

## 10. RELATED PARTY TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2022, FYE 2023, FYE 2024, FPE 2025 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
KSI Electcon Sdn Bhd	Northern Solar	Lew Shoong Kai	Lew Shoong Kai is our Promoter, substantial shareholder and Managing Director	Purchase of low voltage electrical components by Northern Solar from KSI Electcon Sdn Bhd	319	(2)1.9	6	(2)<0.1	-	-	-	-	-	-
				Lew Shoong Kai is the shareholder and director of KSI Electcon Sdn Bhd	45	(3)2.7	90	(3)2.3	68	(3)1.0	-	-	-	-
NS Powercare	Northern Solar	Lew Shoong Kai and Chew Win Hoe	Lew Shoong Kai and Chew Win Hoe are our Promoters, substantial shareholders and Executive Directors	Provision of O&M services by NS Powercare to Northern Solar. Since 1 January 2024, Northern Solar undertakes all of its O&M activities as NS Powercare has ceased its O&M activities on 31 December 2023	629	(2)3.7	93	(2)0.3	346	(2)0.6	-	-	-	-
			Lew Fui Shi is a shareholder and director of NS Powercare. She is also our Chief Financial Officer											

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
			and sister of Lew Shoong Kai	Disposal of shares in Norwatt Power by Northern Solar to NS Powercare <sup>(6)</sup>	-	-	-	-	750	<sup>(4)</sup> 3.6	-	-	-	-
			Chua Ai Kim is a shareholder of NS Powercare. She is the mother of Chew Win Hoe	Advances from Northern Solar to NS Powercare for working capital	69	<sup>(4)</sup> 1.6	1,326	<sup>(4)</sup> 12.5	100	<sup>(4)</sup> 0.5	-	-	-	-
				Repayment of advances from NS Powercare to Northern Solar	-	-	-	-	1,658	<sup>(4)</sup> 8.0	-	-	-	-
Flow Dimensions Sdn Bhd	Northern Solar	Chew Win Hoe	Chew Win Hoe is our Promoter, substantial shareholder and Executive Director	Payment of referral commission by Northern Solar to Flow Dimensions Sdn Bhd <sup>(7)</sup>	522	<sup>(2)</sup> 3.0	150	<sup>(2)</sup> 0.5	95	<sup>(2)</sup> 0.2	-	-	-	-
			Chew Win Hoe was a shareholder of Flow Dimensions until 10 November 2022 when he transferred his 99.9% equity interest to his sister, Chew Ann Bee. Chew											

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
			father of Chew Win Hoe owns 1 share in Flow Dimensions Sdn Bhd.											
			Chew Win Hoe was a director of Flow Dimensions Sdn Bhd until his resignation on 10 November 2022. Chew Ann Bee, sister of Chew Win Hoe was appointed as a director on 10 November 2022.											
Chong Chee Meng	Northern Solar	Roselinda Binti Mohammad Hashim	Roselinda Binti Mohammad Hashim is our Independent Non-Executive Director	Provision of solar installation services by Northern Solar to Chong Chee Meng	-	-	35	(1)0.1	-	-	-	-	-	-
			Chong Chee Meng is the husband of Roselinda Binti Mohammad Hashim											

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Lew Shoong Kai	Northern Solar	Lew Shoong Kai	Lew Shoong Kai is our Managing Director, Promoter and substantial shareholder	Repayment from Lew Shoong Kai to Northern Solar	-	-	135	<sup>(4)</sup> 1.3	-	-	-	-	-	-
Chew Ann Bee	Northern Solar	Chew Ann Bee	Chew Ann Bee was the director of Northern Solar and subsequently resigned on 15 December 2023. She is the sister of Chew Win Hoe	Repayment from Chew Ann Bee to Northern Solar	-	-	135	<sup>(4)</sup> 1.3	-	-	-	-	-	-
Engtex Energy	Northern Solar	Engtex Group Berhad	Engtex Group Berhad holds 80.0% equity interest in our associated company, Engtex Energy	Provision of EPCC services by Northern Solar to Engtex Energy	-	-	-	-	4,630	<sup>(1)</sup> 5.9	944	<sup>(1)</sup> 2.4	-	-

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 October 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Taraf Nusantara Sdn Bhd	Northern Solar	Lagenda Properties	Lagenda Properties is our substantial shareholder	Provision of EPCC services by Northern Solar to Taraf Nusantara Sdn Bhd	-	-	-	-	182	<sup>(1)</sup> 0.2	-	-	-	-
			Taraf Nusantara Sdn Bhd is a wholly-owned subsidiary of Lagenda Properties											
Teh Muy Ch'ng	Northern Solar	Teh Muy Ch'ng	Teh Muy Ch'ng is our Independent Non-Executive Director	Provision of solar installation services by Northern Solar to Teh Muy Ch'ng	-	-	-	-	-	-	19	<0.1	-	-
Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd)	Northern Solar	Lagenda Properties	Lagenda Properties is our substantial shareholder and Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd) is a subsidiary of Lagenda Properties	Rental of property (including service charge) by Lagenda Harta Sdn Bhd to Northern Solar <sup>(8)</sup>	-	-	-	-	-	-	82	<sup>(3)</sup> 1.6	28	<sup>(9)</sup> -

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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**Notes:**

- (1) Computed based on our Group's revenue for each of the respective financial years/period.
- (2) Computed based on our Group's cost of sales for each of the respective financial years/period.
- (3) Computed based on our Group's administrative expenses for each of the respective financial years/period.
- (4) Computed based on our Group's NA for each of the respective financial years/period.
- (5) Northern Solar has rented a property located at 12, Jalan PJU 1A/12, Taman Perindustrian Jaya, 47301 Petaling Jaya, Selangor for use as their head office. The tenancy commenced from 1 September 2020 to 31 December 2023 at an initial monthly rate of RM1,800 for rental of a section of the property, which gradually increased to a monthly rate of RM7,500 for the entire property. The tenancy was terminated effective from 31 December 2023 as our Group moved to the previous head office in B-1-01 and B-1-03, Block B, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor.
- (6) On 12 July 2023, Northern Solar disposed its 75% equity interest in Norwatt Power for a total cash consideration of RM750,000. Please refer to Section 7.1.1 for further details on this transaction.
- (7) These referral fees were paid based on Northern Solar's commission scheme (which applies to our Directors as outlined under Section 5.2.4) for sales secured by Flow Dimensions Sdn Bhd. The referral fees paid to Flow Dimensions Sdn Bhd during the financial years under review were pursuant to the sales secured prior to the implementation of our referral fee programme in January 2023. For avoidance of doubt, the commission scheme to Directors pay different rates than the referral fee programme to employees and third parties.
- (8) On 15 March 2024, we entered into a tenancy agreement with Lagenda Harta Sdn Bhd (formerly known as Lagenda Property 1 Sdn Bhd), a subsidiary of Lagenda Properties, for the rental of an office unit measuring 8,620 sq ft at 8-01 and 8-02, Lagenda Tower, No. 3, Jalan SS20/27, 47400 Petaling Jaya Selangor. This tenancy agreement is for a period of 3 years commencing 1 July 2024 with an automatic renewal of an additional period of 6 years. The monthly rental for the abovementioned units is RM26,722 for the first 3-year period, a minimum 10% increase in the second 3-year period and a further minimum 10% increase in the third 3-year period. In accordance with the terms of the tenancy agreement, the deposit payments and advance rental for the first month has been paid as at LPD. The monthly rental commenced in July 2024 and will be recurrent related party transactions. Save for this tenancy agreement, our rented properties are from non-related parties. The monthly rental to Lagenda Harta Sdn Bhd is on an arm's length basis and on competitive commercial terms not more favourable to the related parties.
- (9) Not available as no financial statements were prepared for the financial period up to LPD.

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**10. RELATED PARTY TRANSACTIONS *(Cont'd)***

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Save for the rental expenses paid by Northern Solar to KSI Electcon Sdn Bhd (for which comparable transacted rental rates were unavailable for reference), the related party transactions above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our Group. The tenancy with KSI Electcon Sdn Bhd was terminated on 31 December 2023.

Moving forward, if there are potential related party transactions, the related parties must first inform our Group's Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into. The Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. For avoidance of doubt, our Group will not have any future business dealings or transactions with KSI Electcon Sdn Bhd, NS Powercare and Flow Dimensions Sdn Bhd.

Our Directors are of the view that, save for the rental expenses paid by Northern Solar to KSI Electcon Sdn Bhd (for which comparable transacted rental rates were unavailable for reference), all our related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

**(a) Recurrent related party transactions**

- (i) at least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) if quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

**(b) Other related party transactions**

- (i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) the rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.



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**10. RELATED PARTY TRANSACTIONS *(Cont'd)***

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In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)****10.2 OTHER TRANSACTIONS****10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2022 to FYE 2024, FPE 2025 and up to LPD.

**10.2.2 Outstanding loans (including guarantees of any kind)****(a) Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of the Group.

**(b) Guarantees**

Our Promoters, substantial shareholders and Executive Directors, namely Lew Shoong Kai and Chew Win Hoe have jointly and severally provided personal guarantees for the banking and hire purchase facilities extended by United Overseas Bank (Malaysia) Bhd, Alliance Bank Malaysia Berhad, Maybank Islamic Berhad, Alliance Islamic Bank Malaysia, Malayan Banking Berhad, Pac Lease Berhad, Public Bank Berhad and CIMB Islamic Bank Berhad (collectively referred to as "Financiers") to our Group:

<b>Financiers/ Borrower</b>	<b>Type of facilities</b>	<b>Outstanding balance as at LPD RM'000</b>	<b>Guaranteed sum RM'000</b>	<b>Guarantors</b>
United Overseas Bank (Malaysia) Bhd/ Northern Solar	1 trade facility	-	500	• Lew Shoong Kai • Chew Win Hoe
United Overseas Bank (Malaysia) Bhd/ Northern Solar	1 trade facility	70 (amount of bank guarantee utilised)	3,150	• Lew Shoong Kai • Chew Win Hoe
Alliance Bank Malaysia Berhad/ Northern Solar	1 term loan	645	1,000	• Lew Shoong Kai • Chew Ann Bee
CIMB Islamic Bank Berhad/ Northern Solar	1 term loan	1,694	2,000	• Lew Shoong Kai • Chew Ann Bee
CIMB Islamic Bank Berhad/ Northern Solar	1 trade facility	2,946 (amount of bank guarantee utilised)	5,000	• Lew Shoong Kai • Chew Ann Bee
Maybank Islamic Berhad/ Northern Solar	1 trade facility	-	3,000	• Lew Shoong Kai • Chew Win Hoe • Chew Ann Bee

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

<b>Financiers/ Borrower</b>	<b>Type of facilities</b>	<b>of</b>	<b>Outstanding balance as at LPD RM'000</b>	<b>Guaranteed sum RM'000</b>	<b>Guarantors</b>
Alliance Islamic Bank Berhad/ Northern Solar	1 term loan		(1)7,677	8,000	• Lew Shoong Kai • Chew Win Hoe
Malayan Banking Berhad/ Northern Solar	3 purchase facilities	hire	969	1,633	• Lew Shoong Kai • Chew Win Hoe
Pac Lease Berhad/ Northern Solar	2 purchase facilities	hire	2,568	3,548	• Lew Shoong Kai • Chew Win Hoe

**Note:**

(1) The drawdown of the term loan was made on 20 May 2024.

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the above personal guarantees by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge are obtained from the respective Financiers, the aforesaid persons will continue to guarantee the banking facilities extended to our Group.

As at LPD, we have received approvals from all the Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers.

**(c) Financial assistance provided for the benefit of a related party**

As at the date of the Prospectus, there is no financial assistance provided by us for the benefit of any related party.

**10.2.3 Transactions entered into with M&A Securities**

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 5 December 2023 between our Company and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and
- (b) Underwriting Agreement dated 21 November 2024 entered into between our Company and M&A Securities for the underwriting of 27,692,000 Issue Shares.

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## **11. CONFLICT OF INTEREST**

### **11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS**

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group.

As at LPD, save as disclosed below, none of our Directors and substantial shareholders have any interest, direct or indirect, in the business of our customers and/or suppliers and subcontractors:

#### **(a) Suppliers of our Group**

- (i) KSI Electcon Sdn Bhd, for the purchase of low voltage electrical components by Northern Solar from KSI Electcon Sdn Bhd. The transaction value amounted to RM319,000 and RM6,000 in FYE 2022 and FYE 2023 respectively. Lew Shoong Kai is the sole shareholder and director of KSI Electcon Sdn Bhd. He is also our Promoter, substantial shareholder and Managing Director.

KSI Electcon Sdn Bhd principally undertook electrical engineering contracts and electrical systems integration projects. Lew Shoong Kai was responsible for managing the daily operations of KSI Electcon Sdn Bhd, including leading business development and forging business relationships with customers and suppliers.

As at LPD, KSI Electcon Sdn Bhd has ceased the abovementioned business activities (i.e., electrical engineering contracts and electrical systems integration projects) and is principally involved in investment of property, such as renting out its property to a third party.

- (ii) NS Powercare, for the provision of O&M services to Northern Solar. The transaction value amounted to RM629,000, RM93,000 and RM346,000 in FYE 2022, FYE 2023 and FYE 2024 respectively, as well as advances from Northern Solar for working capital of RM69,000, RM1.3 million and RM100,000 for FYE 2022, FYE 2023 and FYE 2024 respectively, which have been fully settled as at LPD. One of the shareholders and the sole director of NS Powercare is Lew Fui Shi, our Chief Financial Officer and a sister of our Executive Director, Lew Shoong Kai. The other shareholder of NS Powercare is Chua Ai Kim, who is the mother of our Executive Director, Chew Win Hoe.

On 31 December 2023, NS Powercare has ceased its business operations. With effect from 1 January 2024, Northern Solar carries out all of its O&M activities with the intention of streamlining its solar PV EPCC operations and O&M operations under one entity.

Moving forward, our Group will not have any future business dealings or transactions with KSI Electcon Sdn Bhd and NS Powercare.

Premised on the above, M&A Securities as the Sponsor is of the view that the abovementioned conflict of interest situation is sufficiently mitigated.

Please refer to Section 10.1 for further details on the related party transactions.

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**11. CONFLICT OF INTEREST (Cont'd)**

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It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

- (a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
  - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
  - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

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**11. CONFLICT OF INTEREST (Cont'd)**

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**11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS**

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Placement Agent and Underwriter for our Listing;
- (b) Ilham Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;
- (c) BDO PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

Our historical combined financial information throughout the financial years/period under review has been prepared in accordance with MFRS and IFRS Accounting Standards. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

#### 12.1.1 Combined statements of comprehensive income

The following table sets out a summary of our combined statements of comprehensive income for the financial years/period under review which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,232	44,672	77,974	38,243	40,156
Cost of sales	(17,178)	(33,367)	(56,388)	(29,530)	(24,167)
<b>GP</b>	<b>5,054</b>	<b>11,305</b>	<b>21,586</b>	<b>8,713</b>	<b>15,989</b>
Other income	37	16	169	25	1,608
Administrative expenses	(1,657)	(3,682)	(6,571)	(2,929)	(5,087)
Other operating expenses	(39)	(95)	(90)	(44)	(616)
Net loss on impairment of financial instruments	-	-	(1,841)	(286)	(1,679)
<b>Profit from operations</b>	<b>3,395</b>	<b>7,544</b>	<b>13,253</b>	<b>5,479</b>	<b>10,215</b>
Finance costs	(62)	(386)	(535)	(271)	(377)
Share of results of an associate, net of tax	-	-	(3)	(2)	2
<b>PBT</b>	<b>3,333</b>	<b>7,158</b>	<b>12,715</b>	<b>5,206</b>	<b>9,840</b>
Tax expense	(227)	(1,043)	(2,626)	(903)	(2,410)
<b>PAT/ total comprehensive income</b>	<b>3,106</b>	<b>6,115</b>	<b>10,089</b>	<b>4,303</b>	<b>7,430</b>
<b>PAT/ total comprehensive income attributable to:</b>					
Owners of the Company	3,106	6,115	10,089	4,303	7,430
Non-controlling interests	-	-	(1)	(1)	-
	<b>3,106</b>	<b>6,115</b>	<b>10,089</b>	<b>4,303</b>	<b>7,430</b>
EBIT <sup>(2)</sup>	3,395	7,538	13,119	5,458	10,089
EBITDA <sup>(2)</sup>	3,453	7,866	13,566	5,631	10,398
GP margin (%) <sup>(3)</sup>	22.7	25.3	27.7	22.8	39.8
PBT margin (%) <sup>(4)</sup>	15.0	16.0	16.3	13.6	24.5
PAT margin (%) <sup>(4)</sup>	14.0	13.7	12.9	11.3	18.5
EPS (sen) <sup>(5)</sup>	0.8	1.5	2.6	1.1	1.9

**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

- (1) Represents less than RM500, being PAT attributable to non-controlling shareholders where such PAT generated from the then non-wholly owned subsidiary, Norwatt Power, which is mainly interest income.
- (2) EBIT and EBITDA are calculated as follows:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT	3,106	6,115	10,089	4,303	7,430
Less:					
Interest income	-	(6)	(131)	(19)	(128)
Add:					
Finance costs	62	386	535	271	377
Taxation	227	1,043	2,626	903	2,410
<b>EBIT</b>	<b>3,395</b>	<b>7,538</b>	<b>13,119</b>	<b>5,458</b>	<b>10,089</b>
Add:					
Depreciation	58	328	447	173	309
<b>EBITDA</b>	<b>3,453</b>	<b>7,866</b>	<b>13,566</b>	<b>5,631</b>	<b>10,398</b>

- (3) Calculated based on GP over revenue.
- (4) Calculated based on PBT or PAT over revenue.
- (5) Calculated based on PAT attributable to owners of the Company and enlarged share capital of 395,600,000 Shares after IPO.

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**12. FINANCIAL INFORMATION (Cont'd)****12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 March 2022, 2023 and 2024 as well as 30 September 2024 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>Audited</b>			
	<b>As at 31 March</b>			<b>As at 30</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>September</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>2024</b>
				<b>RM'000</b>
<b>Non-current assets</b>				
Plant and equipment	135	236	7,090	8,571
Right-of-use assets	495	3,267	2,918	5,093
Investment in an associate	-	60	201	204
Investment in a joint venture	(1)	(1)	-	-
	630	3,563	10,209	13,868
<b>Current assets</b>				
Inventories	2,618	5,117	3,983	4,371
Trade receivables	3,242	8,891	11,519	19,687
Other receivables and prepayments	2,833	2,910	2,238	2,973
Contract assets	-	499	1,162	5,901
Cash and bank balances	2,219	7,724	9,003	16,973
<b>Total current assets</b>	<b>10,912</b>	<b>25,141</b>	<b>27,905</b>	<b>49,905</b>
<b>Total assets</b>	<b>11,542</b>	<b>28,704</b>	<b>38,114</b>	<b>63,773</b>
<b>Equity</b>				
Invested equity	1,000	1,000	1,000	1,000
Retained earnings	3,450	9,566	19,654	22,084
<b>Total equity</b>	<b>4,450</b>	<b>10,566</b>	<b>20,654</b>	<b>23,084</b>
<b>Non-current liabilities</b>				
Borrowings	-	696	2,095	8,547
Lease liabilities	372	3,584	3,430	5,071
Deferred tax liabilities	17	421	126	299
	389	4,701	5,651	13,917
<b>Current liabilities</b>				
Trade payables	4,526	7,045	6,761	10,568
Other payables	1,187	1,203	1,361	2,617
Contract liabilities	192	1,886	591	3,389
Borrowings	500	2,355	564	5,803
Derivative liabilities	-	-	-	97
Lease liabilities	82	832	914	1,165
Current tax liabilities	216	116	1,618	3,133
	6,703	13,437	11,809	26,772
Total liabilities	7,092	18,138	17,460	40,689
<b>Total equity and liabilities</b>	<b>11,542</b>	<b>28,704</b>	<b>38,114</b>	<b>63,773</b>

**Note:**

(1) Represents less than RM500.

**12. FINANCIAL INFORMATION (Cont'd)****12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for the financial years/period under review which has been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>				
PBT	3,333	7,158	12,715	9,840
Adjustments for:				
Depreciation of:				
- Plant and equipment	14	35	146	84
- Right-of-use assets	44	293	301	225
Gain on lease termination	-	-	(17)	-
Fair value loss on derivative liabilities	-	-	-	97
Loss on disposal of a subsidiary	-	-	1	-
Impairment loss on an associate	-	-	6	-
Impairment losses on trade receivables	-	-	1,841	2,266
Reversal of impairment losses on trade receivables	-	-	-	(587)
Interest expenses:				
- Lease liabilities	11	274	313	148
- Borrowing	-	37	111	153
- Other	51	75	111	76
Interest income	-	(6)	(131)	(128)
Plant and equipment written off	-	19	-	-
Unrealised gain on foreign exchange	(4)	(2)	(15)	(162)
Share of loss/ (profit) of an associate, net of tax	-	-	3	(2)
Operating profit before changes in working capital	3,449	7,883	15,385	12,010
Changes in working capital:				
Inventories	(1,487)	(2,499)	1,134	(388)
Receivables	(4,016)	(5,956)	(5,362)	(10,583)
Payables	2,828	2,523	(142)	5,281
Contract assets	-	(499)	(663)	(4,738)
Contract liabilities	192	1,693	(1,295)	2,798
Cash generated from operations	966	3,145	9,057	4,380
Tax paid	(74)	(739)	(1,419)	(722)
<b>Net cash generated from operating activities</b>	<b>892</b>	<b>2,406</b>	<b>7,638</b>	<b>3,658</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from investing activities</b>				
Acquisition of:				
- an associate	-	(60)	-	-
- a joint venture	(1)	-	(1)	-
Acquisition of additional interests in an associate	-	-	(151)	-
Net cash inflow on acquisition of a subsidiary	-	-	2	-
Net cash outflow on disposal of a subsidiary	-	-	(255)	-
Additional issuance of shares - Non-controlling interests	-	-	250	-
(Advance to)/ Repayment from a related party	(68)	(1,318)	1,557	(8)
(Advance to)/ Repayment from a joint venture	(5)	(4)	9	-
Repayment from Directors	5	272	17	(25)
Placement of deposits with a licensed bank with original maturity of more than 3 months	-	(354)	(124)	(133)
Placement in restricted bank balances	-	-	-	(716)
Interest received	-	6	131	128
Proceeds from disposal of equity interest in joint venture	-	-	(1)	-
Purchase of plant and equipment	(138)	(154)	(7,000)	(1,566)
<b>Net cash used in investing activities</b>	<b>(206)</b>	<b>(1,612)</b>	<b>(5,564)</b>	<b>(2,320)</b>
<b>Cash flow from financing activities</b>				
Proceeds from subscribers share	-	-	(1)	-
Proceeds from issuance of shares	-	-	-	-
Dividend paid	-	-	-	(5,000)
Net drawdown /(repayments) of borrowings	500	2,551	(391)	11,690
Net (repayments)/ drawdown of lease liabilities	(46)	2,168	(25)	(529)
Interest paid	(51)	(363)	(517)	(356)
<b>Net cash from/ (used in) financing activities</b>	<b>403</b>	<b>4,356</b>	<b>(933)</b>	<b>5,805</b>

**12. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net increase in cash and cash equivalents</b>	1,089	5,150	1,141	7,143
Cash and cash equivalents at beginning of financial year/ period	1,130	2,219	7,369	8,525
Effect of exchange translation difference	-	-	15	(23)
<b>Cash and cash equivalents at end of financial year/ period</b>	<b>2,219</b>	<b>7,369</b>	<b>8,525</b>	<b>15,645</b>

**Note:**

(1) Represents less than RM500.

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## **12. FINANCIAL INFORMATION (Cont'd)**

### **12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and segmental analysis of our combined financial statements for the financial years/period under review should be read with the Accountants' Report in Section 13.

#### **12.2.1 Overview of our operations**

##### **(a) Principal activities**

Our Group is involved in renewable energy where we are principally undertaking the following:

- (i) EPCC of solar PV systems: we undertake engineering design and planning, procurement and supply, construction, installation as well as testing and commissioning of solar PV systems for rooftop installations on commercial, industrial and residential buildings.
- (ii) Generation of renewable energy: we own, operate and maintain rooftop solar PV systems that generate and sell the electricity generated to the utility grid in Peninsular Malaysia. We enter into REPPA or SARE in relation to our rooftop solar PV systems that generate and sell electricity to NEM / SELCO consumers in Peninsular Malaysia for period ranging from 15 to 25 years.
- (iii) O&M of solar PV equipment and systems: we offer O&M services for rooftop mounted solar PV systems. Our O&M services help to maintain consistent operations of solar PV equipment and systems for a specific contractual duration. Typically, our O&M contracts range between 1 and 10 years, depending on the scope of services. We commenced our O&M services in April 2024.

We principally operate in Malaysia. For the financial years/period under review, our revenue was mainly derived from the EPCC of solar PV systems segment which accounted for 100.0%, 99.1%, 98.8% and 98.6% for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. Our projects and services were carried out locally and the primary currency used in our invoicing is RM. Our revenue recognition is as follows:

<b>Business segment</b>	<b>Revenue recognition</b>
(i) EPCC of solar PV systems	Our revenue from EPCC of solar PV systems segment is measured and recognised over the period of the contract by reference to the progress towards complete satisfaction of our performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date over to the estimated total construction costs (an input method).

## 12. FINANCIAL INFORMATION (Cont'd)

<u>Business segment</u>	<u>Revenue recognition</u>
	<p>We become entitled to invoice customers for EPCC services based on achieving a series of performance-related milestones. Our Group recognises a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when an invoice is issued or timing for billing is due in the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances are received from customers, then our Group recognises a contract liability for the difference.</p>
(ii) Generation of renewable energy	<p>Our revenue is recognised upon delivery of electricity, which is measured in kWh to the customers and acceptance by the customers.</p>
(iii) O&M of solar PV equipment and systems	<p>Upon completion of our projects under the EPCC of solar PV systems segment and after the two-year free service, we will generate revenue from the O&amp;M of solar PV equipment and systems. Generally, we are engaged by our customers to provide maintenance and services over a fixed period ranging from 1 year to 10 years, depending on the scope of services.</p>

For avoidance of doubt, from FYE 2022 to 2024, our O&M services have been provided free of charge as part of our obligations under most of our EPCC contracts. In this respect, no revenue has been generated over FYE 2022 to 2024. Nonetheless, as at LPD, we have secured several O&M services contracts, which shall contribute to revenue for the O&M business segment from FPE 2025 onwards.

Our revenue generated from these segments in any financial year/period fluctuates depending on the number of projects and stage of completion of the projects we undertake.

Please refer to Section 7 for our Group's detailed business overview.

### (b) Cost of sales

Our cost of sales comprises project materials, subcontractors cost and other overheads as follows:

#### (i) Project materials

Project materials mainly comprise solar PV panels, mounting structures, inverters, cable and cable accessories.

We generally purchase our project materials based on our projects' requirements. These materials are sourced from our approved suppliers locally and internationally. Our approved suppliers are selected based on their pricing, credibility, availability and lead time for delivery. In addition, we also purchase our project materials from suppliers nominated by our customers, if any. Whilst we have maintained long term business relationship with our approved list of suppliers, we also source for project materials from new suppliers, if the need arises.

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**12. FINANCIAL INFORMATION (Cont'd)**

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Our project materials represented between 70.7% and 79.3% of our total cost of sales for the financial years/period under review. The fluctuations in project materials consumed during the financial years/period under review were in tandem with the change in our revenue and level of works performed and milestone achieved.

**(ii) Subcontractors cost**

We engage subcontractors for the provision of labour-intensive tasks such as civil and infrastructural works as well as M&E installation activities. All works performed by our subcontractors are carried out under our project management and supervision.

Our subcontractors cost represented between 9.3% and 18.0% of our total cost of sales for the financial years/period under review. The fluctuations in our subcontractors' fees were in tandem with the level and type of works performed by our subcontractors.

**(iii) Overheads**

Overheads comprise freight charges and import duties (such as for solar PV modules), application and processing fee (for the necessary applications to the authorities such as TNB, SEDA and Suruhanjaya Tenaga), project insurance, commission (payable for referrals) and rental of forklifts. These overheads represented between 10.4% and 13.4% of our total cost of sales for the financial years/period under review.

**(iv) Depreciation**

Being depreciation charged on the solar PV system assets that we own and operate, which are classified as plant and equipment and maintain during the financial years/period under review.

**(c) Other income**

Other income comprises insurance claims, interest income, gain on foreign exchange, sale of renewable energy certificates and wage subsidy.

**(d) Administrative expenses**

Administrative expenses mainly comprise overheads incurred to maintain our operations such as staff costs, directors' remuneration, marketing and promotion expenses as well as office expenses.

**(e) Other operating expenses**

Other operating expenses relate to expenses incurred which are not directly related to our operations such as plant and equipment written off and depreciation on right-of-use assets.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**(f) Net loss on impairment of financial instruments**

For the application of MFRS 9 – Financial Instruments, our Group estimates a lifetime expected credit loss allowance for all financial assets. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables that are credit impaired. We derived the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses which is then adjusted based on reasonable and supportable qualitative and quantitative forward-looking information.

**(g) Finance costs**

Finance costs comprise lease liabilities interest, borrowings interest and other interests.

**(h) Recent developments**

Save for the Acquisitions, there are no other significant events subsequent to our Group's audited combined financial statements for FPE 2025.

**(i) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items during the financial years/period under review. In addition, our audited combined financial statements for the financial years/period under review were not subject to any audit qualifications.

