

**SOLUTION ENGINEERING HOLDINGS BERHAD**

(Company No : 654575-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2014**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Jan 14 to 31 Mar 14	1 Jan 13 to 31 Mar 13	1 Jan 14 to 31 Mar 14	1 Jan 13 to 31 Mar 13
	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-Date RM'000	Preceding Year Corresponding To-Date RM'000
Revenue	4,060	1,995	4,060	1,995
Cost of sale	(2,179)	(1,002)	(2,179)	(1,002)
Gross profit	1,881	993	1,881	993
Interest income	62	97	62	97
Other income	44	20	44	20
Depreciation & amortisation	(193)	(184)	(193)	(184)
Forex Gain	15	1	15	1
Finance cost	(9)	(8)	(9)	(8)
Administrative and distribution expenses	(1,138)	(881)	(1,138)	(881)
Share of net loss from associated company	(62)	(15)	(62)	(15)
Profit before tax	600	23	600	23
Income tax expense	B5 (150)	-	(150)	-
Profit for the period	450	23	450	23
Attributable to :				
Equity holders of the parent	443	23	443	23
Minority Interest	7	-	7	-
	450	23	450	23
Earnings per share attributable to equity holders of parent :				
Basic, for (loss)/profit for the period (sen)	B13 0.239	0.014	0.239	0.014
EBITDA <sup>(1)</sup>	740	118	740	118

Note :-

<sup>(1)</sup> 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**

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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014**

(The figures have not been audited)

	<b>Unaudited 31-Mar-14 RM'000</b>	<b>Audited 31 Dec 2013 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,358	4,505
Investment in an associated company	1,101	1,163
Intangible assets	2,088	2,116
	<u>7,547</u>	<u>7,784</u>
<b>Current Assets</b>		
Inventories	951	834
Trade receivables	9,563	7,670
Other receivables	1,241	1,151
Tax prepayment	784	713
Deposits, cash and bank balances	10,805	11,844
	<u>23,344</u>	<u>22,212</u>
<b>TOTAL ASSETS</b>	<u>30,891</u>	<u>29,996</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	18,556	18,556
Share premium	2,403	2,403
Retained earnings	4,410	3,967
	<u>25,369</u>	<u>24,926</u>
<b>Minority interest</b>	202	195
<b>Total equity</b>	<u>25,571</u>	<u>25,121</u>
<b>Non-Current Liabilities</b>		
Hire purchase creditors	B7 280	308
Term Loan	B7 682	719
Deferred taxation	219	219
	<u>1,181</u>	<u>1,246</u>
<b>Current Liabilities</b>		
Hire purchase creditors	B7 135	147
Term Loan	B7 150	150
Trade payables	2,457	2,231
Other payable & accruals	773	631
Provision for taxation	624	470
	<u>4,139</u>	<u>3,629</u>
<b>Total liabilities</b>	<u>5,320</u>	<u>4,875</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>30,891</u>	<u>29,996</u>
Number of ordinary shares in issue ('000)	185,556	185,556
Net assets value per share (RM)	<u>0.1367</u>	<u>0.1343</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 2014**

(The figures have not been audited)

	<b>3 months Ended 31 Mar 2014 RM'000</b>	<b>3 months Ended 31 Mar 2013 RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	600	23
Adjustment for :		
Depreciation of property, plant and equipment	78	69
Amortisation of prepaid lease payments	9	9
Amortisation of development expenditure	106	106
Transfer to cost of sales	2	117
Interest expense	9	8
Interest income	(62)	(97)
Share of net profit from an associate company	62	15
Operating expenses before working capital changes	<u>804</u>	<u>250</u>
Working capital changes :		
Increase in inventories	(117)	(58)
Increase in inter-companies	-	43
Decrease in receivables	(1,978)	1,026
Increase/(Decrease) in payables	370	(368)
Cash generated from operating activities	(921)	893
Interest paid	(9)	(8)
Tax paid	(71)	(125)
Net cash generated from operating activities	<u>(1,001)</u>	<u>760</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(24)	(65)
Interest income	62	97
Net cash generated/(used in) from investing activities	<u>38</u>	<u>32</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Net of borrowings	(77)	(61)
Net cash used in from financing activities	<u>(77)</u>	<u>(61)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,040)</b>	<b>731</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>11,845</b>	<b>11,253</b>
<b>Cash and cash equivalents at end of financial period</b>	<b><u>10,805</u></b>	<b><u>11,984</u></b>

