



**INTERIM FINANCIAL REPORT  
THIRD QUARTER ENDED 31 DECEMBER 2021**

**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 2021



## UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021<sup>(1)</sup>

	Unaudited As At 31/12/2021 RM'000	Audited As At 31/3/2021 RM'000
	Note	
<b>Non-current assets</b>		
Property, plant and equipment	14,275	13,057
Right-of-use assets	5,708	6,573
Investment properties	2,442	2,476
Investment in an associate	587	-
Intangible assets	229	330
Deferred tax assets	681	7
Trade receivables	2,473	7,030
	26,395	29,473
<b>Current assets</b>		
Inventories	20,361	10,304
Trade receivables	64,620	44,982
Other receivables, deposits and prepayments	14,941	7,494
Contract assets	53,659	41,509
Current tax assets	3,471	172
Short term investments	15,380	15,229
Fixed deposits with financial institutions	24,284	21,378
Cash and bank balances	14,679	55,595
	211,395	196,663
<b>Total assets</b>	237,790	226,136
<b>Equity</b>		
Share capital	133,062	98,421
Foreign currency translation reserve	78	18
Reorganisation reserve	(25,261)	(25,261)
Retained earnings	61,378	58,189
	169,255	131,367
Non-controlling interest	2,774	995
<b>Total equity</b>	172,031	132,362

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## UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021<sup>(1)</sup>

		Unaudited As At 31/12/2021 RM'000	Audited As At 31/3/2021 RM'000
	Note		
<b>Non-current liabilities</b>			
Bank borrowings	B7	2,708	2,942
Lease liabilities	B7	5,923	6,890
Redeemable preference shares		5,921	5,513
Trade payables		1,600	1,555
Contract liabilities		3,145	3,643
Deferred tax liabilities		24	45
		<u>19,321</u>	<u>20,588</u>
<b>Current liabilities</b>			
Trade payables		12,443	50,197
Other payables and accruals		15,103	9,557
Provisions		119	238
Bank borrowings	B7	8,114	2,427
Lease liabilities	B7	1,620	1,705
Contract liabilities		9,039	9,062
		<u>46,438</u>	<u>73,186</u>
<b>Total liabilities</b>		<u>65,759</u>	<u>93,774</u>
<b>Total equity and liabilities</b>		<u>237,790</u>	<u>226,136</u>
Number of ordinary shares in issue ('000)		667,554	633,954
Net assets per share (RM)		0.26	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 THIRD QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2021<sup>(1)</sup></u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2021<sup>(1)</sup></u> RM'000	<u>31/12/2020</u> RM'000
Revenue		47,440	70,213	100,412	161,126
Cost of sales		<u>(37,181)</u>	<u>(58,502)</u>	<u>(78,224)</u>	<u>(135,321)</u>
<b>Gross Profit</b>		10,259	11,711	22,188	25,805
Other income		384	1,268	1,203	1,909
Administrative expenses		(6,818)	(5,087)	(16,257)	(11,802)
Sales and distribution expenses		<u>(92)</u>	<u>(197)</u>	<u>(436)</u>	<u>(430)</u>
<b>Profit from operations</b>		3,733	7,695	6,698	15,482
Finance costs		(512)	(530)	(1,468)	(1,324)
Share of results of an associate		<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
<b>Profit before taxation</b>		3,218	7,165	5,227	14,158
Taxation	B5	<u>(837)</u>	<u>(1,870)</u>	<u>(1,548)</u>	<u>(3,999)</u>
<b>Profit for the financial period</b>		2,381	5,295	3,679	10,159
<b>Other comprehensive income:</b>					
Foreign currency translation differences		6	(4)	93	(4)
<b>Total comprehensive income for the financial period</b>		<u>2,387</u>	<u>5,291</u>	<u>3,772</u>	<u>10,155</u>

