



**INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 SEPTEMBER 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 Second Quarter Ended 30 September 2023



UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023⁽¹⁾

	Unaudited As At 30/09/2023 RM'000	Audited As At 31/3/2023 RM'000
	Note	
Non-current assets		
Property, plant and equipment	199,778	168,556
Investment properties	2,364	2,387
Investment in an associate	708	624
Intangible assets	-	60
Other investments	250	-
Deferred tax assets	1,169	1,138
Trade receivables	1,048	1,456
	<u>205,317</u>	<u>174,221</u>
Current assets		
Inventories	9,918	20,992
Trade receivables	94,911	86,268
Other receivables, deposits and prepayments	25,598	23,515
Contract cost	304	313
Contract assets	120,392	94,084
Current tax assets	-	870
Short term investments	43,940	12
Fixed deposits with financial institutions	31,300	31,167
Cash and bank balances	27,857	41,391
	<u>354,220</u>	<u>298,612</u>
Non-current asset held for sale	1,442	1,442
	<u>355,662</u>	<u>300,054</u>
Total assets	<u>560,979</u>	<u>474,275</u>
Equity		
Share capital	133,483	133,062
Reorganisation reserve	(25,262)	(25,262)
Reserves	2,519	733
Retained earnings	98,638	84,756
	<u>209,378</u>	<u>193,289</u>
Non-controlling interests	4,948	4,144
Total equity	<u>214,326</u>	<u>197,433</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023⁽¹⁾

		Unaudited As At 30/09/2023 RM'000	Audited As At 31/3/2023 RM'000
	Note		
Non-current liabilities			
Borrowings	B7	170,137	87,522
Lease liabilities		17,182	17,692
Redeemable preference shares		2,985	6,672
Deferred tax liabilities		-	1
		<u>190,304</u>	<u>111,887</u>
Current liabilities			
Trade payables		86,179	104,642
Other payables and accruals		6,964	3,571
Provisions		330	1
Borrowings	B7	33,144	17,348
Lease liabilities		2,113	1,940
Current tax liabilities		997	-
Contract liabilities		26,622	37,453
		<u>156,349</u>	<u>164,955</u>
Total liabilities		<u>346,653</u>	<u>276,842</u>
Total equity and liabilities		<u>560,979</u>	<u>474,275</u>
Number of ordinary shares in issue ('000)		668,215	667,554
Net assets per Share (RM)		0.32	0.30

- (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 2023 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		Unaudited 30/09/2023 ⁽¹⁾ RM'000	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2023 ⁽¹⁾ RM'000	Unaudited 30/09/2022 RM'000
Revenue		139,903	98,151	283,292	150,811
Cost of sales		(118,485)	(82,633)	(242,180)	(122,369)
Gross profit		21,418	15,518	41,112	28,442
Other income		320	335	530	735
Administrative expenses		(10,093)	(7,110)	(18,618)	(13,604)
Sales and distribution expenses		(208)	(413)	(704)	(804)
Profit from operations		11,437	8,330	22,320	14,769
Finance costs		(1,711)	(1,069)	(3,193)	(1,748)
Share of results of an associate		65	82	84	67
Profit before taxation		9,791	7,343	19,211	13,088
Taxation	B5	(2,628)	(2,251)	(5,464)	(3,664)
Profit for the financial period		7,163	5,092	13,747	9,424

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		Unaudited 30/09/2023 ⁽¹⁾ RM'000	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2023 ⁽¹⁾ RM'000	Unaudited 30/09/2022 RM'000
Other comprehensive income :					
Foreign currency translation differences		(172)	76	130	12
Cash flow hedge		-	788	-	788
Total comprehensive income for the financial period		<u>6,991</u>	<u>5,956</u>	<u>13,877</u>	<u>10,224</u>
Profit for the financial period attributable to:					
Owners of the Company		7,181	5,014	13,882	9,294
Non-controlling interest		<u>(18)</u>	<u>78</u>	<u>(135)</u>	<u>130</u>
		<u>7,163</u>	<u>5,092</u>	<u>13,747</u>	<u>9,424</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾ (CONT'D)

