

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2023**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter ended 31 Mar 2023 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31 Mar 2022 (Unaudited) RM'000	Current Year To-Date 31 Mar 2023 (Unaudited) RM'000	Preceding Year Corresponding Period 31 Mar 2022 (Unaudited) RM'000
Revenue	28,793	7,222	28,793	7,222
Cost of sale	(25,879)	(5,672)	(25,879)	(5,672)
Gross profit	2,914	1,550	2,914	1,550
Other Operating Income	374	4,362	374	4,362
Administrative and distribution expenses	(1,852)	(7,271)	(1,852)	(7,271)
Other Operating Expenses	(944)	(446)	(944)	(446)
Share of net profit from an associate	-	5	-	5
Profit/(loss) before tax	492	(1,800)	492	(1,800)
Income tax expense	B5 (679)	(172)	(679)	(172)
Loss after tax	(187)	(1,972)	(187)	(1,972)
Attributable to :				
Equity holders of the parent	(838)	(1,985)	(838)	(1,985)
Non-controlling Interest	651	13	651	13
	(187)	(1,972)	(187)	(1,972)
Earnings per share attributable to equity holders of parent :				
Basic (sen)	B13 (0.191)	(0.455)	(0.191)	(0.455)
Diluted (sen)	B13 (0.191)	(0.454)	(0.191)	(0.454)
EBITDA <sup>(1)</sup>	1,310	(1,431)	1,310	(1,431)

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)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**  
(The figures have not been audited)

	<b>Unaudited 31 Mar 2023 RM'000</b>	<b>Audited 31 Dec 2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27,928	28,571
Right-of-use assets	3,949	4,114
Goodwill	8	8
Other receivables	-	96
	<u>31,885</u>	<u>32,789</u>
<b>Current Assets</b>		
Inventories	3,727	3,867
Trade receivables	8,002	9,533
Other receivables	1,819	2,396
Contract Assets	31,375	21,389
Tax recoverable	3,660	3,743
Other short term investments	1	36
Deposit, cash and bank balances	16,496	14,507
	<u>65,080</u>	<u>55,471</u>
<b>TOTAL ASSETS</b>	<u>96,965</u>	<u>88,260</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	80,749	80,749
Treasury shares	(280)	(280)
Reserves	(10,014)	(9,176)
	<u>70,455</u>	<u>71,293</u>
<b>Non-controlling interest</b>	2,995	2,344
<b>Total equity</b>	<u>73,450</u>	<u>73,637</u>
<b>Non-Current Liabilities</b>		
Term Loan	B7 4,641	4,695
Lease liabilities	B7 1,288	1,422
Deferred taxation	25	25
	<u>5,954</u>	<u>6,142</u>
<b>Current Liabilities</b>		
Trade payables	12,580	3,358
Other payable & accruals	793	1,010
Contract Liabilities	3,190	3,050
Term Loan	B7 445	501
Lease liabilities	B7 553	562
	<u>17,561</u>	<u>8,481</u>
<b>Total liabilities</b>	<u>23,515</u>	<u>14,623</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>96,965</u>	<u>88,260</u>
Number of ordinary shares in issue ('000)	441,619	441,619
Net assets value per share (RM)	<u>0.1595</u>	<u>0.1614</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 MARCH 2023**  
(The figures have not been audited)

