

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 2: Financial Year Ending 31 December 2023

The Directors are pleased to release the quarterly financial report for the six-months ended 30 June 2023, being the second quarter for the financial year ending 31 December 2023.

The contents of the financial report comprise of the following attached condensed financial statements, explanatory notes, and additional disclosures. These must be read in conjunction with the Group’s financial statements for the year ended 31 December 2022:

Schedule I	: Condensed Consolidated Statement of Comprehensive Income
Schedule II	: Condensed Consolidated Statement of Financial Position
Schedule III	: Condensed Consolidated Statement of Cash Flow
Schedule IV	: Condensed Consolidated Statement of Changes in Equity
Schedule V	: Selected Explanatory Notes Pursuant to MFRS 134
Schedule VI	: Additional Disclosures in Compliance with Main Market Listing Requirements

This quarterly financial report has been prepared in accordance with the accounting standards on interim financial reporting issued by the Malaysian Accounting Standards Board and contains additional disclosures prescribed by the Main Market Listing Requirements of Bursa Malaysia. Unless specified otherwise, the same accounting policies and methods of computation applied to the Group’s financial statements for the previous year had been followed throughout this quarterly financial report.

By Order of the Board

Eric Toh Chee Seong (MAICSA 7016178)
Company Secretary
30 August 2023

Schedule I: Condensed Consolidated Statement of Comprehensive Income
For the 2nd quarter ended 30 June 2023

	Individual 2nd Quarter			Cumulative 2nd Quarter		
	30-Jun-23 RM'000	30-Jun-22 RM'000	% chg	30-Jun-23 RM'000	30-Jun-22 RM'000	% chg
Revenue	5,910	6,959	(15.1%)	12,836	11,825	8.5%
Other direct costs	(4,444)	(5,355)	17.0%	(9,203)	(9,500)	3.1%
Employment expenses	(3,407)	(1,105)	(>100%)	(4,764)	(2,048)	(>100%)
Premises and infrastructure expenses	(59)	(42)	(40.5%)	(130)	(62)	(>100%)
Administrative expenses	(528)	(379)	(39.3%)	(924)	(680)	(35.9%)
Other income/(expenses)	(20)	(38)	47.4%	(12)	(48)	75.0%
Adjusted EBITDA	(2,548)	40	(>100%)	(2,197)	(513)	(>100%)
Foreign exchange gains/(losses)	3	4		3	4	
Fair value gains/(losses) on equity instruments through profit or loss	(3,189)	(5,482)		(2,493)	(7,112)	
Bargain purchase	-	-		-	58	
Gain/(loss) on disposal of investments	14	195		(5)	194	
Depreciation and amortisation	(1,032)	(955)		(1,967)	(1,414)	
Impairment loss on investment in subsidiary	(138)	-		(138)	-	
Interest income	-	11		-	11	
Interest expense	(569)	(211)		(1,079)	(288)	
Interest expense – lease liabilities	(5)	(2)		(10)	(6)	
Effect of discounting on other payables	(31)	(31)		(62)	(64)	
Share of loss from a joint venture	-	-		(1)	(1)	
Profit/(loss) before tax	(7,495)	(6,431)	(16.5%)	(7,949)	(9,131)	12.9%
Taxation	30	39		62	27	
Net profit/(loss) after tax	(7,465)	(6,392)	(16.8%)	(7,887)	(9,104)	13.4%
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	(4)	(3)		(4)	(3)	
Other comprehensive income for the period, net of tax	(4)	(3)		(4)	(3)	
Total comprehensive income for the financial period	(7,469)	(6,395)	(16.8%)	(7,891)	(9,107)	13.4%

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Schedule I: Condensed Consolidated Statement of Comprehensive Income
For the 2nd quarter ended 30 June 2023 (Cont'd)

	Individual 2nd Quarter			Cumulative 2nd Quarter		
	30-Jun-23 RM'000	30-Jun-22 RM'000	% chg	30-Jun-23 RM'000	30-Jun-22 RM'000	% chg
Profit/(Loss) for the financial period attributable to:						
Owners of GCAP	(6,865)	(6,029)	(13.9%)	(7,105)	(8,515)	16.6%
Non-controlling interests	(600)	(363)		(782)	(589)	
	<u>(7,465)</u>	<u>(6,392)</u>		<u>(7,887)</u>	<u>(9,104)</u>	
Total comprehensive income/(loss) attributable to:						
Owners of GCAP	(6,869)	(6,032)	(13.9%)	(7,109)	(8,518)	16.5%
Non-controlling interests	(600)	(363)		(782)	(589)	
	<u>(7,469)</u>	<u>(6,395)</u>		<u>(7,891)</u>	<u>(9,107)</u>	
Earnings/(Loss) per share ("EPS"):						
Basic EPS (sen)	(2.14)	(1.88)		(2.22)	(2.66)	
Diluted EPS (sen)	(2.14)	(1.88)		(2.21)	(2.66)	

This Statement should be read in conjunction with the selected explanatory notes on Schedule V & VI of this Report and the Group's audited financial statements for the year ended 31 December 2022.

