



**INTERIM FINANCIAL REPORT  
THIRD QUARTER ENDED 31 DECEMBER 2020**

**SOLARVEST HOLDINGS BERHAD**

Registration No.: 201701033607 (1247778-U)  
(Incorporated in Malaysia)

# SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Third Quarter Ended 31 December 2020



## UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020<sup>(1)</sup>

	Unaudited As At 31/12/2020 RM'000	Audited As At 31/3/2020 RM'000
	Note	
<b>Non-current assets</b>		
Property, plant and equipment	14,637	13,773
Right-of-use assets	5,176	2,597
Investment properties	853	868
Intangible assets	364	465
Other investment	-	*
Deferred tax assets	595	668
Trade receivables	1,665	5,207
	<u>23,290</u>	<u>23,578</u>
<b>Current assets</b>		
Inventories	11,377	19,816
Trade receivables	62,939	29,998
Other receivables, deposits and prepayments	11,665	9,909
Contract assets	27,998	22,356
Short term investments	25,166	10,103
Fixed deposits with financial institutions	27,780	23,392
Cash and bank balances	27,393	27,462
	<u>194,318</u>	<u>143,036</u>
<b>Total assets</b>	<u>217,608</u>	<u>166,614</u>
<b>Equity</b>		
Share capital	98,403	59,842
Reorganisation reserve	(25,261)	(25,261)
Retained earnings	51,883	46,269
	<u>125,025</u>	<u>80,850</u>
Non-controlling interest	1,095	364
<b>Total equity</b>	<u>126,120</u>	<u>81,214</u>

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## UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020<sup>(1)</sup>

		Unaudited As At 31/12/2020 RM'000	Audited As At 31/3/2020 RM'000
	Note		
<b>Non-current liabilities</b>			
Bank borrowings	B7	3,062	3,278
Lease liabilities	B7	5,650	3,214
Redeemable preference shares		5,382	5,011
Trade payables		598	598
Contract liabilities		68	1,680
		<u>14,760</u>	<u>13,781</u>
<b>Current liabilities</b>			
Trade payables		45,490	43,422
Other payables and accruals		2,854	2,882
Provisions		769	769
Dividend payables		4,226	-
Bank borrowings	B7	5,767	7,578
Lease liabilities	B7	1,542	1,225
Contract liabilities		12,780	15,603
Current tax liabilities		3,300	140
		<u>76,728</u>	<u>71,619</u>
<b>Total liabilities</b>		<u>91,488</u>	<u>85,400</u>
<b>Total equity and liabilities</b>		<u>217,608</u>	<u>166,614</u>
Number of ordinary shares in issue ('000)		422,624	390,624
Net assets per share attributable to Owners of the Company (RM)		0.30	0.21

(1) The Unaudited Consolidated Statements of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report.

\* Represent less than 1000

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## UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020<sup>(1)</sup>

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2020<sup>(1)</sup></u> RM'000	<u>31/12/2019</u> RM'000	<u>31/12/2020<sup>(1)</sup></u> RM'000	<u>31/12/2019</u> RM'000
Revenue		70,213	62,120	161,126	202,084
Cost of sales		<u>(58,502)</u>	<u>(50,743)</u>	<u>(135,321)</u>	<u>(173,707)</u>
<b>Gross Profit</b>		11,711	11,377	25,805	28,377
Other income		1,268	619	1,909	968
Administrative expenses		(5,087)	(4,895)	(11,802)	(11,608)
Sales and distribution expenses		(197)	(330)	(430)	(1,093)
Listing expenses		<u>-</u>	<u>(1,561)</u>	<u>-</u>	<u>(1,902)</u>
<b>Profit from operations</b>		7,695	5,210	15,482	14,742
Finance costs		<u>(530)</u>	<u>(376)</u>	<u>(1,324)</u>	<u>(1,102)</u>
<b>Profit before taxation</b>		7,165	4,834	14,158	13,640
Taxation	B5	<u>(1,870)</u>	<u>(532)</u>	<u>(3,999)</u>	<u>(1,537)</u>
<b>Profit for the financial period</b>		5,295	4,302	10,159	12,103
<b>Other comprehensive loss:</b>					
Foreign currency translation differences		(4)	-	(4)	-
<b>Total comprehensive income for the financial period</b>		<u>5,291</u>	<u>4,302</u>	<u>10,155</u>	<u>12,103</u>

