

SOLUTION ENGINEERING HOLDINGS BERHAD

(Company No : 654575-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2011

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Oct 11 to 31 Dec 11	1 Oct 10 to 31 Dec 10 Preceding Year	1 Jan 11 to 31 Dec 11	1 Jan 10 to 31 Dec 10
	Current Quarter RM'000	Corresponding Quarter RM'000	Current Year To-Date RM'000	Current Year To-Date RM'000
Revenue	2,414	6,379	11,274	18,092
Cost of sale	(1,330)	(5,071)	(7,225)	(12,955)
Gross profit	1,084	1,308	4,049	5,137
Interest income	29	105	124	118
Other income	25	2,084	231	3,930
Depreciation & amortisation	(101)	(110)	(384)	(380)
Forex Gain/(Loss)	24	37	32	11
Interest Expense	(4)	(57)	(144)	(160)
Other Administrative and distribution expenses	(1,101)	(2,616)	(3,183)	(5,831)
Share of net profit from associated company	48	10	54	12
Profit before tax	4	761	779	2,837
Income tax expense	B5 (197)	(451)	(512)	(815)
Profit / (Loss) for the period	(193)	310	267	2,022
Attributable to :				
Equity holders of the parent	(103)	311	394	2,029
Minority Interest	(90)	(1)	(127)	(7)
	(193)	310	267	2,022
Earnings per share attributable to equity holders of parent :				
Basic, for profit / (loss) for the period (sen B13	(0.061)	0.246	0.234	1.604
EBITDA ⁽¹⁾	80	823	1,183	3,259

Note :-

⁽¹⁾ Profit before interest income, finance cost, tax, depreciation , amortisation and allowances.

(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 2011

(The figures have not been audited)

	Unaudited 31 Dec 2011 RM'000	Audited 31 Dec 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,921	4,173
Investment in an associated company	1,060	1,005
Intangible assets	3,608	3,516
	<u>8,589</u>	<u>8,694</u>
Current Assets		
Inventories	442	407
Trade receivables	6,464	12,141
Other receivables	2,238	3,564
Tax prepayment	500	-
Deposits, cash and bank balances	8,476	6,478
	<u>18,120</u>	<u>22,590</u>
TOTAL ASSETS	<u>26,709</u>	<u>31,284</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	16,870	12,652
Share premium	-	4,054
Retained earnings	5,341	5,111
	<u>22,211</u>	<u>21,817</u>
Minority interest	<u>(106)</u>	<u>21</u>
Total equity	<u>22,105</u>	<u>21,838</u>
Non-Current Liabilities		
Hire purchase creditors	B9 88	166
Term Loan	B9 1,020	1,228
Deferred taxation	219	179
	<u>1,327</u>	<u>1,573</u>
Current Liabilities		
Hire purchase creditors	B9 128	149
Term Loan	B9 150	91
Trust Receipts	B9 116	-
Trade payables	1,810	5,898
Other payable & accruals	641	1,462
Provision for taxation	432	273
	<u>3,277</u>	<u>7,873</u>
Total liabilities	<u>4,604</u>	<u>9,446</u>
TOTAL EQUITY AND LIABILITIES	<u>26,709</u>	<u>31,284</u>
	-	-
Number of ordinary shares in issue ('000)	168,696	126,522
Net assets value per share (RM)	<u>0.1317</u>	<u>0.1724</u>

(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 DECEMBER 2011****(The figures have not been audited)**

	12 months Ended 31 Dec 2011 RM'000	12 months Ended 31 Dec 2010 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	779	2,837
Adjustment for :		
Depreciation of property, plant and equipment	292	288
Amortisation of prepaid lease payments	41	41
Amortisation of development expenditure	121	93
Loss on disposal of property, plant and equipment		23
Interest expense	144	160
Interest income	(110)	(118)
Share of net profit from an associate company	(54)	(12)
Operating profit before working capital changes	<u>1,213</u>	<u>3,312</u>
Working capital changes :		
Increase in inventories	(35)	(96)
(Increase)/decrease in receivables	7,003	(4,814)
Decrease in payables	<u>(4,850)</u>	<u>1,967</u>
Cash (used in)/generated from operating activities	3,331	369
Interest paid	(144)	(160)
Tax paid	<u>(813)</u>	<u>(521)</u>
Net cash (used in)/generated from operating activities	<u>2,374</u>	<u>(312)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(82)	(240)
Development costs incurred	(272)	452
Interest income	110	118
Investment in an associated company	-	(994)
Net cash used in investing activities	<u>(244)</u>	<u>(664)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of borrowings	(132)	(522)
Payment of dividend	-	(1,898)
Net cash (used in)/generated from financing activities	<u>(132)</u>	<u>(2,420)</u>
Net (decrease)/increase in cash and cash equivalents	1,998	(3,396)
Cash and cash equivalents at beginning of financial period	6,478	9,874
Cash and cash equivalents at end of financial period	<u><u>8,476</u></u>	<u><u>6,478</u></u>

