

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2016**  
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Apr 2016 to 30 June 2016 Current Year Quarter RM'000	1 Apr 2015 to 30 June 2015 Preceding Year Corresponding Quarter RM'000	1 Jan 2016 to 30 June 2016 Current Year To-Date RM'000	1 Jan 2015 to 30 June 2015 Preceding Year Corresponding Period RM'000
Revenue	9,676	5,838	16,017	14,813
Cost of sale	(5,508)	(2,814)	(8,179)	(7,252)
Gross profit	4,168	3,024	7,838	7,561
Interest income	-	87	39	64
Other income	128	99	529	239
Depreciation & amortisation	(185)	(182)	(371)	(373)
Finance cost	(6)	(11)	(32)	(32)
Administrative and distribution expenses	(1,735)	(1,005)	(3,207)	(3,537)
Share of net profit from associated company	11	8	56	29
Profit before tax	2,381	2,020	4,852	3,951
Income tax expense	B5 (610)	(614)	(1,182)	(1,415)
Profit for the period	1,771	1,406	3,670	2,536
Foreign exchange gain	312	152	330	436
Total comprehensive income for the period	2,083	1,558	4,000	2,972
Attributable to :				
Equity holders of the parent	2,036	1,520	3,883	2,773
Minority Interest	47	38	117	199
	2,083	1,558	4,000	2,972
Earnings per share attributable to equity holders of parent :				
Basic (sen)	B12 1.017	0.774	1.941	1.412
Diluted (sen)	B12 1.017	0.750	1.941	1.369
EBITDA <sup>(1)</sup>	2,884	2,278	5,546	4,728

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 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

(The figures have not been audited)

	<b>Unaudited 30-Jun-16 RM'000</b>	<b>Audited 31 Dec 2015 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,703	4,005
Investment in an associated company	1,262	1,206
Intangible assets	132	141
	<u>5,097</u>	<u>5,352</u>
<b>Current Assets</b>		
Inventories	1,055	1,125
Trade receivables	20,624	15,749
Other receivables	2,002	2,507
Deposits, cash and bank balances	14,453	16,257
	<u>38,134</u>	<u>35,638</u>
<b>TOTAL ASSETS</b>	<u>43,231</u>	<u>40,990</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	20,266	19,982
Share premium	4,688	4,106
Other Reserve	2	343
Other Component Of Equity	(1,880)	(1,880)
Retained earnings	12,966	9,083
	<u>36,042</u>	<u>31,634</u>
<b>Minority interest</b>	1,065	712
<b>Total equity</b>	<u>37,107</u>	<u>32,346</u>
<b>Non-Current Liabilities</b>		
Hire purchase creditors	413	517
Term Loan	371	432
Deferred taxation	190	190
	<u>974</u>	<u>1,139</u>
<b>Current Liabilities</b>		
Hire purchase creditors	210	211
Term Loan	119	135
Trade payables	2,381	4,381
Other payable & accruals	1,970	2,194
Provision for taxation	470	584
	<u>5,150</u>	<u>7,505</u>
<b>Total liabilities</b>	<u>6,124</u>	<u>8,644</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>43,231</u>	<u>40,990</u>
Number of ordinary shares in issue ('000)	202,659	199,815
Net assets value per share (RM)	<u>0.1778</u>	<u>0.1583</u>

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016**  
**(The figures have not been audited)**

