



GPP RESOURCES BERHAD

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

**HALF YEARLY REPORT ON CONSOLIDATED RESULTS FOR THE
PERIOD ENDED 31 DECEMBER 2023**

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

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 HALF-YEAR ENDED 31 DECEMBER 2023 ⁽¹⁾

	(Unaudited)		(Unaudited)	
	Individual 6-month ended		Cumulative 6-month ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Revenue	19,448	34,558	19,448	34,558
Cost of sales	(17,837)	(35,921)	(17,837)	(35,921)
Gross profit / (loss) (“GP / GL”)	1,611	(1,363)	1,611	(1,363)
Other income	265	(94) ⁽²⁾	265	(94) ⁽²⁾
Administrative expenses	(2,306)	(3,262)	(2,306)	(3,262)
Loss from operations	(430)	(4,719)	(430)	(4,719)
Finance costs	(829)	(857)	(829)	(857)
Share of results of an associated company	(2)	-	(2)	-
Loss before taxation	(1,261)	(5,576)	(1,261)	(5,576)
Income tax expenses	-	-	-	-
Loss after taxation	(1,261)	(5,576)	(1,261)	(5,576)
Other comprehensive loss, net of tax				
Item that is or may be reclassified				
subsequently to profit or loss				
Foreign currency translation differences for				
foreign operations	Neg	(1)	Neg	(1)
Total comprehensive loss	(1,261)	(5,577)	(1,261)	(5,577)
Loss attributable to:				
- Owners of the Company	(1,259)	(5,573)	(1,259)	(5,573)
- Non-controlling interests	(2)	(3)	(2)	(3)
	(1,261)	(5,576)	(1,261)	(5,576)
Total comprehensive loss attributable to:				
- Owners of the Company	(1,259)	(5,574)	(1,259)	(5,574)
- Non-controlling interests	(2)	(3)	(2)	(3)
	(1,261)	(5,577)	(1,261)	(5,577)
Loss per share (sen)				
- Basic	(0.81)	(3.59)	(0.81)	(3.59)

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

- (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 period ended (“FPE”) 30 June 2023 (“Audited Financial Statements”) and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Being reversal of unrealized gain on foreign exchange and reversal of impairment loss on trade receivables during current period under review.*

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

	Unaudited as at 31.12.2023 RM'000	Unaudited as at 31.12.2022 RM'000
ASSETS		
<u>Non-current assets</u>		
Plant and equipment	14,651	18,116
Right-of-use assets	8,868	10,107
Intangible asset	Neg	Neg
Investment in associated companies	3	13
Other investment	520	-
Total non-current assets	24,042	28,236
<u>Current assets</u>		
Inventories	2,423	6,387
Trade and other receivables	6,076	11,060
Contract assets	10,042	8,488
Current tax assets	594	794
Cash and short-term deposits	6,773	6,136
Total current assets	25,908	32,865
TOTAL ASSETS	49,950	61,101
EQUITY AND LIABILITIES		
Share capital	17,785	17,785
Reserves	(28,848)	(20,833)
Equity attributable to owners of the Company	(11,063)	(3,048)
Non-controlling interests	12	16
Total equity	(11,051)	(3,032)
<u>Non-current liabilities</u>		
Borrowings	6,008	6,724
Lease liabilities	9,552	10,126
Deferred tax liabilities	-	76
Total non-current liabilities	15,560	16,926
<u>Current liabilities</u>		
Trade and other payables	30,735	33,621
Contract liabilities	2,882	1,695
Amount due to director	526	-
Borrowings	10,936	10,893
Lease liabilities	362	998
Total current liabilities	45,441	47,207
Total liabilities	61,001	64,133
TOTAL EQUITY AND LIABILITIES	49,950	61,101
Number of ordinary shares (“Shares”) ('000)	155,118	155,118
Net liabilities per Share (RM) ⁽²⁾	0.07	0.02

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 over number of Shares in issue for the respective financial period under review.

