

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DEC 2021

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter ended 31 Dec 2021 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31 Dec 2020 (Unaudited) RM'000	Current Year To-Date 31 Dec 2021 (Unaudited) RM'000	Preceding Year Corresponding Period 31 Dec 2020 (Audited) RM'000
Revenue	258,362	5,865	304,273	18,102
Cost of sale	(206,486)	(4,366)	(242,413)	(11,984)
Gross profit	51,876	1,499	61,860	6,118
Other Operating Income	430	87	1,095	1,121
Administrative and distribution expenses	(7,845)	(2,072)	(12,895)	(7,131)
Other Operating Expenses	(2,426)	(375)	(5,121)	(585)
Share of net (loss)/ profit from an associate	(80)	17	(259)	(43)
Profit/(loss) before tax	41,955	(844)	44,680	(520)
Income tax expense	B5 (11,925)	(283)	(13,091)	(274)
Profit/(loss) after tax	30,030	(1,127)	31,589	(794)
Attributable to :				
Equity holders of the parent	30,133	(1,026)	30,995	(925)
Non-controlling Interest	(103)	(101)	594	131
	30,030	(1,127)	31,589	(794)
Earnings per share attributable to equity holders of parent :				
Basic (sen)	B13 6.827	(0.279)	7.023	(0.300)
Diluted (sen)	B13 6.789	(0.230)	6.983	(0.250)
EBITDA ⁽¹⁾	29,978	(344)	45,408	951

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 31 DEC 2021

(The figures have not been audited)

	Unaudited 31 Dec 2021 RM'000	Audited 31 Dec 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,399	11,072
Investment in an associated company	(490)	463
Intangible assets	-	136
Right-of-use assets	2,708	2,685
Goodwill	8	8
	<u>34,625</u>	<u>14,364</u>
Current Assets		
Inventories	26,027	1,816
Trade receivables	31,171	3,485
Other receivables	2,599	1,325
Contract Assets	14,062	4,262
Amount due from an associate	1,820	7,739
Tax recoverable	-	286
Other short term investments	308	31,341
Deposit, cash and bank balances	53,643	18,640
	<u>129,630</u>	<u>68,894</u>
TOTAL ASSETS	<u>164,255</u>	<u>83,258</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	80,551	65,863
Treasury shares	(280)	(79)
Reserves	36,572	5,694
	<u>116,843</u>	<u>71,478</u>
Share Application Money	-	660
Non-controlling interest	1,972	1,379
Total equity	<u>118,815</u>	<u>73,517</u>
Non-Current Liabilities		
Term Loan	B7 5,402	5,915
Lease liabilities	B7 272	292
	<u>5,674</u>	<u>6,207</u>
Current Liabilities		
Trade payables	24,259	1,133
Other payable & accruals	5,364	1,127
Contract Liabilities	3,825	583
Term Loan	B7 335	439
Lease liabilities	B7 274	252
Taxation	5,709	-
	<u>39,766</u>	<u>3,534</u>
Total liabilities	<u>45,440</u>	<u>9,741</u>
TOTAL EQUITY AND LIABILITIES	<u>164,255</u>	<u>83,258</u>
Number of ordinary shares in issue ('000)	441,361	368,506
Net assets value per share (RM)	<u>0.2647</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 31 DEC 2021
(The figures have not been audited)

