SOLUTION ENGINEERING HOLDINGS BERHAD

(Company No : 654575-P) (Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	1 July 12 to 30 Sep 12 Current Quarter RM'000	1 July 11 to 30 Sep 11 Preceding Year Corresponding Quarter RM'000	I Jan 12 to 30 Sep 12 Current Year To-Date RM'000	I Jan II to 30 Sep II Current Year To-Date RM'000	
Revenue	1,999	2,862	5,051	8,859	
Cost of sale	(1,675)	(2,025)	(3,340)	(5,894)	
Gross profit	324	837	1,711	2,965	
Interest income	22	24	107	92	
Other income	14	21	361	208	
Depreciation & amortisation	(184)	(103)	(547)	(283)	
Forex Gain	47		35	-	
Administrative and distribution expenses	(819)	(753)	(2,306)	(2,072)	
Finance cost	(6)	(16)	(17)	(140)	
Share of net (loss)/profit from associated company	(52)	2	(25)	6	
(Loss)/Profit before tax	(654)	, 12	(681)	776	
Income tax expense B5	(10)	(59)	(71)	(315)	
(Loss)/Profit for the period	(664)	(47)	(752)	461	
Attributable to :					
Equity holders of the parent Minority Interest	(487) (177)	(45) (2)	(551) - (201)	467 ~ (6)	
	(664)	(47)	(752)	461	
Earnings per share attributable to equity holders of parent: Basic, for (loss) / profit for the period (sen) B13	(0.289)	(0.027)	(0.327)	0.277	
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(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 SEP 2012

(The figures have not been audited)

