



GPP RESOURCES BERHAD

(Registration No: 201801003761 (1265775-W))
(Incorporated in Malaysia under the Companies Act 2016)

**HALF YEARLY REPORT ON CONSOLIDATED RESULTS FOR THE
FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES" OR THE "EXCHANGE")**

THE LEAP MARKET OF BURSA SECURITIES HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY GPP RESOURCES BERHAD ("GPP" OR "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 ⁽¹⁾

| | Individual 6-months ended | | Cumulative 12-months ended | |
|--|---------------------------|----------------------|----------------------------|----------------------|
| | 31.12.2022 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 31.12.2021 RM'000 |
| Revenue | 34,558 | 32,754 | 77,893 | 77,329 |
| Cost of sales | (35,921) | (33,500) | (81,039) | (78,011) |
| Gross (loss) ("GL") | (1,363) | (746) | (3,146) | (682) |
| Other income | (94) ⁽²⁾ | 281 | 330 | 686 |
| Administrative expenses | (2,571) | (2,326) | (4,385) | (3,778) |
| Other expenses | (691) | (1,976) | (1,710) | (2,985) |
| Loss from operation | (4,719) | (4,767) | (8,911) | (6,759) |
| Finance costs | (857) | (722) | (1,767) | (1,490) |
| Share of results of an associated company | - | 1 | (1) | 1 |
| Loss before taxation | (5,576) | (5,488) | (10,679) | (8,248) |
| Income tax expenses | - | (24) | - | (24) |
| Loss after taxation | (5,576) | (5,512) | (10,679) | (8,272) |
| Other comprehensive (loss) / income, net of tax | | | | |
| Item that is or may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | (1) | 12 | (1) | 7 |
| Total comprehensive loss | (5,577) | (5,500) | (10,680) | (8,265) |
| Loss attributable to: | | | | |
| - Owners of the Company | (5,573) | (5,510) | (10,675) | (8,269) |
| - Non-controlling interest | (3) | (2) | (4) | (3) |
| | (5,576) | (5,512) | (10,679) | (8,272) |
| Total comprehensive loss attributable to: | | | | |
| - Owners of the Company | (5,574) | (5,498) | (10,676) | (8,262) |
| - Non-controlling interest | (3) | (2) | (4) | (3) |
| | (5,577) | (5,500) | (10,680) | (8,265) |
| Loss per share (sen) | | | | |
| - Basic | (3.59) | (3.55) | (6.88) | (5.33) |

Notes:

- (1) *The basis of preparation of the unaudited condensed consolidated statements of profit or loss and other comprehensive income are detailed in Note A1 and should be read in conjunction with the audited financial statements of GPP and its subsidiaries ("Group") for the financial year ended ("FYE") 31 December 2021 ("Audited Financial Statements") and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Being reversal of unrealised gain on foreign exchange and reversal of impairment loss on trade receivables during current period under review.*

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

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

| | Unaudited as at 31.12.2022 RM'000 | Audited as at 31.12.2021 RM'000 |
|--|---|---------------------------------------|
| ASSETS | | |
| <u>Non-current assets</u> | | |
| Plant and equipment | 18,116 | 19,288 |
| Right-of-use assets | 10,107 | 11,410 |
| Intangible asset | Neg | Neg |
| Investment in an associated company | 13 | 14 |
| Total non-current assets | 28,236 | 30,712 |
| <u>Current assets</u> | | |
| Inventories | 6,387 | 6,508 |
| Trade receivables | 7,685 | 5,924 |
| Contract assets | 8,488 | 6,415 |
| Other receivables, deposits and prepayments | 3,375 | 1,621 |
| Current tax assets | 794 | 783 |
| Deposits with licensed banks | 5,808 | 5,208 |
| Cash and bank balances | 328 | 521 |
| Total current assets | 32,865 | 26,980 |
| TOTAL ASSETS | 61,101 | 57,692 |
| EQUITY AND LIABILITIES | | |
| Share capital | 17,785 | 17,785 |
| Reserves | (20,833) | (10,152) |
| Equity attributable to owners of the Company | (3,048) | 7,633 |
| Non-controlling interests | 16 | 20 |
| Total equity | (3,032) | 7,653 |
| <u>Non-current liabilities</u> | | |
| Borrowings | 6,724 | 8,212 |
| Lease liabilities | 10,126 | 11,018 |
| Deferred tax liabilities | 76 | 76 |
| Total non-current liabilities | 16,926 | 19,306 |
| <u>Current liabilities</u> | | |
| Trade payables | 21,450 | 8,773 |
| Contract liabilities | 1,695 | 223 |
| Other payables and accruals | 12,171 | 9,654 |
| Borrowings | 10,893 | 11,167 |
| Lease liabilities | 998 | 916 |
| Current tax liabilities | - | Neg |
| Total current liabilities | 47,207 | 30,733 |
| Total liabilities | 64,133 | 50,039 |
| TOTAL EQUITY AND LIABILITIES | 61,101 | 57,692 |
| Number of ordinary shares (“Shares”) (‘000) | 155,118 | 155,118 |
| Net (liabilities) / assets per Share (RM) ⁽²⁾ | (0.02) | 0.05 |

