

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 JUNE 2015**  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 APR 15 to 30 JUNE 15	1 APR 14 to 30 JUNE 14	1 JAN 15 to 30 JUNE 15	1 Jan 14 to 30 JUNE 14
	Current Quarter RM'000	Current Quarter RM'000	Current Year To-Date RM'000	Current Year To-Date RM'000
Revenue	5,838	7,742	14,813	11,802
Cost of sale	(2,814)	(4,994)	(7,252)	(7,173)
Gross profit	3,024	2,748	7,561	4,629
Interest income	87	17	64	79
Other income	99	5	239	5
Depreciation & amortisation	(182)	(193)	(373)	(386)
Forex Gain	152	(42)	436	17
Finance cost	(11)	(14)	(32)	(23)
Administrative and distribution expenses	(1,005)	(1,111)	(3,537)	(2,249)
Share of net profit/(loss) from associated company	8	82	29	20
Profit before tax	2,172	1,492	4,387	2,092
Income tax expense	B5 (614)	(365)	(1,415)	(515)
Profit for the period	1,558	1,127	2,972	1,577
Attributable to :				
Equity holders of the parent	1,520	1,104	2,773	1,547
Minority Interest	38	23	199	30
	1,558	1,127	2,972	1,577
Earnings per share attributable to equity holders of parent :				
Basic, for (loss)/profit for the period (sen)	B12 0.773	0.595	1.411	0.834
EBITDA <sup>(1)</sup>	2,278	1,682	4,728	2,422

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**

(Company No: 654575-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2015**

(The figures have not been audited)

	<b>Unaudited 30 June 2015 RM'000</b>	<b>Audited 31 Dec 2014 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,388	4,125
Investment in an associated company	1,202	1,180
Intangible assets	-	176
	5,590	5,481
<b>Current Assets</b>		
Inventories	1,126	1,037
Trade receivables	18,209	18,838
Other receivables	1,270	1,032
Tax prepayment	-	-
Deposits, cash and bank balances	17,397	16,413
	38,002	37,320
<b>TOTAL ASSETS</b>	43,592	42,801
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	19,655	19,637
Share premium	3,448	3,431
Other Reserve	B9 745	19
Other Component Of Equity	(1,880)	(1,880)
Retained earnings	8,437	5,664
	30,405	26,871
<b>Minority interest</b>	596	397
<b>Total equity</b>	31,001	27,268
<b>Non-Current Liabilities</b>		
Hire purchase creditors	B7 631	377
Term Loan	B7 530	598
	1,161	975
<b>Current Liabilities</b>		
Hire purchase creditors	B7 198	133
Term Loan	B7 112	119
Trade payables	6,857	6,552
Other payable & accruals	2,419	7,130
Provision for taxation	1,844	624
	11,430	14,558
<b>Total liabilities</b>	12,591	15,533
<b>TOTAL EQUITY AND LIABILITIES</b>	43,592	42,801
Number of ordinary shares in issue ('000)	196,553	196,374
Net assets value per share (RM)	0.1547	0.1368

(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 2015****(The figures have not been audited)**

	<b>6 months Ended 30 June 2015 RM'000</b>	<b>6 months Ended 30 June 2014 RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,386	2,092
Adjustment for :		
Depreciation of property, plant and equipment	191	157
Amortisation of prepaid lease payments	18	17
ESOS Expenses	720	-
Amortisation of development expenditure	164	49
Transfer to cost of sales	-	2
Written off of Development cost	176	-
Interest expense	29	23
Interest income	(65)	(79)
Dividend Income	(30)	-
Unrealised Gain from Short Term Investment	(31)	-
Share of net profit from an associate company	(29)	(20)
Operating expenses before working capital changes	<u>5,529</u>	<u>2,241</u>
Working capital changes :		
Increase in inventories	(54)	(85)
Increase / (Decrease) in receivables	157	(7,160)
Increase / (Decrease) in payables	<u>(3,993)</u>	<u>1,246</u>
Cash generated from/(used in) operating activities	1,639	(3,758)
Interest paid	(29)	(23)
Tax paid	<u>(369)</u>	<u>(34)</u>
Net cash generated from/(used in) operating activities	<u>1,241</u>	<u>(3,815)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(635)	(102)
Interest income	65	79
Net cash (used in)/generated from investing activities	<u>(570)</u>	<u>(23)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Net of borrowings	247	(94)
Placement of Short Term Investment	(488)	-
Proceed from issuance of shares	24	-
Proceeds from exercise of ESOS option	17	-
Expense of ESOS option granted	-	-
Net cash generated from/(used in) financing activities	<u>(200)</u>	<u>(94)</u>
<b>Net increase in cash and cash equivalents</b>	471	(3,932)
<b>Cash and cash equivalents at beginning of financial year</b>	16,926	11,845
<b>Cash and cash equivalents at end of financial year</b>	<u><u>17,397</u></u>	<u><u>7,913</u></u>

