



**INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 MARCH 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 Fourth Quarter Ended 31 March 2022

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022⁽¹⁾**

	Note	Unaudited As At 31/3/2022 RM'000	Audited As At 31/3/2021 RM'000
Non-current assets			
Property, plant and equipment		17,693	13,057
Right-of-use assets		8,779	6,573
Investment properties		2,431	2,476
Investment in an associate		579	-
Intangible assets		195	330
Deferred tax assets		804	7
Trade receivables		2,559	7,030
		33,040	29,473
Current assets			
Inventories		10,890	10,304
Trade receivables		74,765	44,982
Other receivables, deposits and prepayments		16,100	7,494
Contract assets		68,175	41,509
Current tax assets		2,257	172
Short term investments		5,511	15,229
Fixed deposits with financial institutions		23,950	21,378
Cash and bank balances		26,876	55,595
		228,524	196,663
Total assets		261,564	226,136
Equity			
Share capital		133,062	98,421
Foreign currency translation reserve		(2)	18
Reorganization reserve		(25,261)	(25,261)
Retained earnings		65,095	58,189
		172,894	131,367
Non-controlling interest		2,745	995
Total equity		175,639	132,362

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**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022⁽¹⁾**

	Note	Unaudited As At 31/3/2022 RM'000	Audited As At 31/3/2021 RM'000
Non-current liabilities			
Bank borrowings	B7	2,629	2,942
Lease liabilities	B7	9,155	6,890
Redeemable preference shares		6,065	5,513
Trade payables		2,819	1,555
Contract liabilities		3,960	3,643
Deferred tax liabilities		21	45
		24,649	20,588
Current liabilities			
Trade payables		36,480	50,197
Other payables and accruals		12,082	9,557
Provisions		119	238
Bank borrowings	B7	4,212	2,427
Lease liabilities	B7	1,764	1,705
Contract liabilities		6,619	9,062
		61,276	73,186
Total liabilities		85,925	93,774
Total equity and liabilities		261,564	226,136
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 FOURTH QUARTER ENDED 31 MARCH 2022⁽¹⁾**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		<u>31/3/2022⁽¹⁾</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2022⁽¹⁾</u> RM'000	<u>31/3/2021</u> RM'000
Revenue		77,338	63,161	177,750	224,287
Cost of sales		<u>(64,567)</u>	<u>(47,930)</u>	<u>(142,791)</u>	<u>(183,252)</u>
Gross Profit		12,771	15,231	34,959	41,035
Other income		857	2,373	2,060	3,630
Administrative expenses		(6,903)	(8,048)	(23,160)	(19,186)
Sales and distribution expenses		<u>(318)</u>	<u>(515)</u>	<u>(754)</u>	<u>(957)</u>
Profit from operations		6,407	9,041	13,105	24,522
Finance costs		(616)	(507)	(2,084)	(1,831)
Share of results of an associate		<u>7</u>	<u>-</u>	<u>4</u>	<u>-</u>
Profit before taxation		5,798	8,534	11,025	22,691
Taxation	B5	<u>(2,037)</u>	<u>(2,255)</u>	<u>(3,585)</u>	<u>(6,252)</u>
Profit for the financial period		3,761	6,279	7,440	16,439
Other comprehensive income:					
Foreign currency translation differences		(151)	34	(58)	30
Total comprehensive income for the financial period		<u>3,610</u>	<u>6,313</u>	<u>7,382</u>	<u>16,469</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2022⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		<u>31/3/2022⁽¹⁾</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2022⁽¹⁾</u> RM'000	<u>31/3/2021</u> RM'000
Profit for the financial period attributable to:					
Owners of the Company		3,717	6,298	6,906	16,139
Non-controlling interest		44	(19)	534	300
		<u>3,761</u>	<u>6,279</u>	<u>7,440</u>	<u>16,439</u>
Total comprehensive income for the financial period attributable to:					
Owners of the Company		3,629	6,316	6,886	16,157
Non-controlling interest		(19)	(3)	496	312
		<u>3,610</u>	<u>6,313</u>	<u>7,382</u>	<u>16,469</u>
Earnings per Share attributable to Owners of the Company (sen)					
- Basic ⁽²⁾	B10	0.56	1.42	1.05	3.97
- Diluted ⁽³⁾	B10	0.55	1.40	1.01	3.91