	<b>3 months Ended 31 Mar 2023 (Unaudited) RM'000</b>	<b>3 months Ended 31 Mar 2022 (Unaudited) RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	492	(1,800)
Adjustment for :		
Depreciation of property, plant and equipment	645	87
Depreciation of right-of-use assets	165	240
Interest income	(54)	(33)
Bad debts written off	18	1
Net (gain)/loss on changes in fair value of short term investments	-	(2)
Interest expense - others	63	74
Reversal of impairment loss on trade receivables and contract assets	(137)	(8)
Trade payable written off	-	(171)
(Gain)/loss on termination of lease contracts	-	3
Property, plant and equipment written off	-	17
Share options expenses	-	1,800
Share of loss/(gain) in an associate	-	(5)
Unrealised (gain)/loss on foreign exchange	-	824
Operating profit before working capital changes	<u>1,192</u>	<u>1,027</u>
Working capital changes :		
(Increase)/ Decrease in inventories	140	(2,158)
(Increase)/ Decrease in contract assets	(9,986)	(1,235)
(Increase)/ Decrease in trade and other receivables	2,324	28,504
(Increase)/ Decrease in amount due from associate	-	(2,339)
Increase/ (Decrease) in contract liabilities	140	(683)
Increase/ (Decrease) in trade and other payables	9,005	(26,006)
Increase/ (Decrease) in amount due to director	-	(103)
Cash generated from/(used in) operating activities	<u>2,815</u>	<u>(2,993)</u>
Interest paid	(63)	(74)
Tax refunded	-	12
Tax paid	(596)	(3,624)
Net cash generated from/(used in) operating activities	<u>2,156</u>	<u>(6,679)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (placements)/withdrawal of short term investments	35	-
Interest received	54	33
Purchase of property, plant and equipment (include PPE WIP)	(2)	(102)
Net (placement)/withdrawal of deposits under lien	-	(2)
Net cash generated/(used in) from investing activities	<u>87</u>	<u>(71)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares pursuant to exercise of share options	-	121
Net repayment of term loan	(110)	(153)
Net addition/(repayments) of principal portion of lease liabilities	(144)	(720)
Payment of dividends	-	(8,794)
Net cash (used in)/generated from financing activities	<u>(254)</u>	<u>(9,546)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,989</b>	<b>(16,296)</b>
<b>Cash and cash equivalents at beginning period</b>	<b>6,153</b>	<b>47,011</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>8,142</u></b>	<b><u>30,715</u></b>
	-	

Cash and cash equivalents as at 31 Mar 2023 and 31 Mar 2022 comprise the following :

	<b>2023 RM'000</b>	<b>2022 RM'000</b>
<b>Deposit, cash and bank balances</b>	<b>16,496</b>	<b>37,357</b>
Less: Fixed deposits with licensed banks (pledged with bank for banking facilities)	<u>(8,354)</u>	<u>(6,642)</u>
Cash and cash equivalents	<u><b>8,142</b></u>	<u><b>30,715</b></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 MARCH 2023**  
**(The figures have not been audited)**

	-----Non-distributable-----			Distributable		Non-controlling	
	Share Capital	Option Reserve	Treasury Shares	Retained Earnings/ (Accumulated Losses)	Total	Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022 (audited)	80,551	125	(280)	37,497	117,893	1,972	119,865
Issuance of ordinary shares pursuant to:-							
- Exercise of Share Options	198	(77)	-	-	121	-	121
Share Options Granted	-	1,800	-	-	1,800	-	1,800
Loss for the financial year and total comprehensive loss for the financial year	-	-	-	(1,985)	(1,985)	13	(1,972)
Adjustment on profit allocation of minority interest				(11)	(11)	11	-
Dividend paid	-	-	-	(8,794)	(8,794)	-	(8,794)
At 31 Mar 2022 (unaudited)	80,749	1,848	(280)	26,707	109,024	1,996	111,020
As at 1 January 2023	80,749	1,848	(280)	(11,024)	71,293	2,344	73,637
Loss for the financial year and total comprehensive loss for the financial year	-	-	-	(838)	(838)	651	(187)
At 31 Mar 2023 (unaudited)	80,749	1,848	(280)	(11,862)	70,455	2,995	73,450

<sup>1</sup> 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 MARCH 2023**

**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 2022.

**A2. Changes in accounting policies**

At the beginning of the current financial year, the Group and the Company adopted new amendments and improvements to MFRSs which are mandatory for the financial years beginning on or after 1 January 2022.

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

Standards issued but Not Yet Effective

The Group and the Company have not early adopted the following new MFRS and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 and Amendments to MFRS 17 - Insurance Contracts  
Amendments to MFRS 17 - Insurance Contracts: Initial Application of MFRS 17 and MFRS 9-Comparative Information  
Amendments to MFRS 101 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current  
Amendments to MFRS 101 - Presentation of Financial Statements: Disclosure of Accounting Policies  
Amendments to MFRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates  
Amendments to MFRS 112 - Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 - Leases: Lease Liability in a Sale and Leaseback  
Amendments to MFRS 101 - Presentation of Financial Statements: Non-current Liabilities with Covenants

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

Amendments to MFRS 10 and MFRS 128 - Consolidated Financial Statements and Investments in Associates and Joint Ventures  
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective. The initial application of the new MFRS and amendments to MFRSs is not expected to have any significant impact on the Group's and the Company's financial statements.