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		Unaudited 30/09/2023 ⁽¹⁾ RM'000	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2023 ⁽¹⁾ RM'000	Unaudited 30/09/2022 RM'000
Total comprehensive income for the financial period attributable to:					
Owners of the Company		7,048	5,841	13,925	10,107
Non-controlling interest		<u>(57)</u>	<u>115</u>	<u>(48)</u>	<u>117</u>
		<u>6,991</u>	<u>5,956</u>	<u>13,877</u>	<u>10,224</u>
Earnings per Share attributable to Owners of the Company (sen)					
- Basic ⁽²⁾	B10	1.08	0.76	2.08	1.40
- Diluted ⁽³⁾	B10	0.99	0.75	1.97	1.38

(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 2023 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 SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾

	-----Non-distributable-----				Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation reserve RM'000	Employee share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Equity attributable to Owners of the Company RM'000		
Balance as at 1 April 2023	133,062	(25,262)	836	(103)	84,756	193,289	4,144	197,433
Profit for the financial period	-	-	-	-	13,882	13,882	(135)	13,747
Other comprehensive income for the financial period:								
- Foreign currency translation differences	-	-	-	43	-	43	87	130
Total comprehensive income for the financial period	-	-	-	43	13,882	13,925	(48)	13,877
Balance carried forward	133,062	(25,262)	836	(60)	98,638	207,214	4,096	211,310

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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	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	(25,262)	836	(60)	98,638	207,214	4,096	211,310
Contributions by and distributions to owners of the Company:								
- Issuance of shares	4	-	-	-	-	4	852	856
- Employees' share options exercised	417					417	-	417
- Employees' share options expenses	-	-	1,743	-	-	1,743	-	1,743
Total transactions with owners	421	-	1,743	-	-	2,164	852	3,016
Balance as at 30 September 2023	133,483	(25,262)	2,579	(60)	98,638	209,378	4,948	214,326

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 2023 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 SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾ (CONT'D)

| -----Non-distributable----- | Distributable

	<u>Share capital</u> RM'000	<u>Reorganisation reserve</u> RM'000	<u>Employee share option reserve</u> RM'000	<u>Cash flow hedge reserve</u> RM'000	<u>Foreign currency translation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Equity attributable to Owners of the Company</u> RM'000	<u>Non-controlling interest</u> RM'000	<u>Total equity</u> RM'000
Balance as at 1 April 2022	133,062	(25,262)	-	-	(2)	65,096	172,894	2,747	175,641
Profit for the financial period	-	-	-	-	-	9,294	9,294	130	9,424
Other comprehensive income for the financial period:									
- Foreign currency translation differences	-	-	-	-	-	-	-	(13)	(13)
- Cash flow hedge	-	-	-	788	-	-	788	-	788
Total comprehensive income for the financial period	-	-	-	788	-	9,294	10,082	117	10,199
Balance carried forward	133,062	(25,262)	-	788	(2)	74,390	182,976	2,864	185,840

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾ (CONT'D)

| -----Non-distributable----- | Distributable

	<u>Share capital</u> RM'000	<u>Reorganisation reserve</u> RM'000	<u>Employee share option reserve</u> RM'000	<u>Cash flow hedge reserve</u> RM'000	<u>Foreign currency translation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Equity attributable to Owners of the Company</u> RM'000	<u>Non-controlling interest</u> RM'000	<u>Total equity</u> RM'000
Balance brought forward	133,062	(25,262)	-	788	(2)	74,390	182,976	2,864	185,840
Contributions by and distributions to owners of the Company:									
- Employees' share options expenses	-	-	124	-	-	-	124	-	124
Total transactions with owners	-	-	124	-	-	-	124	-	124
Balance as at 30 September 2022	133,062	(25,262)	124	788	(2)	74,390	183,100	2,864	185,964