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## UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020<sup>(1)</sup>

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2020<sup>(1)</sup></u> RM'000	<u>31/12/2019</u> RM'000	<u>31/12/2020<sup>(1)</sup></u> RM'000	<u>31/12/2019</u> RM'000
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		5,027	3,978	9,840	11,851
Non-controlling interest		<u>268</u>	<u>324</u>	<u>319</u>	<u>252</u>
		<u>5,295</u>	<u>4,302</u>	<u>10,159</u>	<u>12,103</u>
<b>Total comprehensive income for the financial period attributable to:</b>					
Owners of the Company		5,027	3,978	9,840	11,851
Non-controlling interest		<u>264</u>	<u>324</u>	<u>315</u>	<u>252</u>
		<u>5,291</u>	<u>4,302</u>	<u>10,155</u>	<u>12,103</u>
<b>Earnings per share attributable to Owners of the Company (sen)</b>					
- Basic <sup>(2)</sup>	B10	1.25	1.20	2.49	5.89

(1) The Unaudited Consolidated Statements of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) Based on the weighted average number of ordinary shares outstanding during the financial period under review.

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## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020<sup>(1)</sup>

	-----Non-distributable-----		Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Retained earnings RM'000	Equity attributable to Owners of the Company RM'000		
<b>Balance as at 1 April 2019</b>	1,000	-	30,680	31,680	(6)	31,674
Impact on adopting of MFRS 16 in retained earnings	-	-	(74)	(74)	-	(74)
Profit for the financial period	-	-	11,851	11,851	252	12,103
<b>Transaction with owners:</b>						
Acquisition of subsidiaries in business combination under common control	25,261	(25,261)	-	-	-	-
Issuance of share capital to non-controlling interest of subsidiary	-	-	-	-	59	59
Issuance of shares	34,590	-	-	34,590	-	34,590
Share issue expenses	(1,009)	-	-	(1,009)	-	(1,009)
<b>Balance as at 31 December 2019</b>	<b>59,842</b>	<b>(25,261)</b>	<b>42,457</b>	<b>77,038</b>	<b>305</b>	<b>77,343</b>

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## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020<sup>(1)</sup> (CONT'D)

	-----Non-distributable-----			Distributable		Equity attributable to Owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000				
Balance as at 1 April 2020	59,842	(25,261)	-	46,269		80,850	364	81,214
Profit for the financial period	-	-	-	9,840		9,840	319	10,159
Currency translation differences for foreign operation	-	-	*	-		-	(4)	(4)
Comprehensive income for the financial period	-	-	*	9,840		9,840	315	10,155
Dividend	-	-	-	(4,226)		(4,226)	-	(4,226)
Acquisition of a subsidiary	-	-	-	-		-	416	416
Issuance of shares	38,720	-	-	-		38,720	-	38,720
Share issue expenses	(159)	-	-	-		(159)	-	(159)
<b>Balance as at 31 December 2020</b>	<b>98,403</b>	<b>(25,261)</b>	<b>*</b>	<b>51,883</b>		<b>125,025</b>	<b>1,095</b>	<b>126,120</b>

(1) The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes are an integral part of this interim financial report.

\* Represent less than 1000

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## UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020<sup>(1)</sup>

	Unaudited 9 months ended	
	31/12/2020 <sup>(1)</sup>	31/12/2019
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	14,158	13,640
Adjustments for:		
Amortisation of intangible assets	101	99
Depreciation of property, plant and equipment	1,792	1,517
Depreciation of investment properties	15	38
Finance costs	1,324	1,102
Finance income	(556)	(410)
Gain on disposal of property, plant and equipment	(*)	(*)
Provision of defects liability	-	200
Reversal of impairment losses on trade receivables	(519)	-
Unrealised gain on foreign exchange	(445)	(388)
Write off of property, plant and equipment	153	-
<b>Operating profit before working capital changes</b>	<b>16,023</b>	<b>15,798</b>
<b>Changes in working capital</b>		
Decrease/(Increase) in inventories	8,439	(7,111)
Increase in trade and other receivables, deposits and prepayments	(30,588)	(45,294)
(Increase)/Decrease in contract assets	(5,642)	3,487
Increase in trade and other payables, accruals and provision	2,171	15,704
(Decrease)/Increase in contract liabilities	(4,447)	13,170
Cash used in operations	(14,044)	(4,246)
Finance costs paid	(817)	(765)
Interest income received	343	352
Tax paid	(766)	(689)
Tax refund	-	1,342
Net cash used in operating activities	(15,284)	(4,006)