Schedule II: Condensed Consolidated Statement of Financial Position
As at 30 June 2023

	30-Jun-23 RM'000	Audited 31-Dec-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	99,768	98,450
Rights-of-use assets	62	72
Other intangible assets	22,517	22,994
Investment in a joint venture company	20	21
Other investments	2,431	2,431
Other receivables	345	345
Goodwill on consolidation	11,054	11,054
	136,197	135,367
Current assets		
Inventories	216	-
Other investments	22,126	17,840
Trade receivables	8,735	5,486
Other receivables	4,235	3,824
Amount due from a joint venture company	125	125
Tax recoverable	1,342	1,447
Term deposits	570	570
Cash and cash equivalents	4,227	15,955
	41,576	45,247
Total assets	177,773	180,614

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Schedule II: Condensed Consolidated Statement of Financial Position
As at 30 June 2023 (Cont’d)

	30-Jun-23 RM'000	Audited 31-Dec-22 RM'000
EQUITY		
Share capital	131,557	130,964
Reserves	(5,606)	(7,559)
Accumulated losses	(25,376)	(18,396)
Equity attributable to owners of GCAP	100,575	105,009
Non-controlling interests	4,919	5,701
Total equity	105,494	110,710
LIABILITIES		
Non-current liabilities		
Borrowings	46,174	41,943
Lease liabilities	154	186
Other payables	797	797
Deferred tax liabilities	5,333	5,395
	52,458	48,321
Current liabilities		
Borrowings	3,014	3,040
Lease liabilities	110	119
Amount due to corporate shareholders	3,549	2,560
Trade payables	7,258	12,754
Other payables	4,817	3,110
Deferred revenue	1,073	-
	19,821	21,583
Total liabilities	72,279	69,904
Total equity and liabilities	177,773	180,614
Net assets per share (Sen)	32.7	34.5

This Statement should be read in conjunction with the selected explanatory notes on Schedule V & VI of this Report and the Group’s audited financial statements for the year ended 31 December 2022.

Schedule III: Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2023

	Cumulative 2nd Quarter	
	30-Jun-23 RM'000	30-Jun-22 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	(7,949)	(9,131)
Adjustments for:		
Bargain purchase	-	(58)
Depreciation and amortisation	1,967	1,414
Effect of discounting on other payables	62	64
Fair value loss on equity investments	2,493	7,112
Loss/ (Gain) on disposal of investments	5	(194)
Impairment loss on investment in subsidiary	138	-
Interest income	-	(11)
Interest expense on:		
- Borrowing	1,079	288
- Lease liabilities	10	6
Share of loss from a joint venture	1	1
Share based payment	2,084	-
Operating loss before working capital changes	(110)	(509)
Changes in working capital:		
Inventories	(216)	-
Trade and other receivables	(3,660)	2,583
Trade and other payables	1,214	7,494
Cash generated from operations	(2,772)	9,568
Interest paid	(1,089)	(294)
Interest received	-	11
Tax refund/ (paid)	105	(127)
Net cash (used in)/generated from operating activities	(3,756)	9,158

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**Schedule III: Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2023 (Cont'd)**

	Cumulative 2nd Quarter	
	30-Jun-23 RM'000	30-Jun-22 RM'000
Cash flows from investing activities		
Acquisitions of:		
- Property, plant and equipment	(2,760)	(14,778)
- Short-term other investments	(6,449)	(707)
Net investment in term deposits	-	-
Cash acquired on acquisition of subsidiary	-	323
Payment for acquisition of subsidiary	-	(676)
Net advance to related parties	-	(783)
Proceeds from disposals of short term other investment	1,041	3,968
Net cash used in investing activities	(8,168)	(12,653)
Cash flows from financing activities		
Proceed from borrowings	4,206	5,709
(Repayments to)/advances from related parties	(4,421)	-
ESOS exercised	495	-
Repayment of lease liabilities	(79)	(59)
Net cash generated from financing activities	201	5,650
Net increase/(decrease) in cash and cash equivalents	(11,723)	2,155
Cash and cash equivalents at beginning of period	15,955	6,403
Effects of exchange rate changes on cash and cash equivalents	(5)	54
Cash and cash equivalents at end of period	4,227	8,612
<u>Comprising of:</u>		
Cash and bank	4,227	8,612
Fixed deposits with financial institutions	-	-
Cash & cash equivalents at end of period	4,227	8,612

This Statement should be read in conjunction with the selected explanatory notes on Schedule V & VI of this Report and the Group's audited financial statements for the year ended 31 December 2022.