(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/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 FINANCIAL YEAR ENDED 31 MARCH 2022⁽¹⁾

	-----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	Reorganization 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 year	-	-	-	6,906		6,906	534	7,440
Currency translation differences for foreign operations	-	-	(20)	-		(20)	(38)	(58)
Comprehensive income for the financial year	-	-	(20)	6,906		6,886	496	7,382
Issuance of shares	34,800	-	-	-		34,800	1,254	36,054
Share issue expenses	(159)	-	-	-		(159)	-	(159)
Balance as at 31 March 2022	133,062	(25,261)	(2)	65,095		172,894	2,745	175,639

(1) The Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes are an integral part of this interim financial report.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022⁽¹⁾ (CONT'D)

	-----Non-distributable-----			Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reorganization 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 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 operations	-	-	18	-	18	12	30
Comprehensive income for the Financial year	-	-	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

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2022⁽¹⁾**

	Unaudited 12 months ended	
	31/3/2022 ⁽¹⁾ RM'000	31/3/2021 RM'000
Cash Flows from Operating Activities		
Profit before taxation	11,025	22,691
Adjustments for:		
Amortization of intangible assets	135	135
Bad debts written off	149	-
Depreciation of property, plant and equipment	3,281	2,608
Depreciation of investment properties	75	50
Finance costs	2,092	1,831
Finance income	(1,322)	(734)
Gain on disposal of property, plant and equipment	(191)	(*)
Reversal of provision of defects liabilities	(119)	(531)
Reversal of impairment losses on trade receivables	(173)	(2,020)
Unrealized loss on foreign exchange	79	461
Write off of property, plant and equipment	-	153
Other adjustments	44	-
Operating profit before working capital changes	15,075	24,644
Changes in working capital		
(Increase)/Decrease in inventories	(586)	9,512
Increase in trade and other receivables, deposits and prepayments	(33,175)	(12,247)
Increase in contract assets	(26,667)	(4,586)
(Decrease)/increase in trade and other payables, accruals and provision	(10,004)	13,722
Decrease in contract liabilities	(2,126)	(19,223)
Cash used in operations	(57,483)	11,822
Finance costs paid	(1,540)	(1,077)
Interest income received	1,501	560
Tax paid	(6,492)	(5,858)
Net cash (used in)/generated from operating activities	(64,014)	5,447

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2022⁽¹⁾**

	Unaudited 12 months ended	
	31/3/2022 ⁽¹⁾ RM'000	31/3/2021 RM'000
Cash Flows from Investing Activities		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	653
Purchase of property, plant & equipment	(6,103)	(2,409)
Investment in an associate	(579)	-
Proceeds from disposal of property plant & equipment	219	108
Proceeds from disposal of other investment	-	(*)
Net cash used in investing activities	(6,463)	(1,648)
Cash Flows from Financing Activities		
Increase in fixed deposits pledged	(9,450)	(5,000)
Placement into sinking fund for banking facilities	(2,859)	-
Net drawdown/(repayment) of banker's acceptances	3,898	(2,207)
Dividend paid	-	(4,316)
Repayment of finance lease liabilities	(782)	(779)
Repayment of lease liabilities	(1,016)	(699)
Repayment of term loans	(309)	(298)
Proceeds from issue of share	34,800	38,737
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	25,379	25,279
Net (decrease)/increase in cash and cash equivalents	(45,098)	29,078
Effect of foreign exchange rate changes	(58)	30
Cash and cash equivalents as at beginning of financial year	73,184	44,076
Cash and cash equivalents as at end of financial year	28,028	73,184

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2022⁽¹⁾

	Unaudited 12 months ended	
	31/3/2022 ⁽¹⁾ RM'000	31/3/2021 RM'000
Cash and cash equivalents at the end of financial period comprise:		
Cash and bank balances	26,876	55,595
Fixed deposits with financial institutions	23,950	21,378
	<hr/> 50,826	<hr/> 76,973
Less: Fixed deposits pledged	(23,950)	(15,400)
Less: Sinking fund account	(4,359)	(1,500)
Less: Bank overdraft	-	(2,118)
Add: Short term investments	5,511	15,229
	<hr/> 28,028	<hr/> 73,184

(1) The Unaudited Consolidated Statements of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes are an integral part of this interim financial report.

