

SOLUTION ENGINEERING HOLDINGS BERHAD

(Company No : 654575-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 JUNE 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Apr 13 to 30 Jun 13	1 Apr 12 to 30 Jun 12	1 Jan 13 to 30 Jun 13	1 Jan 12 to 30 Jun 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	2,250	1,464	4,245	3,052
Cost of sale	(1,043)	(843)	(2,045)	(1,665)
Gross profit	1,207	621	2,200	1,387
Interest income	65	59	162	85
Other income	3	79	23	347
Depreciation & amortisation	(180)	(99)	(364)	(200)
Forex Gain	-	(11)	1	(12)
Finance cost	(4)	(5)	(12)	(11)
Administrative and distribution expenses	(970)	(882)	(1,850)	(1,650)
Share of net profit/(loss) from associated company	2	(14)	(14)	27
Profit/(Loss) before tax	123	(252)	146	(27)
Income tax expense	B5 (97)	-	(97)	(61)
Profit/(Loss) for the period	26	(252)	49	(88)
Attributable to :				
Equity holders of the parent	7	(237)	30	(64)
Minority Interest	19	(15)	19	(24)
	26	(252)	49	(88)
Earnings per share attributable to equity holders of parent :				
Basic, for (loss)/profit for the period (sen)	B10 0.004	-	0.017	-
EBITDA ⁽¹⁾	242	(207)	360	99

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 30 JUNE 2013

(The figures have not been audited)

	Unaudited 30-Jun-13 RM'000	Audited 31 Dec 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,587	4,842
Investment in an associated company	1,072	1,086
Intangible assets	449	495
	<u>6,108</u>	<u>6,423</u>
Current Assets		
Inventories	894	546
Trade receivables	4,547	4,740
Other receivables	1,473	1,629
Tax prepayment	1,084	925
Deposits, cash and bank balances	13,202	11,253
	<u>21,200</u>	<u>19,093</u>
TOTAL ASSETS	<u>27,308</u>	<u>25,516</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	17,710	16,870
Share premium	1,134	-
Retained earnings	3,255	3,228
	<u>22,099</u>	<u>20,098</u>
Minority interest	714	695
Total equity	<u>22,813</u>	<u>20,793</u>
Non-Current Liabilities		
Hire purchase creditors	B7 222	225
Term Loan	B7 819	864
Deferred taxation	219	219
	<u>1,260</u>	<u>1,308</u>
Current Liabilities		
Hire purchase creditors	B7 166	137
Term Loan	B7 150	156
Trade payables	1,836	1,801
Other payable & accruals	651	889
Provision for taxation	432	432
	<u>3,235</u>	<u>3,415</u>
Total liabilities	<u>4,495</u>	<u>4,723</u>
TOTAL EQUITY AND LIABILITIES	<u>27,308</u>	<u>25,516</u>
Number of ordinary shares in issue ('000)	177,100	168,696
Net assets value per share (RM)	<u>0.1288</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 30 JUNE 2013**

(The figures have not been audited)

	6 months Ended 30 June 2013 RM'000	6 months Ended 30 June 2012 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	146	(27)
Adjustment for :		
Depreciation of property, plant and equipment	139	136
Amortisation of prepaid lease payments	17	17
Amortisation of development expenditure	211	101
Transfer to cost of sales	117	-
Gain on disposal of property, plant and equipment	-	(313)
Interest expense	12	11
Interest income	(162)	(85)
Share of net profit from an associate company	14	(27)
Operating expenses before working capital changes	<u>494</u>	<u>(187)</u>
Working capital changes :		
Increase in inventories	(348)	(51)
Decrease in director's account	(5)	-
Decrease in receivables	351	2,061
Increase/(Decrease) in payables	<u>(203)</u>	<u>1,220</u>
Cash generated from operating activities	289	3,043
Interest paid	(12)	(11)
Tax paid	<u>(256)</u>	<u>(142)</u>
Net cash generated from operating activities	<u>21</u>	<u>2,890</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(183)	(348)
Proceed from disposal of Property, Plant and equipment	-	887
Net cash acquisition from subsidiary	-	(700)
Issue of new shares	1,974	-
Development costs incurred	-	(113)
Interest income	162	85
Net cash (used in)/generated from investing activities	<u>1,953</u>	<u>(189)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of borrowings	(25)	6
Net cash used in from financing activities	<u>(25)</u>	<u>6</u>
Net (decrease)/increase in cash and cash equivalents	1,949	2,707
Cash and cash equivalents at beginning of financial period	<u>11,253</u>	<u>9,384</u>
Cash and cash equivalents at end of financial period	<u><u>13,202</u></u>	<u><u>12,091</u></u>