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GPP RESOURCES BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 ⁽¹⁾

	<----- Non-distributable ----->				Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the Company RM'000		
As at 1.7.2023	17,785	(4,333)	(42)	7	(23,221)	(9,804)	14	(9,790)
Total loss for the financial period	-	-	-	-	(1,259)	(1,259)	(2)	(1,261)
Foreign currency translation difference for foreign operations	-	-	-	Neg	-	Neg	-	Neg
As at 31.12.2023	17,785	(4,333)	(42)	7	(24,480)	(11,063)	12	(11,051)
As at 1.7.2022	17,785	(4,333)	-	3	(10,929)	2,526	19	2,545
Total loss for the financial period	-	-	-	-	(5,573)	(5,573)	(3)	(5,576)
Foreign currency translation difference for foreign operations	-	-	-	(1)	-	(1)	-	(1)
As at 31.12.2022	17,785	(4,333)	-	2	(16,502)	(3,048)	16	(3,032)

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

(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.

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GPP RESOURCES BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 ⁽¹⁾

	(Unaudited)	
	6-month period ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Loss before taxation	(1,261)	(5,576)
<i>Adjustments for:</i>		
Depreciation of plant and equipment	1,108	1,215
Depreciation of right-of-use assets	470	681
Loss on disposal of plant and equipment	8	-
Impairment losses on trade and other receivables	317	396
Interest expenses	829	857
Interest income	(78)	(53)
Share of loss of equity-accounted associate	2	-
Unrealized gain on foreign exchange	(171)	(3)
Unrealized loss on foreign exchange	389	110
Written off investment in associated company	-	20
<i>Operating profit/(loss) before working capital changes</i>	<i>1,613</i>	<i>(2,353)</i>
Decrease in inventories	103	3,600
Increase in trade and other receivables	(889)	(1,943)
Increase in contract assets	(4,605)	(231)
Increase in trade and other payables	4,837	2,327
Increase in contract liabilities	615	1,695
<i>Cash generated from operations</i>	<i>1,674</i>	<i>3,095</i>
Interest paid	(829)	(857)
Tax paid	(25)	(2)
Tax refund	302	-
Net cash from operating activities	1,122	2,236
<u>Cash flows from investing activities</u>		
Proceeds from disposal of plant and equipment	50	-
Purchase of plant and equipment and right-of-use assets	(107)	(809)
Net cash used in investing activities	(57)	(809)
<u>Cash flows from financing activities</u>		
Interest received	78	53
Placement of pledged deposits	(328)	(303)
Repayment of bankers' acceptance	347	347
Repayment to directors	(16)	-
Repayment of lease liabilities	(353)	(417)
Repayment of term loans	(848)	(847)
Net cash used in financing activities	(1,120)	(1,167)
Net (decrease) /increase in cash and cash equivalents	(55)	260
Effect of exchange rate fluctuations on cash held	-	(3)
Cash and cash equivalents at the beginning of the period	(7,544)	(7,599)
Cash and cash equivalents at the end of the period	(7,599)	(7,342)

Note:

- (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.*

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GPP RESOURCES BERHAD

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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-month period ended 31 December 2023 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 financial 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 2023:

- Amendments to MFRS 17, Insurance Contracts – Comparative Information
- Amendments to MFRS 101 and MFRS Practice Statement 2, Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules

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 and the Group for the current period under review.

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GPP RESOURCES BERHAD

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)**A7. Segmental information****(i) Analysis of revenue by business segment**

	Individual 6-month period ended				Cumulative 6-month period ended			
	31.12.2023		31.12.2022		31.12.2023		31.12.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Renewable energy								
Engineering, procurement, construction and commissioning ("EPCC")/ construction contracts	4,546	23.38	2,847	8.24	4,546	23.38	2,847	8.24
Service and maintenance contracts	2,085	10.72	1,037	3.00	2,085	10.72	1,037	3.00
Concession contracts	-	-	55	0.16	-	-	55	0.16
	6,631	34.10	3,939	11.40	6,631	34.10	3,939	11.40
Oil palm trunk ("OPT") products	42	0.21	1,362	3.94	42	0.21	1,362	3.94
Palm Oil Business	12,775	65.69	29,257	84.66	12,775	65.69	29,257	84.66
Total	19,448	100.00	34,558	100.00	19,448	100.00	34,558	100.00