Notes:

Neg Amount is negligible as it is less than RM1,000.

- (1) The basis of preparation of the unaudited condensed consolidated statements of financial position are detailed in Note A1 and should be read in conjunction with the Group’s Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.
- (2) Computed based on net liabilities or net assets over number of Shares in issue for the respective financial year/period under review.

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 ⁽¹⁾

| | <u><----- Non-distributable -----></u> | | | <u>Distributable</u> | <u>Equity</u> | <u>Non-</u> | <u>Total</u> |
|--|--|----------------|--------------------|----------------------|---------------------|--------------------|----------------|
| | <u>Share</u> | <u>Merger</u> | <u>Foreign</u> | <u>(Accumulated</u> | <u>attributable</u> | <u>controlling</u> | <u>equity</u> |
| | <u>capital</u> | <u>reserve</u> | <u>translation</u> | <u>losses) /</u> | <u>to owners of</u> | <u>interests</u> | <u>RM'000</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>reserve</u> | <u>Retained</u> | <u>the Company</u> | <u>RM'000</u> | <u>RM'000</u> |
| | | | <u>RM'000</u> | <u>profits</u> | <u>RM'000</u> | | |
| | | | | <u>RM'000</u> | <u>RM'000</u> | | <u>RM'000</u> |
| As at 1.1.2022 | 17,785 | (4,333) | 8 | (5,827) | 7,633 | 20 | 7,653 |
| Loss for the financial period | - | - | - | (10,675) | (10,675) | (4) | (10,679) |
| Foreign currency translation difference for foreign operations | - | - | (6) | - | (6) | - | (6) |
| As at 31.12.2022 | 17,785 | (4,333) | 2 | (16,502) | (3,048) | 16 | (3,032) |
| As at 1.1.2021 | 17,785 | (4,333) | 2 | 2,441 | 15,895 | (1) | 15,894 |
| Loss for the financial year | - | - | - | (8,269) | (8,269) | (3) | (8,272) |
| Issue of new shares in a subsidiary company ⁽²⁾ | - | - | - | - | - | 25 | 25 |
| Dilution of ownership interests in a subsidiary company ⁽²⁾ | - | - | - | 1 | 1 | (1) | - |
| Foreign currency translation difference for foreign operations | - | - | 6 | - | 6 | - | 6 |
| As at 31.12.2021 | 17,785 | (4,333) | 8 | (5,827) | 7,633 | 20 | 7,653 |

Notes:

- (1) *The basis of preparation of the unaudited condensed consolidated statements of changes in equity are detailed in Note A1 and should be read in conjunction with the Group's Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.*
- (2) *On 4 June 2021, Gambang Power Plant Sdn. Bhd. ("Gambang") (previously a 70%-owned subsidiary of Green Energy Resources (M) Sdn. Bhd. ("Green Energy") (a wholly-owned subsidiary of the Company)), had increased its share capital from 100 to 49,900 ordinary shares in Gambang. Green Energy and three individuals (two existing shareholders and one new investor) had subscribed for additional 25,430 and 24,470 new ordinary shares in Gambang for a total cash consideration of RM25,430 and RM24,470, respectively. Consequently, Green Energy's equity interest in Gambang decreased from 70% to 51%.*

