



**INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 MARCH 2023**

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 2023



UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023⁽¹⁾

	Unaudited As At 31/03/2023 RM'000	Audited As At 31/3/2022 RM'000
Non-current assets		
Property, plant and equipment	151,982	16,890
Right-of-use assets	18,016	9,582
Investment properties	2,387	2,431
Investment in an associate	616	579
Intangible assets	60	195
Deferred tax assets	1,137	814
Trade receivables	-	2,026
	<u>174,198</u>	<u>32,517</u>
Current assets		
Inventories	20,992	10,890
Trade receivables	90,384	71,869
Other receivables, deposits and prepayments	22,962	16,990
Contract assets	93,869	62,710
Current tax assets	870	2,257
Short term investments	12	5,511
Fixed deposits with financial institutions	30,609	25,037
Cash and bank balances	41,949	25,788
	<u>301,647</u>	<u>221,052</u>
Total assets	<u>475,845</u>	<u>253,569</u>
Equity		
Share capital	133,062	133,062
Reorganisation reserve	(25,261)	(25,261)
Reserves	725	(2)
Retained earnings	84,810	65,095
	<u>193,336</u>	<u>172,894</u>
Non-controlling interests	4,088	2,747
Total equity	<u>197,424</u>	<u>175,641</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023⁽¹⁾

		Unaudited As At 31/03/2023 RM'000	Audited As At 31/3/2022 RM'000
Non-current liabilities	Note		
Bank borrowings	B7	87,522	2,628
Lease liabilities	B7	17,692	9,120
Redeemable preference shares		6,672	6,065
Trade payables		-	2,819
Contract liabilities		-	4,958
Deferred tax liabilities		-	31
		<u>111,886</u>	<u>25,621</u>
Current liabilities			
Trade payables		107,114	36,480
Other payables and accruals		3,213	4,077
Provisions		-	119
Bank borrowings	B7	17,348	4,212
Lease liabilities	B7	1,940	1,798
Contract liabilities		36,920	5,621
		<u>166,535</u>	<u>52,307</u>
Total liabilities		<u>278,421</u>	<u>77,928</u>
Total equity and liabilities		<u>475,845</u>	<u>253,569</u>
Number of ordinary shares in issue (' 000)		667,554	667,554
Net assets per Share (RM)		0.30	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 FOURTH QUARTER ENDED 31 MARCH 2023⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		Unaudited 31/03/2023 ⁽¹⁾ RM'000	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2022 ⁽¹⁾ RM'000	Audited 31/03/2022 RM'000
Revenue		113,223	77,338	365,539	175,819
Cost of sales		<u>(92,982)</u>	<u>(64,567)</u>	<u>(300,529)</u>	<u>(140,899)</u>
Gross Profit		20,241	12,771	65,010	34,920
Other income		494	857	1,732	1,888
Administrative expenses		(11,527)	(6,903)	(33,290)	(22,947)
Sales and distribution expenses		<u>(353)</u>	<u>(318)</u>	<u>(1,696)</u>	<u>(754)</u>
Profit from operations		8,855	6,407	31,756	13,107
Finance costs		(1,242)	(616)	(4,063)	(2,086)
Share of results of an associate		<u>11</u>	<u>7</u>	<u>45</u>	<u>4</u>
Profit before taxation		7,624	5,798	27,738	11,025
Taxation	B5	<u>(2,185)</u>	<u>(2,037)</u>	<u>(7,535)</u>	<u>(3,585)</u>
Profit for the financial period		5,439	3,761	20,203	7,440
Other comprehensive income:					
Foreign currency translation differences		26	(151)	(137)	(58)