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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020<sup>(1)</sup>**

	Unaudited 9 months ended	
	31/12/2020 <sup>(1)</sup> RM'000	31/12/2019 RM'000
<b>Cash Flows from Investing Activities</b>		
Acquisition of subsidiary, net of cash and cash equivalents acquired	740	-
Acquisition of intangible assets	-	(6)
Purchase of property, plant & equipment	(1,897)	(418)
Proceeds from disposal of property plant & equipment	108	1
Proceeds from disposal of other investment	(*)	-
Proceeds from discount received of intangible assets	-	40
Net cash used in investing activities	(1,049)	(383)
<b>Cash Flows from Financing Activities</b>		
Increase in fixed deposits pledged	(6,000)	(1,875)
Placement into sinking fund for banking facilities	-	(163)
Net repayment of local bill purchase	-	(6,583)
Changes on banker's acceptances	(105)	4,980
Drawdown of finance lease liabilities	-	313
Repayment of finance lease liabilities	(558)	(514)
Repayment of lease liabilities	(424)	(205)
Repayment of term loans	(223)	(1,027)
Share issue expenses	(159)	(1,009)
Proceeds from issue of share capital	38,720	34,649
Net cash from financing activities	31,251	28,566
<b>Net increase in cash and cash equivalents</b>	14,918	24,177
<b>Effect of foreign exchange rate changes</b>	(4)	-
<b>Cash and cash equivalents as at beginning of financial year</b>	44,076	12,854
<b>Cash and cash equivalents as at end of financial period</b>	58,990	37,031

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## UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020<sup>(1)</sup>

	Unaudited 9 months ended	
	31/12/2020 <sup>(1)</sup>	31/12/2019
	RM'000	RM'000
<b>Cash and cash equivalents at the end of financial period comprise:</b>		
Cash and bank balances	27,393	19,558
Fixed deposits with financial institutions	27,780	20,138
	<hr/>	<hr/>
	55,173	39,696
Less: Fixed deposits pledged	(16,450)	(10,110)
Less: Sinking fund account	(1,500)	(1,500)
Less: Bank overdraft	(3,399)	(1,074)
Add: Short term investments	25,166	10,019
	<hr/>	<hr/>
	58,990	37,031

<sup>(1)</sup> The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes are an integral part of this interim financial report.

\* Represent less than 1,000

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**A. EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING****A1. Basis of preparation**

The interim financial report of Solarvest Holdings Berhad (“Solarvest” or “the Company”) and its subsidiaries (collectively known as “the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 134 Interim Financial Reporting and Rule 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes in this interim financial report.

**A2. Significant accounting policies**

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2020, except for the following:

**(a) Effective for annual period beginning on or after 1 January 2020**

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108: Definition of Material

The adoption of the above amendments and interpretations did not have significant impact on the Group financial statements.

**(b) Effective for annual period beginning on or after 1 June 2020**

- Amendments to MFRS 16 Lease: Covid-19- Related Rent Concessions

**(c) Effective for annual period beginning on or after 1 January 2021**

- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**A2. Significant accounting policies (Cont'd)****(d) Effective for annual period beginning on or after 1 January 2022**

- Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018–2020

The Group has not applied the above amendments and interpretations as they have yet to be effective.

**A3. Auditors' report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 March 2020.

**A4. Seasonal or cyclical factors**

The business operations of the Group were not affected by seasonal or cyclical factors.

**A5. Material Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

**A6. Material changes in estimates**

There were no changes in estimates that have a material effect in the current financial quarter under review.

**A7. Debt and equity securities**

Save for the below, there were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

On 26 November 2020, the Company increased its number of shares from 390,623,655 to 422,623,655 by way of issuance of 32,000,000 new ordinary shares pursuant to the Private Placement at an issue price of RM1.21 per placement share.

