



**INTERIM FINANCIAL REPORT
THIRD QUARTER ENDED 31 DECEMBER 2022**

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

SOLARVEST HOLDINGS BERHAD

Registration No.: 201701033607 (1247778-U)

(Incorporated in Malaysia)

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

	Unaudited As At 31/12/2022 RM'000	Audited As At 31/3/2022 RM'000
	Note	
Non-current assets		
Property, plant and equipment	111,436	16,890
Right-of-use assets	17,281	9,582
Investment properties	2,398	2,431
Investment in an associate	600	579
Intangible assets	94	195
Deferred tax assets	804	814
Trade receivables	3,937	2,026
	<u>136,550</u>	<u>32,517</u>
Current assets		
Inventories	17,655	10,890
Trade receivables	62,131	71,869
Other receivables, deposits and prepayments	28,236	16,990
Contract assets	105,767	62,710
Current tax assets	-	2,257
Short term investments	12	5,511
Fixed deposits with financial institutions	28,629	25,037
Cash and bank balances	42,464	25,788
	<u>284,894</u>	<u>221,052</u>
Total assets	<u>421,444</u>	<u>253,569</u>
Equity		
Share capital	133,062	133,062
Reorganisation reserve	(25,261)	(25,261)
Reserves	(280)	(2)
Retained earnings	79,593	65,095
	<u>187,114</u>	<u>172,894</u>
Non-controlling interests	3,807	2,747
Total equity	<u>190,921</u>	<u>175,641</u>

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		Unaudited As At 31/12/2022 RM'000	Audited As At 31/3/2022 RM'000
	Note		
Non-current liabilities			
Bank borrowings	B7	54,244	2,628
Lease liabilities	B7	16,838	9,120
Redeemable preference shares		6,520	6,065
Trade payables		4,051	2,819
Contract liabilities		4,955	4,958
Deferred tax liabilities		2	31
		<u>86,610</u>	<u>25,621</u>
Current liabilities			
Trade payables		77,154	36,480
Other payables and accruals		8,428	4,077
Provisions		50	119
Derivative liabilities		683	-
Bank borrowings	B7	34,737	4,212
Lease liabilities	B7	2,052	1,798
Current tax liabilities		8	-
Contract liabilities		20,801	5,621
		<u>143,913</u>	<u>52,307</u>
Total liabilities		<u>230,523</u>	<u>77,928</u>
Total equity and liabilities		<u>421,444</u>	<u>253,569</u>
Number of ordinary shares in issue ('000)		667,554	667,554
Net assets per Share (RM)		0.29	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.

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2022⁽¹⁾</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2022⁽¹⁾</u> RM'000	<u>31/12/2021</u> RM'000
Revenue		101,505	47,440	252,316	100,412
Cost of sales		<u>(85,178)</u>	<u>(37,181)</u>	<u>(207,547)</u>	<u>(78,224)</u>
Gross Profit		16,327	10,259	44,769	22,188
Other income		502	384	1,238	1,203
Administrative expenses		(8,160)	(6,818)	(21,763)	(16,257)
Sales and distribution expenses		<u>(539)</u>	<u>(92)</u>	<u>(1,343)</u>	<u>(436)</u>
Profit from operations		8,130	3,733	22,901	6,698
Finance costs		(1,073)	(512)	(2,821)	(1,468)
Share of results of an associate		<u>(33)</u>	<u>(3)</u>	<u>34</u>	<u>(3)</u>
Profit before taxation		7,024	3,218	20,114	5,227
Taxation	B5	<u>(1,685)</u>	<u>(837)</u>	<u>(5,350)</u>	<u>(1,548)</u>
Profit for the financial period		5,339	2,381	14,764	3,679
Other comprehensive income:					
Foreign currency translation differences		(150)	6	(163)	93