	<b>6 months Ended 30 June 2016 RM'000</b>	<b>6 months Ended 30 June 2015 RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,182	4,386
Adjustment for :		
Depreciation of property, plant and equipment	335	191
Amortisation of prepaid lease payments	17	18
Changes in capital reserve	-	726
Amortisation of development expenditure	18	164
Loss on disposal of property, plant and equipment	3	-
Written off of Development cost	-	176
Interest expense	32	29
Interest income	(39)	(65)
Dividend Income	-	(30)
Unrealised Gain from Short Term Investment	-	(31)
Share of net profit from an associate company	(56)	(29)
Operating expenses before working capital changes	<u>5,492</u>	<u>5,535</u>
Working capital changes :		
Decrease/ (Increase) in inventories	96	(54)
(Increase)/ Decrease in receivables	(5,173)	157
(Decrease) in payables	<u>(1,059)</u>	<u>(3,993)</u>
Cash (used in)/ generated from operating activities	(644)	1,645
Interest paid	(32)	(29)
Tax paid	<u>(1,535)</u>	<u>(369)</u>
Net cash (used in) /generated from operating activities	<u>(2,211)</u>	<u>1,247</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(20)	(635)
Acquisition of a subsidiary, net of cash acquired	7	-
Interest income	39	65
Net cash generated from/ (used in) investing activities	<u>26</u>	<u>(570)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Net of borrowings	(144)	247
Placement of Short Term Investment	-	(488)
Proceed from issuance of shares	526	35
Net cash generated from/ (used in) financing activities	<u>382</u>	<u>(206)</u>
<b>Net (Decrease)/ Increase in cash and cash equivalents</b>	(1,803)	471
<b>Cash and cash equivalents at beginning period</b>	<u>16,257</u>	<u>16,926</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>14,454</u></u>	<u><u>17,397</u></u>

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

	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Deposits with licensed banks	4,005	3,790
Deposits with a money market fund	6,098	7,020
Deposits with financial institutions	-	2,340
Cash at bank	4,351	4,247
	<u><u>14,454</u></u>	<u><u>17,397</u></u>

(The unaudited Condensed Consolidated Cashflow Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2016**  
 (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----->		Other Component of Equity RM'000	Distributable Retained Earnings RM'000			
	Share Premium RM'000	Capital Reserve RM'000						
As at 1 January 2015 (audited)	19,637	3,431	19	(1,880)	5,664	26,871	397	27,268
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
Total comprehensive income for the period					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
As at 1 January 2016 (audited)	19,982	4,106	343	(1,880)	9,083	31,634	712	32,346
Share options granted under ESOS						0		0
Exercise of employee share option	284	241				525		525
Transferred to share premium upon ESOS exercised		341	(341)			0		0
Dividend paid						0		0
Acquisition of subsidiary				-		0	236	236
Total comprehensive income for the period					3,883	3,883	117	4,000
At 30 June 2016 (unaudited)	20,266	4,688	2	(1,880)	12,966	36,042	1,065	37,107

(The unaudited Condensed Consolidated Changes In Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
QUARTER ENDED 30 JUNE 2016**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

**A1. Basis of preparation**

The interim financial report of the Company and its subsidiaries ("Group") is unaudited and is prepared in accordance with MFRS 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 Group for the financial year ending 31 December 2015.

**A2. Changes in accounting policies**

The accounting policies adopted by the Group are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2015 except for the following new MFRS, amendments to MFRS and IC Interpretations that have been issued by the MASB but are not yet effective for the Group:

**MFRS and IC Interpretations (Including the Consequential Amendments)**

**Effective for financial periods beginning on or after 1 January 2016**

MFRS 14 Regulatory Deferral Accounts  
MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception  
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations  
Amendments to MFRS 101 Presentation of Financial Statement, Disclosure Initiative  
Amendments to MFRS116 and MFRS138 Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to MFRS 116 and MFRS141 Agriculture: Bearer Plants  
Amendments to MFRS 127 Equity Method in Separate Financial Statements  
Annual Improvements to MFRS 2012-2014 Cycle

**Effective for financial periods beginning on or after 1 January 2017**

Amendments to MFRS 107 Disclosure Initiative  
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

**Effective for financial periods beginning on or after 1 January 2018**

MFRS 9 Financial Instruments  
MFRS 15 Revenue from Contracts with Customers  
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures  
MFRS 16 Leases

**Amendments to MFRS (effective date yet to be confirmed):**

Amendments to MFRS 10 Consolidated Financial Statements  
MFRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture

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

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

**A4. Seasonality or cyclicity factors**

The Group's operations were not affected by seasonal or cyclical changes.