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

The auditors' report on the financial statements for the financial year ended 31 December 2022 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.

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

**A9. Segmental information**

During the financial period, the Group revenue was contributed mainly from the following business segments:

- i) Engineering Equipment Design and development of equipment and software for engineering education, research and Technical and Vocational Education and Training ("TVET") in chemical, mechanical, electrical, civil, control engineering and renewable energy.
- ii) Metal Fabrication and Assembly Works Provision of fabrication for pressurised vessels, heat exchangers, storage tanks, structures and process skids assembly.
- iii) Industrial Automation and Plant Construction Provision of industrial automation and system integration solutions for telemetry, Supervisory Control and Data Acquisition (SCADA), instrumentation and control systems.
- iv) Green and Renewal Energy Promotion of business relating to green and renewal energy including supply and installation of photovoltaic system.
- v) Biopharmaceuticals & Biotechnology Sales and manufacture of pharmaceutical, medical and botanical products and medicinal chemical and provision of laboratory and industrial biotechnology solutions
- vi) Industrial Lubricants Production and distribution of industrial lubricants under SOLMAX brand and OEM brand.

Segmental financial information for 3 months period ended 31 Mar 2023 and 31 Mar 2022 are as follows:

	2023								
	Engineering Equipment RM'000	Metal Fabrication and Assembly Works RM'000	Industrial Automation and Plant Construction RM'000	Industrial Lubricants RM'000	Biopharmaceuticals & Biotechnology RM'000	Green and Renewal Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Segment revenue</b>									
External	810	497	26,018	360	154	954	-	-	28,793
Inter-segment	-	207	30	1	-	-	4	(242)	-
Total revenue	810	704	26,048	361	154	954	4	(242)	28,793
<b>Results</b>									
Segment results	(67)	13	2,910	(28)	(1,849)	76	29	(529)	555
Interest expense									(63)
Profit before taxation ("PBT")									492
Income tax expense									(679)
Loss after taxation ("LAT")									(187)
Non-controlling Interest									(651)
<b>Loss attributable to equity holders of the company</b>									<b>(838)</b>

	2022								
	Engineering Equipment RM'000	Metal Fabrication and Assembly Works RM'000	Industrial Automation and Plant Construction RM'000	Industrial Lubricants RM'000	Biopharmaceuticals & Biotechnology RM'000	Green and Renewal Energy RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Segment revenue</b>									
External	2,007	86	1,705	309	122	2,988	5	-	7,222
Inter-segment	-	185	141	0	30	-	-	(356)	-
Total revenue	2,007	271	1,846	309	152	2,988	5	(356)	7,222
<b>Results</b>									
Segment results	188	(283)	10	(87)	(1,264)	536	(831)	-	(1,731)
Share of profit in an associate									5
Interest expense									(74)
Loss before taxation ("LBT")									(1,800)
Income tax expense									(172)
Loss after taxation ("LAT")									(1,972)
Non-controlling Interest									(13)
<b>Loss attributable to equity holders of the company</b>									<b>(1,985)</b>

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

**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**

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

**A15. Significant Related Party Transaction**

There was no significant related party transaction as at the date of this announcement.

**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**

During the quarter, the Group achieved a revenue of RM28.79 million, representing a significant increase of RM21.57 million compared to the revenue of RM7.22 million in the corresponding quarter of the previous financial year. This notable growth in revenue was primarily driven by higher sales in the plant construction business segment. Notably, the plant construction business segment contributed 86% of the total revenue for the quarter under review.

For the quarter ended 31 March 2023, the Group recorded a loss after tax ("LAT") of RM0.19 million. In the same quarter of the previous year 31 March 2022, the Group reported a loss after tax ("LAT") of RM1.97 million. Despite the increased sales, this quarter's slight loss mainly attributed to higher operating expenses in the biopharma business segment, which offset the profits generated from other business segments.