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2022⁽¹⁾</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2022⁽¹⁾</u> RM'000	<u>31/12/2021</u> RM'000
Other comprehensive income (Cont'd):					
Cash flow hedge		(1,471)	-	(683)	-
Total comprehensive income for the financial period		<u>3,718</u>	<u>2,387</u>	<u>13,918</u>	<u>3,772</u>
Profit for the financial period attributable to:					
Owners of the Company		5,203	2,010	14,498	3,189
Non-controlling interest		<u>136</u>	<u>371</u>	<u>266</u>	<u>490</u>
		<u>5,339</u>	<u>2,381</u>	<u>14,764</u>	<u>3,679</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2022⁽¹⁾</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2022⁽¹⁾</u> RM'000	<u>31/12/2021</u> RM'000
Total comprehensive income for the financial period attributable to:					
Owners of the Company		3,655	2,013	13,739	3,247
Non-controlling interest		63	374	179	525
		<u>3,718</u>	<u>2,387</u>	<u>13,918</u>	<u>3,772</u>
Earnings per Share attributable to Owners of the Company (sen)					
- Basic ⁽²⁾	B10	0.78	0.30	2.17	0.49
- Diluted ⁽³⁾	B10	0.78	0.29	2.16	0.46

(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 employees' share options and/or warrants issued are fully exercised and converted into ordinary shares.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 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	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				
Balance as at 1 April 2022	133,062	(25,261)	-	-	(2)	65,095	172,894	2,747	175,641	
Profit for the financial period	-	-	-	-	-	14,498	14,498	266	14,764	
Other comprehensive income for the financial period:										
- Foreign currency translation differences	-	-	-	-	(76)	-	(76)	(87)	(163)	
- Cash flow hedge	-	-	-	(683)	-	-	(683)	-	(683)	
Total Comprehensive income for the financial period	-	-	-	(683)	(76)	14,498	13,739	179	13,918	
Balance carried forward	133,062	(25,261)	-	(683)	(78)	79,593	186,633	2,926	189,559	

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022⁽¹⁾ (CONT'D)

	-----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 brought forward	133,062	(25,261)	-	(683)	(78)	79,593	186,633	2,926	189,559
Contributions by and distributions to owners of the Company:									
- Issuance of shares	-	-	-	-	-	-	-	881	881
- Employees' share options expenses	-	-	481	-	-	-	481	-	481
Total transactions with owners	-	-	481	-	-	-	481	881	1,362
Balance as at 31 December 2022	133,062	(25,261)	481	(683)	(78)	79,593	187,114	3,807	190,921

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.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022⁽¹⁾ (CONT'D)

	-----Non-distributable-----			Distributable			Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Equity attributable to Owners of the Company RM'000	Non- controlling interest 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	-	-	-	3,189	3,189	490	3,679
Currency translation differences for foreign operations	-	-	60	-	60	35	95
Comprehensive income for the financial period	-	-	60	3,189	3,249	525	3,774
Issuance of shares	34,800	-	-	-	34,800	1,254	36,054
Share issue expenses	(159)	-	-	-	(159)	-	(159)
Balance as at 31 December 2021	133,062	(25,261)	78	61,378	169,257	2,774	172,031

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	Unaudited 9 months ended	
	31/12/2022 ⁽¹⁾ RM'000	31/12/2021 RM'000
Cash Flows from Operating Activities		
Profit before taxation	20,114	5,227
Adjustments for:		
Amortisation of intangible assets	101	101
Depreciation of property, plant and equipment	3,058	2,405
Depreciation of investment properties	33	57
Finance costs	2,821	1,468
Finance income	(411)	(535)
Gain on disposal of property, plant and equipment	(71)	(191)
Employees' share options expenses	481	-
Reversal of defects liabilities	(69)	(119)
Share of net profits of equity accounted associates	(34)	-
Unrealised gain on foreign exchange	(22)	58
Other adjustments	17	44
Operating profit before working capital changes	26,018	8,515
Changes in working capital		
Increase in inventories	(6,766)	(10,057)
Increase in trade and other receivables, deposits and prepayments	(3,417)	(22,496)
Increase in contract assets	(43,057)	(12,150)
Increase/(Decrease) in trade and other payables, accruals and provision	46,277	(32,220)
Increase/(Decrease) in contract liabilities	15,176	(520)
Cash generated from/(used in) operations	34,231	(68,928)
Finance costs paid	(2,366)	(1,060)
Interest income received	28	1,009
Tax paid	(3,130)	(5,542)
Tax refund	27	-
Net cash generated from/(used in) operating activities	28,790	(74,521)