Schedule IV: Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2023

	Share capital	Reserves	Retained earnings/ (Accumulated losses)	Subtotal	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	130,964	(6,224)	280	125,020	7,621	132,641
Total comprehensive income/(loss)	-	(3)	(8,515)	(8,518)	(589)	(9,107)
Acquisition of subsidiary	-	-	-	-	705	705
Shares issued	-	-	-	-	-	-
At 30 June 2022	130,964	(6,227)	(8,235)	116,502	7,737	124,239
At 1 January 2023	130,964	(7,559)	(18,396)	105,009	5,701	110,710
Total comprehensive income/(loss)	-	(4)	(7,105)	(7,109)	(782)	(7,891)
Acquisition of subsidiary	-	(43)	-	(43)	-	(43)
Dissolution of a subsidiary	-	13	125	138	-	138
Shares issued	593	1,987	-	2,580	-	2,580
At 30 June 2023	131,557	(5,606)	(25,376)	100,575	4,919	105,494

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Schedule V: Selected Explanatory Notes Pursuant to MFRS 134

1. Accounting Policies and method of computation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting Standards, the requirements of Companies Act 2016 and Paragraph 9.22 of the Bursa Malaysia Listing Requirements. The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2022.

The Group has not adopted the following new standards and amendments to standards that have been issued but are not yet effective:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 7, and Amendments to MFRS 107	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10, and Amendments to MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group intends to adopt the above new standards and amendments to standards when they become effective. The initial application of the abovementioned standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group.

2. Auditors’ report

The auditors’ report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.

3. Comment on seasonality or cyclicity of operation

The Group’s performance is normally not affected by seasonal or cyclical events on a year-to-year basis. However, contract revenue from the Ministry of Defence contract to ferry school children is based on students attending school. Thus, school holidays will affect contract revenues.

Schedule V: Selected Explanatory Notes Pursuant to MFRS 134 (Cont’d)

4. Significant estimates and changes in estimates

There were no significant estimates or changes in estimates that have had any material effect on the results of the current quarter.

5. Issuance or repayments of debt/equity securities

On 8 March 2023, 32,068,900 ESOS Options under the LTIP Scheme were granted to eligible persons. Of which 12,835,200 ESOS granted to the director, Datuk Yap Yee Ping. There are no share rights granted.

On 3 May 2023, 1,500,000 new GCAP Shares were allotted resulting from exercise of ESOS. Consequently, the share capital was enlarged to 322,190,971 shares at RM131,556,779.

On 17 August 2023, another 1,517,000 new GCAP Shares were allotted from ESOS exercised, adding RM599,215 to the share capital value by way of RM500,610 cash and RM98,605 from the capitalisation of ESOS reserve.

6. Dividends paid

No dividends have been paid in the current financial quarter.

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Schedule V: Selected Explanatory Notes Pursuant to MFRS 134 (Cont’d)

7. Segmental Analysis

The Group has five (5) reportable segments, as described below, which are the Group’s strategic business units. The strategic business units offer different products and services, being transportation division, hydropower division, solarpower division, water division, investment holding and others. Segment performance is evaluated based on adjusted EBITDA. Inter-segment transactions and pricing arrangements where applicable, are determined on a commercial basis. The results by segments for the quarter are as follows:

Segmental Results

	<i>Current v Preceding Quarter</i>			<i>Cumulative Current v Corresponding Quarter</i>		
	30-Jun-23 RM’000	31-Mar-23 RM’000	% chg	30-Jun-23 RM’000	30-Jun-22 RM’000	% chg
Revenue						
Transportation	4,393	4,173	5.3%	8,566	7,895	8.5%
Hydropower	-	-	-	-	-	-
Solarpower	1,252	917	36.5%	2,169	859	>100%
Water	264	1,836	(85.6%)	2,101	3,071	(31.6%)
Investment holding and others	(7)	7	(>100%)	-	14	(100.0%)
	5,902	6,933	(14.9%)	12,836	11,839	8.4%
Intersegment adjustment	7	(7)	>100%	-	(14)	100.0%
Group revenue	5,909	6,926	(14.7%)	12,836	11,825	8.5%
Adjusted EBITDA						
Transportation	45	47	(4.3%)	91	304	(70.1%)
Hydropower	(352)	(259)	(35.9%)	(612)	(460)	(33.0%)
Solarpower	1,028	801	28.3%	1,829	764	>100%
Water	(243)	625	(>100%)	383	637	(39.9%)
Investment holding and others	(3,027)	(864)	(>100%)	(3,888)	(1,758)	(>100%)
	(2,549)	350	(>100%)	(2,197)	(513)	(>100%)
Intersegment adjustment	-	-	-	-	-	-
Group Adjusted EBITDA	(2,549)	350	(>100%)	(2,197)	(513)	(>100%)

