

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

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter ended 31 Dec 2023 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31 Dec 2022 (Unaudited) RM'000	Current Year To-Date 31 Dec 2023 (Unaudited) RM'000	Preceding Year Corresponding Period 31 Dec 2022 (Audited) RM'000
Revenue	34,639	14,508	120,882	33,202
Cost of sale	(29,380)	(42,809)	(105,799)	(57,936)
Gross profit	5,259	(28,301)	15,083	(24,734)
Other Operating Income	20	1,341	430	6,275
Administrative and distribution expenses	(2,283)	(3,501)	(7,637)	(13,621)
Other Operating Expenses	(100)	(942)	(2,827)	(6,473)
Share of loss from an associate	-	-	-	(26)
Profit/(loss) before tax	2,896	(31,403)	5,049	(38,579)
Income tax expense	B5 (748)	(48)	(2,553)	(776)
Profit/(loss) after tax	2,148	(31,451)	2,496	(39,355)
Attributable to :				
Equity holders of the parent	1,615	(31,845)	162	(39,727)
Non-controlling Interest	533	394	2,334	372
	2,148	(31,451)	2,496	(39,355)
Earnings per share attributable to equity holders of parent :				
Basic (sen)	B13 0.362	(7.625)	0.036	(9.040)
Diluted (sen)	B13 0.362	(7.655)	0.036	(9.020)
EBITDA <sup>(1)</sup>	3,587	(1,372)	8,199	(7,301)

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 DECEMBER 2023**  
(The figures have not been audited)

	<b>Unaudited 31 Dec 2023 RM'000</b>	<b>Audited 31 Dec 2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	26,153	28,571
Right-of-use assets	3,842	4,114
Goodwill	33	8
Other receivables	-	96
	30,028	32,789
<b>Current Assets</b>		
Inventories	3,483	3,867
Trade receivables	15,019	9,533
Other receivables	9,598	2,396
Contract Assets	34,057	21,389
Tax recoverable	1,720	3,743
Other short term investments	-	36
Deposit, cash and bank balances	22,860	14,507
	86,737	55,471
<b>TOTAL ASSETS</b>	116,765	88,260
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	89,323	80,749
Treasury shares	(280)	(280)
Reserves	(9,013)	(9,176)
	80,030	71,293
<b>Non-controlling interest</b>	4,677	2,344
<b>Total equity</b>	84,707	73,637
<b>Non-Current Liabilities</b>		
Term Loan	B7 4,151	4,695
Lease liabilities	B7 1,490	1,422
Deferred taxation	36	25
	5,677	6,142
<b>Current Liabilities</b>		
Trade payables	11,458	3,358
Other payable & accruals	5,183	1,010
Amount due to director	16	-
Contract Liabilities	5,067	3,050
Bills payable	2,606	-
Term Loan	B7 570	501
Lease liabilities	B7 383	562
Taxation	1,098	-
	26,381	8,481
<b>Total liabilities</b>	32,058	14,623
<b>TOTAL EQUITY AND LIABILITIES</b>	116,765	88,260
Number of ordinary shares in issue ('000)	485,587	441,619
Net assets value per share (RM)	0.1744	0.1667

(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 DECEMBER 2023**  
(The figures have not been audited)

