

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEP 2021

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter ended 30 Sep 2021 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30 Sep 2020 (Unaudited) RM'000	Current Year To-Date 30 Sep 2021 (Unaudited) RM'000	Preceding Year Corresponding Period 30 Sep 2020 (Unaudited) RM'000
Revenue	31,777	5,288	45,911	12,209
Cost of sale	(25,433)	(2,968)	(35,927)	(7,587)
Gross profit	6,344	2,320	9,984	4,622
Other Operating Income	132	169	665	795
Administrative and distribution	(2,588)	(1,546)	(5,050)	(3,732)
Other Operating Expenses	(811)	(359)	(2,695)	(1,303)
Share of net (loss)/ profit from an	(26)	(7)	(179)	(60)
Profit/(loss) before tax	3,051	577	2,725	322
Income tax expense B5	(716)	-	(1,166)	-
Profit/(loss) after tax	2,335	577	1,559	322
Attributable to :				
Equity holders of the parent	2,080	416	862	83
Non-controlling Interest	255	161	697	239
	2,335	577	1,559	322
Earnings per share attributable to equity holders of parent :				
Basic (sen) B13	0.471	0.135	0.195	0.027
Diluted (sen) B13	0.469	0.110	0.194	0.220
EBITDA ⁽¹⁾	3,614	847	3,830	1,295

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)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEP 2021
 (The figures have not been audited)

	Unaudited 30 Sep 2021 RM'000	Audited 31 Dec 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,508	11,072
Investment in an associated company	283	463
Intangible assets	42	136
Right-of-use assets	2,432	2,685
Goodwill	8	8
	<u>30,273</u>	<u>14,364</u>
Current Assets		
Inventories	92,505	1,816
Trade receivables	3,544	3,485
Other receivables	3,700	1,325
Contract Assets	14,342	4,262
Amount due from an associate	1,339	7,739
Tax recoverable	-	286
Other short term investments	912	31,341
Deposit, cash and bank balances	30,483	18,640
	<u>146,825</u>	<u>68,894</u>
TOTAL ASSETS	<u>177,098</u>	<u>83,258</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	80,551	65,863
Treasury shares	(79)	(79)
Reserves	6,439	5,694
	<u>86,911</u>	<u>71,478</u>
Share Application Money	-	660
Non-controlling interest	2,076	1,379
Total equity	<u>88,987</u>	<u>73,517</u>
Non-Current Liabilities		
Term Loan	B7 5,537	5,915
Lease liabilities	B7 221	292
	<u>5,758</u>	<u>6,207</u>
Current Liabilities		
Trade payables	44,541	1,133
Other payable & accruals	9,307	1,127
Contract Liabilities	512	583
Term Loan	B7 27,100	439
Lease liabilities	B7 124	252
Taxation	769	-
	<u>82,353</u>	<u>3,534</u>
Total liabilities	<u>88,111</u>	<u>9,741</u>
TOTAL EQUITY AND LIABILITIES	<u>177,098</u>	<u>83,258</u>
Number of ordinary shares in issue ('000)	441,361	368,506
Net assets value per share (RM)	<u>0.1969</u>	<u>0.1940</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 SEP 2021
(The figures have not been audited)