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## UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2021<sup>(1)</sup></u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2021<sup>(1)</sup></u> RM'000	<u>31/12/2020</u> RM'000
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		2,010	5,027	3,189	9,840
Non-controlling interest		<u>371</u>	<u>268</u>	<u>490</u>	<u>319</u>
		<u>2,381</u>	<u>5,295</u>	<u>3,679</u>	<u>10,159</u>
<b>Total comprehensive income for the financial period attributable to:</b>					
Owners of the Company		2,013	5,027	3,247	9,840
Non-controlling interest		<u>374</u>	<u>264</u>	<u>525</u>	<u>351</u>
		<u>2,387</u>	<u>5,291</u>	<u>3,772</u>	<u>10,155</u>
<b>Earnings per share attributable to Owners of the Company (sen)</b>					
- Basic <sup>(2)</sup>	B10	0.30	1.25	0.49	2.49
- Diluted <sup>(3)</sup>	B10	0.29	1.25	0.46	2.49

(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 THIRD QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>

	-----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	Foreign currency translation reserve RM'000	Retained earnings RM'000				
<b>Balance as at 1 April 2021</b>	98,421	(25,261)	18	58,189		131,367	995	132,362
Profit for the financial period	-	-	-	3,189		3,189	490	3,679
Currency translation differences for foreign operations	-	-	60	-		58	35	95
Comprehensive income for the financial period	-	-	60	3,189		3,249	525	3,774
Issuance of shares	34,800	-	-	-		34,800	1,254	36,054
Share issue expenses	(159)	-	-	-		(159)	-	(159)
<b>Balance as at 31 December 2021</b>	<b>133,062</b>	<b>(25,261)</b>	<b>78</b>	<b>61,378</b>		<b>169,257</b>	<b>2,774</b>	<b>172,031</b>

<sup>(1)</sup> 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 THIRD QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup> (CONT'D)

	-----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		
<b>Balance as at 1 April 2020</b>	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 operations	-	-	*	-	-	(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>

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>**

	Unaudited 9 months ended	
	31/12/2021 <sup>(1)</sup> RM'000	31/12/2020 RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	5,227	14,158
Adjustments for:		
Amortisation of intangible assets	101	101
Depreciation of property, plant and equipment	2,405	1,792
Depreciation of investment properties	57	15
Finance costs	1,468	1,324
Finance income	(535)	(556)
Gain on disposal of property, plant and equipment	(191)	(*)
Reversal of provision of defects liabilities	(119)	-
Reversal of impairment losses on trade receivables	-	(519)
Unrealised loss/(gain) on foreign exchange	58	(445)
Write off of property, plant and equipment	-	153
Other adjustments	44	-
<b>Operating profit before working capital changes</b>	8,515	16,023
<b>Changes in working capital</b>		
(Increase)/Decrease in inventories	(10,057)	8,439
Increase in trade and other receivables, deposits and prepayments	(22,496)	(30,588)
Increase in contract assets	(12,150)	(5,642)
(Decrease)/Increase in trade and other payables, accruals and provision	(32,220)	2,171
Decrease in contract liabilities	(520)	(4,447)
Cash used in operations	(68,928)	(14,044)
Finance costs paid	(1,060)	(817)
Interest income received	1,009	343
Tax paid	(5,542)	(766)
Net cash used in operating activities	(74,521)	(15,284)



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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>**

	Unaudited	
	9 months ended	
	31/12/2021 <sup>(1)</sup>	31/12/2020
	RM'000	RM'000
<b>Cash Flows from Investing Activities</b>		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	740
Purchase of property, plant & equipment	(2,527)	(1,897)
Investment in an associate	(587)	-
Proceeds from disposal of property plant & equipment	206	108
Proceeds from disposal of other investment	-	(*)
Net cash used in investing activities	(2,908)	(1,049)
<b>Cash Flows from Financing Activities</b>		
Increase in fixed deposits pledged	(8,500)	(6,000)
Placement into sinking fund for banking facilities	(2,636)	-
Net drawdown from invoice financing	2,441	-
Net drawdown/(repayment) of banker's acceptances	5,361	(105)
Repayment of finance lease liabilities	(592)	(558)
Repayment of lease liabilities	(774)	(424)
Repayment of term loans	(231)	(223)
Proceeds from issue of share	34,800	38,720
Share issue expenses	(159)	(159)
Subscription of new shares in a subsidiary by a non-controlling interest	1,256	-
Net cash generated from financing activities	30,966	31,251
<b>Net (decrease)/increase in cash and cash equivalents</b>	(46,463)	14,918
<b>Effect of foreign exchange rate changes</b>	93	(4)
<b>Cash and cash equivalents as at beginning of financial year</b>	73,184	44,076
<b>Cash and cash equivalents as at end of financial period</b>	26,814	58,990