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 ⁽¹⁾

| | 12-months period ended | |
|--|-------------------------------|-------------------|
| | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 |
| <u>Cash flows from operating activities</u> | | |
| Loss before taxation | (10,679) | (8,248) |
| <i>Adjustments for:</i> | | |
| Amortisation for intangible asset | - | 9 |
| Depreciation of plant and equipment | 2,379 | 2,270 |
| Depreciation of right-of-use asset | 1,312 | 1,277 |
| Gain on disposal of plant and equipment | (5) | - |
| Impairment losses on other receivables | 135 | - |
| Impairment losses on trade receivables | 75 | 1,167 |
| Interest / Financing expenses | 1,767 | 1,490 |
| Interest income | (100) | (84) |
| Other receivables and deposits written off | - | 230 |
| Plant and equipment written off | - | 3 |
| Share of or loss / (profit) of equity-accounted associate | 1 | (1) |
| Unrealised gain on foreign exchange | (3) | (320) |
| Unrealised loss on foreign exchange | - | 76 |
| <i>Operating loss before changes in working capital</i> | <i>(5,118)</i> | <i>(2,131)</i> |
| Decrease in inventories | 121 | 168 |
| (Increase) / Decrease in trade receivables | (1,826) | 8,938 |
| Increase in contract assets | (2,073) | (2,191) |
| (Increase) / Decrease in other receivables, deposits and prepayments | (1,889) | 2,047 |
| Increase / (Decrease) in trade payables | 12,670 | (4,146) |
| Increase / (Decrease) in contract liabilities | 1,472 | (4,049) |
| Increase in other payables and accruals | 2,517 | 5,016 |
| <i>Cash generated from operations</i> | <i>5,874</i> | <i>3,652</i> |
| Interest / Financing paid | (1,767) | (1,490) |
| Tax paid | (22) | (247) |
| Tax refund | 11 | - |
| Net cash from operating activities | 4,096 | 1,915 |
| <u>Cash flows from investing activities</u> | | |
| Acquisition of an associated company | - | (12) |
| Interest received | 100 | 84 |
| Placement of deposits with licensed banks with maturity period of more than 3 months | Neg | Neg |
| Placement of pledged deposits | (600) | (459) |
| Proceeds from disposal of plant and equipment | 10 | - |
| Purchase of plant and equipment and right-of-use assets | (1,044) | (2,404) |
| Net cash used in investing activities | (1,534) | (2,791) |
| <u>Cash flows from financing activities</u> | | |
| Drawdown from Islamic bank financing – Term financing-i | - | 1,566 |
| Drawdown of term loan | - | 505 |
| Issue of shares to non-controlling interests | - | 24 |
| Repayment of Islamic bank financing – Trade financing-i | (933) | (368) |
| Repayment of Islamic bank financing – Term financing-i | (1,229) | (646) |
| Repayment of lease liabilities | (987) | (923) |
| Repayment of term loan | (75) | (6) |
| Net cash (used in) / from financing activities | (3,224) | 152 |

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 ⁽¹⁾ (CONT'D)

| | 12-months period ended | |
|--|------------------------|----------------|
| | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 |
| Net decrease in cash and cash equivalents | (662) | (724) |
| Effect of exchange rate fluctuations on cash held | (6) | 6 |
| Cash and cash equivalents at the beginning of the financial period/year | (6,674) | (5,956) |
| Cash and cash equivalents at the end of the financial period/year | (7,342) | (6,674) |

*Notes:**Neg Amount is negligible as it is less than RM1,000.*

- (1) *The basis of preparation of the unaudited condensed consolidated statements of cash flows are detailed in Note A1 and should be read in conjunction with the Group's Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.*

[The rest of this page has been intentionally left blank]

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

A1. Basis of preparation

The unaudited interim financial statements of the Group have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and should read in conjunction with the Group's Audited Financial Statements and the accompanying explanatory notes attached to this interim financial report.

This is the interim financial report on the Company's consolidated results for the 6-months period ended 31 December 2022 in compliance with Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Securities ("LEAP LR").

