



**INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 SEPTEMBER 2022**

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 Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022⁽¹⁾

	Unaudited As At 30/9/2022 RM'000	Audited As At 31/3/2022 RM'000
	Note	
Non-current assets		
Property, plant and equipment	46,503	16,890
Right-of-use assets	17,140	9,582
Investment properties	2,409	2,431
Investment in an associate	643	579
Intangible assets	128	195
Deferred tax assets	815	814
Trade receivables	3,712	2,026
	71,350	32,517
Current assets		
Inventories	9,259	10,890
Trade receivables	80,060	71,869
Other receivables, deposits and prepayments	32,067	16,990
Contract assets	89,555	62,710
Current tax assets	573	2,257
Derivative asset	1,441	-
Short term investments	12	5,511
Fixed deposits with financial institutions	27,063	25,037
Cash and bank balances	62,406	25,788
	302,436	221,052
Total assets	373,786	253,569
Equity		
Share capital	133,062	133,062
Reorganisation reserve	(25,261)	(25,261)
Reserves	912	-
Foreign currency translation reserve	(2)	(2)
Retained earnings	74,389	65,095
	183,100	172,894
Non-controlling interests	2,864	2,747
Total equity	185,964	175,641

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Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022⁽¹⁾

		Unaudited As At 30/9/2022 RM'000	Audited As At 31/3/2022 RM'000
	Note		
Non-current liabilities			
Bank borrowings	B7	2,469	2,628
Lease liabilities	B7	16,732	9,120
Redeemable preference shares		6,369	6,065
Trade payables		3,022	2,819
Contract liabilities		4,955	4,958
Deferred tax liabilities		11	31
		<u>33,558</u>	<u>25,621</u>
Current liabilities			
Trade payables		85,253	36,480
Other payables and accruals		5,260	4,077
Provisions		50	119
Bank borrowings	B7	9,646	4,212
Lease liabilities	B7	2,023	1,798
Contract liabilities		52,032	5,621
		<u>154,264</u>	<u>52,307</u>
Total liabilities		<u>187,822</u>	<u>77,928</u>
Total equity and liabilities		<u>373,786</u>	<u>253,569</u>
Number of ordinary shares in issue (' 000)		667,554	667,554
Net assets per Share (RM)		0.28	0.26

- (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 2022 and the accompanying explanatory notes attached to this interim financial report.

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		<u>30/9/2022⁽¹⁾</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2022⁽¹⁾</u> RM'000	<u>30/9/2021</u> RM'000
Revenue		98,151	30,222	150,811	52,972
Cost of sales		<u>(82,633)</u>	<u>(23,994)</u>	<u>(122,369)</u>	<u>(41,043)</u>
Gross Profit		15,518	6,228	28,442	11,929
Other income		335	413	735	819
Administrative expenses		(7,110)	(4,578)	(13,604)	(9,432)
Sales and distribution expenses		<u>(413)</u>	<u>(144)</u>	<u>(804)</u>	<u>(344)</u>
Profit from operations		8,330	1,919	14,769	2,972
Finance costs		(1,069)	(487)	(1,748)	(963)
Share of results of an associate		<u>82</u>	<u>-</u>	<u>67</u>	<u>-</u>
Profit before taxation		7,343	1,432	13,088	2,009
Taxation	B5	<u>(2,251)</u>	<u>(308)</u>	<u>(3,664)</u>	<u>(711)</u>
Profit for the financial period		5,092	1,124	9,424	1,298
Other comprehensive income:					
Foreign currency translation differences		76	51	12	87

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		<u>30/9/2022⁽¹⁾</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2022⁽¹⁾</u> RM'000	<u>30/9/2021</u> RM'000
Other comprehensive income (Cont'd):					
Cash flow hedge		788	-	788	-
Total comprehensive income for the financial period		<u>5,956</u>	<u>1,175</u>	<u>10,224</u>	<u>1,385</u>
Profit for the financial period attributable to:					
Owners of the Company		5,014	1,027	9,294	1,179
Non-controlling interest		<u>78</u>	<u>97</u>	<u>130</u>	<u>119</u>
		<u>5,092</u>	<u>1,124</u>	<u>9,424</u>	<u>1,298</u>

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		<u>30/9/2022⁽¹⁾</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2022⁽¹⁾</u> RM'000	<u>30/9/2021</u> RM'000
Total comprehensive income for the financial period attributable to:					
Owners of the Company		5,841	1,064	10,107	1,234
Non-controlling interest		<u>115</u>	<u>111</u>	<u>117</u>	<u>151</u>
		<u>5,956</u>	<u>1,175</u>	<u>10,224</u>	<u>1,385</u>
Earnings per Share attributable to Owners of the Company (sen)					
- Basic ⁽²⁾	B10	0.76	0.16	1.40	0.18
- Diluted ⁽³⁾	B10	0.83	0.15	1.40	0.17

(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 2022 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.