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.2.2 Review of our results of operations

#### (a) Revenue

##### Analysis of revenue by segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC of solar PV systems	22,232	100.0	44,264	99.1	77,028	98.8	37,769	98.8	39,599	98.6
Generation of renewable energy	-	-	408	0.9	946	1.2	474	1.2	525	1.3
O&M of solar PV equipment and systems	-	-	-	-	-	-	-	-	32	0.1
<b>Total</b>	<b>22,232</b>	<b>100.0</b>	<b>44,672</b>	<b>100.0</b>	<b>77,974</b>	<b>100.0</b>	<b>38,243</b>	<b>100.0</b>	<b>40,156</b>	<b>100.0</b>

##### Analysis of revenue by type of property

Our Group's revenue contribution by type of property varies from period to period according to the EPCC projects secured by our Group as well as the commercialisation of solar PV assets that we own, operate and maintain in a particular year. The breakdown of revenue over the financial years/period under review is as follows:

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Commercial and industrial projects <sup>(1)</sup>	21,630	97.3	39,646	88.7	67,808	87.0	34,043	89.0	30,460	75.9
Residential projects <sup>(2)</sup>	602	2.7	5,026	11.3	10,166	13.0	4,200	11.0	9,696	24.1
<b>Total</b>	<b>22,232</b>	<b>100.0</b>	<b>44,672</b>	<b>100.0</b>	<b>77,974</b>	<b>100.0</b>	<b>38,243</b>	<b>100.0</b>	<b>40,156</b>	<b>100.0</b>

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Notes:**

- (1) Comprises revenue from the EPCC of solar PV systems on the rooftops of mixed-use properties, and commercial properties and industrial properties of our customers as well as generation of renewable energy on solar PV assets that we own, operate and maintain.
- (2) Comprises revenue from the EPCC of solar PV systems on the rooftops of residential properties.

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**12. FINANCIAL INFORMATION (Cont'd)**

**Analysis of number and revenue of existing and new projects completed and ongoing during the financial years/period under review**

The nature of our business is project-based and our projects typically range from 3 months to 1 year. The commencement year of each project is based on the respective LOAs. The completion year of each project is based on the milestone achieved for the respective projects.

The table below presents the breakdown of the revenue during the financial years/period under review which is contributed by newly secured EPCC projects and existing EPCC projects (i.e. from the prior financial year) as well as the corresponding number of EPCC projects respectively contributing to such revenue. For avoidance of doubt, projects which did not contribute to revenue during the year/period are excluded.

	<b>FYE 2022</b>		<b>Audited FYE 2023</b>		<b>FYE 2024</b>		<b>Unaudited FPE 2024</b>		<b>Audited FPE 2025</b>	
	<b>No. of projects</b>	<b>Revenue</b>	<b>No. of projects</b>	<b>Revenue</b>	<b>No. of projects</b>	<b>Revenue</b>	<b>No. of projects</b>	<b>Revenue</b>	<b>No. of projects</b>	<b>Revenue</b>
	<b>Unit</b>	<b>RM'000</b>	<b>Unit</b>	<b>RM'000</b>	<b>Unit</b>	<b>RM'000</b>	<b>Unit</b>	<b>RM'000</b>	<b>Unit</b>	<b>RM'000</b>
<b>Existing projects</b>										
-Completed	26	10,543	53	8,969	46	3,266	54	3,001	264	10,278
-Ongoing	2	709	-	-	11	1,330	3	678	12	2,015
<b>Subtotal for existing projects</b>	<b>28</b>	<b>11,252</b>	<b>53</b>	<b>8,969</b>	<b>57</b>	<b>4,596</b>	<b>57</b>	<b>3,679</b>	<b>276</b>	<b>12,293</b>
<b>New projects</b>										
-Completed	23	6,084	187	27,863	311	23,281	78	4,707	255	16,477
-Ongoing	55	4,896	57	7,432	276	49,151	225	29,383	261	10,829
<b>Subtotal for new projects</b>	<b>78</b>	<b>10,980</b>	<b>244</b>	<b>35,295</b>	<b>587</b>	<b>72,432</b>	<b>303</b>	<b>34,090</b>	<b>516</b>	<b>27,306</b>
<b>Total projects</b>	<b>106</b>	<b>22,232</b>	<b>297</b>	<b>44,264</b>	<b>644</b>	<b>77,028</b>	<b>360</b>	<b>37,769</b>	<b>792</b>	<b>39,599</b>

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**12. FINANCIAL INFORMATION (Cont'd)**

Our growing project team, our ability to handover projects to customers in accordance with the project schedule, as well as our experienced project management and business development team in handling the customers enabled us to secure and undertake more projects (through referrals and word of mouth) during the financial years/period under review. Our Group has a referral fee programme to reward our existing customers, employees (excluding our directors, who are instead entitled to our Group's commission scheme for sales secured as set out under Section 5.2.4) and external third parties, for referring new customers to our services. Through the referral programme, the referrer would receive a cash bonus for each successful referral that leads to a new customer relationship or a new project.

During the financial years/period under review, there was an upward trend in terms of the number of new projects secured from 78 new projects in FYE 2022, to 244 new projects in FYE 2023, to 587 new projects in FYE 2024 as well as 303 new projects in FPE 2024 to 516 new projects in FPE 2025. This was mainly contributed by the new number of residential projects: (i) 47 new residential projects representing 60.3% of total number of new projects in FYE 2022; (ii) 183 new residential projects representing 75.0% of total number of new projects in FYE 2023, (iii) 440 new residential projects representing 75.0% of total number of new projects in FYE 2024, (iv) 222 new residential projects representing 73.3% of total number of new projects in FPE 2024 and (v) 467 new residential projects representing 90.5% of total number of new projects in FPE 2025. These new residential projects generally demonstrated a lower average contract sum, i.e. less than RM32,000 per project, as compared to new commercial and industrial projects.

**Comparison between FYE 2022 and FYE 2023**

Our Group's total revenue increased by RM22.5 million or 101.4% to RM44.7 million in FYE 2023 (FYE 2022: RM22.2 million) and continued to be contributed by projects for commercial and industrial properties, which increased by RM18.0 million or 83.3%. Commercial and industrial projects collectively accounted for 97.3% and 88.7% of our revenues for FYE 2022 and FYE 2023, respectively.

For FYE 2023, our Group secured 244 new projects contributing to a revenue of RM35.3 as compared to 78 new projects contributing to a revenue of RM11.0 in FYE 2022. Out of the 244 new projects, we completed 187 projects contributing to a revenue of RM27.9 million (FYE 2022: 23 completed projects with revenue of RM6.1 million). Separately, 53 out of 55 ongoing projects carried over from FYE 2022 were completed in FYE 2023 and contributed a revenue of RM9.0 million (FYE 2022: 26 ongoing projects that were completed with revenue contribution of RM10.5 million).

EPCC of solar PV systems

The increase in our total revenue was mainly contributed by our EPCC of solar PV systems segment which saw an increase of RM22.1 million or 99.5% to RM44.3 million in FYE 2023 (FYE 2022: RM22.2 million). EPCC of solar PV systems accounted for 100.0% and 99.1% of our total revenues in FYE 2022 and FYE 2023 respectively. The growth in revenue was attributable to the increased in the number of projects and project activities during the financial year.

Our notable projects involving commercial and industrial properties during FYE 2023 were as follows:

- (a) 1 newly secured project for a metal manufacturer at Klang, Selangor from which we recorded a revenue of RM4.5 million during FYE 2023. This project was completed in FYE 2023.

**12. FINANCIAL INFORMATION (Cont'd)**

- (b) 1 newly secured project for a food processing manufacturer at Klang, Selangor from which we recorded a revenue of RM2.4 million during FYE 2023. This project was completed in FYE 2023.
- (c) 1 newly secured project for Customer A at Klang, Selangor from which we recorded a revenue of RM2.3 million during FYE 2023. This project was completed in FYE 2023.
- (d) 1 newly secured project for a metal manufacturer at Klang, Selangor from which we recorded a revenue of RM2.3 million during FYE 2023. This project was completed in FYE 2023.
- (e) 1 newly secured project for a concrete manufacturer at Klang, Selangor from which we recorded a revenue of RM2.1 million during FYE 2023. This project was completed in FYE 2023.
- (f) 1 newly secured project for a packing material manufacturer at Jasin, Melaka from which we recorded a revenue of RM1.7 million during FYE 2023. This project was completed in FYE 2023.
- (g) 1 ongoing project for a papermill in Krubong, Melaka from which our revenue increased by RM1.0 million from RM0.7 million in FYE 2022 to RM1.7 million in FYE 2023. This project was completed in in FYE 2023.
- (h) 1 newly secured project for a wholesaler at Simpang Renggam, Johor from which we recorded a revenue of RM1.5 million during FYE 2023. This project was completed in FYE 2023.

Generation of renewable energy

In FYE 2023, we own, operate and maintain 10 rooftop solar PV system assets located across Peninsular Malaysia. The EPCC works for these 10 rooftop solar PV systems were carried out by our Group and were completed in FYE 2023. In FYE 2023, we recorded a revenue of RM0.4 million from the generation of renewable energy from 10 commercialised rooftop solar PV system assets.

**Comparison between FYE 2023 and FYE 2024**

Our Group's total revenue increased by RM33.3 million or 74.5% to RM78.0 million in FYE 2024 (FYE 2023: RM44.7 million). This was mainly from commercial and industrial projects which contributed to an increase of RM28.2 million or 71.2%. The commercial and industrial projects accounted for 88.7% and 87.0% of our revenue for FYE 2023 and FYE 2024, respectively.

For FYE 2024, our Group secured 587 new projects contributing to a revenue of RM72.4 million as compared to 244 new projects contributing to a revenue of RM35.3 million in FYE 2023. Out of the 587 new projects, we completed 311 projects contributing to a revenue of RM23.3 million (FYE 2023: 187 completed projects with revenue of RM27.9 million). Separately, there were 57 ongoing projects that continued from FYE 2023, of which we completed 46 projects, thereby contributing a revenue of RM3.3 million (FYE 2023: 53 ongoing projects that were completed, contributing revenue of RM9.0 million).

**12. FINANCIAL INFORMATION (Cont'd)**EPCC of solar PV systems

The increase in our total revenue was mainly contributed by the increase in revenue generated from our EPCC of solar PV systems segment of RM32.7 million or 73.8% to RM77.0 million in FYE 2024 (FYE 2023: RM44.3 million). The EPCC of solar PV systems accounted for 99.1% and 98.8% of total revenue of FYE 2023 and FYE 2024 respectively. The growth in revenue was attributable to the continued increase in the number of projects and project activities during the financial year.

Our notable projects involving commercial and industrial properties during FYE 2024 were as follows:

- (a) 1 newly secured project for a mould fabrication company at Pulau Pinang from which we recorded a revenue of RM4.1 million during FYE 2024. This project was completed in FPE 2025.
- (b) 1 newly secured project for a medical glove manufacturer at Kemaman, Terengganu from which we recorded a revenue of RM2.9 million during FYE 2024. This project was completed in FPE 2025.
- (c) 1 newly secured project for an electronic component manufacturer at Kuala Lumpur from which we recorded a revenue of RM2.5 million during FYE 2024. This project was completed in FPE 2025.
- (d) 1 newly secured project for Customer A at Pulau Pinang, from which we recorded a revenue of RM1.9 million during FYE 2024. This project was completed in FYE 2024.
- (e) 1 newly secured project for Customer A at Bukit Gajah, Perak, from which we recorded a revenue of RM1.9 million during FYE 2024. This project was completed in FYE 2024.
- (f) 1 newly secured project for Customer A at Klang, Selangor from which we recorded a revenue of RM1.7 million during FYE 2024. This project was completed in FYE 2024.
- (g) 1 newly secured project for Customer A at Baling, Kedah, from which we recorded a revenue of RM1.7 million during FYE 2024. This project was completed in FYE 2024.
- (h) 1 newly secured project for an infrastructure and property developer at Puchong, Selangor from which we recorded a revenue of RM1.6 million during FYE 2024. This project was completed in FYE 2024.
- (i) 1 newly secured project for Customer A at Jelapang, Perak, from which we recorded a revenue of RM1.5 million during FYE 2024. This project was completed in FYE 2024.
- (j) 1 newly secured project for Customer A at Port Dickson, Negeri Sembilan from which we recorded a revenue of RM1.4 million during FYE 2024. This project was completed in FYE 2024.
- (k) 1 newly secured project for a plastic bags manufacturer at Klang, Selangor from which we recorded a revenue of RM1.3 million during FYE 2024. This project was completed in FYE 2024.

**12. FINANCIAL INFORMATION (Cont'd)**

- (l) 1 newly secured project for a mobile and transportation equipment manufacturer at Pasir Gudang, Johor from which we recorded a revenue of RM1.3 million during FYE 2024. This project was completed in FYE 2024.
- (m) 1 newly secured project for Customer A at Kubang Kerian, Kelantan from which we recorded a revenue of RM1.2 million during FYE 2024. This project was completed in FYE 2024.
- (n) 1 newly secured project for a food manufacturer at Seri Kembangan, Selangor from which we recorded a revenue of RM1.2 million during FYE 2024. This project was completed in FYE 2024.
- (o) 1 newly secured project for Customer A at Jerantut, Pahang from which we recorded a revenue of RM1.1 million during FYE 2024. This project was completed in FYE 2024.
- (p) 2 newly secured projects for a high school at Kulai and Seri Alam in Johor, from which we recorded a combined revenue of RM2.2 million during FYE 2024. These projects were still ongoing at the end of FYE 2024 and completed as at LPD.
- (q) 1 newly secured project for Customer A at Shah Alam, Selangor, from which we recorded a revenue of RM1.0 million during FYE 2024. This project was completed in FYE 2024.

Generation of renewable energy

In FYE 2024, revenue from the generation of renewable energy increased by RM0.5 million or 125.0%, to RM0.9 million (FYE 2023: RM0.4 million) attributable to full 12 months electricity generated from 9 solar PV system assets we own and operate in FYE 2024 as compared to 5 solar PV system assets that were commercialised in second half of FYE 2023.

**Comparison between FPE 2024 and FPE 2025**

Our Group's total revenue increased by RM2.0 million or 5.2% to RM40.2 million in FPE 2025 (FPE 2024: RM38.2 million). This was mainly from residential projects which contributed to an increase of RM5.5 million or 131.0%, which was offset by the decrease in commercial and industrial projects revenue of RM3.5 million or 10.3% accounted for 89.0% and 75.9% of our Group's revenue for FPE 2024 and FPE 2025, respectively.

For FPE 2025, our Group secured 516 new projects contributing to a revenue of RM27.3 million as compared to 303 new projects contributing to a revenue of RM34.1 million in FPE 2024. Out of the 516 new projects, our Group completed 255 projects contributing to a revenue of RM16.5 million (FPE 2024: 78 completed projects with revenue of RM4.7 million). Separately, there were 276 on-going projects that continued from FYE 2024, of which we completed 264 projects, thereby contributing a revenue of RM10.3 million (FPE 2024: 54 ongoing projects that were completed, contributing revenue of RM3.0 million).

**12. FINANCIAL INFORMATION (Cont'd)**EPCC of solar PV systems

The increase in our Group's total revenue was contributed by the increase in revenue generated from our EPCC of solar PV systems segment of RM1.8 million or 4.8% to RM39.6 million in FPE 2025 (FPE 2024: RM37.8 million). The EPCC of solar PV systems accounted for 98.8% and 98.6% of total revenue of FPE 2024 and FPE 2025 respectively. The growth in revenue was attributable to continued increase in the number of projects and project activities during the financial period.

Our notable projects involving commercial and industrial properties during FPE 2025 were as follows:

- (a) 5 newly secured projects for an industrial pipe manufacturer at Shah Alam, Selangor from which we recorded a revenue of RM5.8 million during FPE 2025. These projects were completed in FPE 2025.
- (b) 3 newly secured projects for a renewable energy company at Petaling Jaya, Selangor from which we recorded a revenue of RM4.7 million during FPE 2025. These projects are still ongoing as at LPD.
- (c) 1 newly secured project for a retail shop at Lenggeng, Negeri Sembilan from which we recorded a revenue of RM1.7 million during FPE 2025. This project is still ongoing as at LPD.
- (d) 1 ongoing project for a medical glove manufacturer at Kemaman, Terengganu from which we recorded a revenue of RM1.1 million during FPE 2025. This project was completed as at LPD.
- (e) 2 newly secured projects for an industrial packaging manufacturer at Melaka from which we recorded a revenue of RM0.9 million during FPE 2025. These projects are still ongoing as at LPD.
- (f) 1 newly secured project for a printer company at Shah Alam, Selangor from which we recorded a revenue of RM0.9 million during FPE 2025. This project is still ongoing as at LPD.
- (g) 1 newly secured project for a logistic and warehouse company at Johor Bahru from which we recorded a revenue of RM0.9 million during FPE 2025. This project was completed in FPE 2025.
- (h) 1 newly secured project for an automotive parts manufacturer at Seri Kembangan, Selangor from which we recorded a revenue of RM0.9 million during FPE 2025. This project is still ongoing as at LPD.
- (i) 1 newly secured project for a warehouse company at Klang, Selangor from which we recorded a revenue of RM0.8 million during FPE 2025. This project is still ongoing as at LPD.
- (j) Retention sums of 46 projects which were completed mainly for Customer A in FYE 2024. We recorded and recognised as revenue of RM3.7 million during FPE 2025.



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**12. FINANCIAL INFORMATION (Cont'd)**

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Generation of renewable energy

Our revenue from the generation of renewable energy recorded RM0.5 million for FPE 2024 and FPE 2025 attributable to 6 months electricity generated from 10 solar PV system assets the Group own and operate in FPE 2024 and FPE 2025.

O&M of solar PV equipment and systems

Our revenue from O&M of solar PV equipment and systems services recorded RM0.03 million in FPE 2025 for O&M contracts commencing in FPE 2025.

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**12. FINANCIAL INFORMATION (Cont'd)****(b) Cost of sales, GP and GP margin**

Our Group prices our projects based on project cost estimates after taking into consideration, amongst others, the size, complexity and specifications of the projects. The project cost is estimated at the beginning of the project based on expected project materials, subcontractors cost, overheads and project duration. Generally, the project cost estimates will be revised towards the end of each project period to reflect the actual incurred costs. Apart from project costs estimates, each project's GP may differ based on the scope of project, project duration and project margin.

**Analysis of cost of sales by cost items**

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Project materials <sup>(1)</sup>	12,139	70.7	26,453	79.3	40,482	71.8	22,427	75.9	17,293	71.6
Subcontractors cost <sup>(1)</sup>	2,731	15.9	3,119	9.3	9,691	17.2	4,209	14.3	4,339	18.0
Sub-total	14,870	86.6	29,572	88.6	50,173	89.0	26,636	90.2	21,632	89.6
Overheads:										
Freight charges and import duty	1,028	6.0	2,380	7.1	3,922	7.0	2,162	7.3	1,237	5.1
Application and processing fee	343	2.0	510	1.5	1,120	2.0	473	1.6	653	2.6
Project insurance	62	0.3	96	0.3	196	0.3	101	0.3	49	0.2
Commission	776	4.5	456	1.4	181	0.3	35	0.1	175	0.7
Staff cost	-	-	123	0.4	507	0.9	25	0.1	270	1.1
Rental of forklift	99	0.6	72	0.2	33	0.1	19	0.1	37	0.2
Depreciation for solar PV system assets <sup>(2)</sup>	-	-	158	0.5	256	0.4	79	0.3	114	0.5
Sub-total	2,308	13.4	3,795	11.4	6,215	11.0	2,894	9.8	2,535	10.4
<b>Total</b>	<b>17,178</b>	<b>100.0</b>	<b>33,367</b>	<b>100.0</b>	<b>56,388</b>	<b>100.0</b>	<b>29,530</b>	<b>100.0</b>	<b>24,167</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

- (1) The major components of our cost of sales are project materials and subcontractors cost that collectively represents between 86.6% and 89.6% of our Group's cost of sales from financial years/period under review.
- (2) Being depreciation charged on the solar PV system assets under plant and equipment that we own, operate and maintain during the financial years/period under review.

**Comparison between FYE 2022 and FYE 2023**

Our cost of sales increased by RM16.2 million or 94.2% to RM33.4 million in FYE 2023 (FYE 2022: RM17.2 million), which corresponded with our Group's higher revenue during the same period, attributable to the following:

- (a) Project materials increased by RM14.4 million or 119.0% to RM26.5 million in FYE 2023 (FYE 2022: RM12.1 million), mainly arising from the increase in project materials used for new commercial and industrial projects that were completed in FYE 2023;
- (b) Freight charges and import duties increased by RM1.4 million or 140.0% to RM2.4 million in FYE 2023 (FYE 2022: RM1.0 million), arising from the solar PV modules and inverters we purchased for new projects secured in FYE 2023;
- (c) Subcontractors cost increased by RM0.4 million or 14.8% to RM3.1 million in FYE 2023 (FYE 2022: RM2.7 million), mainly arising from the increased manpower required for new commercial and industrial projects in FYE 2023;
- (d) Application and processing fees increased by RM0.2 million or 66.7% to RM0.5 million in FYE 2023 (FYE 2022: RM0.3 million) mainly for new commercial and industrial projects that were completed in FYE 2023; and
- (e) Staff cost of RM0.1 million in FYE 2023 as we recruited a project team to manage our EPCC projects in FYE 2023.

The abovementioned increases were offset by the decrease in commission of RM0.3 million or 37.5% to RM0.5 million in FYE 2023 (FYE 2022: RM0.8 million) as most of new projects were mainly brought in by our marketing team and Executive Directors.

**Comparison between FYE 2023 and FYE 2024**

Our cost of sales increased by RM23.0 million or 68.9% to RM56.4 million in FYE 2024 (FYE 2023: RM33.4 million), which corresponded with our Group's higher revenue during the same period, mainly attributable to the following:

- (a) Project materials increased by RM14.0 million or 52.8% to RM40.5 million in FYE 2024 (FYE 2023: RM26.5 million), mainly arising from the increase in project materials used for commercial and industrial projects in FYE 2024;
- (b) Subcontractors cost increased by RM6.6 million or 212.9% to RM9.7 million in FYE 2024 (FYE 2023: RM3.1 million), mainly arising from the increased manpower required for new and ongoing commercial and industrial projects in FYE 2024;

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**12. FINANCIAL INFORMATION (Cont'd)**

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- (c) Freight charges and import duties increased by RM1.5 million or 62.5% to RM3.9 million in FYE 2024 (FYE 2023: RM2.4 million), arising from the solar PV modules and inverters we purchased for new projects to commence in FYE 2024; and
- (d) Application and processing fees increased by RM0.6 million or 120.0% to RM1.1 million in FYE 2024 (FYE 2023: RM0.5 million) mainly for new and ongoing commercial and industrial projects in FYE 2024.

**Comparison between FPE 2024 and FPE 2025**

Our Group's cost of sales decreased by RM5.3 million or 18.0% to RM24.2 million in FPE 2025 (FPE 2024: RM29.5 million), mainly attributable to the following:

- (a) Project materials decreased by RM5.1 million or 22.8% to RM17.3 million in FPE 2025 (FPE 2024: RM22.4 million), mainly arising from the decrease in project materials cost as the purchase price decreased in solar panels and systems during FPE 2025; and
- (b) Freight charges and import duties decreased by RM1.0 million or 45.5% to RM1.2 million in FPE 2025 (FPE 2024: RM2.2 million), arising from less overseas purchases made and lower solar PV modules and inverters cost for new projects in FPE 2025.

The decrease in our Group's cost of sales was offset by the following:

- (a) Staff cost increased by RM0.3 million attributable to salaries for increased headcount under project management team;
- (b) Application and processing fees increased by RM0.2 million mainly for new and ongoing commercial and industrial projects in FPE 2025; and
- (c) Commission increased by RM0.2 million attributable to the referral fee for the new projects from third parties.

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**12. FINANCIAL INFORMATION (Cont'd)**

**Analysis of GP and GP margin by segment**

	<b>Audited</b>						<b>Unaudited</b>		<b>Audited</b>	
	<b>FYE 2022</b>		<b>FYE 2023</b>		<b>FYE 2024</b>		<b>FPE 2024</b>		<b>FPE 2025</b>	
	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>	<b>GP</b>	<b>GP margin</b>
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
EPCC of solar PV systems	5,054	22.7	11,055	25.0	20,896	27.1	8,318	22.0	15,549	39.3
Generation of renewable energy <sup>(1)</sup>	-	-	250	61.3	690	72.9	395	83.3	411	78.3
O&M of solar PV equipment and systems	-	-	-	-	-	-	-	-	29	90.6
	<b>5,054</b>	<b>22.7</b>	<b>11,305</b>	<b>25.3</b>	<b>21,586</b>	<b>27.7</b>	<b>8,713</b>	<b>22.8</b>	<b>15,989</b>	<b>39.8</b>

**Note:**

- <sup>(1)</sup> For the financial years/period under review, costs incurred for the generation of renewable energy comprised the installation costs and labour costs for our solar PV system assets (which were capitalised and recorded under plant and equipment as well as inventories) as well as depreciation of our solar PV system assets that are recorded under plant and equipment (the depreciation were charged off to cost of sales). Hence, our GP margin from the generation of renewable energy segment fluctuates with the depreciation charged on our solar PV system assets operated during financial years/period under review.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FYE 2022 and FYE 2023**

Our overall GP increased by RM6.2 million or 121.6% from RM5.1 million in FYE 2022 to RM11.3 million in FYE 2023. The increased overall GP was mainly contributed by the increase in GP from EPCC of solar PV systems.

EPCC of solar PV systems

Our GP from EPCC of solar PV systems increased by RM6.0 million or 117.6% to RM11.1 million in FYE 2023 (FYE 2022: RM5.1 million). This was contributed by the 187 new projects and 53 ongoing projects which were completed in FYE 2023, which collectively contributed GP of RM10.0 million and an average GP margin of 27.1%. Combined with the GP from remaining ongoing projects in FYE 2023 which had a GP of RM1.1 million and an average GP margin of 14.6% in FYE 2023, our GP margin for EPCC solar PV systems was 25.0%. The remaining ongoing projects generated lower GP margin (i.e. 14.6%) mainly attributed to the timing difference in revenue and cost recognition as the milestones for progress claims of these EPCC projects were not yet achieved despite us incurring the associated costs (such as project materials, freight charges and import duties).

Generation of renewable energy

Our GP and GP margin from generation of renewable energy were RM0.3 million and 61.3% in FYE 2023, respectively. During FYE 2023, we own, operate and maintain 10 rooftop solar PV system assets, of which 4 rooftop solar PV system assets were recorded as plant and machineries and charged with depreciation costs. The remaining 6 rooftop solar PV system assets were classified as inventories as our Group had intended to secure potential buyers for these assets.

**Comparison between FYE 2023 and FYE 2024**

Our GP increased by RM10.3 million or 91.2% from RM11.3 million in FYE 2023 to RM21.6 million in FYE 2024. The increased GP was mainly contributed by the increase in GP from EPCC of solar PV systems.

EPCC of solar PV systems

Our GP from EPCC of solar PV systems increased by RM9.8 million or 88.3% to RM20.9 million in FYE 2024 (FYE 2023: RM11.1 million). The increased GP was mainly contributed by the new and ongoing projects that were completed in FYE 2024 which collectively contributed GP of RM10.2 million at an average GP margin of 38.5%. Combined with the GP from ongoing projects with a collective GP of RM10.7 million and an average GP margin of 21.2% in FYE 2024, our GP margin from EPCC of solar PV systems was 27.1%. The remaining ongoing projects generated lower GP margin (i.e. 21.2%) mainly attributed to the timing difference in revenue and cost recognition, as explained above.

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**12. FINANCIAL INFORMATION (Cont'd)**Generation of renewable energy

Our GP and GP margin from generation of renewable energy increased by RM0.4 million in FYE 2024 or 133.3% to RM0.7 million in FYE 2024 (FYE 2023: RM0.3 million) and 72.9% in FYE 2024 (FYE 2023: 61.3%), respectively. The higher GP and GP margin were attributable to the full 12 months electricity generated from 9 solar PV system assets we own and operate in FYE 2024 as compared to 5 solar PV system assets commercialised in second half of FYE 2023. This resulted in higher revenue generated in FYE 2024 as compared to the FYE 2023. The depreciation costs were also charged on full year for 5 rooftop solar PV system assets and 9 rooftop solar PV system assets in FYE 2023 and FYE 2024, respectively. However, the increase in depreciation costs for the solar PV system assets were lower than the growth in revenue generated from these assets.

**Comparison between FPE 2024 and FPE 2025**

Our Group's GP increased by RM7.3 million or 83.9% from RM8.7 million in FPE 2024 to RM16.0 million in FPE 2025. The increased GP was mainly contributed by the increase in GP from EPCC of solar PV systems.

EPCC of solar PV systems

Our Group's GP from EPCC of solar PV systems increased by RM7.2 million or 86.7% to RM15.5 million in FPE 2025 (FPE 2024: RM8.3 million) and GP margin increased to 39.3% (FPE 2024: 22.0%). The increased GP and GP margin were mainly contributed by the significant higher GP and GP margin from the following:

- (i) decrease in project materials cost as the purchase price decreased in solar panels and systems, as well as freight charges and import duties during FPE 2025; and
- (ii) retention sums of the 46 projects which were completed in FYE 2024 (for illustrative purpose, assuming the absence of profit for the retention sum of 46 projects, the GP margin for EPCC of solar PV systems for FPE 2025 would be 33.8%).

Generation of renewable energy

Our Group's GP from generation of renewable energy recorded RM0.4 million for FPE 2024 and FPE 2025. The GP margin was 78.3% in FPE 2025 (FPE 2024: 83.3%). The lower GP margin was attributable to higher depreciation costs charged on 6 months for 10 rooftop solar PV system assets in FPE 2025 as compared to 5 rooftop solar PV system assets in FPE 2024.

