

SOLUTION ENGINEERING HOLDINGS BERHAD

(Company No : 654575-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Oct 12 to 31 Dec 12	1 Oct 11 to 31 Dec 11	1 Jan 12 to 31 Dec 12	1 Jan 11 to 31 Dec 11
	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-Date RM'000	Current Year To-Date RM'000
Revenue	2,545	2,414	7,861	11,274
Cost of sale	(1,525)	(1,330)	(4,950)	(7,225)
Gross profit	1,020	1,084	2,911	4,049
Interest income	36	29	143	124
Other income	410	25	771	231
Depreciation & amortisation	(158)	(101)	(705)	(384)
Forex Gain	17	24	52	32
Finance cost	(25)	(4)	(42)	(144)
Administrative and distribution expenses	(3,101)	(1,101)	(5,370)	(3,183)
Share of net profit from associated company	51	48	26	54
(Loss)/Profit before tax	(1,750)	4	(2,214)	779
Income tax expense	B5 71	(197)	-	(512)
(Loss)/Profit for the period	(1,679)	(193)	(2,214)	267
Attributable to :				
Equity holders of the parent	(1,574)	(103)	(2,118)	394
Minority Interest	(105)	(90)	(96)	(127)
	(1,679)	(193)	(2,214)	267
Earnings per share attributable to equity holders of parent :				
Basic, for (loss)/profit for the period (sen)	B13 (0.933)	(0.061)	(1.256)	0.234
EBITDA ⁽¹⁾	(1,603)	80	(1,610)	1,183

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 2012

(The figures have not been audited)

	Unaudited 31 Dec 2012 RM'000	Audited 31 Dec 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,842	3,921
Investment in an associated company	1,086	1,060
Intangible assets	495	3,608
	<u>6,423</u>	<u>8,589</u>
Current Assets		
Inventories	546	462
Trade receivables	4,740	6,504
Other receivables	1,629	2,258
Tax prepayment	925	500
Deposits, cash and bank balances	11,253	8,476
	<u>19,093</u>	<u>18,200</u>
TOTAL ASSETS	<u>25,516</u>	<u>26,789</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	16,870	16,870
Retained earnings	3,228	5,341
	<u>20,098</u>	<u>22,211</u>
Minority interest	695	(106)
Total equity	<u>20,793</u>	<u>22,105</u>
Non-Current Liabilities		
Hire purchase creditors	B7 218	122
Term Loan	B7 871	1,027
Deferred taxation	229	219
	<u>1,318</u>	<u>1,368</u>
Current Liabilities		
Hire purchase creditors	B7 143	95
Term Loan	B7 150	143
Trust Receipts	B7 -	116
Trade payables	1,801	1,809
Other payable & accruals	889	721
Provision for taxation	422	432
	<u>3,405</u>	<u>3,316</u>
Total liabilities	<u>4,723</u>	<u>4,684</u>
TOTAL EQUITY AND LIABILITIES	<u>25,516</u>	<u>26,789</u>
Number of ordinary shares in issue ('000)	168,696	168,696
Net assets value per share (RM)	<u>0.1191</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 DECEMBER 2012

(The figures have not been audited)

	12 months Ended 31 Dec 2012 RM'000	12 months Ended 31 Dec 2011 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(2,214)	779
Adjustment for :		
Depreciation of property, plant and equipment	279	292
Amortisation of prepaid lease payments	34	41
Amortisation of development expenditure	395	121
Development Expenditure written off	2,000	-
Gain on disposal of property, plant and equipment	(318)	-
Interest expense	42	144
Interest income	(143)	(110)
Share of net profit from an associate company	(26)	(54)
Operating expenses before working capital changes	49	1,213
Working capital changes :		
Increase in inventories	(84)	(35)
Decrease in receivables	1,753	7,003
Increase/(Decrease) in payables	158	(4,850)
Cash generated from operating activities	1,876	3,331
Interest paid	(42)	(144)
Tax paid	(425)	(813)
Net cash generated from operating activities	1,409	2,374
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(487)	(82)
Proceed from disposal of Property, Plant and equipment	887	-
Net cash acquisition from new subsidiary	1,002	-
Acquisition of additional shares in existing subsidiaries	450	-
Acquisition of shares in new subsidiary	150	-
Development costs incurred	(658)	(272)
Interest income	143	110
Net cash generated/(used in) from investing activities	1,487	(244)
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of borrowings	(119)	(132)
Net cash used in from financing activities	(119)	(132)
Net (decrease)/increase in cash and cash equivalents	2,777	1,998
Cash and cash equivalents at beginning of financial period	8,476	6,478
Cash and cash equivalents at end of financial period	11,253	8,476