**A8. Dividend Paid**

There is no dividend paid in the current quarter under review.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### A9. Segmental Reporting

The Group's operating activities were derived from four (4) main business segments, namely the following:-

<b>Unaudited Cumulative quarter 31/12/2019</b>	<b>Investment Holding RM'000</b>	<b>EPCC of solar energy solution RM'000</b>	<b>O&amp;M of solar energy system RM'000</b>	<b>Sale of electricity through solar energy RM'000</b>	<b>Others<sup>(1)</sup> RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>							
External revenue	-	197,722	924	1,339	2,099	-	202,084
Inter-segment revenue	-	12,286	36	-	-	(12,322)	-
	-	210,008	960	1,339	2,099	(12,322)	202,084
<b>Results</b>							
Segment result	(2,467)	16,649	618	1,144	100	-	16,044
Interest income	69	283	-	-	-	-	352
Interest expenses	-	(970)	-	(132)	-	-	(1,102)
Depreciation and amortization	-	(1,428)	-	(226)	-	-	(1,654)
Profit before tax	(2,398)	14,534	618	786	100	-	13,640

<sup>(1)</sup> Being one off project management of electrical and fire protection works for the Group's related party and third party.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### A9. Segmental Reporting (Cont'd)

The Group's operating activities were derived from four (4) main business segments, namely the following (Cont'd):-

<b>Unaudited Cumulative quarter 31/12/2020</b>	<b>Investment Holding RM'000</b>	<b>EPCC of solar energy solution RM'000</b>	<b>O&amp;M of solar energy system RM'000</b>	<b>Sale of electricity through solar energy RM'000</b>	<b>Others<sup>(1)</sup> RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>							
External revenue	-	154,783	1,341	1,201	3,801	-	161,126
Inter-segment revenue	-	25,729	435	-	-	(26,164)	-
	-	180,512	1,776	1,201	3,801	(26,164)	161,126
<b>Results</b>							
Segment result	(705)	15,821	586	1,018	114	-	16,834
Interest income	280	276	-	-	-	-	556
Interest expenses	-	(1,236)	-	(88)	-	-	(1,324)
Depreciation and amortization	-	(1,685)	-	(223)	-	-	(1,908)
Profit before tax	(425)	13,176	586	707	114	-	14,158

(1) Being one off project management of electrical and telephone services for the Group's third party and money lending services which no activities were recorded for the period under review.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**A10. Significant event after the end of the Interim Financial Period**

There were no other material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

**A11. Changes in the composition of the Group**

- (i) The Company had on 17 December 2020 incorporated a 99.99% owned subsidiary company in Philippines with the name Solarvest Corp. (2020120004375-05) with total issued and paid-up share capital of PHP9,726,801 comprising of 9,726,805 ordinary shares. The intended principal activity of Solarvest Corp. is engaged in the business of importation, marketing, sale and distribution of solar photovoltaics and related services.
- (ii) On 28 January 2021, Solarvest (Taiwan) Corporate Limited ("Solarvest Taiwan"), a wholly-owned subsidiary of Solarvest Energy Sdn Bhd has subscribed an additional 400,000 ordinary shares in the capital of Solarvest Taiwan. Currently, the total issued and paid-up share capital of Solarvest Taiwan is NT\$5,000,000 comprising of 500,000 ordinary shares.

There were no material changes in the composition of the Group during the current financial period under review, save as disclosed in the above.

**A12. Contingent liabilities and contingent assets**

There were no contingent assets as at the date of this interim financial report. Contingent liabilities of the Group were as follows: -

	<b>Unaudited RM'000</b>
<b>Secured</b>	
Bank guarantees for performance, workmanship security bond and advance payment bond provided to customers	32,556

**A13. Corporate Guarantees**

	<b>Unaudited RM'000</b>
Corporate guarantees given to licensed banks for credit facilities granted to related companies.	62,089

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**A14. Capital commitments**

The amount of capital commitments not provided for in the interim financial statements as at 31 December 2020 is as follows:

	<b>Unaudited RM'000</b>
<b><i>Property, plant and equipment</i></b>	
Contracted but not provided for	214

**A15. Significant Related Party Transactions**

Our Group's transactions with companies in which our directors or substantial shareholders have an interest in for the current financial period ended 31 December 2020 were as follows: -

	<b>Unaudited RM'000</b>
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
- Revenue from operation & maintenance services	21
- Revenue from installation of solar photovoltaic system	36

These transactions have been entered into in the normal course of business.