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	-----Non-distributable-----					Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Employee share option reserve RM'000	Cash flow hedge 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 2022	133,062	(25,261)	-	-	(2)	65,095	172,894	2,747	175,641
Profit for the financial period	-	-	-	-	-	9,294	9,294	130	9,424
Employees' share options expenses	-	-	124	-	-	-	124	-	124
Foreign currency translation differences	-	-	-	-	*	-	*	(13)	(13)
Cash flow hedge	-	-	-	788	-	-	788	-	788
Comprehensive income for the financial period	-	-	124	788	-	9,294	10,206	117	10,323
Balance as at 30 September 2022	133,062	(25,261)	124	788	(2)	74,389	183,100	2,864	185,964

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 2022 and the accompanying explanatory notes are an integral part of this interim financial report.

* Represent less than 1,000

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (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	Foreign currency translation reserve RM'000	Retained earnings 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

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾**

	Unaudited 6 months ended	
	30/9/2022 ⁽¹⁾ RM'000	30/9/2021 RM'000
Cash Flows from Operating Activities		
Profit before taxation	13,088	2,009
Adjustments for:		
Amortisation of intangible assets	67	67
Depreciation of property, plant and equipment	1,923	1,457
Depreciation of investment properties	22	38
Finance costs	1,749	963
Finance income	(264)	(376)
Gain on disposal of property, plant and equipment	(71)	(126)
Fair value gain on derivative	(653)	-
Share options to employee	124	-
Reversal of defects liabilities	(69)	-
Share of net profits of equity accounted associates	(64)	-
Unrealised loss on foreign exchange	445	163
Other adjustments	1	34
Operating profit before working capital changes	16,298	4,229
Changes in working capital		
Decrease/(Increase) in inventories	1,630	(26,123)
Increase in trade and other receivables, deposits and prepayments	(24,954)	(8,037)
Increase in contract assets	(26,844)	(1,529)
Increase/(Decrease) in trade and other payables, accruals and provision	49,713	(18,123)
Increase/(Decrease) in contract liabilities	46,409	(3,673)
Cash generated from/(used in) operations	62,252	(53,256)
Finance costs paid	(1,445)	(691)
Interest income received	28	376
Tax paid	(2,001)	(4,744)
Net cash generated from/(used in) operating activities	58,834	(58,315)

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾**

	Unaudited 6 months ended	
	30/9/2022 ⁽¹⁾ RM'000	30/9/2021 RM'000
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(30,199)	(2,084)
Proceeds from disposal of property plant & equipment	71	135
Net cash used in investing activities	(30,128)	(1,949)
Cash Flows from Financing Activities		
Increase in fixed deposits pledged	(1,789)	(9,365)
Placement into sinking fund for banking facilities	(1,284)	(1,089)
Net drawdown of invoice financing	4,013	9,640
Net drawdown of term financing	1,000	-
Repayment of banker's acceptances	(2,832)	-
Repayment of finance lease liabilities	(470)	(362)
Repayment of lease liabilities	(591)	(56)
Repayment of term loans	(156)	(153)
Proceeds from issuance 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 (used in)/from financing activities	(2,109)	30,010
Net increase/(decrease) in cash and cash equivalents	26,597	(30,254)
Effect of foreign exchange rate changes	(11)	87
Cash and cash equivalents as at beginning of financial year	28,027	73,184
Cash and cash equivalents as at end of financial period	54,613	43,017

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Unaudited 6 months ended	
	30/9/2022 ⁽¹⁾ RM'000	30/9/2021 RM'000
Cash and cash equivalents at the end of financial period comprise:		
Cash and bank balances	62,406	19,839
Fixed deposits with financial institutions	27,063	29,775
	<hr/> 89,469	<hr/> 49,614
Less: Fixed deposits pledged	(27,063)	(24,764)
Less: Sinking fund account	(4,555)	(2,589)
Less: Bank overdraft	(3,250)	(3,591)
Add: Short term investments	12	24,347
	<hr/> 54,613	<hr/> 43,017

⁽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 2022 and the accompanying explanatory notes are an integral part of this interim financial report.

