



INTERIM FINANCIAL REPORT THIRD QUARTER ENDED 31 DECEMBER 2019

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 Third Quarter Ended 31 December 2019



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019⁽¹⁾

	Unaudited As At 31/12/2019 RM'000	Audited As At 31/03/2019 RM'000
Non-current assets		
Property, plant and equipment	13,798	14,682
Right-of-use assets	2,075	-
Investment properties	873	887
Intangible assets	499	632
Deferred tax assets	-	112
Trade receivables	8,262	2,442
Other receivables	246	240
	<u>25,753</u>	<u>18,995</u>
Current assets		
Inventories	9,141	2,030
Trade receivables	54,893	15,545
Other receivables, deposits and prepayments	10,783	10,605
Contract assets	13,159	16,646
Current tax assets	-	1,903
Short term deposits	10,019	-
Fixed deposits with financial institutions	20,138	8,235
Cash and bank balances	19,558	14,191
	<u>137,691</u>	<u>69,155</u>
Total assets	<u>163,444</u>	<u>88,150</u>
Equity		
Share capital	59,842	1,000
Reorganisation reserve	(25,261)	-
Retained earnings	42,457	30,680
	<u>77,038</u>	<u>31,680</u>
Non-controlling interest	305	(6)
Total equity	<u>77,343</u>	<u>31,674</u>

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		Unaudited As At 31/12/2019 RM'000	Audited As At 31/03/2019 RM'000
Non-current liabilities	Note		
Bank borrowings	B7	4,832	5,798
Lease liabilities	B7	2,769	1,096
Deferred tax liabilities		59	-
Redeemable preferences shares		4,893	4,555
Trade payables		1,311	503
Contract liabilities		167	273
		<u>14,031</u>	<u>12,225</u>
Current liabilities			
Trade payables		39,929	25,474
Other payables and accruals		2,699	2,645
Provisions		532	332
Bank borrowings	B7	7,103	7,693
Lease liabilities	B7	944	611
Contract liabilities		20,772	7,496
Current tax liabilities		91	-
		<u>72,070</u>	<u>44,251</u>
Total liabilities		<u>86,101</u>	<u>56,476</u>
Total equity and liabilities		<u>163,444</u>	<u>88,150</u>
Number of ordinary shares in issue ('000)		390,624	1,000
Net assets per share attributable to owners of the parent (RM)		0.20	31.67

⁽¹⁾ The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 September 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		<u>31/12/2019⁽¹⁾</u>	<u>31/12/2018⁽²⁾</u>	<u>31/12/2019⁽¹⁾</u>	<u>31/12/2018⁽²⁾</u>
		RM'000	RM'000	RM'000	RM'000
Revenue		62,120	N/A	202,084	N/A
Cost of sales		<u>(50,743)</u>	<u>N/A</u>	<u>(173,707)</u>	<u>N/A</u>
Gross profit		11,377	N/A	28,377	N/A
Other income		619	N/A	968	N/A
Administrative expenses		(4,895)	N/A	(11,608)	N/A
Sales and distribution expenses		(330)	N/A	(1,093)	N/A
Listing expenses ⁽⁴⁾		<u>(1,561)</u>	<u>N/A</u>	<u>(1,902)</u>	<u>N/A</u>
Profit from operations		5,210	N/A	14,742	N/A
Finance costs		<u>(376)</u>	<u>N/A</u>	<u>(1,102)</u>	<u>N/A</u>
Profit before taxation		4,834	N/A	13,640	N/A
Taxation	B5	<u>(532)</u>	<u>N/A</u>	<u>(1,537)</u>	<u>N/A</u>
Profit after taxation		<u>4,302</u>	<u>N/A</u>	<u>12,103</u>	<u>N/A</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended		
	<u>31/12/2019⁽¹⁾</u>	<u>31/12/2018⁽²⁾</u>	<u>31/12/2019⁽¹⁾</u>	<u>31/12/2018⁽²⁾</u>	
	RM'000	RM'000	RM'000	RM'000	
Profit for financial period attributable to:					
Owners of the Company	3,978	N/A	11,851	N/A	
Non-controlling interest	<u>324</u>	<u>N/A</u>	<u>252</u>	<u>N/A</u>	
	<u>4,302</u>	<u>N/A</u>	<u>12,103</u>	<u>N/A</u>	
Earnings per share attributable to owners of the parent (sen)					
- Basic	B10	1.20	N/A	5.89	N/A

(1) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 September 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

(2) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the period ended 31 December 2019 announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

(3) Based on the weighted average number of ordinary shares outstanding during the financial period under review.