O&M of solar PV equipment and systems

Our Group's GP from O&M of solar PV equipment and systems was RM0.02 million and GP margin for O&M of solar PV equipment and systems was 90.6%. The higher GP margin for O&M of solar PV equipment and systems in FPE 2025 was due to our provision of maintenance services, which incurred minimal costs by leveraging on existing manpower, resulting in better GP margins compared to other segments.

**12. FINANCIAL INFORMATION (Cont'd)****(c) Other income**

	<b>FYE 2022</b>		<b>Audited FYE 2023</b>		<b>FYE 2024</b>		<b>Unaudited FPE 2024</b>		<b>Audited FPE 2025</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
	Sale of renewable energy certificate <sup>(1)</sup>	-	-	6	37.5	-	-	-	-	1,095
Interest income <sup>(2)</sup>	-	-	6	37.5	131	77.5	19	76.0	128	8.0
Gain on foreign exchange <sup>(3)</sup>	35	94.6	2	12.5	15	8.9	-	-	385	23.9
Gain on lease termination	-	-	-	-	17	10.1	-	-	-	-
Insurance claims <sup>(4)</sup>	2	5.4	2	12.5	6	3.5	6	24.0	-	-
	<b>37</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>169</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>1,608</b>	<b>100.0</b>

**Notes:**

- (1) Relates to renewable energy certificates claimed under Transition Renewable Energy Certificates (TRECs) which was sold to third party during FYE 2023 and sale of renewable energy certificates to third party during FPE 2025. Please refer to Section 12.12 (c) for further information.
- (2) Relates to interest income from bank balances deposited in licenced banks.
- (3) Mainly relates to the settlement of foreign currency payables, due to the conversion of RM to USD (payment to overseas suppliers) being lower than the book rate (based on the average exchange rate of approximately RM4.21:USD1.00 for FYE 2022, RM4.36:USD1.00 for FYE 2023, RM4.68:USD1.00 for FYE 2024, RM4.65:USD1.00 for FPE 2024 and RM4.62:RM1.00 for FPE 2025).
- (4) Relates to insurance claims on damaged solar PV modules and inverters.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FYE 2022 and FYE 2023**

We recorded minimal other income during FYE 2022 and FYE 2023.

**Comparison between FYE 2023 and FYE 2024**

Our other income increased by RM0.2 million in FYE 2024 (FYE 2023: less than RM0.1 million), attributable to higher interest income of RM0.1 million as a result of higher cash and bank balance during FYE 2024, amounting to RM9.0 million as at 31 March 2024.

**Comparison between FPE 2024 and FPE 2025**

Our other income increased by RM1.6 million in FPE 2025 (FPE 2024: nil), mainly attributable to sale of renewable energy certificates to third party of RM1.1 million during FPE 2025 and gain on foreign exchange of RM0.4 million where realised gain on forex of RM0.2 million for the payment made to overseas suppliers and unrealised gain on forex of RM0.2 million for the conversion of exchange differences on translation of USD to RM, due to the strengthening of RM during FPE 2025.

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**12. FINANCIAL INFORMATION (Cont'd)****(d) Administrative expenses**

	<b>Audited</b>						<b>Unaudited</b>		<b>Audited</b>	
	<b>FYE 2022</b>		<b>FYE 2023</b>		<b>FYE 2024</b>		<b>FPE 2024</b>		<b>FPE 2025</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff costs	1,164	70.2	2,345	63.7	3,776	57.5	1,698	58.0	3,244	63.8
Directors' remuneration	124	7.5	274	7.5	830	12.6	181	6.2	815	16.0
Marketing and promotion expenses <sup>(1)</sup>	40	2.4	233	6.3	463	7.1	276	9.4	338	6.6
Office expenses <sup>(2)</sup>	60	3.6	129	3.5	594	9.0	208	7.1	227	4.5
Travelling expenses	156	9.4	255	6.9	443	6.7	191	6.5	264	5.2
Depreciation for plant and equipment	19	1.2	94	2.6	107	1.6	50	1.7	79	1.5
Professional fee <sup>(3)</sup>	62	3.7	126	3.4	253	3.9	183	6.2	59	1.2
Loss on foreign exchange	-	-	177	4.8	11	0.2	103	3.5	-	-
Upkeep and maintenance <sup>(4)</sup>	28	1.7	30	0.8	59	0.9	23	0.8	41	0.8
Utilities	4	0.3	19	0.5	35	0.5	16	0.6	20	0.4
	<b>1,657</b>	<b>100.0</b>	<b>3,682</b>	<b>100.0</b>	<b>6,571</b>	<b>100.0</b>	<b>2,929</b>	<b>100.0</b>	<b>5,087</b>	<b>100.0</b>

**Notes:**

- (1) Mainly incurred for business development activities such as entertainment expenses, advertisements, and exhibition participation fees.
- (2) Comprised mainly license fees, subscription fees (for SEDA, CTOS Data Systems Sdn Bhd, Federation of Malaysian Manufacturers and The Chinese Chamber of Commerce), stamp duties, printing, courier and stationery as well as rental of photocopiers.
- (3) Comprised mainly fees incurred for audit, company secretarial, legal and tax services.
- (4) Comprised mainly maintenance of computers, motor vehicles, office equipment as well as insurance and road tax of motor vehicles.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FYE 2022 and FYE 2023**

Our administrative expenses increased by RM2.0 million or 117.6% to RM3.7 million in FYE 2023 (FYE 2022: RM1.7 million), attributable to the following:

- (a) increase in staff costs of RM1.1 million or 91.7% to RM2.3 million, due to annual salary adjustment for existing staff and expansion of our headcount from 25 employees in FYE 2022 to 42 employees in FYE 2023 to support our increased projects and business operations;
- (b) increase in directors' remuneration of RM0.2 million or 200.0% to RM0.3 million, due to increase in salaries and allowances as well as sales commission;
- (c) increase in marketing and promotion expenses of RM0.2 million or 100.0%, mainly expenses incurred for our participation in the HOMEDEC exhibition in May 2022 of RM0.1 million;
- (d) increase in travelling expenses of RM0.1 million or 50.0% to RM0.3 million, mainly expenses incurred for exhibition participation and customer/supplier visits in FYE 2023;
- (e) increase in depreciation of plant and equipment of RM0.1 million or 100.0%, mainly due to additional plant and equipment mainly 1 unit of motor vehicle (RM0.2 million); and
- (f) realised loss on foreign exchange of RM0.2 million, due to strengthening of the USD against RM upon our settlement of amount payable owing to suppliers.

**Comparison between FYE 2023 and FYE 2024**

Our administrative expenses increased by RM2.9 million or 78.4% to RM6.6 million in FYE 2024 (FYE 2023: RM3.7 million), mainly attributable to the following:

- (a) increase in staff costs of RM1.5 million or 65.2% to RM3.8 million, due to expansion of our headcount from 42 employees in FYE 2023 to 65 employees in FYE 2024 to support our increased projects and business operations;
- (b) increase in directors' remuneration of RM0.5 million or 166.7% to RM0.8 million, due to increase in salaries and allowances as well as sales commission;
- (c) increase in marketing and promotion expenses of RM0.3 million or 150.0% to RM0.5 million, mainly expenses incurred for entertainment of RM0.1 million and our participation in the few exhibitions in FYE 2024 of RM0.1 million; and
- (d) increase in office expenses of RM0.5 million or 500.0% to RM0.6 million, mainly renewals of subscription fees, credit card terminal charges, project tender fees and stamp duties for agreements relating to new projects for EPCC of solar PV systems.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FPE 2024 and FPE 2025**

Our administrative expenses increased by RM2.2 million or 75.9% to RM5.1 million in FPE 2025 (FPE 2024: RM2.9 million), mainly attributable to the following:

- (a) increase in staff costs of RM1.5 million or 88.2% to RM3.2 million, due to increased salaries from salaries adjustment on existing staff, bonus payout and expansion of our headcount to support our increased projects and business operations; and
- (b) increase in directors' remuneration of RM0.6 million or 300.0% to RM0.8 million, due to increase in salaries after inclusion of Chew Win Hoe as Executive Director in December 2023 and increase in sales commission.

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**12. FINANCIAL INFORMATION (Cont'd)****(e) Other operating expenses**

	FYE 2022		Audited FYE 2023		FYE 2024		Unaudited FPE 2024		Audited FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	Plant and equipment written off	-	-	19	20.0	-	-	-	-	-
Depreciation on right-of-use assets	39	100.0	76	80.0	84	93.3	44	100.0	116	18.8
Purchase of renewable energy certificates	-	-	-	-	-	-	-	-	403	65.4
Fair value loss on derivatives	-	-	-	-	-	-	-	-	97	15.8
Impairment loss on an associate	-	-	-	-	6	6.7	-	-	-	-
	<b>39</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>616</b>	<b>100.0</b>

Other expenses comprised depreciation of right-of-use assets arising from rental obligation of rented offices, the writing off of 1 full set Vimigo standard plan system classified under computer system and categorised under plant and equipment as well as impairment for investment in an associate when there is an indication of impairment.

In FYE 2024, the impairment loss on an associate (i.e Engtex Energy) of RM6,465 was recognised attributable to the recoverable amount being less than the carrying amount after the dilution of Northern Solar's shareholdings in Engtex Energy.

In FPE 2025, our Group purchased the renewable energy certificates of RM0.4 million which was sold at RM1.1 million recognised as other income. The fair value loss on derivative relates to the USD forward currency derivatives which are payable upon termination of the outstanding position. It is arising from and is determined by reference to the difference between contracted rate and the forward exchange rate as at the 30 September 2024 applied to a contract of similar amount and maturity profile.

## 12. FINANCIAL INFORMATION (Cont'd)

### (f) Net loss on impairment of financial instruments

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Impairment loss on trade receivables	-	-	-	-	1,841	100.0	286	100.0	2,266	135.0
Reversal of impairment losses on trade receivables	-	-	-	-	-	-	-	-	(587)	(35.0)
	-	-	-	-	<b>1,841</b>	<b>100.0</b>	<b>286</b>	<b>100.0</b>	<b>1,679</b>	<b>100.0</b>

In FYE 2024, the impairment losses on trade receivables of RM1.8 million represented the following:

- (i) collective impairment of RM1.0 million arising from the expected credit loss computation under MFRS 9 where the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product (GDP), inflation rate and unemployment rate) and multiplied by the amount of the expected loss arising from default. Generally, our Group will reassess the collective impairment of trade receivables at the end of each financial period, considering the credit risk and the number of days the receivables are past due. Based on this reassessment, we will either reverse any excess collective impairment recognised in the previous financial period or increase the collective impairment as needed for the upcoming financial period; and
- (ii) individual impairment of RM0.8 million from amount owing by 4 customers where such receivables were deemed unrecoverable due to payments being outstanding beyond the 90-day credit period and the customers experiencing financial difficulties and unable to make any payments at the end of FYE 2024. However, as at LPD, RM0.7 million of the impaired debt has been partially collected.

In FPE 2025, the impairment losses on trade receivables of RM2.3 million represented the individual impairment from amount owing by 47 customers where such receivables were deemed unrecoverable due to payments being outstanding beyond the 90-day credit period and the customers experiencing financial difficulties and unable to make any payments at the end of FPE 2025. However, as at LPD, RM1.4 million of the impaired debt has been partially collected.

In FPE 2025, there were also reversal of impairment loss amounting to RM0.6 million where we reversed the excess collective impairment recognised in the FYE 2024 after the reassessment, considering the credit risk and the number of days the receivables are past due.

## 12. FINANCIAL INFORMATION (Cont'd)

The impairment of trade receivables will not impact the respective solar PV systems' LAD, warranties entitlement and/or status of related retention amount as the LAD, warranties entitlement and retention amount are calculated based on the project handover date, which is the Certified Practical Completion date or also known as the system commercial date of the solar PV systems.

### (g) Finance costs

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Interests charged on:</b>										
Lease liabilities	11	17.7	274	71.0	313	58.6	166	61.2	148	39.2
Borrowings <sup>(1)</sup>	-	-	37	9.6	111	20.7	53	19.6	153	40.6
Others <sup>(2)</sup>	51	82.3	75	19.4	111	20.7	52	19.2	76	20.2
	<b>62</b>	<b>100.0</b>	<b>386</b>	<b>100.0</b>	<b>535</b>	<b>100.0</b>	<b>271</b>	<b>100.0</b>	<b>377</b>	<b>100.0</b>

#### Notes:

- (1) Refer to interests charged on bankers' acceptance, term loan and invoice financing.
- (2) Refer to interests charged on letter of credit, performance bond/bank guarantee as well as credit card terminal charges.

#### Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.3 million or 300.0% to RM0.4 million in FYE 2023 (FYE 2022: RM0.1 million), mainly attributable to the following:

- (a) increase in lease liabilities interests of RM0.3 million due to drawdown of 5 new hire purchase facilities totalling RM4.5 million to finance solar PV system assets (RM1.6 million) and 1 unit of motor vehicle (RM0.2 million); and
- (b) increase in interests on borrowings of RM0.04 million for 1 term loan which was drawn down in the second half of FYE 2023 to finance our projects and interests charged on invoice financing.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FYE 2023 and FYE 2024**

Our finance costs increased by RM0.1 million or 25.0% to RM0.5 million in FYE 2024 (FYE 2023: RM0.4 million), mainly attributable to the increase in interests on borrowings of RM0.1 million for 1 term loan to finance our working capital.

**Comparison between FPE 2024 and FPE 2025**

Our finance costs increased by RM0.1 million or 33.3% to RM0.4 million in FPE 2025 (FPE 2024: RM0.3 million), mainly attributable to interest on borrowings of RM0.1 million for: 1 term loan of RM8.0 million used to finance our working capital; and utilisation of bankers' acceptance of RM4.2 million to purchase of projects materials.

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**12. FINANCIAL INFORMATION (Cont'd)****(h) Tax expense, PBT and PAT**

The following tables set out the comparison between the statutory tax rates and our effective tax rates for the financial years/period under review:

	FYE 2022	Audited FYE 2023	FYE 2024	Unaudited FPE 2024	Audited FPE 2025
Malaysia statutory tax rate <sup>(1)</sup>					
- on the first RM150,000 (%)	-	-	15	15	(2)-
- on the first RM600,000 (with effective from year of assessment 2023, RM150,001 to RM600,000) (%)	17	17	17	17	(2)-
- the balance of chargeable income (%)	24	24	24	24	24
Tax expenses (RM'000)	227	1,043	2,626	903	2,410
Effective tax rate (%)	6.8	14.6	20.7	17.3	24.5

**Notes:**

- (1) We qualified for the tax rate of 17.00% on the first chargeable income of RM600,000 for FYE 2022 and FYE 2023 as well as 15.0% on the first chargeable income of RM150,000 and 17.0% on the subsequent chargeable income of up to RM600,000 for FYE 2024. Our Company qualified as a small and medium enterprise in the years of assessment 2022, 2023 and 2024 as our paid-up capital was below RM2.5 million.
- (2) Not applicable as our Company is not qualified as a small and medium enterprise in FPE 2025.

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**12. FINANCIAL INFORMATION (Cont'd)**

The following tables set out our PBT, PBT margin, PAT and PAT margin for the financial years/period under review:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2024</b>	<b>FPE 2025</b>
PBT (RM'000)	3,333	7,158	12,715	5,206	9,840
PBT margin (%)	15.0	16.0	16.3	13.6	24.5
PAT (RM'000)	3,106	6,115	10,089	4,303	7,430
PAT margin (%)	14.0	13.7	12.9	11.3	18.5

**Comparison between FYE 2022 and FYE 2023**

We recorded an increase in PBT of RM3.9 million or 118.2% from RM3.3 million for FYE 2022 to RM7.2 million for FYE 2023. The increase in PBT was from the substantial increase in our revenue for new and completed projects in FYE 2023 and higher associated GP and GP margin from these new and completed projects. The increased PBT was offset by higher administrative expenses. Hence, our PBT margin increased from 15.0% in FYE 2022 to 16.0% in FYE 2023.

Despite our PAT increasing from RM3.1 million in FYE 2022 to RM6.1 million in FYE 2023, our PAT margin decreased from 14.0% in FYE 2022 to 13.7% in FYE 2023. The decreased PAT margin in FYE 2023 was contributed by the higher effective tax rate for FYE 2023 that had brought down the PAT margin to 13.7% in FYE 2023 as compared to FYE 2022.

Our effective tax rate of 14.6% for FYE 2023 (FYE 2022: 6.8%) was lower than the statutory tax rate of 24.0% mainly due to income tax exemption of RM0.8 million under Section 127(3)(b) and this was offset by the underprovision of income tax in the prior year of RM0.2 million.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Comparison between FYE 2023 and FYE 2024**

We recorded an increase in PBT of RM5.5 million or 76.4% from RM7.2 million for FYE 2023 to RM12.7 million for FYE 2024. The increase in PBT was from the increase in our revenue for new and existing projects in FYE 2024. The increased PBT was offset by higher administrative expenses and net loss on impairment of financial instruments. As a result, our PBT margin increased from 16.0% in FYE 2023 to 16.3% in FYE 2024.

Despite our PAT increasing from RM6.1 million in FYE 2023 to RM10.1 million in FYE 2024, our PAT margin decreased from 13.7% in FYE 2023 to 12.9% in FYE 2024. The decreased PAT margin in FYE 2024 was contributed by the higher effective tax rate for FYE 2024 that had brought down the PAT margin to 12.9% in FYE 2024 as compared to FYE 2023.

Our effective tax rate of 20.7% for FYE 2024 (FYE 2023: 14.6%) was lower than the statutory tax rate of 24.0% mainly due to income tax exemption of RM0.4 million under Section 127(3)(b) and overprovision of deferred tax in prior years of RM0.4 million. This was offset by the underprovision of income tax in the prior year of RM0.3 million and provision for deferred tax in current year of RM0.1 million.

**Comparison between FPE 2024 and FPE 2025**

We recorded an increase in PBT of RM4.6 million or 88.5% from RM5.2 million for FPE 2024 to RM9.8 million for FPE 2025. The increase in PBT was from the increase in our GP and GP margin from the lower purchase price in solar panels and systems as well as freight charges and import duties during FPE 2025. The increased PBT was offset by higher administrative expenses and impairment loss on trade receivables. Hence, our PBT margin increased from 13.6% in FPE 2024 to 24.5% in FPE 2025.

Despite the higher effective tax rate for FPE 2025, our PAT margin increased from 11.3% in FPE 2024 to 18.5% in FPE 2025.

Our effective tax rate of 24.5% for FPE 2025 (FPE 2024: 17.3%) was higher than the statutory tax rate of 24.0% mainly due to add-back of non-allowable expenses.

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**12. FINANCIAL INFORMATION (Cont'd)****12.2.3 Review of cash flows**

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash generated from operating activities	892	2,406	7,638	3,658
Net cash used in investing activities	(206)	(1,612)	(5,564)	(2,320)
Net cash from/ (used in) financing activities	403	4,356	(933)	5,805
Net increase in cash and cash equivalents	1,089	5,150	1,141	7,143
Effect of exchange translation difference	-	-	15	(23)
Cash and cash equivalents at the beginning of financial year/period	1,130	2,219	7,369	8,525
<b>Cash and cash equivalents at end of financial year/period</b>	<b>2,219</b>	<b>7,369</b>	<b>8,525</b>	<b>15,645</b>

**Cash and cash equivalents at end of the financial year/period comprise:**

Cash and bank	2,219	7,724	9,003	16,973
Deposit with licensed bank with maturity of over 3 months	-	(355)	(478)	(612)
Restricted bank balances	-	-	-	(716)
	<b>2,219</b>	<b>7,369</b>	<b>8,525</b>	<b>15,645</b>

**FYE 2022****Net cash from operating activities**

For FYE 2022, we recorded net operating cash inflow of RM0.9 million after taking into consideration our operating profit of RM3.5 million and the following working capital changes:

- (a) increase in inventories of RM1.5 million as we made more purchases of project materials towards the last quarter of FYE 2022 to cater for increasing upcoming project needs in FYE 2023;
- (b) increase in trade receivables and other receivables of RM4.0 million, mainly due to the increase in invoices billed to customers in line with the increase in revenue recorded in FYE 2022 and increase in prepayments for advance payments made to 2 suppliers of solar PV modules and inverters;
- (c) increase in trade payables and other payables of RM2.8 million, in line with the purchases of project materials towards the last quarter of FYE 2022 to cater for project needs in FYE 2023 as well as higher accrued agent commission and subcontractors' cost; and
- (d) income tax paid of RM0.1 million.

**12. FINANCIAL INFORMATION (Cont'd)****Net cash used in investing activities**

For FYE 2022, we recorded a net cash outflow of RM0.2 million for our investing activities, mainly attributable to cash payment of RM0.1 million for acquisition of plant and equipment totalling RM0.2 million, which mainly consisted of 2 units of motor vehicles (RM0.1 million) and computer systems (RM0.1 million). The remaining balance of RM0.1 million was financed via hire purchase arrangement.

**Net cash from financing activities**

For FYE 2022, we recorded a net cash inflow of RM0.4 million from our financing activities, due to drawdown of bankers' acceptance of RM0.5 million which were used as payments to suppliers.

The cash inflow was mainly offset by the payment of interests of RM0.1 million mainly charged on letter of credit, performance bond/bank guarantee as well as credit card charges.

**FYE 2023****Net cash from operating activities**

For FYE 2023, we recorded net operating cash inflow of RM2.4 million after taking into consideration our operating profit of RM7.9 million and the following working capital changes:

- (a) increase in inventories of RM2.5 million as we made more purchases of project materials towards the last quarter of FYE 2023 to cater for increasing project needs in FYE 2024;
- (b) increase in trade receivables and other receivables of RM6.0 million, mainly due to the increase in invoices billed to customers in line with the increase in revenue recorded in FYE 2023 and prepayment to our subcontractor for O&M services;
- (c) increase in trade payables and other payables of RM2.5 million, in line with the purchases of project materials made towards the last quarter of FYE 2023 to cater for upcoming project needs in FYE 2024;
- (d) increase in contract assets of RM0.5 million due to 1 project for which the progress was achieved and recognised ahead of billings issued in FYE 2023;
- (e) increase in contract liabilities of RM1.7 million being prepayments for advance billings made before the material costs of the services were incurred; and
- (f) income tax paid of RM0.7 million.

**Net cash used in investing activities**

For FYE 2023, we recorded a net cash outflow of RM1.6 million for our investing activities, attributable to the following:

- (a) advance of RM1.3 million to NS Powercare for its working capital purpose;
- (b) cash payment of RM0.2 million for acquisition of plant and equipment of RM1.9 million, which mainly consisted of 4 solar PV system assets (RM1.6 million) and 1 unit of motor vehicle (RM0.2 million). The remaining balance of RM1.8 million was financed via hire purchase; and

**12. FINANCIAL INFORMATION (Cont'd)**

- (c) placement of deposit with a licensed bank of RM0.4 million.

The cash outflow was offset by the repayment of advances of RM0.3 million from the directors of Northern Solar, namely Chew Ann Bee and Lew Shoong Kai for working capital purpose.

**Net cash from financing activities**

For FYE 2023, we recorded a net cash inflow of RM4.4 million from our financing activities, due to the following:

- (a) drawdown of a term loan and invoice financing of RM1.0 million and RM2.1 million, respectively which were used as our working capital; and
- (b) drawdown of lease liabilities of RM2.7 million for motor vehicles and solar PV system assets under hire purchases arrangement.

The cash inflow was offset by the following:

- (a) repayment of lease liabilities of RM0.5 million mainly for motor vehicles and solar PV system assets under hire purchase arrangement as well as lease for offices in FYE 2023;
- (b) repayment of term loans and bankers' acceptance of RM0.5 million; and
- (c) payment of interests of RM0.4 million mainly interests charged on lease liabilities and term loans.

**FYE 2024****Net cash generated from operating activities**

For FYE 2024, we recorded net operating cash inflow of RM7.6 million after taking into consideration our operating profit of RM15.4 million and the following working capital changes:

- (a) decrease in inventories of RM1.1 million mainly due to the reclassification of solar PV system assets from closing inventories to plant and equipment in FYE 2024;
- (b) increase in trade receivables and other receivables of RM5.4 million, mainly due to the increase in invoices billed to customers in line with the increase in revenue recorded in FYE 2024;
- (c) decrease in trade payables and other payables of RM0.1 million, mainly due to payment made to our suppliers and subcontractors towards the last quarter of FYE 2024;
- (d) increase in contract assets of RM0.7 million for billings eventually issued for project progress achieved earlier during FYE 2024;
- (e) decrease in contract liabilities of RM1.3 million, attributable to the material costs and services were eventually performed and incurred for projects in FYE 2024 in associated with the prepayments for advance billings collected in FYE 2023; and
- (f) payment of income tax of RM1.4 million.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Net cash used in investing activities**

For FYE 2024, we recorded a net cash outflow of RM5.6 million for our investing activities, mainly attributable to the following:

- (a) net cash outflow of RM0.3 million on disposal of our 75%-equity interest in Norwatt Power for a total sales consideration of RM0.75 million;
- (b) cash payment of RM7.0 million for construction-in-progress of solar PV system assets for 14 sites of RM5.5 million and 4 rooftop solar PV system assets of RM1.3 million;
- (c) cash payment for acquisition of additional interests in an associated company, i.e Engtex Energy Sdn Bhd for RM0.2 million; and
- (d) placement of fixed deposit with a licensed bank of RM0.1 million.

The cash inflow was offset by the following:

- (a) repayment of advances (RM0.2 million in FPE 2021, less than RM0.1 million in FYE 2022, RM1.3 million in FYE 2023, and RM0.1 million in FYE 2024) received from NS Powercare of RM1.6 million; and
- (b) issuance of ordinary shares of Norwatt Power to non-controlling shareholders of Norwatt Power amounted to RM0.3 million.

**Net cash used in financing activities**

For FYE 2024, we recorded a net cash outflow of RM0.9 million for our financing activities, due to the following:

- (a) repayment of invoice financing and term loan of RM2.4 million;
- (b) repayment of lease liabilities of RM0.8 million; and
- (c) payment of interests of RM0.5 million, which are mainly interests charged on lease liabilities and term loans.

The cash outflow was offset by the following:

- (a) drawdown of a term loan of RM2.0 million which were used as our working capital; and
- (b) drawdown of lease liabilities of RM0.8 million mainly for solar PV system assets under hire purchase arrangement.

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**12. FINANCIAL INFORMATION (Cont'd)****FPE 2025****Net cash generated from operating activities**

For FPE 2025, we recorded net operating cash inflow of RM3.7 million after taking into consideration our operating profit of RM12.0 million and the following working capital changes:

- (a) increase in inventories of RM0.4 million as we made more purchases of project materials towards the end of FPE 2025 to cater for increasing project needs in following period;
- (b) increase in trade receivables and other receivables of RM10.6 million, mainly due to higher billing to our customers towards the end of FPE 2025;
- (c) increase in trade payables and other payables of RM5.3 million, in line with the purchases of project materials made towards the last quarter of FPE 2025 to cater for upcoming project needs in the following financial period;
- (d) increase in contract assets of RM4.7 million due to 58 projects for which progress was achieved and recognised ahead of billings issued in FPE 2025;
- (e) increase in contract liabilities of RM2.8 million being prepayments for advance billings made before the material costs of the services were incurred; and
- (f) income tax paid of RM0.7 million.

**Net cash used in investing activities**

For FPE 2025, we recorded a net cash outflow of RM2.3 million for our investing activities, mainly attributable to the following:

- (a) cash payment of RM1.6 million for purchase of 1 unit of motor vehicle of RM0.2 million and renovation for our new office for RM1.1 million; and
- (b) placement of fixed deposit with a licensed bank of RM0.1 million and placement in restricted bank balances of RM0.7 million as security for banking facilities.

**Net cash used in financing activities**

For FPE 2025, we recorded a net cash inflow of RM5.8 million for our financing activities, due to drawdown of a term loan of RM8.0 million which were used for our working capital, and utilisation of bankers' acceptance of RM4.2 million.

The cash inflow was offset by the following:

- (a) payment of dividend of RM5.0 million in respect of FYE 2024;
- (b) repayment of term loan and lease liabilities of RM1.1 million collectively; and
- (c) payment of interests of RM0.3 million, which are mainly interest charged on lease liabilities and term loans.



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**12. FINANCIAL INFORMATION (Cont'd)**

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**12.3 LIQUIDITY AND CAPITAL RESOURCES****12.3.1 Working capital**

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term loans, invoice financing, bank guarantees, bankers' acceptance as well as finance lease liabilities.

After taking into consideration the following, we have sufficient working capital for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

- (a) Our cash and cash equivalent of approximately RM14.7 million as at LPD;
- (b) Our expected future cash flows from operations;
- (c) Our total banking facilities as at LPD of RM22.5 million (excluding finance leases), of which RM14.3 million have been utilised; and
- (d) Our pro forma gearing level of less than 0.2 times, based on our pro forma statements of financial position as at 30 September 2024 after the Acquisitions, IPO and utilisation of proceeds.

