



**INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 SEPTEMBER 2021**

SOLARVEST HOLDINGS BERHAD

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

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Registration No.: 201701033607 (1247778-U)

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Interim Financial Report For The Second Quarter Ended 30 September 2021



UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021⁽¹⁾

	Unaudited As At 30/9/2021 RM'000	Audited As At 31/3/2021 RM'000
	Note	
Non-current assets		
Property, plant and equipment	14,215	13,057
Right-of-use assets	5,984	6,573
Investment properties	2,453	2,476
Intangible assets	263	330
Deferred tax assets	-	7
Trade receivables	2,224	7,030
	25,139	29,473
Current assets		
Inventories	36,426	10,304
Trade receivables	54,297	44,982
Other receivables, deposits and prepayments	11,022	7,494
Contract assets	43,038	41,509
Current tax assets	4,196	172
Short term investments	24,347	15,229
Fixed deposits with financial institutions	29,775	21,378
Cash and bank balances	19,839	55,595
	222,940	196,663
Total assets	248,079	226,136
Equity		
Share capital	128,562	98,421
Foreign currency translation reserve	73	18
Reorganisation reserve	(25,261)	(25,261)
Retained earnings	59,368	58,189
	162,742	131,367
Non-controlling interest	2,400	995
Total equity	165,142	132,362

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021⁽¹⁾

		Unaudited As At 30/9/2021 RM'000	Audited As At 31/3/2021 RM'000
	Note		
Non-current liabilities			
Bank borrowings	B7	2,786	2,942
Lease liabilities	B7	5,886	6,890
Redeemable preference shares		5,785	5,513
Trade payables		1,108	1,555
Contract liabilities		3,622	3,643
Deferred tax liabilities		29	45
		<u>19,216</u>	<u>20,588</u>
Current liabilities			
Trade payables		30,919	50,197
Other payables and accruals		11,322	9,557
Provisions		238	238
Bank borrowings	B7	13,543	2,427
Lease liabilities	B7	2,289	1,705
Contract liabilities		5,410	9,062
		<u>63,721</u>	<u>73,186</u>
Total liabilities		<u>82,937</u>	<u>93,774</u>
Total equity and liabilities		<u>248,079</u>	<u>226,136</u>
Number of ordinary shares in issue ('000)		663,954	633,954
Net assets per share (RM)		0.25	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 2021 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		<u>30/9/2021⁽¹⁾</u> RM'000	<u>30/9/2020</u> RM'000	<u>30/9/2021⁽¹⁾</u> RM'000	<u>30/9/2020</u> RM'000
Revenue		30,222	62,163	52,972	90,913
Cost of sales		<u>(23,994)</u>	<u>(52,138)</u>	<u>(41,043)</u>	<u>(76,818)</u>
Gross Profit		6,228	10,025	11,929	14,095
Other income		413	486	819	1,497
Administrative expenses		(4,578)	(4,240)	(9,432)	(7,571)
Sales and distribution expenses		<u>(144)</u>	<u>(86)</u>	<u>(344)</u>	<u>(233)</u>
Profit from operations		1,919	6,185	2,972	7,788
Finance costs		<u>(487)</u>	<u>(477)</u>	<u>(963)</u>	<u>(794)</u>
Profit before taxation		1,432	5,708	2,009	6,994
Taxation	B5	<u>(308)</u>	<u>(1,642)</u>	<u>(711)</u>	<u>(2,129)</u>
Profit for the financial period		1,124	4,066	1,298	4,865
Other comprehensive income:					
Foreign currency translation differences		51	-	87	-
Total comprehensive income for the financial period		<u>1,175</u>	<u>4,066</u>	<u>1,385</u>	<u>4,865</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		<u>30/9/2021⁽¹⁾</u> RM'000	<u>30/9/2020</u> RM'000	<u>30/9/2021⁽¹⁾</u> RM'000	<u>30/9/2020</u> RM'000
Profit for the financial period attributable to:					
Owners of the Company		1,027	4,001	1,179	4,815
Non-controlling interest		<u>97</u>	<u>65</u>	<u>119</u>	<u>50</u>
		<u>1,124</u>	<u>4,066</u>	<u>1,298</u>	<u>4,865</u>
Total comprehensive income for the financial period attributable to:					
Owners of the Company		1,064	4,001	1,234	4,815
Non-controlling interest		<u>111</u>	<u>65</u>	<u>151</u>	<u>50</u>
		<u>1,175</u>	<u>4,066</u>	<u>1,385</u>	<u>4,865</u>
Earnings per share attributable to Owners of the Company (sen)					
- Basic ⁽²⁾	B10	0.16	1.02	0.18	1.23
- Diluted ⁽³⁾	B10	0.15	1.02	0.17	1.23

(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 2021 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.