A2. Accounting policies

The accounting policies and presentations adopted by the Group in this interim report are consistent with those adopted in the Group's Audited Financial Statements, except for the adoption of the following new accounting standards, amendments and interpretations which are mandatory:

For financial periods beginning on or after 1 January 2022:

- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 1, First Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 101, Presentation of Financial Instruments – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 116, Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

The adoption of the above new accounting standards, amendments and interpretations has no significant impact on the financial statements of the Group.

A3. Seasonal or cyclical factors

The Group does not experience any material seasonality in its business.

A4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity or cash flow of the Group during the current period under review.

A5. Material changes in accounting estimates

There were no material changes in accounting estimates during the current period under review.

A6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities of the Company for the current period under review.

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONT'D)**A7. Segmental information****(i) Analysis of revenue by business segment**

| | Individual 6-months period ended | | | | Cumulative 12-months period ended | | | |
|---|----------------------------------|---------------|---------------|---------------|-----------------------------------|---------------|---------------|---------------|
| | 31.12.2022 | | 31.12.2021 | | 31.12.2022 | | 31.12.2021 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Renewable energy | | | | | | | | |
| Engineering, procurement, construction and commissioning (“EPCC”)/ construction contracts | 2,847 | 8.24 | 1,311 | 4.00 | 6,388 | 8.20 | 5,233 | 6.76 |
| Service and maintenance contracts | 1,037 | 3.00 | 567 | 1.73 | 1,722 | 2.21 | 1,414 | 1.83 |
| Concession contracts | 55 | 0.16 | 460 | 1.41 | 219 | 0.28 | 666 | 0.86 |
| | 3,939 | 11.40 | 2,338 | 7.14 | 8,329 | 10.69 | 7,313 | 9.45 |
| Oil palm trunk (“OPT”) products | 1,362 | 3.94 | 1,942 | 5.93 | 3,694 | 4.74 | 5,071 | 6.56 |
| Palm Oil Business | 29,257 | 84.66 | 28,474 | 86.93 | 65,870 | 84.57 | 64,945 | 83.99 |
| Total | 34,558 | 100.00 | 32,754 | 100.00 | 77,893 | 100.00 | 77,329 | 100.00 |

(ii) Analysis of revenue by geographical market

| | Individual 6-months period ended | | | | Cumulative 12-months period ended | | | |
|-----------------|----------------------------------|---------------|---------------|---------------|-----------------------------------|---------------|---------------|---------------|
| | 31.12.2022 | | 31.12.2021 | | 31.12.2022 | | 31.12.2021 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Malaysia | 34,234 | 99.06 | 32,714 | 99.88 | 77,440 | 99.42 | 76,857 | 99.39 |
| Overseas | | | | | | | | |
| China | 267 | 0.77 | - | - | 267 | 0.34 | - | - |
| Liberia | - | - | - | - | - | - | 432 | 0.56 |
| Singapore | - | - | 40 | 0.12 | - | - | 40 | 0.05 |
| Thailand | 57 | 0.17 | - | - | 186 | 0.24 | - | - |
| Total | 34,558 | 100.00 | 32,754 | 100.00 | 77,893 | 100.00 | 77,329 | 100.00 |

[The rest of this page has been intentionally left blank]

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONT'D)**A8. Related party transactions**

The related party transactions other than transactions of a revenue nature in the ordinary course of business of the Group are as follows:

| Transacting related parties | Nature of transactions | Transaction value for 12-months ended 31.12.2022 |
|--|---|--|
| | | RM |
| V&M Mixtec Asia Sdn. Bhd. (“V&M Mixtec”) | Rental received from V&M Mixtec for the sub-let of property located at H.S.(M) 5243 PTD 222198, Tempat Ban Foo, Mukim Plentong, Johor Bahru, Johor | 36,000 |
| | Utilities charges received from V&M Mixtec for the sub-let of property located at H.S.(M) 5243 PTD 222198, Tempat Ban Foo, Mukim Plentong, Johor Bahru, Johor | 4,781 |
| Profina Teknik Sabah Sdn. Bhd. (“PTSSB”) | Rental paid by GPP Seri Serudung Sdn. Bhd. to PTSSB for property located at 19959, Taman Resident 88, Jalan Bunga Raya, 91000 Tawau, Sabah | 30,000 |

A9. Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of current reporting period up to the date of this report.

A10. Changes in composition of the Group

There were no changes in the composition of the Group for the current period under review.