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2023⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		Unaudited 31/03/2023 ⁽¹⁾ RM'000	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2023 ⁽¹⁾ RM'000	Audited 31/03/2022 RM'000
Other comprehensive income (Cont'd):					
Cash flow hedge		683	-	-	-
Total comprehensive income for the financial period		<u>6,148</u>	<u>3,610</u>	<u>20,066</u>	<u>7,382</u>
Profit for the financial period attributable to:					
Owners of the Company		5,217	3,717	19,715	6,906
Non-controlling interest		<u>222</u>	<u>44</u>	<u>488</u>	<u>534</u>
		<u>5,439</u>	<u>3,761</u>	<u>20,203</u>	<u>7,440</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2023⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		Unaudited 31/03/2023 ⁽¹⁾ RM'000	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2023 ⁽¹⁾ RM'000	Audited 31/03/2022 RM'000
Total comprehensive income for the financial period attributable to:					
Owners of the Company		5,867	3,629	19,606	6,886
Non-controlling interest		281	(19)	460	496
		<u>6,148</u>	<u>3,610</u>	<u>20,066</u>	<u>7,382</u>
Earnings per Share attributable to Owners of the Company (sen)					
- Basic ⁽²⁾	B10	0.78	0.56	2.95	1.05
- Diluted ⁽³⁾	B10	0.77	0.55	2.91	1.01

(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 into ordinary shares.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MARCH 2023⁽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	-	-	-	-	-	19,715	19,715	488	20,203	
Other comprehensive income for the financial period:										
- Foreign currency translation differences	-	-	-	-	(109)	-	(109)	(28)	(137)	
Total Comprehensive income for the financial period	-	-	-	-	(109)	19,715	19,606	460	20,066	
Balance carried forward	133,062	(25,261)	-	-	(111)	84,810	192,500	3,207	195,707	

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MARCH 2023⁽¹⁾ (CONT'D)

	-----Non-distributable-----					Distributable			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	Non-controlling interest RM'000	
Balance brought forward	133,062	(25,261)	-	-	(111)	84,810	192,500	3,207	195,707
Contributions by and distributions to owners of the Company:									
- Issuance of shares	-	-	-	-	-	-	-	881	881
- Employees' share options expenses	-	-	836	-	-	-	836	-	836
Total transactions with owners	-	-	836	-	-	-	836	881	1,717
Balance as at 31 March 2023	133,062	(25,261)	836	-	(111)	84,810	193,336	4,088	197,424

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 FOURTH QUARTER ENDED 31 MARCH 2023⁽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	-	-	-	6,906	6,906	534	7,440
Currency translation differences for foreign operations	-	-	(20)	-	(20)	(37)	(57)
Comprehensive income for the financial period	-	-	(20)	6,906	6,886	497	7,383
Issuance of shares	34,800	-	-	-	34,800	1,255	36,055
Share issue expenses	(159)	-	-	-	(159)	-	(159)
Balance as at 31 March 2022	133,062	(25,261)	(2)	65,095	172,894	2,747	175,641

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2023⁽¹⁾

	12 months ended	
	31/03/2023 ⁽¹⁾	31/03/2022
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	27,738	11,025
Adjustments for:		
Amortisation of intangible assets	135	135
Net bad debts written off	92	149
Depreciation of property, plant and equipment	4,108	3,347
Depreciation of investment properties	44	44
Employees' share options expenses	836	-
Finance costs	4,063	2,087
Finance income	(588)	(1,322)
Gain on disposal of property, plant and equipment	(110)	(191)
Impairment loss on:		
- trade receivables	2,522	-
- property, plant and equipment	220	-
Inventories written down	19	-
Reversal of impairment losses on trade receivables	-	(173)
Reversal of defects liabilities	(119)	(119)
Share of net profits of equity accounted associates	(45)	(4)
Unrealised gain on foreign exchange	234	79
Other adjustments	8	(38)
Operating profit before working capital changes	39,157	15,019
Changes in working capital		
Increase in inventories	(10,122)	(586)
Increase in trade and other receivables, deposits and prepayments	(25,074)	(31,334)
Increase in contract assets	(31,159)	(20,633)
Increase/(Decrease) in trade and other payables, accruals and provision	66,718	(18,580)
Increase/(Decrease) in contract liabilities	26,339	(2,126)
Cash generated from/(used in) operations	65,859	(58,240)
Finance costs paid	(2,735)	(1,534)
Interest income received	588	1,301
Tax paid	(6,529)	(6,492)
Tax refund	27	-
Net cash generated from/(used in) operating activities	57,210	(64,965)