Given that we still have sufficient unutilised banking facilities as at LPD and based on our existing order book as at LPD, we do not foresee additional external financing to fund our working capital within the next 12 months from the date of this Prospectus. However, we will carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

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**12. FINANCIAL INFORMATION (Cont'd)****12.4 BORROWINGS**

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings (bank borrowings and lease liabilities) as at 30 September 2024 stood at RM20.6 million, details of which are set out below:

<b>Borrowings</b>	<b>Purpose</b>	<b>Security</b>	<b>Tenure of the facility</b>	<b>Effective interest rate %</b>	<b>As at 30 September 2024 RM'000</b>
<b>Interest bearing short-term borrowings, payable within 1 year:</b>					
Term loans	Working capital	(a) Joint and several guarantee executed by Directors <sup>(3)</sup> and former director Chew Ann Bee;	5 to 7 years	3.9 to 8.2	1,596
		(b) Guarantee from Credit Guarantee Corporation Malaysia Berhad; and			
		(c) Guarantees from Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(4)</sup>			
Bankers' acceptance	Purchase of project materials	(a) Joint and several guarantee executed by Directors <sup>(3)</sup> ; and	Up to 120 days	4.9	4,207
		(b) Guarantee executed by Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(4)</sup>			

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**12. FINANCIAL INFORMATION (Cont'd)**

<b>Borrowings</b>	<b>Purpose</b>	<b>Security</b>	<b>Tenure of the facility</b>	<b>Effective interest rate</b>	<b>As at 30 September 2024</b>
				<b>%</b>	<b>RM'000</b>
Lease liabilities	To finance the purchase of motor vehicles, solar PV system assets and includes rental obligations of rented offices	Certain lease liabilities are secured by motor vehicles and solar PV system assets under hire purchase arrangements.  Lease liabilities for purchase of motor vehicles are secured by guarantee from Lew Shoong Kai. <sup>(5)</sup>  Lease for purchase of solar PV systems assets are secured by joint and several guarantee executed by Directors <sup>(3)</sup>	2 to 7 years	4.4	1,165
					<b>6,968</b>
<b>Interest bearing long-term borrowings, payable after 1 year:</b>					
Term loans	Working capital	(a) Joint and several guarantee executed by Directors <sup>(3)</sup> ;  (b) Guarantee from Credit Guarantee Corporation Malaysia Berhad; and  (c) Guarantees from Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(4)</sup>	5 to 7 years	3.9 to 8.2	8,547

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**12. FINANCIAL INFORMATION (Cont'd)**

<b>Borrowings</b>	<b>Purpose</b>	<b>Security</b>	<b>Tenure of the facility</b>	<b>Effective interest rate</b>	<b>As at 30 September 2024</b>
				<b>%</b>	<b>RM'000</b>
Lease liabilities	To finance the purchase of motor vehicles and includes rental obligations of rented offices	Certain lease liabilities are secured by motor vehicles under hire purchase arrangements.  Lease liabilities for purchase of motor vehicles are secured by guarantee from Lew Shoong Kai. <sup>(5)</sup>  Lease for purchase of solar PV systems assets are secured by joint and several guarantee executed by Directors <sup>(3)</sup>	2 to 7 years	4.4	5,071
<b>Total borrowings</b>					<b>13,618</b>
					<b>20,583</b>

**Gearing (times)**After Acquisitions but before IPO and utilisation of proceeds<sup>(1)</sup>

0.9

After Acquisitions and utilisation of proceeds<sup>(2)</sup>

0.2

**Notes:**

- (1) Computed based on our pro forma equity attributable to the owners of the Company of RM23.1 million in the pro forma statements of financial position after the Acquisitions but before the Public Issue and utilisation of proceeds.
- (2) Computed based on our pro forma equity attributable to the owners of the Company of RM60.9 million in the pro forma statements of financial position after the Acquisitions, Public Issue and utilisation of proceeds.
- (3) In conjunction with our Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. As at LPD, we have obtained conditional release and/or discharge of the said personal guarantees by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge are obtained from the respective financiers, our Directors and former director will continue to guarantee the banking facilities extended to our Group.

## 12. FINANCIAL INFORMATION (Cont'd)

- (4) Syarikat Jaminan Pembiayaan Perniagaan is a wholly-owned company of the Ministry of Finance (Incorporated) Malaysia which administers and manages various government guarantee schemes to enable businesses, in particular small medium enterprises, to obtain financing without the need of providing collateral. The Government of Malaysia will guarantee the participating financial institutions for the credit facilities of up to 80% coverage.
- (5) As at LPD, we have fully settled the hire purchase in relation to the purchase of motor vehicles. As such, the personal guarantee provided by Lew Shoong Kai is released and/or discharged accordingly.

We have also included the following lease liabilities on the right-of-use assets which are denominated in RM:

	<u>Purpose</u>	<u>Tenure</u>	<b>As at 30 September 2024 RM'000</b>
Lease liabilities payable within 1 year	Rental of office	Between 2 and 9 years	316
Lease liabilities payable after 1 year	Rental of office	Between 2 and 9 years	2,132
			<b>2,448</b>

We also rely on bank guarantees for tender bonds and performance bonds. Such bank guarantees are used for all aspects of the project construction contract lifecycle from the start of tender process to expiration of our liability towards the customer in accordance with the terms of each contract. The bank guarantees allow us to tender, execute and guarantee our deliverables to our customers. The tenure requirements for the bank guarantees are structured to match the underlying construction contracts with the respective counterparties.

Our total bank guarantees as at 30 September 2024 stood at RM0.6 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM.

	<u>Purpose</u>	<u>Security</u>	<u>Tenure</u>	<u>Commission rate % per annum</u>	<b>As at 30 September 2024 RM'000</b>	<b>As at LPD RM'000</b>
Bank guarantees	Performance guarantees for EPCC projects carried out by our Group <sup>(2)</sup>	(a) Joint and several guarantee executed by Directors <sup>(1)</sup> and former director Chew Ann Bee  (b) Guarantees from Syarikat Jaminan Pembiayaan Perniagaan Berhad <sup>(3)</sup>	12 to 18 months	1.2 – 1.5	667	3,016

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**12. FINANCIAL INFORMATION (Cont'd)**

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**Notes:**

- (1) In conjunction with our Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors and former director will continue to guarantee the banking facilities extended to our Group.
- (2) The performance guarantees are issued to our customers or at the request of our customers, as security for the performance of contractual obligations under the projects awarded.
- (3) Syarikat Jaminan Pembiayaan Perniagaan is a wholly-owned company of the Ministry of Finance (Incorporated) Malaysia which administers and manages various government guarantee schemes to enable businesses, in particular small medium enterprises, to obtain financing without the need of providing collateral. The Government of Malaysia will guarantee the participating financial institutions for the credit facilities of up to 80% coverage.

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customers of the performance guarantees in accordance with the terms and conditions of such EPCC contracts. During financial years under review, we did not experience any call of the performance guarantees issued to our customers.

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout financial years/period under review and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During financial years/period under review, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

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**12. FINANCIAL INFORMATION (Cont'd)****12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used towards the purchase of project materials, plant and equipment and our business operations. As at 30 September 2024, save for our finance lease liabilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base rate plus or minus a rate which varies depending on the type of facility.

**12.6 MATERIAL CAPITAL COMMITMENTS**

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	<b>To be funded from proceeds of our Public Issue</b>
	<b>RM'000</b>
<u>Authorised and not contracted for:</u>	
- Business expansion: renovation costs of expanded regional office in Johor and new regional office in Pulau Pinang	1,067
- Purchase of equipment	445
<u>Authorised and contracted for:</u>	
- Business expansion: renovation costs of new corporate office in Selangor	1,533
- Purchase of equipment	105
	<b>3,150</b>

Further details of the use of proceeds, arising from our Public Issue are set out in Section 4.9.

**12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES**

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

As at LPD, save for the bank guarantees amounting to RM3.0 million as disclosed in Section 12.4, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position.

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**12. FINANCIAL INFORMATION (Cont'd)****12.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for financial years/period under review are as follows:

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
Trade receivables turnover (days) <sup>(1)</sup>	34	49	47	71
Trade payables turnover (days) <sup>(2)</sup>	61	62	45	66
Inventory turnover (days) <sup>(3)</sup>	57	42	35	43
Current ratio (times) <sup>(4)</sup>	1.6	1.9	2.4	1.9
Gearing ratio (times) <sup>(5)</sup>	0.2	0.7	0.3	0.9

**Notes:**

- (1) Computed based on average opening and closing trade receivables over revenue for the year/period multiplied by 365 days for financial years under review and 183 days for FPE 2025.
- (2) Computed based on average opening and closing trade payables (excluding retention sum) over project materials and subcontractors cost for the year/period multiplied by 365 days for financial years under review and 183 days for FPE 2025.
- (3) Computed based on the average opening and closing inventories over purchases for the year, multiplied by 365 days for financial years under review and 183 days for FPE 2025.
- (4) Computed based on current assets over current liabilities as at the end of each respective financial years/period.
- (5) Computed based on total borrowings (including lease liabilities) divided by total equity as at the end of each respective financial years/period.

**12.8.1 Trade receivables turnover**

Our average trade receivables' turnover period (in days) for financial years/period under review is stated as below:

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade receivables	895	3,242	8,891	11,519
Closing trade receivables	3,242	8,891	11,519	19,687
Average trade receivables	2,069	6,067	10,205	15,603
Revenue	22,232	44,672	77,974	40,156
Average trade receivables turnover period (days)	34	49	47	71

The normal trade credit period granted by our Group to our customers ranges from 30 days and up to 90 days from the date of our invoices. Our trade credit period to customers is assessed and approved on an individual customer basis taking into consideration various factors such as our relationship with customers, customers' payment history, their credit worthiness, quantum of amount owing as well as the reason for the customers' inability to pay within the normal credit period. There were no changes to our credit policies and procedures during the financial years/period under review.



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**12. FINANCIAL INFORMATION (Cont'd)**

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Our Group has outstanding trade receivables of approximately RM19.7 million as at 30 September 2024. Our trade receivable turnover periods for the financial years/period under review were between 34 days and 71 days which were within our normal credit period.

For FYE 2023, our Group's trade receivables turnover period increased to 49 days in FYE 2023 (FYE 2022: 34 days), mainly due to more billings issued in line with project progress milestones for projects being achieved at the end of the year.

For FYE 2024, our Group's trade receivables turnover period decreased to 47 days in FYE 2024 (FYE 2023: 49 days) due to improved collections from customers.

For FPE 2025, our Group's trade receivables turnover period increased to 71 days (FYE 2024: 47 days), mainly due to more billings issued in line with project progress milestones for projects being achieved at the end of the period.

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**12. FINANCIAL INFORMATION (Cont'd)**

The ageing analysis of our trade receivables as at 30 September 2024 is as follows:

	Trade receivables as at 30 September 2024						
	Gross trade receivables	Impaired trade receivables		Net trade receivables	Percentage of trade receivables	Amount collected from 1 October 2024 up to LPD	Balance of trade receivables which have yet to be collected as at LPD
		Collective impaired	Individual impaired				
	RM'000	RM'000	RM'000	RM'000	%	RM'000	RM'000
	(a)	(b1)	(b2)	(c)	(c)/total of (c)	(d)	(e) = (c)-(d)
Within credit period	<sup>(1)</sup> 17,775	<sup>(2)</sup> (224)	-	17,551	89.2	(6,014)	(11,537)
Exceeding credit period:	5,432	(194)	(3,102)	2,136	10.8	(898)	(1,238)
- 1 to 30 days	2,330	(194)	-	2,136	10.8	(898)	(1,238)
- 31 to 60 days	1,665	-	(1,665)	-	-	-	-
- more than 60 days	1,437	-	(1,437)	-	-	-	-
<b>Total</b>	<b>23,207</b>	<b>(418)</b>	<b>(3,102)</b>	<b>19,687</b>	<b>100.0</b>	<b>(6,912)</b>	<b>(12,775)</b>

**Notes:**

- (1) Includes amounts owing by related party (i.e. Engtex Energy) of RM0.1 million which was fully collected as at the LPD. These transactions will not subsist post Listing.
- (2) Notwithstanding the receivables being within the credit period, the amount impaired is arising from the expected credit loss computation under MFRS 9 where the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product (GDP), inflation rate and unemployment rate) and multiplied by the amount of the expected loss arising from default, the amount represents collective impairment which was based on the Group's credit risk.

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**12. FINANCIAL INFORMATION (Cont'd)**

Subsequent to 30 September 2024 and up to LPD, we collected RM6.9 million, representing 35.1% of the total trade receivables as at 30 September 2024, of which RM0.9 million were relating to trade receivable past due as at 30 September 2024.

Our Group has not encountered any major disputes with our trade receivables. With respect to overdue debts, we have generally been able to collect payment eventually as evidenced by our subsequent collections after 30 September 2024.

Our Group has in place a credit procedure to monitor and minimise the exposure of default. Our credit procedure includes the following:

- (i) Receivables are monitored on a regular and an ongoing basis;
- (ii) Credit evaluations are performed on all customers requiring credit over certain amount;
- (iii) Weekly review of our Group's collection recovery cases by our Executive Directors, Chief Financial Officer and project team;
- (iv) Conducting meetings with debtors; and
- (v) Implementing project commencement requirements i.e., upon certain long outstanding debts owing by customers being settled before progressing to the next stage of works.

Such credit procedure was implemented in 2023 and has improved payment collection from our customers as evidenced by our improved trade receivables turnover period in FYE 2024.

Our management closely monitors the recoverability of trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. As at LPD, an allowance for impairment losses amounting to RM3.5 million, being the collective impairment of RM0.4 million and individual impairment of RM3.1 million, has been made for the trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with our customers, as well as our efforts to improve collection with various credit control measures to reduce the potential exposure on credit risk.

**12.8.2 Trade payables turnover**

Our average trade payables' turnover period (in days) for financial years/period under review is stated as below:

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade payables <sup>(1)</sup>	1,400	3,647	6,448	6,012
Closing trade payables <sup>(1)</sup>	3,647	6,448	6,012	9,697
Average trade payables	2,524	5,048	6,230	7,855
Project materials plus subcontractors cost	14,870	29,572	50,173	21,632
Average trade payables turnover period (days)	61	62	45	66

**Note:**

- <sup>(1)</sup> Excluding retention sum.

**12. FINANCIAL INFORMATION (Cont'd)**

The normal credit periods granted by our suppliers to our Group ranges from 30 days and up to 90 days from the date of their invoices.

Our Group has outstanding trade payables (excluding retention sum) of approximately RM9.7 million as at 30 September 2024. Our trade payables turnover periods for financial years/period under review were between 45 days and 62 days which were within our normal credit period.

For FYE 2024, our Group's trade payables turnover period decreased to 45 days in FYE 2024 (FYE 2023: 62 days) due to payment made to our suppliers and subcontractors towards the last quarter of FYE 2024.

For FPE 2025, our Group's trade payables turnover period increased to 66 days (FYE 2024: 45 days) as we took longer period to process payments to our suppliers and subcontractors towards the end of FPE 2025. Nonetheless, trade payables turnover period for FPE 2025 was still within our credit period granted by our suppliers and subcontractors.

The ageing analysis of our trade payables as at 30 September 2024 is as follows:

	<b>Trade payables as at 30 September 2024</b>	<b>Percentage of trade payables (a)/total of (a)</b>	<b>Amount paid from 1 October 2024 up to LPD (b)</b>	<b>Balance of trade payables which have yet to be paid as at LPD (c) = (a)-(b)</b>
	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>
Within credit period	8,657	89.3	(4,459)	4,198
Exceeding credit period:	1,040	10.7	(566)	474
- 1 to 30 days	338	3.5	(302)	36
- 31 to 60 days	63	0.6	(46)	17
- More than 60 days	639	6.6	(218)	421
<b>Total</b>	<b>9,697</b>	<b>100.0</b>	<b>(5,025)</b>	<b>4,672</b>

As at LPD, we have paid RM5.0 million or 51.8% of our trade payables as at 30 September 2024. Our Group has yet to make payment for trade payables exceeding credit period of RM0.5 million as at LPD mainly due to our working capital management strategy to utilise the credit terms granted by suppliers and our suppliers allowed us to make payment in longer period. Nevertheless, as at LPD, there are no disputes in respect of our trade payables and we are not aware of any legal action initiated by our suppliers or subcontractors to demand for payment.

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**12. FINANCIAL INFORMATION (Cont'd)****12.8.3 Inventory turnover**

Our inventories consist of project materials used such as solar PV modules, inverters and mounting structures as well as 6 rooftop solar PV system assets (in FYE 2023) were classified as inventories as our Group had intended to secure potential buyers for these assets.

For the purposes of calculating the average inventories turnover period for the EPCC of solar PV systems segment, the inventory amount of solar PV system assets is excluded from the computation.

Our inventories as at the end of the financial years/period under review are as stated as below:

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Solar PV modules, inverters and mounting structures	2,618	3,762	3,983	4,371
Solar PV system assets	-	1,355	-	-
<b>Total inventories</b>	<b>2,618</b>	<b>5,117</b>	<b>3,983</b>	<b>4,371</b>

Our average inventories turnover periods (in days) in relation to the revenue derived from the EPCC of solar PV systems as well as O&M services for solar PV equipment and systems for FYE 2022 to FYE 2024, and FPE 2025 are as stated as below:

<b>Inventory turnover days</b>	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening inventories	1,131	2,618	3,762	3,983
Closing inventories	2,618	3,762	3,983	4,371
Average inventories	1,875	3,190	3,873	4,177
Purchases related to EPCC projects	11,911	27,354	40,341	17,575
<b>Average inventory turnover period (days)</b>	<b>57</b>	<b>42</b>	<b>35</b>	<b>43</b>

Our Group practices first-in first-out basis in computing the cost of inventories. The costs of supplies include invoiced value of supplies purchased and expenditure incurred in acquiring inventories.

We typically maintain an inventory level of less than 2 months and purchases are made on a monthly basis in accordance with our planned project activities and order book. Some inventories will be stored at our forwarder's warehouse prior to delivery to our project sites as we do not have a warehouse. We perform and reconcile monthly inventory records with our forwarder to ensure completeness of inventory records.

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**12. FINANCIAL INFORMATION (Cont'd)**

Our inventories turnover days for FYE 2022 to FYE 2024 were maintained below 60 days level. For FYE 2024, our inventory turnover days reduced to 35 days as we used up our inventories for project activities at a rate faster than our purchases in FYE 2024. We continued to purchase project materials to ensure sufficient project materials for our project activities in every following periods. For FPE 2025, our inventory turnover days increased to 43 days as we made more purchases of project materials towards the end of FPE 2025 to cater for increasing project needs in the following financial period.

We conduct a monthly internal meeting to review our inventory level and inventory ageing. Approval is required from our management for the replenishment of project materials. During the financial years/period under review and up to LPD, our Group did not have any inventories that were written down.

**12.8.4 Current ratio**

Our current ratio throughout the financial years/period under review is as follows:

	<b>Audited</b>			<b>As at 30</b>
	<b>As at 31 March</b>			<b>September</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current assets	10,912	25,141	27,905	49,905
Current liabilities	6,703	13,437	11,809	26,772
Net current assets	<b>4,209</b>	<b>11,704</b>	<b>16,096</b>	<b>23,133</b>
Current ratio (times)	1.6	1.9	2.4	1.9

Our current ratio ranged between 1.6 times and 2.4 times for the financial years/period under review. This indicates that our Group is capable of meeting its current obligations using the current assets, which can be readily converted to cash to meet immediate current liabilities.

The increase in our current ratio for the financial years under review was mainly due to:

- (a) increase in trade receivables and other receivables mainly due to more invoices issued to customers in line with our growth in revenue; and
- (b) increase in cash and bank balances attributable to higher internally generated funds through revenue generated from operations.

In FPE 2025, the decrease in our current ratio as at 30 September 2024 to 1.9 times as compared to 2.4 times as at 31 March 2024 was mainly due to increase in borrowings attributable to drawdown of term loan of RM8.0 million in FPE 2025 which were used for our working capital and utilisation of bankers' acceptance of RM4.2 million, as well as increase in trade payables attributable to increase in purchases of project materials made towards the last quarter of FPE 2025 to cater for upcoming project needs in the following financial period.

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**12. FINANCIAL INFORMATION (Cont'd)****12.8.5 Gearing ratio**

Our gearing ratio throughout the financial years/period under review is as follows:

	<b>Audited</b>			
	<b>As at 31 March</b>			<b>As at 30 September</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total borrowings (including lease liabilities)	954	7,467	7,003	20,586
Total equity	4,450	10,566	20,654	23,084
Gearing ratio (times)	0.2	0.7	0.3	0.9

Our gearing ratio ranged between 0.2 times and 0.9 times for the financial years/period under review.

Our Group's gearing ratio further increased from 0.2 times in FYE 2022 to 0.7 times in FYE 2023. This was mainly attributable to the following:

- (a) drawdown of a term loan and invoice financing of RM1.0 million and RM2.1 million, respectively which were both used as our working capital; and
- (b) drawdown of lease liabilities of RM2.7 million for motor vehicles and solar PV system assets under hire purchases arrangement.

The increase was offset by the gradual repayment of borrowings and lease liabilities in FYE 2023 and the higher total equity as a result of higher retained earnings (31 March 2022: RM3.5 million; 31 March 2023: RM9.6 million).

Our Group's gearing ratio decreased from 0.7 times in FYE 2023 to 0.3 times in FYE 2024. This was attributable to the increase in total equity as a result of retained earnings accumulated for the year (31 March 2023: RM9.6 million; 31 March 2024: RM19.6 million) despite the outstanding borrowings and lease liabilities as at 31 March 2024 of RM7.0 million.

Our Group's gearing ratio increased from 0.3 times in FYE 2024 to 0.9 times in FPE 2025. This was mainly attributable to increase in total borrowings arising from the drawdown of a term loan of RM8.0 million which were used as our working capital.

**12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE**

Section 9 details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but not limited to the following:

- (a) Our EPCC projects are non-recurring in nature and are secured on a project-by-project basis. It is critical for our Group to secure new contracts which are similar or larger in value or number of projects on a continual basis to main competitiveness in the solar PV industry. In the event that we are unable to secure new contracts or obtain contract value or number comparable to existing ones, our financial performance and results of operations will be materially impacted.

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**12. FINANCIAL INFORMATION (Cont'd)**

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- (b) Our revenue is recognised based on percentage of completion and billing are based on actual work performed and certified by our customers. Thus, any delays or postponement in projects may influence our resource allocation for the execution of subsequent projects and delay our revenue recognition. Any form of delay in completing the projects will therefore affect our billings, revenue, operational cash flow and financial performance. We may be required to pay our suppliers and subcontractors regardless of such delays if the works have been performed, and as such, it would affect our cash flow.
- (c) Our successful operations depend on our ability to obtain sufficient supply of solar equipment and components at acceptable prices, in satisfactory quality and in a timely manner. We are exposed to the price fluctuations in solar equipment and components and other materials that we use for our EPCC business, which represents a significant portion of our cost of sales. Any shortages, quality issues or fluctuations in price that occurs in the future which we are not able to pass on to our customers may materially affect our business operations and financial performance.
- (d) Our contracts with customers normally have a fixed and pre-determined value throughout the contract period in accordance with the scope of works that we tendered for. In pricing a tender or quotation, we estimate the project costs based on numerous factors. Incorrect estimations of our project costs may result in cost overruns and hence will affect our profitability and financial performance. If the actual costs to complete the projects significantly deviate from the estimated costs when the tenders or quotations were submitted, we may be bound by the contract to undertake the project at a loss and hence our business operations as well as financial performance and profitability may be adversely affected.
- (e) We depend on our subcontractors for the provision of civil and structural works as well as M&E installation activities, which we have not and do not intend to carry out by ourselves. As our subcontractors do not have direct contractual relationships with our customers, we are liable for the risks of our subcontractors' non-performance, poor quality of works, defects, delays or non-compliance caused by them. If the cost required to rectify the defects caused by our subcontractors are significant, it may have an impact on our financial performance. We may be liable for the costs of remedial works, which in turn would increase our costs for the projects as well as delay in our project delivery. Although we endeavour to maintain the quality of our works including our subcontractors works, there is no assurance that the works carried out will always be to our customers' satisfaction, expectations and requirements.

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## 12. FINANCIAL INFORMATION *(Cont'd)*

### 12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

### 12.11 IMPACT OF INFLATION

During financial years/period under review, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

### 12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

#### (a) Impact of foreign exchange rates

Our sales transactions are principally denominated in RM. Our purchases denominated in local and foreign currencies are as follows:

	<b>Audited</b>							
	<b>FYE 2022</b>		<b>FYE 2023</b>		<b>FYE 2024</b>		<b>FPE 2025</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Purchases denominated in:								
RM	3,599	29.6	3,260	12.3	6,234	15.4	6,972	40.3
USD	8,540	70.4	19,082	72.1	23,054	56.9	7,598	43.9
RMB	-	0.0	4,111	15.6	11,194	27.7	2,723	15.8
<b>Total</b>	<b>12,139</b>	<b>100.0</b>	<b>26,453</b>	<b>100.0</b>	<b>40,482</b>	<b>100.0</b>	<b>17,293</b>	<b>100.0</b>

For FYE 2022 to FYE 2024 and FPE 2025, our purchases of project materials from our overseas suppliers were denominated in RMB and USD which collectively contributed between 59.7% and 87.7% of our total purchases. A depreciation of the RM against the foreign currencies will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies.

For FYE 2022 to FYE 2024, and FPE 2025, our net loss from foreign exchange fluctuations are as follows:

	<b>Audited</b>			
	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FPE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised gain/(loss) on foreign exchange	31	(177)	(11)	223
Unrealised gain on foreign exchange	4	2	15	162
<b>Net gain/ (loss) on foreign exchange</b>	<b>35</b>	<b>(175)</b>	<b>4</b>	<b>385</b>

**12. FINANCIAL INFORMATION (Cont'd)**

Since September 2022, we began to enter into forward currency contracts to hedge our exposure against fluctuations in foreign currencies for the purchases of our project materials. The forward currency contracts that our Group has entered into as at 31 March 2024 and 30 September 2024, are as follows:

	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	Foreign currency '000	RM '000	Foreign currency '000	RM '000	Foreign currency '000	RM '000	Foreign currency '000	RM '000
USD denominated forward contracts	-	-	-	-	438	2,063	424	1,845
RMB denominated forward contracts	-	-	-	-	-	-	7	4

Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

**(b) Impact of interest rates**

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

A sensitivity analysis performed on our Group based on the outstanding floating rate of the bank borrowings as at 30 September 2024 indicates that our PAT for FPE 2025 would increase or decrease by approximately RM2,510 as a result of increase or decrease in interest rates by 50 basis points on these borrowings.

Our financial results for financial years/period under review were not materially affected by fluctuations in interest rates.

**(c) Impact of commodity prices**

Our project materials mainly consist of materials such as solar PV modules, inverters and mounting structures. These project materials are widely available from a large base of overseas suppliers and in Malaysia. In addition, our Group buys and sells renewable energy certificates (RECs) to third parties, which are environmental commodities. The price of RECs fluctuates due to factors such as supply and demand, global disclosure standards and requirements, geographical considerations and energy source quality. Our Group aims to sell RECs at higher prices and purchase them at lower prices to gain economic benefits and improve our financial performance.

We were not directly affected by fluctuations in commodity prices for financial years/period under review.

**12. FINANCIAL INFORMATION (Cont'd)****12.13 ORDER BOOK**

Details of our unbilled order book are as follows:

<b>Project details</b>	<b>As at 30 September 2024 RM'000</b>	<b>As at LPD RM'000</b>
EPCC of solar PV systems for:		
- Commercial and industrial buildings	61,887	68,640
- Residential buildings	11,523	13,775
O&M of solar PV equipment and systems	813	813
<b>Total</b>	<b>74,223</b>	<b>83,228</b>

The above unbilled order book relates to the EPCC of solar PV systems are contract value of projects secured as at LPD, for which our Group has yet to commence EPCC works for newly secured EPCC project and remaining unbilled invoices for ongoing projects as at LPD. This unbilled order book will be recognised as revenue by the end of FYE 2025, based on the expected progress of each project.

Further to the above, the unbilled order book relates to the remaining unbilled invoices for ongoing O&M services as at LPD. This unbilled order book will be recognised as revenue by the end of FYE 2033, based on the agreed service period of each contract.

As at LPD, none of our order book is awarded by related party such as Lagenda Properties and Engtex Energy. Our unbilled order book of RM83.2 million as at LPD represents 1.7 times of our average revenue of RM48.3 million, calculated based on our audited revenues from FYE 2022 to FYE 2024.

**12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE**

Our Board is of the opinion that:

- (a) Our Group's revenue will remain sustainable in line with our unbilled order book as set out in Section 12.13;
- (b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.18; and
- (c) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

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**12. FINANCIAL INFORMATION (Cont'd)****12.15 TREND INFORMATION**

Based on our track record for financial years/period under review, the following trends may continue to affect our business:

- (a) During the financial years/period under review, more than 95.0% of our revenue was derived from the EPCC of solar PV systems. We expect this segment to continue contributing significantly to our revenue in the future;
- (b) During the financial years/period under review, commercial and industrial properties has been our main focus for building segment and we will continue to focus on these properties for our EPCC of solar PV systems segment;
- (c) The main components of our cost of sales are project materials and subcontractors cost which collectively accounted for more than 85.0% of our total cost of sales during financial years/period under review. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our project materials and subcontractors' costs; and
- (d) We achieved a GP margin between 22.7% and 39.8% for FYE 2022, FYE 2023, FYE 2024 and FPE 2025. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and the types and complexity of projects that we can secure in the future.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (ii) Material commitments for capital expenditure save as disclosed in Section 12.6;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12; and
- (v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.11, 12.2, 12.9, 12.10, 12.11 and 12.12.

Based on the above, our Board is optimistic about the future prospects of our Group given the positive outlook of the solar PV industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.17 and our Group's intention to implement the business strategies as set out in Section 7.18.

**12. FINANCIAL INFORMATION (Cont'd)****12.16 DIVIDEND POLICY**

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us.

During FYE 2022 to 2024, FPE 2025, and up to LPD, we declared and paid the following dividends:

	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>FPE 2025</u>	<u>1 October 2024 up to LPD</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Dividends declared and paid	-	-	-	(1)5,000	-

**Note:**

- (1) The final dividend of RM5.0 million in respect of FYE 2024 was declared on 6 May 2024 and paid on 31 May 2024.