	12 months Ended 31 Dec 2021 (Unaudited) RM'000	12 months Ended 31 Dec 2020 (Audited) RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	44,680	(520)
Adjustment for :		
Depreciation of property, plant and equipment	719	682
Depreciation of right-of-use assets	349	692
Amortisation of intangible assets	9	4
Gain on disposal of short term investment	(68)	(13)
Dividend income from short term investments	(454)	(250)
Interest income	(89)	(211)
Bad debts written off	2	7
Net loss/(gain) on changes in fair value of short term investments	1,103	(27)
Loss on disposal of property, plant & equipment	-	6
Impairment losses on investment in an associate	694	-
Interest expense - others	112	149
Net impairment losses on trade receivables and contract assets	1,337	307
Impairment losses on amount due from an associate	-	65
Net reversal of trade receivables and contract assets	(374)	-
Rent concessions related to Covid-19	-	(19)
Right-of-use assets written off	-	56
Property, plant and equipment written off	153	1
Share options expenses	-	339
Share of loss/ (profit) in an associate	259	43
Unrealised (gain)/loss on foreign exchange	(543)	(24)
Operating profit/(loss) before working capital changes	<u>47,889</u>	<u>1,287</u>
Working capital changes :		
(Increase)/ Decrease in inventories	(24,211)	(153)
(Increase)/ Decrease in contract assets	(9,800)	719
(Increase)/ Decrease in trade and other receivables	(28,960)	2,439
(Increase)/ Decrease in amount due from associate	5,919	(7,206)
Increase/ (Decrease) in contract liabilities	3,243	60
Increase/ (Decrease) in trade and other payables	27,258	(525)
Increase/ (Decrease) in amount due to director	104	(12)
Cash generated from/(used in) operating activities	<u>21,442</u>	<u>(3,391)</u>
Interest paid	(112)	(149)
Tax paid	(7,021)	(223)
Net cash generated from/(used in) operating activities	<u>14,309</u>	<u>(3,763)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net withdrawal/(placements) of short term investments	29,373	(28,556)
Interest received	89	211
Proceeds from disposal of property, plant and equipment	-	12
Purchase of right-of-use assets	(99)	(7)
Purchase of property, plant and equipment (include PPE WIP)	(22,426)	(73)
Subscription of new shares in a subsidiary by non-controlling interests	-	50
Net placement of deposits under lien	1,091	(228)
Net cash generated from/(used in) investing activities	<u>8,028</u>	<u>(28,591)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to exercise of share options	255	562
Proceeds from issuance of shares pursuant to exercise of warrants	14,316	5,663
Proceeds from issuance of shares pursuant to exercise of private placement	-	28,265
Net additional/(repayment of) term loan	(617)	(219)
Share Application Money	-	660
Net additional/(repayments of) principal portion of lease liabilities	4	(724)
Purchase of treasury share	(200)	(66)
Net cash (used in)/generated from financing activities	<u>13,758</u>	<u>34,141</u>
Net Increase/(decrease) in cash and cash equivalents	36,095	1,787
Currency translation difference	-	(11)
Cash and cash equivalents at beginning period	<u>10,909</u>	<u>9,133</u>
Cash and cash equivalents at end of period	<u><u>47,004</u></u>	<u><u>10,909</u></u>

Cash and cash equivalents as at 31 Dec 2021 and 31 Dec 2020 comprise the following :

	2021 RM'000	2020 RM'000
Deposit, cash and bank balances	53,643	14,011
Less: Fixed deposits with licensed banks (pledged with bank for banking facilities)	(6,639)	(7,609)
Cash and cash equivalents	<u><u>47,004</u></u>	<u><u>6,402</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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DEC 2021
(The figures have not been audited)

	Attributable to Equity Holders of the SGB							
	<-----Non-distributable----->			Distributable				
	Share Capital RM'000	Option Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Share Application Money RM'000	Non-controlling Interests 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 Share Options	845	-	-	-	845	-	-	845
- Exercise of Warrants	5,663	-	-	-	5,663	-	-	5,663
- Private placements	28,266	-	-	-	28,266	-	-	28,266
Share Options Reserve	-	(283)	-	-	(283)	-	-	(283)
Share Options Granted	-	339	-	-	339	-	-	339
Loss for the financial year and total comprehensive loss for the financial year	-	-	-	(925)	(925)	-	131	(794)
Payments received for exercise of share options and warrants, pending allotment	-	-	-	-	-	660	-	660
Share Options forfeited	-	(25)	-	25	-	-	-	-
Purchase of treasury shares	-	-	(66)	-	(66)	-	-	(66)
Subscription of new shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	50	50
At 31 Dec 2020 (Audited)	65,863	243	(79)	5,451	71,478	660	1,378	73,516
As at 1 January 2021 (audited)	65,863	243	(79)	5,451	71,478	660	1,378	73,516
Issuance of ordinary shares pursuant to:-								
- Exercise of Share Options	372	-	-	-	372	(38)	-	334
- Exercise of Warrants	14,316	-	-	-	14,316	(622)	-	13,694
Share Options Reserve	-	(117)	-	-	(117)	-	-	(117)
Purchase of treasury shares	-	-	(201)	-	(201)	-	-	(201)
Profit for the financial year and total comprehensive profit for the financial year	-	-	-	30,995	30,995	-	594	31,589
At 31 Dec 2021 (unaudited)	80,551	126	(280)	36,446	116,843	-	1,972	118,815