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

	2012 RM'000	2011 RM'000
Deposits with licensed banks	6,291	3,077
Deposits with a money market fund	1,577	-
Deposits with financial institutions	500	2,827
Cash at bank	2,885	2,572
	11,253	8,476

(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 2012
(The figures have not been audited)**

	Attributable to Equity Holders of the SEHB				Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	<---Non-distributable--> Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000		
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)	-		-
At 31 Dec 2011 (audited)	16,870	-	5,341	22,211	(106)	22,105
As at 1 January 2012 (audited)	16,870		5,341	22,211	(106)	22,105
Prior year adjustments			11	11	-	11
Pre-acquisition (loss)/profit b/f			(6)	(6)	897	891
Loss for the period			(2,118)	(2,118)	(96)	(2,214)
At 31 Dec 2012 (unaudited)	16,870	-	3,228	20,098	695	20,793

(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 2012.

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
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 31 December 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 31 December 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 12 months year ended 31 Dec 2012 and 31 Dec 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	5,835	10,135	2,026	1,139	7,861	11,274
Gross profit	2,160	3,640	751	409	2,911	4,049
Other income					914	355
Administrative and distribution expenses and finance cost					(6,065)	(3,679)
Share of net profit from associated company					26	54
Profit before taxation ("PBT")					(2,214)	779
Taxation					0	(512)
(Loss)/Profit for the year					(2,214)	267

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

<u>Global Plus Solutions Sdn Bhd</u>	RM'000
Sales from GPS for quarter ended 31.12.2012	556

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 increased to RM2.545 million and RM1.750 million as compared to RM2.414 million and RM4 thousand 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 increased by RM0.546 million to RM2.545 million. The Group posted a loss before tax of RM1.750 million as compared to RM0.654 million in the immediate preceding quarter. The high administrative and distribution expenses is due to development expenditure written off by subsidiary as the R&D project is no longer commercially viable.

B3. Prospects for the financial year ending 31 December 2013

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 2013 will improve.

B4. Profit guarantee

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

B5. Taxation

	Quarter ended		Year- to-date	
	31.12.12 RM'000	31.12.11 RM'000	31.12.12 RM'000	31.12.11 RM'000
Prior Year taxation				
Under estimate for prior year		-	-	40
Current taxation				
Estimate for the period	(71)	187	-	432
Deferred taxation				
Transferred to deferred income tax	-	10	-	40
	<u>(71)</u>	<u>197</u>	<u>-</u>	<u>512</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.)

B7. Group borrowings and debt securities

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

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured :			
Term loan	150	871	1,021
Hire purchase	143	218	361
Trust receipts	-	-	-
Total	<u>293</u>	<u>1,089</u>	<u>1,382</u>

B8. 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.

B9. Dividends

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

B10. Earnings per share

	Current Quarter ended 31.12.12	Comparative Quarter ended 31.12.11	Current year to date ended 31.12.12	Preceding year to date ended 31.12.11
Net profit /(loss) for the period attributable to equity holders (RM'000)	(1,574)	(103)	(2,118)	394
No. of ordinary shares in issue ('000)	168,696	168,696	168,696	168,696
Basic EPS (sen)	<u>(0.933)</u>	<u>(0.061)</u>	<u>(1.256)</u>	<u>0.234</u>

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