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Schedule V: Selected Explanatory Notes Pursuant to MFRS 134 (Cont’d)

7. Segmental Analysis (Cont’d)

	<i>Current v Preceding Quarter</i>			<i>Current v Preceding Year</i>		
	30-Jun-23 RM’000	31-Mar-23 RM’000	% chg	30-Jun-23 RM’000	31-Dec-22 RM’000	% chg
<u>Total Assets</u>						
Transportation	9,475	8,510	11.3%	9,475	7,851	20.7%
Hydropower	41,306	42,785	(3.5%)	41,306	49,688	(16.9%)
Solarpower	98,524	98,418	0.1%	98,524	98,383	0.1%
Water	5,784	6,685	(13.5%)	5,784	5,487	5.4%
Investment holding and others	96,538	99,747	(3.2%)	96,538	92,974	3.8%
	251,627	256,145	(1.8%)	251,627	254,383	(1.1%)
Intersegment adjustment	(73,854)	(73,696)	(0.2%)	(73,854)	(73,769)	(0.1%)
Group Assets	177,773	182,449	(2.6%)	177,773	180,614	(1.6%)
<u>Total Liabilities</u>						
Transportation	4,044	2,914	38.8%	4,044	2,090	93.5%
Hydropower	33,422	34,375	(2.8%)	33,422	40,795	(18.1%)
Solarpower	80,107	79,197	1.1%	80,107	78,298	2.3%
Water	5,832	6,248	(6.7%)	5,832	5,438	7.2%
Investment holding and others	22,728	23,167	(1.9%)	22,728	17,052	33.3%
	146,133	145,901	0.2%	146,133	143,673	1.7%
Intersegment adjustment	(73,854)	(73,696)	(0.2%)	(73,854)	(73,769)	(0.1%)
Group Liabilities	72,279	72,205	0.1%	72,279	69,904	3.4%

7.1 Current Quarter vs Previous Quarter

7.1.1 Revenue and Adjusted EBITDA

(i) Transportation division

2Q2023 revenue and Adjusted EBITDA have not differ significantly from that of 1Q2023.

(ii) Hydropower division

While waiting for completion and commissioning of mini-hydropower projects to be revenue generating, the Adjusted EBITDA loss in the hydropower division is mainly resulted from cost of our in-house engineers, administration expenses, and costs of procuring the necessary approvals from the relevant State Government authorities.

Schedule V: Selected Explanatory Notes Pursuant to MFRS 134 (Cont’d)

7. Segmental Analysis (Cont’d)

7.1 Current Quarter vs Previous Quarter (Cont’d)

7.1.1 Revenue and Adjusted EBITDA (Cont’d)

(iii) Solarpower division

One (1) new Solar Photovoltaics (“Solar PV”) Systems were powered up in 2Q2023. As at 30 June 2023, a total of 23.01 MWp Solar Photovoltaics (“PV”) System installed for seven (7) corporate clients are up and running, being: -

- (i) 1.1 MWp on 5 September 2022 for De-Luxe Food Services Sdn Bhd before Aрызta Food Solutions Sdn Bhd succeeding as owner of the premises and GCAP Group inked PPA with the latter.
- (ii) 1.2MWp on 19 January 2022 for Muda Pasifik Sdn Bhd in Penang;
- (iii) 3.0MWp on 16 February 2022 and 0.51MWp extension on 15 September 2022 for Muda Paper Mills Sdn Bhd in Penang;
- (iv) 3.0MWp on 26 March 2022 and 0.30MWp on 19 August 2022 for Muda Paper Converting Sdn Bhd in Penang;
- (v) 7.0MWp on 1 July 2022 for Evergreen Fibreboard Berhad in Johor;
- (vi) 2.4MWp on 15 November 2022 for Chin Well Fasteners Co Sdn Bhd in Penang; and
- (vii) 4.5MWp on 15 May 2023 for Federal Packages Sdn. Bhd. in Penang

Consequently, Solarpower division revenue and EBITDA increased 36.5% and 28.3% respectively in 2Q2023, from RM917K to RM1.3 million and RM801K to RM1.0 million.