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 Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2022 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 2022, except for the following:

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

- MFRS 17 Insurance Contracts
- 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

b) 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A3. Auditors' report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 March 2022.

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 of the Group 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.

A8. Dividend

There was no dividend declared or 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 segments are classified according to the nature of activities as follows: -

Investment holding	:	Management, provision of financial services to companies within the Group, as well as holdings of investments in the shares of subsidiaries and other investments.
Engineering, procurement, construction, and commissioning ("EPCC") of solar energy solution	:	Turnkey EPCC services in solar energy solution to customers in three categories: residential, commercial and industrial (roof-top projects) and large scale solar energy producers.
Operations and maintenance ("O&M") of solar energy system	:	Warranty of between 2 to 5 years to customer for workmanship defects, performance monitoring and on-site support and repair to ensure optimal operation of solar energy system installation.
Sales of electricity through solar energy	:	Sales of electricity generated through its self-constructed solar plant to electric utility company, Tenaga National Berhad under a 21-year renewable energy power purchase agreement and also to other third party.
Others	:	Other segments comprise one off project management of electrical and telephone services.

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SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A9. Segmental Reporting (Cont'd)

Unaudited Cumulative quarter 30/9/2022	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 RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	2	146,884	2,156	796	973	-	150,811
Inter-segment revenue	-	10,574	979	-	-	(11,553)	-
	2	157,458	3,135	796	973	(11,553)	150,811
Results							
Segment results	(743)	15,349	1,166	776	36	-	16,584
Interest income	-	264	-	-	-	-	264
Interest expenses	-	(1,692)	-	(56)	-	-	(1,748)
Depreciation and amortisation	-	(1,899)	-	(113)	-	-	(2,012)
Profit before tax	(743)	12,022	1,166	607	36	-	13,088

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A9. Segmental Reporting (Cont'd)

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	(209)	1,086	575	645	(7)	-	2,009

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

There were no material events subsequent to the end of the current financial quarter up to this interim financial report, save as below: -

- (i) The Company's wholly-owned subsidiary, Solarvest Asset Management Sdn. Bhd. ("SAM") had on 20 October 2022 incorporated 3 wholly-owned subsidiary companies (i) Jiwa Solar Sdn Bhd ("Jiwa"), (ii) Solar Horizon Sdn Bhd ("Horizon") and (iii) Gradient Solar Sdn Bhd ("Gradient") with a total issued share capital of RM1,000 comprising of 1,000 ordinary shares each. The intended principal activity for Jiwa, Horizon and Gradient is owning renewable energy assets with long term power purchase agreement.
- (ii) On 4 November 2022 and 7 November 2022, SAM had incorporated 2 wholly-owned subsidiary companies Blazing Solar Sdn Bhd ("Blazing") and Shining Star Energy Sdn. Bhd. ("Shining") with a total issued share capital of RM1,000 comprising of 1,000 ordinary shares each. The intended principal activity for Blazing and Shining is owning renewable energy assets with long term power purchase agreement.
- (iii) Subsequently on 22 November 2022, SAM transferred 1,000 ordinary shares representing 100% of the total issued share capital respectively in Jiwa and Blazing at a cash consideration of RM 1,000 each to Atlantic Blue Sdn Bhd and Solarvest Energy Sdn Bhd, both of which are the wholly-owned subsidiaries of the Company.

A11. Changes in the composition of the Group

- (i) On 5 August 2022, Vestech Energy Sdn. Bhd. a subsidiary of the Company, had issued 260,000 and 30,000 new ordinary shares at an issue price of RM1.00 each to the Company and a third party respectively. It resulted in the Company's investment being diluted from 100% to 90%.
- (ii) The Company's wholly-owned subsidiary, Solarvest Asset Management Sdn. Bhd. had on 8 August 2022 incorporated a wholly-owned subsidiary company RE Suria Impiana Sdn. Bhd. ("RE") with a total issued share capital of RM10,000 comprising of 10,000 ordinary shares. The intended principal activity of RE is owning renewable energy assets with long term power purchase agreement.
- (iii) The Company had on 9 September 2022 incorporated a wholly-owned subsidiary company Solarvest International Pte. Ltd in Singapore with a total share capital of SGD100 comprising of 100 ordinary shares. The intended principal activity is investment holdings.