ASSETS Non-current assets 3,542 3,921 Investment in an associated company 1,035 1,060 Intangible assets 3,699 3,608 Intangible assets 8,276 8,589 Current Assets 8 4,756 6,508 Inventories \$18 4,62 2,206 2,258 Trade receivables 2,206 2,258 18,306 18,200 18,306 18,200 18,			Unaudited 30 Sep 2012 RM'000	Audited 31 Dec 2011 RM'000
Property, plant and equipment 1,035 1,060 Investment in an associated company 1,035 1,060 Intangible assets 3,697 3,698 Region 1,035 1,060 Region 1	ASSETS			
Investment in an associated company	Non-current assets			
Investment in an associated company	Property, plant and equipment		3.542	3 921
Numerical Part	Investment in an associated company		•	
Current Assets S81 462 Inventories 581 462 Trade receivables 2,206 2,528 Cother receivables 2,206 2,528 Tax prepayment 642 500 Deposits, cash and bank balances 10,711 8,476 TOTAL ASSETS 10,711 8,476 TOTAL ASSETS 22,102 26,789 EQUITY AND LIABILITIES 8 16,870 16,870 Retained earnings 4,795 5,341 Retained earnings 4,795 5,341 Minority interest 590 (107 Total equity 22,255 22,104 Minority interest 590 (107 Total equity 22,255 22,104 Mire purchase creditors B9 235 12 Ferm Loan B9 9 1,027 Deferred taxation 229 219 Ergent Loan B9 143 1,027 Term Loan B9 14 95	Intangible assets			
Inventories				
Inventories	Current Assets			
Trade receivables 4,756 6,504 Other receivables 2,206 2,258 Tax prepayment 642 500 Deposits, cash and bank balances 10,711 8,476 TOTAL ASSETS 27,172 26,789 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 16,870 16,870 Retained earnings 4,795 5,341 Minority interest 590 (107) Total equity 22,255 22,104 Non-Current Liabilities Hire purchase creditors B9 235 12 Term Loan B9 921 1,027 Deferred taxation 229 219 Uniformal Liabilities B9 142 95 Term Loan B9 149 143 Trust Receipts B9 149 143 Trust Receipts B9 1 19 Trust Receipts 89 1 116			501	1.00
Other receivables 2,206 2,258 Tax prepayment 642 500 Deposits, cash and bank balances 10,711 8,476 TOTAL ASSETS 18,896 18,200 TOTAL ASSETS 27,172 26,789 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 16,870 16,870 Retained earnings 4,795 5,341 Minority interest 590 (107) Total equity 22,255 22,104 Non-Current Liabilities Hire purchase creditors B9 235 12 Term Loan B9 235 1,027 Deferred taxation 229 219 Current Liabilities Hire purchase creditors B9 142 95 Term Loan B9 142 95 Term Loan B9 14 19 Trust Receipts B9 116 16 Trust Receipts				
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TOTAL ASSETS 18,896 18,200 EQUITY AND LIABILITIES 27,172 26,789 Equity attributable to equity holders of the parent 16,870 16,870 Share capital 16,870 5,341 Retained earnings 4,795 5,341 Minority interest 590 (107) Total equity 22,255 22,104 Non-Current Liabilities 89 235 122 Hire purchase creditors B9 235 122 Term Loan B9 921 1,027 Deferred taxation 229 219 Current Liabilities 89 142 95 Term Loan B9 142 95 Term Loan B9 149 143 Trust Receipts B9 19 16 Trade payables 1,923 1,809 Other payable & accruals 825 722 Provision for taxation 493 432 Total liabilities 4,917 4,685 <				
TOTAL ASSETS 27,172 26,789 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 16,870 16,870 Retained earnings 4,795 5,341 Minority interest 590 (107) Total equity 22,255 22,104 Non-Current Liabilities Hire purchase creditors B9 235 122 Term Loan B9 921 1,027 Deferred taxation 229 219 Effire purchase creditors B9 142 95 Term Loan B9 149 143 Trust Receipts B9 - 116 Trade payables 2 <t< td=""><td>Deposits, easii and bank barances</td><td></td><td></td><td></td></t<>	Deposits, easii and bank barances			
EQUITY AND LIABILITIES Equity attributable to equity holders of the parent 16,870 16,870 5,341 Retained earnings 4,795 5,341 Minority interest 590 (107) Total equity 22,255 22,104 Non-Current Liabilities B9 235 122 Hire purchase creditors B9 921 1,027 Deferred taxation 229 219 Deferred taxation 89 921 1,027 Term Loan B9 142 95 Term Loan B9 142 95 Term Loan B9 149 143 Trust Receipts B9 149 143 Trust Receipts B9 - 116 Trade payables 1,923 1,809 Other payable & accruals 825 722 Provision for taxation 4,917 4,685 TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696	TOTAL ASSETS			
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Share capital 16,870 16,870 Retained earnings 4,795 5,341 Minority interest 590 (107) Total equity 590 (107) Non-Current Liabilities Hire purchase creditors B9 235 122 Term Loan B9 921 1,027 Deferred taxation 229 219 Deferred to taxation 89 1,385 1,368 Current Liabilities Hire purchase creditors B9 142 95 Term Loan B9 142 95 Term Loan B9 149 143 Trust Receipts B9 - 116 Trade payables 1,923 1,809 Other payable & accruals 825 722 Provision for taxation 493 432 Total liabilities 4,917 4,685 TOTAL EQUITY AND LIABILITIES 168,696 168,696				
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Minority interest 21,665 22,211 Total equity 590 (107) Non-Current Liabilities 22,255 22,104 Non-Current Liabilities B9 235 122 Term Loan B9 921 1,027 Deferred taxation 229 219 Every Liabilities 3,385 1,368 Current Liabilities B9 142 95 Term Loan B9 149 143 Trust Receipts B9 - 116 Trade payables 1,923 1,809 Other payable & accruals 825 722 Provision for taxation 493 432 Total liabilities 4,917 4,685 TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696 168,696				
Minority interest 590 (107) Total equity 22,255 22,104 Non-Current Liabilities 89 235 122 Hire purchase creditors B9 921 1,027 Deferred taxation 229 219 Deferred taxation 229 219 Current Liabilities 89 142 95 Hire purchase creditors B9 149 143 Trust Receipts B9 - 116 Trade payables 1,923 1,809 Other payable & accruals 825 722 Provision for taxation 493 432 Total liabilities 4,917 4,685 TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696 168,696	<i>5</i>			
Total equity 35 (2) (3) (2) Non-Current Liabilities 89 (2) (2) (2) (2) (2) (2) (2) (2) (2) (2)	Minority interest			
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Current Liabilities B9 142 95 Hire purchase creditors B9 142 95 Term Loan B9 149 143 Trust Receipts B9 - 116 Trade payables 1,923 1,809 Other payable & accruals 825 722 Provision for taxation 493 432 Total liabilities 4,917 4,685 TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696 168,696	Deferred taxation		229	
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Trade payables 1,923 1,809 Other payable & accruals 825 722 Provision for taxation 493 432 Total liabilities 3,532 3,317 TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696 168,696			149	
Other payable & accruals 3,25 7,300 Provision for taxation 825 722 493 432 3,532 3,317 Total liabilities 4,917 4,685 TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696 168,696 Not accepte unless the control of the contro	<u>*</u>	Бу	1.022	
Provision for taxation 493 432 3,532 3,317 Total liabilities 4,917 4,685 TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696 168,696 Not accepte unless the control of the control				
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Total liabilities TOTAL EQUITY AND LIABILITIES A,917 26,789 Number of ordinary shares in issue ('000) Not accepta value are above (DM) Not accepta value are above (DM)				
TOTAL EQUITY AND LIABILITIES 27,172 26,789 Number of ordinary shares in issue ('000) 168,696 168,696	Total liabilities			
Number of ordinary shares in issue ('000) 168,696 168,696		•		
Not agent value non shore (DM)		1	2.1,112	20,709
Not agget a value was also use (DA4)			168,696	168,696
	Net assets value per share (RM)			