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾

	6 months ended	
	30/09/2023 ⁽¹⁾ RM'000	30/09/2022 RM'000
Cash Flows from Operating Activities		
Profit before taxation	19,211	13,088
Adjustments for:		
Amortisation of intangible assets	60	67
Depreciation of property, plant and equipment	2,289	1,923
Depreciation of investment properties	22	22
Employees' share options expenses	1,742	124
Finance costs	3,193	1,749
Finance income	(429)	(264)
Fair value gain on derivative	-	(653)
Gain on disposal of property, plant and equipment	-	(71)
Provision/(Reversal) of defects liabilities	330	(69)
Share of net profits of equity accounted associates	(84)	(64)
Unrealised loss on foreign exchange	361	445
Other adjustments	7	1
Operating profit before working capital changes	26,702	16,298
Changes in working capital		
Decrease in inventories	11,075	1,630
Increase in trade and other receivables, deposits and prepayments	(10,318)	(24,954)
Increase in contract assets	(26,299)	(26,844)
(Decrease)/Increase in trade and other payables, accruals and provision	(15,431)	49,713
(Decrease)/Increase in contract liabilities	(10,831)	46,409
Cash (used in)/generated from operations	(25,102)	62,252
Finance costs paid	(2,061)	(1,445)
Interest income received	429	28
Tax paid	(3,628)	(2,001)
Net cash (used in)/generated from operating activities	(30,362)	58,834

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾**

	6 months ended	
	30/09/2023 ⁽¹⁾	30/09/2022
	RM'000	RM'000
Cash Flows from Investing Activities		
Investment in joint venture	(250)	-
Purchase of property, plant & equipment	(27,354)	(30,199)
Proceeds from disposal of property plant & equipment	-	71
Net cash used in investing activities	(27,604)	(30,128)
Cash Flows from Financing Activities		
Placement into fixed deposits pledged	(1,124)	(1,789)
Withdrawal from/(placement into) sinking fund for banking facilities	2,625	(1,284)
Drawdown of short term borrowings	11,303	1,184
Drawdown of term loan financing	31,317	841
Repayment of lease liabilities	(1,405)	(1,061)
Redemption of preference shares	(4,125)	-
Drawdown from Islamic Medium Term Notes	50,000	-
Subscription of share in subsidiaries by non-controlling interest	852	-
Proceed from issuance of shares	421	-
Net cash generated from financing activities	89,864	(2,109)
Net increase in cash and cash equivalents	31,898	26,597
Effect of foreign exchange rate changes	130	(11)
Cash and cash equivalents as at beginning of financial year	36,794	28,027
Cash and cash equivalents as at end of financial period	68,822	54,613

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023⁽¹⁾

	6 months ended	
	30/09/2023 ⁽¹⁾	30/09/2022
	RM'000	RM'000
Cash and cash equivalents at the end of financial period comprise:		
Cash and bank balances	27,857	62,406
Fixed deposits with financial institutions	31,300	27,063
Add: Short term investments	43,940	12
	<hr/>	<hr/>
	103,097	59,481
Less: Fixed deposits pledged	(31,300)	(27,063)
Less: Sinking fund account	(27)	(4,555)
Less: Bank borrowings	-	(3,250)
Less: Restricted cash at bank	(2,948)	-
	<hr/>	<hr/>
	68,822	54,613

- (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 2023 and the accompanying explanatory notes are an integral part of this interim financial report.

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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 2023 and the accompanying explanatory notes in this interim financial report.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 March 2023, except for the adoption of the following amendments to Malaysia Financial Reporting Standards (“MFRS”):

MFRS 17 Insurance Contracts

Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Initial application of MFRS 27 and MFRS 9 Comparative Information

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

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A2. Significant accounting policies (Cont'd)**Standard and Amendments in Issue But Not Yet Effective**

At the date of authorisation for issue of these financial statements, the new MFRS and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are as listed below:

a) Effective for annual period beginning on or after 1 January 2024

- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Non-current liabilities with Covenants
- Amendments to MFRS 16 Lease Liability in a Sales and Leaseback
- Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements

b) Effective for annual period beginning on or after 1 January 2025

- Amendments to MFRS 121 Lack of Exchangeability

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 2023.