	9 months Ended 30 Sep 2021 (Unaudited) RM'000	9 months Ended 30 Sep 2020 (Unaudited) RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,725	322
Adjustment for :		
Depreciation of property, plant and equipment	597	1,060
Depreciation of right-of-use assets	187	-
Amortisation of intangible assets	8	7
Gain on disposal of short term investment	(68)	(260)
Dividend income from short term investments	(453)	(54)
Interest income	(58)	(145)
Bad debts written off	-	13
Net (reversal of)/impairment losses on trade receivables	(8)	(126)
Loss on disposal of property, plant & equipment	-	3
Employees Share Option Expense	-	338
Interest expense - others	54	103
Net loss on changes in fair value of short term investments	1,104	152
Property, plant and equipment written off	110	21
Share of loss/ (profit) in an associate	179	60
Operating profit/(loss) before working capital changes	<u>4,377</u>	<u>1,494</u>
Working capital changes :		
(Increase)/ Decrease in inventories	(90,689)	(30)
(Increase)/ Decrease in contract assets	(10,080)	(3,660)
(Increase)/ Decrease in trade and other receivables	(2,431)	1,799
(Increase)/ Decrease in amount due from associate	6,400	(650)
Increase/ (Decrease) in contract liabilities	(70)	128
Increase/ (Decrease) in trade and other payables	<u>51,585</u>	<u>(926)</u>
Cash used in operating activities	<u>(40,908)</u>	<u>(1,845)</u>
Interest paid	(54)	(103)
Tax paid	(112)	(116)
Net cash used in operating activities	<u>(41,074)</u>	<u>(2,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net withdrawal/(placements) of short term investments	29,289	(892)
Interest received	58	145
Proceeds from disposal of property, plant and equipment	-	104
Purchase of property, plant and equipment (include PPE WIP)	<u>(17,021)</u>	<u>(208)</u>
Net cash generated from/(used in) investing activities	<u>12,326</u>	<u>(851)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	14,571	275
Net drawdown/(repayment of) term loan	26,283	(104)
Share Application Money	-	65
(Repayments)/addition of principal portion of lease liabilities	(263)	14
Net withdrawal/(placement) of deposits under lien	1,091	-
Purchase of treasury share	-	(66)
Net cash generated from/(used in) financing activities	<u>41,682</u>	<u>184</u>
Net Increase/(decrease) in cash and cash equivalents	12,934	(2,731)
Cash and cash equivalents at beginning period	10,909	9,133
Cash and cash equivalents at end of period	<u>23,843</u>	<u>6,402</u>

Cash and cash equivalents as at 30 Sep 2021 and 30 Sep 2020 comprise the following :

	2021 RM'000	2020 RM'000
Deposit, cash and bank balances	30,483	14,011
Less: Fixed deposits with licensed banks (pledged with bank for banking facil	<u>(6,640)</u>	<u>(7,609)</u>
Cash and cash equivalents	<u>23,843</u>	<u>6,402</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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEP 2021
(The figures have not been audited)

	Attributable to Equity Holders of the SGB							
	←-----Non-distributable----->			Distributable		Share Application Money RM'000	Non-controlling Interests RM'000	Total RM'000
Share Capital RM'000	Option Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000				
As at 1 January 2020 (audited)	31,089	212	(13)	6,351	37,639	-	1,197	38,836
Issuance of ordinary shares pursuant to:-								
- Exercise of ESOS	275	-	-	-	275	-	-	275
ESOS Option Reserve	-	339	-	-	339	-	-	339
Transferred to share capital upon exercise of ESOS	98	(98)	-	-	-	-	-	0
Profit for the financial year and total comprehensive profit for the financial year	-	-	-	83	83	-	239	322
ESOS forfeited	-	(25)	-	25	-	-	-	-
Purchase of treasury shares	-	-	(66)	-	(66)	-	-	(66)
Arising from additional investment in subsidiaries	-	-	-	-	-	-	50	50
At 30 Sep 2020 (unaudited)	31,462	428	(79)	6,459	38,270	-	1,486	39,756
As at 1 January 2021 (audited)	65,863	243	(79)	5,451	71,478	660	1,379	73,517
Issuance of ordinary shares pursuant to:-								
- Exercise of ESOS	255	-	-	-	255	(38)	-	217
- Exercise of Warrants	14,316	-	-	-	14,316	(622)	-	13,694
Transferred to share capital upon exercise of ESOS	117	(117)	-	-	-	-	-	-
Profit for the financial year and total comprehensive profit for the financial year	-	-	-	862	862	-	697	1,559
At 30 Sep 2021 (unaudited)	80,551	126	(79)	6,313	86,911	-	2,076	88,987

¹ Effective from 31st January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purpose set out in Section 618 (3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any members as a result of this transition.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEP 2021

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 ended 31 December 2020.

A2. Changes in accounting policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2020. During the financial period, the Group has adopted the following standards, amendments and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB"), which became effective for annual period beginning on or after 1 January 2020.