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

**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 quarter ended 30 June 2016

**A6. Material changes in estimates**

There were no material changes in estimates that have a material effect in the current quarter results.

**A7. Debts and equity securities**

During the quarter ended 30 June 2016, a total of 2,844,000 new ordinary shares of RM0.10 each were issued and allotted pursuant to the exercise of the share options granted to the entitled employees (ESOS). The details of the issued and paid-up capital of the Company as at 30 June 2016 are as follows:

	No. of shares	RM
As at 31 March 2016	199,815,000	19,981,500
Ordinary shares issued pursuant to the share options granted to employees (ESOS)	2,844,000	284,400
As at 30 June 2016	<u>202,659,000</u>	<u>20,265,900</u>

**A8. Dividends Paid**

There were no dividend paid during the current quarter.

**A9. Segmental information**

Segmental information for cumulative 6 months period ended 30 June 2016 and 30 June 2015 are as follows:

	Malaysia		Overseas		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	15,725	12,310	292	2,503	16,017	14,813
Gross profit	7,663	5,597	175	1,964	7,838	7,561
Other income					898	739
Administrative and distribution expenses and finance cost					(3,610)	(3,942)
Share of net profit from associated company					56	29
Profit before taxation ("PBT")					5,182	4,387
Taxation					(1,182)	(1,415)
Profit for the period					<u>4,000</u>	<u>2,972</u>

**A10. Valuation of Property, plant and equipment**

The Group did not revalue any of its property, plant and equipment during the quarter under review.

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

**A11. Material events subsequent to the end of the quarter**

On 24 August 2016, the Board has approved the disposal of a property at Kinrara for RM7.7 million. The property is own by its wholly-owned subsidiary; Solution Engineering Sdn Bhd.

**A12. Changes in the composition of the Group**

During the quarter ended 30 June 2016, the wholly-owned subsidiary of the Company, Solution Engineering Sdn Bhd had acquired 51% of the equity, representing 255,000 ordinary shares of RM1.00 each fully paid-up in Solution LCE Manufacturing Sdn Bhd on 6 May

Other than the above-mentioned, no other changes in the composition of the Group for the quarter under review.

**A13. Contingent liabilities**

There were no material contingent liabilities as at the date of this announcement.

**A14. Capital commitment**

Total contracted amount as at 30 June 2016 is RM1,960,200.

**A15. Significant Related Party Transaction**

Global Plus Solutions Sdn Bhd (GPS)

Sales to an associated company, GPS for the period ended 30 June 2016

**RM'000**

6,489

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE ACE MARKET****B1. Review of Performance****Comparison with corresponding quarter in previous financial year**

The Group recorded a revenue of RM9.68 million during the quarter, an increase of RM3.84 million or 66% as compared to the revenue of RM5.84 million in the corresponding quarter in previous financial year. The higher revenue was mainly due to higher value of jobs completed.

For the quarter ended 30 June 2016, the Group recorded a profit of RM2.04 million as compared to the profit of RM1.52 million reported in the preceding financial period. The higher profit was mainly due to the higher value of jobs completed.

**Comparison with corresponding financial period in previous financial year**

For the financial period ended 30 June 2016, the Group recorded a revenue of RM16.02 million, representing an increase of RM1.20 million or 8% as compared to the revenue of RM14.81 million achieved in the corresponding period. The higher revenue was mainly due to the higher value of jobs completed

The Group recorded a profit of RM3.89 million as compared to the profit of RM2.77 million reported in the preceding financial period. The higher profit achieved in current period under review mainly attributable to the increase in revenue, and the lower profit in comparative period mainly consequential of ESOS expense recognised.

**B2. Comparison with Preceding Quarter's Results**

The Group's revenue for the quarter under review was RM9.68 million, an increase of RM3.34 million, as compared to the revenue of RM6.34 million registered in preceding quarter. The increase was mainly due to higher value of jobs completed.