(3) Based on the weighted average number of ordinary shares adjusted on the assumption that the warrants issued are fully exercised and converted into ordinary shares.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

	-----Non-distributable-----			Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Equity attributable to Owners of the Company RM'000		
Balance as at 1 April 2021	98,421	(25,261)	18	58,189	131,367	995	132,362
Profit for the financial period	-	-	-	1,179	1,179	119	1,298
Currency translation differences for foreign operations	-	-	55	-	55	32	87
Comprehensive income for the financial period	-	-	55	1,179	1,234	151	1,385
Issuance of shares	30,300	-	-	-	30,300	1,254	31,554
Share issue expenses	(159)	-	-	-	(159)	-	(159)
Balance as at 30 September 2021	128,562	(25,261)	73	59,368	162,742	2,400	165,142

(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 2021 and the accompanying explanatory notes are an integral part of this interim financial report.

* Represent less than 1,000

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾ (CONT'D)

	----Non-distributable----		Distributable		Equity attributable to Owners of the Company	Non-controlling interest	Total equity
	Share capital	Reorganisation reserve	Retained earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 April 2020	59,842	(25,261)	46,269	80,850	364	81,214	
Profit for the financial period	-	-	4,815	4,815	50	4,865	
Balance as at 30 September 2020	59,842	(25,261)	51,084	85,665	414	86,079	

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED****30 SEPTEMBER 2021⁽¹⁾**

	Unaudited 6 months ended	
	30/9/2021⁽¹⁾ RM'000	30/9/2020 RM'000
Cash Flows from Operating Activities		
Profit before taxation	2,009	6,994
Adjustments for:		
Amortisation of intangible assets	67	67
Depreciation of property, plant and equipment	1,457	1,133
Depreciation of investment properties	38	10
Finance costs	962	794
Finance income	(376)	(387)
Gain on disposal of property, plant and equipment	(126)	(13)
Reversal of impairment losses on trade receivables	-	(319)
Unrealised loss/(gain) on foreign exchange	163	(663)
Other adjustments	34	-
Operating profit before working capital changes	4,228	7,616
Changes in working capital		
(Increase)/Decrease in inventories	(26,123)	12,747
Increase in trade and other receivables, deposits and prepayments	(8,037)	(4,721)
Increase in contract assets	(1,529)	(12,525)
Decrease in trade and other payables, accruals and provision	(18,122)	(19,966)
Decrease in contract liabilities	(3,673)	(2,077)
Cash used in operations	(53,256)	(18,926)
Finance costs paid	(691)	(547)
Interest income received	376	353
Tax paid	(4,744)	(481)
Net cash used in operating activities	(58,315)	(19,601)

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED****30 SEPTEMBER 2021⁽¹⁾**

	Unaudited 6 months ended	
	30/9/2021⁽¹⁾ RM'000	30/9/2020 RM'000
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(2,084)	(26)
Payment for self-constructing solar asset	-	(540)
Proceeds from disposal of property plant & equipment	135	108
Proceeds from disposal of other investment	-	(*)
Net cash used in investing activities	(1,949)	(458)
Cash Flows from Financing Activities		
Increase in fixed deposits pledged	(9,365)	(322)
Placement into sinking fund for banking facilities	(1,089)	-
Net drawdown from invoice financing	9,640	9,546
Net repayment of banker's acceptances	-	(1,754)
Repayment of finance lease liabilities	(362)	(289)
Repayment of lease liabilities	(56)	(212)
Repayment of term loans	(153)	(148)
Proceeds from issue of share	30,300	-
Share issue expenses	(159)	-
Subscription of new shares in a subsidiary by a non-controlling interest	1,254	-
Net cash generated from financing activities	30,010	6,821
Net decrease in cash and cash equivalents	(30,254)	(13,238)
Effect of foreign exchange rate changes	87	-
Cash and cash equivalents as at beginning of financial year	73,184	44,076
Cash and cash equivalents as at end of financial period	43,017	30,838