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.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A7. Debt and equity securities

- a) During the quarter under review, the Company completed the issuance of RM10 million and RM50 million in nominal value of Islamic Commercial Papers (“ICP”) and Sustainability Islamic Medium Term Notes (“IMTN”) respectively pursuant to ICP Programme and IMTN Programme including issuance of Sustainable and Responsible Investment IMTNs, which shall have a combined aggregate limit of up to RM1.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar (collectively, “Sukuk Wakalah Programmes”).
- b) During the quarter under review, 657,000 new ordinary shares were issued under the Company Employees’ Share Option Scheme at exercise price ranging from RM0.58 to RM0.66 per ordinary share.
- c) During the quarter under review, 3,750 new ordinary shares were issued pursuant exercise of warrant at RM1.00 per share.

Save for the above, there were no other 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 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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A9. Segmental Reporting (Cont'd)

Unaudited Cumulative quarter <u>30/09/2023</u>	<u>Investment holding</u> RM'000	<u>EPCC of solar energy solution</u> RM'000	<u>O&M of solar energy system</u> RM'000	<u>Sale of electricity through solar energy</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Consolidated</u> RM'000
Revenue							
External revenue	-	276,988	2,811	2,493	1,001	-	283,292
Inter-segment revenue	-	36,434	1,215	-	-	(37,649)	-
	-	313,422	4,026	2,493	1,001	(37,649)	283,292
Results							
Segment results	(1,203)	22,486	961	1,930	172	-	24,346
Interest income	-	429	-	-	-	-	429
Interest expenses	-	(3,140)	-	(53)	-	-	(3,193)
Depreciation and amortisation	-	(2,120)	-	(251)	-	-	(2,371)
Profit before tax	(1,203)	17,655	961	1,626	172	-	19,211

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

A9. Segmental Reporting (Cont'd)

Unaudited Cumulative quarter 30/09/2022	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	2	146,884	2,156	796	973	-	150,811
Inter-segment revenue	-	10,574	979	-	-	(11,553)	-
	2	157,458	3,135	796	973	(11,553)	150,811
Results							
Segment results	(743)	15,349	1,166	776	36	-	16,584
Interest income	-	264	-	-	-	-	264
Interest expenses	-	(1,692)	-	(56)	-	-	(1,748)
Depreciation and amortisation	-	(1,899)	-	(113)	-	-	(2,012)
Profit before tax	(743)	12,022	1,166	607	36	-	13,088

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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: -

The Company's wholly-owned subsidiary, SGA had on 9 October 2023 incorporated a new subsidiary company Sunny Solar Pte Ltd ("SUNNY") with a total issued share capital of SGD 100 comprising of 100 ordinary shares. The intended principal activity of SUNNY is investment holding company.

A11. Changes in the composition of the Group

- a) The Company had on 28 July 2023 incorporated a wholly-owned subsidiary company Solarvest Global Assets Pte. Ltd ("SGA"), with a total issued share capital of SGD100 comprising of 100 ordinary shares. The intended principal activity of SGA is investment holding company.
- b) On 25 August 2023, Saxon Renewable Pte Ltd ("SAXON"), a subsidiary of Solarvest International Pte Ltd has acquired 1 ordinary shares of RM1.00 each in Saxon Renewable Energy Sdn Bhd ("SAXON SB") for a total cash consideration of RM1.00. Upon completion of the acquisition, SAXON SB become a wholly owned subsidiary of SAXON. The principal activities for SAXON SB are to carry business on renewable energy and certification aggregator.
- c) The Company had on 6 September 2023 subscribed 40,000 ordinary shares representing 40% of total paid-up share capital of I Ruma Solutions Sdn Bhd ("I Ruma") for a total cash consideration of RM400,000. The principal activities for I Ruma are to carry business of property management software development.

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

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	66,580

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A13. Corporate Guarantees

	RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	209,625

A14. Capital commitments

The Group does not have any material capital commitments during the current financial quarter under review.