* Represent less than 1,000

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

The interim financial report of Solarvest Holdings Berhad ("Solarvest" or "the Company") and its subsidiaries (collectively known as "the Group") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRSs") 134 Interim Financial Reporting and Rule 9.22 of 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 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

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 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 activities were derived from four (4) main business segments, namely the following:-

Unaudited Cumulative quarter 31/3/2022	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⁽¹⁾ RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	127	171,395	4,031	1,684	513	-	177,750
Inter-segment revenue	-	28,250	1,901	-	-	(30,151)	-
	<u>127</u>	<u>199,645</u>	<u>5,932</u>	<u>1,684</u>	<u>513</u>	<u>(30,151)</u>	<u>177,750</u>
Results							
Segment results	(1,370)	13,962	1,261	1,413	20	-	15,286
Interest income	187	1,135	-	-	-	-	1,322
Interest expenses	-	(1,979)	-	(113)	-	-	(2,092)
Depreciation and amortization	-	(3,194)	-	(297)	-	-	(3,491)
Profit before tax	<u>(1,183)</u>	<u>9,924</u>	<u>1,261</u>	<u>1,003</u>	<u>20</u>	<u>-</u>	<u>11,025</u>

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

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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 31/3/2021	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 results	(1,125)	24,880	745	1,893	188	-	26,581
Interest income	363	371	-	-	-	-	734
Interest expenses	-	(1,714)	-	(117)	-	-	(1,831)
Depreciation and amortization	-	(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 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 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 EE Sdn. Bhd, had on 26 April 2022 incorporated a 70% owned subsidiary company with the name SLV ZI Sdn. Bhd. ("SLV ZI") with a total issued share capital of RM10,000 comprising of 10,000 ordinary shares. The principal activity of SLV ZI is EPCC and operations and maintenance services for energy efficiency projects.
- (ii) The Company had on 25 May 2022 incorporated a new subsidiary company, Vestech Energy Sdn. Bhd., with a total issued share capital of RM10,000 comprising of 10,000 ordinary shares. The principal activity of Vestech Energy Sdn. Bhd. is provision of EPCC services for solar photovoltaics (PV) systems.

A11. Changes in the composition of the Group

- (i) The Company had on 25 February 2022 incorporated a new subsidiary company, Solarvest EE Sdn. Bhd., with a total issued share capital of RM10,000 comprising of 10,000 ordinary shares. The principal activity of Solarvest EE Sdn. Bhd. is EPCC and operations and maintenance services for energy efficiency projects.
- (ii) On 25 February 2022, Solarvest Asset Management Sdn. Bhd., a direct wholly-owned subsidiary of the Company, has incorporated a new subsidiary company known SLV MFZ Holdings Sdn. Bhd. ("SLV MFZ") with a total issued capital of RM10,000 comprising of 10,000 ordinary shares. The principal activity of SLV MFZ is to engage in EPCC services for solar photovoltaics (PV) systems and investment in solar plants.

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	60,979

A13. Corporate Guarantees

	Unaudited RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	139,789

A14. Capital commitments

The amount of capital commitments as at end of current quarter and financial year-to-date are as follows:

	Unaudited RM'000
Plant and equipment	
Contracted but not provided for	49,118

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	97
- 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 quarter/year 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	
	31/3/2022 ("Q4/FY22") RM'000	31/3/2021 ("Q4/FY21") RM'000	RM'000	(%)
Revenue	77,338	63,161	14,177	22.45
Profit before tax	5,798	8,534	-2,736	-32.06
Profit after tax	3,761	6,279	-2,518	-40.10

Comparison between Q4/FY22 and Q4/FY21

For the quarter under review, the Group's revenue increased by RM14.18 million or 22.45% to RM77.34 million from RM63.16 million compared to the preceding year's quarter ended 31 March 2021. The increase in revenue was mainly driven by contributions from large scale solar projects secured under the LSS@Mentari program ("LSS4 projects").