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED

30 SEPTEMBER 2021⁽¹⁾

	Unaudited 6 months ended	
	30/9/2021 ⁽¹⁾ RM'000	30/9/2020 RM'000
Cash and cash equivalents at the end of financial period comprise:		
Cash and bank balances	19,839	19,518
Fixed deposits with financial institutions	29,775	16,700
	<hr/> 49,614	<hr/> 36,218
Less: Fixed deposits pledged	(24,764)	(10,606)
Less: Sinking fund account	(2,589)	(1,500)
Less: Bank overdraft	(3,591)	(3,504)
Add: Short term investments	24,347	10,230
	<hr/> 43,017	<hr/> 30,838

⁽¹⁾ 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 2021 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

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 2021 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 2021, except for the following:

a) Effective for annual period beginning on or after 1 June 2020

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

b) Effective for annual period beginning on or after 1 January 2021

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

c) Effective for annual period beginning on or after 1 April 2021

- Amendments to MFRS 16, Covid-19 - Related Rent Concessions beyond 30 June 2021

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 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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A2. Significant accounting policies (Cont'd)**e) Effective for annual period beginning on or after 1 January 2023**

- Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

f) Effective date deferred to a date to be determined and announced

- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between Investor and Its Associate or Joint Venture

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 2021.

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.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A7. Debt and equity securities

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review, save as below: -

On 3 August 2021, the Company increased its number of shares from 633,953,928 to 663,953,928 by way of issuance of 30,000,000 new ordinary shares pursuant to the Private Placement at an issue price of RM1.01 per placement share.

A8. Dividend Paid

There was no dividend paid during the current financial 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:-

Unaudited Cumulative quarter 30/9/2021	Investment Holding RM'000	EPCC of solar energy solution RM'000	O&M of solar energy system RM'000	Sale of electricity through solar energy RM'000	Others⁽¹⁾ RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	-	50,448	1,684	929	(99)	-	52,972
Inter-segment revenue	-	12,350	972	-	-	(13,322)	-
	-	62,798	2,666	929	(99)	(13,322)	52,972
Results							
Segment results	(436)	3,223	575	802	(7)	-	4,157
Interest income	146	230	-	-	-	-	376
Interest expenses	-	(905)	-	(57)	-	-	(962)
Depreciation and amortisation	-	(1,462)	-	(100)	-	-	(1,562)
Profit before tax	(290)	1,086	575	645	(7)	-	2,009

(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.

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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):-

Unaudited Cumulative quarter 30/9/2020	Investment Holding RM'000	EPCC of solar energy solution RM'000	O&M of solar energy system RM'000	Sale of electricity through solar energy RM'000	Others⁽¹⁾ RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	-	87,694	736	881	1,602	-	90,913
Inter-segment revenue	-	7,893	240	-	-	(8,113)	-
	-	95,587	976	881	1,602	(8,113)	90,913
Results							
Segment results	(404)	8,061	134	772	48	-	8,611
Interest income	200	187	-	-	-	-	387
Interest expenses	-	(735)	-	(59)	-	-	(794)
Depreciation and amortisation	-	(1,061)	-	(149)	-	-	(1,210)
Profit before tax	(204)	6,452	134	564	48	-	6,994

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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, save as below:-

- (i) The Company had on 1 October 2021 incorporated a new subsidiary company with the name Solarvest Borneo Sdn. Bhd. (202101032083) with a total issued and paid-up share capital of RM100 comprising of 100 ordinary shares. The intended principal activity of Solarvest Borneo Sdn. Bhd. is EPCC of renewable energy and project development of renewable energy.
- (ii) On 5 October 2021, Solarvest (Taiwan) Corporate Limited ("Solarvest Taiwan"), an indirect wholly-owned subsidiary of the Company, has incorporated a new subsidiary company known as Huei Zhan Solar Energy Corporate Limited (90515660)("Huei Zhan") with total paid-up capital of NT\$5,000,000 comprising of 500,000 ordinary shares. The intended principal activity of Huei Zhan is to engage in the business of development, construction and commissioning of solar projects and other related energy technical services.
- (iii) On 1 November 2021, the Company increased its number of shares from 663,953,928 to 667,553,928 by way of issuance of 3,600,000 new ordinary shares pursuant to the Private Placement at an issue price of RM1.25 per placement share.

