

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2024
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter ended 30 Sep 2024 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30 Sep 2023 (Unaudited) RM'000	Current Year To-Date 30 Sep 2024 (Unaudited) RM'000	Preceding Year Corresponding Period 30 Sep 2023 (Unaudited) RM'000
Revenue	26,300	29,557	107,616	86,242
Cost of sale	(28,287)	(25,778)	(102,236)	(76,419)
Gross profit	(1,987)	3,779	5,380	9,823
Other Operating Income	237	163	543	703
Administrative and distribution expenses	(1,780)	(1,904)	(6,119)	(5,571)
Other Operating Expenses	(1,010)	(890)	(2,933)	(2,727)
(Loss)/profit before tax	(4,540)	1,148	(3,129)	2,228
Income tax expense	B5 719	(747)	(558)	(1,823)
(Loss)/profit after tax	(3,821)	401	(3,687)	405
Attributable to :				
Equity holders of the parent	(3,185)	(160)	(3,762)	(1,396)
Non-controlling Interest	(636)	561	75	1,801
	(3,821)	401	(3,687)	405
Earnings per share attributable to equity holders of parent :				
Basic (sen)	B13 (0.706)	(0.037)	(0.834)	(0.319)
Diluted (sen)	B13 (0.706)	(0.037)	(0.834)	(0.319)
EBITDA ⁽¹⁾	(3,790)	1,923	(845)	4,612

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 SEPTEMBER 2024
(The figures have not been audited)

	Unaudited 30 Sep 2024 RM'000	Audited 31 Dec 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,359	26,153
Right-of-use assets	4,568	3,842
Goodwill	48	33
	28,975	30,028
Current Assets		
Inventories	1,862	3,483
Trade receivables	27,675	15,837
Other receivables	8,015	3,848
Contract Assets	41,596	36,182
Tax recoverable	2,606	1,720
Deposit, cash and bank balances	14,470	22,860
	96,224	83,930
TOTAL ASSETS	125,199	113,958
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	89,442	89,323
Treasury shares	(280)	(280)
Reserves	(12,825)	(9,012)
	76,337	80,031
Non-controlling interest	4,452	4,677
Total equity	80,789	84,708
Non-Current Liabilities		
Term Loan	B7 3,783	4,374
Lease liabilities	B7 1,738	1,083
Contract Liabilities	-	1,104
Deferred taxation	36	36
	5,557	6,597
Current Liabilities		
Trade payables	25,155	10,456
Other payable & accruals	1,300	2,377
Amount due to director	-	16
Contract Liabilities	4,293	4,964
Bills payable	6,919	2,606
Term Loan	B7 512	347
Lease liabilities	B7 674	789
Taxation	-	1,098
	38,853	22,653
Total liabilities	44,410	29,250
TOTAL EQUITY AND LIABILITIES	125,199	113,958
Number of ordinary shares in issue ('000)	485,977	485,587
Net assets value per share (RM)	0.1662	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 SEPTEMBER 2024
(The figures have not been audited)

	9 months Ended 30 Sep 2024 (Unaudited) RM'000	9 months Ended 30 Sep 2023 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(3,129)	2,228
Adjustment for :		
Depreciation of property, plant and equipment	1,928	1,931
Depreciation of right-of-use assets	528	499
Interest income	(295)	(225)
Bad debts written off	51	18
Gain on disposal of property, plant & equipment	(23)	-
Inventories written off	1,205	-
Interest expense - others	124	179
Net impairment (gain)/losses for financial instruments and contract assets	(101)	(277)
(Gain)/loss on termination of lease contracts	(128)	-
Operating profit before working capital changes	160	4,353
Working capital changes :		
(Increase)/ Decrease in inventories	415	106
(Increase)/ Decrease in contract assets	(5,414)	(18,468)
(Increase)/ Decrease in trade and other receivables	(15,956)	(3,401)
Increase/ (Decrease) in contract liabilities	(1,774)	1,218
Increase/ (Decrease) in trade and other payables	13,623	11,586
Increase/ (Decrease) in amount due to director	(16)	16
Cash used in operating activities	(8,962)	(4,590)
Tax refunded	1	380
Tax paid	(2,544)	(1,338)
Net cash used in operating activities	(11,505)	(5,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net withdrawal of short term investments	-	36
Interest received	295	225
Addition of goodwill arising from the acquisition of a subsidiary	(15)	(25)
Proceeds from disposal of property, plant and equipment	23	6
Purchase of right-of-use assets	(495)	(79)
Purchase of property, plant and equipment (include PPE WIP)	(133)	(46)
Net (placement)/withdrawal of deposits under lien	(2,506)	(784)
Net cash used in investing activities	(2,831)	(667)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(124)	(179)
Dividend paid	(300)	-
Net repayment of term loans	(426)	(334)
Proceeds from issuance of shares pursuant to exercise of share options	68	-
Net addition/(repayments) of bill payables	4,312	4,383
Net repayments of principal portion of lease liabilities	(91)	(360)
Net cash generated from financing activities	3,439	3,510
Net decrease in cash and cash equivalents	(10,897)	(2,705)
Cash and cash equivalents at beginning period	14,054	6,153
Cash and cash equivalents at end of period	3,157	3,448
Cash and cash equivalents as at 30 Sep 2024 and 30 Sep 2023 comprise the following :		
	2024 RM'000	2023 RM'000
Deposit, cash and bank balances	14,470	12,588
Less: Fixed deposits with licensed banks (pledged with bank for banking facilities)	(11,313)	(9,140)
Cash and cash equivalents	3,157	3,448