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2023⁽¹⁾

	12 months ended	
	31/03/2023 ⁽¹⁾	31/03/2022
	RM'000	RM'000
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(136,972)	(6,146)
Investment in an associate	-	(575)
Proceeds from disposal of property plant & equipment	110	219
Net cash used in investing activities	<u>(136,862)</u>	<u>(6,502)</u>
Cash Flows from Financing Activities		
Increase in fixed deposits pledged	(5,572)	(9,638)
Release/(placement) sinking fund for banking facilities	619	(1,771)
Net drawdown of invoice financing	15,770	-
Drawdown of term loan financing	85,215	-
Net (repayment)/drawdown of banker's acceptances	(2,644)	3,898
Repayment of finance lease liabilities	(2,008)	-
Repayment of lease liabilities	(880)	(1,708)
Repayment of term loans	(311)	(310)
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>91,070</u>	<u>26,368</u>
Net increase/(decrease) in cash and cash equivalents	11,418	(45,099)
Effect of foreign exchange rate changes	(137)	(57)
Cash and cash equivalents as at beginning of financial year	28,028	73,184
Cash and cash equivalents as at end of financial year	<u>39,309</u>	<u>28,028</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 MARCH 2023⁽¹⁾

	12 months ended	
	31/03/2023 ⁽¹⁾	31/03/2022
	RM'000	RM'000
Cash and cash equivalents at the end of financial period comprise:		
Cash and bank balances	41,949	26,788
Fixed deposits with financial institutions	30,609	25,037
	<u>72,558</u>	<u>50,825</u>
Less: Fixed deposits pledged	(30,609)	(25,037)
Less: Sinking fund account	(2,652)	(3,271)
Add: Short term investments	12	5,511
	<u>39,309</u>	<u>28,028</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").

During the financial year ended 31 March 2023, the Group has changed the classification of non-current trade receivables, trade payables and contract liabilities as the Group's normal operating cycle is clearly identified and the Group expects to realise the trade receivables and to settle trade payables and contract liabilities in its normal operating cycle.

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

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 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 31/03/2023	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	355,686	4,707	1,906	3,238	-	365,539
Inter-segment revenue	-	52,912	2,095	-	-	(55,007)	-
	2	408,598	6,802	1,906	3,238	(55,007)	365,539
Results							
Segment results	(1,383)	32,356	1,840	1,691	996	-	35,500
Interest income	-	588	-	-	-	-	588
Interest expenses	-	(3,951)	-	(112)	-	-	(4,063)
Depreciation and amortisation	-	(4,002)	-	(285)	-	-	(4,287)
Profit before tax	(1,383)	25,991	1,840	1,294	996	-	27,738

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A9. Segmental Reporting (Cont'd)

Audited Cumulative quarter 31/03/2022	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	169,464	4,031	1,684	513	-	175,819
Inter-segment revenue	-	28,250	1,901	-	-	(30,151)	-
	-	197,714	5,932	1,684	513	(30,151)	175,819
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 amortisation	-	(3,194)	-	(297)	-	-	(3,491)
Profit before tax	(1,183)	9,924	1,261	1,003	20	-	11,025

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.

A11. Changes in the composition of the Group

- 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 ended 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.
- d) The Company's wholly-owned subsidiary, Solarvest International Pte. Ltd. had on 28 March 2023 incorporated a new subsidiary company Saxon Renewables Pte. Ltd ("SAXON") with a total issued share capital of SGD100 comprising of 100 ordinary shares. The intended principal activity for SAXON is engineering design and consultancy services in energy management and clean energy systems.

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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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: -

Secured	RM'000
Bank guarantees for bid bond, performance guarantee and warranty bond provided to statutory body/customers/third parties	90,147

A13. Corporate Guarantees

	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:

	RM'000
<i>Plant and equipment</i>	
Contracted but not provided for	5,365

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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 March 2023 were as follows: -.