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

	Unaudited 9 months ended	
	31/12/2022 ⁽¹⁾ RM'000	31/12/2021 RM'000
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(95,842)	(2,527)
Investment in an associate	-	(587)
Proceeds from disposal of property plant & equipment	71	206
Net cash used in investing activities	<u>(95,771)</u>	<u>(2,908)</u>
Cash Flows from Financing Activities		
Increase in fixed deposits pledged	(3,209)	(8,500)
Placement into sinking fund for banking facilities	(1,499)	(2,636)
Net drawdown of invoice financing	10,072	2,441
Net drawdown of term financing	51,855	-
Net drawdown of banker's acceptances	3,444	5,361
Repayment of finance lease liabilities	(722)	(592)
Repayment of lease liabilities	(771)	(774)
Repayment of term loans	(229)	(231)
Proceeds from issuance of share	-	34,800
Share issue expenses	-	(159)
Subscription of shares in subsidiaries by non-controlling interests	881	1,256
Net cash generated from financing activities	<u>59,822</u>	<u>30,966</u>
Net decrease in cash and cash equivalents	(7,159)	(46,463)
Effect of foreign exchange rate changes	(163)	93
Cash and cash equivalents as at beginning of financial year	28,027	73,184
Cash and cash equivalents as at end of financial period	<u>20,705</u>	<u>26,814</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	Unaudited 9 months ended	
	31/12/2022 ⁽¹⁾ RM'000	31/12/2021 RM'000
Cash and cash equivalents at the end of financial period comprise:		
Cash and bank balances	42,464	14,679
Fixed deposits with financial institutions	28,629	24,284
	<u>71,093</u>	<u>38,963</u>
Less: Fixed deposits pledged	(28,629)	(23,393)
Less: Sinking fund account	(4,771)	(4,136)
Less: Bank overdraft	(12,000)	-
Less: Revolving credit	(5,000)	-
Add: Short term investments	12	15,380
	<u>20,705</u>	<u>26,814</u>

⁽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 for annual period beginning on or after 1 January 2024

- Amendments to MFRS 101 Non-current Liabilities with Covenants
- Amendments to MFRS 16 Lease Liability in a Sales and Leaseback

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.

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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 Paid

There was no dividend paid during the current financial quarter under review.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A9. Segmental Reporting

The Group's operating 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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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A9. Segmental Reporting (Cont'd)

Unaudited Cumulative quarter 31/12/2022	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	246,975	3,359	1,192	788	-	252,316
Inter-segment revenue	-	39,790	1,487	-	-	(41,277)	-
	2	286,765	4,846	1,192	788	(41,277)	252,316
Results							
Segment results	(933)	24,249	1,348	1,076	36	-	25,716
Interest income	-	411	-	-	-	-	411
Interest expenses	-	(2,737)	-	(84)	-	-	(2,821)
Depreciation and amortisation	-	(2,992)	-	(200)	-	-	(3,192)
Profit before tax	(933)	18,931	1,348	792	36	-	20,114

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A9. Segmental Reporting (Cont'd)

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

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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: -

- a) The Company's wholly-owned subsidiary, Solarvest International Pte. Ltd. had on 2 February 2023 incorporated a wholly-owned subsidiary company SLV (Vietnam) Pte. Ltd. ("SLV Vietnam") with a total issued share capital of SGD3,000 comprising of 3,000 ordinary shares. The intended principal activity for SLV Vietnam is engineering design and consultancy services in energy management and clean energy systems.
- b) On 12 January 2023, Solarvest Asset Management Sdn. Bhd. ("SAM"), a wholly-owned subsidiary of the Company acquired 700,000 ordinary shares of RM1.00 each in Amazing Solar Sdn. Bhd. ("AS") for a total cash consideration of RM1.00. Upon completion of the acquisition, AS became a 70%-owned subsidiary of SAM. The principal activity for AS is owning renewable energy assets with long term power purchase agreements. The acquisition will not have any material effect on the consolidated earnings, net assets and gearing of the Company for the financial year ending 31 March 2023.
- c) The Company had on 22 Feb 2023 incorporated a wholly-owned subsidiary company Powerbee Sdn. Bhd. ("Powerbee"), with a total issued share capital of RM150,000 comprising of 150,000 ordinary shares. The intended principal activity of Powerbee is provision of engineering, procurement, construction and commissioning, and investment in electric vehicle charging stations and electric mobility projects.

