

**SOLUTION ENGINEERING HOLDINGS BERHAD**

(Company No : 654575-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2012**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Jan 12 to 31 Mar 12	1 Jan 11 to 31 Mar 11	1 Jan 12 to 31 Mar 12	1 Jan 11 to 31 Mar 11
	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-Date RM'000	Preceding Year Corresponding To-Date RM'000
Revenue	1,588	3,260	1,588	3,260
Cost of sale	(821)	(2,156)	(821)	(2,156)
Gross profit	767	1,104	767	1,104
Interest income	26	45	26	45
Other income	268	160	268	160
Depreciation & amortisation	(101)	(55)	(101)	(55)
Forex Gain/(Loss)	(1)	36	(1)	36
Interest Expense	(6)	(9)	(6)	(9)
Other Administrative and distribution expenses	(767)	(602)	(767)	(602)
Share of net profit from associated company	41	(11)	41	(11)
Profit before tax	227	668	227	668
Income tax expense	B5 (61)	(212)	(61)	(212)
Profit / (Loss) for the period	166	456	166	456
Attributable to :				
Equity holders of the parent	175	457	175	458
Minority Interest	(9)	(1)	(9)	(1)
	166	456	166	457
Earnings per share attributable to equity holders of parent :				
Basic, for profit / (loss ) for the period (sen B13)	0.104	0.271	0.104	0.271
EBITDA <sup>(1)</sup>	308	687	308	687

Note :-

<sup>(1)</sup> 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 MAR 2012**

(The figures have not been audited)

	<b>Unaudited 31 Mar 2012 RM'000</b>	<b>Audited 31 Dec 2011 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,301	3,921
Investment in an associated company	1,101	1,060
Intangible assets	3,566	3,608
	<u>7,968</u>	<u>8,589</u>
<b>Current Assets</b>		
Inventories	443	462
Trade receivables	5,604	6,504
Other receivables	1,684	2,258
Tax prepayment	606	500
Deposits, cash and bank balances	10,749	8,476
	<u>19,086</u>	<u>18,200</u>
<b>TOTAL ASSETS</b>	<u>27,054</u>	<u>26,789</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	16,870	16,870
Share premium	-	-
Retained earnings	5,487	5,341
	<u>22,357</u>	<u>22,211</u>
<b>Minority interest</b>	173	(107)
<b>Total equity</b>	<u>22,530</u>	<u>22,104</u>
<b>Non-Current Liabilities</b>		
Hire purchase creditors	B9 105	122
Term Loan	B9 985	1,027
Deferred taxation	229	219
	<u>1,319</u>	<u>1,368</u>
<b>Current Liabilities</b>		
Hire purchase creditors	B9 88	95
Term Loan	B9 149	143
Trust Receipts	B9 -	116
Trade payables	1,897	1,809
Other payable & accruals	588	722
Provision for taxation	483	432
	<u>3,205</u>	<u>3,317</u>
<b>Total liabilities</b>	<u>4,524</u>	<u>4,685</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>27,054</u>	<u>26,789</u>
	-	
Number of ordinary shares in issue ('000)	168,696	168,696
Net assets value per share (RM)	<u>0.1325</u>	<u>0.1317</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 MARCH 2012  
(The figures have not been audited)**

	<b>3 months Ended 31 Mar 2012 RM'000</b>	<b>3 months Ended 31 Mar 2011 RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	227	681
Adjustment for :		
Depreciation of property, plant and equipment	68	63
Amortisation of prepaid lease payments	9	10
Amortisation of development expenditure	106	8
Gain on disposal of property, plant and equipment	(252)	-
Interest expense	6	9
Interest income	(26)	(45)
Share of net profit from an associate company	(41)	(1)
Operating profit before working capital changes	<u>97</u>	<u>725</u>
Working capital changes :		
Increase in inventories	18	22
(Increase)/decrease in receivables	1,492	1,963
Increase/ (decrease) in payables	<u>(11)</u>	<u>(4,310)</u>
Cash (used in)/generated from operating activities	1,596	(1,600)
Interest paid	(6)	(9)
Tax paid	<u>(106)</u>	<u>(125)</u>
Net cash (used in)/generated from operating activities	<u>1,484</u>	<u>(1,734)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(5)	(13)
Proceed from disposal of property	800	
Investment in an subsidiary company	(700)	
Development costs incurred	(64)	(373)
Interest income	26	45
Investment in an associated company	-	
Net cash used in investing activities	<u>57</u>	<u>(341)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Net of borrowings	(175)	4,350
Payment of dividend	-	-
Net cash (used in)/generated from financing activities	<u>(175)</u>	<u>4,350</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	1,366	2,275
<b>Cash and cash equivalents at beginning of financial period</b>	9,383	6,478
<b>Cash and cash equivalents at end of financial period</b>	<u><u>10,749</u></u>	<u><u>8,753</u></u>