Despite a higher revenue recorded in Q4/FY22, profit before tax decreased by RM2.74 million or 32.06% compared to Q4/FY21. The decrease was mainly due to a lower profit margin for LSS4 projects and absence of the reversal of impairment losses on trade receivables of RM1.5 million in the preceding year's quarter ended 31 March 2021.

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

	Cumulative Quarter		Variance	
	31/3/2022 ("4Q/FY22") RM'000	31/3/2021 ("4Q/FY21") RM'000	RM'000	(%)
Revenue	177,750	224,287	-46,537	-20.75
Profit before tax	11,025	22,691	-11,666	-51.41
Profit after tax	7,440	16,439	-8,999	-54.74

Comparison between 4Q/FY22 and 4Q/FY21

The Group recorded revenue of RM177.75 million in 4Q/FY22 compared to the corresponding preceding period 4Q/FY21 of RM224.29 million. The decrease of RM 46.54 million or 20.75% was mainly due to the slow construction progress of all EPCC projects following the various Movement Control Orders and different phases of the National Recovery Plan implemented by the Government throughout the quarters.

The lower revenue recorded has also resulted in the Group reported a lower profit before tax of RM11.03 million in 4Q/FY22 compared to a profit before tax of RM22.69 million in the corresponding preceding period in 4Q/FY21.

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C. 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	
	31/3/2022 RM'000	31/12/2021 RM'000	RM'000	(%)
Revenue	77,338	47,440	29,898	63.02
Profit before tax	5,798	3,218	2,580	80.17
Profit after tax	3,761	2,381	1,380	57.96

The Group's revenue for the current financial quarter ended 31 March 2022 increased by RM29.90 million or 63.02% to RM77.34 million compared to RM47.44 million in the preceding quarter ended 31 December 2021. The increase in revenue was mainly driven by the commencement of construction works for the LSS4 projects.

This also resulted in the increase of profit before taxation of the Group by RM2.58 million or 80.17% from RM3.22 million recorded in the preceding quarter compared to RM5.80 million in the current quarter.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on prospects

The outlook for the solar photovoltaic ("PV") industry in Malaysia remains optimistic 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 decarbonization 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 finalized 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.

Recently the Group has achieved financial close for its 2 LSS4 projects, namely a 13MW solar farm in Kuala Selangor and a 25MW solar farm in Manjung, Perak. The development of these 2 projects is progressing well in meeting the next milestone.

The Group anticipates that the solar industry is still facing major procurement and supply chain disruptions caused by the persistence of the COVID-19 pandemic with China's lockdown and geopolitical tensions that led to price volatility in solar-related materials. The disruptions continue to pose a potential risk of project execution and installation delays in the coming quarters.

As at 31 March 2022, the unbilled order book stood at RM727 million, which will be progressively recognized in the financial years ending 31 March 2023 and 2024. The Group remains upbeat on the industry outlook, underpinned by a robust job pipeline in private large-scale power plants, residential, commercial & industrial projects.

Barring any unforeseen circumstances, the Board is of the view that the Group's overall performance would remain satisfactory by maintaining resilience to interruptions in the procurement and supply chain.

B4. Profit Forecast

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

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B5. Taxation

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 12 months ended	
	<u>31/3/2022</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2022</u> RM'000	<u>31/3/2021</u> RM'000
Income tax				
- Current	2,164	1,620	3,723	5,567
- Under /(over) provision in prior year	-	-	684	(22)
	<u>2,164</u>	<u>1,620</u>	<u>4,407</u>	<u>5,545</u>
Deferred tax				
- Current	(127)	635	(822)	707
	<u>2,037</u>	<u>2,255</u>	<u>3,585</u>	<u>6,252</u>
Effective tax rates	35.13%	26.42%	32.52%	27.55%

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 tax losses incurred by subsidiary companies which cannot be set off against taxable income of other subsidiary companies.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Status of corporate proposals and utilization 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 utilization as at 31 March 2022 are as follows:

