149 & 730 \\ \hline Trade payables & 6,898 & 4,223 \\ Other payable & accruals & 1,462 & 1,170 \\ \hline Provision for taxation & 249 & - \\ \hline Total liabilities & 9,507 & 6,520 \\ \hline TOTAL EQUITY AND LIABILITIES & 31,305 & 22,624 \\ \hline Number of ordinary shares in issue (000) & 126,522 & 126,522 \\ \hline \end{array}$	Current Assets			
Other receivables $3.567$ $746$ Tax recoverable         4         18           Deposits, cash and bank balances $6.472$ $9.974$ 222.596 $21.193$ $22.596$ $21.193$ TOTAL ASSETS $31.305$ $29.540$ EQUITY AND LIABILITTES $31.305$ $29.540$ Equity attributable to equity holders of the parent $5.071$ $4.980$ Share capital $12.652$ $12.652$ $12.652$ Share premium $4.054$ $4.054$ $4.980$ Retained earnings $5.071$ $4.980$ Minority interest $21.777$ $21.686$ Minority interest $21.777$ $21.686$ Mine purchase creditors         B9 $1.66$ -           Term Loan         B9 $1.171$ $1.527$ Deferred taxation $262$ $176$ $1.527$ Current Liabilities $9.166$ - $-7.908$ $5.898$ $4.223$ Other payable & accruals $1.462$ $1.170$ $7.908$ $5.3933$ <td>Inventories</td> <td></td> <td>410</td> <td>311</td>	Inventories		410	311
Tax recoverable       4       18         Deposits, cash and bank balances $6.472$ $9.974$ TOTAL ASSETS $22,596$ $21,193$ TOTAL ASSETS $31,305$ $29,540$ EQUITY AND LIABILITIES $31,305$ $29,540$ EQUITY AND LIABILITIES $12,652$ $12,652$ Share capital $12,652$ $12,652$ Share capital $12,652$ $12,652$ Share capital $21,777$ $21,686$ Minority interest $21$ $28$ Total equity $21,798$ $21,714$ Non-Current Liabilities       B9 $1.66$ -         Hire purchase creditors       B9 $1.66$ -         Term Loan       B9 $1.527$ $1.527$ Deferred taxation $262$ $176$ -         Trade payables $5,898$ $4.223$ $0.423$ Other payable & accruals $1.462$ $1.170$ $7.908$ $5.393$ Total liabilities $9.507$ $6.920$ $7.008$ $5.393$ Total liabilities $9.507$ $6.920$	Trade receivables		12,143	10,144
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Other receivables		3,567	746
TOTAL ASSETS         22,596         21,193           EQUITY AND LIABILITIES         31,305         29,540           Equity attributable to equity holders of the parent         12,652         12,652           Share capital         12,652         12,652           Share premium         4,054         4,054           Retained earnings         5,071         4,980           21,777         21,686         21,777           Minority interest         21         28           Total equity         21,798         21,714           Non-Current Liabilities         1         1.579           Hire purchase creditors         B9         1,66         -           Term Loan         B9         1,171         1,527           Current Liabilities         1         1         1,599         1,527           Current Liabilities         1         1,462         1,170           Trade payables         5,898         4,223         0           Other payable & accruals         1,462         1,170         7.00           Provision for taxation         249         -         -           7,908         5,393         5,393         5,393           Otal liabilities         9,5	Tax recoverable		4	18
TOTAL ASSETS $31,305$ $29,540$ EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital $12,652$ $12,652$ Share capital $12,652$ $12,652$ Share premium $4,054$ $4,054$ Retained earnings $5,071$ $4,980$ Minority interest $21$ $28$ Total equity $21,714$ Non-Current LiabilitiesB9 $166$ Hire purchase creditorsB9 $166$ Current Liabilities $262$ $176$ Hire purchase creditorsB9 $166$ Current Liabilities $31,305$ $2622$ If re purchase creditorsB9 $166$ Current Liabilities $31,599$ $1,527$ Current Liabilities $31,692$ $35,898$ $4,223$ Other payable & accruals $1,462$ $1,170$ Provision for taxation $249$ $-$ Total liabilities $9,507$ $6,920$ Total liabilities $9,507$ $26,522$ $126,522$ Number of ordinary shares in issue (000) $126,522$ $126,522$	Deposits, cash and bank balances		6,472	9,974
EQUITY AND LIABILITIES Equity attributable to equity holders of the parentShare capital $12,652$ $12.652$ Share premium $4,054$ $4,054$ Retained earnings $5,071$ $4,980$ 21,777 $21,686$ $21,777$ <b>Minority interest</b> $21,777$ $21,686$ <b>Minority interest</b> $21,798$ $21,714$ <b>Non-Current Liabilities</b> $21,798$ $21,714$ <b>Non-Current Liabilities</b> $89$ $1.66$ -Hire purchase creditors $B9$ $1.171$ $1.527$ Deferred taxation $262$ $176$ $1.599$ <b>Current Liabilities</b> $89$ $149$ $730$ Hire purchase creditors $B9$ $149$ $730$ Term Loan $B9$ $149$ $730$ Trade payables $5,898$ $4.223$ Other payable & accruals $1,462$ $1,170$ Provision for taxation $249$ -Total liabilities $9,507$ $6,920$ TOTAL EQUITY AND LIABILITIES $31,305$ $28,634$ Number of ordinary shares in issue (000) $126,522$ $126,522$			22,596	