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

The Group's revenue for the reviewed quarter amounted to RM28.79 million, indicating an increase of RM14.28 million compared to the revenue of RM14.51 million reported in the preceding quarter.

During the quarter, the Group incurred a loss after tax of RM0.19 million. This loss can primarily be attributed to higher operating expenses in the biopharma business segment.

**B3. Prospects for the financial year 2023**

The Group is applying product registration for inhaled vaccine Convidecia Air™ with National Pharmaceutical Regulatory Agency by first half of 2023.

On 25 May 2022, SOLBIO, National Institute of Biotechnology Malaysia ("NIBM") and CanSino had signed a MOU on the collaboration of human vaccine R&D. As at todate, there is no material development on the MOU as the parties are still in the stage of finalizing a definitive agreement.

The Group's plant construction business has been performing well. The Group is expecting its other business segments to recover and contribute to its financial performance. Additionally, the Group is also exploring the mergers and acquisitions as a means of expanding its solar business. The Group is taking a proactive approach to expanding and diversifying its business operations, which could lead to greater success and stability in the long run.

**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 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Current taxation				
-Provision for taxation	(679)	(172)	(679)	(172)
Deferred taxation	-	-	-	-
	<u>(679)</u>	<u>(172)</u>	<u>(679)</u>	<u>(172)</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 Mar 2023 are as follows :

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured :</b>			
Hire purchase (included in lease liabilities)	149	604	753
Term loan	445	4,641	5,086
Total	<u>594</u>	<u>5,245</u>	<u>5,839</u>



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

**B8. Status of Corporate Proposals**

**A) Update on Employees' Share Option Scheme (ESOS) as at 31 Mar 2023**

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 Mar 2023:

ESOS Option Grant Date	Expiry Date	Exercise Price	No. of Share		No. of Share Lapsed	Status
			Granted	Exercised and Listed		
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
9 February 2022	29 Jan 2024	RM0.470	6,000,000	257,000		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 1,932,700.

**B9. Realised/ Unrealised Profits**

	<b>As at 31 Mar 2023 RM'000</b>
Total accumulated losses of the Company and its subsidiaries	
- realised	(6,709)
- unrealised	17
	<u>(6,692)</u>
Less: Consolidated adjustments	(5,170)
Accumulated losses as per financial statement	<u>(11,862)</u>

**B10. Profit Before Tax**

	<b>Quarter ended 31 Mar 2023 RM'000</b>	<b>Quarter ended 31 Mar 2022 RM'000</b>
Profit before tax is derived after charging:		
Depreciation of property, plant & equipment	645	87
Depreciation of right-of-use assets	165	240
Interest expense	63	74
Loss on foreign exchange:		
-Realised	10	17
-Unrealised	-	824
Bad debts written off	18	1
Property, plant & equipment written off	-	14
	<u>          </u>	<u>          </u>
and crediting:		
Interest income	(54)	(33)
Reversal of impairment on trade receivables and contract asset	(137)	(8)
Gain on foreign exchange:		
-Realised	-	(713)
-Unrealised	(16)	-
	<u>(16)</u>	<u>-</u>

**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 other payment of dividend in respect of the quarter under review.

**SOLUTION GROUP BERHAD ("Company" or "SGB")**  
**(Company No : 200401016072 (654575-P)**  
**(Incorporated in Malaysia)**

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

**B13. Earnings per share**

	<b>Current Quarter ended 31 Mar 2023</b>	<b>Comparative Quarter ended 31 Mar 2022</b>	<b>Current year to date ended 31 Mar 2023</b>	<b>Preceding year to date ended 31 Mar 2022</b>
Net profit/(loss) for the period attributable to equity holders (RM'000)	(838)	(1,985)	(838)	(1,985)
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000)	437,710	436,053	437,710	436,053
Basic EPS (sen)	(0.191)	(0.455)	(0.191)	(0.455)
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000)	437,710	436,053	437,710	436,053
Effect of dilution: share options and convertible warrants ('000)	370	1,375	370	1,375
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	438,080	437,428	438,080	437,428
Diluted EPS (sen)	(0.191)	(0.454)	(0.191)	(0.454)

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