



INTERIM FINANCIAL REPORT FORTH QUARTER ENDED 31 MARCH 2021

SOLARVEST HOLDINGS BERHAD

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

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Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

Interim Financial Report For The Fourth Quarter Ended 31 March 2021



UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021⁽¹⁾

	Unaudited As At 31/3/2021 RM'000	Audited As At 31/3/2020 RM'000
	Note	
Non-current assets		
Property, plant and equipment	12,986	13,773
Right-of-use assets	6,663	2,597
Investment properties	2,460	868
Intangible assets	330	465
Other investment	-	*
Deferred tax assets	-	668
Trade receivables	2,042	5,207
	<u>24,481</u>	<u>23,578</u>
Current assets		
Inventories	10,304	19,816
Trade receivables	49,970	29,998
Other receivables, deposits and prepayments	7,497	9,909
Contract assets	41,509	22,356
Short term investments	15,229	10,103
Fixed deposits with financial institutions	21,378	23,392
Cash and bank balances	55,595	27,462
	<u>201,482</u>	<u>143,036</u>
Total assets	<u>225,963</u>	<u>166,614</u>
Equity		
Share capital	98,421	59,842
Reorganisation reserve	(25,261)	(25,261)
Retained earnings	58,199	46,269
	<u>131,359</u>	<u>80,850</u>
Non-controlling interest	1,006	364
Total equity	<u>132,365</u>	<u>81,214</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021⁽¹⁾

		Unaudited As At 31/3/2021 RM'000	Audited As At 31/3/2020 RM'000
Non-current liabilities	Note		
Bank borrowings	B7	2,942	3,278
Lease liabilities	B7	6,889	3,214
Redeemable preference shares		5,513	5,011
Trade payables		605	598
Contract liabilities		46	1,680
Deferred tax liabilities		39	-
		<u>16,034</u>	<u>13,781</u>
Current liabilities			
Trade payables		51,155	43,422
Other payables and accruals		9,388	2,882
Provisions		238	769
Bank borrowings	B7	2,427	7,578
Lease liabilities	B7	1,705	1,225
Contract liabilities		12,651	15,603
Current tax liabilities		-	140
		<u>77,564</u>	<u>71,619</u>
Total liabilities		<u>93,598</u>	<u>85,400</u>
Total equity and liabilities		<u>225,963</u>	<u>166,614</u>
Number of ordinary shares in issue ('000)		633,953	390,624
Net assets per share attributable to Owners of the Company (RM)		0.21	0.21

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

* Represent less than 1000

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2021⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		<u>31/3/2021⁽¹⁾</u> RM'000	<u>31/3/2020</u> RM'000	<u>31/3/2021⁽¹⁾</u> RM'000	<u>31/3/2020</u> RM'000
Revenue		63,161	51,350	224,287	253,434
Cost of sales		<u>(47,930)</u>	<u>(40,448)</u>	<u>(183,252)</u>	<u>(214,155)</u>
Gross Profit		15,231	10,902	41,035	39,279
Other income		2,373	(19)	3,630	949
Administrative expenses		(8,048)	(6,951)	(19,186)	(18,559)
Sales and distribution expenses		(515)	(676)	(957)	(1,769)
Listing expenses		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,902)</u>
Profit from operations		9,041	3,256	24,522	17,998
Finance costs		<u>(507)</u>	<u>(411)</u>	<u>(1,831)</u>	<u>(1,513)</u>
Profit before taxation		8,534	2,845	22,691	16,485
Taxation	B5	<u>(2,255)</u>	<u>1,028</u>	<u>(6,252)</u>	<u>(509)</u>
Profit for the financial period/year		6,279	3,873	16,439	15,976
Other comprehensive income:					
Foreign currency translation differences		34	-	30	-
Total comprehensive income for the financial period/year		<u>6,313</u>	<u>3,873</u>	<u>16,469</u>	<u>15,976</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2021⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		<u>31/3/2021⁽¹⁾</u> RM'000	<u>31/3/2020</u> RM'000	<u>31/12/2021⁽¹⁾</u> RM'000	<u>31/3/2020</u> RM'000
Profit for the financial period/year attributable to:					
Owners of the Company		6,298	3,814	16,139	15,665
Non-controlling interest		<u>(19)</u>	<u>59</u>	<u>300</u>	<u>311</u>
		<u>6,279</u>	<u>3,873</u>	<u>16,439</u>	<u>15,976</u>
Total comprehensive income for the financial period attributable to:					
Owners of the Company		6,316	3,814	16,157	15,665
Non-controlling interest		<u>(3)</u>	<u>59</u>	<u>312</u>	<u>311</u>
		<u>7,313</u>	<u>3,873</u>	<u>16,469</u>	<u>15,976</u>
Earnings per share attributable to Owners of the Company (sen)					
- Basic ⁽²⁾	B10	1.42	0.98	3.97	6.28
- Diluted ⁽³⁾	B10	1.12	0.98	3.07	6.28