(4) Being one-off listing expenses for illustration purpose only, the profit after taxation after adjusting for the one-off listing expenses is as follows:

	Individual quarter <u>31.12.19</u> RM'000	Cumulative quarter <u>31.12.19</u> RM'000
Profit before taxation	4,834	13,640
Add: Listing expenses	<u>1,561</u>	<u>1,902</u>
Adjusted profit before taxation	<u>6,395</u>	<u>15,542</u>

*N/A denotes not applicable.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

	-----Non-distributable-----		Distributable			
	<u>Share capital</u>	<u>Reorganisation reserve</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2019	1,000	-	30,680	31,680	(6)	31,674
Impact on adopting of MFRS 16 in retained earnings	-	-	(74)	(74)	-	(74)
Profit for the financial period	-	-	11,851	11,851	252	12,103
Transaction with owners:						
Acquisition of subsidiaries in business combination under common control	25,261	(25,261)	-	-	-	-
Issuance of share capital to non – controlling interest of subsidiary	-	-	-	-	59	59
Issuance of shares	34,590	-	-	34,590	-	34,590
Share issue expenses	(1,009)	-	-	(1,009)	-	(1,009)
Balance as at 31 December 2019	59,842	(25,261)	42,457	77,038	305	77,343

- (1) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 September 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

	Unaudited	
	9 months ended	
	<u>31/12/2019⁽¹⁾</u>	<u>31/12/2018⁽²⁾</u>
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	13,640	N/A
Adjustments for:		
Amortisation of intangible assets	99	N/A
Depreciation of property, plant and equipment	1,278	N/A
Depreciation of right-of-use assets	239	N/A
Depreciation of investment properties	38	N/A
Finance costs	1,102	N/A
Finance income	(410)	N/A
Gain on disposal of property, plant and equipment	(*)	N/A
Provision of defects liability	200	N/A
Unrealised gain on foreign exchange	(388)	N/A
Operating profit before working capital changes	15,798	N/A
Changes in working capital		
Increase in inventories	(7,111)	N/A
Increase in trade and other receivables, deposits and prepayments	(45,294)	N/A
Decrease in contract assets	3,487	N/A
Increase in trade and other payables, accruals and provision	15,704	N/A
Increase in contract liabilities	13,170	N/A
Cash used in operations	(4,246)	N/A
Finance costs paid	(765)	N/A
Interest income received	352	N/A
Tax paid	(689)	N/A
Tax refund	1,342	N/A
Net cash used in operating activities	(4,006)	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

	Unaudited 9 months ended	
	<u>31/12/2019⁽¹⁾</u>	<u>31/12/2018⁽²⁾</u>
	RM'000	RM'000
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(418)	N/A
Acquisition of intangible assets	(6)	N/A
Proceeds from disposal of property, plant & equipment	1	N/A
Proceeds from discount received of intangible assets	40	N/A
Net cash used in investing activities	(383)	N/A
Cash Flows from Financing Activities		
Increase in fixed deposits pledged	(1,875)	N/A
Placement into sinking fund for banking facilities	(163)	N/A
Drawdown of banker acceptance	4,980	N/A
Net repayment of local bill purchase	(6,583)	N/A
Drawdown of finance lease liabilities	313	N/A
Repayment of finance lease liabilities	(514)	N/A
Repayment of lease liabilities	(205)	N/A
Repayment of term loan	(1,027)	N/A
Shares issue expenses	(1,009)	N/A
Proceeds from issue of share capital	34,649	N/A
Net cash generated from financing activities	28,566	N/A
Net increase in cash and cash equivalents	24,177	N/A
Cash and cash equivalents as at beginning of financial year	12,854	N/A
Cash and cash equivalents as at end of financial period	<u>37,031</u>	<u>N/A</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019⁽¹⁾