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 31 DEC 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 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 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 is 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

There were no material capital commitment as at the date of this announcement.

A15. Significant Related Party Transaction

	Year-to-date 31 Dec 2021 RM'000
<u>Income</u>	
Sales to an associate	2,661
Credit note in relation to prior years sales	(2,985)
	<hr/>
<u>Expenses</u>	
Rental of office premises	12
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 RM258.36 million during the quarter, an increase of RM252.50 million as compared to the revenue of RM5.86 million in the corresponding quarter in previous financial year. The increase in revenue was mainly attributable to the business segment Bio-pharmaceutical of RM275 million. The Bio-pharmaceutical business segment has contributed about 90% of the revenue for this quarter.

For the quarter ended 31 Dec 2021, the Group recorded a profit after tax ("PAT") of RM31.59 million, an increase of RM32.72 million as compared to the loss after tax ("LAT") of RM1.13 million reported in the preceding year quarter ended 31 Dec 2020. The significant increase of 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 RM258.36 million, an increase of RM226.58 million, as compared to the revenue of RM31.78 million registered in the preceding quarter. The significant increase is mainly due to the higher sales being recognised from Bio-pharmaceutical business segment during the quarter.

The Group reported a profit of RM31.59 million during the quarter, a significant increase as compared to the profit of RM2.34 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 2022

The Group has achieved revenue of RM258.36 million in its quarter 4 of 2021. For the 2021 financial year, the Group has reported revenue of RM304.27 million which is the highest annual revenue on record. About 90% of the revenue was contributed by the Bio-pharmaceutical business subsidiary, Solution Biologics Sdn Bhd ("SOLBIO") which is supplying the CanSino Convidecia COVID-19 vaccine.

On 18 February 2022, SOLBIO has obtained the Good Manufacturing Practices ("GMPs") approval from National Pharmaceutical Regulatory Agency ("NPRA"). The approval allows SOLBIO to do the local formulation, Fill and Finish for the Convidecia, Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector) ("Convidecia") in Malaysia.

With the GMP approval, SOLBIO will apply and register its facility with WHO, which will enable the supply to the other parts of the world other than ASEAN.

Convidecia was jointly developed by CanSino Biologics Inc ("CanSino") and Beijing Institute of Biotechnology, Academy of Military Medical Sciences, which only require single dose for the prevention of COVID-19.

SOLBIO is CanSino's ASEAN manufacturing partner. Malaysia will be the regional Fill and Finish hub for CanSino to supply the Convidecia finished product to the region.

On 6 January 2022, SOLBIO has obtained conditional approval for Convidecia to be used as a booster shot in the National Immunisation Programme from Malaysia's Drug Control Authority ("DCA"). The approval allows Convidecia to be used as a booster shot on adults aged 18 and above, three to six months after they have received their first dose of Convidecia. SOLBIO is also working towards obtaining approval from National Pharmaceutical Regulatory Agency ("NPRA") for Convidecia to be used as booster for other primary vaccine recipient.

In order to enhance the product lines, SOLBIO has on 24 February 2022 signed a Meningococcal ("MCV4") Cooperation Framework Agreement with CanSino at the Group's headquarter at Technology Park Malaysia.

CanSino has about 13 types of vaccines in their product development pipelines, SOLBIO will collaborate closely with CanSino in carrying the products in Malaysia and also ASEAN.