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

(2) Based on the weighted average number of ordinary shares outstanding during the financial period/year 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 FOURTH QUARTER ENDED 31 MARCH 2021⁽¹⁾

	-----Non-distributable-----			Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Equity attributable to Owners of the Company RM'000		
Balance as at 1 April 2020	59,842	(25,261)	-	46,269	80,850	364	81,214
Profit for the financial year	-	-	-	16,139	16,139	300	16,439
Currency translation differences for foreign operation	-	-	18	-	18	12	30
Comprehensive income for the financial period	-	-	18	16,139	16,157	312	16,469
Dividend	-	-	-	(4,226)	(4,226)	(90)	(4,316)
Acquisition of a subsidiary	-	-	-	-	-	420	420
Issuance of shares	38,737	-	-	-	38,737	-	38,737
Share issue expenses	(159)	-	-	-	(159)	-	(159)
Balance as at 31 March 2021	98,421	(25,261)	18	58,182	131,359	1,006	132,365

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

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MARCH 2021⁽¹⁾ (CONT'D)

	-----Non-distributable-----		Distributable			
	<u>Share capital</u>	<u>Reorganisation reserve</u>	<u>Retained earnings</u>	<u>Equity attributable to Owners of the Company</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 1 April 2019	1,000	-	30,680	31,680	(6)	31,674
Impact on adopting of MFRS 16 in retained earnings	-	-	(76)	(76)	-	(76)
Profit for the financial year	-	-	15,665	15,665	311	15,976
Transaction with owners:						
Acquisition of subsidiaries in business combination under common control	25,261	(25,261)	-	-	-	-
Issuance of share capital to non-controlling interest of subsidiary	-	-	-	-	59	59
Issuance of shares	34,590	-	-	34,590	-	34,590
Share issue expenses	(1,009)	-	-	(1,009)	-	(1,009)
Balance as at 31 March 2020	59,842	(25,261)	46,269	80,850	364	81,214

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2021⁽¹⁾

	Unaudited	
	12 months ended	
	31/3/2021 ⁽¹⁾	31/3/2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	22,691	16,485
Adjustments for:		
Amortisation of intangible assets	135	133
Depreciation of property, plant and equipment	2,608	2,057
Depreciation of investment properties	50	50
Finance costs	1,831	1,513
Finance income	(734)	(766)
(Gain)/loss on disposal of property, plant and equipment	(*)	*
Provision of defects liability	(531)	437
Bad debts written off	-	151
Reversal of impairment losses on trade receivables	(2,020)	-
Impairment losses on trade receivables	-	1,672
Slow moving stock written off	-	158
Unrealised loss on foreign exchange	461	578
Write off of property, plant and equipment	153	-
Operating profit before working capital changes	24,644	22,468
Changes in working capital		
Decrease/(Increase) in inventories	9,512	(17,945)
Increase in trade and other receivables, deposits and prepayments	(12,247)	(17,894)
Increase in contract assets	(4,586)	(5,779)
Increase in trade and other payables, accruals and provision	13,722	17,700
(Decrease)/Increase in contract liabilities	(19,223)	9,514
Cash used in operations	11,822	8,064
Finance costs paid	(1,077)	(1,057)
Interest income received	560	627
Tax paid	(5,858)	(984)
Tax refund	-	1,987
Net cash generated from operating activities	5,447	8,637