**A16. Fair Value of Financial Liabilities**

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current financial period under review.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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### B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. Review of Group's Performance

	Quarter ended		Variance	
	31/12/2020 ("Q3/21") RM'000	31/12/2019 ("Q3/20") RM'000	RM'000	(%)
Revenue	70,213	62,120	8,093	13.03
Profit before tax	7,165	4,834	2,331	48.22
Profit after tax	5,295	4,302	993	23.08

#### Comparison between Q3/21 with Q3/20

For the quarter under review, the Group's revenue increased by RM8.09 million or 13.03% as compared to preceding year quarter ended 31 December 2019. The higher revenue was mainly contributed by increase in revenue generated from commercial and industrial business segment following the easing of movement restrictions and resumption of works at sites.

The Group's profit before tax increased by RM2.33 million or 48.22% as compared to preceding year quarter ended 31 December 2019 due to higher gross profit contributed by commercial and industrial business segment.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

#### B1. Review of Group's Performance (Cont'd)

	Year-to-date		Variance	
	31/12/2020 ("3Q/FY21") RM'000	31/12/2019 ("3Q/FY20") RM'000	RM'000	(%)
Revenue	161,126	202,084	(40,958)	-20.27
Profit before tax	14,158	13,640	518	3.80
Profit after tax	10,159	12,103	(1,944)	-16.06

#### Comparison between 3Q/FY21 with 3Q/FY20

The Group recorded revenue of RM161.13 million in 3Q/FY21 as compared to the corresponding preceding period 3Q/FY20 of RM202.08 million. The decrease of RM40.96 million or 20.27% was mainly due to COVID-19 pandemic, Movement Control Order (MCO) and Conditional MCO (CMCO) implemented by the government which have resulted in the suspension of works at sites and most large-scale solar projects have been completed.

The slight increase in profit before tax was contributed by reversal of impairment losses on trade receivables.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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### B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

#### B2. Comparison with immediate preceding quarter's results

	Quarter Ended		Variance	
	31/12/2020 RM'000	30/9/2020 RM'000	RM'000	(%)
Revenue	70,213	62,163	8,050	12.95
Profit before tax	7,165	5,708	1,457	25.53
Profit after tax	5,295	4,066	1,229	30.23

The Group's revenue for the current financial quarter ended 31 December 2020 increased by RM8.05 million or 12.95% to RM70.21 million as compared to RM62.16 million in the preceding quarter ended 30 September 2020. The increase in revenue were mainly due to the site progress of the existing on-going projects back to its normal level and also increase in revenue generated from Operations & Maintenance segment.

This has also resulted in the increase of profit before taxation of the Group by RM 1.46 million or 25.53% from RM 5.71 million recorded in the preceding quarter as compared to RM 7.17 million in the current quarter.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**B3. Commentary on prospects**

The outlook for the solar photovoltaic (“PV”) industry in Malaysia is optimistic and the Malaysian Government is committed to support the growth of PV solar industry by setting a target for electricity generated from renewable energy at 20% of all power generated. The total solar PV installed capacity in Malaysia stood at 438MWp in 2018, and is targeted to grow to 3,322MW by 2023. Tax incentives aimed at boosting the Malaysian green economy which was tabled in the recent Budget 2020 were also in line with the Government’s commitment.

The Ministry of Energy and Natural Resources (KeTSA) via the Energy Commission (EC) has opened a competitive bidding process under Large Scale Solar programme by Malaysia Electricity Industry to Attract Renewable Energy Investment (LSS@MenTARI) starting on 31 May 2020.

Under LSS@MenTARI, 1,000 megawatts (MW) of solar quota will be offered through the bidding process, and is open to fully-owned local companies or with at least 75 percent local shareholding for companies listed on Bursa Malaysia. The quota offered is the biggest under the LSS programme. The move is aimed at reviving as well as stimulating the economy that is affected by the COVID-19 pandemic. Through this program, it will generate RM4 billion investment and create 12,000 job opportunities. Such development bodes well for the Group. The solar power plants under LSS@MenTARI programme are expected to start operating latest by Dec 31, 2023.

The Group is looking forward in securing more projects with the launch of LSS@MenTARI as mentioned above. In addition to that, the uptake and demand for solar energy remains robust as businesses are intensifying its environmental, social and governance efforts. With the roll out of NEM 3.0 programme, injecting approximately 500MW fresh new quotas in 2021, the solar industry is set to experience a busy year ahead.

The Group will also continuously bid for new contracts to replenish its order book. For the period under review, the unbilled order book stood at RM197.48 million which will contribute progressively to the Group’s revenue until the financial year ending 31 March 2021.

Barring any unforeseen circumstances, the Board is of the view that the Group’s performance would remain satisfactory for the coming financial year.