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

	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Deposits with licensed banks	2,977	-
Deposits with financial institutions	5,077	3,403
Cash at bank	2,695	5,350
	<u><u>10,749</u></u>	<u><u>8,753</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 QUARTER ENDED 31 MAR 2012**  
(The figures have not been audited)

	Attributable to Equity Holders of the SEHB				Total	Minority Interest	Total Equity
	Share Capital	-----Non-distributable----- Share Premium	Other Reserves	Distributable Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011 (audited)	12,652	4,054	-	5,111	21,817	21	21,838
Profit/(loss) for the year	-	-	-	457	457	(1)	456
Dividend paid	-	-	-	-	-	-	-
At 31 Mar 2011 (unaudited)	12,652	4,054	-	5,568	22,274	20	22,294
At 1 January 2012 (audited)	16,870	0	-	5,341	22,211	(106)	22,105
Pre-acquisition (loss)/profit b/f	-	-	-	(29)	(29)	288	259
Profit/(loss) for the year	-	-	-	175	175	(9)	166
At 31 Mar 2012 (unaudited)	16,870	0	-	5,487	22,357	173	22,530

(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 2011.

### **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 2011 was not subject to any qualification.

### **A4. Seasonality or cyclicity 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 Mac 2012.

### **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 3 months period ended 31 Mar 2012 and 31 Mar 2011 are as follows:

	Malaysia		Overseas		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	991	3,160	597	100	1,588	3,260
Gross profit	422	1,070	345	34	767	1,104
Other income					294	205
Administrative and distribution expenses and finance cost					(875)	(630)
Share of net profit from associated company					41	(11)
Profit before taxation ("PBT")					227	668
Taxation					(61)	(212)
Profit for the year					166	456

**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****Global Plus Solutions Sdn Bhd**

Sales from GPS for quarter ended 31.3.12 was RM0.335 million.

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

**B1. Review of performance**

During the current quarter under review, revenue and PBT of the Group decreased to RM1.588 million and RM0.227 million as compared to RM3.26 million and RM0.668 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 RM0.826million to RM1.588 million. As a result, the Group posted a profit before tax of RM0.227 million as compared to a profit before tax of RM0.668 million in the immediate preceding quarter. The lower profit before tax for current quarter was due to lower revenue and higher administrative and distribution expenses.

**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 to monitor to ensure that 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	
	31.3.12	31.3.11	31.3.12	31.3.11
	RM'000	RM'000	RM'000	RM'000
<b>Current taxation</b>				
Estimate for the period	51	202	51	202
<b>Deferred taxation</b>				
Transferred to deferred income tax	10	10	10	10
	<u>61</u>	<u>212</u>	<u>61</u>	<u>212</u>

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

The Group's disposed Desa Bakti building on 6 January 2012, with a gain on disposal of RM0.252 million.

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

**B9. Group borrowings and debt securities**

Details of the Group's borrowings as at 31 Mar 2012 are as follows :

	<b>Short-Term RM'000</b>	<b>Long-Term RM'000</b>	<b>Total RM'000</b>
<b>Secured :</b>			
Term loan	149	985	1,134
Hire purchase	88	105	193
Total	<u>237</u>	<u>1,090</u>	<u>1,327</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**

	<b>Current Quarter ended 31.3.12</b>	<b>Comparative Quarter ended 31.3.11</b>	<b>Current year to date ended 31.3.12</b>	<b>Preceding year to date ended 31.3.11</b>
Net profit /(loss) for the period attributable to equity holders (RM'000)	175	457	175	458
No. of ordinary shares in issue ('000)	168,696	168,696	168,696	168,696
Basic EPS (sen)	<u>0.104</u>	<u>0.271</u>	<u>0.104</u>	<u>0.271</u>

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