	RM'000
Transaction with companies in which the Directors or major shareholders have financial interest:	
- Revenue from operations & maintenance services	27

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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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	(%)
	31/03/2023 ("Q4/FY23") RM'000	31/03/2022 ("Q4/FY22") RM'000		
Revenue	113,223	77,338	35,885	46.40
Profit before tax	7,624	5,798	1,826	31.49
Profit after tax	5,439	3,761	1,678	42.62

Comparison between Q4/FY23 and Q4/FY22

For the quarter under review, the Group's revenue increased by RM35.89 million or 46.40% to RM113.22 million from RM77.34 million compared to the preceding year's quarter ended 31 March 2022. Profit before tax increased by RM1.83 million or 31.49% compared to Q4/FY22. The increase in revenue and profit before tax was mainly contributed by the recognition of the construction progress of large-scale solar projects ("LSS4 projects") as compared to the preceding year.

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

B1. Review of the Group's Performance

	Cumulative Quarter		Variance	
	31/03/2023 ("YTD FY23") RM'000	31/03/2022 ("YTD FY22") RM'000	RM'000	(%)
Revenue	365,539	175,819	189,720	107.91
Profit before tax	27,738	11,025	16,713	151.59
Profit after tax	20,203	7,440	12,763	171.55

Comparison between YTD FY23 and YTD FY22

For YTD FY23, the Group's revenue increased by RM189.72 million or 107.91% to RM365.54 million from RM175.82 million compared to YTD FY22. Profit before tax increased by RM16.71 million or 151.59% compared to YTD FY22. The increase in revenue and profit before tax was mainly contributed by the recognition of the construction progress of LSS4 projects commenced during current financial year.

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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	
	31/03/2023 RM'000	31/12/2022 RM'000	RM'000	(%)
Revenue	113,223	101,505	11,718	11.54
Profit before tax	7,624	7,024	600	8.54
Profit after tax	5,439	5,339	100	1.87

The Group's revenue for the current financial quarter ended 31 March 2023 increased by RM11.72 million or 11.54% to RM113.26 million compared to RM101.51 million in the preceding quarter ended 31 December 2022. The increase in revenue and profit before tax was mainly driven by contributions from LSS4 projects.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on prospects

The outlook for the solar photovoltaic industry in Malaysia remains optimistic with the Government's firm commitment toward the development of the renewable energy ("RE") industry under its Energy Transition Outlook announced on 9 March 2023 where the power sector is expected to increase its renewable energy capacity to 31% by 2025 and 40% in 2035, with solar energy slated to become the dominant RE 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 Ministry of Natural Resources, Environment and Climate Change ("NRECC") has announced several revisions to the Corporate Green Power Programme ("CGPP"), including the latest application period commencing on 9 May 2023 to the earlier of 31 December 2023 or until the quota has been fully taken up. The additional quota of 200MW brings the total quota for the CGPP to 800MW from the initial quota of 600MW. The Energy Commission has stated that such a quota aligns with the Malaysian Government's target to increase the share of renewable energy in the country's installed capacity to 31% by 2025. The Group is looking forward to securing more projects with the opening application of CGPP.

The Malaysian Government's decision to allow the export of RE will enable the country to capitalise on the robust demand in the region, particularly Singapore where the demand for imported RE is the strongest in the region. The expected higher return from the RE export market will spur the installation of local RE generation capacity, which bode well for the local RE players. Pending details on the RE export framework from the government, the lifting of RE export ban present opportunity to the Group to explore new export markets and offer comprehensive RE solutions to clients beyond Malaysia.

