

SOLUTION ENGINEERING HOLDINGS BERHAD

(Company No : 654575-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2009

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	1 Jan 09 to 31 March 09	1 Jan 08 to 31 March 08	1 Jan 09 to 31 March 09	1 Jan 08 to 31 March 08
	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	1,363	4,352	1,363	4,352
Cost of sale	(848)	(2,973)	(848)	(2,973)
Gross profit	515	1,379	515	1,379
Other income	631	81	631	81
Administrative and distribution expenses	(898)	(708)	(898)	(708)
Finance cost	(20)	(48)	(20)	(48)
Profit before tax	228	704	228	704
Income tax expense	B5 (25)	(18)	(25)	(18)
Profit for the period	203	686	203	686
Attributable to :				
Equity holders of the parent	204	686	204	686
Minority Interest	(1)	-	(1)	-
	203	686	203	686
Earnings per share attributable to equity holders of parent :				
Basic, for profit for the period (sen)	B13 0.161	0.542	0.161	0.542

(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 2009

(The figures have not been audited)

	Unaudited 31 Mar 2009 RM'000	Audited 31 Dec 2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,850	1,436
Prepaid lease payments	2,711	2,721
Intangible assets	921	659
	<u>5,482</u>	<u>4,816</u>
Current Assets		
Inventories	279	271
Trade receivables	5,561	10,552
Other receivables	1,431	1,743
Deposits, cash and bank balances	11,600	7,637
	<u>18,871</u>	<u>20,203</u>
TOTAL ASSETS	<u>24,353</u>	<u>25,019</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	3,311	3,107
	<u>20,017</u>	<u>19,813</u>
Minority interest	35	36
Total equity	<u>20,052</u>	<u>19,849</u>
Non-Current Liabilities		
Deferred taxation	144	134
Borrowings	B9 688	505
	<u>832</u>	<u>639</u>
Current Liabilities		
Trade payables	2,751	3,213
Other payable & accruals	156	116
Borrowings	B9 562	1,202
	<u>3,469</u>	<u>4,531</u>
Total liabilities	<u>4,301</u>	<u>5,170</u>
TOTAL EQUITY AND LIABILITIES	<u>24,353</u>	<u>25,019</u>
Number of ordinary shares in issue ('000)	126,522	126,522
Net assets value per share (RM)	<u>0.1582</u>	<u>0.1566</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 2009****(The figures have not been audited)**

	3 months Ended 31 Mar 2009 RM'000	3 months Ended 31 Mar 2008 RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	228	704
Adjustment for :		
Depreciation of property, plant and equipment	66	50
Amortisation of prepaid lease payments	10	10
Amortisation of development expenditure	23	23
Interest expense	20	48
Interest income	(53)	(67)
Operating profit before working capital changes	294	768
Working capital changes :		
Increase in inventories	(8)	(49)
Decrease in receivables	5,303	1,581
(Decrease)/increase in payables	(422)	200
Cash generated from operating activities	5,167	2,500
Interest paid	(20)	(48)
Tax paid	(17)	(9)
Net cash generated from operating activities	5,130	2,443
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(184)	(186)
Development costs incurred	(285)	(77)
Interest income	53	67
Net cash used in investing activities	(416)	(196)
CASHFLOWS FROM FINANCING ACTIVITIES		
Net of bank borrowings	(751)	(950)
Net cash used in financing activities	(751)	(950)
Net increase in cash and cash equivalents	3,963	1,297
Cash and cash equivalents at beginning of financial year	7,637	8,484
Cash and cash equivalents at end of financial period	11,600	9,781

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

	2009 RM'000	2008 RM'000
Deposits with licensed banks	6,662	3,236
Deposits with a money market fund	800	3,539
Deposits with a financial institution	800	2,049
Cash at bank	3,338	957
Bank overdraft	-	-
	11,600	9,781

(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 2009

(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		
At 1 January 2008	12,652	4,054	-	2,744	38	19,488
Profit for the period	-	-	-	686	-	686
At 31 March 2008	12,652	4,054	-	3,430	38	20,174
At 1 January 2009	12,652	4,054	-	3,107	36	19,849
Profit for the period	-	-	-	204	(1)	203
At 31 March 2009	12,652	4,054	-	3,311	35	20,052

(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 MESDAQ Market and should be read in conjunction with the audited consolidated financial statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2008.

