

SOLUTION ENGINEERING HOLDINGS BERHAD
(Company No : 654575-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2008
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Jan 08 to 31 Mar 08	1 Jan 07 to 31 Mar 07	1 Jan 08 to 31 Mar 08	1 Jan 07 to 31 Mar 07
	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-Date RM'000	Preceding Year To-Date Corresponding Quarter RM'000
Revenue	4,352	587	4,352	587
Cost of sale	(2,973)	(391)	(2,973)	(391)
Gross profit	1,379	196	1,379	196
Other income	81	86	81	86
Administrative and distribution expenses	(708)	(521)	(708)	(521)
Finance cost	(48)	(19)	(48)	(19)
Profit/(loss) before tax	704	(258)	704	(258)
Income tax expense	B5 (18)	(15)	(18)	(15)
Profit/(loss) for the period	686	(273)	686	(273)
Attributable to :				
Equity holders of the parent	686	(271)	686	(271)
Minority Interest	-	(2)	-	(2)
	686	(273)	686	(273)
Earnings/(losses) per share attributable to equity holders of parent :				
Basic, for profit/(loss) for the period (sen)	B13 0.542	(0.214)	0.542	(0.214)

(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 MARCH 2008

(The figures have not been audited)

	Unaudited 31 March 2008 RM'000	Audited 31 December 2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,524	1,388
Prepaid lease payments	2,753	2,763
Intangible assets	669	616
	<u>4,946</u>	<u>4,767</u>
Current Assets		
Inventories	272	223
Trade receivables	9,012	10,874
Other receivables	562	279
Deposits, cash and bank balances	9,781	8,760
	<u>19,627</u>	<u>20,136</u>
TOTAL ASSETS	<u>24,573</u>	<u>24,903</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	12,652	12,652
Share premium	4,054	4,054
Retained earnings	3,430	2,744
	<u>20,136</u>	<u>19,450</u>
Minority interest	38	38
Total equity	<u>20,174</u>	<u>19,488</u>
Non-Current Liabilities		
Deferred taxation	129	119
Borrowings	B9 620	713
	<u>749</u>	<u>832</u>
Current Liabilities		
Trade payables	2,705	2,550
Other payable & accruals	138	107
Borrowings	B9 807	1,926
	<u>3,650</u>	<u>4,583</u>
Total liabilities	<u>4,399</u>	<u>5,415</u>
TOTAL EQUITY AND LIABILITIES	<u>24,573</u>	<u>24,903</u>
Number of ordinary shares in issue	126,522,000	126,522,000
Net assets value per share (RM)	<u>0.159</u>	<u>0.154</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

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CONDENSED CONSOLIDATED CASHFLOW STATEMENTS AS AT 31 MARCH 2008

(The figures have not been audited)

	Current Year Ended 31 March 2008 RM'000	Preceding Year Ended 31 March 2007 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	704	(258)
Adjustment for :		
Depreciation of property, plant and equipment	50	58
Amortisation of prepaid lease payments	10	10
Amortisation of development expenditure	23	23
Interest expense	48	19
Interest income	(67)	(76)
Operating profit/(loss) before working capital changes	<u>768</u>	<u>(224)</u>
Working capital changes :		
(Increase) in inventories	(49)	(36)
Decrease in receivables	1,581	1,095
Increase/(decrease) in payables	200	(566)
Cash generated from operating activities	<u>2,500</u>	<u>269</u>
Interest paid	(48)	(19)
Tax paid	(9)	(8)
Net cash generated from operating activities	<u>2,443</u>	<u>242</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(186)	(11)
Development costs incurred	(77)	(93)
Interest income	67	76
Net cash used in investing activities	<u>(196)</u>	<u>(28)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of bank borrowings	(950)	14
Net cash used in financing activities	<u>(950)</u>	<u>14</u>
Net increase in cash and cash equivalents	1,297	228
Cash and cash equivalents at beginning of financial period	<u>8,484</u>	<u>11,830</u>
Cash and cash equivalents at end of financial period	<u>9,781</u>	<u>12,058</u>

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

	2008 RM'000	2007 RM'000
Bank and cash balances	957	996
Deposits with licensed banks	3,236	9,062
Deposits with a money market fund	3,539	1,000
Deposits with a financial institution	2,049	1,000
	<u>9,781</u>	<u>12,058</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 2008

(The figures have not been audited)

	← Attributable to Equity Holders of the SEHB →				Minority Interest RM'000	Total Equity RM'000	
	Share Capital RM'000	-----Non-distributable----- Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			Total RM'000
At 1 January 2007	12,652	4,054	-	2,374	19,080	43	19,123
Loss for the period	-	-	-	(271)	(271)	(2)	(273)
At 31 March 2007	12,652	4,054	-	2,103	18,809	41	18,850
At 1 January 2008	12,652	4,054	-	2,744	19,450	38	19,488
Net profit for the period	-	-	-	686	686	-	686
At 31 March 2008	12,652	4,054	-	3,430	20,136	38	20,174

(The unaudited Condensed Consolidated Changes In Equity 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)

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 MESDAQ Market and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2007.