	Unaudited	
	9 months ended	
	31/12/2019 ⁽¹⁾	31/12/2018 ⁽²⁾
	RM'000	RM'000
Cash and cash equivalents comprise the following as at end of financial period:		
Cash and bank balances	19,558	N/A
Short term deposits	10,019	N/A
Fixed deposits with financial institutions	20,138	N/A
	49,715	N/A
Less: Fixed deposits pledged	(10,110)	N/A
Less: Sinking fund account	(1,500)	N/A
Bank overdraft	(1,074)	N/A
	37,031	N/A

(1) The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 September 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

(2) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the period ended 31 December 2019 announced by the Company in compliance with the Listing Requirement.

* Represent less than 1,000.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

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

This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 31 December 2019 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

This interim financial report should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 30 September 2019 and the accompanying explanatory notes are an integral part of 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 disclosed in the Accountants' Report in the Prospectus of the Company dated 30 September 2019, in addition to the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations for financial year beginning 1 April 2019.

(a) New and revised MFRSs, Amendments to MFRSs and IC interpretations

- MFRS 16, 'Leases'
- Amendments to MFRS 9, 'Financial Instruments' – Prepayment Features with Negative Compensation
- Amendments to MFRS 3, 'Business Combinations' and MFRS 11, 'Joint Arrangements' – Previously Held Interest in a Joint Operation
- Amendments to MFRS 112, 'Income Taxes' – Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 119, 'Employee Benefits' – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, 'Borrowing Costs' – Borrowing Costs Eligible for Capitalisation

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A2. Significant accounting policies (cont'd)

(a) New and revised MFRSs, Amendments to MFRSs and IC interpretations (cont'd)

- Amendments to MFRS 128, 'Investments in Associates and Joint Ventures' – Long term Interests in Associates and Joint Ventures
- IC Interpretation 23, 'Uncertainty over Income Tax Treatments'

(b) New and revised MFRSs, Amendments to MFRSs and IC interpretations, but only effective for annual periods beginning on or after 1 January 2020

The following are standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board but have not been early adopted by the Group:

- Amendments to MFRS 3, 'Business Combinations' – Definition of a Business
- Amendments to MFRS 101, 'Presentation of Financial Statements' and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards
- MFRS 17 Insurance Contracts
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets Deferred between an Investor and its Associate or Joint Venture

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A3. Impact of the initial application of MFRS 16 Leases

The Group has adopted MFRS 16 using the modified retrospective approach method. As allowed by the transitional provisions of MFRS 16, the Group will not restate the comparative information. Instead, the Group recognizes the cumulative effect as a transitional adjustment to the opening balance of retained profits as at 1 April 2019 (i.e. date of initial application of MFRS 16).

	As at April 2019 RM'000	Effect on adoption of MFRS 16 RM'000	As at 1 April 2019 (Restated) RM'000
Non-current assets			
Right-of-use assets	-	2,164	2,164
Deferred tax assets	112	25	137
Equity			
Retained earnings	30,680	(74)	30,606
Non-current liabilities			
Lease liabilities	1,096	2,047	3,143
Current liabilities			
Lease liabilities	611	216	827

A4. Auditors' report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 March 2019.

A5. Seasonal or cyclical factors

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

A6. Material Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A7. Material changes in estimates

There were no changes in estimates that have a material effect in the current financial period under review.

A8. Debt and equity securities

Save as disclosed in note B6, there were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period under review.