SOLBIO has completed the delivery of 3.5 million doses of the COVID-19 vaccine to MOH in mid-December 2021.

The Group's Solar Business under Solar Solution Sdn Bhd is developing well, it has contributed 5.2% to the Group's 2021 revenue. With the government's initiative and incentive scheme in promoting renewable energy, the business is highly viable.

With the good development of Bio-pharmaceutical business, and the contribution from other business segments. The Group is optimistic with the prospects for financial year 2022.

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	
	31 Dec 2021 RM'000	31 Dec 2020 RM'000	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Current taxation				
-Provision for taxation	(11,925)	(283)	(13,091)	(274)
Deferred taxation	-	-	-	-
	<u>(11,925)</u>	<u>(283)</u>	<u>(13,091)</u>	<u>(274)</u>

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 31 Dec 2021 are as follows :

	Current RM'000	Non-current RM'000	Total RM'000
Secured :			
Hire purchase (included in lease liabilities)	274	272	546
Term loan	335	5,402	5,737
Total	<u>609</u>	<u>5,674</u>	<u>6,283</u>

B8. Status of Corporate Proposals

A) Update on Employees' Share Option Scheme (ESOS) as at 31 Dec 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 31 Dec 2021:

ESOS Option Grant Date	Expiry Date	Exercise Price	No. of Share Granted	No. of Share		Status
				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. During the quarter, the company had purchased its own shares of 470,000 from the open market with price of RM0.425 per share. As at todate, the total number of treasury shares is 1,932,700.

B9. Realised/ Unrealised Profits

	As at 31 Dec 2021 RM'000
Total retained earnings of the Company and its subsidiaries	
- realised	46,474
- unrealised	(559)
	<u>45,915</u>
Total share of accumulated loss of an associate	
- realised	(490)
	<u>45,425</u>
Less: Consolidated adjustments	(8,979)
Retained profit as per financial statement	<u>36,446</u>

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

B10. Profit Before Tax

	Quarter ended 31 Dec 2021 RM'000	Quarter ended 31 Dec 2020 RM'000
Profit before tax is derived after charging:		
Depreciation of property, plant & equipment	124	(419)
Depreciation of right-of-use assets	161	691
Amortisation of intangible asset	1	10
Impairment on investment in associated company	694	-
Impairment on trade receivables and contract asset	1,337	35
Interest expense	60	58
Loss on foreign exchange:		
-Realised	285	46
-Unrealised	-	7
Bad debts written off	2	-
Property, plant & equipment written off	44	35
and crediting:		
Interest income	(31)	(66)
Dividend income from other investment	(1)	-
Gain on changes in fair value of short term investment	(1)	-
Gain on disposal of property, plant & equipment	-	(10)
Reversal of impairment on trade receivables and contract asset	(366)	-
Gain on foreign exchange:		
-Unrealised	(543)	-

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 would like to declared an interim dividend of 2.0 sen per share amounting RM8,827,236 in respect of financial year ending 31 December 2021. The date of entitlement and payment date would be on 11 Mar 2022 and 23 Mar 2022 respectively.

B13. Earnings per share

	Current Quarter ended 31 Dec 2021	Comparative Quarter ended 31 Dec 2020	Current year to date ended 31 Dec 2021	Preceding year to date ended 31 Dec 2020
Net profit/(loss) for the period attributable to equity holders (RM'000)	30,133	(1,026)	30,995	(925)
Basic				
Weighted average number of ordinary shares in issue ('000)	441,361	367,141	441,361	310,589
Basic EPS (sen)	6.827	(0.279)	7.023	(0.298)
Diluted				
Weighted average number of ordinary shares in issue ('000)	441,361	367,141	441,361	310,589
Effect of dilution: share options and convertible warrants ('000)	2,472	79,509	2,472	58,326
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	443,833	446,650	443,833	368,915
Diluted EPS (sen)	6.789	(0.230)	6.983	(0.251)

**BY ORDER OF THE BOARD
SOLUTION GROUP BERHAD**