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## UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021<sup>(1)</sup>

	Unaudited 9 months ended	
	31/12/2021 <sup>(1)</sup> RM'000	31/12/2020 RM'000
<b>Cash and cash equivalents at the end of financial period comprise:</b>		
Cash and bank balances	14,676	19,558
Fixed deposits with financial institutions	24,284	20,138
	<hr/>	<hr/>
	38,963	39,696
Less: Fixed deposits pledged	(23,393)	(16,450)
Less: Sinking fund account	(4,136)	(1,500)
Less: Bank overdraft	-	(3,399)
Add: Short term investments	15,380	25,166
	<hr/>	<hr/>
	26,814	58,990

<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 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**

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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 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 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

**b) Effective for annual period beginning on or after 1 January 2023**

- MFRS 17 Insurance Contracts
- 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
- Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative information

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**A2. Significant accounting policies (Cont'd)****c) 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.

**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 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.

**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 31/12/2021	Investment holding RM'000	EPCC of solar energy solution RM'000	O&M of solar energy system RM'000	Sales of electricity through solar energy RM'000	Others <sup>(1)</sup> RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
External revenue	-	95,573	3,018	1,308	513	-	100,412
Inter-segment revenue	-	21,885	1,456	-	-	(23,341)	-
	-	117,458	4,474	1,308	513	(23,341)	100,412
<b>Results</b>							
Segment results	(1,430)	8,025	993	1,116	19	-	8,723
Interest income	183	352	-	-	-	-	535
Interest expenses	-	(1,383)	-	(85)	-	-	(1,468)
Depreciation and amortisation	-	(2,413)	-	(150)	-	-	(2,563)
Profit before tax	(1,247)	4,581	993	881	19	-	5,227

<sup>(1)</sup> Being one off project management of electrical and telephone services for the Group's related party and third party. No activities were recorded for the moneylending activities 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 31/12/2020	Investment holding RM'000	EPCC of solar energy solution RM'000	O&M of solar energy system RM'000	Sales of electricity through solar energy RM'000	Others <sup>(1)</sup> RM'000	Elimination RM'000	Consolidated RM'000
<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 results	(705)	15,821	586	1,018	114	-	16,834
Interest income	280	276	-	-	-	-	556
Interest expenses	-	(1,236)	-	(88)	-	-	(1,324)
Depreciation and amortisation	-	(1,685)	-	(223)	-	-	(1,908)
Profit before tax	(425)	13,176	586	707	114	-	14,158

<sup>(1)</sup> 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**

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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 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) The Company had on 16 November 2021 incorporated a 100% owned subsidiary company in Vietnam with the name Solarvest (Vietnam) Company Limited (0317062213) with intended share capital of VND1,159,500,000.
- (iv) On 6 December 2021, Solarvest (Taiwan) Corporate Limited, an indirect wholly-owned subsidiary of the Company acquired 3,920,000 ordinary shares representing 49% of total paid-up share capital of Xu Guang Corporate Limited (54989489) for a total cash consideration of NT\$3,920,000.

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**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>Secured</b>	<b>Unaudited RM'000</b>
Bank guarantees for bid bond, performance guarantee and warranty bond provided to customers	48,140

**A13. Corporate Guarantees**

	<b>Unaudited RM'000</b>
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	93,098

**A14. Capital commitments**

There were no material capital commitments as at the end of the quarter under review.