A11. Changes in the composition of the Group

- (i) On 1 September 2021, Solarvest Energy Sdn Bhd, an indirect wholly-owned subsidiary of the Company, has increased its investment in its wholly-owned subsidiary, Solarvest Taiwan, through the subscription of an additional 2,001,402 ordinary shares in the share capital of Solarvest Taiwan. Currently, the total issued and paid-up share capital of Solarvest Taiwan is NT\$25,014,020 comprising of 2,501,402 ordinary shares.
- (ii) On 29 September 2021, Solarvest Taiwan has increased its investment in its 51%-owned subsidiary, Tailai Energy Co., Ltd ("Tailai"), through the subscription of an additional 867,000 ordinary shares out of 1,700,000 new ordinary shares in the share capital of Tailai. Following the capital increase at Tailai, Solarvest Taiwan now holds 1,173,000 ordinary shares in the share capital of Tailai.

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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: -

	Unaudited RM'000
Secured	
Bank guarantees for bid bond, performance guarantee and warranty bond provided to customers	47,081

A13. Corporate Guarantees

	Unaudited RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	93,089

A14. Capital commitments

The amount of capital commitments not provided for in the interim financial statements as at 30 September 2021 is as follows:

	Unaudited RM'000
<i>Property, plant and equipment</i>	
Contracted but not provided for	99

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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 30 September 2021 were as follows: -

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
- Revenue from operations & maintenance services	50

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

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Group's Performance**

	Individual Quarter		Variance	
	30/9/2021 ("Q2/FY22") RM'000	30/9/2020 ("Q2/FY21") RM'000	RM'000	(%)
Revenue	30,222	62,163	(31,941)	-51.38
Profit before tax	1,432	5,708	(4,276)	-74.91
Profit after tax	1,124	4,066	(2,942)	-72.36

Comparison between Q2/FY22 with Q2/FY21

For the quarter under review, the Group's revenue was down by RM31.94 million or 51.38% to RM30.22 million from RM62.16 million as compared to the preceding year quarter ended 30 September 2020. The revenue decrease was mainly due to slower construction progress from ongoing projects as only some of the project sites were allowed to operate entirely from August 2021.

In line with the decrease in revenue, the Group's recorded a drop in profit before tax by RM4.28 million or 74.91% to RM1.43 million compared to RM5.71 million in the corresponding period in the preceding year.

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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)**

	Cumulative Quarter		Variance	
	30/9/2021	30/9/2020	RM'000	(%)
	("2Q/FY22")	("2Q/FY21")		
	RM'000	RM'000		
Revenue	52,972	90,913	(37,941)	-41.73
Profit before tax	2,009	6,994	(4,985)	-71.28
Profit after tax	1,298	4,865	(3,567)	-73.32

Comparison between 2Q/FY22 with 2Q/FY21

The Government imposed the Enhanced Movement Control Order (EMCO) on July 21 and subsequent standard operations procedures under the different phases of the National Recovery Plan has impacted the construction progress of all projects. This has resulted in a decrease in revenue compared to the corresponding preceding period.

The lower revenue recorded have also resulted in the Group reported a lower profit before tax of RM2.01 million in 2Q/FY22 compared to a profit before tax of RM6.99 million in the corresponding preceding period in 2Q/FY21.

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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**

	Individual Quarter		Variance	
	30/9/2021 RM'000	30/6/2021 RM'000	RM'000	(%)
Revenue	30,222	22,750	7,472	32.84
Profit before tax	1,432	577	855	148.18
Profit after tax	1,124	174	950	545.98

The Group's revenue for the current financial quarter ended 30 September 2021 increased by RM7.47 million or 32.84% to RM30.22 million compared to RM22.75 million in the preceding quarter ended 30 June 2021. The improvement in revenue was mainly contributed by the increase in revenue generated from commercial and industrial business segments following the resume of construction work at site and relaxation of movement controls under the National Recovery Plan.

This also resulted in the increase of profit before taxation of the Group by RM0.85 million or 148.18% from RM0.58 million recorded in the preceding quarter compared to RM1.43 million in current quarter.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on prospects

The outlook for the solar photovoltaic (“PV”) industry in Malaysia remains optimistic and the Government is committed to support the growth of the PV solar industry, where renewable energy is targeted to contribute 31% to the national capacity mix by 2025, with solar energy slated to become the dominant up to 80% of the renewable energy source in the system.