A11. Contingent liabilities

The Company has the following contingent liability as at 31 December 2022:

| | As at 31 December 2022 RM'000 |
|---|----------------------------------|
| Banker’s guarantee issued as security deposit for a long-term leasing agreement | 300 |

A12. Capital commitments

There is no material capital commitment as at 31 December 2022.

[The rest of this page has been intentionally left blank]

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP LR

B1. Performance review

Financial period ended 31 December 2022 vs Financial period ended 31 December 2021

The Group's revenue increased by RM1.81 million or approximately 5.53% during the financial period ended 31 December 2022 ("FPE22") as compared to the corresponding period of previous year. The Group recorded GL of RM1.36 million for FPE22, mainly due to lower production and unfavorable purchase price of raw materials which led to higher production cost for the Group's Palm Oil Business and OPT products segment. For FPE22, there were lower market demand for the OPT products and lesser EPCC projects secured, and the prolonged periods of rainy days during this period had affected the production of the Group's Palm Oil Business.

Corresponding to the GL recorded, the Group recorded a loss before taxation of RM5.58 million for FPE22 as compared to the corresponding period of previous year, mainly due to:

- the Group recorded a higher GL for FPE22;
- decrease in unrealised foreign exchange gain;
- increase in administrative expenses for the Palm Oil Business;
- increase in finance cost as a result of increased utilisation of banking facilities for the Group's working capital.

B2. Prospects

The soft demand for OPT products, volatility in prices of fresh fruit bunches and change of weather condition had affected the Group's financial performance, resulting with GL position for FPE22 and a net liability position as at 31 December 2022. The Group is taking the following measures to improve its financial performance and condition:

- (i) the Company is in the midst of sourcing for investors for the private placement exercise as set out in section C1 below. The proceeds to be raised will provide the necessary funding for the Group's various business segments and the new shares issuance will improve the financial position of the Group;
- (ii) both Green Energy and Gambang are registered as renewable energy power producers under the Feed-in Tariff ("FiT") mechanism introduced by the Sustainable Energy Development Authority, which allows Green Energy and Gambang to sell electricity generated from renewable energy sources at identified location to National Grid at pre-determined rates over a period of time.

Green Energy has secured a FiT contract for a mill located in Banting, Selangor for selling electricity to the National Grid for a period of 21 years commencing 11 May 2025. Meanwhile, Gambang has also secured a FiT contract for a mill located in Temerloh, Pahang for selling electricity to the National Grid for a period of 21 years commencing 6 December 2025.

The Group had, via Green Energy and Gambang, stepped-up its efforts to tender for more FiT contracts in year 2023.

As at the date of this report, the Group had secured EPCC contracts worth RM22.47 million in aggregate. These secured EPCC contracts are expected to contribute positively to the Group's earnings over the next two to three financial years, barring any unforeseen circumstances;

- (iii) the Group plans to diversify its product range (e.g. door core) and export markets for OPT product segment;
- (iv) the Group will, from time to time, upgrade the processing facilities at the palm oil mill to improve production efficiency and oil extraction for its Palm Oil Business. The Group is also actively sourcing for more good quality fresh fruit bunches to improve oil extraction at the mill; and
- (v) the Group will review its capital structure to determine a healthy cost of capital for the Group's operations.

The Group is cautiously optimistic on its prospects for 18-months financial period ending 30 June 2023 .

GPP RESOURCES BERHAD

(Registration No. 201801003761 (1265775-W))

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP LR (CONT'D)

B3. Variance of actual profit from profit forecast and profit guarantee

The Company has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

[The rest of this page has been intentionally left blank]

C. OTHER INFORMATION

C1. Status of corporate proposals

Save as disclosed below, there was no corporate proposals announced but pending completion as at the date of this report:

- (i) On 18 August 2022, TA Securities Holdings Berhad had, on behalf of the Board of Directors of the Company (“**Board**”), announced that the Company proposes to undertake a private placement of up to 46,535,400 new ordinary shares in the Company (“**Shares**”), representing up to 30% of Shares in issue (excluding treasury shares, if any) (“**Proposed Private Placement**”). Subsequently, Bursa Securities had, vide its letter dated 13 October 2022, noted that up to 46,535,400 new Shares arising from the Proposed Private Placement will be listed and quoted on the LEAP Market of Bursa Securities in multiple tranches in the 4th quarter of calendar year 2022 and in 1st quarter of calendar year 2023. As at the date of this report, no Shares had been issued under the Proposed Private Placement.

