

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2024

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter ended 30 June 2024 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30 June 2023 (Unaudited) RM'000	Current Year To-Date 30 June 2024 (Unaudited) RM'000	Preceding Year Corresponding Period 30 June 2023 (Unaudited) RM'000
Revenue	31,356	27,893	81,316	56,686
Cost of sale	(27,297)	(24,762)	(73,950)	(50,641)
Gross profit	4,059	3,131	7,366	6,045
Other Operating Income	99	166	306	540
Administrative and distribution expenses	(2,807)	(1,815)	(4,337)	(3,668)
Other Operating Expenses	(919)	(893)	(1,924)	(1,837)
Profit/(loss) before tax	432	589	1,411	1,080
Income tax expense	B5 (743)	(397)	(1,277)	(1,076)
Profit/(loss) after tax	(311)	192	134	4
Attributable to :				
Equity holders of the parent	(590)	(398)	(578)	(1,236)
Non-controlling Interest	279	590	712	1,240
	(311)	192	134	4
Earnings per share attributable to equity holders of parent :				
Basic (sen)	B13 (0.131)	(0.091)	(0.128)	(0.281)
Diluted (sen)	B13 (0.131)	(0.090)	(0.128)	(0.281)
EBITDA ⁽¹⁾	1,183	568	2,946	1,069

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 JUNE 2024
(The figures have not been audited)

	Unaudited 30 June 2024 RM'000	Audited 31 Dec 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,975	26,153
Right-of-use assets	4,389	3,842
Goodwill	33	33
	29,397	30,028
Current Assets		
Inventories	3,172	3,483
Trade receivables	25,942	15,837
Other receivables	4,410	3,848
Contract Assets	46,070	36,182
Tax recoverable	1,809	1,720
Deposit, cash and bank balances	21,613	22,860
	103,016	83,930
TOTAL ASSETS	132,413	113,958
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	89,442	89,323
Treasury shares	(280)	(280)
Reserves	(9,641)	(9,012)
	79,521	80,031
Non-controlling interest	5,389	4,677
Total equity	84,910	84,708
Non-Current Liabilities		
Term Loan	B7 3,772	4,374
Lease liabilities	B7 1,667	1,083
Contract Liabilities	-	1,104
Deferred taxation	36	36
	5,475	6,597
Current Liabilities		
Trade payables	25,734	10,456
Other payable & accruals	1,790	2,377
Amount due to director	16	16
Contract Liabilities	3,951	4,964
Bills payable	8,083	2,606
Term Loan	B7 664	347
Lease liabilities	B7 603	789
Taxation	1,187	1,098
	42,028	22,653
Total liabilities	47,503	29,250
TOTAL EQUITY AND LIABILITIES	132,413	113,958
Number of ordinary shares in issue ('000)	485,977	485,587
Net assets value per share (RM)	0.1747	0.1744

(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 JUNE 2024
(The figures have not been audited)

	6 months Ended 30 June 2024 (Unaudited) RM'000	6 months Ended 30 June 2023 (Unaudited) RM'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,411	1,080
Adjustment for :		
Depreciation of property, plant and equipment	1,289	1,289
Depreciation of right-of-use assets	336	332
Interest income	(165)	(130)
Bad debts written off	-	18
Interest expense - others	74	119
Net impairment (gain)/losses for financial instruments and contract assets	-	(237)
(Gain)/loss on termination of lease contracts	(128)	-
Operating profit before working capital changes	<u>2,817</u>	<u>2,471</u>
Working capital changes :		
(Increase)/ Decrease in inventories	311	218
(Increase)/ Decrease in contract assets	(9,887)	(15,514)
(Increase)/ Decrease in trade and other receivables	(10,668)	827
Increase/ (Decrease) in contract liabilities	(2,117)	37
Increase/ (Decrease) in trade and other payables	<u>14,691</u>	<u>7,474</u>
Cash used in operating activities	(4,853)	(4,487)
Tax refunded	1	2
Tax paid	<u>(1,278)</u>	<u>(1,171)</u>
Net cash used in operating activities	<u>(6,130)</u>	<u>(5,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net withdrawal of short term investments	-	36
Interest received	165	130
Proceeds from disposal of property, plant and equipment	-	6
Purchase of right-of-use assets	(192)	(79)
Purchase of property, plant and equipment (include PPE WIP)	(110)	(41)
Net (placement)/withdrawal of deposits under lien	<u>(2,230)</u>	<u>(455)</u>
Net cash used in investing activities	<u>(2,367)</u>	<u>(403)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Interest paid	(74)	(119)
Net repayment of term loans	(285)	(225)
Proceeds from issuance of shares pursuant to exercise of share options	68	-
Net addition/(repayments) of bill payables	5,477	4,530
Net repayments of principal portion of lease liabilities	<u>(167)</u>	<u>(212)</u>
Net cash generated from financing activities	<u>5,019</u>	<u>3,974</u>
Net decrease in cash and cash equivalents	(3,478)	(2,085)
Cash and cash equivalents at beginning period	14,054	6,153
Cash and cash equivalents at end of period	<u>10,576</u>	<u>4,068</u>

Cash and cash equivalents as at 30 June 2024 and 30 June 2023 comprise the following :

	2024 RM'000	2023 RM'000
Deposit, cash and bank balances	21,613	12,877
Less: Fixed deposits with licensed banks (pledged with bank for banking facilities)	<u>(11,037)</u>	<u>(8,809)</u>
Cash and cash equivalents	<u>10,576</u>	<u>4,068</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 CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2024
(The figures have not been audited)