(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 SEPTEMBER 2012 (The figures have not been audited)

CASIFF.OWS FROM OPERATING ACTIVITIES		9 months Ended 30 Sep 2012 RM'000	9 months Ended 30 Sep 2011 RM'000
Adjustment for : Depreciation of property, plant and equipments Amortisation of development expenditure Amortisation of development expenditure Gian on disposal of property, plant and equipment Alterest expense Interest expense Interest expense Interest expense Interest expense Interest income Operating profit before working capital changes Working capital changes: Increase in inventories Increase in inventories Increase in inventories Increase in inventories Increase (Decrease) in payables Cash generated from operating activities Increase (Decrease) in payables Acquisition of property, plant and equipment Acquisition of property, plant and equipment Acquisition of property, plant and equipment Acquisition of additional shares in existing subsidiaries Development costs incurred Interest income Acquisition of property, plant and equipment Acquisition of additional shares in existing subsidiaries CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of property, plant and equipment Acquisition of additional shares in existing subsidiaries CASH ELOWS FROM FINANCING ACTIVITIES Net cash used in investing activities Acquisition of property, plant and equipment Acquisition of additional shares in existing subsidiaries CASHFLOWS FROM FINANCING ACTIVITIES Net cash (used in)///////////////////////////////////			
Depreciation of property, plant and equipment		(681)	776
Amortisation of prepaid lease payments			
Amortisation of development expenditure 317 70 Gain on disposal of property, plant and equipment (318) - Interest expense 17 1440 Interest income (107) 922 Share of net profit from an associate company 25 (6) Operating profit before working capital changes 3(314) 1,126 Working capital changes: (119) (18) Increase in inventories (119) (18) Decrease in receivables 286 (4,914) Cash generated from operating activities 673 151 Interest paid (17) (140) Tax paid (17) (140) Tax paid (17) (140) Tax paid (17) (140) Tax paid (142) 688 Net cash generated from/(used in) operating activities 87 - Cash FLOWS FROM INVESTING ACTIVITIES 887 - Acquisition of property, plant and equipment 887 - Acquisition of property, plant and equipment 897		207	207
Gain on disposal of property, plant and equipment (318) 1 Interest expense 107 140 Interest income (107) (92) Share of net profit from an associate company 25 (6) Operating profit before working capital changes (314) 1,126 Working capital changes (119) (18 Decrease in inventories 1,020 3,957 Increase in inventories 1,020 3,957 Increase in inventories 1,020 3,957 Increase in inventories 286 (4,914) Cash generated from operating activities 673 151 Increase/(Decrease) in payables 673 151 Interest paid (17) (140 Kash generated from operating activities 514 (678) Net cash generated from/(used in) operating activities 87 - CASHFLOWS FROM INVESTING ACTIVITIES 4(413) (411) (514) Requisition of property, plant and equipment (413) (451) (451) Proceed from disposal of Property, plant and equipment </td <td></td> <td></td> <td>31</td>			31
Interest expense			70
Interest income			-
Share of net profit from an associate company 25 (6) Operating profit before working capital changes (514) 1,126 Working capital changes: (514) 1,126 Increase in inventories (119) (18 Decrease in receivables 1,020 3,957 Increase/(Decrease) in payables 286 (4,914) Cash generated from operating activities 673 151 Interest paid (17) (140) Tax paid (12) (688) Net cash generated from/(used in) operating activities 514 (677) CASH FLOWS FROM INVESTING ACTIVITIES 4(13) (71) Acquisition of property, plant and equipment 87 - Acquisition of additional shares in existing subsidiaries 600 - Development costs incurred 408) (451) Interest income 107 92 Net cash used in investing activities 54 710 Vet cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 <td></td> <td></td> <td></td>			
Cash result of property, plant and equipment (10) (10) (10) (10) (10) (10) (10) (10)			(92)
Increase in inventories (119) (18) Decrease in receivables 1,020 3,957 Increase/(Decrease) in payables 286 (4,914) Cash generated from operating activities 673 151 Interest paid (17) (140) Tax paid (142) (688) Net cash generated from/(used in) operating activities 514 (677) CASH FLOWS FROM INVESTING ACTIVITIES Cash and cash equivalents as at 30 September comprise the following : CASHFLOWS FROM INVESTING ACTIVITIES CASHFLOWS FROM INVESTING ACTIVITIES (413) (71) Proceed from disposal of Property, plant and equipment 887 - (413) (71) Proceed from disposal of Property, plant and equipment (413) (71) Proceed from disposal of Property, plant and equipment (408) (451) Development costs incurred (408) (451) Interest income 107 92 Net cash used in investing activities 773 (430) CASHFLOWS FROM FINANCING ACTIVITIES Net of borrowings (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents at an of financial period 10,711 6,081 Cash and cash equivalents at 1,237 (2,977) Capposits with financial institutions 5,477 2,977 Deposits with financial institutions 2,077 6,00 Cash at bank 3,157 2,504			
