

SOLUTION ENGINEERING HOLDINGS BERHAD

(Company No : 654575-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2013

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|------------------------------|--|-----------------------------------|--|
| | 1 Jan 13 to 31 Mar 13 | 1 Jan 12 to 31 Mar 12 | 1 Jan 13 to 31 Mar 13 | 1 Jan 12 to 31 Mar 12 |
| | Current Quarter RM'000 | Preceding Year Corresponding Quarter RM'000 | Current Year To-Date RM'000 | Preceding Year Corresponding To-Date RM'000 |
| Revenue | 1,995 | 1,588 | 1,995 | 1,588 |
| Cost of sale | (1,002) | (821) | (1,002) | (821) |
| Gross profit | 993 | 767 | 993 | 767 |
| Interest income | 97 | 26 | 97 | 26 |
| Other income | 20 | 268 | 20 | 268 |
| Depreciation & amortisation | (184) | (101) | (184) | (101) |
| Forex Gain | 1 | (1) | 1 | (1) |
| Finance cost | (8) | (6) | (8) | (6) |
| Administrative and distribution expenses | (881) | (767) | (881) | (767) |
| Share of net profit from associated company | (15) | 41 | (15) | 41 |
| Profit before tax | 23 | 227 | 23 | 227 |
| Income tax expense | B5 | (61) | - | (61) |
| Profit for the period | 23 | 166 | 23 | 166 |
| Attributable to : | | | | |
| Equity holders of the parent | 23 | 175 | 23 | 175 |
| Minority Interest | - | (9) | - | (9) |
| | 23 | 166 | 23 | 166 |
| Earnings per share attributable to equity holders of parent : | | | | |
| Basic, for (loss)/profit for the period (sen) | B13 | 0.104 | 0.014 | 0.104 |
| EBITDA ⁽¹⁾ | 118 | 308 | 118 | 308 |

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 MARCH 2013

(The figures have not been audited)

| | Unaudited 31 March 2013 RM'000 | Audited 31 Dec 2012 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 4,630 | 4,842 |
| Investment in an associated company | 1,070 | 1,086 |
| Intangible assets | 472 | 495 |
| | <u>6,172</u> | <u>6,423</u> |
| Current Assets | | |
| Inventories | 604 | 546 |
| Trade receivables | 3,930 | 4,740 |
| Other receivables | 1,425 | 1,629 |
| Tax prepayment | 1,050 | 925 |
| Deposits, cash and bank balances | 11,984 | 11,253 |
| | <u>18,993</u> | <u>19,093</u> |
| TOTAL ASSETS | <u>25,165</u> | <u>25,516</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 16,870 | 16,870 |
| Retained earnings | 3,248 | 3,228 |
| | <u>20,118</u> | <u>20,098</u> |
| Minority interest | 695 | 695 |
| Total equity | <u>20,813</u> | <u>20,793</u> |
| Non-Current Liabilities | | |
| Hire purchase creditors | B7 182 | 225 |
| Term Loan | B7 846 | 864 |
| Deferred taxation | 219 | 219 |
| | <u>1,247</u> | <u>1,308</u> |
| Current Liabilities | | |
| Hire purchase creditors | B7 143 | 137 |
| Term Loan | B7 150 | 156 |
| Amount due to director | 5 | - |
| Trade payables | 1,839 | 1,801 |
| Other payable & accruals | 536 | 889 |
| Provision for taxation | 432 | 432 |
| | <u>3,105</u> | <u>3,415</u> |
| Total liabilities | <u>4,352</u> | <u>4,723</u> |
| TOTAL EQUITY AND LIABILITIES | <u>25,165</u> | <u>25,516</u> |
| Number of ordinary shares in issue ('000) | 168,696 | 168,696 |
| Net assets value per share (RM) | <u>0.1193</u> | <u>0.1191</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 2013

(The figures have not been audited)

| | 3 months Ended 31 Mar 2013 RM'000 | 3 months Ended 31 Mar 2012 RM'000 |
|---|--|--|
| CASHFLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | 23 | 227 |
| Adjustment for : | | |
| Depreciation of property, plant and equipment | 69 | 68 |
| Amortisation of prepaid lease payments | 9 | 9 |
| Amortisation of development expenditure | 106 | 106 |
| Transfer to cost of sales | 117 | - |
| Gain on disposal of property, plant and equipment | - | (252) |
| Interest expense | 8 | 6 |
| Interest income | (35) | (26) |
| Share of net profit from an associate company | 16 | (41) |
| Operating expenses before working capital changes | <u>313</u> | <u>97</u> |
| Working capital changes : | | |
| Increase in inventories | (58) | 18 |
| Increase in inter-companies | 43 | |
| Decrease in receivables | 1,025 | 1,492 |
| Increase/(Decrease) in payables | <u>(368)</u> | <u>(11)</u> |
| Cash generated from operating activities | 955 | 1,596 |
| Interest paid | (8) | (6) |
| Tax paid | <u>(125)</u> | <u>(106)</u> |
| Net cash generated from operating activities | <u>822</u> | <u>1,484</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (65) | (5) |
| Proceed from disposal of Property, Plant and equipment | - | 800 |
| Net cash acquisition from new subsidiary | - | (700) |
| Development costs incurred | - | (64) |
| Interest income | 35 | 26 |
| Net cash (used in)/generated from investing activities | <u>(30)</u> | <u>57</u> |
| CASHFLOWS FROM FINANCING ACTIVITIES | | |
| Net of borrowings | <u>(61)</u> | <u>(175)</u> |
| Net cash used in from financing activities | <u>(61)</u> | <u>(175)</u> |
| Net (decrease)/increase in cash and cash equivalents | 731 | 1,366 |
| Cash and cash equivalents at beginning of financial period | 11,253 | 9,383 |
| Cash and cash equivalents at end of financial period | <u><u>11,984</u></u> | <u><u>10,749</u></u> |