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2021⁽¹⁾

	Unaudited 12 months ended	
	31/3/2021 ⁽¹⁾ RM'000	31/3/2020 RM'000
Cash Flows from Investing Activities		
Acquisition of subsidiary, net of cash and cash equivalents acquired	653	-
Acquisition of intangible assets	-	(7)
Purchase of property, plant & equipment	(2,409)	(859)
Proceeds from disposal of property plant & equipment	108	14
Proceeds from disposal of other investment	(*)	-
Proceeds from discount received of intangible assets	-	41
Net cash used in investing activities	<u>(1,648)</u>	<u>(811)</u>
Cash Flows from Financing Activities		
Increase in fixed deposits pledged	(5,000)	(2,048)
Placement into sinking fund for banking facilities	-	(163)
Net repayment of local bill purchase	-	(6,583)
Changes on banker's acceptances	(2,207)	2,207
Dividend paid	(4,316)	-
Drawdown of finance lease liabilities	-	696
Repayment of finance lease liabilities	(779)	(711)
Repayment of lease liabilities	(699)	(284)
Repayment of term loans	(298)	(3,358)
Share issue expenses	(159)	(1,009)
Proceeds from issue of share capital	38,737	34,649
Net cash generated from financing activities	<u>25,279</u>	<u>23,396</u>
Net increase in cash and cash equivalents	29,078	31,222
Effect of foreign exchange rate changes	30	-
Cash and cash equivalents as at beginning of financial year	44,076	12,854
Cash and cash equivalents as at end of financial year	<u>73,184</u>	<u>44,076</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2021⁽¹⁾

	Unaudited 12 months ended	
	31/3/2021 ⁽¹⁾ RM'000	31/3/2020 RM'000
Cash and cash equivalents at the end of financial period comprise:		
Cash and bank balances	55,595	27,462
Fixed deposits with financial institutions	21,378	23,392
	<hr/> 76,973	<hr/> 50,854
Less: Fixed deposits pledged	(15,400)	(10,283)
Less: Sinking fund account	(1,500)	(1,500)
Less: Bank overdraft	(2,118)	(5,098)
Add: Short term investments	15,229	10,103
	<hr/> 73,184	<hr/> 44,076

⁽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 2020 and the accompanying explanatory notes are an integral part of this interim financial report.

* Represent less than 1,000

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

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

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

A2. Significant accounting policies

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

- Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to MFRS 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

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

- Amendments to 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

(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 2020.

A4. Seasonal or cyclical factors

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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: -

A total of 11,700 new ordinary shares were issued pursuant to the exercise of 11,700 warrant at the issue price of RM1.50 per share. The shares were listed and quoted on the ACE Market of Bursa Malaysia Securities on 19 March 2021.

A8. Dividend Paid

During the quarter under review, an interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2021, was paid on 21 January 2021.

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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 31/3/2021	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	-	213,930	2,367	1,734	6,256	-	224,287
Inter-segment revenue	-	30,807	648	-	-	(31,455)	-
	-	244,737	3,015	1,734	6,256	(31,455)	224,287
Results							
Segment result	(1,125)	24,880	745	1,893	188	-	26,581
Interest income	363	371	-	-	-	-	734
Interest expenses	-	(1,714)	-	(117)	-	-	(1,831)
Depreciation and amortisation	-	(2,496)	-	(297)	-	-	(2,793)
Profit before tax	(762)	21,041	745	1,479	188	-	22,691

(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 year under review.