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 2008.

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

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 2009.

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 Paid

No dividends was paid during the current quarter.

A9. Segmental information

Segmental information for cumulative 3 months period ended 31 March 2009 and 31 March 2008 are as follows:

	Malaysia		Overseas		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	1,008	3,616	355	736	1,363	4,352
Gross profit	329	1,334	186	45	515	1,379
Other income					631	81
Administrative and distribution expenses and finance cost					(918)	(756)
Profit before taxation ("PBT")					228	704
Taxation					(25)	(18)
Profit for the period					203	686

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

During the financial quarter under review, the Group achieved revenue of RM1.357 million and PBT of RM231,000 which represents 68.8% and 67.1% lower as compared to the preceding year corresponding quarter revenue of RM4.352 million and PBT of RM704,000 respectively. The decrease in revenue and PBT were mainly due to lower sales of SOLTEQ equipment projects recognised. During the quarter under review, the development works on spent bleaching earth project financed by government grant has commenced. As such, operating and administration expenses related to the biolubricant and spent bleaching earth project have been apportioned to the respective subsidiaries. Total government grant recognised for the two projects during the quarter under review of RM497,000 was included under "other income" of RM631,000 and the matching R&D expenditure was included under "administrative and distribution expenses" of RM898,000. Total development expenditure incurred not matched by the grant of RM273,000 has been capitalised in the current quarter.

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

The Group registered lower revenue of RM1.357 million as compared to RM3.408 million recorded in the immediate preceding quarter. Despite lower revenue achieved, the PBT has increased to RM231,000 from RM64,000 in the immediate preceding quarter. Higher PBT registered is due to improved GP margin of SOLTEQ equipment projects and lower operating expenditure recorded in the current quarter under review.

B3. Current year prospects

The Group's performance are expected to improve in the coming quarters ending 31 December 2009. Barring unforeseen circumstances, the Board are anticipating satisfactory performance for the financial year ending 31 December 2009.

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	
	31.3.09 RM'000	31.3.08 RM'000	31.3.09 RM'000	31.3.08 RM'000
In respect of the current year taxation	(25)	(18)	(25)	(18)

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 21 May 2009 and status of utilisation of proceeds

(a) There were no corporate proposals announced but not completed as at 21 May 2009.

(b) Utilisation of listing proceeds from initial public offering

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation Amount RM'000	Explanations
Bank borrowing	600	600	-	Completed
Demonstration and Training Center	500	326	174	On going utilisation
Research and development Expenditure	2,100	1,948	152	On going utilisation
Working capital				
- Local	2,500	2,500	-	Completed
- Overseas	1,500	1,500	-	Completed
Listing expenses	Note	1,300	-	Completed
Total	8,500	8,174	326	

Note : Unutilised listing expenses of RM253,532 and Overseas working capital of RM706,000 have been transferred to local working capital.

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 2009 are as follows :

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured :			
Term loan	175	321	496
Hire purchase	129	367	496
Trust receipts	258	-	258
Total	562	688	1,250

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 was declared or paid during the current quarter.

B13. Earnings per share

	Individual		Cumulative	
	Quarter ended 31.3.09	Quarter ended 31.3.08	Quarter ended 31.3.09	Quarter ended 31.3.08
Net profit for the period attributable to equity holders (RM'000)	204	686	204	686
No. of ordinary shares in issue ('000)	126,522	126,522	126,522	126,522
Basic EPS (sen)	0.161	0.542	0.161	0.542

BY ORDER OF THE BOARD
SOLUTION ENGINEERING HOLDINGS BERHAD