	<b>12 months Ended 31 Dec 2023 (Unaudited) RM'000</b>	<b>12 months Ended 31 Dec 2022 (Audited) RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	5,049	(38,579)
Adjustment for :		
Depreciation of property, plant and equipment	2,595	737
Depreciation of right-of-use assets	646	616
Waiver of debts	-	(201)
Dividend income from short term investments	-	(105)
Interest income	(296)	(190)
Bad debts written off	18	-
Net (gain)/loss on changes in fair value of short term investments	-	(5)
Gain on disposal of property, plant & equipment	-	(13)
Gain on disposal of investment in an associate	-	(517)
Interest expense - others	268	193
Allowance for slow moving inventories	-	30,300
Net impairment (gain)/losses for financial instruments and contract assets	(705)	(525)
Loss on disposal of right-of-use assets	-	8
Loss on disposal of short term investments	-	165
Property, plant and equipment written off	-	14
Share options expenses	-	1,800
Share of loss in an associate	-	27
Unrealised (gain)/loss on foreign exchange	-	(127)
Operating profit/(loss) before working capital changes	<u>7,575</u>	<u>(6,402)</u>
Working capital changes :		
(Increase)/ Decrease in inventories	384	(3,322)
(Increase)/ Decrease in contract assets	(13,124)	(7,837)
(Increase)/ Decrease in trade and other receivables	(11,907)	22,075
(Increase)/ Decrease in amount due from associate	-	1,816
Increase/ (Decrease) in contract liabilities	2,474	(634)
Increase/ (Decrease) in trade and other payables	12,274	(25,268)
Increase/ (Decrease) in amount due to director	<u>16</u>	<u></u>
Cash used in operating activities	<u>(2,308)</u>	<u>(19,572)</u>
Tax refunded	3,355	12
Tax paid	<u>(2,775)</u>	<u>(9,330)</u>
Net cash used in operating activities	<u>(1,728)</u>	<u>(28,890)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net withdrawal/(placements) of short term investments	36	217
Interest received	296	190
Addition of goodwill arising from the acquisition of a subsidiary	(25)	-
Proceeds from disposal of right-of-use assets	-	22
Proceeds from disposal of property, plant and equipment	14	151
Purchase of right-of-use assets	(15)	(162)
Purchase of property, plant and equipment (include PPE WIP)	(81)	(772)
Net (placement)/withdrawal of deposits under lien	<u>(453)</u>	<u>(1,715)</u>
Net cash used in investing activities	<u>(228)</u>	<u>(2,069)</u>

**CASHFLOWS FROM FINANCING ACTIVITIES**

Interest paid	(268)	(193)
Dividend paid	-	(8,794)
Net repayment of term loans	(475)	(540)
Proceeds from issuance of shares pursuant to exercise of share options	-	120
Proceeds from issuance of shares pursuant to exercise of private placement	8,574	-
Net addition/(repayments) of bill payables	2,606	-
Net repayments of principal portion of lease liabilities	(580)	(517)
(Repayment to)/Advance from directors	-	(103)
Net cash generated from/(used in) financing activities	<u>9,857</u>	<u>(10,027)</u>
<b>Net decrease in cash and cash equivalents</b>	7,901	(40,986)
Currency translation difference	-	127
<b>Cash and cash equivalents at beginning period</b>	<u>6,153</u>	<u>47,011</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>14,054</u></u>	<u><u>6,152</u></u>

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

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deposit, cash and bank balances</b>	<b>22,860</b>	<b>14,507</b>
Less: Fixed deposits with licensed banks (pledged with bank for banking fac	<u>(8,806)</u>	<u>(8,355)</u>
Cash and cash equivalents	<u><u>14,054</u></u>	<u><u>6,152</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 DECEMBER 2023**  
**(The figures have not been audited)**

	-----Non-distributable-----			Distributable Retained Earnings/ (Accumulated Losses)	Total	Non-controlling Interests	Total
	Share Capital RM'000	Option Reserve RM'000	Treasury Shares RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022 (audited)	80,551	125	(280)	37,498	117,894	1,971	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	-	-	-	(39,728)	(39,728)	373	(39,355)
Dividend paid	-	-	-	(8,794)	(8,794)	-	(8,794)
At 31 Dec 2022 (audited)	80,749	1,848	(280)	(11,024)	71,293	2,344	73,637
As at 1 January 2023	80,749	1,848	(280)	(11,024)	71,293	2,344	73,637
Issuance of ordinary shares pursuant to:-							
- Private placements	8,574	-	-	-	8,574	-	8,574
Profit for the financial year and total comprehensive profit for the financial year	-	-	-	162	162	2,334	2,496
At 31 Dec 2023 (unaudited)	89,323	1,848	(280)	(10,862)	80,029	4,678	84,707

<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 DECEMBER 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 2023.

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 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 preceding 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.)**

**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 substantial revenue of RM34.64 million, marking a noteworthy increase of RM20.13 million compared to the RM14.51 million revenue from the corresponding quarter in the previous fiscal year. This significant surge in revenue was primarily driven by heightened sales within the industrial automation and plant construction business segment.

For the quarter ended 31 Dec 2023, the Group recorded a profit after tax ("PAT") of RM2.15 million. In contrast, during the same period in the prior year, ended 31 Dec 2023, the Group had reported a loss after tax ("LAT") of RM31.45 million. The achievement of profit in the current quarter can be attributed to the augmented revenue; however, it was mitigated by higher operating expenses in the biopharma business segment.

