

SOLUTION ENGINEERING HOLDINGS BERHAD(Company No : 654575-P)
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 SEP 2015**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 JUL 15 to 30 SEP 15	1 JUL 14 to 30 SEP 14	1 JAN 15 to 30 SEP 15	1 JAN 14 to 30 SEP 14
	Current Quarter RM'000	Current Quarter RM'000	Current Year To-Date RM'000	Current Year To-Date RM'000
Revenue	5,952	8,100	20,765	19,902
Cost of sale	(2,798)	(5,309)	(10,050)	(12,482)
Gross profit	3,154	2,791	10,715	7,420
Interest income	31	121	95	200
Other income	154	35	393	40
Depreciation & amortisation	(181)	(187)	(554)	(573)
Forex Gain	5	30	441	47
Finance cost	(10)	(10)	(42)	(33)
Administrative and distribution expenses	(1,088)	(1,622)	(4,625)	(3,871)
Share of net profit/(loss) from associated company	50	31	79	51
Profit before tax	2,115	1,189	6,502	3,281
Income tax expense	B5 (569)	(469)	(1,984)	(984)
Profit for the period	1,546	720	4,518	2,297
Attributable to :				
Equity holders of the parent	1,473	700	4,246	2,247
Minority Interest	73	20	272	50
	1,546	720	4,518	2,297
Earnings per share attributable to equity holders of parent :				
Basic, for (loss)/profit for the period (sen)	B12 0.737	0.377	2.126	1.210
EBITDA ⁽¹⁾	2,275	1,265	7,003	3,687

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 SEP 2015

(The figures have not been audited)

	Unaudited 30 Sep 2015 RM'000	Audited 31 Dec 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,179	4,125
Investment in an associated company	1,202	1,180
Intangible assets	-	176
	5,381	5,481
Current Assets		
Inventories	1,194	1,037
Trade receivables	14,582	18,838
Other receivables	1,427	1,032
Tax prepayment	24	-
Deposits, cash and bank balances	18,306	16,413
	35,533	37,320
TOTAL ASSETS	40,914	42,801
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	19,976	19,637
Share premium	4,063	3,431
Other Reserve	381	19
Other Component Of Equity	(1,880)	(1,880)
Retained earnings	7,913	5,664
	30,453	26,871
Minority interest	668	397
Total equity	31,121	27,268
Non-Current Liabilities		
Hire purchase creditors	529	377
Term Loan	455	598
	984	975
Current Liabilities		
Hire purchase creditors	248	133
Term Loan	149	119
Trade payables	4,861	6,552
Other payable & accruals	2,693	7,130
Provision for taxation	858	624
	8,809	14,558
Total liabilities	9,793	15,533
TOTAL EQUITY AND LIABILITIES	40,914	42,801
Number of ordinary shares in issue ('000)	199,760	196,374
Net assets value per share (RM)	0.1524	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 SEP 2015****(The figures have not been audited)**

	9 months Ended 30 Sep 2015 RM'000	9 months Ended 30 Sep 2014 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,502	3,281
Adjustment for :		
Depreciation of property, plant and equipment	289	204
Amortisation of prepaid lease payments	27	26
ESOS Expenses	720	-
Amortisation of development expenditure	246	155
Transfer to cost of sales	-	21
Written off of Development cost	176	-
Interest expense	30	33
Interest income	(95)	(200)
Dividend Income	(30)	-
Unrealised Gain from Short Term Investment	(31)	-
Share of net profit from an associate company	(21)	(51)
Operating expenses before working capital changes	<u>7,813</u>	<u>3,469</u>
Working capital changes :		
Increase in inventories	(123)	22
Increase in inter-companies	(194)	(100)
Increase / (Decrease) in receivables	3,219	(13,537)
Increase / (Decrease) in payables	<u>(6,210)</u>	<u>4,204</u>
Cash generated from/(used in) operating activities	4,505	(5,942)
Interest paid	(30)	(33)
Tax paid	<u>(3,124)</u>	<u>(108)</u>
Net cash generated from/(used in) operating activities	<u>1,351</u>	<u>(6,083)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(664)	(127)
Interest income	95	200
Acquisition of new shares	574	-
Net cash (used in)/generated from investing activities	<u>5</u>	<u>73</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of borrowings	159	(158)
Placement of Short Term Investment	1,818	-
Dividend paid	(1,997)	27
Proceeds from issuance of shares	24	-
Proceeds from exercise of ESOS option	20	227
Expense of ESOS option granted	-	668
Net cash generated from/(used in) financing activities	<u>24</u>	<u>764</u>
Net increase in cash and cash equivalents	1,380	(5,246)
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>18,306</u>	<u>6,599</u>