The Group reported a profit of RM2.04 million during the quarter, representing an increase of RM0.19 million, as compared to the profit of RM1.85 million in the preceding quarter. The increase was mainly due to increase in the revenue and recognition of gain from foreign exchange differences.

**B3. Prospects for the financial year ending 31 December 2016**

The Group has continued to show a positive financial performance in the second quarter of 2016. With a strong order book and potential contracts in the pipeline, the Board is optimistic that the Group will have good financial performance in 2016.

**B4. Profit guarantee**

The Group has not issued any profit forecast nor guarantee in respect of any corporate proposal

**B5. Taxation**

	Quarter ended		Year- to-date	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
<b>Current taxation</b>				
Provision for taxation	610	614	1,182	1,415
	610	614	1,182	1,415



**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE ACE MARKET (CONTD.)****B6. Profit on sale of unquoted investments and/or properties**

There were no disposal of unquoted investment and/or properties for the quarter under review.

**B7. Group borrowings and debt securities**

Details of the Group's borrowings as at 30 June 2016 are as follows :

	<b>Short-Term RM'000</b>	<b>Long-Term RM'000</b>	<b>Total RM'000</b>
<b>Secured :</b>			
Term loan	119	371	490
Hire purchase	210	413	623
Total	<u>329</u>	<u>784</u>	<u>1,113</u>

**B8. Status of Corporate Proposals****A) Update on Employees' Share Option Scheme (ESOS) as at 30 June 2016**

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 and exercised under the ESOS as at 30 June 2016:

<b>ESOS Option Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>No. of Share Granted</b>	<b>No. of Share Exercised and Listed</b>	<b>No. of Share Lapsed</b>
22 July 2014	29 Jan 2019	RM0.135	11,134,000	11,103,000	31,000
8 January 2015	29 Jan 2019	RM0.185	6,000,000	6,000,000	-

**B) Proposed Renewal of Authority for the Company to Purchase Its Own Shares**

Shareholders of the Company have approved for the Renewal of Authority for Share Buy Back at the Twelfth Annual General Meeting of the Company. As at 30 June 2016, there were no shares being bought back.

**C) Proposed Bonus Issue of Shares with Warrants**

The company had obtained its shareholders' approval at the EGM held on 1 June 2016 for the Bonus Issue up to 101,345,000 new ordinary shares of RM0.10 each in SEHB's share(s) to be credited as fully paid-up, together with up to 101,329,365 free detachable warrant(s) on the basis of one bonus share together with one warrant for every two existing SEHB shares held by the entitled shareholders.

On 11 July 2016, Bonus Issue of shares with warrants was completed following the listing of and quotation for 101,329,365 Bonus Shares and 101,329,365 of Warrants on the ACE market of Bursa Malaysia Securities Berhad.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD  
LISTING REQUIREMENTS FOR THE ACE MARKET (CONTD.)****B9. Realised/ Unrealised Profits**

	<b>As at 30 June 2016</b>
	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries	
- realised	21,246
- unrealised	40
	<u>21,286</u>
Total share of accumulated profit of an associate	
- realised	268
- unrealised	-
	<u>21,554</u>
Less: Consolidated adjustments	(8,588)
Retained profit as per financial statement	<u>12,966</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**

	<b>Current Quarter ended 30.06.16</b>	<b>Comparative Quarter ended 30.06.15</b>	<b>Current year to date ended 30.06.16</b>	<b>Preceding year to date ended 30.06.15</b>
Net profit for the period attributable to equity holders (RM'000)	2,036	1,520	3,883	2,773
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000)	200,211	196,403	200,012	196,389
Basic EPS (sen)	1.017	0.774	1.941	1.412
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000)	200,211	196,403	200,012	196,389
Effect of dilution: share options ('000)	31	6,137	31	6,137
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	200,242	202,540	200,043	202,526
Diluted EPS (sen)	1.017	0.750	1.941	1.369

For comparative purpose, the number of ordinary shares issued as at 30 June 2015 had been adjusted to reflect the share options (ESOS) granted to employees