Cash and cash equivalents as at 31 December comprise the following :

	2011 RM'000	2010 RM'000
Deposits with licensed banks	3,077	3,402
Deposits with financial institutions	2,827	-
Cash at bank	2,572	3,076
	<u><u>8,476</u></u>	<u><u>6,478</u></u>

(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 YEAR ENDED 31 DEC 2011

(The figures have not been audited)

	Attributable to Equity Holders of the SEHB				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	-----Non-distributable----- Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
At 1 January 2010	12,652	4,054	-	4,980	21,686	28	21,714
Profit/(loss) for the year	-	-	-	2,029	2,029	(7)	2,022
Dividend paid	-	-	-	(1,898)	(1,898)	-	(1,898)
At 31 Dec 2010	12,652	4,054	-	5,111	21,817	21	21,838
At 1 January 2011 (audited)	12,652	4,054	-	5,111	21,817	21	21,838
Profit/(loss) for the year	-	-	-	394	394	(127)	267
Bonus shares issue	4,218	(4,054)	-	(164)	-	-	-
Dividend paid	-	-	-	-	-	-	-
At 31 Dec 2011 (unaudited)	16,870	0	-	5,341	22,211	(106)	22,105

(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 ACE 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 2010.

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 2010 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 2011 :

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
Amendments to FRS 101	- Puttable Financial Instruments and Obligation Arising on Liquidation
Amendments to FRS 117	Leases
FRS 123	Borrowing Costs (revised)
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 132	Financial Instruments : Presentation - Puttable Financial Instruments and Obligation Arising on Liquidation - Separate of Compound Instrument
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 139	-Reclassification of Financial Assets -Collective Assessment of Impairment for Banking Institutions
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 Requirements 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 2010 was not subject to any qualification.

A4. Seasonality or cyclical 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

The Group's made a provision for fire damage in subsidiary of RM300,000 in the financial quarter ended 31 Dec 2011.

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

There was no dividend paid during the current quarter.

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING (CONTD.)**A9. Segmental information**

Segmental information for cumulative 12 months year ended 31 Dec 2011 and 31 Dec 2010 are as follows:

	Malaysia		Overseas		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	10,135	15,883	1,139	2,209	11,274	18,092
Gross profit	3,891	4,510	437	627	4,049	5,137
Other income					355	4,048
Administrative and distribution expenses and finance cost					(3,679)	(6,360)
Share of net profit from associated company					54	12
Profit before taxation ("PBT")					779	2,837
Taxation					(512)	(815)
Profit for the year					267	2,022

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

There were no changes in 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 RM2.414 million and RM4 thousand as compared to RM6.379 million and RM0.761 million respectively recorded in the same quarter prior year.

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

The current quarter revenue of the Group decreased by RM0.448million to RM2.414 million. As a result, the Group posted a profit before tax of RM4 thousand as compared to a profit before tax of RM21 thousand in the immediate preceding quarter due to increased of administrative and distribution expenses which includes provision for fire damage.

B3. Prospects for the financial year ending 31 December 2012

Due to the uncertainties of the operating environment of the company, the company will continue to enhance its competitiveness, cost effectiveness and productivity in its operations. The Board of Directors will continue monitor to ensure the prospect of the Group's financial performance for the financial year ending 31 December 2012 will improve.

B4. Profit guarantee

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

B5. Taxation

	Quarter ended		Year- to-date	
	31.12.11 RM'000	31.12.10 RM'000	31.12.11 RM'000	31.12.10 RM'000
Prior Year taxation				
Under estimate for prior year		-	40	1
Current taxation				
Estimate for the period	187	395	432	811
Deferred taxation				
Transferred to deferred income tax	10	56	40	3
	<u>197</u>	<u>451</u>	<u>512</u>	<u>815</u>

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.)

B9. Group borrowings and debt securities

Details of the Group's borrowings as at 31 Dec 2011 are as follows :

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured :			
Term loan	150	1,020	1,170
Hire purchase	128	88	216
Trust receipts	116	-	116
Total	<u>394</u>	<u>1,108</u>	<u>1,502</u>

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.

B12. Dividends

There were no dividends declared during the current quarter under review.

B13. Earnings per share

	Current Quarter ended 31.12.11	Comparative Quarter ended 31.12.10	Current year to date ended 31.12.11	Preceding year to date ended 31.12.10
Net profit /(loss) for the period attributable to equity holders (RM'000)	(103)	311	394	2,029
No. of ordinary shares in issue ('000)	168,696	126,522	168,696	126,522
Basic EPS (sen)	<u>(0.061)</u>	<u>0.246</u>	<u>0.234</u>	<u>1.604</u>

**BY ORDER OF THE BOARD
SOLUTION ENGINEERING HOLDINGS BERHAD**