Equity attributable to equity holders of the parentShare capital $12,652$ $12,652$ Share premium $4,054$ $4,054$ Retained earnings $5,071$ $4,980$ 21,777 $21,686$ Minority interest $21$ $28$ Total equity $21,798$ $21,714$ Non-Current Liabilities $89$ $166$ Hire purchase creditors $B9$ $1,66$ $262$ $176$ Deferred taxation $262$ $176$ Trade payables $B9$ $149$ $730$ Trade payables $5,898$ $4,223$ Other payable & accruals $1,462$ $1,170$ Provision for taxation $249$ -Total liabilities $9,507$ $6,920$ Total liabilities $9,507$ $6,920$ Total liabilities $31,305$ $28,634$ Number of ordinary shares in issue (000) $126,522$ $126,522$	TOTAL ASSETS		31,305	29,540
Share premium $4,054$ $4,054$ Retained earnings $5,071$ $4,980$ $21,777$ $21,686$ Minority interest $21$ $28$ Total equity $21,798$ $21,714$ Non-Current Liabilities $21,798$ $21,714$ Hire purchase creditors       B9 $1.66$ -         Term Loan       B9 $1,171$ $1,527$ Deferred taxation $262$ $176$ $1,599$ $1,599$ $1,527$ Current Liabilities $262$ $176$ Hire purchase creditors       B9 $150$ -         Term Loan       B9 $149$ $730$ Trade payables $5,898$ $4,223$ $0$ ther payables $1,462$ $1,170$ Provision for taxation $249$ - $ -$ TOTAL EQUITY AND LIABILITIES $31,305$ $28,634$ $28,634$ Number of ordinary shares in issue (000) $126,522$ $126,522$ $126,522$	Equity attributable to equity holders of the parent			
Retained earnings $5,071$ $4,980$ Minority interest $21,777$ $21,686$ Total equity $21,777$ $21,686$ Non-Current Liabilities $21,798$ $21,714$ Non-Current Liabilities $89$ $166$ $-$ Term Loan $B9$ $1,171$ $1,527$ Deferred taxation $262$ $176$ $1,599$ $1,527$ $262$ $176$ Current Liabilities $262$ $176$ $1,599$ $1,527$ Current Liabilities $89$ $150$ $ 7.030$ $7.303$ Trade payables $5,898$ $4,223$ $0$ $7.908$ $5,393$ Other payable & accruals $1,462$ $1,170$ $7.908$ $5,393$ Total liabilities $7.908$ $5,393$ $9,507$ $6,920$ TOTAL EQUITY AND LIABILITIES $31,305$ $28,634$ $Number of ordinary shares in issue (000)$ $126,522$ $126,522$ $126,522$				
Minority interest $21,777$ $21,686$ Total equity $21$ $28$ Total equity $21,798$ $21,714$ Non-Current Liabilities $21,798$ $21,714$ Hire purchase creditors         B9 $166$ -           Term Loan         B9 $1,171$ $1,527$ Deferred taxation $262$ $176$ Incomparison $262$ $176$ Incomparison $89$ $150$ -           Current Liabilities         B9 $149$ $730$ Trade payables $5,898$ $4,223$ $0$ ther payable & accruals $1,462$ $1,170$ Provision for taxation $249$ -         - $7,908$ $5,393$ Total liabilities $9,507$ $6,920$ $7,908$ $5,393$ Total Equitry AND LIABILITIES $31,305$ $28,634$ $2126,522$ $126,522$ $126,522$	-		4,054	
Minority interest $21$ $28$ Total equity $21,798$ $21,714$ Non-Current LiabilitiesB9 $166$ $-$ Hire purchase creditorsB9 $166$ $-$ Term LoanB9 $1,171$ $1,527$ Deferred taxation $262$ $176$ Current LiabilitiesB9 $150$ $-$ Hire purchase creditorsB9 $150$ $-$ Term LoanB9 $149$ $730$ Tade payables $5,898$ $4,223$ Other payable & acruals $1,462$ $1,170$ Provision for taxation $249$ $-$ Total liabilities $9,507$ $6,920$ Total liabilities $9,507$ $6,920$ Number of ordinary shares in issue (000) $126,522$ $126,522$	Retained earnings			
Total equity $21,798$ $21,714$ Non-Current LiabilitiesHire purchase creditorsB9166Term LoanB91,171Deferred taxation $262$ 1761,5991,527Current LiabilitiesHire purchase creditorsB9Term LoanB9149Tade payables5,8984,223Other payable & accruals1,4621,170Provision for taxation249-Total liabilities9,5076,920TOTAL EQUITY AND LIABILITIES31,30528,634Number of ordinary shares in issue ('000)126,522126,522			21,777	21,686
Non-Current LiabilitiesHire purchase creditorsB9166-Term LoanB9 $262$ 176 $1,599$ $1,527$ Deferred taxation $262$ $1,599$ $1,527$ Current LiabilitiesHire purchase creditorsB9166-Term LoanB9150-Term LoanB9149730Trade payables $5,898$ Other payable & accruals $1,462$ 1,170 $249$ Provision for taxation $249$ Total liabilities $9,507$ TOTAL EQUITY AND LIABILITIES $31,305$ Number of ordinary shares in issue ('000) $126,522$ 126,522 $126,522$				
Hire purchase creditorsB9166-Term LoanB91,1711,527Deferred taxation $262$ 1761,5991,527Current LiabilitiesHire purchase creditorsB9150Term LoanB9149730Trade payables5,8984,223Other payable & accruals1,4621,170Provision for taxation249-Total liabilities9,5076,920TOTAL EQUITY AND LIABILITIES31,30528,634Number of ordinary shares in issue ('000)126,522126,522	Total equity		21,798	21,714