(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 SEPTEMBER 2024
(The figures have not been audited)

	Non-distributable			Distributable Retained Earnings/ (Accumulated Losses) RM'000	Total RM'000	Non-controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Option Reserve RM'000	Treasury Shares 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	-	-	-	(3,762)	(3,762)	75	(3,687)
Payment of dividend	-	-	-	-	-	(300)	(300)
At 30 Sep 2024 (unaudited)	89,442	-	(280)	(12,825)	76,337	4,452	80,789

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 SEPTEMBER 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 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 9 months period ended 30 Sep 2024 and 30 Sep 2023 are as follows:

	2024								
	Engineering Equipment	Metal Fabrication and Assembly Works	Industrial Automation and Plant Construction	Industrial Lubricants	Biopharmaceuticals & Biotechnology	Green and Renewal Energy	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue									
External	6,343	3,727	88,374	1,011	3,524	4,637	-	-	107,616
Inter-segment	68	1,863	941	4	1	-	-	(2,877)	-
Total revenue	<u>6,411</u>	<u>5,590</u>	<u>89,315</u>	<u>1,015</u>	<u>3,525</u>	<u>4,637</u>	<u>-</u>	<u>(2,877)</u>	<u>107,616</u>
Results									
Segment results	164	1,099	1,381	(244)	(3,467)	(1,201)	846	(1,583)	(3,005)
Interest expense									(124)
Loss before taxation ("LBT")									(3,129)
Income tax expense									(558)
Loss after taxation ("LAT")									(3,687)
Non-controlling Interest									(75)
Loss attributable to equity holders of the company									<u>(3,762)</u>
	2023								
	Engineering Equipment	Metal Fabrication and Assembly Works	Industrial Automation and Plant Construction	Industrial Lubricants	Biopharmaceuticals & Biotechnology	Green and Renewal Energy	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue									
External	3,962	1,932	77,098	1,012	353	1,885	-	-	86,242
Inter-segment	41	525	275	2	-	-	4	(847)	-
Total revenue	<u>4,003</u>	<u>2,457</u>	<u>77,373</u>	<u>1,014</u>	<u>353</u>	<u>1,885</u>	<u>4</u>	<u>(847)</u>	<u>86,242</u>
Results									
Segment results	582	309	8,212	(117)	(5,221)	(321)	(164)	(873)	2,407
Interest expense									(179)
Profit before taxation ("PBT")									2,228
Income tax expense									(1,823)
Profit after taxation ("PAT")									405
Non-controlling Interest									(1,801)
Loss attributable to equity holders of the company									<u>(1,396)</u>

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

On 12 July 2024, the Group's subsidiary, Solar Solution Sdn. Bhd., acquired 1,000 ordinary shares in Solray Sdn. Bhd. for a total consideration of RM1,000. On 16 July 2024, Solray Sdn. Bhd. acquired 1 ordinary share in Pioneer Energy Sdn. Bhd. for RM1.

The acquisitions of these two companies were made to support solar tender bidding purposes.