(iv) Water division

Revenue from Water division took a 85.6% dive from RM1.8 million in 1Q2023 to RM264K in 2Q2023, resulting in Adjusted EBITDA loss of RM243K in 2Q2023 from Adjusted EBITDA of RM625K in 1Q2023. These are mainly attributable to projects progressed satisfying different performance obligations with different cost structure and hence varies project margin yield between 2Q2023 and 1Q2023.

(iv) Investment holding and other division

Lower Adjusted EBITDA loss in 2Q2023 was mainly attributed to share based payments expenses of RM2,084,479 recognised for ESOS granted under the LTIP scheme.

7.1.2 Assets and Liabilities

Total assets of the Group dropped slightly in 2Q2023, mainly due to the decrease in assets from Water and Investment division. The former with collections from customers reducing trade receivables and payments to suppliers whilst the latter was a result from fair value loss in quoted investment held.

Liabilities continue to be well managed, at 40.7% and 39.6% of total assets in 2Q2023 and 1Q2023 respectively.

Schedule V: Selected Explanatory Notes Pursuant to MFRS 134 (Cont’d)

8. Valuation of property, plant and equipment

There were no changes in the valuation on property, plant and equipment since the last annual financial statements.

9. Significant & subsequent events

There is no significant event subsequent to the end of the quarter that have not been reflected in the current financial quarter under review.

10. Changes in the composition of the Group

On 3 January 2023, the Group has acquired Excel Hydropower Sdn. Bhd. (“**Excel Hydropower**”) (formerly known as LCW Development Sdn. Bhd.), obtaining full ownership by paying RM2 for 2 ordinary shares.

On 29 May 2023, the Group incorporated two (2) subsidiaries, a wholly-owned G Hydropower (Terengganu) Sdn. Bhd. (“**G Hydropower (T)**”) and a 98%-owned Teras Jana Sdn. Bhd. (“**Teras Jana**”). Both subsidiaries with a paid-up capital of RM2 for 2 ordinary shares each and their intended businesses are to engage in the business of building and operating hydropower plants.

On 6 June 2023, the Group incorporated three (3) wholly-owned subsidiaries, Bestari Renewables Sdn. Bhd. (“**Bestari Renewables**”), Cloud Wave Energy Sdn. Bhd. (“**Cloud Wave**”), and Northwest Hydro Sdn. Bhd. (“**Northwest Hydro**”) under the umbrella of G Hydropower (T). These subsidiaries also with a paid-up capital of RM2 for 2 ordinary shares each, and their intended businesses of engaging in building and operating hydropower plants.

On 19 June 2023, the Group incorporated a wholly-owned subsidiary, G Solar Energy Sdn. Bhd. (“**G Solar**”) with a paid-up capital of RM2 for 2 ordinary shares. G Solar’s intended business is to provide turnkey engineering solutions, supplying and installing green technological systems and related activities.

On 26 June 2023, the paid-up capital of Teras Jana, Bestari Renewables, Cloud Wave, and Northwest Hydro were enlarged from 2 ordinary shares to 50,000 ordinary shares at RM50,000 each.

11. Contingent liabilities

There were no contingent liabilities of a material nature since the last audited consolidated statement of financial position (FY2022).

12. Contingent assets

There were no contingent assets of a material nature since the last audited consolidated statement of financial position (FY2022).

Schedule V: Selected Explanatory Notes Pursuant to MFRS 134 (cont’d)

13. Capital commitments

	30-Jun-23 RM'000
Contracted but not provided for:	
- Mini-hydro	13,580
- Solar PV plants*	6,124
	19,704

14. Significant related party transactions

	30-Jun-23 RM'000	30-Jun-22 RM'000
Company connected to a director of a subsidiary		
- Transportation service	8,326	7,428
- Provision of engineering, procurement, construction and commission services of Solar PV plants	4,158	10,258
- Provision of water engineering and related consultancy services	64	-

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Schedule VI: Additional Disclosures in Compliance with Main Market Listing Requirements

1. Operations review

Explanatory comments on the performance of each of the Group’s segments is provided in Note 7 of Schedule V.