**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 2021 were as follows: -

	<b>Unaudited RM'000</b>
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
- Revenue from operations & maintenance services	60
- Revenue from installation of electrical works	611

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.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**B. EXPLANATORY NOTES PURSUATE TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Group's Performance**

	Individual Quarter		Variance	
	31/12/2021 ("Q3/FY22") RM'000	31/12/2020 ("Q3/FY21") RM'000	RM'000	(%)
Revenue	47,440	70,213	(22,773)	-32.43
Profit before tax	3,218	7,165	(3,947)	-55.09
Profit after tax	2,381	5,295	(2,914)	-55.03

**Comparison between Q3/FY22 with Q3/FY21**

For the quarter under review, the Group's revenue was down by RM22.78 million or 32.43% to RM47.44 million from RM70.21 million as compared to the preceding year quarter ended 31 December 2020. The revenue decrease was mainly due to the construction activities in recovery and resumption under the National Recovery Plan.

In line with the decrease in revenue, the Group's recorded a drop in profit before tax by RM3.95 million or 55.09% to RM3.22 million compared to RM7.17 million in the corresponding period in the preceding year.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT****B. EXPLANATORY NOTES PURSUATE TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B1. Review of Group's Performance (Cont'd)**

	Cumulative Quarter		Variance	
	31/12/2021 ("3Q/FY22") RM'000	31/12/2020 ("3Q/FY21") RM'000	RM'000	(%)
Revenue	100,412	161,126	(60,714)	-37.68
Profit before tax	5,227	14,158	(8,931)	-63.08
Profit after tax	3,679	10,159	(6,480)	-63.79

**Comparison between 3Q/FY22 with 3Q/FY21**

The Group recorded revenue of RM100.41 million in 3Q/FY22 as compared to the corresponding preceding period 3Q/FY21 of RM161.13 million. The decrease of RM 60.71 million or 30.68% was mainly due to various Movement Control Order and different phases of the National Recovery Plan implemented by the Government has impacted the construction progress of all projects and caused business operations not able to operate on a full-scale basis.

The lower revenue recorded have also resulted in the Group reported a lower profit before tax of RM5.22 million in 3Q/FY22 compared to a profit before tax of RM14.16 million in the corresponding preceding period in 3Q/FY21.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

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**C. EXPLANATORY NOTES PURSUATE TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B2. Comparison with immediate preceding quarter's results**

	Individual Quarter		Variance	
	31/12/2021 RM'000	30/9/2021 RM'000	RM'000	(%)
Revenue	47,440	30,222	17,218	56.97
Profit before tax	3,218	1,432	1,786	124.72
Profit after tax	2,381	1,124	1,257	111.83

The Group's revenue for the current financial quarter ended 31 December 2021 increased by RM17.22 million or 56.97% to RM47.44 million compared to RM30.22 million in the preceding quarter ended 30 September 2021. The improvement in revenue was mainly contributed by the increase in revenue generated from commercial and industrial business segments due to the resumption of more construction activities at Phase 3 of the National Recovery Plan.

This also resulted in the increase of profit before taxation of the Group by RM1.79 million or 124.72% from RM1.43 million recorded in the preceding quarter compared to RM3.21 million in 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 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.

The Ministry of Energy and Natural Resources has recently launched Malaysia Renewable Energy Roadmap (MyRER) for 2022 to 2035 to achieve the national aspiration of 31% renewable energy (RE) capacity by 2025 and 40% by 2035. The said MyRER is expected to generate an economic spillover of about RM 20 billion by 2025 and RM 33 billion by 2035 and create an estimated 47,000 employment opportunities in the renewable energy field.

Due to various obstacles, the solar industry is still facing major procurement and supply chain disruptions that led to price volatility in solar-related material. 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 RM418 million worth of engineering, procurement, construction and commission jobs under the LSS@MEnTARI programme. As at 31 December 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 given restrictions easing and increasing momentum for solar installation 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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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT****B5. Taxation**

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 9 months ended	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current	838	1,915	1,559	3,947
- Under /(over) provision in prior year	684	(22)	684	(22)
	<u>1,522</u>	<u>1,893</u>	<u>2,243</u>	<u>3,925</u>
Deferred tax				
- Current	(685)	(23)	(695)	74
	<u>837</u>	<u>1,870</u>	<u>1,548</u>	<u>3,999</u>
Effective tax rates	26.01%	26.10%	29.62%	28.25%

