

**SOLUTION ENGINEERING HOLDINGS BERHAD**

(Company No : 654575-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Apr 12 to 30 Jun 12	1 Apr 11 to 30 Jun 11	1 Jan 12 to 30 Jun 12	1 Jan 11 to 30 Jun 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	1,464	2,736	3,052	5,997
Cost of sale	(843)	(1,714)	(1,665)	(3,870)
Gross profit	621	1,022	1,387	2,127
Interest income	59	25	85	70
Other income	79	23	347	184
Depreciation & amortisation	(99)	(84)	(200)	(130)
Forex Loss	(11)	-	(12)	-
Other Administrative and distribution expenses	(882)	(792)	(1,650)	(1,368)
Interest expense	(5)	(115)	(11)	(124)
Share of net (loss)/profit from associated compan	(14)	15	27	4
(Loss)/Profit before tax	(252)	94	(27)	763
Income tax expense	B5	(43)	(61)	(255)
(Loss)/Profit after tax	(252)	51	(88)	508
Attributable to :				
Equity holders of the parent	(237)	54	(64)	512
Minority Interest	(15)	(3)	(24)	(4)
	(252)	51	(88)	508
Earnings per share attributable to equity holders of parent :				
Basic, for profit / (loss ) for the period (sen B13	-	0.032	-	0.304

(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 30 JUN 2012**

(The figures have not been audited)

	<b>Unaudited 30 Jun 2012 RM'000</b>	<b>Audited 31 Dec 2011 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,542	3,921
Investment in an associated company	1,087	1,060
Intangible assets	3,620	3,608
	<u>8,249</u>	<u>8,589</u>
<b>Current Assets</b>		
Inventories	513	462
Trade receivables	4,127	6,504
Other receivables	1,892	2,258
Tax recoverable	642	500
Deposits, cash and bank balances	12,091	8,476
	<u>19,265</u>	<u>18,200</u>
<b>TOTAL ASSETS</b>	<u>27,514</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
Retained earnings	5,271	5,341
	<u>22,141</u>	<u>22,211</u>
<b>Minority interest</b>	167	(107)
<b>Total equity</b>	<u>22,308</u>	<u>22,104</u>
<b>Non-Current Liabilities</b>		
Hire purchase creditors	B9 269	122
Term Loan	B9 946	1,027
Deferred taxation	229	219
	<u>1,444</u>	<u>1,368</u>
<b>Current Liabilities</b>		
Hire purchase creditors	B9 143	95
Term Loan	B9 149	143
Trust Receipts	-	116
Trade payables	1,933	1,809
Other payable & accruals	1,054	722
Provision for taxation	483	432
	<u>3,762</u>	<u>3,317</u>
<b>Total liabilities</b>	<u>5,206</u>	<u>4,685</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>27,514</u>	<u>26,789</u>
Number of ordinary shares in issue ('000)	168,696	168,696
Net assets value per share (RM)	0.1312	0.1317

(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 30 JUNE 2012**

(The figures have not been audited)

	<b>6 months Ended 30 June 2012 RM'000</b>	<b>6 months Ended 30 June 2011 RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(27)	763
Adjustment for :		
Depreciation of property, plant and equipment	136	137
Amortisation of prepaid lease payments	17	21
Amortisation of development expenditure	101	47
Gain on disposal of property, plant and equipment	(313)	-
Interest expense	11	124
Interest income	(85)	(70)
Share of net profit from an associate company	(27)	(4)
Operating profit before working capital changes	<u>(187)</u>	<u>1,018</u>
Working capital changes :		
Decrease in inventories	(51)	(36)
Decrease in receivables	2,061	5,613
Decrease/(Increase) in payables	<u>1,220</u>	<u>(4,851)</u>
Cash (used in)/generated from operating activities	3,043	1,744
Interest paid	(11)	(124)
Tax paid	(142)	(249)
Net cash (used in)/generated from operating activities	<u>2,890</u>	<u>1,371</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(348)	(13)
Proceed from disposal of Property, Plant & Equipment	887	-
Development costs incurred	(113)	(487)
Interest income	85	70
Net acquisition of subsidiary	(700)	-
Net cash used in investing activities	<u>(189)</u>	<u>(430)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Net of borrowings	6	198
Net cash (used in)/generated from financing activities	<u>6</u>	<u>198</u>
Net (decrease)/increase in cash and cash equivalents	2,707	1,139
Cash and cash equivalents at beginning of financial period	<u>9,384</u>	<u>6,478</u>
Cash and cash equivalents at end of financial period	<u><u>12,091</u></u>	<u><u>7,617</u></u>