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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 31/3/2020	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	-	246,488	1,181	1,841	3,924	-	253,434
Inter-segment revenue	-	19,007	65	-	-	(19,072)	-
	-	265,495	1,246	1,841	3,924	(19,072)	253,434
Results							
Segment result	(2,693)	19,760	815	1,574	155	-	19,611
Interest income	247	380	-	-	-	-	627
Interest expenses	-	(1,386)	-	(127)	-	-	(1,513)
Depreciation and amortisation	-	(1,943)	-	(297)	-	-	(2,240)
Profit before tax	(2,446)	16,811	815	1,150	155	-	16,485

⁽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 quarter/year under review that have not been reflected in this interim financial report, save as below: -

- I. The Company's wholly-owned subsidiary, Atlantic Blue Sdn Bhd, had on 11 May 2021 incorporated three (3) wholly-owned subsidiaries: -
 - a) Serimas Energy (Manjung) Sdn Bhd
 - b) Sinarmas Energy (Api-Api) Sdn Bhd
 - c) Suriamas Energy (Maritime) Sdn Bhd
- II. The Company issued 900 ordinary shares through the conversion of warrants at an issue price of RM1.00 per ordinary shares in April 2021.

A11. Changes in the composition of the Group

There were no material changes in the composition of the Group during the current financial quarter under review.

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 performance and workmanship security bond provided to customers	31,840

A13. Corporate Guarantees

	Unaudited RM'000
Corporate guarantees given to licensed banks for credit facilities granted to related companies.	77,089

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A14. Capital commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 March 2021 is as follows:

	Unaudited RM'000
<i>Property, plant and equipment</i>	
Contracted but not provided for	1,035

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 year ended 31 March 2021 were as follows: -

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
- Revenue from operation & maintenance services	24
- Revenue from installation of solar photovoltaic system	69

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/year 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

	Quarter ended		Variance	
	31/3/2021 ("Q4/21") RM'000	31/3/2020 ("Q4/20") RM'000	RM'000	(%)
Revenue	63,161	51,350	11,811	23.00
Profit before tax	8,534	2,845	5,689	199.96
Profit after tax	6,279	3,873	2,406	62.12

Comparison between Q4/21 with Q4/20

For the quarter under review, the Group's revenue increased by RM11.81 million or 23.00% as compared to preceding year quarter ended 31 March 2020. The higher revenue was mainly contributed by an increase in revenue derived from residential, commercial and industrial segment which accounted 83.68% of total revenue compared to 71.09% of last year same quarter. In addition to that, billing of work done during tender stage for shortlisted LSS@MenTARI customers after the announcement made by Energy Commission on 12 March 2021 has also contributed to the increase in revenue.

This has resulted a significant improvement in the Group's profit before tax ("PBT") which have increased by RM5.69 million or 199.96% as compared to preceding year quarter ended 31 March 2020. The increase in the Group's PBT was in line with the increase in revenue.

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

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

	Year-to-date		Variance	
	31/3/2021 ("4Q/FY21") RM'000	31/3/2020 ("4Q/FY20") RM'000	RM'000	(%)
Revenue	224,287	253,434	(29,147)	-11.50
Profit before tax	22,691	16,485	6,206	37.65
Profit after tax	16,439	15,976	463	2.90

Comparison between 4Q/FY21 with 4Q/FY20

For the current financial year ended 31 March 2021 (4Q/FY21), the Group recorded a total revenue of RM224.29 million, a decrease of RM29.15 million or 11.50% compared to RM253.43 million in the corresponding preceding year 4Q/FY20. The decrease in revenue mainly due to lower contribution from the LSSPV segment which contributed 4.31% of total revenue in 4Q/FY21 compared to 60.28% in 4Q/FY20.

Despite a lower revenue recorded in 4Q/FY21, profit before tax increased by RM6.21 million or 37.65% as compared to 4Q/FY20. The increase was mainly due to the absence of one-off listing expenses and reversal of impairment losses on trade receivables.

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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)

B2. Comparison with immediate preceding quarter's results

	Quarter Ended		Variance	
	31/3/2021 RM'000	31/12/2020 RM'000	RM'000	(%)
Revenue	63,161	70,213	(7,052)	-10.04
Profit before tax	8,534	7,165	1,369	19.12
Profit after tax	6,279	5,295	984	18.58

The Group's revenue for the current financial quarter ended 31 March 2021 decreased by RM7.05 million or 10.04% to RM63.16 million as compared to RM70.21 million in the preceding quarter ended 31 December 2020. The decrease in revenue principally due to lower contribution from the LSSPV segment.