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

	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Deposits with licensed banks	3,790	3,600
Deposits with a money market fund	7,020	1,399
Deposits with financial institutions	2,340	1,100
Cash at bank	<u>4,247</u>	<u>1,814</u>
	<u><u>17,397</u></u>	<u><u>7,913</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 30 JUNE 2015**  
(The figures have not been audited)

	Attributable to Equity Holders of the SEHB						Minority	Total
	<-----Non-distributable----->				Distributable	Total	Interest	Equity
	Share Capital	Share Premium	Capital Reserve	Other Component of Equity	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2014 (audited)	18,556	2,403			3,970	24,929	195	25,124
Profit for the period					1,547	1,547	30	1,577
At 30 June 2014 (unaudited)	18,556	2,403	-	-	5,517	26,476	225	26,701
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			709			709		709
Exercise of employee share option	18	17				35		35
Share application money			17			17		17
Dividend paid						0		0
Profit for the year					2,773	2,773	199	2,972
At 30 June 2015 (unaudited)	19,655	3,448	745	(1,880)	8,437	30,405	596	31,001

(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") Interpretations

##### 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

MRFS 2	<i>Share-based Payment</i>
MFRS 3	<i>Business Combinations</i>
MFRS 10	<i>Consolidated Financial Statements</i>
MFRS 11	<i>Joint Arrangements</i>
MFRS 12	<i>Disclosure of Interests in Other Entities</i>
MFRS 13	<i>Fair Value Measurement</i>
MFRS 119	<i>Employee Benefits (revised)</i>
MFRS 127	<i>Consolidated and Separate Financial Statements (revised)</i>
Amendments to MFRS 1	<i>First-time Adoption of MFRS - Government Loans</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements: Transition Guidance</i>
Amendments to MFRS 11	<i>Joint Arrangements: Transition Guidance Disclosure of Interests in Other Entities: Transition</i>

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 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 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 30 June 2015.

**A8. Dividends Paid**

There was no dividend paid during the current quarter.

**A9. Segmental information**

Segmental information for cumulative 6 months period ended 30 June 2015 and 30 June 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	12,310	8,380	2,503	3,422	14,813	11,802
Gross profit	5,597	3,329	1,964	1,300	7,561	4,629
Other income					303	84
Administrative and distribution expenses and finance cost					(3,506)	(2,641)
Share of net profit from associated company					29	20
Profit before taxation ("PBT")					4,387	2,092
Taxation					(1,415)	(515)
Profit for the period					2,972	1,577

**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 quarter ended 30.06.2015	2,337

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

**B1. Review of performance**

The Group recorded a lower revenue but higher PBT during the current quarter amounting to RM5.838 million and RM2.171 million as compared to RM7.742 million and RM1.492 millions respectively in the same quarter prior year. The improvement in profit was attributable to better project cost control and management and favourable forex, resulting in better profit margin.

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

The Group posted a same PBT of RM2.22 million in the current and immediate preceding quarter.

**B3. Prospects for the financial year ending 31 December 2015**

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

**B4. Profit guarantee**

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

**B5. Taxation**

	Quarter ended		Year- to-date	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
<b>Current taxation</b>				
Estimate for the period	614	365	1,415	515
	<u>614</u>	<u>365</u>	<u>1,415</u>	<u>515</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 30 June 2015 are as follows :

	Short-Term	Long-Term	Total
	RM'000	RM'000	RM'000
<b>Secured :</b>			
Term loan	112	530	642
Hire purchase	198	631	829
Total	<u>310</u>	<u>1,161</u>	<u>1,471</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 30 June 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:

ESOS Option Grant Date	Expiry Date	Exercise Price	No. of Share Granted	No. of Share
				Exercised and Listed
22 July 2014	29 Jan 2019	RM0.135	11,134,000	10,997,000
8 January 2015	29 Jan 2019	RM0.185	6,000,000	-

B) With reference to the announcement made on 15 May 2015, 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 30 June 2015, no share buy back has been done.

**B9. Other Reserve**

	Quarter ended		Year- to-date	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Capital Reserve				
- recognised in profit & loss	728	-	728	-
Share Application Money	17	-	17	-
	<u>745</u>	<u>-</u>	<u>745</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**

The Board is pleased to declare a 10% interim dividend of 1.0 sen per ordinary share in respect of the financial year ending 31 December 2015. The dividend will be paid on 25 September 2015 to shareholders registered in the Record of Depositors on 11 September 2015.

**B12. Earnings per share**

	Current Quarter ended 30.06.15	Comparative Quarter ended 30.06.14	Current year to date ended 30.06.15	Preceding year to date ended 30.06.14
Net profit/(loss) for the period attributable to equity holders (RM'000)	1,520	1,104	2,773	1,547
No. of ordinary shares in issue ('000)	196,553	185,556	196,553	185,556
Basic EPS (sen)	<u>0.773</u>	<u>0.595</u>	<u>1.411</u>	<u>0.834</u>

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