

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2015
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 JAN 15 to 31 MAR 15	1 Jan 14 to 31 Mar 14	1 JAN 15 to 31 MAR 15	1 Jan 14 to 31 Mar 14
	Current Quarter RM'000	Current Quarter RM'000	Current Year To-Date RM'000	Current Year To-Date RM'000
Revenue	8,975	4,060	8,975	4,060
Cost of sale	(4,438)	(2,179)	(4,438)	(2,179)
Gross profit	4,537	1,881	4,537	1,881
Interest income	(23)	62	(23)	62
Other income	140	44	140	44
Depreciation & amortisation	(191)	(193)	(191)	(193)
Forex Gain	284	15	284	15
Finance cost	(21)	(9)	(21)	(9)
Administrative and distribution expenses	(2,532)	(1,138)	(2,532)	(1,138)
Share of net profit/(loss) from associated company	21	(62)	21	(62)
Profit before tax	2,215	600	2,215	600
Income tax expense	B5 (801)	(150)	(801)	(150)
Profit for the period	1,414	450	1,414	450
Attributable to :				
Equity holders of the parent	1,253	443	1,253	443
Minority Interest	161	7	161	7
	1,414	450	1,414	450
Earnings per share attributable to equity holders of parent :				
Basic, for (loss)/profit for the period (sen)	B12 0.638	0.239	0.638	0.239
EBITDA ⁽¹⁾	2,450	740	2,450	740

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 MAR 2015

(The figures have not been audited)

	Unaudited 31-Mar-15 RM'000	Audited 31 Dec 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,520	4,125
Investment in an associated company	1,202	1,180
Intangible assets	-	176
	<u>5,722</u>	<u>5,481</u>
Current Assets		
Inventories	924	1,037
Trade receivables	18,853	18,838
Other receivables	1,328	1,032
Tax prepayment	-	-
Deposits, cash and bank balances	17,701	16,413
	<u>38,806</u>	<u>37,320</u>
TOTAL ASSETS	<u>44,528</u>	<u>42,801</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	19,637	19,637
Share premium	3,431	3,431
Other Reserve	B9 739	19
Other Component Of Equity	(1,880)	(1,880)
Retained earnings	6,917	5,664
	<u>28,844</u>	<u>26,871</u>
Minority interest	558	397
Total equity	<u>29,402</u>	<u>27,268</u>
Non-Current Liabilities		
Hire purchase creditors	B7 684	377
Term Loan	B7 567	598
	<u>1,251</u>	<u>975</u>
Current Liabilities		
Hire purchase creditors	B7 198	133
Term Loan	B7 112	119
Trade payables	9,340	6,552
Other payable & accruals	2,926	7,130
Provision for taxation	1,299	624
	<u>13,875</u>	<u>14,558</u>
Total liabilities	<u>15,126</u>	<u>15,533</u>
TOTAL EQUITY AND LIABILITIES	<u>44,528</u>	<u>42,801</u>
Number of ordinary shares in issue ('000)	196,374	196,374
Net assets value per share (RM)	<u>0.1469</u>	<u>0.1368</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 2015****(The figures have not been audited)**

	3 months Ended 31 Mar 2015 RM'000	3 months Ended 31 Mar 2014 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,215	600
Adjustment for :		
Depreciation of property, plant and equipment	100	78
Amortisation of prepaid lease payments	9	9
Esos Expenses	720	-
Amortisation of development expenditure	82	106
Transfer to cost of sales	-	2
Written off of Development cost	176	-
Interest expense	21	9
Interest income	22	(62)
Dividend Income	(30)	
Unrealised Gain from Short Term Investment	(31)	
Share of net profit from an associate company	(21)	62
Operating expenses before working capital changes	<u>3,263</u>	<u>804</u>
Working capital changes :		
Increase in inventories	113	(117)
Increase / (Decrease) in receivables	(894)	(1,978)
Increase in payables	<u>(702)</u>	<u>370</u>
Cash generated from/(used in) operating activities	1,780	(921)
Interest paid	(21)	(9)
Tax paid	<u>(211)</u>	<u>(71)</u>
Net cash generated from/(used in) operating activities	<u>1,548</u>	<u>(1,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(586)	(24)
Interest income	<u>(23)</u>	<u>62</u>
Net cash (used in)/generated from investing activities	<u>(609)</u>	<u>38</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of borrowings	336	(77)
Placement of Short Term Investment	(500)	
Proceed from issuance of shares	-	-
Proceeds from issuance of shares	-	-
Proceeds from exercise of ESOS option	-	-
Expense of ESOS option granted	-	-
Net cash generated from/(used in) financing activities	<u>(164)</u>	<u>(77)</u>
Net increase in cash and cash equivalents	775	(1,040)
Cash and cash equivalents at beginning of financial year	<u>16,926</u>	<u>11,845</u>
Cash and cash equivalents at end of financial year	<u><u>17,701</u></u>	<u><u>10,805</u></u>

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

	2015 RM'000	2014 RM'000
Deposits with licensed banks	3,700	3,585
Deposits with a money market fund	2,994	3,000
Deposits with financial institutions	6,455	1,100
Cash at bank	<u>4,552</u>	<u>3,120</u>
	<u><u>17,701</u></u>	<u><u>10,805</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 QUARTER ENDED 31 MARCH 2015**
(The figures have not been audited)