Save for the above, there were no further dividends declared and/or paid up to LPD. In addition, we do not intend to declare or pay any dividends from LPD up to our Listing. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

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**12. FINANCIAL INFORMATION (Cont'd)****12.17 CAPITALISATION AND INDEBTEDNESS**

The following information should be read in conjunction with the Reporting Accountants' report on the pro forma statement of financial position set out in Section 14.

The table below summarises our capitalisation and indebtedness:

- (a) Based on our Group's latest unaudited combined financial information as at 31 October 2024; and
- (b) After adjusting for the effects of the Acquisitions, IPO and utilisation of proceeds.

	<b>Unaudited</b>	
	<b>As at 31</b>	<b>After IPO and</b>
	<b>October</b>	<b>utilisation of</b>
	<b>2024</b>	<b>proceeds</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Indebtedness</b>		
<b>Current</b>		
<i>Secured and guaranteed</i>		
Term loans	1,601	1,019
Lease liabilities (solar PV system assets under hire purchase arrangement)	819	-
<i>Secured and unguaranteed</i>		
Lease liabilities (motor vehicles under hire purchase arrangement)	37	37
<i>Unsecured and unguaranteed</i>		
Lease liabilities (relates to rented offices)	317	317
<b>Non-current</b>		
<i>Secured and guaranteed</i>		
Term loans	8,415	7,068
Lease liabilities (solar PV system assets under hire purchase arrangement)	2,752	-
<i>Secured and unguaranteed</i>		
Lease liabilities (motor vehicles under hire purchase arrangement)	110	110
<i>Unsecured and unguaranteed</i>		
Lease liabilities (relates to rented offices)	2,113	2,113
<b>Total indebtedness</b>	<b>16,164</b>	<b>10,664</b>
<b>Capitalisation</b>		
Shareholders' equity/ capitalisation	24,412	62,228
<b>Total capitalisation and indebtedness</b>	<b>40,576</b>	<b>72,892</b>
<b>Gearing ratio<sup>(1)</sup></b>	<b>0.66</b>	<b>0.17</b>

**Note:**

- (1) Calculated based on total indebtedness divided by Shareholders' equity.

## 13. ACCOUNTANTS' REPORT



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Malaysia

**The Board of Directors**  
**Northern Solar Holdings Berhad**  
Unit 8-01 & 8-02, Level 8, Menara Lagenda,  
No.3, Jalan SS20/27,  
47400 Petaling Jaya, Selangor.

Date: 29 November 2024

Our ref: BDO/PZH/CPN/swc

Dear Sirs

**Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Northern Solar Holdings Berhad (the "Company")**

### Opinion

We have audited the combined financial statements of Northern Solar Holdings Berhad and its combining entities ("the Group"), which comprise the combined statements of financial position as at 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 of the Group, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 and notes to the combined financial statements, including material accounting policy information, as set out in this report.

These historical combined financial statements have been prepared for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing and quotation of the entire ordinary shares in the Company on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 and of their financial performance and their cash flows for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

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**Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Northern Solar Holdings Berhad (the "Company") (continued)**

**Directors' Responsibilities for the Combined Financial Statements**

The Directors of the Company are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with MFRSs and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.



**13. ACCOUNTANTS' REPORT (Cont'd)**



Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Northern Solar Holdings Berhad (the "Company") (continued)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)


As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

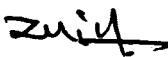
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other Matters**

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

  
BDO PLT  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

  
Pang Zhi Hao  
03450/09/2025 J  
Chartered Accountant

**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	6	135,289	235,831	7,089,567	8,571,554
Right-of-use assets	6	494,950	3,266,953	2,917,921	5,092,689
Investment in an associate	8	-	59,849	201,295	203,706
Investment in a joint venture	9	50	50	-	-
		630,289	3,562,683	10,208,783	13,867,949
<b>Current assets</b>					
Inventories	10	2,618,078	5,116,880	3,982,840	4,371,017
Trade and other receivables	11	6,075,333	11,801,349	13,756,606	22,660,378
Contract assets	17	-	499,165	1,162,209	5,900,656
Cash and bank balances	12	2,218,814	7,723,501	9,003,447	16,972,520
		10,912,225	25,140,895	27,905,102	49,904,571
<b>TOTAL ASSETS</b>		<b>11,542,514</b>	<b>28,703,578</b>	<b>38,113,885</b>	<b>63,772,520</b>
<b>EQUITY AND LIABILITIES</b>					
<i>Equity attributable to common controlling shareholders of the combining entities</i>					
Invested equity	19	1,000,000	1,000,000	1,000,001	1,000,001
Retained earnings		3,450,431	9,565,630	19,653,972	22,083,789
<b>TOTAL EQUITY</b>		<b>4,450,431</b>	<b>10,565,630</b>	<b>20,653,973</b>	<b>23,083,790</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	13	-	696,034	2,094,747	8,547,349
Lease liabilities	14	372,258	3,584,413	3,430,248	5,070,765
Deferred tax liabilities	18	16,755	420,455	125,620	299,236
		389,013	4,700,902	5,650,615	13,917,350

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**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

## COMBINED STATEMENTS OF FINANCIAL POSITION (continued)

		31.3.2022	31.3.2023	31.3.2024	30.9.2024
	Note	Audited RM	Audited RM	Audited RM	Audited RM
<b>EQUITY AND LIABILITIES (continued)</b>					
<b>LIABILITIES (continued)</b>					
<b>Current liabilities</b>					
Borrowings	13	500,000	2,354,830	564,792	5,802,530
Lease liabilities	14	82,491	832,262	913,531	1,164,586
Trade and other payables	15	5,712,509	8,248,161	8,121,858	13,185,668
Derivative liabilities	16	-	-	-	96,641
Contract liabilities	17	192,289	1,885,424	590,667	3,388,964
Current tax liabilities		215,781	116,369	1,618,449	3,132,991
		<u>6,703,070</u>	<u>13,437,046</u>	<u>11,809,297</u>	<u>26,771,380</u>
<b>TOTAL LIABILITIES</b>		<u>7,092,083</u>	<u>18,137,948</u>	<u>17,459,912</u>	<u>40,688,730</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>11,542,514</u>	<u>28,703,578</u>	<u>38,113,885</u>	<u>63,772,520</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)***Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report***COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Revenue	20	22,231,997	44,672,391	77,974,073	40,156,248	38,243,083
Cost of sales		<u>(17,177,760)</u>	<u>(33,366,896)</u>	<u>(56,388,396)</u>	<u>(24,167,345)</u>	<u>(29,529,774)</u>
Gross profit		5,054,237	11,305,495	21,585,677	15,988,903	8,713,309
Other income		37,284	15,553	168,899	1,607,957	25,416
Administrative expenses		(1,657,140)	(3,682,103)	(6,571,350)	(5,087,440)	(2,929,262)
Other operating expenses		(38,952)	(95,315)	(90,245)	(615,975)	(43,730)
Net loss on impairment of financial instruments		-	-	(1,841,150)	(1,679,384)	(286,680)
Profit from operations		3,395,429	7,543,630	13,251,831	10,214,061	5,479,053
Finance costs	24	(61,724)	(385,543)	(534,337)	(376,832)	(270,824)
Share of results of an associate, net of tax	8(f)	-	-	(3,089)	2,411	(2,567)
Profit before tax	21	3,333,705	7,158,087	12,714,405	9,839,640	5,205,662
Tax expense	25	<u>(227,557)</u>	<u>(1,042,888)</u>	<u>(2,625,899)</u>	<u>(2,409,823)</u>	<u>(902,637)</u>
<b>Profit for the financial year/period, representing total comprehensive income for the financial year/period</b>		<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,506</u>	<u>7,429,817</u>	<u>4,303,025</u>
Profit attributable to:						
Common controlling shareholders of the combining entities		3,106,148	6,115,199	10,088,342	7,429,817	4,302,861
Non-controlling interests		-	-	164	-	164
		<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,506</u>	<u>7,429,817</u>	<u>4,303,025</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)**

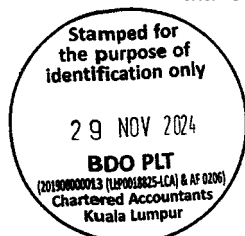
	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Note					
Total comprehensive income attributable to:					
Common controlling shareholders of the combining entities	3,106,148	6,115,199	10,088,342	7,429,817	4,302,861
Non-controlling interests	-	-	164	-	164
	<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,506</u>	<u>7,429,817</u>	<u>4,303,025</u>
Earnings per share attributable to common controlling shareholders of the combining entities					
Basic and diluted	26	3.11	6.12	10.09	7.43
				4.30	

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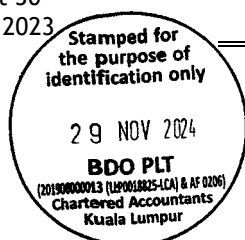
**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****COMBINED STATEMENTS OF CHANGES IN EQUITY**

<u>Audited</u>	Ordinary shares capital RM	<i>Distributable</i> Retained earnings RM	Total attributable to common controlling shareholders RM	Non- controlling interests RM	Total equity RM
Balance as at 1 April 2021	1,000,000	344,283	1,344,283	-	1,344,283
Profit for the financial year	-	3,106,148	3,106,148	-	3,106,148
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	3,106,148	3,106,148	-	3,106,148
Balance as at 31 March 2022/ 1 April 2022	1,000,000	3,450,431	4,450,431	-	4,450,431
Profit for the financial year	-	6,115,199	6,115,199	-	6,115,199
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	6,115,199	6,115,199	-	6,115,199
Balance as at 31 March 2023/ 1 April 2023	1,000,000	9,565,630	10,565,630	-	10,565,630
Profit for the financial year	-	10,088,342	10,088,342	164	10,088,506
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	10,088,342	10,088,342	164	10,088,506
<b>Transactions with common controlling shareholders</b>					
Issuance of ordinary shares	1	-	1	-	1
Acquisition of a subsidiary	-	-	-	(4,413)	(4,413)
Additional issuance of shares in a subsidiary	-	-	-	250,000	250,000
Disposal of a subsidiary	-	-	-	(245,751)	(245,751)
Total transactions with common controlling shareholders	1	-	1	(164)	(163)
Balance as at 31 March 2024	1,000,001	19,653,972	20,653,973	-	20,653,973



**13. ACCOUNTANTS' REPORT (Cont'd)***Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report***COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)**

<u>Audited</u>	Note	Ordinary shares capital RM	<i>Distributable</i> Retained earnings RM	Total attributable to common controlling shareholders RM	Non- controlling interests RM	Total equity RM
Balance as at 1 April 2024		1,000,001	19,653,972	20,653,973	-	20,653,973
Profit for the financial period		-	7,429,817	7,429,817	-	7,429,817
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	7,429,817	7,429,817	-	7,429,817
<b>Transaction with common controlling shareholders</b>						
Dividend paid	27	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Total transaction with owners		-	(5,000,000)	(5,000,000)	-	(5,000,000)
Balance as at 30 September 2024		1,000,001	22,083,789	23,083,790	-	23,083,790
<u>Unaudited</u>						
Balance as at 1 April 2023		1,000,000	9,565,630	10,565,630	-	10,565,630
Profit for the financial period		-	4,302,861	4,302,861	164	4,303,025
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	4,302,861	4,302,861	164	4,303,025
<b>Transactions with common controlling shareholders</b>						
Acquisition of a subsidiary		-	-	-	(4,413)	(4,413)
Additional issuance of shares in a subsidiary		-	-	-	250,000	250,000
Disposal of a subsidiary		-	-	-	(245,751)	(245,751)
Total transactions with owners		-	-	-	(164)	(164)
Balance as at 30 September 2023		1,000,000	13,868,491	14,868,491	-	14,868,491



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**13. ACCOUNTANTS' REPORT (Cont'd)***Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report***COMBINED STATEMENTS OF CASH FLOWS**

	Note	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before tax		3,333,705	7,158,087	12,714,405	9,839,640	5,205,662
Adjustments for:						
Depreciation of:						
- Plant and equipment	6	13,981	34,827	146,188	83,691	20,168
- Right-of-use assets	6	44,054	293,359	300,737	224,998	152,182
Gain on lease termination	21	-	-	(16,949)	-	-
Fair value loss on derivative liabilities	21	-	-	-	96,641	-
Loss on disposal of a subsidiary	7(b)	-	-	546	-	546
Impairment loss on investment in an associate	8(g)	-	-	6,465	-	-
Impairment losses on trade receivables	11(h)	-	-	1,841,150	2,266,762	286,680
Reversal of impairment losses on trade receivables	11(h)	-	-	-	(587,378)	-
Interest expenses:						
- Lease liabilities	24	10,924	273,877	312,630	147,539	166,075
- Borrowings	24	-	37,191	110,435	153,113	52,462
- Others	24	50,800	74,475	111,272	76,180	52,287
Interest income	21	-	(6,012)	(130,943)	(128,169)	(19,183)
Plant and equipment written off	21	-	18,963	-	-	-
(Gain)/Loss on unrealised foreign exchange	21	(4,408)	(2,339)	(14,773)	(162,168)	30,434
Share of loss/(profit) of an associate, net of tax	8(f)	-	-	3,089	(2,411)	2,567
Operating profit before working capital changes		3,449,056	7,882,428	15,384,252	12,008,438	5,949,880
Changes in working capital:						
Inventories		(1,487,435)	(2,498,802)	1,134,040	(388,177)	741,286
Receivables		(4,015,736)	(5,955,746)	(5,362,335)	(10,583,156)	(2,680,110)
Payables		2,828,426	2,523,307	(141,931)	5,281,270	2,343,958
Contract assets		-	(499,165)	(663,044)	(4,738,447)	168,939
Contract liabilities		192,289	1,693,135	(1,294,757)	2,798,297	(1,186,383)
Cash generated from operations		966,600	3,145,157	9,056,225	4,378,225	5,337,570
Tax paid		(74,300)	(738,600)	(1,418,654)	(721,665)	(255,209)
Net cash from operating activities		892,300	2,406,557	7,637,571	3,656,560	5,082,361



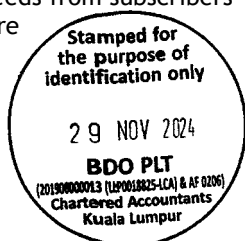
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**13. ACCOUNTANTS' REPORT (Cont'd)***Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report***COMBINED STATEMENTS OF CASH FLOWS (continued)**

	Note	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Acquisition of:						
- an associate	8	-	(59,849)	-	-	-
- a joint venture	9	(50)	-	(50)	-	(50)
Acquisition of additional interests in an associate	8(d)	-	-	(151,000)	-	-
Net cash inflow on acquisition of a subsidiary	7(a)	-	-	2,066	-	2,066
Net cash outflow on disposal of a subsidiary	7(b)	-	-	(254,528)	-	(254,528)
Additional issuance of shares - Non-controlling interests		-	-	250,000	-	250,000
(Advance to)/Repayments from related parties		(68,543)	(1,318,162)	1,557,058	(7,500)	(100,000)
(Advance to)/Repayments from a joint venture		(5,186)	(3,684)	8,870	-	4,651
Advances from/(to) Directors		4,923	272,261	17,430	(24,614)	1,940
Placement of deposits with a licensed bank with original maturity of more than three (3) months		-	(354,125)	(124,337)	(132,978)	(63,075)
Placement in restricted bank balances	12(e)	-	-	-	(716,473)	-
Interest received		-	6,012	130,943	128,169	19,183
Proceeds from disposal of equity interest in joint venture	9(e)	-	-	50	-	-
Purchase of plant and equipment	6(a)	(137,610)	(154,332)	(6,999,924)	(1,565,678)	(74,644)
Net cash used in investing activities		(206,466)	(1,611,879)	(5,563,422)	(2,319,074)	(214,457)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Dividend paid	27	-	-	-	(5,000,000)	-
Net drawdown/ (repayments) of borrowings		500,000	2,550,864	(391,325)	11,690,340	(2,207,579)
Net (repayments)/ drawdown of lease liabilities		(46,225)	2,167,852	(24,824)	(529,322)	408,793
Interest paid		(51,191)	(362,832)	(517,165)	(355,704)	(260,290)
Proceeds from subscribers' share		-	-	1	-	-

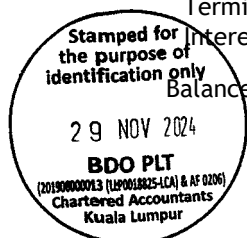


**13. ACCOUNTANTS' REPORT (Cont'd)***Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report***COMBINED STATEMENTS OF CASH FLOWS (continued)**

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Net cash from/(used in) financing activities	402,584	4,355,884	(933,313)	5,805,314	(2,059,076)
Net increase in cash and cash equivalents	1,088,418	5,150,562	1,140,836	7,142,800	2,808,828
Effects of exchange rate on cash and cash equivalents	-	-	14,773	(23,178)	9,460
Cash and cash equivalents at beginning of financial year/period	1,130,396	2,218,814	7,369,376	8,524,985	7,369,376
Cash and cash equivalents at end of financial year/period	12(e) 2,218,814	7,369,376	8,524,985	15,644,607	10,187,664

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Lease liabilities 1.4.2021 to 31.3.2022 Audited RM	Borrowings 1.4.2021 to 31.3.2022 Audited RM	Lease liabilities 1.4.2022 to 31.3.2023 Audited RM	Borrowings 1.4.2022 to 31.3.2023 Audited RM	Lease liabilities 1.4.2023 to 31.3.2024 Audited RM	Borrowings 1.4.2023 to 31.3.2024 Audited RM
Balance as at 1 April	150,465	-	454,749	500,000	4,416,675	3,050,864
Cash flows:						
Drawdown of borrowings	-	500,000	-	3,114,830	-	2,000,000
Drawdown of lease liabilities*	-	-	2,718,418	-	832,670	-
Payment of borrowings	-	-	-	(601,157)	-	(2,501,760)
Payment of lease liabilities	(46,616)	-	(801,732)	-	(1,152,952)	-
Interest paid	391	-	251,166	37,191	295,458	110,435
Non-cash flows:						
Additions of lease liabilities	85,000	-	1,771,363	-	184,955	-
Reassessment and modification of lease	254,976	-	-	-	-	-
Termination of lease	-	-	-	-	(250,199)	-
Interest expense	10,533	-	22,711	-	17,172	-
Balance as at 31 March	454,749	500,000	4,416,675	3,050,864	4,343,779	2,659,539



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

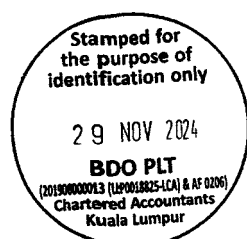
## COMBINED STATEMENTS OF CASH FLOWS (continued)

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Lease liabilities 1.4.2024 to 30.9.2024 Audited RM	Borrowings 1.4.2024 to 30.9.2024 Audited RM	Lease liabilities 1.4.2023 to 30.9.2023 Unaudited RM	Borrowings 1.4.2023 to 30.9.2023 Unaudited RM
Balance as at 1 April	4,343,779	2,659,539	4,416,675	3,050,864
Cash flows:				
Drawdown of borrowings	-	12,206,559	-	-
Drawdown of lease liabilities*	-	-	832,670	-
Payment of borrowings	-	(669,332)	-	(2,260,041)
Payment of lease liabilities	(655,733)	-	(579,418)	-
Interest paid	126,411	153,113	155,541	52,462
Non-cash flows:				
Additions of lease liabilities	2,399,766	-	29,133	-
Interest expense	21,128	-	10,534	-
Balance as at 30 September	<u>6,235,351</u>	<u>14,349,879</u>	<u>4,865,135</u>	<u>843,285</u>

\* The amount represents lease liabilities drawdown during the financial year/period for assets manufactured and used by the Group during the financial years ended 31 March 2022 and 31 March 2023.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. CORPORATE INFORMATION**

The Company was incorporated in Malaysia under the Companies Act 2016 on 9 January 2024 as a private limited company under the name of Northern Solar Holdings Sdn. Bhd. and was subsequently converted to a public limited company on 20 March 2024.

The registered office of the Company is located at Unit 7-01, Level 7, Menara Lagenda, No.3, Jalan SS20/27, 47400 Petaling Jaya, Selangor.

The principal place of business of the Company is located at Unit 8-01 & 8-02, Level 8, Menara Lagenda, No.3, Jalan SS20/27, 47400 Petaling Jaya, Selangor.

The Company is principally engaged in investment holdings activities. Northern Solar Sdn. Bhd. ("NSSB") is principally involved in the provision of engineering, procurement, construction and commissioning of solar photovoltaics systems and plant, generation of electricity as well as operations and maintenance services. There have been no significant changes on the nature of these activities during the financial period.

**2. BASIS OF PREPARATION**

The combined financial statements of the Group has been prepared in accordance with paragraph 10.04 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines. The combined financial statements of the Group consist of the combined financial statements of the Company and its combining entities are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and based on the Guidance Note on Combined Financial Statements issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements of the Group for the relevant period are prepared under historical cost convention except as otherwise stated in the combined financial statements. The combined financial statements are prepared for the relevant period in a manner similar to the "pooling of interest" method of accounting, as if the combining entities were operating as a single economic enterprise from beginning of the earliest comparative period covered for the relevant period. Such manner of presentation reflects the economic substance of the combined entities, which are under common control throughout the relevant period.

The Group's historical audited financial information for the purpose stated above were prepared in accordance with MFRSs and IFRS Accounting Standards.

The statutory auditors of the combining entities of the Group are as follows:

Company	Relevant financial period/years	Auditors
Northern Solar Holdings Berhad	Financial Period Ended ("FPE") 31 March 2024 ^	BDO PLT (First Auditors)
	FPE 30 September 2024	BDO PLT
Northern Solar Sdn. Bhd.	Financial Year Ended ("FYE") 31 March 2022*	J K Huan & Co.
	FYE 31 March 2023	BDO PLT
	FYE 31 March 2024	BDO PLT
	FPE 30 September 2024	BDO PLT



## 13. ACCOUNTANTS' REPORT (*Cont'd*)

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

### 2. BASIS OF PREPARATION (continued)

The statutory auditors of the combining entities of the Group are as follows: (continued)

<sup>^</sup> There was no audited financial statements for Northern Solar Holdings Berhad for FYE 31 March 2022 and FYE 31 March 2023 as the entity was incorporated on 9 January 2024.

<sup>\*</sup> The financial statements of combining entities for the financial year ended 31 March 2022 were re-prepared by management and re-audited by BDO PLT for the purpose of inclusion into the combined financial statements of the Group.

### 3. MATERIAL ACCOUNTING POLICIES

#### 3.1 Basis of accounting

The combined financial statements of the Group for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

The combined financial statements of the Group have been prepared under the historical cost convention except as otherwise stated in the combined financial statements.

The preparation of these combined financial statements in conformity with MFRSs and IFRS Accounting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the combined financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

#### 3.2 Basis of combination

##### Combining entities

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities ("Controlling Shareholders"), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of equity of the combining entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.2 Basis of combination (continued)****Combining entities (continued)**

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have *de facto* power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee's return.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

**3.3 Plant and equipment**

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

After initial recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

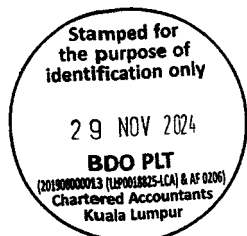
When significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The principal annual depreciation rates are as follows:

Air conditioner	10%
Computer system	20%
Electrical and fittings	10%
Furniture and fittings	10%
Motor vehicle	20%
Office equipment	10%
Operating equipment	10%
Power - purchase agreement ("PPA") - Solar PV System	15 years - 25 years
Renovation	20%
Signboard	10%
Website	10%

Construction-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.3 Plant and equipment (continued)**

The residual value, useful life and depreciation method are reviewed at end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

**3.4 Investments****(a) Subsidiary**

A subsidiary is an entity in which the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of NSSB at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of NSSB. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale).

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognises all assets, liabilities and non-controlling interests at their carrying amounts and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

**(b) Associate**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the combined financial statements using the equity method of accounting. The investment in associate in the combined statements of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.4 Investments (continued)****(b) Associate (continued)**

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year/period is included in the combined financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group do not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed off and the carrying amount of the investment at the date when the equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.





**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.4 Investments (continued)****(c) Joint venture**

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- (a) Joint ventures: where the Group has rights to only the net assets of the joint arrangement;  
or
- (b) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- (a) The structure of the joint arrangement;
- (b) The legal form of joint arrangements structured through a separate vehicle;
- (c) The contractual terms of the joint arrangement agreement; and
- (d) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interest in a joint venture in the same manner as investments in associates (i.e. using the equity method as disclosed in Note 3.3(b) to the combined financial statements).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in a joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. In accordance with MFRS 11 *Joint Arrangements*, the Group is required to apply all of the principles of MFRS 3 *Business Combinations* when it acquires an interest in a joint operation that constitutes a business as defined by MFRS 3.

For all joint arrangements structured in separate vehicles, the Group must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation).



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)**

**3.4 Investments (continued)**

**(c) Joint venture (continued)**

Factors the Group must consider include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as joint venture.

**3.5 Goodwill on consolidation**

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**3.6 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.6 Impairment of non-financial assets (continued)**

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**3.7 Current versus non-current classification**

The Group presents assets and liabilities in the combined statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.8 Financial instruments - initial recognition and subsequent measurement****(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Categories of financial instruments and subsequent measurement*****Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequently unless there is a change in the business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

**(a) Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

**(b) Fair value through other comprehensive income - debt securities**

A debt security is measured at fair value through other comprehensive income ("FVOCI") if it is held within a business model with the objective of both holding to collect contractual cash flows and selling; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as at fair value through profit or loss ("FVTPL").

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income ("OCI"). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(ii) Categories of financial instruments and subsequent measurement (continued)***Financial assets (continued)***(c) Fair value through other comprehensive income - equity securities**

For an equity investment that is not held for trading, the Group may irrevocably elect to subsequently measure the equity securities at FVOCI on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

**(d) Fair value through profit or loss**

All financial assets not classified and measured at amortised costs or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gain or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment.

**Impairment of financial assets**

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables that do not contain a significant financing component.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers based on grouping of customers sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method. The expected loss rates are based on the Group's historical credit losses experience over the three (3) years period prior to the period end.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(ii) Categories of financial instruments and subsequent measurement (continued)***Financial assets (continued)***Impairment of financial assets (continued)**

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product ("GDP"), inflation rate and unemployment rate and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other financial assets is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the other financial assets. For those in which the credit risk has not increased significantly since initial recognition of the other financial assets, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for other financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other financial assets is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for the other financial assets.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(ii) Categories of financial instruments and subsequent measurement (continued)*****Financial liabilities***

The categories of financial liabilities classified at initial recognition are as follows:

**(a) Fair value through profit or loss**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest expense recognised in profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the amount of change in fair value of the financial liability that is attributable to change in credit risk are recognised in the other comprehensive income and the remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the credit risk of the liability would create or enlarge an accounting mismatch.

**(b) Amortised cost**

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

**(iii) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset is expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the combined statements of profit or loss and other comprehensive income.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.8 Financial instruments - initial recognition and subsequent measurement (continued)****(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.9 Inventories**

Inventories are determined on the first-in, first-out basis and stated at the lower of cost and estimated selling price less costs to complete and sell.

**3.10 Cash and cash equivalents**

Cash and cash equivalents in the combined statements of financial position comprise cash in hand and cash at banks, which are subject to an insignificant risk of change in value.

**3.11 Provisions**

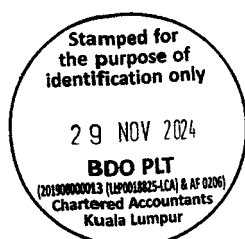
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3.12 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.





**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
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**3. MATERIAL ACCOUNTING POLICIES (continued)****3.13 Employee benefits****(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year/period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

**(b) Defined contribution plan**

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

**3.14 Leases****(a) As lessee**

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

**Measurement and recognition of leases as a lessee**

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
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**3. MATERIAL ACCOUNTING POLICIES (continued)****3.14 Leases (continued)****(a) As lessee (continued)****Measurement and recognition of leases as a lessee (continued)**

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term of right-of-use assets are as follows:

Motor vehicles	5 years
PPA - Solar PV System	15 years - 25 years
Office buildings	2 - 9 years

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

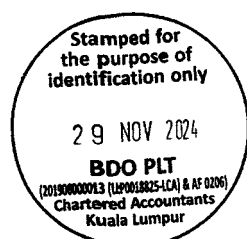
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**(b) As lessor**

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.15 Revenue recognition**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**Sale of goods**

Revenue from sale of products and services is recognised at a point in time when products have been transferred or the services have been rendered to the customers and coincide with the delivery of products and services and acceptance by customers.

**Construction contracts**

When the outcomes of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

**Change in accounting policy**

During the financial period ended 30 September 2024, the Group effected the change in classification of revenue streams by including the sale of goods and construction contracts into engineering, procurement, construction and commissioning ("EPCC") of solar PV systems. The change in accounting policy did not have material impact to the Group.

**Engineering, procurement, construction and commissioning ("EPCC") of solar PV systems**

EPCC contracts involve multiple deliverables, such as solar system design, supply of solar energy equipment, installation of solar energy system and testing of newly installed solar energy system.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.15 Revenue recognition (continued)****Engineering, procurement, construction and commissioning ("EPCC") of solar PV systems (continued)**

EPCC of solar PV systems is recognised over time when products have been transferred or the services have been rendered to the customers over time. The Group is restricted contractually from directing the solar energy system under construction for another use as they are being developed and has an enforceable right to payment for performance completed to date. Therefore, revenue is recognised over time, based on the costs incurred to date as a proportion of the estimated total costs to be incurred. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives, penalties and liquidated ascertained damages. Past experience is used to estimate the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

When the outcomes of a construction contract activity can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. Stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, with a corresponding provision for an onerous contract.