<u>Utilization of proceeds</u>	<u>Proposed utilization</u> RM'000	<u>Actual utilization</u> RM'000	<u>Percentage utilization</u> %	<u>Initial timeframe for utilization from listing date</u>	<u>Revised timeframe for utilization of IPO Proceeds</u>
(i) Business expansion	3,000	2,096	69.87	Within 24 months	Within 24 months from 26 May 2021
(ii) Capital expenditure	4,000	1,339	33.48	Within 18 months	Within 24 months from 26 May 2021
(iii) Working capital	19,190	18,236	95.03	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>30,071</u>	<u>86.94</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 utilization of proceeds (cont'd)**

2) 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 utilization as at 31 March 2022 are as follows:

<u>Utilization of proceeds</u>	<u>Timeframe for utilization from listing date of the Private Placement Shares</u>	<u>Actual Proceeds raised</u> RM'000	<u>Actual utilization</u> RM'000	<u>Percentage utilization</u> %
(i) Investment in solar photovoltaic projects	Within 30 months	30,500 ⁽¹⁾	17,075	55.98
(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>25,295</u>	<u>65.33</u>

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

2) 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 utilization as at 31 March 2022 are as follows:

<u>Utilization of proceeds</u>	<u>Timeframe for utilization from listing date of the Private Placement Shares</u>	<u>Actual Proceeds raised RM'000</u>	<u>Actual utilization RM'000</u>	<u>Percentage utilization %</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>21.23</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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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

3) Status of Corporate Proposals

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

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B7. Borrowings

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

	Unaudited 12 months ended	
	<u>31/3/2022</u>	<u>31/3/2021</u>
	RM'000	RM'000
<u>Secured</u>		
Current liabilities		
Lease liabilities	804	687
Bank overdraft	-	2,118
Term loans	314	309
Banker's acceptance	3,898	-
	<u>5,016</u>	<u>3,114</u>
Non-current liabilities		
Lease liabilities	697	818
Term loans	2,629	2,942
	<u>3,326</u>	<u>3,760</u>
<u>Non-secured</u>		
Current liabilities		
Lease liabilities	960	1,018
Non-current liabilities		
Lease liabilities	8,458	6,071
	<u>17,760</u>	<u>13,963</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 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 issue during the financial period.

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 12 months ended	
	<u>31/3/2022</u>	<u>31/3/2021</u>	<u>31/3/2022</u>	<u>31/3/2021</u>
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company (RM'000)	3,717	6,298	6,906	16,139
Weighted average number of ordinary shares in issue ('000)	667,554	443,757	655,310	406,881
Basic EPS (sen)	0.56	1.42	1.05	3.97

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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 12 months ended	
	<u>31/3/2022</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2022</u> RM'000	<u>31/3/2021</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	3,717	6,298	6,906	16,139
Weighted average number of ordinary shares in issue ('000)	667,554	443,757	655,310	406,881
Effect of dilution ('000)	3,120	5,693	31,344	5,693
Adjusted weighted average number of shares ('000)	670,674	449,450	686,654	412,574
Diluted EPS (sen)	0.55	1.40	1.01	3.91

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B11. Profit Before Tax

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 12 months ended	
	<u>31/3/2022</u> RM'000	<u>31/3/2021</u> RM'000	<u>31/3/2022</u> RM'000	<u>31/3/2021</u> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortization of intangible assets	34	34	135	135
Auditors' remuneration				
- current year	62	19	180	166
Bad debts recovered	(17)	(5)	(37)	(10)
Bad debts written off	149	-	149	-
Depreciation of property, plant and equipment	875	816	3,281	2,608
Depreciation of investment properties				
- freehold building	19	36	75	50
Gain on disposal of property, plant and equipment	-	-	191	(*)
Interest expenses	625	507	2,092	1,831
Interest income	(787)	(178)	(1,322)	(734)
Listing expenses	-	-	159	-
Provision of defects liability	-	-	(119)	-
Realized loss/(gain) on foreign exchange	43	(630)	358	(183)
Rental expenses	139	117	386	493
Rental income	(38)	(40)	(152)	(148)
Reversal of impairment losses on trade receivables	(173)	(1,501)	(173)	(2,020)
Unrealized loss on foreign exchange	21	1,470	79	461
Write off of property, plant and equipment	-	-	-	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

26 May 2022