A2. Changes in accounting policies

The significant accounting policies and presentation adopted by the Group in this interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2007.

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

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 2008.

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.

A8. Dividends

No dividends declared or paid for the current financial quarter.

A9. Segmental information

Segmental information for cumulative 3 months period ended 31 March 2008 and 31 March 2007 are as follows:

	Malaysia		Overseas		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	3,616	374	736	213	4,352	587
Gross profit	1,334	143	45	53	1,379	196
Other income					81	86
Administrative and distribution expenses and finance cost					(756)	(540)
Profit before taxation ("PBT")					704	(258)
Taxation					(18)	(15)
Profit for the period					686	(273)

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 FRS 134 INTERIM FINANCIAL REPORTING (CONTD.)**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. Subsequent events

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statements.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MESDAQ MARKET**B1. Review of performance**

For the current quarter under review, the Group recorded revenue of RM4.352 million, representing an increase of 641% from the revenue of RM587,000 recorded in the corresponding period of the previous year. The Group recorded a PBT for the current quarter under review of RM704,000 as compared to a loss before tax of RM258,000 recorded in the corresponding period of the previous year. The increase in revenue is mainly contributed from higher recognition of progress billing from on-going SOLTEQ equipment projects.

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

	Quarter ended 31.3.08 RM'000	Quarter ended 31.12.07 RM'000
Turnover	4,352	6,587
PBT	704	1,055

As compared to the immediate preceding quarter, revenue for current quarter reduced by RM2.235 million or 33.9%, PBT decreased by RM351,000 in tandem with revenue, representing a decrease of 33.3% from RM1.055 million recorded in the preceding quarter. Lower revenue achieved is due to lower progress billing recognised in the current quarter.

B3. Current year prospects

The Board of Directors is optimistic on the future prospect of the Group for the financial year ending 31 December 2008. The Group will continue its effort to intensify its marketing activities to explore new business opportunities in domestic and overseas markets.

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B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MESDAQ MARKET (CONTD.)**B4. Profit guarantee**

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

B5. Taxation

	Quarter ended		Year- to-date	
	31.3.08	31.3.07	31.3.08	31.3.07
	RM'000	RM'000	RM'000	RM'000
In respect of the current year taxation	(18)	(15)	(18)	(15)

A subsidiary i.e. Solution Engineering Sdn Bhd was granted Pioneer Status under Section 14A of the Promotion of Investments (Amendments) Act, 1986 for a period of five years from 1 Jan 2005 to 31 Jan 2010. One (1) of the financial incentives of having the Pioneer Status is a five (5) year exemption from Malaysia income tax from income derived from Multimedia Super Corridor related activities.

As such, these income tax expense relates to interest and rental income.

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. Purchase or disposal of quoted securities

There were no disposal of quoted securities for the financial year todate.

B8. Status of corporate proposals announced but not completed as at 28 May 2008 and status of utilisation of proceeds

(a) There were no corporate proposals announced but not completed as at 28 May 2008.

(b) Utilisation of listing proceeds from initial public offering

Details of utilisation	Proposed	Actual	Deviation	Explanations
	Utilisation	Utilisation	Amount	
	RM'000	RM'000	RM'000	
Bank borrowing	600	600	-	Completed
Demonstration and Training Center	500	297	203	On going utilisation
Research and development Expenditure	2,100	1,123	977	On going utilisation
Working capital				
- Local	2,500	2,500	-	Completed
- Overseas	1,500	751	749	On going utilisation
Listing expenses	Note	1,300	-	Completed
Total		8,500	6,571	1,929

Note : Unutilised listing expenses of RM253,532 have been transferred to working capital.

SOLUTION ENGINEERING HOLDINGS BERHAD**(Company No: 654575-P)****(Incorporated in Malaysia)****B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS FOR THE MESDAQ MARKET (CONTD.)****B9. Group borrowings and debt securities**

Details of the Group's borrowings as at 31 March 2008 are as follows :

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured :			
Term loan	175	416	591
Hire purchase	70	204	274
Trust receipts	562	-	562
Total	807	620	1,427

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. Material litigation

There were no material litigations pending at the date of this announcement.

B12. Dividends

No dividends declared or paid for the current financial quarter.

B13. Earnings per share

	Individual		Cumulative	
	Quarter ended 31.3.08	Quarter ended 31.3.07	Quarter ended 31.3.08	Quarter ended 31.3.07
Net profit/(loss) for the year (RM'000)	686	(271)	686	(271)
No. of ordinary shares in issue	126,522,000	126,522,000	126,522,000	126,522,000
Basic EPS/(LPS) (sen)	0.542	(0.214)	0.542	(0.214)

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