**B4. Profit Forecast**

The Group has not issued any profit forecast during the current financial period under review.

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### B5. Taxation

	Unaudited 3 months ended		Unaudited 9 months ended	
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current	1,915	617	3,947	1,433
- Over provision in prior year	(22)	(92)	(22)	(92)
	<u>1,893</u>	<u>525</u>	<u>3,925</u>	<u>1,341</u>
Deferred tax				
- Current	(23)	7	74	196
	<u>1,870</u>	<u>532</u>	<u>3,999</u>	<u>1,537</u>
Effective tax rates	26.1%	11.0%	28.2%	11.3%

The effective tax rate of the Group for the current quarter/period under review was higher than statutory tax rate of 24% mainly due to non-deductibility of certain expenses for tax purposes.

Income tax for the period under review is higher compared to the previous corresponding period due to the tax exemption granted by MIDA to Solarvest Energy Sdn Bhd, Powertrack Sdn Bhd and Solarvest Energy (SR) Sdn Bhd which have expired for the year of assessment 2020.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT****B6. Status of corporate proposals and utilisation of proceeds**

## 1) Use of proceeds from the Initial Public Offering (“IPO”)

The gross proceeds of RM34.59 million raised from the Public Issue and status of utilisation as at 31 December 2020 are as follows:

<u>Utilisation of proceeds</u>	<u>Estimated timeframe for utilisation from Listing</u>	<u>Proposed utilisation RM'000</u>	<u>Actual utilisation RM'000</u>	<u>Percentage utilisation %</u>
(i) Business expansion	Within 24 months	3,000	1,302	43.40
(ii) Capital expenditure	Within 18 months	4,000	315	7.88
(iii) Working capital	Within 24 months	19,190	17,218	89.72
(iv) Repayment of bank borrowings	Within 3 months	5,000	5,000	100.00
(v) Estimated listing expenses	Within 1 month	3,400	3,400	100.00
		<u>34,590</u>	<u>27,235</u>	<u>78.74</u>

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 30 September 2019.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT****B6. Status of corporate proposals and utilisation of proceeds (cont'd)**

## 2) Use of proceeds from the Private Placement exercise ("Private Placement")

The actual proceeds of RM38.72 million raised from the Private Placement and status of utilisation as at 31 December 2020 are as follows:

<u>Utilisation of proceeds</u>	<u>Timeframe for utilisation from listing date of the Private Placement Shares</u>	<u>Actual Proceeds raised</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Percentage utilisation</u> %
(i) Investment in solar photovoltaic projects	Within 30 months	30,500 <sup>(1)</sup>	-	0.00
(ii) Working capital <sup>(2)</sup>	Within 24 months	8,030 <sup>(1)</sup>	1,149	14.31
(iii) Estimated expenses for the Private Placement	Within 1 month	190 <sup>(1)</sup>	190	100.00
		<u>38,720</u>	<u>1,339</u>	<u>3.46</u>

(1) Allocated proportionately based on the gross proceeds raised as disclosed in the Private Placement announcement dated 13 August 2020 and 15 October 2020.

(2) For the Group's daily operations including the additional working capital requirements for future commercial and industrial projects such as tender deposits and tender bonds, purchase of materials as well as expansion of office space including upkeep or renovation/refurbishment of existing or new offices.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**B6. Status of corporate proposals and utilisation of proceeds (con't)**

## 3) Status of Corporate Proposals

Save as disclosed below, there was no corporate proposal announced by the Company, the implementation of which is still pending:

## I. Proposed Private Placement and Proposed Employees' Share Option Scheme

On 13 August 2020, the Company announced to undertake the following proposals:

- (a) Proposed private placement of up to 78,124,731 new ordinary shares in Solarvest, representing up to 20% of the existing issued and paid-up share capital of Solarvest ("Proposed Private Placement"); and
- (b) Proposed establishment of an employees' share option scheme involving up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of Solarvest and its subsidiaries ("Proposed ESOS").

Bursa Malaysia Securities Berhad ("Bursa Securities") had via its letter dated 3 September 2020 and the shareholders of the Company had on 28 September 2020 approved the Proposed ESOS.

On 2 November 2020, Bursa Securities had approved the listing and quotation of new shares to be issued pursuant to the Proposed Private Placement. On 30 November 2020, 32,000,000 placement shares were listed on Bursa Securities.