A9. Dividend

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

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A10. Segmental Reporting

The Group's operating activities were derived from four (4) main business segments, namely the following:-

Unaudited Cumulative quarter 31/12/2019	Investment Holding	EPCC of solar energy solution	O & M of solar energy system	Sale of electricity through solar energy	Others ⁽¹⁾	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	-	197,722	924	1,339	2,099	-	202,084
Inter-segment revenue	-	12,286	36	-	-	(12,322)	-
	-	210,008	960	1,339	2,099	(12,322)	202,084
Results							
Segment result	(2,467)	16,649	618	1,144	100	-	16,044
Interest income	69	283	-	-	-	-	352
Interest expenses	-	(970)	-	(132)	-	-	(1,102)
Depreciation & amortisation	-	(1,428)	-	(226)	-	-	(1,654)
Profit before tax	(2,398)	14,534	618	786	100	-	13,640

⁽¹⁾ Being one off project management of electrical and fire protection works for our related party and third party.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A11. Significant event after the end of the Interim Financial Period

Save as disclosed in Note B5, there were no other material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group during the current financial period under review.

The Company had on 24 December 2019 incorporated a new wholly-owned subsidiary company with the name "Solarvest Asset Management Sdn Bhd" 201901046277 (1355607-K) ("SAM") with a paid-up share capital of RM 100. Subsequently, the Company had on 12 February 2020 subscribed an additional 1,999,900 ordinary shares in the capital of SAM. Currently, the total issued and paid-up share capital of SAM is RM2,000,000.00 comprising of 2,000,000 ordinary shares, and the Company remains as the sole shareholder of SAM.

The intended principal activity of SAM is to carry out the business of solar leasing and other related activities. SAM will provide finance leasing and lending services in relation to the solar rooftop projects undertaken or to be undertaken by the Company and group of companies, mainly to facilitate the expansion of the Group's businesses into solar leasing and other related activities.

A13. Contingent liabilities and contingent assets

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

	Unaudited RM'000
Secured	
Bank guarantees for performance and workmanship security bond provided to customers	2,737

A14. Capital commitments

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A15. Significant Related Party Transactions

Our Group's transactions with companies in which our directors or substantial shareholders have an interest in for the current financial period ended 31 December 2019 were as follows:-

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
- Revenue from installation of electrical works	1,848
- Revenue from operation & maintenance services	66
- Hire of machinery charges	9

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 period under review.

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B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES

B1. Review of Group's Performance

The Group recorded revenue of RM202.1 million, mainly from EPCC services which have contributed RM197.7 million that resulted the group profit before taxation of RM13.6 million for the cumulative financial period ended 31 December 2019. Included in other income were fixed deposit interest received amounting to RM0.4 million as a result of placement of fixed deposit of RM20.1 million during the said financial period ended. Administrative expenses during the cumulative financial period were mainly due to staff cost amounting to RM4.9 million, depreciation of RM1.7 million, realised loss on foreign exchange of RM0.6 million and motor vehicle expenses of RM0.6 million. Sales and distribution expenses were mainly due to sales commission paid of RM0.8 million and marketing expenses of RM0.3 million incurred during the period.

In the absence of a one-off listing expenses of RM1.9 million, the Group's profit before tax stood at RM15.5 million for the period under review.

B2. Comparison with immediate preceding quarter's results

	Quarter Ended		Variance
	31/12/2019	30/9/2019	
	RM'000	RM'000	RM'000
Revenue	62,120	102,404	(40,284)
Profit before tax	4,834	4,516	318

For the quarter under review, the Group's revenue for the current financial quarter ended 31 December 2019 decreased by RM40.3 million or 39.3% to RM62.1 million as compared to RM102.4 million in the preceding financial quarter ended 30 September 2019. The decrease in revenue was due to most of the large scale solar projects had reached near completion in this financial quarter as compared to preceding financial quarter which resulted in lower revenue being recognised in this financial quarter.

Profit before taxation of the Group for the current financial quarter was RM4.8 million, represents an increase of RM0.3 million as compared to RM4.5 million in the preceding financial quarter. The increase in profit before taxation was mainly due to better margin contribution from commercial & industrial segment as compared to large scale solar segment. As such, the Group has able to maintain its profit before taxation for this financial quarter despite the drop in revenue.