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

	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Deposits with licensed banks	3,585	3,566
Deposits with a money market fund	3,000	1,577
Deposits with financial institutions	1,100	3,250
Cash at bank	3,120	3,591
	<u>10,805</u>	<u>11,984</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 2014**

(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
As at 1 January 2013 (unaudited)	16,870		3,228	695	20,793
Pre-acquisition (loss)/profit b/f			(3)	-	(3)
Profit for the period			23	-	23
At 31 March 2013 (unaudited)	16,870	-	3,248	695	20,813
As at 1 January 2014 (unaudited)	18,556	2,403	3,967	195	25,121
Profit for the period			443	7	450
At 31 March 2014 (unaudited)	18,556	2,403	4,410	202	25,571

(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 2014.

### 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")

##### 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.

### A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

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

**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 March 2014.

**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 2014.

**A8. Dividends Paid**

There was no dividend paid during the current quarter.

**A9. Segmental information**

Segmental information for cumulative 3 months ended 31 March 2014 and 31 March 2013 are as follows:

	Malaysia		Overseas		Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	2,947	1,535	1,113	460	4,060	1,995
Gross profit	1,365	765	516	229	1,881	993
Other income					106	117
Administrative and distribution expenses and finance cost					(1,325)	(1,072)
Share of net profit from associated company					(62)	(15)
Profit before taxation ("PBT")					600	23
Taxation					(150)	0
Profit for the quarter					450	23

**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 31.03.2014	924

**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 PBT of the Group increased to RM4.060 million and RM600 thousands as compared to RM1.995 million and RM23 thousands respectively recorded in the same quarter prior year. The Group's order book had further improved since the last quarter of preceeding year. The Company had received significant sales from local as well as from Africa, the Middle East, Southeast Asia, among others through its distributors. Few subsidiaries have contributed to the Group revenue which lead to higher revenue recognition in the current quarter.

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

The current quarter revenue of the Group increased by RM2.065 million to RM4.060 million. The Group posted a profit before tax of RM600 thousands as compared to RM23 thousands in the immediate preceding quarter. The significant increased in revenue and PBT were the result of the Group recognising higher sales of SOLTEQ equipment.

**B3. Prospects for the financial year ending 31 December 2014**

In addition to receiving orders from local public and private educational and skills institutions, the Group had also received significant sales from Africa, the Middle East, Southeast Asia, among others through its distributors. Currently, the Group has distributors in more than 30 countries.

**B4. Profit guarantee**

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

**B5. Taxation**

	Quarter ended		Year- to-date	
	31.3.14	31.3.13	31.3.14	31.3.13
	RM'000	RM'000	RM'000	RM'000
<b>Current taxation</b>				
Estimate for the period	150	-	150	-
	<u>150</u>	<u>-</u>	<u>150</u>	<u>-</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.

**B7. Group borrowings and debt securities**

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

	Short-Term	Long-Term	Total
	RM'000	RM'000	RM'000
<b>Secured :</b>			
Term loan	150	682	832
Hire purchase	135	280	415
Total	<u>285</u>	<u>962</u>	<u>1,247</u>

**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MESDAQ MARKET (CONTD.)**

**B8. Status of corporate proposals announced as at 29 May 2014**

On 6 Feb 2014, the Company had announced that the effective date of implementation of the ESOS is on 30 January 2014.

SEHB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed ESOS as at the end of each quarter, however, there were no shares offered as at 29 May 2014.

With reference to the announcement made on 12 May 2014, the Company had proposed to seek its shareholders approval for the renewal of Authority for Share Buy Back at the forthcoming Tenth Annual General Meeting ("AGM") of the Company.

**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**

	<b>Current Quarter ended 31.03.14</b>	<b>Comparative Quarter ended 31.03.13</b>	<b>Current year to date ended 31.03.14</b>	<b>Preceding year to date ended 31.03.13</b>
Net profit/(loss) for the period attributable to equity holders (RM'000)	443	23	443	23
No. of ordinary shares in issue ('000)	185,556	185,556	185,556	185,556
Basic EPS (sen)	0.239	0.012	0.239	0.012

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