Term LoanB9 $1,171$ $1,527$ Deferred taxation $262$ $176$ $1,599$ $1,527$ Current LiabilitiesHire purchase creditorsB9 $150$ Term LoanB9 $149$ $730$ Trade payables $5,898$ $4,223$ Other payable & accruals $1,462$ $1,170$ Provision for taxation $249$ $-$ Total liabilities $9,507$ $6,920$ TOTAL EQUITY AND LIABILITIES $31,305$ $28,634$ Number of ordinary shares in issue ('000) $126,522$ $126,522$				
Deferred taxation         262         176           1,599         1,527           Current Liabilities         1,599         1,527           Hire purchase creditors         B9         150         -           Term Loan         B9         149         730           Trade payables         5,898         4,223           Other payable & accruals         1,462         1,170           Provision for taxation         249         -           Total liabilities         9,507         6,920           TOTAL EQUITY AND LIABILITIES         31,305         28,634           Number of ordinary shares in issue ('000)         126,522         126,522	-			-
Image: Liabilities         Image: Liabilities           Hire purchase creditors         B9         150         -           Term Loan         B9         149         730           Trade payables         5,898         4,223           Other payable & accruals         1,462         1,170           Provision for taxation         249         -           7,908         5,393         5,393           Total liabilities         9,507         6,920           TOTAL EQUITY AND LIABILITIES         31,305         28,634           Number of ordinary shares in issue ('000)         126,522         126,522		B9	1,171	
Current Liabilities         Hire purchase creditors       B9       150       -         Term Loan       B9       149       730         Trade payables       5,898       4,223         Other payable & accruals       1,462       1,170         Provision for taxation       249       -         Total liabilities       9,507       6,920         TOTAL EQUITY AND LIABILITIES       31,305       28,634         Number of ordinary shares in issue ('000)       126,522       126,522	Deferred taxation			
Hire purchase creditors       B9       150       -         Term Loan       B9       149       730         Trade payables       5,898       4,223         Other payable & accruals       1,462       1,170         Provision for taxation       249       -         Total liabilities       9,507       6,920         TOTAL EQUITY AND LIABILITIES       31,305       28,634         Number of ordinary shares in issue ('000)       126,522       126,522			1,599	1,527
Term Loan       B9       149       730         Trade payables       5,898       4,223         Other payable & accruals       1,462       1,170         Provision for taxation       249       -         Total liabilities       9,507       6,920         TOTAL EQUITY AND LIABILITIES       31,305       28,634         Number of ordinary shares in issue ('000)       126,522       126,522				
Trade payables       5,898       4,223         Other payable & accruals       1,462       1,170         Provision for taxation       249       -         7,908       5,393       5,393         Total liabilities       9,507       6,920         TOTAL EQUITY AND LIABILITIES       31,305       28,634         Number of ordinary shares in issue ('000)       126,522       126,522	1		150	-
Other payable & accruals       1,462       1,170         Provision for taxation       249       -         Total liabilities       9,507       6,920         TOTAL EQUITY AND LIABILITIES       31,305       28,634         Number of ordinary shares in issue ('000)       126,522       126,522		B9	149	730
Provision for taxation         249         -           Total liabilities         7,908         5,393           TOTAL EQUITY AND LIABILITIES         9,507         6,920           Number of ordinary shares in issue ('000)         126,522         126,522			5,898	4,223
Total liabilities         7,908         5,393           TOTAL EQUITY AND LIABILITIES         9,507         6,920           Number of ordinary shares in issue ('000)         126,522         126,522			1,462	1,170
Total liabilities9,5076,920TOTAL EQUITY AND LIABILITIES31,30528,634Number of ordinary shares in issue ('000)126,522126,522	Provision for taxation		249	-
TOTAL EQUITY AND LIABILITIES31,30528,634Number of ordinary shares in issue ('000)126,522126,522			7,908	5,393
Number of ordinary shares in issue ('000)126,522126,522			9,507	6,920
•	TOTAL EQUITY AND LIABILITIES		31,305	28,634
•	Number of ordinary shares in issue ('000)		126,522	126,522
	Net assets value per share (RM)		0.1721	0.1714