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

	2013 RM'000	2012 RM'000
Deposits with licensed banks	3,566	6,488
Deposits with a money market fund	4,150	1,577
Deposits with financial institutions	1,100	-
Cash at bank	<u>4,386</u>	<u>4,026</u>
	<u><u>13,202</u></u>	<u><u>12,091</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 30 JUNE 2013**
(The figures have not been audited)

	Attributable to Equity Holders of the SEHB			Minority Interest	Total Equity
	Share Capital	<---Non-distributable---> Share Premium	Distributable Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012 (audited)	16,870	-	5,341	(107)	22,104
Pre-acquisition (loss)/profit b/f	-	-	(6)	298	292
Loss for the year		-	(1,650)	-	(1,650)
At 30 June 2012 (unaudited)	16,870	-	3,685	191	20,746
As at 1 January 2013 (unaudited)	16,870	-	3,228	695	20,793
Pre-acquisition (loss)/profit b/f			(3)	-	(3)
New share issued	840	1,134			1,974
Profit for the period			30	19	49
At 30 June 2013 (unaudited)	17,710	1,134	3,255	714	22,813

(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 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 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 June 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 30 June 2013.

A8. Dividends Paid

There was no dividend paid during the financial quarter ended 30 June 2013.

A9. Segmental information

Segmental information for cumulative 12 months year ended 30 June 2013 and 30 June 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	3,157	2,301	1,088	751	4,245	3,052
Gross profit	1,636	1,046	564	341	2,200	1,387
Other income					185	432
Administrative and distribution expenses and finance cost					(2,225)	(1,873)
Share of net (loss)/profit from associated company					(14)	27
Profit/(Loss) before taxation					146	(27)
Taxation					(97)	(61)
Profit/(Loss) for the year					49	(88)

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 from GPS for quarter ended 30.6.2013

RM'000

643

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 RM2.250 million as compared to RM1.464 million and PBT of RM123,000 as compared LBT of RM252,000 in the same quarter prior year. The increase in revenue for the current quarter was due to increase of revenue of the subsidiaries.

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

The current quarter revenue of the Group increased by RM0.255 million to RM2.250 million. The Group posted a profit before tax of RM123,000 as compared to RM23,000 in the immediate preceding quarter. The increase in revenue for the current quarter under review was due to increase of revenue of the subsidiaries.

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	
	30.6.13 RM'000	30.6.12 RM'000	30.6.13 RM'000	30.6.12 RM'000
Current taxation				
Estimate for the period	97	-	97	51
Deferred taxation				
Transferred to deferred income tax	-	-	-	10
	<u>97</u>	<u>-</u>	<u>97</u>	<u>61</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 30 June 2013 are as follows :

	<u>Short-Term</u> RM'000	<u>Long-Term</u> RM'000	<u>Total</u> RM'000
Secured :			
Term loan	150	819	969
Hire purchase	166	222	388
Total	<u>316</u>	<u>1,041</u>	<u>1,357</u>

B8. Status of corporate proposals announced but not yet completed as at 15 August 2013.

- i) The company made a Private Placement announcement on 17 June 2013 to issue up to 16,846,000 shares.
- ii) The 16,846,000 shares issue through private placement would be completed in 2 tranches. The first tranche of 8,400,000 shares had been allotted on 14 June 2013. The company had made an announcement to fix the price for the second tranche shares of 8,460,000 on 5 Aug 2013.

B9. 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.

B10. Dividends

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

B11. Earnings per share

	<u>Current</u> <u>Quarter</u> <u>ended</u> <u>30.6.13</u>	<u>Comparative</u> <u>Quarter</u> <u>ended</u> <u>30.6.12</u>	<u>Current year</u> <u>to date</u> <u>ended</u> <u>30.6.13</u>	<u>Preceding year</u> <u>to date</u> <u>ended</u> <u>30.6.12</u>
Net profit/(loss) for the period attributable to equity holders (RM'000)	7	(237)	30	(64)
No. of ordinary shares in issue ('000)	177,100	168,696	177,100	168,696
Basic EPS (sen)	<u>0.004</u>	<u>(0.140)</u>	<u>0.017</u>	<u>(0.038)</u>

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