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

The Group's revenue for the quarter under review totalled RM34.64 million, reflecting a modest increase of RM5.08 million compared to the RM29.56 million reported in the preceding quarter.

During the quarter, the Group realized a profit after tax of RM2.15 million, primarily attributed to increased sales within the industrial automation and plant construction business segment.

**B3. Prospects for the financial year 2024**

The Group is actively pursuing an expansion of its business operations, adopting a forward-looking approach that holds promising prospects for substantial success and heightened long-term stability.

Notably, the Group's industrial automation and plant construction business continues to thrive, serving as the primary revenue driver. Other business segments within the Group are also showing signs of improvement, having secured significant orders throughout the quarter.

Furthermore, the Group is actively exploring mergers and acquisitions to broaden its business scope, with the aim of achieving greater success and stability over the long term.

It's worth noting that on 25th May 2022, SOLBIO, the National Institute of Biotechnology Malaysia ("NIBM"), and CanSino signed a Memorandum of Understanding (MOU) regarding collaboration in human vaccine research and development. As of today, the parties are still in the process of finalizing a definitive agreement.

**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 2023 RM'000	31 Dec 2022 RM'000	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Current taxation				
-Provision for taxation	(748)	(48)	(2,553)	(776)
Deferred taxation	-	-	-	-
	<u>(748)</u>	<u>(48)</u>	<u>(2,553)</u>	<u>(776)</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 2023 are as follows :

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured :</b>			
Hire purchase (included in lease liabilities)	167	617	784
Term loan	570	4,151	4,721
Total	<u>737</u>	<u>4,768</u>	<u>5,505</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 Dec 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 Dec 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 to date, the total number of treasury shares is 1,932,700.

**C) Utilisation of proceeds**

On 3 October 2023, M&A Securities, on behalf of the Board, formally announced the successful completion of the Private Placement. The listing of 43,968,600 Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad resulted in total proceeds amounting to RM8,573,877. The proceeds will be utilised by the Group for research and development of human vaccines and working capital, the breakdown of the utilisation are as follows:

Purpose	Timeframe for Utilisation of Proceeds	Proposed	Actual Utilisation
		Utilisation	
		RM'000	RM'000
Research and development of human vaccines	Within 24 months	4,500	-
Working capital requirements	Within 24 months	3,934	440
Expenses for The Proposed Private Placement	Immediate	140	140

**B9. Realised/ Unrealised Profits**

	As at 31 Dec 2023 RM'000
Total accumulated losses of the Company and its subsidiaries	
- realised	(4,586)
- unrealised	20
	<u>(4,566)</u>
Less: Consolidated adjustments	(6,296)
Accumulated losses as per financial statement	<u>(10,862)</u>

**B10. Profit Before Tax**

	Quarter ended 31 Dec 2023 RM'000	Quarter ended 31 Dec 2022 RM'000
Profit before tax is derived after charging:		
Depreciation of property, plant & equipment	663	180
Depreciation of right-of-use assets	147	156
Impairment on trade receivables and contract asset	-	343
Allowance for slow moving inventories	-	30,300
Loss on disposal of property, plant & equipment	-	19
Loss on disposal of investment	-	165
Interest expense	28	63
Loss on foreign exchange:		
-Realised	24	46
-Unrealised	2	-
	<u>2</u>	<u>-</u>
and crediting:		
Interest income	(71)	(48)
Net impairment gain on trade receivables and contract asset	(427)	(615)
Gain on foreign exchange:		
Unrealised	-	(123)
	<u>-</u>	<u>(123)</u>

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

**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.

**B13. Earnings per share**

	<b>Current Quarter ended 31 Dec 2023</b>	<b>Comparative Quarter ended 31 Dec 2022</b>	<b>Current year to date ended 31 Dec 2023</b>	<b>Preceding year to date ended 31 Dec 2022</b>
Net profit/(loss) for the period attributable to equity holders (RM'000)	1,615	(31,845)	162	(39,727)
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000)	446,284	417,621	446,284	439,643
Basic EPS (sen)	0.362	(7.625)	0.036	(9.036)
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000)	446,284	417,621	446,284	439,643
Effect of dilution: share options and convertible warrants ('000)	256	(1,626)	256	578
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	446,540	415,995	446,540	440,221
Diluted EPS (sen)	0.362	(7.655)	0.036	(9.024)

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