Decrease in receivables		(514)	1,126
Decrease in receivables		(119)	(18)
Increase/(Decrease) in payables		1,020	` '
Interest paid		286	
Tax paid (142) (688) Net cash generated from/(used in) operating activities 514 (677) CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of property, plant and equipment (413) (71) Proceed from disposal of Property, plant and equipment 887 - Acquisition of additional shares in existing subsidiaries 600 - Development costs incurred (408) (451) Interest income 107 92 Net cash used in investing activities 773 (430) CASHFLOWS FROM FINANCING ACTIVITIES Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents at end of financial period 10,711 6,081 Deposits with licensed banks 5,477 2,977 Deposits with financial ins		673	
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CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of property, plant and equipment (413) (71) Proceed from disposal of Property, plant and equipment 887 - Acquisition of additional shares in existing subsidiaries 600 - Development costs incurred (408) (451) Interest income 107 92 Net cash used in investing activities 773 (430) CASHFLOWS FROM FINANCING ACTIVITIES Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents as at 30 September comprise the following: 2012 2011 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504		(142)	(688)
Acquisition of property, plant and equipment (413) (71) Proceed from disposal of Property, plant and equipment 887 - Acquisition of additional shares in existing subsidiaries 600 - Development costs incurred (408) (451) Interest income 107 92 Net cash used in investing activities 773 (430) CASHFLOWS FROM FINANCING ACTIVITIES 54 710 Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents as at 30 September comprise the following: 2012 2011 RM'000 RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504	Net cash generated from/(used in) operating activities	514	(677)
Proceed from disposal of Property, plant and equipment 887 - Acquisition of additional shares in existing subsidiaries 600 - Development costs incurred (408) (451) Interest income 107 92 Net cash used in investing activities 773 (430) CASHFLOWS FROM FINANCING ACTIVITIES Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 9,478 6,478 Cash and cash equivalents as at 30 September comprise the following: 2012 2011 RM'000 RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504			
Acquisition of additional shares in existing subsidiaries 600 - Development costs incurred (408) (451) Interest income 107 92 Net cash used in investing activities 773 (430) CASHFLOWS FROM FINANCING ACTIVITIES Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents as at 30 September comprise the following : 2012 2011 RM'000 RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504		- •	(71)
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Interest income 107 92 Net cash used in investing activities 773 (430) CASHFLOWS FROM FINANCING ACTIVITIES Section of borrowings (54) 710 Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents as at 30 September comprise the following: 2012 2011 RM'000 RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504			-
Net cash used in investing activities 773 430 CASHFLOWS FROM FINANCING ACTIVITIES Section of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents as at 30 September comprise the following : 2012 2011 RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504			
CASHFLOWS FROM FINANCING ACTIVITIES Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents as at 30 September comprise the following: 2012 2011 RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504			
Net of borrowings (54) 710 Net cash (used in)/generated from financing activities (54) 710 Net increase/(decrease) in cash and cash equivalents 1,233 (397) Cash and cash equivalents at beginning of financial period 9,478 6,478 Cash and cash equivalents at end of financial period 10,711 6,081 Cash and cash equivalents as at 30 September comprise the following : 2012 2011 RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504	Net cash used in investing activities	773	(430)
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2012 RM'000 2011 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504		10,711	6,081
RM'000 RM'000 Deposits with licensed banks 5,477 2,977 Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504	Cash and cash equivalents as at 30 September comprise the following:	2012	2011
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Deposits with financial institutions 2,077 600 Cash at bank 3,157 2,504		KIYI'UUU	KM'000
Cash at bank 3,157 2,504		5,477	2,977
2,307		2,077	600
10,711 6,081	Cash at bank		2,504
		10,711	6,081