2. Comment on material change in loss before taxation vs preceding quarter

	Current v Preceding Quarter		
	30-Jun-23 RM’000	31-Mar-23 RM’000	% chg
Revenue	5,909	6,926	(14.7%)
Adjusted EBITDA/ (loss)	(2,549)	350	(>100%)
Loss before tax	(7,495)	(453)	(>100%)
Loss after tax	(7,465)	(422)	(>100%)
Loss attributable to ordinary equity holders of GCAP	(6,865)	(240)	(>100%)

The Group is reporting a lower revenue of RM 5.9 million in 2Q2023 compared to a revenue of RM 6.9 million in 1Q2023, mainly attributable to the variation to revenue earned from different performance obligations satisfied between 2Q2023 and 1Q2023. Adjusted EBITDA declined from RM350K profit in 1Q2023 to RM2.5 million loss in 2Q2023 mainly attributed to the share-based payments expense of RM2,084,479 from ESOS granted under the LTIP scheme.

Loss before tax for 2Q2023 declined from RM453K in 1Q2023 to RM7.5 million were mainly attributable to:-

- (i) Share-based payment expenses of RM2.08 mil from ESOS granted under the LTIP scheme;
- (ii) Higher a fair value revaluation loss on equity instruments held of RM3.89 million;
- (iii) and an impairment on dissolution of a subsidiary of RM138K.

3. Future prospects

The Group cheered to receive the Budget 2023 announced by the tenth(10th) Prime Minister Datuk Seri Anwar Ibrahim on 24 February 2023, amongst other:-

- (i) Bank Pembangunan Malaysia Berhad Strategic Financing will be subsidising 1.5% of finance cost payable to include maritime & logistic scheme and allocating up to RM1 billion for sustainable development financing scheme;
- (ii) Extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to 31 December 2025; and
- (iii) Green Technology Financing Scheme increased to RM 3 billion until 2025.

We see these measurements indicating the government continue to support the development of renewable energy industry and we envisaged these shall spur in our business’s viability in terms of financing cost saving and improvement to the business prospects.

Schedule VI: Additional Disclosures in Compliance with Main Market Listing Requirements (Cont’d)

3. Future prospects – (Cont’d)

3.1 *Transportation division*

On 30 December 2022, the Group signed a supplemental agreement with Ministry of Defence Malaysia (“Mindef”). Under the Supplemental Agreement, the contract tenure has been extended for another one (1) year to end at 31 December 2023 with additional contract value awarded of RM8.409 million; making it a total contract value of RM52,639,560 from 1 January 2020 to 31 December 2023.

3.2 *Mini hydropower division*

The Group remains committed to completing the construction of the mini hydropower projects-

Earlier, on 15 December 2020, our 96.0%-owned by subsidiary, Gunung Hydropower Sdn Bhd (“**Gunung Hydropower**”), won on SEDA e-bidding for 10MW low-head small hydropower project in Sungai Perak, Salu (“**Project Salu – A**”). With a higher tariff of RM0.2898/kwh, we signed the 21 years’ Renewable Energy Power Purchase Agreement (“**REPPA**”) with TNB on 12 August 2021.

Subsequently, on 10 May 2022, Gunung Hydropower bid and won at RM0.2460 per kilowatt-hour (“**KWh**”) for 8.0 MW high-head small hydropower plant at Sg. Temelong and Sg. Ibul of Perak (“**Project Temelong_Ibul**”). We successfully inked REPPA with TNB for Project Temelong_Ibul on 9 December 2022.

For clarity, Project Salu – A and Project Temelong_Ibul (collectively referred to as scheme Salu_Temelong_Ibul) are designed to be developed together and share inter-connection facilities costs. Its total capacity of 18MW is now ready for next phase of development.

The same e-bidding on 10 May 2022, the Group is showered by blessing with yet another winning when 74.64%-owned Kundur Hydro R E Sdn Bhd (“**Kundur Hydro**”) bid and won at RM0.2461/KWh for 2.0 MW high-head small hydropower plant at Sg. Geroh of Perak (“**Project Geroh**”). Kundur Hydro successfully inked REPPA with TNB for Project Geroh on 7 November 2022.

The successful future commissioning of Project Salu – A, Project Temelong_Ibul and Project Geroh in the near future will contribute directly to the Group’s long term consolidated revenue, earnings, and enhance the Group’s earnings growth potential. Under 60%-owned Perak Hydro Renewable Energy Corporation Sdn Bhd (“**PHREC**”), our small hydro portfolio includes 10 sites which comprises of 13 projects with an estimated installed capacity of 111.75 MW. Of which, 3 projects are in operation and supplying to the Grid and the other 10 projects with 82.75 MW are at various stages of development.

On 17 November 2022, Northern Star Hydropower Sdn Bhd, a wholly-owned subsidiary bid and won at RM0.2298 per KWh for 26.0 MW high-head small hydropower plants at Sg. Dong, Sg. Lipis, Sg. Kenur and Sg. Kelang of Pahang Darul Makmur (“**Project Pahang Tengah Scheme**”). Successful commissioning of this scheme will also contribute directly to the Group’s long term consolidated revenue and earnings.