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

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 statutory body/customers/third parties	92,137

A13. Corporate Guarantees

	Unaudited RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	547,289

A14. Capital commitments

The amount of capital commitments as at end of current quarter are as follows:

	Unaudited RM'000
<i>Plant and equipment</i>	
Contracted but not provided for	44,285

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 March 2022 were as follows: -

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
- Revenue from operations & maintenance services	14

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 quarter under review.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

	Individual Quarter		Variance	
	30/9/2022 ("Q2/FY23") RM'000	30/9/2021 ("Q2/FY22") RM'000	RM'000	(%)
Revenue	98,151	30,222	67,929	224.77
Profit before tax	7,343	1,432	5,911	412.78
Profit after tax	5,092	1,124	3,968	353.03

Comparison between Q2/FY23 and Q2/FY22

For the quarter under review, the Group's revenue increased by RM67.92 million or 224.77% to RM98.15 million from RM30.22 million compared to the preceding year's quarter ended 30 September 2021. Profit before tax increased by RM5.91 million or 412.78% compared to Q2/FY22. The increase in revenue and profit before tax was mainly driven by contributions from constructions activities as Malaysia has entered the endemic stage as compared to preceding year.

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SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the Group's Performance

	Cumulative Quarter		Variance	
	30/9/2022 ("YTD FY23") RM'000	30/9/2021 ("YTD FY22") RM'000	RM'000	(%)
Revenue	150,811	52,972	97,839	184.70
Profit before tax	13,088	2,009	11,079	551.47
Profit after tax	9,424	1,298	8,126	626.04

Comparison between YTD FY23 and YTD FY22

For YTD FY23, the Group's revenue increased by RM97.84 million or 184.70% to RM150.81 million from RM52.97 million compared to YTD FY22. Profit before tax increased by RM11.08 million or 551.47% compared to YTD FY22. The increase in revenue and profit before tax was mainly driven by contributions from construction activities as Malaysia has entered the endemic stage as compared to preceding year.

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B2. Comparison with immediate preceding quarter's results

	Individual Quarter		Variance	
	30/9/2022 RM'000	30/06/2022 RM'000	RM'000	(%)
Revenue	98,151	52,660	45,491	86.39
Profit before tax	7,343	5,747	1,596	27.78
Profit after tax	5,092	4,333	759	17.52

The Group's revenue for the current financial quarter ended 30 September 2022 increased by RM45.49 million or 86.39% to RM98.15 million compared to RM52.66 million in the preceding quarter ended 30 June 2022. The revenue and profit before tax increase in current quarter as compared to the immediate preceding quarter mainly due to contributions from large-scale solar projects.

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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 given the launch of the Malaysia Renewable Energy Roadmap ("MyRER") for 2022 to 2035 by the Ministry of Energy and Natural Resources. The MyPER aims to bolster the nation's decarbonisation effort and commitment to the Paris Agreement. 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 Group has launched its 5-year strategic roadmap to transform it from a pure-play PV company into a clean energy specialist with holistic offerings of renewable energy and low-carbon solutions ("Strategic Roadmap"). Under the Strategic Roadmap, Solarvest will establish footholds across the clean energy value chain via various strategies such as organic growth, mergers and acquisitions, and other collaborations and partnerships. Meanwhile, the Group will remain focus on its geographical expansion plan venturing into the Philippines, Taiwan, Vietnam, and Indonesia for renewable asset (RE) development and ownership.

As at 30 September 2022, the unbilled order book stood at RM662 million, which will be progressively recognised in the financial years ending 31 March 2023 and 2024. The Group will continue to grow its order book, capitalising on the recent release of 600 MW quota for solar PV assets under the Corporate Green Power Programme (CGPP), and remains upbeat on the industry outlook, underpinned by a robust job pipeline in private large-scale power plants, residential, commercial & industrial projects. On the supply side, the Group anticipates that the procurement disruptions faced by solar industry will be softened in view of price stability in solar-related materials.

Barring any unforeseen circumstances, the Board is of the view that the Group's overall performance would remain satisfactory for the financial year ending 31 March 2023.