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 30 September 2023 were as follows: -

	RM'000
Transaction with companies in which the Directors or major shareholders have financial interest:	
- Revenue from operations & maintenance services	199
- Revenue from EPCC solar energy solutions	1,686

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	
	30/09/2023 ("Q2/FY24") RM'000	30/09/2022 ("Q2/FY23") RM'000	RM'000	(%)
Revenue	139,903	98,151	41,752	42.54
Profit before tax	9,791	7,343	2,448	33.34
Profit after tax	7,163	5,092	2,071	40.67

Comparison between Q2/FY24 and Q2/FY23

For the quarter under review, the Group's revenue increased by RM41.75 million or 42.54% to RM139.90 million from RM98.15 million compared to the preceding year's quarter ended 30 September 2022. Profit before tax increased by RM2.45 million or 33.34% compared to Q2/FY23. The increase in revenue and profit before tax was mainly contributed by the higher revenue contribution from higher 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	
	30/09/2023 ("YTD FY24") RM'000	30/09/2022 ("YTD FY23") RM'000	RM'000	(%)
Revenue	283,292	150,811	132,481	87.85
Profit before tax	19,211	13,088	6,123	46.78
Profit after tax	13,747	9,424	4,323	45.87

Comparison between YTD FY24 and YTD FY23

For the quarter under review, the Group's revenue increased by RM132.48 million or 87.85% to RM283.29 million from RM150.81 million compared to the preceding year's quarter ended 30 September 2022. Profit before tax increased by RM6.12 million or 46.78% compared to YTD FY23. The increase in revenue and profit before tax was mainly contributed by the higher revenue contribution from higher progress of 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

B2. Comparison with immediate preceding quarter's results

	Individual Quarter		Variance	
	30/09/2023 RM'000	30/06/2023 RM'000	RM'000	(%)
Revenue	139,903	143,389	(3,486)	-2.43
Profit before tax	9,791	9,420	371	3.94
Profit after tax	7,163	6,584	579	8.79

The Group's revenue for the current financial quarter ended 30 September 2023 decreased by RM3.49 million or -2.43% to RM139.90 million compared to RM143.39 million in the preceding quarter ended 30 June 2023. The marginal decrease in revenue was due to the lower revenue contribution of LSS4 projects. However, the profit before tax was marginally higher due to the electricity sales contribution from one of the LSS4 plants commissioned during the quarter.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on prospects

The outlook for the renewal energy (“RE”) industry in Malaysia remains optimistic underpinned by the Government’s aggressive effort to increase its RE capacity to 70% of Malaysia’s total energy mix, with an aspiration to achieve net zero by 2050. Further, under the Malaysia Energy Transition Outlook 2023, the power sector is expected to increase its RE capacity to 31% by 2025 and 40% in 2035, with solar energy slated to become the dominant RE source in the system.

For the quarter under review, one of the Group’s owned three large scale solar (“LSS”) plants under the fourth cycle LSS programme (“LSS4”) with installed capacity of 29.6 megawatt-peak (“MWp”) was successfully commissioned, enabling the Group to earn recurring earnings from the sales of solar energy for the next 25 years. The remaining two LSS4 plants with installed capacity of 37.7 MWp are scheduled to be commissioned by 2023.

Recently, the Energy Commission had announced the second and final batch of the shortlisted solar power producer under the Corporate Green Power Programme (“CGPP”) and hence completed all the allocation of 800MW quota, of which the Group is actively involved in some of these projects as both the developer and/or owner.

In term of the overseas market, the Group has made positive progress in its regional expansion effort with the penetration into the Vietnamese market where it has successfully secured a total of 11 rooftop solar photovoltaic installation projects, with a combined capacity of 12.8 MWp. This strategic expansion positions the Group favourably to tap into new streams of overseas income.