The Group has participated in 2023 SEDA e-bidding held from 5 July 2023 to 26 July 2023 and remain optimistic towards receiving the e-bidding results.

Schedule VI: Additional Disclosures in Compliance with Main Market Listing Requirements (Cont’d)

3. Future prospects – (Cont’d)

3.3 *Solarpower division*

The Group is pleased with a total of 23.01 MWp Solar PV System from 7 notable clients as Note 7.1.1(iii) of Schedule V that’s income producing.

The management remained optimistic to secure and commission no less than 20 MWp Solar PV projects in financial year 2023-2024 and contribute to the Group’s revenue and earnings accordingly.

3.4 *Water division*

The Group is in various stages of negotiation with various parties for NRW projects .

In addition to abovementioned divisions, management is continually formulating strategies and longer terms plans to maximize value to shareholders. This includes evaluating equity investment proposals, partnerships & joint venture proposals, generating earnings growth through acquisitions and earnings growth organically via unlocking the value of our existing assets, know-how and expertise.

4. Tax expense

The details of the tax expense (*) are as follows: -

	<i>Individual 2nd Quarter</i>		<i>Cumulative 2nd Quarter</i>	
	<i>30-Jun-23</i>	<i>30-Jun-22</i>	<i>30-Jun-23</i>	<i>30-Jun-22</i>
	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>
Current	-	-	-	-
Deferred tax	30	39	62	27
	<u>30</u>	<u>39</u>	<u>62</u>	<u>27</u>

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Schedule VI: Additional Disclosures in Compliance with Main Market Listing Requirements (Cont’d)

5. Status of corporate proposals

5.1 *Proposed Rights Issue*

On 5 April 2023, KAF Investment Bank Berhad (“**KAF IB**” or “**principal advisor**”) had announced on behalf of GCAP that GCAP is proposing to undertake a proposed renounceable rights issue of up to RM112,883,159 nominal value of 1,411,039,484 five (5)-year, 8.0%, redeemable convertible unsecured loan stocks (“**RCULS**”) at 100% of its nominal value of RM0.08 each, on the basis of four (4) RCULS for every one (1) existing ordinary share in GCAP held on an entitlement date to be determined later.

The proceeds arising therefrom are to be utilised mainly to part finance development of small hydropower projects and to meet working capital requirements of the Group.

On 11 July 2023, the Group received conditional approval from Securities Commission Malaysia (“**SC**”) for the Proposed Rights Issue.

The Group is in the midst of procuring approval from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the Proposed Rights Issue.

Save as disclosed above, there is no material development on the status of the corporate proposals.

6. Group borrowings and debt securities

The details of the Group’s borrowings as at 30 June 2023 are as follows: -

As at 30 June 2023	Currency	Current	Non-Current	Total
Lease liabilities [^]	RM	110	154	264
Project financing term loan ^{#@}	RM	3,014	46,174	49,188
		3,124	46,328	49,452
As at 31 December 2022	Currency	Current	Non-Current	Total
Lease liabilities [^]	RM	119	186	305
Project financing term loan ^{#@}	RM	3,040	41,943	44,983
		3,159	42,129	45,288

[^]No material changes in borrowings year-on-year. Borrowing consists of hire purchase facilities for vehicles under the Group. Borrowing costs of hire purchase obligations range from 2.47%-4.74%.

[#] Financing of the development of a mini-hydro site bearing floating rate interest of 1.00% above the financial institution’s base lending rate.

[@] Financing of Solar PV Projects, bearing floating rate interest of 1.25% - 2.00% above the financial institution’s cost of fund.

Schedule VI : Additional Disclosures in Compliance with Main Market Listing Requirements (Cont’d)

7. Material litigation, claims or arbitration

GCAP Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against GCAP Group, or of any fact likely to give rise to any proceedings, which might materially affect the Group’s business or financial results or position, save and except the following: -

- (a) On 9 March 2021, GPB had filed a suit against Jabatan Latihan Khidmat Negara (“First Defendant”), Kementerian Pertahanan Malaysia (“Second Defendant”), Kementerian Belia dan Sukan Malaysia (“Third Defendant”), Kementerian Kewangan Malaysia (“Fourth Defendant”) and Kerajaan Malaysia (“Fifth Defendant”) (collectively, the “Defendants”) at the High Court of Kuala Lumpur (“KL High Court”) to claim for, inter alia, the principal amount of RM4,979,003.10 (“**Principal Outstanding Sum 2**”). The matter was scheduled for a case management on 10 June 2021 to be held by means of e-review.