Recently the Ministry of Energy and Natural Resources has released an additional 300MW of solar quota under the NEM NOVA programme. The release of the additional NEM NOVA quota is expected to benefit more than 60-300 commercial and industrial customers and create new business opportunities for more than 100 local solar players.

As part of the Group’s effort to venture into Taiwan, the Group recently has entered into a Memorandum of Understanding (“MOU”) with Hsinjing Holding Corporate Limited to develop solar projects in Taiwan. Taiwan is set to be the next key market with many opportunities to be tapped due to the country’s robust growth plan to install 20GW of solar PV by 2025.

The solar industry is currently facing major procurement and supply chain disruptions due to various obstacles. The disruptions may pose a potential risk of project execution and delays in installations in the coming quarters.

To date, the Group has secured approximately RM371 million worth of engineering, procurement, construction and commission jobs under the LSS@MEnTARI programme. As at 30 September 2021, the unbilled order book stood at RM588 million which will be progressively recognised in FYE 2022 and FYE 2023. The Group remains upbeat on the industry outlook, underpinned by a robust job pipeline in private large-scale power plant, residential, commercial & industrial projects.

Barring any unforeseen circumstances, the Board is of the view that the Group’s overall performance will improve in view of restrictions easing and opening up of more economic sectors allowing businesses to operate after high vaccination rate against Covid-19 and keeping resilient to interruptions in the procurement and supply chain.

B4. Profit Forecast

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

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B5. Taxation

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 6 months ended	
	<u>30/9/2021</u> RM'000	<u>30/9/2020</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2020</u> RM'000
Income tax				
- Current	313	1,638	721	2,032
Deferred tax				
- Current	(5)	4	(10)	97
	<u>308</u>	<u>1,642</u>	<u>711</u>	<u>2,129</u>
Effective tax rates	21.51%	28.77%	35.39%	30.44%

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate of 24% mainly due to the utilisation of unabsorbed business losses against taxable income in subsidiary companies. However, the cumulative quarter effective tax rate was higher due to the non-deductibility of certain expenses for tax purposes.

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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 30 September 2021 are as follows:

<u>Utilisation of proceeds</u>	<u>Proposed utilisation</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Percentage utilisation</u> %	<u>Initial timeframe for utilisation from listing date</u>	<u>Revised timeframe for utilisation of IPO Proceeds</u>
(i) Business expansion	3,000	1,863	62.10	Within 24 months	Within 24 months from 26 May 2021
(ii) Capital expenditure	4,000	652	16.30	Within 18 months	Within 24 months from 26 May 2021
(iii) Working capital	19,190	17,942	93.50	Within 24 months	Within 24 months from 26 May 2021
(iv) Repayment of bank borrowings	5,000	5,000	100.00	Within 3 months	-
(v) Estimated listing expenses	3,400	3,400	100.00	Within 1 month	-
	<u>34,590</u>	<u>28,857</u>	<u>83.43</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 first tranche of the Private Placement and status of utilisation as at 30 September 2021 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 ⁽¹⁾	1,393	4.57
(ii) Working capital ⁽²⁾	Within 24 months	8,030 ⁽¹⁾	7,759	96.63
(iii) Estimated expenses for the Private Placement	Within 1 month	190 ⁽¹⁾	190	100.00
		<u>38,720</u>	<u>9,342</u>	<u>24.13</u>

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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") (cont'd)

The actual proceeds of RM30.30 million raised from the second tranche of the Private Placement and status of utilisation as at 30 September 2021 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 RM'000</u>	<u>Actual utilisation RM'000</u>	<u>Percentage utilisation %</u>
(i) Investment in solar photovoltaic projects	Within 30 months	23,867 ⁽¹⁾	-	0.00
(ii) Working capital ⁽²⁾	Within 24 months	6,284 ⁽¹⁾	6,284	100.00
(iii) Estimated expenses for the Private Placement	Within 1 month	149 ⁽¹⁾	149	100.00
		<u>30,300</u>	<u>6,433</u>	<u>21.23</u>

In view that the final tranche of Private Placement has only completed on 29 October 2021, the Company has yet to utilise the proceeds raised therefrom.

- (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

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

3) Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals undertaken but not completed as at the date of this interim financial report.

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

- (a) On 2 November 2020, the Company has been approved to undertake the listing and quotation of up to 78,124,731 Placement Shares to be issued pursuant to the Proposed Private Placement ("Private Placement"), representing up to 20% of the existing issued and paid-up share capital of Company.