	-----Non-distributable-----			Distributable	Total	Non-controlling Interests	Total
	Share Capital	Option Reserve	Treasury Shares	Retained Earnings/ (Accumulated Losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023 (audited)	80,749	1,848	(280)	(11,024)	71,293	2,344	73,637
Issuance of ordinary shares pursuant to:- - Private placement	8,574	-	-	-	8,574	-	8,574
Profit for the financial year and total comprehensive profit for the financial year	-	-	-	164	164	2,333	2,497
At 31 Dec 2023 (audited)	89,323	1,848	(280)	(10,860)	80,031	4,677	84,708
As at 1 January 2024	89,323	1,848	(280)	(10,860)	80,031	4,677	84,708
Issuance of ordinary shares pursuant to:- - Exercise of Share Options	119	(51)	-	-	68	-	68
Reclassification of Share Options Reserve to Retained Earnings	-	(1,797)	-	1,797	-	-	-
Loss for the financial year and total comprehensive loss for the financial year	-	-	-	(578)	(578)	712	134
At 30 June 2024 (unaudited)	89,442	-	(280)	(9,641)	79,521	5,389	84,910

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 JUNE 2024

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 2023.

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 2024.

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 2025

MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

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 2023 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.

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 substantial revenue of RM31.36 million, an increase of RM3.47 million compared to the RM27.89 million revenue from the corresponding quarter in the previous fiscal year. This increase in revenue was primarily driven by higher sales within the industrial automation and plant construction business segment.

For the quarter ended 30 June 2024, the Group recorded a loss after tax ("LAT") of RM0.31 million. In contrast, during the same period in the prior year, ended 30 June 2023, the Group had reported a profit after tax ("PAT") of RM0.19 million. The slight loss in the current quarter was primarily due to increased project costs, driven by rising material prices and higher manpower expenses. Additionally, there were extra costs incurred in bidding for the LSS5 tender.

B2. Comparison with Preceding Quarter's Results

The Group's revenue for the quarter under review totalled RM31.36 million, reflecting a decrease of RM18.60 million compared to the RM49.96 million reported in the preceding quarter.

During the quarter, the Group recorded a loss after tax ("LAT") of RM0.31 million. The slight loss in the current quarter was primarily due to increased project costs, driven by rising material prices and higher manpower expenses. Additionally, there were extra costs incurred in bidding for the LSS5 tender.

B3. Prospects for the financial year 2024

The industrial automation and plant construction segment continues to be the primary revenue driver for the Group, contributing approximately 89% of the total revenue and demonstrating robust performance. Additionally, other segments within the Group are showing positive momentum, with particularly notable improvements in the biotechnology segment.

Looking ahead, the Group is actively exploring strategic opportunities to enhance growth and stability. This includes pursuing mergers and acquisitions to broaden our business scope, expand technological capabilities, and extend our market reach. In line with this strategy, these initiatives are expected to strengthen the Group's market position, drive sustainable growth, and create long-term value for our stakeholders.

Pursuant to the Memorandum of Understanding (MOU) regarding collaboration in human vaccine research and development, which was signed on 25th May 2022 between SOLBIO, the National Institute of Biotechnology Malaysia (NIBM), and CanSino, the parties have agreed that NIBM and CanSino will proceed with the work without SOLBIO. A Memorandum of Agreement (MOA) has been signed between NIBM and CanSino.

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 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Current taxation				
-Provision for taxation	(743)	(397)	(1,277)	(1,076)
Deferred taxation	-	-	-	-
	<u>(743)</u>	<u>(397)</u>	<u>(1,277)</u>	<u>(1,076)</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 30 June 2024 are as follows :

	Current RM'000	Non-current RM'000	Total RM'000
Secured :			
Hire purchase (included in lease liabilities)	199	619	818
Term loan	664	3,772	4,436
Total	863	4,391	5,254

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

B8. Status of Corporate Proposals

A) 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 20th Annual General Meeting of the Company. As at to date, the total number of treasury shares is 1,932,700.

B) 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
		RM'000	RM'000
Research and development of human vaccines	Within 24 months	4,500	-
Working capital requirements	Within 24 months	3,934	1,199
Expenses for The Proposed Private Placement	Immediate	140	140

B9. Realised/ Unrealised Profits

	As at 30 June 2024 RM'000
Total accumulated losses of the Company and its subsidiaries	
- realised	(22,190)
- unrealised	(1)
	<u>(22,191)</u>
Less: Consolidated adjustments	12,550
Accumulated losses as per financial statement	<u>(9,641)</u>

B10. Profit Before Tax

	Quarter ended 30 June 2024 RM'000	Quarter ended 30 June 2023 RM'000
Profit before tax is derived after charging:		
Depreciation of property, plant & equipment	642	644
Depreciation of right-of-use assets	169	167
Interest expense	38	56
Loss on foreign exchange:		
-Realised	5	-
and crediting:		
Interest income	(99)	(76)
Reversal of impairment on trade receivables and contract asset	-	(101)
Gain on foreign exchange:		
-Realised	-	(6)
-Unrealised	(7)	(12)

**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

	Current Quarter ended 30 June 2024	Comparative Quarter ended 30 June 2023	Current year to date ended 30 June 2024	Preceding year to date ended 30 June 2023
Net loss for the period attributable to equity holders (RM'000)	(590)	(398)	(578)	(1,236)
Basic				
Weighted average number of ordinary shares in issue ('000)	450,969	439,643	450,969	439,643
Basic EPS (sen)	(0.131)	(0.091)	(0.128)	(0.281)
Diluted				
Weighted average number of ordinary shares in issue ('000)	450,969	439,643	450,969	439,643
Effect of dilution: share options and convertible warrants ('000)	-	370	-	370
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	450,969	440,013	450,969	440,013
Diluted EPS (sen)	(0.131)	(0.090)	(0.128)	(0.281)

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