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B3. Commentary on prospects

The outlook for the solar photovoltaic ("PV") industry in Malaysia is optimistic and the Malaysian Government is committed to support the growth of PV solar industry by setting a target for electricity generated from renewable energy at 20% of all power generated. The total solar PV installed capacity in Malaysia stood at 438MWp in 2018, and is targeted to grow to 3,322MW by 2023.

Tax incentives aimed at boosting the Malaysian green economy which was tabled in the recent Budget 2020 were also in line with the Government's commitment.

The Group will continuously bid for new contracts to replenish its order book. As at the reporting date, the unbilled order book stood at RM146.6 million which will contribute progressively to the Group's revenue until the financial year ending 31 March 2020 and 31 March 2021.

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

B4. Profit Forecast

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

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B5. Taxation

	Unaudited 3 months ended		Unaudited 9 months ended	
	<u>31/12/2019</u>	<u>31/12/2018⁽¹⁾</u>	<u>31/12/2019</u>	<u>31/12/2018⁽¹⁾</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial period	617	N/A	1,433	N/A
- (Over)/under provision in prior year	(92)	N/A	(92)	N/A
	525	N/A	1,341	
Deferred tax liabilities				
- Current financial period	7	N/A	196	N/A
	532	N/A	1,537	N/A
Effective tax rates	11.0%	N/A	11.3%	N/A

- (1) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the second interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

The effective tax rate of the Company was lower than the statutory tax rate as the subsidiary, Atlantic Blue Sdn Bhd, was granted pioneer status by MIDA for electricity generation as an owner of solar PV plant effective from 1 January 2015. Under the pioneer status, the profit derived from our own solar PV plant is exempted from tax for 5 years from 1 January 2015 to 31 December 2019. Our application for renewal of pioneer status was obtained on 23 September 2019 for another 5 years from 1 January 2020 to 31 December 2024. In addition to that, Powertrack and Solarvest Energy were also granted 100% tax exemption by MIDA on statutory income for a period of 5 years from year of assessment 2016 to 2020 and 2017 to 2020 respectively. Solarvest Energy (SR) was also granted 100% tax exemption on statutory income by MIDA on 13 December 2019 for the year of assessment 2020.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Status of corporate proposals and utilisation of proceeds

- i) On 30 September 2019, the Company issued its prospectus in relation to the public issue of 98,828,000 new Ordinary Shares ("Public Issue") at an issue price of RM0.35 per share in conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad. Thereafter, the Company successfully listed its entire enlarged share capital of 390,623,655 shares on the ACE Market of Bursa Malaysia Securities Berhad on 26 November 2019.
- ii) On 21 November 2019, the Company had entered into a Memorandum of Agreement ("MOA") with Teo Seng Capital Berhad ("Teo Seng") for the purpose of installation of the solar photovoltaic panel across farms and factories of Teo Seng and its group of companies which is located in the state of Johor, Malaysia. There is no other material development on the MOA since the last announcement. We are currently finalising the details of the Engineering, Procurement and Construction Agreement ("EPC Agreement") with Teo Seng in relation to the specification of the Solar PV System and the Terms of EPC Agreement.
- iii) On 18 February 2020, the Company's subsidiary Solarvest Energy Sdn Bhd ("Solarvest Energy") had entered into Memorandum of Understanding (MOU) with Advancecon Solar Sdn Bhd ("Advancecon") to jointly co-operate for the purposes of undertaking solar renewable energy project in Malaysia under the Commercial and Industrial (C&I) category. Advancecon is desirous to engage Solarvest Energy as the exclusive contractor for the EPCC works for the Projects ("EPCC Contractor") and Solarvest Energy is willing to act as the EPCC Contractor for the Projects. Both parties agree to use their best endeavour to assist and co-operate with each other towards successful implementation and execution of the Projects, including participating in bidding for the Projects.