On 26 November 2020, 32,000,000 new ordinary shares have been issued through first tranche of Private Placement at issue price of RM1.21 per ordinary share. These placement shares were listed on Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 November 2020.

On 31 July 2021, 30,000,000 new ordinary shares have been issued through second tranche of Private Placement at issue price of RM1.01 per ordinary share. These placement shares were listed on Bursa Securities on 3 August 2021.

On 29 October 2021, 3,600,000 new ordinary shares have been issued through final tranche of Private Placement at issue price of RM1.25 per ordinary share. These placement shares were listed on Bursa Securities on 1 November 2021. The listing of the final tranche marked the completion of the Private Placement.

- (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").

As of the date of this report, no share option has been offered.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

3) Status of Corporate Proposals (cont'd)

II. Proposed Transfer

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 Securities ("Proposed Transfer").

On 24 May 2021, the Company announced that the application for the Proposed Transfer has been submitted to Securities Commission ("SC") Malaysia. SC had vide its letter dated 15 September 2021, approved the Company's application for the Proposed Transfer.

Bursa Securities had vide its letter dated 29 September 2021, approved the Transfer under the "Industrial Products & Services" sector. The Transfer will take effect immediately 2 market days upon the announcement to Bursa Securities on the transfer date.

On 13 October 2021, the Company announced that the listing of and quotation for the entire share capital and warrants have been transferred from the ACE Market to the Main Market of Bursa Securities, marking the transfer's completion.

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B7. Borrowings

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

	Unaudited 6 months ended	
	30/9/2021	30/9/2020
	RM'000	RM'000
Secured		
Current liabilities		
Lease liabilities	622	695
Bank overdraft	3,591	3,504
Term loans	312	269
Invoice financing	9,640	9,546
Banker's acceptance	-	454
	<u>14,165</u>	<u>14,468</u>
Non-current liabilities		
Lease liabilities	520	1,081
Term loans	2,786	3,132
	<u>3,306</u>	<u>4,213</u>
Non-secured		
Current liabilities		
Lease liabilities	1,667	420
Non-current liabilities		
Lease liabilities	5,366	2,162
Total borrowings	<u>24,504</u>	<u>21,263</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

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

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.

	Individual Quarter		Cumulative Quarter	
	Unaudited		Unaudited	
	3 months ended		6 months ended	
	<u>30/9/2021</u>	<u>30/9/2020</u>	<u>30/9/2021</u>	<u>30/9/2020</u>
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company (RM'000)	1,027	4,001	1,179	4,815
Weighted average number of ordinary shares in issue ('000)	653,193	390,624	643,679	390,624
Basic EPS (sen)	0.16	1.02	0.18	1.23

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**B10. Earnings Per Share (“EPS”) (Cont’d)**

The diluted 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 adjusted on the assumption that the warrants issued are fully exercised and converted into ordinary shares.

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 6 months ended	
	<u>30/9/2021</u> RM'000	<u>30/9/2020</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2020</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	1,027	4,001	1,179	4,815
Weighted average number of ordinary shares in issue ('000)	653,193	390,624	643,679	390,624
Effect of dilution ('000)	41,083	-	41,083	-
Adjusted weighted average number of shares ('000)	694,276	390,624	684,762	390,624
Diluted EPS (sen)	0.15	1.02	0.17	1.23

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B11. Profit Before Tax

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 6 months ended	
	<u>30/9/2021</u> RM'000	<u>30/9/2020</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2020</u> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	34	33	67	67
Auditors' remuneration				
- current year	42	74	84	109
Bad debts recovered	-	-	(10)	-
Depreciation of property, plant and equipment	727	534	1,457	1,133
Depreciation of investment properties				
- freehold building	25	5	38	10
Gain on disposal of property, plant and equipment	(125)	(13)	(126)	(13)
Interest expenses	487	477	962	794
Interest income	(209)	(159)	(376)	(387)
Listing expenses	159	-	159	-
Realised loss on foreign exchange	99	137	126	486
Rental expenses	72	122	160	216
Rental income	(37)	(17)	(77)	(79)
Reversal of impairment losses on trade receivables	-	(319)	-	(319)
Unrealised loss/(gain) on foreign exchange	43	6	163	(663)

B12. Comparative Figures

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

BY ORDER OF THE BOARD

29 November 2021