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A11. Changes in the composition of the Group

- (i) The Company's wholly-owned subsidiary, 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.

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A12. Contingent liabilities and contingent assets

There were no contingent assets as at the date of this interim financial report. Contingent liabilities of the Group were as follows: -

	Unaudited RM'000
Secured	
Bank guarantees for bid bond, performance guarantee and warranty bond provided to statutory body/customers/third parties	102,587

A13. Corporate Guarantees

	Unaudited RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	593,089

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	3,279

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A15. Significant Related Party Transactions

Our Group's transactions with companies in which our directors or major shareholders have an interest during the financial period ended 31 December 2022 were as follows: -.

	Unaudited RM'000
Transaction with companies in which the Directors or major 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

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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 RM'000	(%)
	31/12/2022 ("Q3/FY23") RM'000	31/12/2021 ("Q3/FY22") RM'000		
Revenue	101,505	47,440	54,065	113.97
Profit before tax	7,024	3,218	3,806	118.28
Profit after tax	5,339	2,381	2,958	124.23

Comparison between Q3/FY23 and Q3/FY22

For the quarter under review, the Group's revenue increased by RM54.07 million or 113.97% to RM101.51 million from RM47.44 million compared to the preceding year's quarter ended 31 December 2021. Profit before tax increased by RM3.81 million or 118.28% compared to Q3/FY22. The increase in revenue and profit before tax was mainly contributed to the recognition of the construction progress of large-scale solar projects ("LSS4 projects") as compared to the preceding year.

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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	
	31/12/2022 ("YTD FY23") RM'000	31/12/2021 ("YTD FY22") RM'000	RM'000	(%)
Revenue	252,316	100,412	151,904	151.28
Profit before tax	20,114	5,227	14,887	284.81
Profit after tax	14,764	3,679	11,085	301.30

Comparison between YTD FY23 and YTD FY22

For YTD FY23, the Group's revenue increased by RM151.90 million or 151.28% to RM252.32 million from RM100.41 million compared to YTD FY22. Profit before tax increased by RM14.89 million or 284.81% compared to YTD FY22. The increase in revenue and profit before tax was mainly contributed to the recognition of the construction progress of certain LSS4 projects commenced during current financial periods as compared to the preceding year.

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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	
	31/12/2022 RM'000	30/09/2022 RM'000	RM'000	(%)
Revenue	101,505	98,151	3,354	3.42
Profit before tax	7,024	7,343	-319	-4.34
Profit after tax	5,339	5,092	247	4.85

The Group's revenue for the current financial quarter ended 31 December 2022 increased by RM3.35 million or 3.42% to RM101.51 million compared to RM98.15 million in the preceding quarter ended 30 September 2022. The increase in revenue was mainly driven by contributions from LSS4 projects. Despite higher revenue recorded in Q3/FY23, profit before tax was slightly lower in the current quarter as compared to the immediate preceding quarter mainly due to higher operating expenses.

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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.

In late 2022, the Government announced to impose a 20 sen/kWh Imbalance Cost Pass-Through mechanism surcharge from the previous 3.7 sen/kWh on medium voltage (MV) and high voltage (HV) commercial and industrial (C&I) users. The increase in tariff rate is expected to accelerate the adoption of solar energy as efficient energy by companies, which augurs well for the solar PV industry.

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.

Recently the Group has achieved financial close for its last LSS4 project, namely a 12MW solar farm in Manjung, Perak. Hence, all three LSS4 projects with a cumulative capacity of 50MW have achieved financial close with 2 solar farms scheduling to be commissioned by May 2023.

As at 31 December 2022, the unbilled order book stood at RM595 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, although material prices are heading toward a declining trend, the solar panel price is facing potential price raising quotes from the manufacturers due to the recent turbulence in the upstream material price trend.