Advancecon was incorporated in Malaysia as a private company limited by shares and is a subsidiary of Advancecon Holdings Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad and principally a solar photovoltaic investor registered under Sustainable Energy Development Authority (SEDA) for solar renewable energy projects.

There has been no material development since the last announcement.

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

iv) Use of proceeds from the Initial Public Offering ("IPO")

The gross proceeds of RM34.6 million raised from the Public Issue and status of utilisation as at 31 December 2019 are as follows:

<u>Utilisation of proceeds</u>	<u>Estimated timeframe for utilisation from Listing</u>	<u>Proposed utilisation RM'000</u>	<u>Actual utilisation RM'000</u>	<u>Percentage utilisation %</u>
(i) Business expansion	Within 24 months	3,000	-	-
(ii) Capital expenditure	Within 18 months	4,000	-	-
(iii) Working capital	Within 24 months	19,190	-	-
(iv) Repayment of bank borrowings	Within 3 months	5,000	2,500	50.0
(v) Estimated listing expenses	Within 1 month	3,400	3,400	100.0
		<u>34,590</u>	<u>5,900</u>	<u>17.1</u>

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

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B7. Borrowings

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

	Unaudited 9 months ended	
	31/12/2019	31/12/2018 ⁽¹⁾
	RM'000	RM'000
<u>Secured</u>		
Current liabilities		
Lease liabilities	723	N/A
Bank overdraft	1,074	N/A
Term loans	1,049	N/A
Banker acceptance	4,980	N/A
	<u>7,826</u>	<u>N/A</u>
Non-current liabilities		
Lease liabilities	782	N/A
Term loans	4,832	N/A
	<u>5,614</u>	<u>N/A</u>
<u>Non-secured</u>		
Current liabilities		
Lease liabilities	221	N/A
Non-current liabilities		
Lease liabilities	1,987	N/A
Total borrowings	<u>15,648</u>	<u>N/A</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

- (1) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the second interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

B8. Material Litigation

As at the date of this interim financial report, there were no material litigation involving the Group.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B9. Dividend Proposed

The Board of Directors did not declare or recommend any dividend for the current financial period 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 parent divided by the weighted average number of ordinary shares in issue during the financial period.

	Unaudited 3 months ended		Unaudited 9 months ended	
	<u>31/12/2019</u>	<u>31/12/2018⁽¹⁾</u>	<u>31/12/2019</u>	<u>31/12/2018⁽¹⁾</u>
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company (RM'000)	3,978	N/A	11,851	N/A
Weighted average number of ordinary shares in issue ('000)	331,593	N/A	201,124	N/A
Basic EPS (sen)	1.20	N/A	5.89	N/A

- (1) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the second interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

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B11. Profit Before Tax

	Unaudited 3 months ended		Unaudited 9 months ended	
	<u>31/12/2019</u>	<u>31/12/2018 ⁽¹⁾</u>	<u>31/12/2019</u>	<u>31/12/2018 ⁽¹⁾</u>
Profit before tax is arrived at after charging/(crediting):	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	34	N/A	99	N/A
Auditors' remuneration				
- under provision in prior year	40	N/A	40	N/A
- current year	33	N/A	99	N/A
Bad debts recovered	(17)	N/A	(17)	N/A
Depreciation of property, plant and equipment	428	N/A	1,278	N/A
Depreciation of right-of-use assets	71	N/A	239	N/A
Depreciation of investment properties				
- freehold building	13	N/A	38	N/A
Gain on disposal of property, plant and equipment	(*)	N/A	(*)	N/A
Interest expenses	376	N/A	1,102	N/A
Interest income	(189)	N/A	(352)	N/A
Provision of defects liability	-	N/A	200	N/A
Realised loss on foreign exchange	435	N/A	578	N/A
Rental expenses	94	N/A	248	N/A
Rental income	(19)	N/A	(108)	N/A
Unrealised gain on foreign exchange	(777)	N/A	(388)	N/A

(1) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the second interim financial report on consolidation results announced by the Company in compliance with the Listing Requirements.

* Represent less than 1,000

BY ORDER OF THE BOARD
24 February 2020