**Sale of electricity through solar energy generation**

In the previous financial years, the Group sold electricity generated through its self-constructed rooftop solar PV systems under a 15 to 25 years renewable energy power purchase agreement. Revenue is recognised upon delivery of electricity by kilowatt-hour to the customers and acceptance by the customers.

Change in accounting policy

During the financial period ended 30 September 2024, the Group effected the change in accounting policy in respect of the timing of revenue recognition from point in time to over time. Revenue is recognised upon supply of electricity by kilowatt-hour to the customers. The change in accounting policy did not have material impact to the Group.

**Operations and maintenance services**

Revenue from operations and maintenance services is recognised over time as and when the customer simultaneously receives and consumes the benefits provided by this service and it is probable that the Company would collect the consideration to which it will be entitled in exchange for the service that would be performed to the customer.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)**

**3.15 Revenue recognition (continued)**

Revenue recognition not in relation to performance obligations is described below:

**Interest income**

Interest income is recognised as it accrues, using the effective interest method.

**3.16 Taxes**

**(a) Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the combined statements of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.16 Taxes (continued)****(b) Deferred tax (continued)**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

**(c) Sales and services tax ("SST")**

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.17 Fair value measurements**

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

**3.18 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity and are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**3.19 Contingent liability**

A contingent liability or asset is a possible obligation or asset respectively that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the combined statements of financial position of the Group.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**3. MATERIAL ACCOUNTING POLICIES (continued)****3.20 Earnings per share****(a) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the weighted average number of ordinary shares outstanding during the financial year.

**(b) Diluted**

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders of the combining entities by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

**4. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs****4.1 New MFRSs adopted during the financial period ended 30 September 2024**

The following Amendments to the MFRSs issued by Malaysian Accounting Standards Board ("MASB") were adopted by the Group during the financial period ended 30 September 2024:

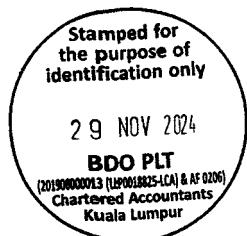
Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group.

**4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025**

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i> (Amendments to Classification and Measurement of Financial Instruments)	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred





**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**4. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (continued)**

**4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January (continued)**

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable in future financial years.

**5. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATION**

The preparation of the combined financial statements of the Group requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future year.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the combined financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes reflected in the assumptions when they occur.

(i) Provision for expected credit losses of trade receivables

The impairment provisions for financial assets are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(ii) Estimating incremental borrowing rates for lease liabilities

Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

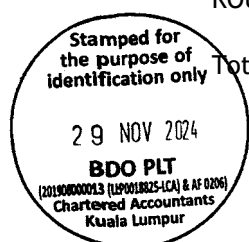
(iii) Allocation of transaction price to performance obligations of EPCC of solar PV systems

Significant judgement is required to be exercised by management in determining the allocation of transaction price for EPCC of solar PV systems, ascertaining the number of multiple arrangement elements embedded in the contracts, assessing the satisfaction of the performance obligations over time, completeness of the estimated costs to complete the respective performance obligations and accuracy of measurement of construction progress. These include assessing the subjectivity and estimation uncertainty on determining the estimated costs for the remaining obligations and contingencies of the project over the contractual period.



**13. ACCOUNTANTS' REPORT (Cont'd)***Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report***6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS**

31 March 2022	Balance as at 1.4.2021 Audited RM	Additions Audited RM	Reassessment and modification of lease Audited RM	Balance as at 31.3.2022 Audited RM
<b>Cost</b>				
Air conditioner	10,390	-	-	10,390
Computer system	7,820	43,658	-	51,478
Electrical and fittings	1,200	-	-	1,200
Furniture and fittings	6,220	10,358	-	16,578
Office equipment	4,050	11,895	-	15,945
Operating equipment	18,798	22,166	-	40,964
Renovation	7,950	-	-	7,950
Signboard	3,800	-	-	3,800
Website	2,250	-	-	2,250
<b>Total</b>	<b>62,478</b>	<b>88,077</b>	<b>-</b>	<b>150,555</b>
Motor vehicles	-	134,533	-	134,533
ROU - Office building	157,363	-	254,976	412,339
<b>Total</b>	<b>157,363</b>	<b>134,533</b>	<b>254,976</b>	<b>546,872</b>
31 March 2022				
<b>Accumulated depreciation</b>				
Air conditioner		61	1,039	1,100
Computer system		206	5,914	6,120
Electrical and fittings		7	120	127
Furniture and fittings		36	1,054	1,090
Office equipment		24	847	871
Operating equipment		574	2,812	3,386
Renovation		93	1,590	1,683
Signboard		59	380	439
Website		225	225	450
<b>Total</b>		<b>1,285</b>	<b>13,981</b>	<b>15,266</b>
Motor vehicles		-	5,102	5,102
ROU - Office building		7,868	38,952	46,820
<b>Total</b>		<b>7,868</b>	<b>44,054</b>	<b>51,922</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

31 March 2023	Balance as at 1.4.2022 Audited RM	Additions Audited RM	Transfer from prepayment Audited RM	Written off Audited RM	Reclassification Audited RM	Balance as at 31.3.2023 Audited RM
<b>Cost</b>						
Air conditioner	10,390	5,640	-	-	-	16,030
Computer system	51,478	50,093	-	(20,318)	-	81,253
Electrical and fittings	1,200	2,375	-	-	-	3,575
Furniture and fittings	16,578	16,083	-	-	-	32,661
Office equipment	15,945	53,090	-	-	40,964	109,999
Operating equipment	40,964	-	-	-	(40,964)	-
Renovation	7,950	7,547	-	-	-	15,497
Signboard	3,800	-	-	-	-	3,800
Website	2,250	19,504	-	-	-	21,754
<b>Total</b>	<b>150,555</b>	<b>154,332</b>	<b>-</b>	<b>(20,318)</b>	<b>-</b>	<b>284,569</b>
Motor vehicles	134,533	162,997	-	-	-	297,530
PPA - Solar PV System	-	1,608,366	1,293,999	-	-	2,902,365
ROU - Office building	412,339	-	-	-	-	412,339
<b>Total</b>	<b>546,872</b>	<b>1,771,363</b>	<b>1,293,999</b>	<b>-</b>	<b>-</b>	<b>3,612,234</b>

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**13. ACCOUNTANTS' REPORT (Cont'd)**

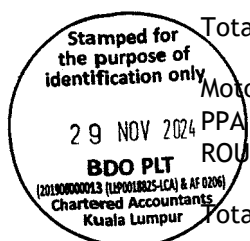
*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

31 March 2023	Balance as at 1.4.2022 Audited RM	Charge for the financial year Audited RM	Written off Audited RM	Reclassification Audited RM	Balance as at 31.3.2023 Audited RM
<b>Accumulated depreciation</b>					
Air conditioner	1,100	1,603	-	-	2,703
Computer system	6,120	14,896	(1,355)	-	19,661
Electrical and fittings	127	358	-	-	485
Furniture and fittings	1,090	3,266	-	-	4,356
Office equipment	871	10,999	-	3,386	15,256
Operating equipment	3,386	-	-	(3,386)	-
Renovation	1,683	3,100	-	-	4,783
Signboard	439	380	-	-	819
Website	450	225	-	-	675
<b>Total</b>	<b>15,266</b>	<b>34,827</b>	<b>(1,355)</b>	<b>-</b>	<b>48,738</b>

Motor vehicles	5,102	59,506	-	-	64,608
PPA - Solar PV System	-	157,501	-	-	157,501
ROU - Office building	46,820	76,352	-	-	123,172
<b>Total</b>	<b>51,922</b>	<b>293,359</b>	<b>-</b>	<b>-</b>	<b>345,281</b>

31 March 2024	Balance as at 1.4.2023 Audited RM	Additions Audited RM	Termination Audited RM	Balance as at 31.3.2024 Audited RM
<b>Cost</b>				
Air conditioner	16,030	3,100	-	19,130
Computer system	81,253	79,726	-	160,979
Electrical and fittings	3,575	-	-	3,575
Furniture and fittings	32,661	23,551	-	56,212
Office equipment	109,999	32,762	-	142,761
Operating equipment	-	23,602	-	23,602
Renovation	15,497	33,200	-	48,697
Signboard	3,800	-	-	3,800
Website	21,754	39,850	-	61,604
PPA - Solar PV System	-	1,286,747	-	1,286,747
Construction-in-progress - PPA Solar PV System	-	5,477,386	-	5,477,386
<b>Total</b>	<b>284,569</b>	<b>6,999,924</b>	<b>-</b>	<b>7,284,493</b>
Motor vehicles	297,530	-	-	297,530
PPA - Solar PV System	2,902,365	-	-	2,902,365
ROU - Office buildings	412,339	184,955	(412,339)	184,955
<b>Total</b>	<b>3,612,234</b>	<b>184,955</b>	<b>(412,339)</b>	<b>3,384,850</b>



**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

31 March 2024	Balance as at 1.4.2023 Audited RM	Charge for the financial year Audited RM	Termination Audited RM	Balance as at 31.3.2024 Audited RM
<b>Accumulated depreciation</b>				
Air conditioner	2,703	1,680	-	4,383
Computer system	19,661	20,921	-	40,582
Electrical and fittings	485	358	-	843
Furniture and fittings	4,356	4,332	-	8,688
Office equipment	15,256	13,001	-	28,257
Operating equipment	-	196	-	196
Renovation	4,783	3,710	-	8,493
Signboard	819	380	-	1,199
Website	675	2,991	-	3,666
PPA - Solar PV System	-	98,619	-	98,619
<b>Total</b>	<b>48,738</b>	<b>146,188</b>	<b>-</b>	<b>194,926</b>
Motor vehicles	64,608	59,506	-	124,114
PPA - Solar PV System	157,501	157,501	-	315,002
ROU - Office buildings	123,172	83,730	(179,089)	27,813
<b>Total</b>	<b>345,281</b>	<b>300,737</b>	<b>(179,089)</b>	<b>466,929</b>
<b>30 September 2024</b>				
<b>Cost</b>	<b>1.4.2024 Audited RM</b>	<b>Additions Audited RM</b>		<b>Balance as at 30.9.2024 Audited RM</b>
Air conditioner	19,130	1,150		20,280
Computer system	160,979	143,043		304,022
Electrical and fittings	3,575	-		3,575
Furniture and fittings	56,212	137,808		194,020
Office equipment	142,761	3,699		146,460
Motor vehicle	-	180,000		180,000
Operating equipment	23,602	-		23,602
Renovation	48,697	1,091,848		1,140,545
Signboard	3,800	-		3,800
Website	61,604	-		61,604
PPA - Solar PV System	1,286,747	-		1,286,747
Construction-in-progress - PPA Solar PV System	5,477,386	8,130		5,485,516
<b>Total</b>	<b>7,284,493</b>	<b>1,565,678</b>		<b>8,850,171</b>
Motor vehicles	297,530	-		297,530
PPA - Solar PV System	2,902,365	-		2,902,365
ROU - Office buildings	184,955	2,399,766		2,584,721
<b>Total</b>	<b>3,384,850</b>	<b>2,399,766</b>		<b>5,784,616</b>

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Chartered Accountants  
Kuala Lumpur

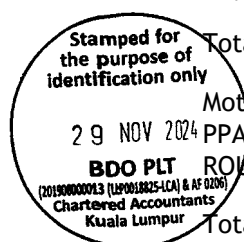
**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

30 September 2024	Balance as at 1.4.2024 Audited RM	Charge for the financial period Audited RM	Balance as at 30.9.2024 Audited RM
<b>Accumulated depreciation</b>			
Air conditioner	4,383	966	5,349
Computer system	40,582	18,325	58,907
Electrical and fittings	843	179	1,022
Furniture and fittings	8,688	2,951	11,639
Office equipment	28,257	7,170	35,427
Motor vehicle	-	12,000	12,000
Operating equipment	196	1,180	1,376
Renovation	8,493	2,770	11,263
Signboard	1,199	190	1,389
Website	3,666	3,080	6,746
PPA - Solar PV System	98,619	34,880	133,499
<b>Total</b>	<b>194,926</b>	<b>83,691</b>	<b>278,617</b>
Motor vehicles	124,114	29,753	153,867
PPA - Solar PV System	315,002	78,751	393,753
ROU - Office buildings	27,813	116,494	144,307
<b>Total</b>	<b>466,929</b>	<b>224,998</b>	<b>691,927</b>

Carrying amount	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Air conditioner	9,290	13,327	14,747	14,931
Computer system	45,358	61,592	120,397	245,115
Electrical and fittings	1,073	3,090	2,732	2,553
Furniture and fittings	15,488	28,305	47,524	182,381
Office equipment	15,074	94,743	114,504	111,033
Motor vehicle	-	-	-	168,000
Operating equipment	37,578	-	23,406	22,226
Renovation	6,267	10,714	40,204	1,129,282
Signboard	3,361	2,981	2,601	2,411
Website	1,800	21,079	57,938	54,858
PPA - Solar PV System	-	-	1,188,128	1,153,248
Construction-in-progress - PPA Solar PV System	-	-	5,477,386	5,485,516
<b>Total</b>	<b>135,289</b>	<b>235,831</b>	<b>7,089,567</b>	<b>8,571,554</b>
Motor vehicles	129,431	232,922	173,416	143,663
PPA - Solar PV System	-	2,744,864	2,587,363	2,508,612
ROU - Office buildings	365,519	289,167	157,142	2,440,414
<b>Total</b>	<b>494,950</b>	<b>3,266,953</b>	<b>2,917,921</b>	<b>5,092,689</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**6. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

- (a) During the financial years/period, the Group made the following cash payments to purchase plant and equipment:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	31.3.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Purchase of plant and equipment	222,610	1,925,695	7,184,879	3,965,444	103,777
Financed by hire purchase and lease liabilities	(85,000)	(1,771,363)	(184,955)	(2,399,766)	(29,133)
Cash payments on purchase of plant and equipment	<u>137,610</u>	<u>154,332</u>	<u>6,999,924</u>	<u>1,565,678</u>	<u>74,644</u>

**7. INVESTMENT IN A SUBSIDIARY**

- (a) Deemed acquisition of Norwatt Power Sdn. Bhd. ("NPSB")

On 14 April 2023, NSSB has acquired additional 25 ordinary shares in NPSB for a total consideration of RM25. Following this transaction, NSSB's equity interest in NPSB has increased from 50% to 75%, which resulted in NSSB obtaining control of NPSB in accordance with MFRS 10 *Consolidated Financial Statements*. Consequently, NPSB became a subsidiary of NSSB.

On 14 April 2023, NPSB increased its issued and paid-up capital from 100 ordinary shares to 1,000,000 ordinary shares by an allotment of 999,900 ordinary shares. The consideration paid by NSSB for the new shares allotted amounted to RM749,925.

Fair values of the identifiable assets and liabilities acquired and the effects on cash flow arising from the acquisition were as follows:

	Audited RM
Cash and bank balances	2,066
Trade and other payables	(19,719)
Net liabilities assumed	(17,653)
Non-controlling interest at the date of acquisition	4,413
Less: Carrying amount of previously held equity interest in investment in a joint venture as at date of deemed acquisition	(50)
Goodwill	13,290
Cost of acquisition	-
Cash and bank balances of a subsidiary acquired	2,066
Net cash inflow on acquisition	<u>2,066</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**7. INVESTMENT IN A SUBSIDIARY (continued)**

- (a) Deemed acquisition of Norwatt Power Sdn. Bhd. ("NPSB") (continued)

NPSB had contributed the following results to the Group for the financial year ended 31 March 2024 from the acquisition date.

	14.4.2023 to 30.6.2023 Audited RM
Revenue	-
Profit for the financial year	<u>658</u>

Had the acquisition occurred on 1 April 2023, revenue and profit after tax of the Group for the financial year ended 31 March 2024 are as follows:

	31.3.2024 Audited RM
Revenue	77,974,073
Profit for the financial year	<u>10,089,000</u>

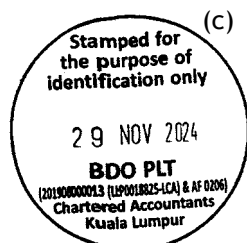
- (b) Disposal of a NPSB

On 9 June 2023, NSSB completed the disposal of its entire equity interest (equivalent to 75%) in a subsidiary, Norwatt Power Sdn. Bhd., a company incorporated in Malaysia, which installs and develops solar farms for a total cash consideration of RM750,000.

The loss on disposal of the subsidiary during the financial year was as follows:

	Audited RM
Cash and bank balances	1,004,528
Trade and other payables	<u>(21,521)</u>
Net assets disposed	983,007
Non-controlling interest at the date of disposal	<u>(245,751)</u>
Goodwill	13,290
	<u>750,546</u>
Loss on disposal of a subsidiary	<u>(546)</u>
Net consideration from disposal	750,000
Cash and bank balances of a subsidiary disposed	<u>(1,004,528)</u>
Net cash outflow on disposal	<u>(254,528)</u>

- (c) The Group does not have any subsidiary that has non-controlling interests, which is material to the Group for the financial period ended 30 September 2024.





**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****8. INVESTMENT IN AN ASSOCIATE**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Unquoted shares, at cost	-	59,849	210,849	210,849
Accumulated share of post acquisition losses	-	-	(3,089)	(678)
Less: Impairment loss	-	-	(6,465)	(6,465)
	-	59,849	201,295	203,706

(a) The Group recognises its interest in an associate as an investment and accounts for its investment using the equity method.

(b) The details of the associate are as follows:

Name of company	Country of Incorporation/ Principal place of business	Effective interest in equity			Principal activities
		31.3.2023 %	31.3.2024 %	30.9.2024 %	
Engtex Energy Sdn. Bhd. *^ ("EESB")	Malaysia	49	20	20	Specialist in photovoltaics industry, develop solar system and other renewable energy

\* Not audited by BDO PLT

^ This associate has a financial year end of 31 December, which is not conterminous with the Group. The unaudited financial statements of the associate for financial year ended 31 March 2024 and 30 September 2024 has been used in applying the equity method of accounting.

(c) During the financial year ended 31 March 2023, the Group has acquired 49,000 ordinary shares representing 49% equity interest in EESB for a total consideration of RM59,849.

(d) On 14 November 2023, EESB increased its issued and paid-up capital from 100,000 ordinary shares to 1,000,000 ordinary shares by an allotment of 999,000 ordinary shares. The consideration paid by the Group for the new shares allotted amounted to RM151,000. Following this transaction, the Group's equity interest in EESB has decreased from 49% to 20%.

(e) The summarised financial information of the associate which is accounted for by the Group using the equity method are as follows:

Assets and liabilities	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Non current assets	-	4,638,000	5,695,151
Current assets	128,839	1,014,328	317,802
Current liabilities	(8,592)	(4,645,855)	(4,994,425)
Net assets	120,247	1,006,473	1,018,528

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**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**8. INVESTMENT IN AN ASSOCIATE (continued)**

- (e) The summarised financial information of the associate which is accounted for by the Group using the equity method are as follows: (continued)

	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
<b>Results</b>			
(Loss)/Profit for the financial year/period	-	(15,445)	12,055

- (f) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Share of net assets	58,921	201,295	203,706
Goodwill	928	-	-
Carrying amount in the combined statements of financial position	59,849	201,295	203,706

**Share of results**

Share of total comprehensive (loss)/profit	-	(3,089)	2,411
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- (g) Management reviews the investment in an associate for impairment when there is an indication of impairment. Recoverable amount of the investment in an associate is assessed by reference to the fair value less costs of disposal ("FVLCD") of the underlying assets of the associate. As at 30 September 2024, the carrying amount of the cost investment in EESB amounted to RM203,706 (net of impairment losses of RM6,465). The recoverable amount of the cost of investment is based on the share of net assets of the associate.

**9. INVESTMENT IN A JOINT VENTURE**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Unquoted shares, at cost	50	50	-	-

- (a) The Group recognises its interest in an associate as an investment and accounts for its investments using the equity method.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**9. INVESTMENT IN A JOINT VENTURE (continued)**

(b) The details of joint venture are as follows:

Name of company	Country of Incorporation/ Principal place of business	Effective interest in equity			Principal activities
		31.3.2022 %	31.3.2023 %	31.3.2024 %	
Termeloh Solar Sdn. Bhd. *	Malaysia	-	-	-	Trading of solar assets, solar utility and solar energy
Norwatt Power Sdn. Bhd. <sup>^</sup> ("NPSB")	Malaysia	50	50	- #	Install and develop solar farm

\* Not audited by BDO PLT

<sup>^</sup>The joint venture has a financial year end of 31 December, which is not conterminous with the Group. The unaudited financial statements of the joint venture for the financial year ended 31 March 2022 and 31 March 2023 have been used in applying the equity method of accounting.

# NPSB became subsidiary of the Group and the financial effects on the changes in the composition of the Group arising from the remeasurement of the previously held equity interest are disclosed in Note 7 to the combined financial statements.

- (c) During the financial year ended 31 March 2022, the Group has acquired 50 ordinary shares representing 50% equity interest in Norwatt Power Sdn. Bhd. for a total consideration of RM50.
- (d) During the financial year ended 31 March 2024, the Group acquired 50 ordinary shares, representing 50% equity interest in Termeloh Solar Sdn. Bhd. for a total consideration of RM50.
- (e) On 15 December 2023, the Group disposed off its entire interest (equivalent to 50%) in a joint venture, Termeloh Solar Sdn. Bhd. for a total consideration of RM50.
- (f) The Group does not have any joint venture, which is material to the Group for the financial period ended 30 September 2024.

**10. INVENTORIES**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
At cost				
Material product	<u>2,618,078</u>	<u>5,116,880</u>	<u>3,982,840</u>	<u>4,371,017</u>



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**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****10. INVENTORIES (continued)**

- (a) Inventories of the Group recognised as cost of sales during the financial years/period are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Inventories recognised as cost of sales	<u>12,138,856</u>	<u>26,452,830</u>	<u>40,295,772</u>	<u>17,212,874</u>

**11. TRADE AND OTHER RECEIVABLES**

	Note	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
<b>Trade receivables</b>					
Third parties		3,241,501	8,890,742	9,909,545	23,067,983
Amounts owing by related parties		-	-	3,450,396	139,336
		<u>3,241,501</u>	<u>8,890,742</u>	<u>13,359,941</u>	<u>23,207,319</u>
Less: Impairment loss		-	-	(1,841,150)	(3,520,534)
(b)		3,241,501	8,890,742	11,518,791	19,686,785
<b>Other receivables</b>					
Third parties		6,000	10,908	55,889	127,800
Amount owing by a related party	(c)	231,396	1,557,058	-	-
Amount owing by a joint venture	(c)	5,186	8,870	-	-
Amounts owing by Directors	(c)	265,077	-	-	-
Deposits		251,690	166,461	166,712	141,508
		<u>759,349</u>	<u>1,743,297</u>	<u>222,601</u>	<u>269,308</u>
Total receivables		4,000,850	10,634,039	11,741,392	19,956,093
Prepayments		<u>2,074,483</u>	<u>1,167,310</u>	<u>2,015,214</u>	<u>2,704,285</u>
<b>Total trade and other receivables</b>		<u>6,075,333</u>	<u>11,801,349</u>	<u>13,756,606</u>	<u>22,660,378</u>

- (a) Trade and other receivables excluding prepayments are classified as financial assets and measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group are 30 days to 90 days (31.3.2024: 30 days to 90 days; 31.3.2023: 30 days to 90 days; 31.3.2022: 30 days to 90 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**11. TRADE AND OTHER RECEIVABLES (continued)**

- (c) In the previous financial years, amounts owing by a related party, a joint venture and Directors are non-trade transactions which were unsecured, non-interest bearing and repayable within one (1) year.
- (d) In the previous financial year, amounts owing by Directors were subject to deemed interest section under S140B, Income Tax Act, 1967. Interest income derived thereon is to be calculated at the average lending rate of commercial banks as determined by Bank Negara which was ranged from 3.40% to 3.48% per annum.
- (e) During the financial years/period, the Group did not renegotiate the terms of any trade receivables.
- (f) These receivables are not secured by any collateral or credit enhancement.
- (g) The ageing analysis of trade receivables of the Group are as follows:

Audited	Gross carrying amount RM	Impaired RM	Net carrying amount RM
<b>31 March 2022</b>			
Current	2,375,572	-	2,375,572
Past due			
1 to 30 days	424,243	-	424,243
31 to 60 days	700	-	700
More than 60 days	440,986	-	440,986
	<u>865,929</u>	-	<u>865,929</u>
	<u>3,241,501</u>	-	<u>3,241,501</u>
<b>31 March 2023</b>			
Current	8,386,670	-	8,386,670
Past due			
1 to 30 days	294,551	-	294,551
31 to 60 days	-	-	-
More than 60 days	209,521	-	209,521
	<u>504,072</u>	-	<u>504,072</u>
	<u>8,890,742</u>	-	<u>8,890,742</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**11. TRADE AND OTHER RECEIVABLES (continued)**

(g) The ageing analysis of trade receivables of the Group are as follows: (continued)

Audited	Gross carrying amount RM	Impaired RM	Net carrying amount RM
<b>31 March 2024</b>			
Current	10,648,710	(217,448)	10,431,262
Past due			
1 to 30 days	769,886	(103,785)	666,101
31 to 60 days	309,020	(191,316)	117,704
More than 60 days	797,395	(493,671)	303,724
	1,876,301	(788,772)	1,087,529
Individual assessment	834,930	(834,930)	-
	<u>13,359,941</u>	<u>(1,841,150)</u>	<u>11,518,791</u>
<b>30 September 2024</b>			
Current	17,775,465	(224,988)	17,550,477
Past due			
1 to 30 days	2,330,162	(193,854)	2,136,308
31 to 60 days	-	-	-
More than 60 days	-	-	-
	2,330,162	(193,854)	2,136,308
Individual assessment	3,101,692	(3,101,692)	-
	<u>23,207,319</u>	<u>(3,520,534)</u>	<u>19,686,785</u>

(h) The reconciliation of movements in the impairment losses on trade receivable is as follows:

Audited	Lifetime ECL Allowance RM	Credit impaired RM	Total allowance RM
At 31 March 2022			
At beginning/end of financial year	-	-	-
At 31 March 2023			
At beginning/end of financial year	-	-	-



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**11. TRADE AND OTHER RECEIVABLES (continued)**

- (h) The reconciliation of movements in the impairment losses on trade receivable is as follows:  
(continued)

Audited	Lifetime ECL Allowance RM	Credit impaired RM	Total allowance RM
<b>At 31 March 2024</b>			
At beginning of financial year	-	-	-
Charge for the financial year	1,006,220	834,930	1,841,150
At end of financial year	<u>1,006,220</u>	<u>834,930</u>	<u>1,841,150</u>
<b>At 30 September 2024</b>			
At beginning of financial period	1,006,220	834,930	1,841,150
Charge for the financial period	-	2,266,762	2,266,762
Reversal of impairment loss	(587,378)	-	(587,378)
At end of financial period	<u>418,842</u>	<u>3,101,692</u>	<u>3,520,534</u>

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

- (i) No expected credit loss is recognised arising from other receivables as it is negligible.
- (j) Trade and other receivables are denominated in RM.
- (k) Information on financial risks of trade and other receivables is disclosed in Note 30 to the combined financial statements.

**12. CASH AND BANK BALANCES**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Cash at banks and on hand	2,218,814	7,369,376	8,524,985	16,298,503
Deposits with licensed banks	-	354,125	478,462	674,017
	<u>2,218,814</u>	<u>7,723,501</u>	<u>9,003,447</u>	<u>16,972,520</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Deposits with licensed banks of the Group have maturity period ranging from 30 days to 368 days (31.3.2024: 365 days to 368 days; 31.3.2023: 365 days to 367 days; 31.3.2022: nil) with interest rates ranging from 2.40% to 2.70% (31.3.2024: 2.40% to 2.70%; 31.3.2023: 2.40% to 2.55%; 31.3.2022: nil) per annum.



**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****12. CASH AND BANK BALANCES (continued)**

(c) The currency exposure profile of cash and bank balances is as follow:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Ringgit Malaysia	2,203,681	7,489,715	8,730,702	16,731,950
Singapore Dollar	-	221,356	255,565	234,663
United States Dollar	15,133	12,430	17,180	5,907
	<u>2,218,814</u>	<u>7,723,501</u>	<u>9,003,447</u>	<u>16,972,520</u>

(d) No expected credit losses were recognised arising from the cash and bank balances because the probability of default by these financial institutions were negligible.

(e) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as the end of each reporting period:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Cash and bank balances	2,218,814	7,723,501	9,003,447	16,972,520
Less: Deposits with licensed banks with maturity of over 3 months	-	(354,125)	(478,462)	(611,440)
Restricted bank balances	-	-	-	(716,473)
Total cash and cash equivalents	<u>2,218,814</u>	<u>7,369,376</u>	<u>8,524,985</u>	<u>15,644,607</u>

(f) Information on financial risks of cash and bank balances is disclosed in Note 30 to the combined financial statements.