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

| | 2013 RM'000 | 2012 RM'000 |
|--------------------------------------|------------------------|------------------------|
| Deposits with licensed banks | 3,566 | 2,977 |
| Deposits with a money market fund | 1,577 | - |
| Deposits with financial institutions | 3,250 | 5,077 |
| Cash at bank | <u>3,591</u> | <u>2,695</u> |
| | <u><u>11,984</u></u> | <u><u>10,749</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 MARCH 2013

(The figures have not been audited)

| | Attributable to Equity Holders of the SEHB | | | Total | Minority Interest | Total Equity |
|-----------------------------------|--|---|---------------------------------|--------|-------------------|--------------|
| | Share Capital | <---Non-distributable---> Share Premium | Distributable Retained Earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2012 (audited) | 16,870 | - | 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 |
| Dividend paid | - | - | - | - | - | - |
| At 31 Mar 2012 (unaudited) | 16,870 | - | 5,487 | 22,357 | 173 | 22,530 |
| As at 1 January 2013 (unaudited) | 16,870 | | 3,228 | 20,098 | 695 | 20,793 |
| Pre-acquisition (loss)/profit b/f | | | (3) | (3) | - | (3) |
| Profit for the period | | | 23 | 23 | - | 23 |
| At 31 March 2013 (unaudited) | 16,870 | - | 3,248 | 20,118 | 695 | 20,813 |

(The unaudited Condensed Consolidated Changes In Equity should be read in conjunction with the accompanying explanatory notes attached to 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 ending 31 December 2013.

A2. Changes in accounting policies

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 in Malaysia and Malaysian Financial Reporting Standards requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results could differ from those estimates.

A2.1 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101 *Presentation of Items of other Comprehensive Income Income*

Effective for financial periods beginning on or after 1 January 2013

MFRS 3 *Business Combinations*
MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 119 *Employee Benefits (revised)*
MFRS 127 *Consolidated and Separate Financial Statements (revised)*
Amendments to MFRS 1 *First-time Adoption of MFRS - Government Loans*

Amendments to MFRS 7 *Financial Instruments: Disclosures -- Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 10 *Consolidated Financial Statements: Transition Guidance*

Amendments to MFRS 11 *Joint Arrangements: Transition Guidance*
Disclosure of Interests in Other Entities: Transition

Annual Improvements to IC Interpretations and MFRSs 2009 - 2012 Cycle

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9 *Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effect to the financial statements of the Group upon their initial application.

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING (CONTD.)

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 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 March 2013.

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 March 2013.

A8. Dividends Paid

There was no dividend paid during the current quarter.

A9. Segmental information

Segmental information for cumulative 12 months year ended 31 March 2013 and 31 March 2012 are as follows:

| | Malaysia | | Overseas | | Consolidated | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| Revenue | 1,535 | 991 | 460 | 597 | 1,995 | 1,588 |
| Gross profit | 765 | 422 | 229 | 345 | 993 | 767 |
| Other income | | | | | 117 | 294 |
| Administrative and distribution expenses and finance cost | | | | | (1,072) | (875) |
| Share of net (loss)/profit from associated company | | | | | (15) | 41 |
| Profit before taxation ("PBT") | | | | | 23 | 227 |
| Taxation | | | | | 0 | (61) |
| Profit for the year | | | | | 23 | 166 |

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(GPS)

Sales to GPS for quarter ended 31.03.2013

RM'000

441

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 of the Group increased to RM1.995 million as compared to RM1.588 million and PBT decreased to RM23,000 as compared to RM227,000 respective 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 RM0.407 million to RM1.995 million. The Group posted a profit before tax of RM23,000 as compared to RM227,000 in the immediate preceding quarter. The lower of profit for the current quarter was due to increase of administration & distribution expenses for the current quarter.

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 | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31.03.13 RM'000 | 31.03.12 RM'000 | 31.03.13 RM'000 | 31.03.12 RM'000 |
| Current taxation | | | | |
| Estimate for the period | - | 51 | - | 51 |
| Deferred taxation | | | | |
| Transferred to deferred income tax | - | 10 | - | 10 |
| | - | 61 | - | 61 |

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 Mar 2013 are as follows :

| | <u>Short-Term</u> <u>RM'000</u> | <u>Long-Term</u> <u>RM'000</u> | <u>Total</u> <u>RM'000</u> |
|------------------|------------------------------------|-----------------------------------|-------------------------------|
| Secured : | | | |
| Term loan | 150 | 846 | 996 |
| Hire purchase | 143 | 182 | 325 |
| Total | <u>293</u> | <u>1,028</u> | <u>1,321</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

| | <u>Current</u> <u>Quarter</u> <u>ended</u> <u>31.03.13</u> | <u>Comparative</u> <u>Quarter</u> <u>ended</u> <u>31.03.12</u> | <u>Current year</u> <u>to date</u> <u>ended</u> <u>31.03.13</u> | <u>Preceding year</u> <u>to date</u> <u>ended</u> <u>31.03.12</u> |
|---|---|---|--|--|
| Net profit /(loss) for the period attributable to equity holders (RM'000) | 23 | 175 | 23 | 175 |
| No. of ordinary shares in issue ('000) | 168,696 | 168,696 | 168,696 | 168,696 |
| Basic EPS (sen) | <u>0.014</u> | <u>0.104</u> | <u>0.014</u> | <u>0.104</u> |

BY ORDER OF THE BOARD
SOLUTION ENGINEERING HOLDINGS BERHAD