MFRSs/ Amendments/ Interpretations

Amendments to MFRS 3, Business Combinations (Definition of a Business)
Amendments to MFRS 7, Financial Instruments (Disclosure - Interest Rate Benchmark Reform)
Amendments to MFRS 9, Financial Instruments
Amendments to MFRS 101, Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 139, Financial Instruments (Recognition and Measurement)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 Jun 2020
Amendments to MFRS 16, Leases – Covid-19-Related Rent Concessions

The adoption of the above did not have any significant impact on the financial statements of the Group.

The Group have not applied the following standards and amendments that have been issued by the MASB which are not yet effective:

Effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance Contracts

Effective for annual periods beginning on or after a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 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 quarter under review.

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

There were no other issuance, cancellation, resale, repurchase and repayment of debt and equity securities.

A8. Dividends Paid

There was no dividend paid during the quarter under review.

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 occurring subsequent to the end of the reporting period to the date of announcement.

A12. Changes in the composition of the Group

There were no 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

As at the quarter ended, the Group's wholly-owned subsidiary Solution Biologics Sdn. Bhd has committed RM2.7 mil for establishing a Fill & Finish facility for COVID-19 vaccine at Technology Park Malaysia.

A15. Significant Related Party Transaction

	Year-to-date 30 Sep 2021 RM'000
<u>Income</u>	
Sales to an associate	2,380
Credit note in relation to prior years sales	(2,985)
	<hr/>
<u>Expenses</u>	
Rental of office premises	9
Subscription fee on usage of IT resources	1
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The Group had obtained the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature at Seventeenth Annual General Meeting of the Company.

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 RM31.78 million during the quarter, an increase of RM26.49 million as compared to the revenue of RM5.29 million in the corresponding quarter in previous financial year. The increase in revenue was mainly attributable to the business segment of Solar and Bio-pharmaceutical. The Solar and Bio-pharmaceutical business segment have contributed about 20% and 76% respectively.

For the quarter ended 30 Sep 2021, the Group recorded a profit after tax ("PAT") of RM2.34 million against PAT of RM0.58 million reported in the preceding year quarter ended 30 Sep 2020. The higher profit during the quarter was associated with the higher sales during the quarter.

B2. Comparison with Preceding Quarter's Results

The Group's revenue for the quarter under review was RM31.78 million, an increase of RM23.13 million, as compared to the revenue of RM8.65 million registered in the preceding quarter. The significant increase is mainly due to the higher sales being recognised from the Solar and Bio-pharmaceutical business segments during the quarter.

The Group reported a profit of RM2.34 million during the quarter, as compared to the profit of RM0.75 million in the preceding quarter. The profit reported in this quarter was mainly attributed to the higher sales achieved in the current quarter.

B3. Prospects for this financial year ending 31 December 2021

The Group has achieved a good quarterly result in its quarter 3 of 2021. A revenue of RM31.78 million is the highest quarterly revenue on record. About 52% of the revenue was contributed by the Bio-pharmaceutical business segment which is supplying the CanSino Convidecia COVID-19 vaccine. The vaccine is imported from CanSino Biologics Inc., China. When the Group obtains the Good Manufacturing Practice certification from National Pharmaceutical Regulatory Agency ("NPRA"), the vaccine will be filled and finished with packaging in Malaysia. Early of October 2021, NPRA has conducted the audit, the Company hopes to get the GMP certification by December 2021.

On 16 November 2021, the Company has obtained approval from the Ministry of Health ("MOH") to begin private sales of the CanSino Convidecia COVID-19 vaccine. The vaccine will be made available to the private market such as hospitals, clinics, as well as the corporate and manufacturing sectors in Malaysia starting from December 2021.

To date, the Group has completed the delivery of 2.9 million doses of the COVID-19 vaccine to MOH, with the remaining 600,000 doses to be delivered by mid-December.

The Group has applied to NPRA for CanSino Convidecia to be used as a booster shot in the National Immunisation Programme and expects to receive the approval soon.