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

	2015 RM'000	2014 RM'000
Deposits with licensed banks	3,821	3,662
Deposits with a money market fund	4,515	-
Deposits with financial institutions	2,368	1,100
Cash at bank	7,602	1,837
	<u>18,306</u>	<u>6,599</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 SEP 2015**
(The figures have not been audited)

	Attributable to Equity Holders of the SEHB						Minority	Total
	<-----Non-distributable----->				Distributable Retained Earnings	Total	Interest	Equity
	Share Capital	Share Premium	Capital Reserve	Other Component of Equity				
As at 1 January 2014 (audited)	18,556	2,403	-	-	3,967	24,926	195	25,121
Share options granted under ESOS	-	-	668	-	-	668	-	668
Exercise of employee share option	20	7	-	227	-	254	-	254
Profit for the period	-	-	-	-	2,247	2,247	51	2,298
At 30 Sep 2014 (unaudited)	<u>18,576</u>	<u>2,410</u>	<u>668</u>	<u>227</u>	<u>6,214</u>	<u>28,095</u>	<u>246</u>	<u>28,341</u>
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	339	632	-	-	-	971	-	971
Share application money	-	-	(347)	-	-	(347)	-	(347)
Dividend paid	-	-	-	-	(1,997)	(1,997)	-	(1,997)
Profit for the year	-	-	-	-	4,246	4,246	271	4,517
At 30 Sep 2015 (unaudited)	<u>19,976</u>	<u>4,063</u>	<u>381</u>	<u>(1,880)</u>	<u>7,913</u>	<u>30,453</u>	<u>668</u>	<u>31,121</u>

(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

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 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 Sep 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 Sep 2015.

A8. Dividends Paid

During the quarter under review, an interim tax-exempt dividend of 10% per ordinary share of RM0.10 (RM0.01 per share) amounting to RMRM1,997,600 in respect of the financial year ending 31 December 2015 was paid on 25 September 2015.

A9. Segmental information

Segmental information for cumulative 9 months period ended 30 September 2015 and 30 September 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	19,333	16,405	1,432	3,497	20,765	19,902
Gross profit	10,637	6,125	78	1,295	10,715	7,420
Other income					488	240
Administrative and distribution expenses and finance cost					(4,780)	(4,430)
Share of net profit from associated company					79	51
Profit before taxation ("PBT")					6,502	3,281
Taxation					(1,984)	(984)
Profit for the period					4,518	2,297

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 is a capital commitment of RM2,324,500 which relates to the construction of a corporate building.

A15. Significant Related Party Transaction

Global Plus Solutions Sdn Bhd (GPS)	RM'000
Sales from GPS for the quarter ended 30.09.2015	1,257

**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 RM5.952 million and RM2.115 million as compared to RM8.100 million and RM1.189 millions respectively in the same quarter prior year. The improvement in profit was attributable to better project cost control and management, resulting in better profit margin.

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

There was no material changes to the Group's PBT as the Group posted quite a consistent PBT of RM2.115 million and RM2.172 million in the current and immediate preceding quarter respectively, largely due to the project cost has been effectively controlled and managed.

B3. Prospects for the financial year ending 31 December 2015

The group showed an impressive financial performance in the first three 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 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	
	30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Current taxation				
Estimate for the period	569	469	1,984	984
	<u>569</u>	<u>469</u>	<u>1,984</u>	<u>984</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 Sep 2015 are as follows :

	Short-Term	Long-Term	Total
	RM'000	RM'000	RM'000
Secured :			
Term loan	149	455	604
Hire purchase	248	529	777
Total	<u>397</u>	<u>984</u>	<u>1,381</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 September 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	11,093,000
8 January 2015	29 Jan 2019	RM0.185	6,000,000	3,111,000

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 September 2015, no share buy back has been done.

B9. Other Reserve

	Quarter ended		Year- to-date	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Capital Reserve				
- recognised in profit & loss	728	668	728	668
Share Application Money	(347)	227	(347)	227
	<u>381</u>	<u>895</u>	<u>381</u>	<u>895</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

No dividend was declared during the current quarter under review

B12. Earnings per share

	Current Quarter ended 30.09.15	Comparative Quarter ended 30.09.14	Current year to date ended 30.09.15	Preceding year to date ended 30.09.14
Net profit /(loss) for the period attributable to equity holders (RM'000)	1,473	700	4,246	2,247
No. of ordinary shares in issue ('000)	199,760	185,756	199,760	185,756
Basic EPS (sen)	<u>0.737</u>	<u>0.377</u>	<u>2.126</u>	<u>1.210</u>

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