As at 31 March 2023, the unbilled order book stood at RM550 million, which will be progressively recognised in the financial years ending 31 March 2024 and 2025. The Group will continue to grow its order book, capitalising on the recent release of 800 MW quota for solar PV assets under the CGPP, and remains upbeat on the industry outlook, underpinned by a robust job pipeline in private large-scale power plants, residential, commercial & industrial projects. Under the Powervest programme, the Group has secured a cumulative capacity of 74.5 megawatts from multiple corporate power purchase agreements, which is expected to contribute RM32.7 million annual recurrent revenue to the Group upon full completion within the next 12 to 18 months. On the supply side, the solar panel price gradually declines as the material prices are heading toward a declining trend.

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

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B4. Profit Forecast

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

B5. Taxation

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000
Income tax				
- Current	2,521	2,164	7,817	3,723
- Under /(over) provision in prior year	-	-	72	684
	<u>2,521</u>	<u>2,164</u>	<u>7,889</u>	<u>4,407</u>
Deferred tax				
- Current	(336)	(127)	(354)	(822)
	<u>2,185</u>	<u>2,037</u>	<u>7,535</u>	<u>3,585</u>
Effective tax rates	28.66%	35.13%	27.16%	32.52%

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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

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

Private Placement for the financial year ended 31 March 2021

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 March 2023 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⁾	9,423	34.38
(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>16,811</u>	<u>48.31</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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B7. Borrowings

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

	<u>As At</u> <u>31/03/2023</u> RM'000	<u>As At</u> <u>31/3/2022</u> RM'000
<u>Secured</u>		
Current liabilities		
Lease liabilities	759	804
Term loans	324	314
Invoice financing	15,770	-
Banker's acceptance	1,254	3,898
	<u>18,107</u>	<u>5,016</u>
Non-current liabilities		
Lease liabilities	730	697
Term loans	87,522	2,628
	<u>88,252</u>	<u>3,325</u>
<u>Non-secured</u>		
Current liabilities		
Lease liabilities	1,181	994
Non-current liabilities		
Lease liabilities	16,962	8,423
Total borrowings	<u>124,502</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 3 months ended		Cumulative Quarter 12 months ended	
	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	5,217	3,717	19,715	6,906
Weighted average number of ordinary shares in issue ('000)	667,554	667,554	667,554	655,620
Basic EPS (sen)	0.78	0.56	2.95	1.05

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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 3 months ended		Cumulative Quarter 12 months ended	
	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000
Profit after tax attributable to owners of the Company (RM'000)	5,217	3,717	19,715	6,906
Weighted average number of ordinary shares in issue ('000)	667,554	667,554	667,554	655,620
Effect of warrants ('000)	*	3,120	*	31,344
Effect of employees' share options ('000)	10,585	-	10,585	-
Adjusted weighted average number of shares ('000)	678,139	670,674	678,139	686,964
Diluted EPS (sen)	0.77	0.55	2.91	1.01

* The potential exercise 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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B11. Profit Before Tax

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000	<u>31/03/2023</u> RM'000	<u>31/03/2022</u> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	34	34	135	135
Auditors' remuneration				
- current year	91	59	239	177
- overprovision in previous year	-	(1)	-	(1)
Bad debts recovered	(19)	(17)	(19)	(37)
Bad debts written off	111	149	111	149
Depreciation of property, plant and equipment	1,050	942	4,108	3,347
Depreciation of investment properties				
- freehold building	11	(13)	44	44
Gain on disposal of property, plant and equipment	(39)	-	(110)	191
Interest expenses	1,242	619	4,063	2,087
Interest income	(177)	(787)	(588)	(1,322)
Impairment losses on:				
- trade receivables	2,522	-	2,522	-
- property, plant and equipment	220	-	220	-
Inventories written down	19	-	19	-
Listing expenses	-	-	-	159
Realised loss on foreign exchange	181	241	2,211	557
Rental expenses	199	139	605	386
Rental income	(38)	(38)	(153)	(152)
Reversal of defect liabilities	(50)	-	(119)	(119)
Reversal of impairment loss on trade receivables	-	(173)	-	(173)
Unrealised (gain)/loss on foreign exchange	(212)	21	(234)	79

B12. Comparative Figures

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

BY ORDER OF THE BOARD

25 May 2023