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.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B5. Taxation

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 9 months ended	
	<u>31/12/2022</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2022</u> RM'000	<u>31/12/2021</u> RM'000
Income tax				
- Current	1,611	838	5,296	1,559
- Under /(over) provision in prior year	72	684	72	684
	<u>1,683</u>	<u>1,522</u>	<u>5,368</u>	<u>2,243</u>
Deferred tax				
- Current	2	(685)	(18)	(695)
	<u>1,685</u>	<u>837</u>	<u>5,350</u>	<u>1,548</u>
Effective tax rates	23.98%	26.01%	26.60%	29.62%

The effective tax rate of the Group for the current quarter was approximately equal to the statutory tax rate of 24%. However, the cumulative quarter effective tax rate was higher due to the non-deductibility of certain expenses for tax purposes.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Status of corporate proposals and utilisation of proceeds (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 31 December 2022 is 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	30,500 ⁽¹⁾	30,500	100.00
(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>38,720</u>	<u>100.00</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 31 December 2022 is as follows:

<u>Utilisation of proceeds</u>	<u>Timeframe for utilisation from listing date of the Private Placement Shares</u>	<u>Actual Proceeds raised</u> RM'000	<u>Actual utilisation</u> RM'000	<u>Percentage utilisation</u> %
(i) Investment in solar photovoltaic projects	Within 30 months	27,412 ⁽¹⁾	3,010	10.98
(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>10,398</u>	<u>29.88</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 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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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B7. Borrowings

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

	Unaudited As At 31/12/2022 RM'000	Audited As At 31/3/2022 RM'000
<u>Secured</u>		
Current liabilities		
Lease liabilities	800	804
Bank overdraft	12,000	-
Revolving credit	5,000	-
Term loans	324	314
Invoice financing	10,071	-
Banker's acceptance	7,342	3,898
	<u>35,537</u>	<u>5,016</u>
Non-current liabilities		
Lease liabilities	761	697
Term loans	54,244	2,628
	<u>55,005</u>	<u>3,325</u>
<u>Non-secured</u>		
Current liabilities		
Lease liabilities	1,252	994
Non-current liabilities		
Lease liabilities	16,077	8,423
Total borrowings	<u>107,871</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.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B9. Dividend

There was no dividend declared/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 9 months ended	
	<u>31/12/2022</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2022</u> RM'000	<u>31/12/2021</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	5,203	2,010	14,498	3,189
Weighted average number of ordinary shares in issue ('000)	667,554	666,341	667,554	651,288
Basic EPS (sen)	0.78	0.30	2.17	0.49

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT****B10. Earnings Per Share ("EPS") (Cont'd)**

The diluted EPS is calculated based on the Group's profit after taxation attributable to owners of the Company divided by the weighted average number of ordinary shares adjusted on the assumption that the employees' share options and/or warrants issued are fully exercised into ordinary shares.

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 9 months ended	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company (RM'000)	5,203	2,010	14,498	3,189
Weighted average number of ordinary shares in issue ('000)	667,554	666,341	667,554	651,288
Effect of warrants ('000)	*	34,289	*	38,569
Effect of employees' share options ('000)	2,843	-	2,805	-
Adjusted weighted average number of shares ('000)	670,397	700,630	670,359	689,857
Diluted EPS (sen)	0.78	0.29	2.16	0.46

* 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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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B11. Profit Before Tax

	Individual Quarter Unaudited 3 months ended		Cumulative Quarter Unaudited 9 months ended	
	<u>31/12/2022</u> RM'000	<u>31/12/2021</u> RM'000	<u>31/12/2022</u> RM'000	<u>31/12/2021</u> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	34	34	101	101
Auditors' remuneration				
- current year	54	34	148	118
Bad debts recovered	-	(10)	-	(20)
Depreciation of property, plant and equipment	1,135	950	3,058	2,405
Depreciation of investment properties				
- freehold building	11	19	33	57
Gain on disposal of property, plant and equipment	-	(66)	(71)	(191)
Interest expenses	1,073	512	2,821	1,468
Interest income	(147)	(159)	(411)	(535)
Listing expenses	-	-	-	159
Provision of defects liability	-	(119)	-	(119)
Realised loss on foreign exchange	595	190	2,030	316
Rental expenses	176	87	406	247
Rental income	(38)	(37)	(115)	(114)
Reversal of defect liabilities	-	-	(69)	(119)
Unrealised gain on foreign exchange	(468)	(105)	(22)	58

B12. Comparative Figures

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

BY ORDER OF THE BOARD

25 February 2023