As at 30 September 2023, the unbilled order book stood at RM289 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 imminent awards of up to 800 MW CGPP projects, progressive roll-out of the 10 pilot catalyst projects under the National Energy Transition Roadmap (NETR), among others and remains upbeat on the industry outlook, underpinned by a robust job pipeline in private large-scale power plants, residential, commercial & industrial projects. Furthermore, our Group has successfully obtained a cumulative capacity of approximately 110.0 MWp through Powervest. It is expected that roughly 80% of the Powervest capacity secured under multiple corporate power purchase agreements (PPAs) can contribute up to RM39 million annual recurrent revenue to the Group upon full completion. Powervest, through asset development and ownership will enhance project profit, and build recurring income streams, allowing a better long-term earnings visibility.

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 6 months ended	
	<u>30/09/2023</u> RM'000	<u>30/09/2022</u> RM'000	<u>30/09/2023</u> RM'000	<u>30/09/2022</u> RM'000
Income tax				
- Current	2,643	2,261	5,495	3,684
Deferred tax				
- Current	(15)	(10)	(31)	(20)
	<u>2,628</u>	<u>2,215</u>	<u>5,464</u>	<u>3,664</u>
Effective tax rates	26.84%	30.66%	28.44%	28.00%

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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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 30 September 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 RM'000</u>	<u>Actual utilisation RM'000</u>	<u>Percentage utilisation %</u>
(i) Investment in solar photovoltaic projects	Within 30 months	27,412 ⁽¹⁾	27,412	100.00
(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>34,800</u>	<u>100.00</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.

B7. Borrowings

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

	<u>As At</u> <u>30/09/2023</u> RM'000	<u>As At</u> <u>31/3/2023</u> RM'000
Non-current liabilities		
Term loans	119,788	87,522
IMTN	50,349	-
	<u>170,137</u>	<u>87,522</u>
Current liabilities		
Term loans	4,818	324
Invoice financing	11,717	15,770
Banker's acceptance	6,722	1,254
ICP	9,887	-
	<u>34,144</u>	<u>17,348</u>
Total borrowings	<u>203,281</u>	<u>104,870</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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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 6 months ended	
	<u>30/09/2023</u> RM’000	<u>30/09/2022</u> RM’000	<u>30/09/2023</u> RM’000	<u>30/09/2022</u> RM’000
Profit after tax attributable to owners of the Company (RM’000)	7,181	5,014	13,882	9,294
Weighted average number of ordinary shares in issue (’000)	667,928	667,554	667,769	667,554
Basic EPS (sen)	1.08	0.76	2.08	1.40

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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 6 months ended	
	<u>30/09/2023</u> RM’000	<u>30/09/2022</u> RM’000	<u>30/09/2023</u> RM’000	<u>30/09/2022</u> RM’000
Profit after tax attributable to owners of the Company (RM’000)	7,181	5,014	13,882	9,294
Weighted average number of ordinary shares in issue (’000)	667,982	667,554	667,769	667,554
Effect of warrants (’000)	34,882	*	18,674	*
Effect of employees’ share options (’000)	23,584	2,216	18,635	6,147
Adjusted weighted average number of shares (’000)	726,448	669,680	705,078	673,701
Diluted EPS (sen)	0.99	0.75	1.97	1.38

* 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 6 months ended	
	<u>30/09/2023</u> RM'000	<u>30/09/2022</u> RM'000	<u>30/09/2023</u> RM'000	<u>30/09/2022</u> RM'000
Profit before tax is arrived at after charging/(crediting):				
Amortisation of intangible assets	26	34	60	67
Auditors' remuneration				
- current year	75	49	148	143
Depreciation of property, plant and equipment	1,298	1,051	2,289	1,923
Depreciation of investment properties				
- freehold building	11	11	22	22
Gain on disposal of property, plant and equipment	-	-	-	(71)
Interest expenses	1,711	1,069	3,193	1,748
Interest income	(255)	(146)	(429)	(264)
Provision/(Reversal) of defect liabilities	330	(69)	330	(69)
Realised loss on foreign exchange	56	704	335	1,436
Rental expenses	218	105	411	230
Rental income	(38)	(38)	(76)	(76)
Unrealised loss/(gain) on foreign exchange	183	(141)	361	445

B12. Comparative Figures

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

BY ORDER OF THE BOARD

29 November 2023