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

## SOLUTION ENGINEERING HOLDINGS BERHAD (Company No: 654575-P) (Incorporated in Malaysia)

# CONDENSED CONSOLIDATED CASHFLOW STATEMENTS AS AT 31 DEC 2010

(The figures have not been audited)

	12 months Ended 31 Dec 2010 RM'000	12 months Ended 31 Dec 2009 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,832	3,218
Adjustment for :		
Depreciation of property, plant and equipment	288	267
Amortisation of prepaid lease payments	41	41
Amortisation of development expenditure	93	93
Loss on disposal of property, plant and equipment	23	
Interest expense	160	110
Interest income	(118)	(193)
Share of net profit from associated company	(7)	
Operating profit before working capital changes	3,312	3,536
Working capital changes :		(10)
Increase in inventories	(99)	(40)
(Increase)/decrease in receivables	(4,820)	1,395
Decrease in payables	1,969	2,064
Cash generated from operating activities	362	6,955
Interest paid	(160)	(110)
Tax paid	(521)	(54)
Net cash (used in)/ generated from operating activities	(319)	6,791
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(240)	(436)
Development costs incurred	453	(3,496)
Investment in an associated company	(994)	(3,+)0)
Interest income	118	193
Net cash used in investing activities	(663)	(3,739)
	(000)	(3,737)
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of borrowings	(522)	450
Payment of dividend	(1,898)	(1,265)
Net cash used in financing activities	(2,420)	(815)
Not in an and (doornood) in cosh and cosh as window to	(2,402)	2 227
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning of financial year	(3,402) 9,874	2,237 7,637
Cash and cash equivalents at beginning of mancial year Cash and cash equivalents at end of financial year	<u> </u>	<u> </u>
Cash and cash equivalents at end of mancial year	0,472	9,074
Cash and cash equivalents as at 31 Dec comprise the following :		
	2010	2009
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	-	5,941
Deposits with a money market fund	-	813
Deposits with a financial institution	3,398	815
Cash at bank	3,074	2,305
	6,472	9,874