(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)

 ${\bf CONDENSED\ CONSOLIDATED\ STATEMENTS\ OF\ CHANGES\ IN\ EQUITY\ FOR\ THE\ QUARTER\ ENDED\ 30\ SEP\ 2012\ (The\ figures\ have\ not\ been\ audited) }$

	A	ttributable to Equ	ity Holders o	f the SEHB		Minority Interest	Total Equity
	Share Capital RM'000	Non-distril Share Premium RM'000	butable Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2011 (audited)	12,652	4,054	-	5,111	21,817	21	21,838
Profit for the period		_	-	467	467	(6)	461
Bonus shares issue	4,218	(4,054)		(164)	-		-
At 30 Sep 2011 (unaudited)	16,870	0	-	5,414	22,284	15	22,299
As at 1 January 2012 (audited)	16,870			5,341	22,211	(107)	22,104
Prior year adjustments				11	11	-	11
Pre-acquisition (loss)/profit b/f				(6)	(6)	898	892
Loss for the period				(551)	(551)	(201)	(752)
At 30 Sep 2012 (unaudited)	16,870	<u>-</u>	<u>-</u>	4,795	21,665	590	22,255

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

SOLUTION ENGINEERING HOLDINGS BERHAD ("Company" or "SEHB") (Company No: 654575-P)

(Incorporated in Malaysia)

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 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 Meausurement

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 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 2011 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 30 September 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 September 2012.

SOLUTION ENGINEERING HOLDINGS BERHAD ("Company" or "SEHB")

(Company No: 654575-P)

(Incorporated in Malaysia)

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 9 months period ended 30 Sep 2012 and 30 Sep 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	3,639	8,110	1,412	749	5,051	8,859	
Gross profit	1,233	2,714	478	251	1,711	2,965	
Other income					361	208	
Administrative and distribution expenses and final Share of net (loss)/profit from associated company (Loss)/Profit before taxation ("PBT") Taxation (Loss)/Profit for the period				***************************************	(2,728) (25) (681) (71) (752)	(2,403) 6 776 (315) 461	

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

Incorporation of a subsidiary company, Solution A&C Technology Sdn Bhd on 4th June, 2012.

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.

SOLUTION ENGINEERING HOLDINGS BERHAD ("Company" or "SEHB") (Company No: 654575-P) (Incorporated in Malaysia)

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, the Group's revenue decreased to RM1.999 million as compared to RM2.862 million in the same quarter prior year and posted a loss before tax of RM0.654 million in the current quarter, the Group recorded a profit of RM0.012 million in the same quarter prior year.

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

The current quarter revenue of the Group increased to RM1.999 million from RM1.464 million recorded in the immediate preceding quarter. The Group posted a loss before tax of RM0.654 million as compared to loss of RM0.252 million in the immediate preceding quarter due to increase of administrative and distribution expenses.

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 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	
Prior Year taxation	30.9.12 RM'000	30.9.11 RM'000	30.9.12 RM'000	30.9.11 RM'000
Under estimate for prior year-2010	_	39	-	39
Current taxation Estimate for the period	-	10	61	256
Deferred taxation Transferred to deferred income tax	10	10	10	20
	10	59	71	315

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.

SOLUTION ENGINEERING HOLDINGS BERHAD ("Company" or "SEHB") (Company No: 654575-P) (Incorporated in Malaysia)

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 the date of this announcement 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 Sep 2012 are as follows:

	Short-Term RM'000	RM'000	Total RM'000
Secured:			
Term loan	149	921	1,070
Hire purchase	142	235	377
Total	291	1,156	1,447

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	Comparative C	Current year	Preceding year
	Quarter	Quarter	to date	to date
	ended	ended	ended	ended
	30.9.12	30.9.11	30.9.12	30.9.11
Net (Loss)/profit for the period attributable to equity holders (RM'000 No. of ordinary shares in issue ('000) Basic EPS (sen)	(487)	(45)	(551)	467
	168,696	168,696	168,696	168,696
	(0.289)	(0.027)	(0.327)	0.277

BY ORDER OF THE BOARD SOLUTION ENGINEERING HOLDINGS BERHAD