	Attributable to Equity Holders of the SEHB					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	<-----Non-distributable----->			Distributable Retained Earnings RM'000			
		Share Premium RM'000	Capital Reserve RM'000	Other Component of Equity RM'000				
As at 1 January 2014 (audited)	18,556	2,403			3,967	24,926	195	25,121
Profit for the period					443	443	7	450
At 31 March 2014 (unaudited)	18,556	2,403	-	-	4,410	25,369	202	25,571
As at 1 January 2015 audited)	19,637	3,431	19	(1,880)	5,664	26,871	397	27,268
Pre-acquisition loss b/f						0		0
Share options granted under ESOS			720			720		720
Exercise of employee share option						0		0
Dividend paid						0		0
Profit for the year					1,253	1,253	161	1,414
At 31 March 2015 (unaudited)	19,637	3,431	739	(1,880)	6,917	28,844	558	29,402

(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 2 *Share-based Payment*
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 2016

Amendments to MFRS 116 *Property, Plant and Equipment -
and MFRS 138 Clarification of Acceptable Methods of
Depreciation and Amortisation*

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 15 *Revenue from Contracts with Customers*

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 9 *Financial Instruments*

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 2014 was not subject to any qualification.

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING (CONTD.)**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 2015.

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 2015.

A8. Dividends Paid

There was no dividend paid during the current quarter.

A9. Segmental information

Segmental information for cumulative 3 months period ended 31 March 2015 and 31 March 2014 are as follows:

	Malaysia		Overseas		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	6,713	2,947	2,262	1,113	8,975	4,060
Gross profit	3,180	1,365	1,357	516	4,537	1,881
Other income					117	106
Administrative and distribution expenses and finance cost					(2,460)	(1,325)
Share of net profit from associated company					21	(62)
Profit before taxation ("PBT")					2,215	600
Taxation					(801)	(150)
Profit for the year					1,414	450

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)	RM'000
Sales from GPS for the year ended 31.03.2015	2,662

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD
LISTING REQUIREMENTS FOR THE ACE MARKET**

B1. Review of performance

The Group recorded a higher revenue and PBT during the current quarter amounting to RM8.975 million and RM2.215 million as compared to RM4.060 million and RM600,000 respectively in the same quarter prior year. The improvement in revenue and profit was attributable to higher sales, better profit margin, better project cost control and management and favourable forex.

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

The Group posted a PBT of RM2.215 million as compared to RM2.196 million in the immediate preceding quarter. This was attributable to effective project cost control and management and better profit margin. The administrative and distribution expenses was inclusive of the non-cash employee benefit cost of RM0.720 million for the current quarter, arising from the fair value accounting adopted for shares option granted pursuant to an Employees' Share Option Scheme ("ESOS").

B3. Prospects for the financial year ending 31 December 2015

The group has shown an impressive financial performance in the first quarter of 2015. With a healthy order book and potential contracts in the pipeline, the Board is optimistic that the Group will achieve better financial result for 2015.

B4. Profit guarantee

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

B5. Taxation

	Quarter ended		Year- to-date	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Estimate for the period	801	150	801	150
	<u>801</u>	<u>150</u>	<u>801</u>	<u>150</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 to date.

B7. Group borrowings and debt securities

Details of the Group's borrowings as at 31 March 2015 are as follows :

	Short-Term	Long-Term	Total
	RM'000	RM'000	RM'000
Secured :			
Term loan	112	567	679
Hire purchase	198	684	882
Total	<u>310</u>	<u>1,251</u>	<u>1,561</u>

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

B8. Status of Corporate Proposals

A) Update on Employees' Share Option Scheme (ESOS) as at 31 March 2015

The Company had obtained its shareholders approval for the establishment of the ESOS of up to 30% of the total issued and paid-up share capital for the eligible employees and directors and its subsidiaries at the EGM dated 16 January 2014.

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

Below show the details of the shares that had been granted under the ESOS:

<i>ESOS Option Grant Date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>No. of Share Granted</i>	<i>No. of Share Exercised and Listed</i>
22 July 2014	29 Jan 2019	RM0.135	11,134,000	10,818,000
8 January 2015	29 Jan 2019	RM0.185	6,000,000	-

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

As at 31 March 2015, no share buy back has been done.

B9. Other Reserve

	Quarter ended		Year- to-date	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000	RM'000	RM'000	RM'000
Capital Reserve				
- recognised in profit & loss	739	-	739	-
Share Application Money	-	-	-	-
	<u>739</u>	<u>-</u>	<u>739</u>	<u>-</u>

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. Dividends

There were no dividend declared during the quarter under review.

B12. Earnings per share

	Current Quarter ended	Comparative Quarter ended	Current year to date ended	Preceding year to date ended
	31.03.15	31.03.14	31.03.15	31.03.14
Net profit /(loss) for the period attributable to equity holders (RM'000)	1,253	443	1,253	443
No. of ordinary shares in issue ('000)	196,374	185,556	196,374	185,556
Basic EPS (sen)	<u>0.638</u>	<u>0.239</u>	<u>0.638</u>	<u>0.239</u>

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