Profit before tax was higher in current quarter as compared to immediate preceding quarter mainly due to the reversal of impairment losses on trade receivables.

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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 Malaysian Government is committed to support the growth of PV solar industry, where renewable energy is targeted to contribute 31% to the national capacity mix by 2025. Tax incentives aimed at boosting the Malaysian green economy which was tabled in the recent Budget 2020 were also in line with the Government’s commitment. The industry has also seen increased participation from the private sector, as evidenced in the offer of leasing programs to encourage the uptake of solar PV systems in the country.

With the roll out of NEM 3.0 programme, injecting approximately 500MW fresh new quotas in 2021 to 2023 targeting homeowners, government ministries and entities as well as commercial and industrial users, the solar industry is set to experience a busy year ahead.

The Group will embark into asset ownership that will provide stable recurring earnings streams over the long run. The Group’s recent successful bid in LSS@MenTARI tender to own, operate and maintain a cumulative capacity of 50 megawatts (mw) via three (3) solar plants namely a 25MW solar farm to be constructed in Manjung, Perak, a 12mw solar farm in the same district, as well as a 13MW solar farm in Kuala Selangor was a good start. The Group is hopeful that these asset ownership projects will make up to 30% of the group’s net profit by 2023 or 2024.

To achieve higher exposure in asset ownership for recurring income, the Group will also venture into Taiwan, Philippines and Vietnam. Taiwan has set a goal to achieve 20% renewable energy in its generation mix by 2025, and generate a total of 20GW of solar power in the same year. There are many opportunities in Taiwan as Taiwan is only generating about 4GW to 5GW.

Engineering, procurement, construction and commissioning (EPCC) will still remain the Group’s core business. The Group made quite a number of tender submissions for its clients to participate as co-developers in LSS@MenTARI and is confident of securing these EPCC jobs. The Company targets to secure at least 265MW to 300MW of EPCC jobs — from eight (8) to ten (10) projects — which are worth around RM600 million to RM800 million over the next three to 12 months.

The continuous uptake and demand for solar energy remain robust as businesses are intensifying its environmental, social and governance efforts. The Group will also continuously bid for new contracts to replenish its order book. For the period under review, the unbilled order book stood at RM157.40 million which will contribute progressively to the Group’s revenue until the financial year ending 31 March 2022.

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

B4. Profit Forecast

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B5. Taxation

	Unaudited 3 months ended		Unaudited 12 months ended	
	<u>31/3/2021</u> RM'000	<u>31/3/2020</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2020</u> RM'000
Income tax				
- Current	1,620	(301)	5,567	(1,132)
- Over provision in prior year	-	-	(22)	92
	<u>1,620</u>	<u>(301)</u>	<u>5,545</u>	<u>(1,040)</u>
Deferred tax				
- Current	635	(727)	707	531
	<u>2,255</u>	<u>(1,028)</u>	<u>6,252</u>	<u>509</u>
Effective tax rates	26.42%	N/A	27.55%	3.09%

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

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

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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 March 2021 are as follows:

<u>Utilisation of proceeds</u>	<u>Estimated timeframe for utilisation from Listing</u>	<u>Proposed utilisation RM'000</u>	<u>Actual utilisation RM'000</u>	<u>Percentage utilisation %</u>
(i) Business expansion	Within 24 months	3,000	1,358	45.27
(ii) Capital expenditure	Within 18 months	4,000	479	11.98
(iii) Working capital	Within 24 months	19,190	17,458	90.97
(iv) Repayment of bank borrowings	Within 3 months	5,000	5,000	100.00
(v) Estimated listing expenses	Within 1 month	3,400	3,400	100.00
		<u>34,590</u>	<u>27,695</u>	<u>80.06</u>

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

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

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

The actual proceeds of RM38.72 million raised from the Private Placement and status of utilisation as at 31 March 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⁾	-	0.00
(ii) Working capital ⁽²⁾	Within 24 months	8,030 ⁽¹⁾	6,938	86.40
(iii) Estimated expenses for the Private Placement	Within 1 month	190 ⁽¹⁾	190	100.00
		<u>38,720</u>	<u>7,128</u>	<u>18.41</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

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

3) Status of Corporate Proposals

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

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

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

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

On 30 November 2020, 32,000,000 placement shares were listed on Bursa Securities. On 8 April 2021, the Company submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") to seek an extension of time of 6 months up to 2 November 2021 to complete the implementation of the Private Placement. Bursa Securities has vide its letter dated 7 May 2021 approved the application.