B4. Profit Forecast

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

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B5. Taxation

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 6 months ended	
	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000
Income tax				
- Current	2,261	313	3,684	721
Deferred tax				
- Current	(10)	(5)	(20)	(10)
	<u>2,251</u>	<u>308</u>	<u>3,664</u>	<u>711</u>
Effective tax rates	30.66%	21.51%	28%	35.39%

The effective tax rate of the Group for the current quarter under review was higher than statutory tax rate of 24% mainly due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

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

1) Use of proceeds from the Private Placement exercise ("Private Placement")

(a) Private Placement for the financial year ended 31 March 2021

The actual proceeds of RM38.72 million raised from the first tranche of the Private Placement and status of utilisation as at 30 September 2022 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⁾	24,781	81.25
(ii) Working capital ⁽²⁾	Within 24 months	8,030 ⁽¹⁾	8,030	100.00
(iii) Estimated expenses for the Private Placement	Within 1 month	190 ⁽¹⁾	190	100.00
		<u>38,720</u>	<u>33,001</u>	<u>85.23</u>

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

1) Use of proceeds from the Private Placement exercise ("Private Placement") (cont'd)

(a) Private Placement for the financial year ended 31 March 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 30 September 2022 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	27,412 ⁽¹⁾	-	0.00
(ii) Working capital ⁽²⁾	Within 24 months	7,217 ⁽¹⁾	7,217	100.00
(iii) Estimated expenses for the Private Placement	Within 1 month	171 ⁽¹⁾	171	100.00
		<u>34,800</u>	<u>7,388</u>	<u>21.22</u>

(1) Allocated proportionately based on the gross proceeds raised as disclosed in the Private Placement announcements 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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SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Status of corporate proposals and utilisation of proceeds (cont'd)

2) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.

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SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B7. Borrowings

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

	Unaudited As At 30/9/2022 RM'000	Audited As At 31/3/2022 RM'000
<u>Secured</u>		
Current liabilities		
Lease liabilities	860	804
Bank overdraft	3,250	-
Term loans	1,318	314
Invoice Financing	4,012	-
Banker's acceptance	1,066	3,898
	<u>10,506</u>	<u>5,016</u>
Non-current liabilities		
Lease liabilities	764	697
Term loans	2,469	2,628
	<u>3,233</u>	<u>3,325</u>
<u>Non-secured</u>		
Current liabilities		
Lease liabilities	1,163	994
Non-current liabilities		
Lease liabilities	15,968	8,423
	<u>30,807</u>	<u>17,758</u>

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

B8. Material Litigation

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B9. Dividend Proposed

There was 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 issue during the financial period.

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 6 months ended	
	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	5,014	1,027	9,294	1,179
Weighted average number of ordinary shares in issue ('000)	667,554	653,192	667,554	643,679
Basic EPS (sen)	0.76	0.16	1.40	0.18

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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 into ordinary shares.

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 6 months ended	
	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	5,014	1,027	9,294	1,179
Weighted average number of ordinary shares in issue ('000)	667,554	653,193	667,554	643,679
Effect of warrants ('000)	*	41,083	*	41,083
Effect of Employees' share options ('000)	2,216	-	6,147	-
Adjusted weighted average number of shares ('000)	669,680	694,276	673,701	684,762
Diluted EPS (sen)	0.75	0.15	1.38	0.17

* The potential conversion of warrants is anti-dilutive as their exercise prices are higher than the average market price of the ordinary shares during the current quarter under review. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share.

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SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Second Quarter Ended 30 September 2022



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B11. Profit Before Tax

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 6 months ended	
	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000	<u>30/9/2022</u> RM'000	<u>30/9/2021</u> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	34	34	67	67
Auditors' remuneration				
- current year	49	42	143	84
Bad debts recovered	-	-	-	(10)
Depreciation of property, plant and equipment	1,051	727	1,923	1,457
Depreciation of investment properties				
- freehold building	11	25	22	38
Gain on disposal of property, plant and equipment	-	(125)	(71)	(126)
Interest expenses	1,069	487	1,748	963
Interest income	(146)	(209)	(264)	(376)
Listing expenses	-	159	-	159
Realised loss on foreign exchange	704	99	1,436	126
Rental expenses	105	72	230	160
Rental income	(38)	(37)	(76)	(77)
Reversal of defect liabilities	(69)	-	(69)	-
Unrealised (gain)/loss on foreign exchange	(141)	43	445	163

B12. Comparative Figures

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

BY ORDER OF THE BOARD

28 November 2022