**13. BORROWINGS**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
<b>Non-current liabilities</b>				
Term loan	-	696,034	2,094,747	8,547,349
<b>Current liabilities</b>				
Term loan	-	240,000	564,792	1,595,971
Banker's acceptance	500,000	-	-	4,206,559
Invoice financing	-	2,114,830	-	-
	<u>500,000</u>	<u>2,354,830</u>	<u>564,792</u>	<u>5,802,530</u>
	<u>500,000</u>	<u>3,050,864</u>	<u>2,659,539</u>	<u>14,349,879</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)**

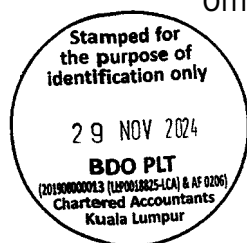
*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**13. BORROWINGS (continued)**

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Banker's acceptance and invoice financing are secured by the following:
- (i) Joint and several guarantee executed by Chew Win Hoe and Lew Shoong Kai; and
- (ii) Guarantee executed by Syarikat Jaminan Pembiayaan Perniagaan Berhad.
- (c) Term loan is secured by the following:
- (i) Joint and several guarantee executed by Chew Win Hoe and Lew Shoong Kai; and
- (ii) Guarantee from Credit Guarantee Corporation Malaysia Berhad; and
- (iii) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.
- (d) Term loan of the Group are repayable by monthly instalments ranging from 60 to 84 months (31.3.2024: 60 months; 31.3.2023: 60 months; 31.3.2022: nil).
- (e) The interest rates of the borrowings are ranging from 3.90% to 8.17% (31.3.2024: 4.00% to 8.17%; 31.3.2023: 5.22% to 7.42%; 31.3.2022: 3.00%) per annum.
- (f) All borrowings are denominated in Ringgit Malaysia.
- (g) Information of financial risks of borrowings is disclosed in Note 30 to the combined financial statements.

**14. LEASE LIABILITIES**

Carrying amount	Balance as at 1.4.2021 Audited RM	Additions Audited RM	Lease modification and reassessment Audited RM	Lease payments Audited RM	Interest expense Audited RM	Balance as at 31.3.2022 Audited RM
Motor vehicles	-	85,000	-	(1,616)	391	83,775
Office building	150,465	-	254,976	(45,000)	10,533	370,974
	150,465	85,000	254,976	(46,616)	10,924	454,749
Carrying amount	Balance as at 1.4.2022 Audited RM	Additions Audited RM	Lease payments Audited RM	Interest expense Audited RM	Balance as at 31.3.2023 Audited RM	
Motor vehicles	83,775	141,000	(31,260)	7,624	201,139	
PPA - Solar system	-	4,348,781	(680,472)	243,542	3,911,851	
Office building	370,974	-	(90,000)	22,711	303,685	
	454,749	4,489,781	(801,732)	273,877	4,416,675	



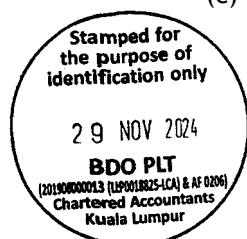
**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****14. LEASE LIABILITIES (continued)**

Carrying amount	Balance as at 1.4.2023 Audited RM	Additions Audited RM	Lease payments Audited RM	Interest expense Audited RM	Termination Audited RM	Balance as at 31.3.2024 Audited RM
Motor vehicles	201,139	-	(43,128)	9,360	-	167,371
PPA - Solar system	3,911,851	832,670	(1,010,274)	286,098	-	4,020,345
Office buildings	303,685	184,955	(99,550)	17,172	(250,199)	156,063
	<u>4,416,675</u>	<u>1,017,625</u>	<u>(1,152,952)</u>	<u>312,630</u>	<u>(250,199)</u>	<u>4,343,779</u>

Carrying amount	Balance as at 1.4.2024 Audited RM	Additions Audited RM	Lease payments Audited RM	Interest expense Audited RM	Balance as at 30.9.2024 Audited RM
Motor vehicles	167,371	-	(21,564)	3,948	149,755
PPA - Solar system	4,020,345	-	(505,703)	122,463	3,637,105
Office buildings	156,063	2,399,766	(128,466)	21,128	2,448,491
	<u>4,343,779</u>	<u>2,399,766</u>	<u>(655,733)</u>	<u>147,539</u>	<u>6,235,351</u>

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Represented by:				
Non-current liabilities	372,258	3,584,413	3,430,248	5,070,765
Current liabilities	82,491	832,262	913,531	1,164,586
	<u>454,749</u>	<u>4,416,675</u>	<u>4,343,779</u>	<u>6,235,351</u>
Lease liabilities owing to financial institutions	83,775	4,112,990	4,187,716	3,786,860
Lease liabilities owing to non-financial institutions	370,974	303,685	156,063	2,448,491
	<u>454,749</u>	<u>4,416,675</u>	<u>4,343,779</u>	<u>6,235,351</u>

- (a) Lease liabilities are classified as financial liabilities measured at amortised cost.
- (b) The periodic rent of building leases is to be reset periodically to market rental rates. The periodic rent is fixed over the lease term.
- (c) The Group has certain low value leases of RM10,000 and below. The Group applies the "lease of low-value assets" exemptions for these leases.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**14. LEASE LIABILITIES (continued)**

(d) The following are the amounts recognised in profit or loss:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2022 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Depreciation charge of right-of use assets: (included in cost of sales)	-	157,501	157,501	78,751	78,749
(included in administrative expenses)	5,102	59,506	59,506	29,753	29,753
(included in other operating expenses)	38,952	76,352	83,730	116,494	43,680
Interest expense on lease liabilities: (included in finance costs)	10,924	273,877	312,630	147,539	166,075
Expense relating to low-value assets: (included in administrative expenses)	4,340	7,220	13,606	7,260	6,128
	<u>59,318</u>	<u>574,456</u>	<u>626,973</u>	<u>379,797</u>	<u>324,385</u>

(e) Lease liabilities are denominated in RM.

(f) Information of financial risks of the lease liabilities is disclosed in Note 30 to the combined financial statements.

**15. TRADE AND OTHER PAYABLES**

	Note	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
<b>Trade payables</b>					
Third parties		3,912,850	7,045,663	6,696,719	10,567,685
Amount owing to a related party		613,350	-	64,495	-
	(b)	4,526,200	7,045,663	6,761,214	10,567,685



**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****15. TRADE AND OTHER PAYABLES (continued)**

	Note	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
<b>Other payables</b>					
Third parties		41,629	56,845	341,993	777,890
Amount owing to a related party	(c)	-	7,500	7,500	-
Amounts owing to Directors	(c)	-	7,184	24,614	-
Deposits received		162,800	184,949	73,803	590,876
Accruals		981,880	946,020	912,734	1,249,217
		<u>1,186,309</u>	<u>1,202,498</u>	<u>1,360,644</u>	<u>2,617,983</u>
<b>Total trade and other payables</b>		<u>5,712,509</u>	<u>8,248,161</u>	<u>8,121,858</u>	<u>13,185,668</u>

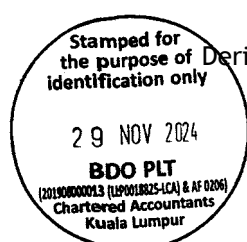
- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 to 90 days (31.3.2024: 30 to 90 days; 31.3.2023: 30 to 90 days; 31.3.2022: 30 to 90 days) from date of invoices.
- (c) In the previous financial years, amounts owing to a related party and Directors were non-trade transactions which were unsecured, non-interest bearing and payable within the next twelve (12) months in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables is as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Ringgit Malaysia	3,269,986	4,272,567	6,047,851	11,434,634
Chinese Yuan	-	2,056,718	-	4,067
United States Dollar	<u>2,442,523</u>	<u>1,918,876</u>	<u>2,074,007</u>	<u>1,746,967</u>
	<u>5,712,509</u>	<u>8,248,161</u>	<u>8,121,858</u>	<u>13,185,668</u>

- (e) Information on financial risks of trade and other payables is disclosed in Note 30 to the combined financial statements.

**16. DERIVATIVE LIABILITIES**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Derivative liabilities	-	-	-	<u>96,641</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
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**16. DERIVATIVE LIABILITIES (continued)**

- (a) The Group uses forward currency derivatives to manage some of the foreign transaction exposure. These derivatives are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- (b) Derivative liabilities of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) Fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.
- (d) Derivative liabilities are denominated in United States Dollar.
- (e) Information on financial risks of derivative liabilities is disclosed in Note 30 to the combined financial statements.

**17. CONTRACT ASSETS/CONTRACT LIABILITIES**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Contract assets	-	499,165	1,162,209	5,900,656
Contract liabilities	192,289	1,885,424	590,667	3,388,964

- (a) Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billings to the customer.

- (b) Contract liabilities are the obligations to transfer goods or services to customers for which the Group has received the consideration, the fair values at initial recognition, or have billed the customers. For projects, contract liabilities are excess of the progress billings to customers over the project costs incurred plus profit accrued. The operations and maintenance services represents the billings that have been made to the customers before the services were provided to the customers.
- (c) No expected credit loss is recognised arising from contract assets as it is negligible.



**13. ACCOUNTANTS' REPORT (Cont'd)***Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report***17. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)**

(d) Movements of contract liabilities during the financial years/period are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
At beginning of financial year/period	-	192,289	1,885,424	590,667
Advance receipts during the financial year/period	221,217	1,846,621	944,950	3,156,064
Recognised in profit or loss	(28,928)	(153,486)	(2,239,707)	(357,767)
At end of financial year/period	<u>192,289</u>	<u>1,885,424</u>	<u>590,667</u>	<u>3,388,964</u>

(e) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Within 1 year	192,289	9,834,467	7,018,111	18,288,957
Between 1 and 4 years	-	3,180,727	18,750,048	1,398,687
	<u>192,289</u>	<u>13,015,194</u>	<u>25,768,259</u>	<u>19,687,644</u>

**18. DEFERRED TAX LIABILITIES**

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
At beginning of financial year/period	3,476	16,755	420,455	125,620
Recognised in profit or loss (Note 25)	13,279	403,700	(294,835)	173,616
At end of financial year/period	<u>16,755</u>	<u>420,455</u>	<u>125,620</u>	<u>299,236</u>

(a) The components and movements of deferred tax (assets)/liabilities during the financial years/period are as follows:

Audited	Plant and equipment RM	Others RM	Total RM
As at 1 April 2021	3,476	-	3,476
Recognised in profit or loss	13,279	-	13,279
As at 31 March 2022	<u>16,755</u>	<u>-</u>	<u>16,755</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
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**18. DEFERRED TAX LIABILITIES (continued)**

- (a) The components and movements of deferred tax (assets)/liabilities during the financial years/period are as follows: (continued)

Audited	Plant and equipment RM	Others RM	Total RM
As at 1 April 2022	16,755	-	16,755
Recognised in profit or loss	406,341	(2,641)	403,700
As at 31 March/1 April 2023	423,096	(2,641)	420,455
Recognised in profit or loss	(301,280)	6,445	(294,835)
As at 31 March/1 April 2024	121,816	3,804	125,620
Recognised in profit or loss	218,278	(44,662)	173,616
As at 30 September 2024	340,094	(40,858)	299,236

**19. INVESTED EQUITY**

	31.3.2022 Audited	31.3.2023 Audited	31.3.2024 Audited	30.9.2024 Audited
<b>Number of ordinary shares</b>				
<b>Issued and fully paid with no par value:</b>				
At beginning of financial year/period	1,000,000	1,000,000	1,000,000	1,000,001
Issued during the financial year/period	-	-	1	-
Balance at end of financial year/period	1,000,000	1,000,000	1,000,001	1,000,001
	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
<b>Ordinary shares</b>				
<b>Issued and fully paid with no par value:</b>				
At beginning of financial year/period	1,000,000	1,000,000	1,000,000	1,000,001
Issued during the financial year/period	-	-	1	-
Balance at end of financial year/period	1,000,000	1,000,000	1,000,001	1,000,001

- (a) During the financial year ended 31 March 2024, the Company was incorporated with an issued capital of RM1 comprising 1 ordinary share of RM1 per share as subscribers' shares.
- (b) The owners of ordinary shares are entitled to receive dividends as and when declared by the Group and are entitled to one (1) vote per ordinary share at general meeting of the Group. All ordinary shares rank pari passu with regard to the residual assets of the Group.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
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**20. REVENUE**

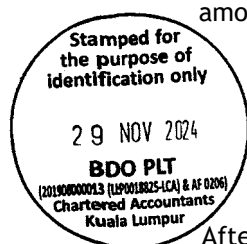
	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2022 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
<b>Revenue from contracts with customers:</b>					
EPCC of solar PV systems	22,231,997	44,264,317	77,028,160	39,599,329	37,768,857
Sale of electricity through solar energy generation	-	408,074	945,913	524,669	474,226
Operations and maintenance services	-	-	-	32,250	-
	<u>22,231,997</u>	<u>44,672,391</u>	<u>77,974,073</u>	<u>40,156,248</u>	<u>38,243,083</u>
<b>Timing of revenue recognition</b>					
Transferred over time	<u>22,231,997</u>	<u>44,672,391</u>	<u>77,974,073</u>	<u>40,156,248</u>	<u>38,243,083</u>

- (a) There is no significant financing component in the revenue arising from EPCC of solar PV systems, sale of electricity through solar energy generation and operations and maintenance services as the sales are made on the normal credit terms not exceeding twelve (12) months.
- (b) Disaggregation of revenue from contracts with customers has not been presented as the Group evaluates their business performance based on geographical location and the business of the Group is principally in Malaysia only.

**21. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
<b>After charging:</b>					
Auditors' remuneration					
- statutory audit	18,916	55,000	90,000	-	-
- others	-	15,000	-	45,000	90,000
- under-provision in prior year	-	1,080	-	-	-
Plant and equipment written off	-	18,963	-	-	-





**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
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**21. PROFIT BEFORE TAX (continued)**

Other than those disclosed elsewhere in the combined financial statements, the following amounts have been included in arriving at profit before tax: (continued)

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
After charging: (continued)					
Rental expenses of low-value leases:					
- Credit card machine	1,590	840	3,260	1,480	1,580
- Photocopy machine	2,750	6,380	10,346	5,780	4,548
Loss on disposal of a subsidiary	-	-	546	-	546
Loss on unrealised foreign exchange	-	-	-	-	30,434
Loss on realised foreign exchange	-	177,192	10,531	-	72,972
Fair value loss on derivative liabilities	-	-	-	96,641	-
And crediting:					
Interest income	-	6,012	130,943	128,169	19,183
Gain on unrealised foreign exchange	4,408	2,339	14,773	162,168	-
Gain on lease termination	-	-	16,949	-	-
Gain on realised foreign exchange	30,961	-	-	223,240	-
	<u>30,961</u>	<u>-</u>	<u>-</u>	<u>223,240</u>	<u>-</u>

**22. EMPLOYEE BENEFITS**

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Salaries and allowances	994,664	1,936,952	3,010,248	2,737,743	1,376,609
Contributions to defined contribution plan	116,784	243,547	443,104	366,046	202,280
Social security contributions	13,715	25,125	45,308	32,997	19,341
Other employee benefits	38,612	139,282	277,715	377,456	125,250
	<u>1,163,775</u>	<u>2,344,906</u>	<u>3,776,375</u>	<u>3,514,242</u>	<u>1,723,480</u>

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**BDO PLT**  
(20190000013 (LP0018025-LCA) & AF 0204)  
Chartered Accountants  
Kuala Lumpur

**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
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**23. DIRECTORS' REMUNERATION**

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Salaries and allowances	110,000	215,484	314,000	414,335	108,000
Contributions to defined contribution plan	13,200	25,859	59,209	55,870	19,297
Social security contributions	924	1,061	1,544	1,159	579
Other benefits	-	31,108	455,256	343,370	52,806
	<u>124,124</u>	<u>273,512</u>	<u>830,009</u>	<u>814,734</u>	<u>180,682</u>

**24. FINANCE COSTS**

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Interest expenses on:					
- Lease liabilities	10,924	273,877	312,630	147,539	166,075
- Borrowings	-	37,191	110,435	153,113	52,462
- Others	50,800	74,475	111,272	76,180	52,287
	<u>61,724</u>	<u>385,543</u>	<u>534,337</u>	<u>376,832</u>	<u>270,824</u>

**25. TAX EXPENSE (continued)**

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Malaysian income tax:					
- Current year	215,781	470,535	2,657,199	2,236,207	1,055,289
- (Over)/Under provision in prior years/periods	(1,503)	168,653	263,535	-	263,535
	214,278	639,188	2,920,734	2,236,207	1,318,824



**13. ACCOUNTANTS' REPORT (Cont'd)****Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report****25. TAX EXPENSE (continued)**

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Deferred tax (Note 18)					
- Relating to origination and reversal of temporary	9,930	396,429	126,455	173,616	5,103
- Under/(Over) provision in prior years/periods	3,349	7,271	(421,290)	-	(421,290)
	<u>13,279</u>	<u>403,700</u>	<u>(294,835)</u>	<u>173,616</u>	<u>(416,187)</u>
	<u>227,557</u>	<u>1,042,888</u>	<u>2,625,899</u>	<u>2,409,823</u>	<u>902,637</u>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the fiscal period. In the previous financial periods, Malaysian income tax for small and medium-sized enterprises is calculated at the statutory tax rate of 15% (31.3.2024: 15%; 31.3.2023: 17%; 31.3.2022: 17%) on first RM150,000 (31.3.2024: RM150,000; 31.3.2023: RM600,000; 31.3.2022: RM600,000) of the taxable profits, 17% (31.3.2024: 17%; 31.3.2023: nil; 31.3.2022: nil) on the next RM450,000 (31.3.2024: RM450,000; 31.3.2023: nil; 31.3.2022: nil) and 24% (31.3.2024: 24%; 31.3.2023: 24%; 31.3.2022: 24%) on the excess on RM600,000 (31.3.2024: RM600,000; 31.3.2023: RM600,000; 31.3.2022: RM600,000) of the taxable profits for the fiscal periods.
- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Profit before tax	<u>3,333,705</u>	<u>7,158,087</u>	<u>12,714,405</u>	<u>9,839,640</u>	<u>5,205,662</u>
Taxation at Malaysian statutory tax rate at:					
- 15% for first RM150,000	-	-	22,500	-	22,500
- 17% for first RM600,000/for next RM450,000	102,000	102,000	76,500	-	76,500
- 24% for balance	<u>656,089</u>	<u>1,573,941</u>	<u>2,907,457</u>	<u>2,361,514</u>	<u>1,105,359</u>
	<u>758,089</u>	<u>1,675,941</u>	<u>3,006,457</u>	<u>2,361,514</u>	<u>1,204,359</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
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**25. TAX EXPENSE (continued)**

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows: (continued)

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Tax effects in respect of:					
Non-allowable expenses	47,906	19,138	130,561	48,887	79,841
Non-taxable income	(7,431)	(562)	-	(578)	-
Income tax exempted under Section 127(3)(b)	(572,853)	(827,553)	(353,364)	-	(223,808)
	<u>225,711</u>	<u>866,964</u>	<u>2,783,654</u>	<u>2,409,823</u>	<u>1,060,392</u>
(Over)/Under provision in prior years/periods of:					
- Income tax	(1,503)	168,653	263,535	-	263,535
- Deferred tax	3,349	7,271	(421,290)	-	(421,290)
	<u>227,557</u>	<u>1,042,888</u>	<u>2,625,899</u>	<u>2,409,823</u>	<u>902,637</u>

**26. EARNINGS PER SHARE**

- (a) Basic

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Profit attributable to common controlling shareholders of the combining entities (RM)	<u>3,106,148</u>	<u>6,115,199</u>	<u>10,088,342</u>	<u>7,429,817</u>	<u>4,302,861</u>
Weighted average number of ordinary shares in issue	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,001</u>	<u>1,000,000</u>
Basic earnings per share (RM)	<u>3.11</u>	<u>6.12</u>	<u>10.09</u>	<u>7.43</u>	<u>4.30</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
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**26. EARNINGS PER SHARE (continued)**

## (b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there were no dilutive potential ordinary shares.

**27. DIVIDEND**

1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
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In respect of the financial  
year ended 31 March  
2024:

Final single tier dividend  
of five (5) ringgit per  
ordinary share, paid on  
31 May 2024

-	-	-	5,000,000	-
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**28. RELATED PARTY DISCLOSURES**

## (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has controlling related party relationships with its subsidiary, its associate, its joint venture, and its related parties.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
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**28. RELATED PARTY DISCLOSURES (continued)****(b) Significant related party transactions**

In addition to the related parties information detailed elsewhere in the combined financial statements, the Group had the following significant transactions with related parties during the financial years/period:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Sales	-	35,316	4,811,756	963,843	-
Purchases	1,469,493	249,161	440,300	-	308,746
Rental expenses	45,000	90,000	67,500	82,322	45,000
Disposal of a subsidiary	-	-	750,000	-	750,000

Information regarding outstanding balances arising from related party transactions are disclosed in Notes 11 and 15 to the combined financial statements.

**(c) Compensation of key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group include all the Directors of the Group who make certain critical decisions in relation to the strategic direction of the Group.

The remuneration of the key management personnel and Directors during the financial years/periods was as follows:

	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM	1.4.2023 to 30.9.2023 Unaudited RM
Short-term employee benefits	124,124	580,817	1,259,307	1,179,853	505,400

The estimated monetary value of benefits-in-kind received by the key management personnel other than in cash from the Group in the financial period ended 30 September 2024 amounted to RM4,400.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
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**29. FINANCIAL INSTRUMENTS**

## (a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern while maximising return to the shareholders through the optimisation of the debt and equity ratios.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024.

The Group monitors capital using a gearing ratio, which is total external borrowings divided by tangible net worth and net inter-group borrowings. Total external borrowings are calculated as total borrowings and lease liabilities owing to financial institutions. Tangible net worth represents the total equity of the Group. Net inter-group borrowings are calculated as advances from inter-group net of advances to inter-group which includes Directors and shareholders. The gearing ratio as at 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 are as follows:

	31.3.2022 Audited RM	31.3.2023 Audited RM	31.3.2024 Audited RM	30.9.2024 Audited RM
Total external borrowings	<u>583,775</u>	<u>7,163,854</u>	<u>6,847,255</u>	<u>18,136,739</u>
Tangible net worth	4,450,431	10,565,630	20,653,973	23,083,790
Net inter-group borrowings	<u>(68,806)</u>	<u>(1,049,585)</u>	<u>1,583,358</u>	<u>(32,114)</u>
	<u>4,381,625</u>	<u>9,516,045</u>	<u>22,237,331</u>	<u>23,051,676</u>
Gearing ratio	*	*	0.31	0.79

\* The Group is not subject to any externally imposed capital requirements for the financial years ended 31 March 2022 and 31 March 2023.

## (b) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Derivative liabilities

The fair value of derivative liabilities is measured based on forward exchange rate at the end of each reporting period.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**29. FINANCIAL INSTRUMENTS (continued)**

- (b) Methods and assumptions used to estimate fair value (continued)

Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, cash and bank balances, trade and other payables, short term borrowings and short term lease liabilities are reasonable approximation of fair values due to their short-term nature or they are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of the non-current borrowings and lease liabilities are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

- (c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the financial instrument carried at fair value and carrying amount shown in the combined statements of financial position:

Audited	Fair value of financial instrument carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
30 September 2024					
Financial liability					
Fair value through profit or loss					
- Derivative liabilities	-	96,641	-	96,641	96,641

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**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's activities are exposed to a variety of financial risks, including credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows:

(i) Credit risk

Trade receivables and cash and bank balances could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy counterparties. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of thirty (30) days, extending up to ninety (90) days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

**Financial assets**

As at the end of each reporting period, the Group's maximum exposures to credit risk of trade receivables are represented by the carrying amounts of trade receivables recognised in the combined statements of financial position.

**Financial guarantees**

At the end of the reporting period, the Directors are of the view that the chances of the third parties and financial institutions to call upon the guarantees are remote. The financial guarantees have not been recognised since the fair value was not material.

Maturity profile of financial guarantee contracts and bank guarantees of the Group as at the end of each reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the Group on contractual obligations.

The maximum exposure to credit risk in relation to the financial guarantees given amounted to RM666,894 (31.3.2024: RM596,238; 31.3.2023: RM853,242; 31.3.2022: nil) as at the end of the reporting period.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

## (i) Credit risk (continued)

Credit risk concentration profile

As at the end of each reporting period, the Group determines concentration of credit risk by monitoring its trade receivables on an ongoing basis. At the end of each reporting period, approximately 40% (31.3.2024: 43%; 31.3.2023: 56%; 31.3.2022: 65%) of the trade receivables of the Group was due from five (5) (31.3.2024: five(5); 31.3.2023: five (5); 31.3.2022: five (5)) major customers.

## (ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Audited	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>31 March 2022</b>				
Trade and other payables	5,712,509	-	-	5,712,509
Lease liabilities	109,392	420,934	-	530,326
Borrowings	500,658	-	-	500,658
	<u>6,322,559</u>	<u>420,934</u>	<u>-</u>	<u>6,743,493</u>
<b>31 March 2023</b>				
Trade and other payables	8,248,161	-	-	8,248,161
Lease liabilities	1,144,536	4,668,229	373,202	6,185,967
Borrowings	2,391,840	860,000	-	3,251,840
	<u>11,784,537</u>	<u>5,528,229</u>	<u>373,202</u>	<u>17,685,968</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

## (ii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations as follows: (continued)

Audited	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>31 March 2024</b>				
Trade and other payables	8,121,858	-	-	8,121,858
Lease liabilities	1,155,336	3,612,841	211,596	4,979,773
Borrowings	684,768	2,271,472	-	2,956,240
	<u>9,961,962</u>	<u>5,884,313</u>	<u>211,596</u>	<u>16,057,871</u>
<b>30 September 2024</b>				
Trade and other payables	13,185,668	-	-	13,185,668
Lease liabilities	1,468,942	4,486,046	1,247,643	7,202,631
Borrowings	6,199,118	7,161,510	2,294,621	15,655,249
	<u>20,853,728</u>	<u>11,647,556</u>	<u>3,542,264</u>	<u>36,043,548</u>

## (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk mainly due to its trade and other payables and cash and bank balances that are denominated in currency other than Ringgit Malaysia, mainly United States Dollar ("USD"), Chinese Yuan ("RMB") and Singapore Dollar ("SGD"). Foreign exchange risk arises when future commercial transactions recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

## (iii) Foreign currency risk (continued)

The Group's exposure to foreign currency risk arising from foreign currency balances as at the end of the reporting period are represented by the following carrying amounts:

Audited	RM/SGD RM	RM/RMB RM	RM/USD RM	Total RM
<b>31 March 2022</b>				
Cash and bank balances	-	-	15,133	15,133
Trade and other payables	-	-	(2,442,523)	(2,442,523)
	-	-	(2,427,390)	(2,427,390)
<b>31 March 2023</b>				
Cash and bank balances	221,356	-	12,430	233,786
Trade and other payables	-	(2,056,718)	(1,918,876)	(3,975,594)
	221,356	(2,056,718)	(1,906,446)	(3,741,808)
<b>31 March 2024</b>				
Cash and bank balances	255,565	-	17,180	272,745
Trade and other payables	-	-	(2,074,007)	(2,074,007)
	255,565	-	(2,056,827)	(1,801,262)
<b>30 September 2024</b>				
Cash and bank balances	234,663	-	5,907	240,570
Trade and other payables	-	(4,067)	(1,746,967)	(1,751,034)
	234,663	(4,067)	(1,741,060)	(1,510,464)

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**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

## (iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity for a 5% (31.3.2024: 5%; 31.3.2023: 5%; 31.3.2022: 5%) strengthening of the following functional currency of the Group against the respective foreign currency, with all other variables held constant.

Effects of 5% changes to RM against foreign currencies	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM
Profit after tax				
- RM/SGD strengthen	-	(8,412)	(9,711)	(8,917)
- RM/SGD weaken	-	8,412	9,711	8,917
- RM/RMB strengthen	-	78,155	-	154
- RM/RMB weaken	-	(78,155)	-	(154)
- RM/USD strengthen	92,241	72,445	78,159	66,160
- RM/USD weaken	<u>(92,241)</u>	<u>(72,445)</u>	<u>(78,159)</u>	<u>(66,160)</u>

## (iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rate.

The income and operating cash flows of the Group are independent of changes in market interest rate. Interest rate exposures mainly from bank borrowings of the Group and is managed through effective negotiation with financial institutions for best available rates.

Exposure to interest rate risk

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
<b>31 March 2022</b>						
<b>Financial liabilities</b>						
Fixed rate instruments						
Lease liabilities	5.96	82,491	88,058	284,200	-	454,749
Borrowings	3.00	500,000	-	-	-	500,000
		<u>582,491</u>	<u>88,058</u>	<u>284,200</u>	<u>-</u>	<u>954,749</u>

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**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))*  
*Accountants' Report*

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

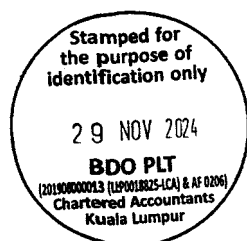
The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

## (iv) Interest rate risk (continued)

Exposure to interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk: (continued)

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
<b>31 March 2023</b>						
<b>Financial assets</b>						
Fixed rate instruments						
Deposits with licensed banks	2.42	354,125	-	-	-	354,125
<b>Financial liabilities</b>						
Fixed rate instruments						
Lease liabilities	4.48	832,262	895,589	2,325,718	363,106	4,416,675
Borrowings	5.22	2,114,830	-	-	-	2,114,830
		<u>2,947,092</u>	<u>895,589</u>	<u>2,325,718</u>	<u>363,106</u>	<u>6,531,505</u>
<b>Financial liabilities</b>						
Floating rate instruments						
Borrowings	7.42	240,000	189,950	506,084	-	936,034
<b>31 March 2024</b>						
<b>Financial assets</b>						
Fixed rate instruments						
Deposits with licensed banks	2.69	478,462	-	-	-	478,462
<b>Financial liabilities</b>						
Fixed rate instruments						
Lease liabilities	4.46	913,531	940,337	2,281,652	208,259	4,343,779
Borrowings	4.00	374,811	389,571	1,141,645	-	1,906,027
		<u>1,288,342</u>	<u>1,329,908</u>	<u>3,423,297</u>	<u>208,259</u>	<u>6,249,806</u>
<b>Financial liabilities</b>						
Floating rate instruments						
Borrowings	8.17	189,981	205,526	358,005	-	753,512



**13. ACCOUNTANTS' REPORT (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows: (continued)

## (iv) Interest rate risk (continued)

Exposure to interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk: (continued)

Audited	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
<b>30 September 2024</b>						
<b>Financial assets</b>						
Fixed rate instruments						
Fixed deposits with licensed banks	2.67	674,017	-	-	-	674,017
<b>Financial liabilities</b>						
Fixed rate instruments						
Borrowings	4.21	5,604,874	1,458,547	4,405,990	2,219,915	13,689,326
Lease liabilities	4.37	1,164,586	1,163,636	2,751,309	1,155,820	6,235,351
		<u>6,769,460</u>	<u>2,622,183</u>	<u>7,157,299</u>	<u>3,375,735</u>	<u>19,924,677</u>
Floating rate instruments						
Borrowings	8.17	197,656	213,856	249,041	-	660,553

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in 50 basis points against interest rate of floating rate instrument, with all other variables held constant:

Effects on profit for the financial year/period	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 31.3.2023 Audited RM	1.4.2023 to 31.3.2024 Audited RM	1.4.2024 to 30.9.2024 Audited RM
- 50 basis point higher	-	(3,557)	(2,863)	(2,510)
- 50 basis point lower	-	3,557	2,863	2,510

No sensitivity analysis for fixed rate instruments was presented as the change in market interest rate at the end of the reporting period would not affect profit or loss.