(ii) Analysis of revenue by geographical market

	Individual 6-month period ended				Cumulative 6-month period ended			
	31.12.2023		31.12.2022		31.12.2023		31.12.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	19,448	100.00	34,234	99.06	19,448	100.00	34,234	99.06
Overseas								
China	-	-	267	0.77	-	-	267	0.77
Thailand	-	-	57	0.17	-	-	57	0.17
Total	19,448	100.00	34,558	100.00	19,448	100.00	34,558	100.00

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 6-month ended 31.12.2023
		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	18,000
	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	2,758
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.	15,000

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

Save as disclosed in Note C1, 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 2023:

	As at 31 December 2023
	RM'000
Banker's guarantee issued as security deposit for a long-term leasing agreement	300

A12. Capital commitments

There were no material capital commitments as at 31 December 2023.

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP LR

B1. Performance review

Performance of the current period against the corresponding period of preceding year

The Group's reported revenue of RM19.45 million and loss before tax of RM1.26 million for the current 6-month period ended 31 December 2023 ("**1H FY24**") as compared to revenue of RM34.56 million and loss before tax of RM5.58 million in the corresponding period of preceding year.

The Group's revenue decreased by RM15.11 million or approximately 43.72% during the 1H FY24 was primarily due to lower demand in OPT products segment and Palm Oil Business.

Notwithstanding the decrease in revenue, the Group recorded a gross profit of RM1.61 million during the 1H FY24, compared to gross loss of RM1.36 million in the corresponding period of preceding year. This is mainly contributed by Renewable Energy segment arising from the profit recognition from EPCC projects.

The Group also recorded lower loss before taxation, which decreased by RM4.32 million or approximately 77.42% during 1H FY24 as compared to the corresponding period of previous year, mainly due to:

- the Group recorded a gross profit for 1H FY24;
- decrease in administrative expenses for the OPT products segment and Palm Oil Business; and
- decrease in finance cost due to decrease in outstanding loans and borrowings.

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 a net liability position as at 31 December 2023. 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 Resources (M) Sdn. Bhd. ("Green Energy") and Gambang Power Plant Sdn. Bhd. ("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 calendar year 2024.

As at 23 February 2024 (being the latest practicable date not earlier than 7 market days from the date of this report) ("**LPD**"), the total contract value secured by the Group's for EPCC projects under renewable energy segment is approximately RM22.19 million.

The Group remain agile and focus on streamlining its existing processes, continue with its strategies to expand the product range and markets of the Group. The Group's key focus remains the timely completion of its on-going EPCC projects. Furthermore, the Group remains vigilant in seeking opportunities to expand its revenue base.

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.

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C. OTHER INFORMATION**C1. Status of corporate proposals**

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 the 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	182 ⁽¹⁾	182	-	Within 60 months upon listing on the LEAP Market of Bursa Securities on 4 October 2019 ⁽¹⁾
Working capital	2,673 ⁽¹⁾	2,215	458	
Listing expenses	1,513	1,513	-	
Total	4,368	3,910	458	

Note:

(1) The Company had, on 27 September 2023, 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 Renewable Energy business to sustain its FiT contracts, for the engineering, procurement, construction and commissioning of renewable energy plant, to produce and sell renewable energy to the National Grid, as well as to extend the timeframe for utilisation of listing proceeds for working capital purpose. Refer to such announcement for further details.

C3. Borrowings

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

	(Unaudited)	(Unaudited)
	As at	As at
	31.12.2023	31.12.2022
	RM'000	RM'000
<u>Non-current liabilities</u>		
Secured		
Term loans	6,008	6,724
Total	6,008	6,724
<u>Current liabilities</u>		
Secured		
Bank overdrafts	7,830	7,670
Term loans	766	1,715
Bankers’ acceptance	2,340	1,508
Total	10,936	10,893

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

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C. OTHER INFORMATION (CONT'D)**C4. Material litigation**

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

C5. Dividend

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

C6. Loss per Share

	Individual 6-month period ended		Cumulative 6-month period ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Loss attributable to owners of the Company	(1,259)	(5,573)	(1,259)	(5,573)
Weighted average number of Shares ('000)	155,118	155,118	155,118	155,118
Basic loss per Share (sen)	(0.81)	(3.59)	(0.81)	(3.59)

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

This report is dated 26 February 2024.