The Solar Business has been developing well, it has contributed 30% to the Group's revenue year to date. With the government's initiative and incentive scheme in promoting the renewable energy, the business is highly viable.

With the completion of the MOH contract, the vaccine sales from the private sector, and the contribution from other business segments, The Group is expecting a turnover of approximately RM300 million with a profit margin of 10 to 15 % for the financial year ending 2021.

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 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
	RM'000	RM'000	RM'000	RM'000
Current taxation				
-Provision for taxation	(716)	-	(1,166)	-
Deferred taxation	-	-	-	-
	(716)	-	(1,166)	-

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 Sep 2021 are as follows :

	Current RM'000	Non-current RM'000	Total RM'000
Secured :			
Hire purchase (included in lease liabilities)	124	221	345
Term loan	27,100	5,537	32,637
Total	27,224	5,758	32,982

B8. Status of Corporate Proposals

A) Update on Employees' Share Option Scheme (ESOS) as at 30 Sep 2021

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.

Below are the details of the shares that had been granted and exercised under the ESOS as at 30 Sep 2021:

ESOS Option Grant Date	Expiry Date	Exercise Price	No. of Share			Status
			Granted	Exercised and Listed	Lapsed	
22 July 2014	29 Jan 2019	RM0.135	11,134,000	11,103,000	31,000	Completed
8 January 2015	29 Jan 2019	RM0.185	6,000,000	6,000,000	-	Completed
28 September 2016	29 Jan 2024	RM0.220	6,000,000	4,473,000	422,000	Ongoing
8 August 2020	29 Jan 2024	RM0.175	2,605,000	2,150,000		Ongoing

On 22 January 2019, the Company had announced to extend the existing ESOS of the Company which commenced on 30 January 2014 and expired on 29 January 2019 for another five (5) years until 29 January 2024 in accordance with the terms of the ESOS Bylaws.

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

The Renewal of Authority for Share Buy Back had been approved by shareholders at the seventeenth Annual General Meeting of the Company. As at todate, the total number of treasury shares is 1,462,700, there is no any changes during the quarter.

B9. Realised/ Unrealised Profits

	As at 30 Sep 2021 RM'000
Total retained earnings of the Company and its subsidiaries	
- realised	15,556
- unrealised	(1,103)
	<u>14,453</u>
Total share of accumulated loss of an associate	
- realised	(477)
	<u>13,976</u>
Less: Consolidated adjustments	(7,663)
Retained profit as per financial statement	<u>6,313</u>

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

B10. Profit Before Tax

	Quarter ended 30 Sep 2021 RM'000	Quarter ended 30 Sep 2020 RM'000
Profit before tax is derived after charging:		
Depreciation of PPE & ROU	237	307
Amortisation of intangible asset	1	-
Interest expense	24	52
Bad debts written off	-	30
PPE written off	(21)	21
and crediting:		
Interest income	(23)	(29)
Dividend income from other investment	(60)	(19)
Gain on disposal of short term investment	(23)	(66)
Reversal of impairment on trade receivables and contract asset	-	(54)
Gain on foreign exchange:		
-Realised	(195)	(1)

B11. 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.

B12. Dividends

The Board of Directors did not recommend any payment of dividend in respect of the quarter under review.

B13. Earnings per share

	Current Quarter ended 30 Sep 2021	Comparative Quarter ended 30 Sep 2020	Current year to date ended 30 Sep 2021	Preceding year to date ended 30 Sep 2020
Net profit/(loss) for the period attributable to equity holders (RM'000)	2,080	416	862	83
Basic				
Weighted average number of ordinary shares in issue ('000)	441,361	307,760	441,361	307,760
Basic EPS (sen)	0.471	0.135	0.195	0.027
Diluted				
Weighted average number of ordinary shares in issue ('000)	441,361	307,760	441,361	307,760
Effect of dilution: share options and convertible warrants ('000)	2,512	70,521	2,512	70,521
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	443,873	378,281	443,873	378,281
Diluted EPS (sen)	0.469	0.110	0.194	0.022

BY ORDER OF THE BOARD
SOLUTION GROUP BERHAD