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**13. ACCOUNTANTS' REPORT (Cont'd)**

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*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

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**31. APPROVAL OF COMBINED FINANCIAL STATEMENTS**

The combined financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 November 2024.

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**13. ACCOUNTANTS' REPORT (Cont'd)**

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*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Accountants' Report*

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**STATEMENT BY DIRECTORS**

We, Lew Shoong Kai and Chew Win Hoe, being the Directors of Northern Solar Holdings Berhad state that, in the opinion of the Directors, the combined financial statements set out on page 4 to 74 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 March 2022, 31 March 2023, 31 March 2024, 30 September 2024 and of the financial performance and cash flows of the Group for the financial years/period ended 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

Signed on behalf of the Board of Directors in accordance with a resolution dated 29 November 2024.



Lew Shoong Kai  
Director



Chew Win Hoe  
Director

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION**



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BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia

**The Board of Directors**  
**Northern Solar Holdings Berhad**  
Unit 8-01 & 8-02, Level 8, Menara Lagenda,  
No.3, Jalan SS20/27,  
47400 Petaling Jaya, Selangor.

Date: 29 November 2024

Our Ref: BDO/PZH/CPN/swc

Dear Sirs,

**Northern Solar Holdings Berhad (the "Company") and its combining entities ("Group")**  
**Report on the Compilation of Pro Forma Consolidated Statements of Financial Position Included in the Prospectus**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Group as at 30 September 2024 ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the prospectus of the Company ("the Prospectus") in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are in accordance with the Prospectus Guidelines issued by Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the Notes to the Pro Forma Consolidated Statements of Financial Position on the financial position of the Group as at 30 September 2024 had the Listing been affected as at 30 September 2024. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group's audited combined statements of financial position as at 30 September 2024.

**Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

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**Our Independence and Quality Control**

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

The firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements* and accordingly requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibility**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in Notes to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at that date would have been as presented.

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**Reporting Accountants' Responsibility (continued)**

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted statements of financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.


**Opinion**

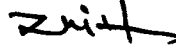
In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**Other Matters**

This report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

  
BDO PLT  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

  
Pang Zhi Hao  
03450/09/2025 J  
Chartered Accountant

## 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position*

### 1. INTRODUCTION AND BASIS OF PREPARATION

#### 1.1 Introduction

The Pro Forma Consolidated Statements of Financial Position of Northern Solar Holdings Berhad (the "Company") and its combining entities (collectively referred to as the "Group") as at 30 September 2024 ("Pro Forma Consolidated SOFP") together with the notes thereon, for which the Directors of the Company are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

#### 1.2 Basis of preparation

The Pro Forma Consolidated SOFP have been prepared based on the audited combined statements of financial position of the Group as at 30 September 2024, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards, and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma Consolidated SOFP have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 on the audited combined statements of financial position of the Group as at 30 September 2024 had the transactions been effected on 30 September 2024, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma Consolidated SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 2 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audited combined statements of financial position of the Group for the financial year ended 30 September 2024 used in the preparation of the Pro Forma Consolidated SOFP was not subject to any audit qualification.

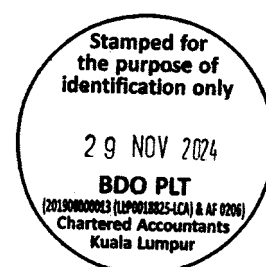
### 2. LISTING SCHEME

The Acquisitions and Initial Public Offering ("IPO") as disclosed in Notes 2.1 and 2.2 respectively are included in the Pro Forma Consolidated SOFP to show the effects of the transactions on the audited combined statements of financial position of the Group as at 30 September 2024 had the transactions been effected on 30 September 2024 in accordance with the Prospectus Guidelines.

#### 2.1 Acquisitions

In conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had entered into the following conditional share sale agreements ("SSA"):

- (a) on 18 March 2024, the Company entered into the Northern Solar Sdn. Bhd. ("Northern Solar") SSA for the Northern Solar Acquisition for a total consideration of RM14.87 million, which was fully satisfied by the issuance of 328,347,999 new Shares at an issue price of RM0.0453 each. The total purchase consideration for the Northern Solar Acquisition was arrived at after taking into consideration the audited net assets of Northern Solar as at 30 September 2023 of RM14.87 million; and



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position*

**2. LISTING SCHEME (continued)****2.1 Acquisitions (continued)**

In conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company had entered into the following conditional share sale agreements ("SSA"):

- (b) on 18 March 2024, the Company entered into the Norwatt Power Sdn. Bhd. ("Norwatt Power") SSA for the Norwatt Power Acquisition to acquire 51% equity interest of the ordinary shares comprising 510,000 ordinary shares for a total cash consideration of RM0.51 million. The total purchase consideration for the Norwatt Power Acquisition was arrived at after taking into consideration the audited net liabilities of Norwatt Power as at 31 March 2023 of RM0.18 million and the subsequent issuance of share capital amounting to RM1.00 million.

The Acquisitions were completed on 11 October 2024. Thereafter, Northern Solar became wholly-owned subsidiary and Norwatt Power became 51% owned subsidiary of the Group. Accordingly, Engtex Energy Sdn. Bhd. became 20% owned associate company of the Group through Northern Solar.

**2.2 Listing exercise**

In conjunction with the Listing, the Company will undertake an IPO comprising of a public issue of 67,252,000 new Shares in the Company ("Public Issue") and offer for sale of existing 35,604,000 Shares in the Company at an issue/offer price of RM0.63 per Share.

Upon completion of the Proposed Listing, the enlarged issued share capital of RM57,242,925 comprising 395,600,000 ordinary shares in the Company will be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

**Utilisation of proceeds**

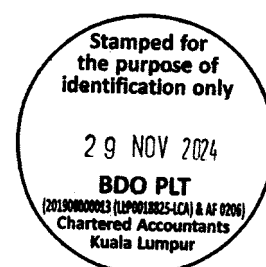
The proceeds from the Public issue of RM42,368,760 are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation	RM'000	Percentage of gross proceeds %
Working capital <sup>(1)</sup>	Within 24 months	29,166	68.8
Repayment of bank borrowings	Within 12 months	5,500	13.0
Business expansion <sup>(2)</sup>	Within 24 months	3,150	7.4
Estimated listing expenses <sup>(3)</sup>	Within 1 months	4,553	10.8
<b>Total</b>		<b>42,369</b>	<b>100.0</b>

**Notes:**

- (1) This utilisation of proceed is not adjusted in the Pro Forma II to the Pro Forma Consolidated Statements of Financial Position as at 30 September 2024.

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**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position

2. LISTING SCHEME (continued)

2.2 Listing exercise (continued)

*Utilisation of proceeds (continued)*

*Notes: (continued)*

- (2) RM550,000 will be used to fund the purchase of equipment comprises a complete solar PV system comprising solar PV panels, inverters, mounting structures, switchboards, engineering hardware and testing tools to equip the engineering knowledge centre.

RM2,600,000 will be allocated mainly to the renovation costs of expanded regional sales offices in Johor and Pulau Pinang and a new corporate office in Selangor. The renovation costs comprise mainly architectural works, M&E works, consultation fees and other related costs.

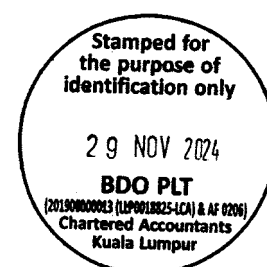
As at the latest practicable date of the prospectus, the Group has entered into contracted binding agreements and issued purchase order for a total of RM105,045 in relation to the proceeds earmarked for purchase of equipment. This amount has been capitalised under plant and equipment and paid as at 30 September 2024.

Additionally, the Group has entered into contracted binding agreements and issued purchase order for a total of RM1,532,820 in relation to the proceeds earmarked for renovation costs of the new corporate office in Selangor, of which RM1,091,848 has been capitalised under plant and equipment and paid as at 30 September 2024.

The amount which was paid will be replenished by the proceeds from the IPO. The remaining amount of gross proceeds of RM1,512,135 have been included in cash and bank balances for purposes of illustration in the Pro Forma Consolidation.

- (3) The estimated listing expenses totaling RM4,553,000 to be borne by the Company comprise underwriting fees, placement fees, brokerage fees, regulatory fees, professional fees and service charges relating to the IPO and the Listing. Upon completion of the Listing, a total of RM1,835,000 of the estimated listing expenses is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM2,718,000 will be expensed off to the profit or loss.

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**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024**

The Pro Forma Consolidated SOFP of the Group as at 30 September 2024 have been prepared for illustrative purposes only to show the effects on the audited combined statements of financial position of the Group as at 30 September 2024 based on the assumptions that transactions set out in Note 2 had been effected on 30 September 2024, and should be read in conjunction with notes accompanying to the Pro Forma Consolidated SOFP.

	Note	As at 30 September 2024 RM	Adjustments for Acquisitions RM	Pro Forma I After the Acquisitions RM	Adjustments for listing exercise RM	Pro Forma II After Pro Forma I and listing exercise RM
<b>ASSETS</b>						
<b>Non-current assets</b>						
Plant and equipment	3.2.1	-	8,572,859	8,572,859	440,972	9,013,831
Right-of-use assets		-	4,391,016	4,391,016	-	4,391,016
Investment in an associate		-	203,706	203,706	-	203,706
Goodwill	3.2.2	-	15,398	15,398	-	15,398
		-	13,182,979	13,182,979	440,972	13,623,951
<b>Current assets</b>						
Inventories		-	4,371,017	4,371,017	-	4,371,017
Trade and other receivables		1,719,593	21,383,836	23,103,429	-	23,103,429
Contract assets		-	5,900,656	5,900,656	-	5,900,656
Current tax assets		-	1,334	1,334	-	1,334
Cash and bank balances	3.2.3	1	16,992,845	16,992,846	31,874,788	48,867,634
		1,719,594	48,649,688	50,369,282	31,874,788	82,244,070
<b>TOTAL ASSETS</b>		<b>1,719,594</b>	<b>61,832,667</b>	<b>63,552,261</b>	<b>32,315,760</b>	<b>95,868,021</b>





**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (continued)

	Note	As at 30 September 2024 RM	Adjustments for Acquisitions RM	Pro Forma I After the Acquisitions RM	Adjustments for listing exercise RM	Pro Forma II After Pro Forma I and listing exercise RM
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the combining entities</b>						
Share capital	3.2.4	1	14,874,164	14,874,165	40,533,760	55,407,925
Merger reserve	3.2.4	-	(13,874,164)	(13,874,164)	-	(13,874,164)
(Accumulated loss)/Retained earnings	3.2.4	(16,135)	22,099,924	22,083,789	(2,718,000)	19,365,789
		(16,134)	23,099,924	23,083,790	37,815,760	60,899,550
<b>Non-controlling interests</b>	3.2.4	-	475,205	475,205	-	475,205
<b>TOTAL EQUITY</b>		(16,134)	23,575,129	23,558,995	37,815,760	61,374,755
<b>Non-current liabilities</b>						
Borrowings	3.2.5	-	8,547,349	8,547,349	(1,283,101)	7,264,248
Lease liabilities	3.2.6	-	4,338,731	4,338,731	(2,825,885)	1,512,846
Deferred tax liabilities		-	299,236	299,236	-	299,236
		-	13,185,316	13,185,316	(4,108,986)	9,076,330



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (continued)

	Note	As at 30 September 2024 RM	Adjustments for Acquisitions RM	Pro Forma I After the Acquisitions RM	Adjustments for listing exercise RM	Pro Forma II After Pro Forma I and listing exercise RM
<b>EQUITY AND LIABILITIES (continued)</b>						
<b>Current liabilities</b>						
Trade and other payables		1,735,728	11,456,149	13,191,877	-	13,191,877
Derivative liabilities		-	96,641	96,641	-	96,641
Borrowings	3.2.5	-	5,802,530	5,802,530	(579,794)	5,222,736
Lease liabilities	3.2.6	-	1,194,947	1,194,947	(811,220)	383,727
Contract liabilities		-	3,388,964	3,388,964	-	3,388,964
Current tax liabilities		-	3,132,991	3,132,991	-	3,132,991
		<u>1,735,728</u>	<u>25,072,222</u>	<u>26,807,950</u>	<u>(1,391,014)</u>	<u>25,416,936</u>
<b>TOTAL LIABILITIES</b>		<u>1,735,728</u>	<u>38,257,538</u>	<u>39,993,266</u>	<u>(5,500,000)</u>	<u>34,493,266</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,719,594</u>	<u>61,832,667</u>	<u>63,552,261</u>	<u>32,315,760</u>	<u>95,868,021</u>
Net (liabilities)/assets (RM)		(16,134)		23,083,790		60,899,550
Number of ordinary shares assumed in issue		1		328,348,000		395,600,000
Net (liabilities)/assets attributable to equity holders per ordinary share		(16,134)		0.07		0.15



## 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)

Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position

### 3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (continued)

#### 3.1 Pro Forma adjustments to the Pro Forma Consolidated Statements of Financial Position

##### 3.1.1 Pro Forma I

Pro Forma I incorporated the effects of acquisitions as set out in Note 2.1.

##### 3.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of listing exercise as set out in Note 2.2.

#### 3.2 Notes to the Pro Forma Consolidated Statements of Financial Position

##### 3.2.1 Plant and equipment

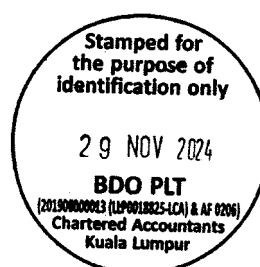
	RM
As at 30 September 2024	-
Adjustments for acquisition of Northern Solar Pro Forma I	8,572,859
	<u>8,572,859</u>
Adjustments for utilisation of proceeds for capital expenditure	440,972
Pro Forma II	<u>9,013,831</u>

##### 3.2.2 Goodwill

	RM
As at 30 September 2024	-
Adjustments for acquisition of Norwatt Power	15,398
Pro Forma I and Pro Forma II	<u>15,398</u>

##### 3.2.3 Cash and bank balances

	RM
As at 30 September 2024	1
Adjustments for acquisition of Northern Solar	16,972,519
Adjustments for acquisition of Norwatt Power	20,326
Pro Forma I	<u>16,992,846</u>
Proceeds from the public issue	42,368,760
Adjustments for utilisation of proceeds	
- Business expansion	(440,972)
- Repayment of bank borrowings	(5,500,000)
- Estimated listing expenses	(4,553,000)
Pro Forma II	<u>48,867,634</u>



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

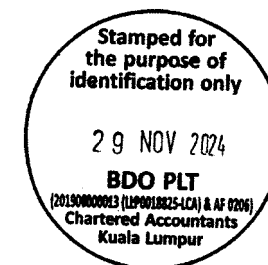
Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 September 2024 (continued)

3.2 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)

3.2.4 Share capital and reserves

	Share capital RM	Merger reserve RM	(Accumulated losses)/ Retained earnings RM	Equity attributable to owners of the combining entities RM	Non-controlling interests RM	Total equity RM
Balance as at 30 September 2024	1	-	(16,135)	(16,134)	-	(16,134)
Adjustments for acquisition of Northern Solar	14,874,164	(13,874,164)	22,099,924	23,099,924	-	23,099,924
Adjustments for acquisition of Norwatt Power	-	-	-	-	475,205	475,205
<b>Pro Forma I</b>	14,874,165	(13,874,164)	22,083,789	23,083,790	475,205	23,558,995
Proceeds from the public issue	42,368,760	-	-	42,368,760	-	42,368,760
Estimated listing expenses attributable to IPO	(1,835,000)	-	-	(1,835,000)	-	(1,835,000)
Estimated other listing expenses	-	-	(2,718,000)	(2,718,000)	-	(2,718,000)
	40,533,760	-	(2,718,000)	37,815,760	-	37,815,760
<b>Pro Forma II</b>	55,407,925	(13,874,164)	19,365,789	60,899,550	475,205	61,374,755



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

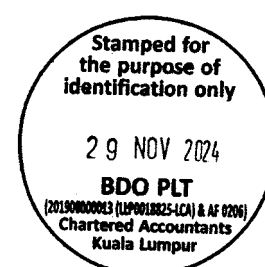
*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position*

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 September 2024 (continued)**
**3.3 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)**
**3.2.5 Borrowings**

	Non-current RM	Current RM	Total RM
As at 30 September 2024	-	-	-
Adjustments for acquisition of Northern Solar	8,547,349	5,802,530	14,349,879
<b>Pro Forma I</b>	8,547,349	5,802,530	14,349,879
Repayment of bank borrowings	(1,283,101)	(579,794)	(1,862,895)
<b>Pro Forma II</b>	<u>7,264,248</u>	<u>5,222,736</u>	<u>12,486,984</u>

**3.2.6 Lease liabilities**

	Non-current RM	Current RM	Total RM
As at 30 September 2024	-	-	-
Adjustments for acquisition of Northern Solar	4,338,731	1,194,947	5,533,678
<b>Pro Forma I</b>	4,338,731	1,194,947	5,533,678
Repayment of bank borrowings	(2,825,885)	(811,220)	(3,637,105)
<b>Pro Forma II</b>	<u>1,512,846</u>	<u>383,727</u>	<u>1,896,573</u>



**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA STATEMENTS OF FINANCIAL POSITION (Cont'd)**

*Northern Solar Holdings Berhad (202401001236(1547087-X))  
Pro Forma Consolidated Statements of Financial Position*

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of Northern Solar Holdings Berhad in accordance with a resolution dated 29 November 2024.

Signed on behalf of the Board of Directors.



.....  
Lew Shoong Kai  
Director

Kuala Lumpur  
29 November 2024



.....  
Chew Win Hoe  
Director

## 15. STATUTORY AND OTHER INFORMATION

### 15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2,
- (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisition of Northern Solar as disclosed in Section 6.2.2 and to be issued for the Public Issue as disclosed in Section 4.3.1, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible securities.

### 15.2 SHARE CAPITAL OF OUR SUBSIDIARIES AND ASSOCIATED COMPANY

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries and associated company are set out below.

#### 15.2.1 Subsidiaries

##### (a) Northern Solar

Northern Solar's issued share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration/ Type of issue</u>	<u>Cumulative share capital</u> <b>RM</b>
5 November 2019	100	RM100/ Subscribers' shares	100
31 December 2019	249,900	RM249,900/ Cash	250,000
22 September 2020	750,000	RM750,000/ Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Northern Solar. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)****(b) Norwatt Power**

Norwatt Power's issued share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM</b>
27 April 2021	100	RM100/ Subscribers' shares	100
14 April 2023	999,900	RM999,900/ Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Norwatt Power. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.2 Associated company****(a) Engtex Energy**

Engtex Energy's issued share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM</b>
2 July 2002	2	RM2/ Subscribers' shares	2
21 July 2016	99,998	RM99,998/ Cash	100,000
14 November 2023	900,000	RM900,000/ Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Engtex Energy. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

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## **15. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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### **15.3 CONSTITUTION**

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

#### **15.3.1 Changes in share capital and variation of class rights**

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

##### ***Clause 4.1 – Allotment of shares***

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, all Applicable Laws, and the provisions of any resolution of the Company, the Board may issue, allot or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:

- (a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in general meeting;
- (c) every issue of shares or options to employees and/or Directors of the Company and/or its subsidiaries under an Employee Share Scheme shall be approved by the Members in general meeting;
- (d) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director; and
- (e) except in the case of an issue of Securities on a pro-rata basis to all Members, or, pursuant to a back-to-back placement or a Dividend Reinvestment Scheme undertaken in compliance with the Listing Requirements, there shall be no issuance and allotment of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the Members in a general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive", "person connected with any Director, major shareholder or chief executive" and "Dividend Reinvestment Scheme" shall have the meaning ascribed thereto in the Listing Requirements.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)*****Clause 4.2 – Issue of new securities***

The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such securities save and except where it is specifically exempted from compliance with the SICDA, in which event it shall so similarly be exempted from compliance with the Listing Requirements. For this purpose, the Company must notify Bursa Depository of the names of the allottees and all such particulars required by Bursa Depository, to enable Bursa Depository to make the appropriate entries in the Securities Accounts of such allottees. The Company shall allot securities and despatch notices of allotment to the allottees and make an application for the quotation of such securities within the stipulated time frame as may be prescribed by the Stock Exchange.

***Clause 4.3 – Reservation of right to issue further***

If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.

***Clause 4.4 – Rights of preference shareholders***

- (a) Subject to all Applicable Laws, any preference shares may with the sanction of an Ordinary Resolution be issued on any terms and features, including redemption features, as the Directors deem fit and proper in the best interest of the Company. The Company shall have the power to issue preference shares ranking equally with, or in priority to, preference shares already issued. The Board may, subject to all Applicable Laws, redeem such shares on such terms and in such manner as they may think fit.
- (b) A holder of preference shares shall have the right to vote at any general meeting convened in each of the following circumstances:
  - (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
  - (ii) on a proposal to reduce the Company's share capital;
  - (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
  - (iv) on a proposal that affects the rights and privileges attached to the preference shares;
  - (v) on a proposal to wind up the Company; or
  - (vi) during the winding up of the Company.
- (c) A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited accounts and attending meetings;
- (d) A holder of a preference share shall be entitled to a return of capital in preference to holders of ordinary shares if the Company is wound up; and

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

- (e) The Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued subject to the observation of the provision in Clause 4.3.

***Clause 5.1 – Modification of class rights***

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to all Applicable Laws, be varied or abrogated with the consent in writing of the holders of three fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of this Constitution relating to meetings of Members shall *mutatis mutandis* apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

***Clause 5.2 – Alteration of rights by issuance of new shares***

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

***Clause 13.1 – Power to increase capital***

Subject to all Applicable Laws, the Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

***Clause 14.1 – Power to alter capital***

The requirements contained in Section 84 of the Act relating to the Company's power to alter its capital shall not apply to the Company. The Company may by Ordinary Resolution and subject to all Applicable Laws, do any or all of the following:

- (a) consolidate and divide all or any of its share capital into shares, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and

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**15. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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- (d) subject to the provisions of this Constitution, convert and/or re-classify any class of shares into any other class of shares.

***Clause 14.2 – Power to reduce capital***

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

**15.3.2 Borrowing and voting powers of the Directors**

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

***Clause 21.2 – The Board's borrowing powers***

Subject in so far as the Act, the Listing Requirements and the Constitution allows, the Board may exercise all the powers of the Company to borrow or raise money for the purpose of the Company's or any of its related companies' businesses on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole of the Company's undertaking, property (both present and future) including its uncalled or unissued capital, or any part thereof and to issue bonds, debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries but the Directors shall not borrow any money or mortgage or charge any of the Company's or any of the Company's subsidiary companies' undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

***Clause 22.5 – Chairman to have a casting vote***

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Board and PROVIDED ALWAYS that in the case of an equality of votes, the chairman of the meeting shall have a second or casting vote. However, in the case of an equality of votes and where two (2) Directors form a quorum, the chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

***Clause 22.7 – Disclosure of interest and restriction on discussion and voting***

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by Applicable Laws. Subject to the Act, a Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

***Clause 22.8 – Power to vote***

Subject to Clause 22.7 hereof, a Director may vote in respect of:

- (a) any arrangement relates to any loan to the Company that the Director has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (b) any arrangement which has been or will be made with or for the benefit of or on behalf of a corporation which by virtue of Section 7 of the Act is deemed to be related to the Company that he is the director of that corporation.

**15.3.3 Remuneration of Directors**

The provisions in our Constitution dealing with remuneration of Directors are as follows:

***Clause 19.1 – Fees and benefits for Directors***

The fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director shall from time to time be determined by an Ordinary Resolution of the Company annually in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

- (a) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (b) fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (d) fees payable to Directors shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

***Clause 19.2 – Reimbursement of expenses***

The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of Directors.

If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

***Clause 23.1 – Appointment or removal of an alternate Director***

Any Director (other than an alternate Director) may appoint any person to be an alternate Director provided that:

- (a) such person is not a Director of the Company;
- (b) such person does not act as an alternate for more than one Director of the Company;

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (c) the appointment is approved by a majority of the other Members of the Board and such person may be removed from office by his appointer; and
- (d) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Any appointment or removal of an alternate Director may be made by cable, telegram, facsimile, telex or in any other manner approved by the Board. Any cable or telegram shall be confirmed as soon as possible by letter but may be acted upon by the Company meanwhile.

***Clause 24.2 – Remuneration of Managing Director***

The remuneration of a Managing Director or Managing Directors shall be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

**15.3.4 Transfer of Shares**

The provisions in our Constitution dealing with transfer of Shares are as follows:

***Clause 9.2 – Transfer of listed securities of Company is by way of book entry***

The transfer of any listed security or class of any listed security of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

***Clause 9.3 – Transferor's Right***

Subject to all Applicable Laws, the instrument of transfer of any security that is not deposited with Bursa Depository shall be in writing and in any usual or common form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

***Clause 9.4 – Refusal to register***

Bursa Depository may refuse to register any transfer of the Deposited Security that does not comply with the SICDA and the Rules.

***Clause 9.5 – No liability for fraudulent transfer***

Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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***Clause 9.6 – Prohibited transfer***

No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

***Clause 9.8 – Suspension of registration***

Subject to all Applicable Laws, the registration of transfer of any securities may be suspended at such times and for such periods as the Board may from time to time determine, provided always that the time period of such suspension shall not exceed thirty (30) days in any year. At least ten (10) market days' notice of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Stock Exchange. The said notice shall state the reason for which the Register is being closed. At least three (3) market days before the notice shall be given to Bursa Depository to prepare the appropriate Record of Depositors.

***Clause 34.8 – Dividends due may be retained until registration***

The Board may retain the dividends payable upon shares in respect of which any person is under the provision as to the transmission of shares herein before contained entitled to become a Member or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

**15.4 GENERAL INFORMATION**

- (a) Save for the dividends paid to our shareholders in subsequent to FPE 2025 and up to LPD, Promoters' or substantial shareholders' remuneration (in their capacity as Directors of our subsidiaries) and Directors' remuneration paid as disclosed in Sections 12.16, 5.1.5 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.
- (e) Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**15.5 CONSENTS**

- (a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma statements of financial position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

**15.6 DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Our Constitution;
- (b) Audited financial statements of Northern Solar Holdings from the date of incorporation up to 31 March 2024 and FPE 2025;
- (c) Audited financial statements of Northern Solar and Norwatt Power for FYE 2022 to FYE 2024;
- (d) Accountants' Report as set out in Section 13;
- (e) Reporting Accountants' Report relating to our pro forma statements of consolidated financial position as set out in Section 14;
- (f) IMR Report as set out in Section 8;
- (g) Material contracts as set out in Section 6.5; and
- (h) Letters of consent as set out in Section 15.5.

**15.7 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.



## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**

**THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.**

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

### **16.1 OPENING AND CLOSING OF APPLICATION PERIOD**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 18 December 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 20 January 2025

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

**Late Applications will not be accepted.**

### **16.2 METHODS OF APPLICATIONS**

#### **16.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<b>Types of Application and category of investors</b>	<b>Application Method</b>
Applications by our eligible Directors, employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **16.2.2 Placement**

<b>Types of Application</b>	<b>Application Method</b>
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors, Bumiputera investors approved by MITI as well as the eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

## **16.3 ELIGIBILITY**

### **16.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Application.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

### **16.3.2 Application by Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
  - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
  - (i) White Application Form;
  - (ii) Electronic Share Application; or
  - (iii) Internet Share Application.

### **16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group**

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

### **16.4 APPLICATION BY WAY OF APPLICATION FORMS**

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.63 for each IPO Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. 787**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

So as to arrive not later than 5.00 p.m. on 20 January 2025 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

**16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

**16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Securities Sdn. Bhd.), Malacca Securities Malaysia Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)**

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**16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
  - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (ii) are illegible, incomplete or inaccurate; or
  - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

**16.8 OVER / UNDER SUBSCRIPTION**

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at <https://tiih.online> within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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In the event of an under-subscription of our IPO Shares by the Malaysian Public and/ or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the clawback and reallocation as set out in 4.3.3, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

**16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

**16.9.1 For applications by way of Application Forms**

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**16.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

**16.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**16.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firms and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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