The final copy of the bylaws of the ESOS has been submitted to Bursa Securities, and the effective date of implementation of the ESOS will be 1 March 2021.

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

The Company will submit its application to Securities Commission Malaysia on 24 May 2021.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

3) Status of Corporate Proposals (con't)

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

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

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

The Bonus Issue of Warrants was completed on 8 March 2021 following the listing of and quotation for 105,655,906 warrants on the ACE Market of Bursa Securities.

The proposed Bonus Issue of Shares was completed on 24 March 2021 following the listing of and quotation of 211,317,673 bonus shares on the ACE Market of Bursa Securities.

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B7. Borrowings

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

	Unaudited 12 months ended	
	<u>31/3/2021</u>	<u>31/3/2020</u>
	RM'000	RM'000
Secured		
Current liabilities		
Lease liabilities	687	802
Bank overdraft	2,118	5,098
Term loans	309	272
Banker acceptance	-	2,208
	<u>3,114</u>	<u>8,380</u>
Non-current liabilities		
Lease liabilities	818	889
Term loans	2,942	3,278
	<u>3,760</u>	<u>4,167</u>
Non-secured		
Current liabilities		
Lease liabilities	1,018	432
Non-current liabilities		
Lease liabilities	6,071	2,325
Total borrowings	<u>13,963</u>	<u>15,295</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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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.

	Unaudited 3 months ended		Unaudited 12 months ended	
	<u>31/3/2021</u> RM'000	<u>31/3/2020</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2020</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	6,298	3,814	16,139	15,665
Weighted average number of ordinary shares in issue ('000)	443,757	390,624	406,881	249,308
Basic EPS (sen)	1.42	0.98	3.97	6.28

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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.

	Unaudited 3 months ended		Unaudited 12 months ended	
	<u>31/3/2021</u> RM’000	<u>31/3/2020</u> RM’000	<u>31/3/2021</u> RM’000	<u>31/3/2020</u> RM’000
Profit after tax attributable to owners of the Company (RM’000)	6,298	3,814	16,139	15,665
Weighted average number of ordinary shares in issue (’000)	443,757	390,624	406,881	249,308
Effect of dilution (’000)	5,693	-	5,693	-
Adjusted weighted average number of shares (’000)	449,450	390,624	412,574	249,308
Diluted EPS (sen)	1.40	0.98	3.91	6.28

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B11. Profit Before Tax

	Unaudited 3 months ended		Unaudited 12 months ended	
	<u>31/3/2021</u> RM'000	<u>31/3/2020</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2020</u> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	34	34	135	99
Auditors' remuneration				
- under provision in prior year	-	-	-	40
- current year	19	59	166	158
Bad debts recovered	(5)	-	(10)	(17)
Bad debts written off	-	151	-	151
Depreciation of property, plant and equipment	816	540	2,608	2,057
Depreciation of investment properties				
- freehold building	36	12	50	50
Gain on disposal of property, plant and equipment	-	*	(*)	*
Interest expenses	507	411	1,831	1,513
Interest income	(178)	(275)	(734)	(627)
Impairment losses on trade receivables	-	1,672	-	1,672
Provision of defects liability	-	237	-	437
Realised (gain)/loss on foreign exchange	(630)	(11)	(183)	567
Rental expenses	117	101	493	349
Rental income	(40)	(18)	(148)	(126)
Reversal of impairment losses on trade receivables	(1,501)	-	(2,020)	-
Slow moving stock written off	-	158	-	158
Unrealised loss on foreign exchange	1,470	966	461	578
Write off of property, plant and equipment	-	-	153	-

* Represent less than 1,000

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B12. Comparative Figures

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

BY ORDER OF THE BOARD

24 May 2021

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