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 ended 30 September 2024, the Group recorded revenue of RM26.30 million, a decrease of RM3.26 million compared to RM29.56 million in the corresponding quarter of the previous fiscal year. This decline in revenue was primarily attributable to delays in project completion within the plant construction business segment, which impacted revenue recognition.

The Group reported a loss after tax ("LAT") of RM3.82 million for the current quarter, a significant change compared to a profit after tax ("PAT") of RM0.40 million in the corresponding quarter of the prior year. The loss in the current quarter was primarily driven by increased project costs, including additional manpower expenses incurred to accelerate project timelines and mitigate schedule delays. Additionally, rising material prices further contributed to the cost pressures.

In the biopharmaceutical business segment, the Group wrote off RM1.21 million worth of inventories, which further impacted the quarter's financial performance.

B2. Comparison with Preceding Quarter's Results

The Group's revenue for the quarter under review totaled RM26.30 million, representing a decrease of RM5.06 million compared to RM31.36 million reported in the preceding quarter.

The Group recorded a loss after tax (LAT) of RM3.82 million during the quarter. This loss was primarily attributed to increased project costs driven by rising material prices, higher manpower costs, and the write-off of inventories amounting to RM1.21 million in the Biopharmaceutical business segment.

B3. Prospects for the financial year 2024

While the industrial automation and plant construction segment continues to be a significant contributor to the Group's revenue, it recorded a loss in the third quarter, primarily due to increased project costs and other operational challenges.

Despite these setbacks, the equipment engineering, metal fabrication, and biotechnology segments have shown improved performance, contributing positively to the Group's overall results. These segments continue to demonstrate growth potential and are expected to drive profitability moving forward.

Looking ahead, the Group remains focused on enhancing its growth and stability through strategic initiatives, including exploring mergers and acquisitions. These efforts aim to broaden the Group's business scope, expand technological capabilities, and extend its market reach. The Group is confident that these strategies will strengthen its market position, support sustainable growth, and create long-term value for stakeholders.

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 2024 RM'000	30 Sep 2023 RM'000	30 Sep 2024 RM'000	30 Sep 2023 RM'000
Current taxation				
-Provision for taxation	719	(747)	(558)	(1,823)
Deferred taxation	-	-	-	-
	<u>719</u>	<u>(747)</u>	<u>(558)</u>	<u>(1,823)</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 Sep 2024 are as follows :

	Current RM'000	Non-current RM'000	Total RM'000
Secured :			
Hire purchase (included in lease liabilities)	228	779	1,007
Term loan	512	3,783	4,295
Total	740	4,562	5,302

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	1,458
Expenses for The Proposed Private Placement	Immediate	140	140

B9. Realised/ Unrealised Profits

	As at 30 Sep 2024 RM'000
Total accumulated losses of the Company and its subsidiaries	
- realised	(26,322)
- unrealised	(10)
	<u>(26,332)</u>
Less: Consolidated adjustments	13,507
Accumulated losses as per financial statement	<u>(12,825)</u>

B10. Profit Before Tax

	Quarter ended 30 Sep 2024 RM'000	Quarter ended 30 Sep 2023 RM'000
Profit before tax is derived after charging:		
Depreciation of property, plant & equipment	639	642
Depreciation of right-of-use assets	190	167
Interest expense	50	60
Loss on foreign exchange:		
-Realised	-	5
-Unrealised	17	7
Bad debts written off	51	-
	<u> </u>	<u> </u>
and crediting:		
Interest income	(295)	(95)
Reversal of impairment on trade receivables and contract asset	(101)	(40)
Gain on foreign exchange:		
-Realised	(55)	-
	<u> </u>	<u> </u>

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.)**

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 Sep 2024	Comparative Quarter ended 30 Sep 2023	Current year to date ended 30 Sep 2024	Preceding year to date ended 30 Sep 2023
Net loss for the period attributable to equity holders (RM'000)	(3,185)	(160)	(3,762)	(1,396)
Basic				
Weighted average number of ordinary shares in issue ('000)	450,993	437,710	450,993	437,710
Basic EPS (sen)	(0.706)	(0.037)	(0.834)	(0.319)
Diluted				
Weighted average number of ordinary shares in issue ('000)	450,993	437,710	450,993	437,710
Effect of dilution: share options and convertible warrants ('000)	-	279	-	279
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	450,993	437,989	450,993	437,989
Diluted EPS (sen)	(0.706)	(0.037)	(0.834)	(0.319)

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