The effective tax rate of the Group for the current quarter and cumulative quarter under review was higher than the statutory tax rate of 24% mainly 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 31 December 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	1,209	30.23	Within 18 months	Within 24 months from 26 May 2021
(iii) Working capital	19,190	18,024	93.92	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>29,496</u>	<u>85.27</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")

## (a) Private Placement 2021

The actual proceeds of RM38.72 million raised from the first tranche of the Private Placement and status of utilisation as at 31 December 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 <sup>(1)</sup>	15,698	51.47
(ii) Working capital <sup>(2)</sup>	Within 24 months	8,030 <sup>(1)</sup>	8,030	100.00
(iii) Estimated expenses for the Private Placement	Within 1 month	190 <sup>(1)</sup>	190	100.00
		<u>38,720</u>	<u>23,918</u>	<u>61.77</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)

## (b) Private Placement 2022

The actual proceeds of RM34.80 million raised from the second and final tranche of the Private Placement on 31 July 2021 and 29 October 2021 and status of utilisation as at 31 December 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	27,412 <sup>(1)</sup>	-	0.00
(ii) Working capital <sup>(2)</sup>	Within 24 months	7,217 <sup>(1)</sup>	7,217	100.00
(iii) Estimated expenses for the Private Placement	Within 1 month	171 <sup>(1)</sup>	171	100.00
		<u>34,800</u>	<u>7,388</u>	<u>21.23</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 were no corporate proposals undertaken but not completed as at the date of this interim financial report.

Proposed Employees' Share Option Scheme

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.

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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	
	31/12/2021 RM'000	31/12/2020 RM'000
<b>Secured</b>		
<b>Current liabilities</b>		
Lease liabilities	684	748
Bank overdraft	-	3,399
Term loans	313	266
Invoice financing	2,441	-
Banker's acceptance	5,360	2,102
	<u>8,798</u>	<u>6,515</u>
<b>Non-current liabilities</b>		
Lease liabilities	543	978
Term loans	2,708	3,062
	<u>3,251</u>	<u>4,040</u>
<b>Non-secured</b>		
<b>Current liabilities</b>		
Lease liabilities	936	794
<b>Non-current liabilities</b>		
Lease liabilities	5,380	4,672
<b>Total borrowings</b>	<u>18,365</u>	<u>16,021</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

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### 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 Unaudited 3 months ended		Cumulative Quarter Unaudited 9 months ended	
	<u>31/12/2021</u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2020</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	2,010	5,027	3,189	9,840
Weighted average number of ordinary shares in issue ('000)	666,341	403,145	651,288	394,813
Basic EPS (sen)	0.30	1.25	0.49	2.49

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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 9 months ended	
	<u>31/12/2021</u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2020</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	2,010	5,027	3,189	9,840
Weighted average number of ordinary shares in issue ('000)	666,341	403,145	651,288	394,813
Effect of dilution ('000)	34,289	-	38,569	-
Adjusted weighted average number of shares ('000)	700,630	403,145	689,857	394,813
Diluted EPS (sen)	0.29	1.25	0.46	2.49

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### B11. Profit Before Tax

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 9 months ended	
	<u>31/12/2021</u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2020</u> RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Amortisation of intangible assets	34	34	101	101
Auditors' remuneration				
- current year	34	39	118	148
Bad debts recovered	(10)	(5)	(20)	(5)
Depreciation of property, plant and equipment	950	649	2,405	1,792
Depreciation of investment properties				
- freehold building	19	5	57	15
Gain on disposal of property, plant and equipment	(66)	-	(191)	(*)
Interest expenses	512	530	1,468	1,324
Interest income	(159)	(169)	(535)	(556)
Listing expenses	-	-	159	-
Provision of defects liability	(119)	-	(119)	-
Realised loss/(gain) on foreign exchange	190	(38)	316	448
Rental expenses	87	160	247	376
Rental income	(37)	(29)	(114)	(108)
Reversal of impairment losses on trade receivables	-	(200)	-	(519)
Unrealised (gain)/loss on foreign exchange	(105)	(445)	58	(1,009)
Write off of property, plant and equipment	-	72	-	153

\* Represent less than 1,000

### B12. Comparative Figures

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

**BY ORDER OF THE BOARD**

23 February 2022