(The unaudited Condensed Consolidated Cashflow Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

## SOLUTION ENGINEERING HOLDINGS BERHAD (Company No: 654575-P) (Incorporated in Malaysia)

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DEC 2010 (The figures have not been audited)

Attributable to Equity Holders of the SEHB					Minority Interest	Total Equity	
	Share Capital RM'000	Non-distr Share Premium RM'000	ibutable Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2009	12,652	4,054	-	3,107	19,813	36	19,849
Profit/(loss) for the period	-	-	-	3,146	3,146	(7)	3,139
Dividend paid	-	-	-	(1,265)	(1,265)	-	(1,265)
At 31 Dec 2009 (unaudited)	12,652	4,054	-	4,988	21,694	29	21,723
At 1 January 2010 (audited)	12,652	4,054	-	4,980	21,686	28	21,714
Profit/(loss) for the period	-	-	-	1,989	1,989	(7)	1,982
Dividend paid	-	-	-	(1,898)	(1,898)	-	(1,898)
At 31 Dec 2010	12,652	4,054	-	5,071	21,777	21	21,798

(The unaudited Condensed Consolidated Changes In Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

# A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134 INTERIM FINANCIAL REPORTING

#### A1. Basis of preparation

The interim financial report is unaudited and is prepared in accordance with FRS 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market and should be read in conjunction with the audited consolidated financial statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2009.

## A2. Changes in accounting policies

The significant accounting policies and presentation adopted by the Group in this interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2009 except for the following new and revised Malaysian Financial Reporting Standards (FRSs), amendments and other interpretations that are effective and applicable for financial year beginning on or after 1 January 2010 :

- FRS 2 Share-based Payment (revised)
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (revised)
- FRS 123 Borrowing Costs (revised)
- FRS 127 Consolidated and Separate Financial Statements (revised)
- FRS 132 Financial Instruments: Presentation (revised)
- FRS 139 Financial Instruments: Recognition and Measurement
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requiremens and Their Interaction

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

## A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

## A4. Seasonality or cyclicality factors

The Group's operations were not affected by seasonal or cyclical changes.

## A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items or events affecting assets, liabilities, equity, net income or cash flows of the Group during the financial quarter ended 31 Dec 2010.

## A6. Material changes in estimates

There were no material changes in estimates that have had material effect in the current quarter results.

#### A7. Debts and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

## A8. Dividends Paid

Second interim tax-exempt dividend of 10% per ordinary share of RM0.10 each amounting to RM1,265,220.00 in respect of the financial year ended 31 December 2010 was paid on 24 December 2010.

## A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING (CONTD.)

## A9. Segmental information

Segmental information for cumulative 12 months period ended 31 Dec 2010 and 31 Dec 2009 are as follows:

	Malaysia		Overseas		Consolidated		
	2010	2009	2010	2009	2010	2009	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	15,883	11,011	2,209	2,026	18,092	13,037	
Gross profit	4,186	4,147	881	875	5,067	5,022	
Other income					4,052	1,958	
Administrative and distribution expen	ses and finance	cost			(6,294)	(3,762)	
Share of net profit from associated con	mpany				37	0	
Profit before taxation ("PBT")					2,862	3,218	
Taxation					(880)	(79)	
Profit for the period					1,982	3,139	

#### A10. Valuation of Property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the quarter under review.

#### A11. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter.

### A12. Changes in the composition of the Group

On 31 May 2010, the Group acquired 216,000 ordinary shares of RM1.00 each, representing 30% of the issued and paid up share capital of Global Plus Solutions Sdn Bhd(GPS) for a total consideration of RM993,600. With the acquisition, GPS will become an associated company of the Group.

Save as disclosed above, there were no other changes affecting the composition of the Group for the current financial quarter.