C2. Utilisation of proceeds

The status of utilisation of proceeds raised of RM4,368,000 from the issuance of 15,600,000 new Shares pursuant to an excluded issue to sophisticated investors at an issue price of RM0.28 each (“**Excluded Issue**”) as at 28 February 2023 (being the date of this report) (“**LPD**”), is as follows:

| Purpose | Proposed utilisation (RM'000) | Actual utilisation as at the LPD (RM'000) | Un-utilised proceeds as at the LPD (RM'000) | Estimated timeframe for utilisation |
|---------------------|--------------------------------------|--|--|---|
| Capital expenditure | 640 ⁽¹⁾ | 182 | 458 | Within 48 months upon listing on the LEAP Market of Bursa Securities on 4 October 2019 ⁽¹⁾ |
| Working capital | 2,215 ⁽¹⁾ | 2,215 | - | - |
| Listing expenses | 1,513 | 1,513 | -(1) | - |
| Total | 4,368 | 3,910 | 458 | |

Note:

- (1) The Company had, on 1 October 2021, announced to vary the utilisation of the listing proceeds, whereby part of the listing proceeds (which was initially earmarked for capital expenditure as well as research and development purposes) were re-allocated as working capital for the Palm Oil Business for purchase of fresh fruit bunches for milling activities to produce palm-oil related products; as well as to extend the timeframe for utilisation of listing proceeds for capital expenditure purpose. Refer to such announcement for further details.

C3. Borrowings

The Group’s total borrowings (all denominated in RM) are as follows:

| | (Unaudited) | (Audited) |
|--|--------------------|-------------------|
| | As at | As at |
| | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 |
| <u>Current liabilities</u> | | |
| Secured | | |
| Bank overdraft | 1,231 | 1,259 |
| Cash line financing-i | 6,439 | 5,937 |
| Islamic bank financing – Term financing-i | 1,616 | 1,493 |
| Islamic bank financing – Trade financing-i | 1,508 | 2,441 |
| Term loan | 99 | 37 |
| Total | 10,893 | 11,167 |
| <u>Non-current liabilities</u> | | |
| Secured | | |
| Islamic bank financing – Term financing-i | 6,386 | 7,738 |
| Term loan | 338 | 474 |
| Total | 6,724 | 8,212 |

As at the reporting date, the Company has not issued any debt securities.

C. OTHER INFORMATION (CONT'D)

C4. Material Litigation

There are no material litigations involving the Group as at the date of this interim report.

C5. Dividend

The Board does not recommend any dividend as at the date of this interim report.

C6. Loss per Share

| | Individual 6-months period ended | | Cumulative 12-months period ended | |
|--|-------------------------------------|----------------------|--------------------------------------|----------------------|
| | 31.12.2022 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 31.12.2021 RM'000 |
| Loss attributable to owners of the Company | (5,573) | (5,510) | (10,675) | (8,269) |
| Weighted average number of Shares ('000) | 155,118 | 155,118 | 155,118 | 155,118 |
| Basic loss per Share (sen) | (3.59) | (3.55) | (6.88) | (5.33) |

The diluted loss per Share is the same as the basic loss per Share as the Company has not issued any potential dilutive instruments.

C7. Forestry licence for OPT plywood manufacturing business

Profina Plywood Sdn. Bhd. (a wholly-owned subsidiary of the Company) (“PPSB”), had on 5 October 2022, received the forestry licence for sawmill (Class A) and forestry licence for plywood mill, which were issued by Jabatan Perhutanan Negeri Johor pursuant to the Wood-Based Industries Enactment 1986 on 15 September 2022, for PPSB’s oil palm trunk plywood manufacturing business at plywood mill located at Lot 8028, Batu 4, Jalan Mengkibol, 86000 Kluang, Johor.

The abovementioned forestry licences were registered under previous owner who operated a sawmill and a plywood mill at the same location. PPSB now becomes the registered holder of these forestry licences.

This report is dated 28 February 2023.