- II. On 1 September 2020, the Company announced that it proposed to transfer of the listing of and quotation for the entire issued and paid-up share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**B6. Status of corporate proposals and utilisation of proceeds (con't)**

## 3) Status of Corporate Proposals (con't)

## III. Proposed Bonus Issue of Warrants and Proposed Bonus Issue of Shares

On 15 December 2020, the Company announced to undertake the following proposals:

- (a) Proposed bonus issue of 105,655,913 warrants on the basis of 1 warrant for every 4 existing ordinary shares in Solarvest held on an entitlement date to be determined later ("Proposed Bonus Issue of Warrants"); and
- (b) Proposed bonus issue of up to 264,139,784 new Solarvest shares on the basis of 1 bonus shares for every 2 existing Solarvest shares held on an entitlement date to be determined after completion of the Proposed Bonus Issue of Warrants ("Proposed Bonus Issue of Shares").

Bursa Securities and the shareholders of the Company had on 13 January 2021 and 5 February 2021 approved the Proposed Bonus Issue of Warrants and Proposed Bonus Issue of Shares respectively. The entitlement date of the Proposed Bonus Issue of Warrants was fixed at 23 February 2021 and the warrants is expected to be listed on 8 March 2021.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### B7. Borrowings

The details of the Group's borrowings are as follows:

	Unaudited 9 months ended	
	<u>31/12/2020</u> RM'000	<u>31/12/2019</u> RM'000
<b>Secured</b>		
<b>Current liabilities</b>		
Lease liabilities	748	723
Bank overdraft	3,399	1,074
Term loans	266	1,049
Banker acceptance	2,102	4,980
	<u>6,515</u>	<u>7,826</u>
<b>Non-current liabilities</b>		
Lease liabilities	978	782
Term loans	3,062	4,832
	<u>4,040</u>	<u>5,614</u>
<b>Non-secured</b>		
<b>Current liabilities</b>		
Lease liabilities	794	221
<b>Non-current liabilities</b>		
Lease liabilities	4,672	1,987
<b>Total borrowings</b>	<u>16,021</u>	<u>15,648</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

### B8. Material Litigation

As at the date of this interim financial report, there were no material litigation involving the Group.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### B9. Dividend Proposed

On 4 December 2020, the Company declared an interim dividend of 1.0 sen per ordinary share amounting to RM4,226,236.55 for the financial year ending 31 March 2021. The entitlement date for the interim dividend was 30 December 2020 and paid on 21 January 2021.

### B10. Earnings Per Share (“EPS”)

The basic EPS is calculated based on the Group’s profit after taxation attributable to owners of the Company divided by the weighted average number of ordinary shares in issued during the financial period.

	Unaudited 3 months ended		Unaudited 9 months ended	
	<u>31/12/2020</u> RM'000	<u>31/12/2019</u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2019</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	5,027	3,978	9,840	11,851
Weighted average number of ordinary shares in issue ('000)	403,145	331,593	394,813	201,124
Basic EPS (sen)	1.25	1.20	2.49	5.89

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### B11. Profit Before Tax

	Unaudited 3 months ended		Unaudited 9 months ended	
	<u>31/12/2020</u> RM'000	<u>31/12/2019</u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2019</u> RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Amortisation of intangible assets	34	34	101	99
Auditors' remuneration				
- under provision in prior year	-	40	-	40
- current year	39	33	148	99
Bad debts recovered	(5)	(17)	(5)	(17)
Depreciation of property, plant and equipment	649	499	1,792	1,517
Depreciation of investment properties				
- freehold building	5	13	15	38
Gain on disposal of property, plant and equipment	-	(*)	(*)	(*)
Interest expenses	530	376	1,324	1,102
Interest income	(169)	(189)	(556)	(352)
Provision of defects liability	-	-	-	200
Realised (gain)/loss on foreign exchange	(38)	435	448	578
Rental expenses	160	94	376	248
Rental income	(29)	(19)	(108)	(108)
Reversal of impairment losses on trade receivables	(200)	-	(519)	-
Unrealised gain on foreign exchange	(445)	(777)	(1,009)	(388)
Write off of property, plant and equipment	72	-	153	-

\* Represent less than 1,000

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## **NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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### **B12. Comparative Figures**

Comparative figures, where applicable, have been reclassified to conform to the current presentation.

**BY ORDER OF THE BOARD**

**25 February 2021**

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