#### A13. Contingent liabilities

There were no material contingent liabilities as at the date of this announcement.

#### A14. Capital commitment

There were no material capital commitments as at the date of this announcement.

## A15. Significant Related Party Transaction

There were no significant related party transactions during the period under review.

## B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MESDAQ MARKET

#### B1. Review of performance

During the current quarter under review, revenue and PBT of the Group decreased to RM6.379 million and RM0.761 million as compared to RM6.458 million and RM2.132 million respectively recorded in the same quarter prior year. The lower PBT was due to lower profit margins as a result of steep competitions.

The cumulative current year to date (YTD) revenue recorded is RM18.09 million as compared to RM13.09 million for the same period in preceding year. However, PBT for current YTD decreased to RM2.862 million from RM3.218 million recorded for the same period in preceding year. Total R&D expenditure recognised during the quarter under review was approximately RM2.45 million .

## B2. Material Change in PBT compared with the immediate preceding quarter

The current quarter revenue of the Group increased to RM6.379 million from RM4.495 million recorded in the immediate preceding quarter. The Group posted a higher profit before tax of RM761,000 as compared to a profit before taxation of RM611,000 in the immediate preceding quarter due to completion of lower value projects in the current quarter.

## B3. Prospects for the financial year ending 31 December 2010

Due to the uncertainties of the market that the company is operating in, the company will continue to enhance its competitiveness and cost effectiveness in the operations. The Board of Directors is cautiously optimistic that the prospect of the Group's financial performance for the financial year ending 31 December 2011 would be maintaining.

#### B4. Profit guarantee

There was no profit forecast or profit guarantee issued by the Group.

## B5. Taxation

	Quarter e	nded	Year- to-date		
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000	
<b>Current taxation</b> Estimate for the period	395	11	794	37	
<b>Deferred taxation</b> Transferred to deferred income tax	<u> </u>	10	86 880	42	

A subsidiary i.e. Solution Engineering Sdn Bhd was granted Pioneer Status under Section 14A of the Promotion of Investments (Amendments) Act, 1986 for a period of five years from 1 Jan 2005 to 31 Jan 2010. One (1) of the financial incentives of having the Pioneer Status is a five (5) year exemption from Malaysia income tax from income derived from Multimedia Super Corridor related activities.

The tax exemption period had ceased on 31 Jan 2010. The current quarter taxation is provided for estimated taxable profits by the subsidiary for quarter under review.

Income tax expense for corresponding quarter preceding year relates to interest and rental income.

#### B6. Profit on sale of unquoted investments and/or properties

There were no disposal of unquoted investment and/or properties for the financial year todate.

## B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MESDAQ MARKET (CONTD.)

### B7. Purchase or disposal of quoted securities

There were no disposal of quoted securities for the financial year todate.

B8. Status of corporate proposals announced but not completed as at 28 February 2011 and status of utilisation of proceeds

(a) There were no corporate proposals announced but not completed as at 28 February 2011.

## (b) Utilisation of listing proceeds from initial public offering

There was no unutilised proceeds.

## **B9.** Group borrowings and debt securities

Details of the Group's borrowings as at 31 Dec 2010 are as follows :

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured :			
Term loan	149	1,171	1,320
Hire purchase	150	166	316
Total	299	1,337	1,636

## B10. Off balance sheet financial instruments

There were no financial instruments with off-balance sheet risk as at the date of this announcement applicable to the Group.

## B11. Material litigation

There were no material litigations pending at the date of this announcement.

## B12. Dividends

There was a declaration of tax-exempt dividend of 10% per ordinary share of RM0.10 amounting to RM1,265,220 on 24 November 2010, during the current quarter under review .

## B13. Earnings per share

	Current	Comparative	Current year	Preceding year
	Quarter	Quarter	to date	to date
	ended	ended	ended	ended
	31.12.10	31.12.09	31.12.10	31.12.09
Net profit for the period attributable to equity holders (RM'000)	311	2,113	- 9-	3,146
No. of ordinary shares in issue ('000)	126,522	126,522		126,522
Basic EPS (sen)	0.246	1.670		2.487

## BY ORDER OF THE BOARD SOLUTION ENGINEERING HOLDINGS BERHAD