Cash and cash equivalents as at 30 June comprise the following :

	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Deposits with licensed banks	6,488	3,577
Deposits with a money market fund	1,577	501
Cash at bank	4,026	3,539
	<u><u>12,091</u></u>	<u><u>7,617</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 30 JUN 2012**  
(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 2011 (audited)	12,652	4,054	-	5,111	21,817	21	21,838
Profit/(loss) for the period		-	-	512	512	(4)	508
Bonus shares issue	4,218	(4,054)		(164)	-		-
Dividend paid	-	-	-	-	-	-	-
At 30 Jun 2011 (audited)	16,870	0	-	5,459	22,329	17	22,346
As at 1 January 2012 (audited)	16,870			5,341	22,211	(107)	22,104
Pre-acquisition (loss)/profit b/f				(6)	(6)	298	292
Loss for the period				(64)	(64)	(24)	(88)
At 30 Jun 2012 (unaudited)	16,870	-	-	5,271	22,141	167	22,308

**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 2011 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 2012 :

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 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**

There were no unusual items or events affecting assets, liabilities, equity, net income or cash flows of the Group during the financial quarter ended 30 Jun 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 ended 30 June 2012.

**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 6 months period ended 30 Jun 2012 and 30 Jun 2011 are as follows:

	Malaysia		Oversens		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	2,301	5,640	751	357	3,052	5,997
Gross profit	1,046	2,000	341	127	1,387	2,127
Other income					420	254
Administrative and distribution expenses and finance cost					(1,861)	(1,622)
Share of net profit from associated company					27	4
(Loss)/Profit before taxation					(27)	763
Taxation					(61)	(255)
(Loss)/Profit for the period					(88)	508

**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 (L)/PBT of the Group decreased to RM1.464 million and RM0.252 million as compared to RM2.736 million and RM0.094 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 to RM1.464 million from RM2.736 million recorded in the immediate preceding quarter. As a result, the Group posted a loss before tax of RM0.252 million as compared to a profit before taxation of RM0.094 million in the immediate preceding quarter due to increase of administrative expenses in current quarter.

**B3. Prospects for the financial year ending 31 December 2012**

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 will continue monitoring 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	
	30.6.12 RM'000	30.6.11 RM'000	30.6.12 RM'000	30.6.11 RM'000
<b>Current taxation</b>				
Estimate for the period	-	33	51	235
<b>Deferred taxation</b>				
Transferred to deferred income tax	-	10	10	20
	-	43	61	255

**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 to date.

**B8. Status of corporate proposals announced but not completed as at the date of this announcement and status of utilisation of proceeds**

(a) There were no corporate proposals announced but not completed as at the date of this announcement.

(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 30 Jun 2012 are as follows :

	Short-Term RM'000	Long-Term RM'000	Total RM'000
<b>Secured :</b>			
Term loan	149	946	1,095
Hire purchase	143	269	412
<b>Total</b>	<u>292</u>	<u>1,215</u>	<u>1,507</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.

**B11. Material litigation**

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

**B12. Dividends**

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

**B13. Earnings per share**

	Current Quarter ended 30.6.12	Comparative Quarter ended 30.6.11	Current year to date ended 30.6.12	Preceding year to date ended 30.6.11
Net profit for the period attributable to equity holders (RM'000)	(237)	54	(64)	512
No. of ordinary shares in issue ('000)	168,696	168,696	168,696	168,696
Basic EPS (sen)	-	0.032	-	0.304

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