The Defendant is an agency/department under the Second Defendant and/or Third Defendant whereas the Second Defendant, Third Defendant and Fourth Defendant are ministries under the Fifth Defendant.

The suit was filed by GPB against the Defendants to recover the Principal Outstanding Sum 2 and such other costs arising therefrom as aforementioned. The First Defendant, with the approval given by the Second Defendant and/or the Third Defendant, had entered into a contract to engage GPB for the provision of bus rental services and food provided for/to the trainees under Program Latihan Khidmat Negara for the period commencing from 26 December 2014 to 25 December 2017. The said contract was further extended for 2 years commencing from 26 December 2017 and expired on 25 December 2019.

As at the announcement, the GPB only received a sum of RM4,952,983.90 and Principal Outstanding Sum 2 remained uncollected, despite several reminders had been sent to the Defendants. During the case management on 14 March 2022, the KL High Court has fixed the trials on 23 August 2022 to 25 August 2022.

On 17 August 2022, the KL High Court has vacated the trial scheduled on 23 August 2022 to 25 August 2022 and fixed case management by way of e-review on 23 August 2022 to fix a 27 May 2024 to 30 May 2024 to be new trial dates.

The solicitors-in-charge for the above suit, Messrs Goik Ramesh & Loo, is of the view that there are high chances of GPB in succeeding in the matter.

Schedule VI : Additional Disclosures in Compliance with Main Market Listing Requirements (Cont’d)

7. Material litigation, claims or arbitration (Cont’d)

- (b) On 25 April 2018, Wak Ngah Pili A/P Bah Adim and 35 other individuals (collectively, the “Plaintiffs”) had filed a suit against PHREC (“**First Defendant**”), Conso Hydro R E Sdn Bhd (“**CHRE**”) (“**Second Defendant**”), Kerajaan Negeri Perak, Ketua Pengarah Jabatan Kemajuan Orang Asli, Pengarah Tanah dan Galian Perak and Kerajaan Malaysia (collectively, the “**Defendants**”) at the High Court of Ipoh, Perak (“**Ipoh High Court**”), to seek for, inter alia, a declaration that the Plaintiffs are the proprietors of native customary titles over the land identified as ‘Ulu Geruntum’ (“**Customary Land**”).

Both PHREC and CHRE are subsidiary companies of GCAP, which intended to construct a 2.0MW mini-hydropower plant project. As at the announcement, the cost incurred for this project is approximately RM14.12 million.

On 28 April 2021, an interim injunction order was granted in favour of the Plaintiffs whereby the First Defendant and Second Defendant and/or their agents shall be restrained from carrying on any works (including but not limited to construction works and land reclamation works) over the Customary Land.

The First Defendant had in response, filed a notice of appeal at the Court of Appeal, Kuala Lumpur (“Court of Appeal”) against the said interim injunction on 6 May 2021 vide a notice of appeal with the Appeal No. A-01[IM][NCVC]-258-05/2120. The solicitors-in-charge has filed all of the necessary documents relevant to the appeal and the grounds of judgement for the original interim injunction was received on 1 September 2021. The appeal on interim injunction was fixed for mention on 6 October 2021 and thereafter, the hearing application to set aside the injunction is set on 1 April 2022. The Court of Appeal has on 1 April 2022 ruled to set aside the injunction.

The case is fixed for continued trials on 23 to 25 March 2022, 12 to 13 April 2022, 20 to 21 April 2022, 25 to 28 April 2022, 23 to 27 May 2022, 15 to 18 August 2022, 23 to 26 August 2022, 19 to 23 September 2022, 29 November 2022 to 1 December 2022 for witnesses to testify before the Ipoh High Court.

On 1 December 2022, the Ipoh High Court has fixed extra dates for the trial, being 30 to 31 January 2023, 1 to 2 March 2023 and 20 March to 22 March 2023 for the witness to testify.

The trial was completed on 23 June 2023 whereby the Ipoh High Court directed the parties to file their written submission by 15 September 2023 and submission in reply by 29 September 2023. Thereafter, oral submission is to be made on 20 October 2023 and 26 October 2023.

The solicitors-in-charge for the above suit, Messrs Goik Ramesh & Loo, is of the view that there are high chances of successful to the trial.

Schedule VI : Additional Disclosures in Compliance with Main Market Listing Requirements (Cont'd)

7. Material litigation, claims or arbitration (cont'd)

- (c) On 16 November 2022, Solarcity Malaysia Sdn Bhd ("**1st Plaintiff**") and Eleaps Sdn Bhd ("**2nd Plaintiff**") (collectively, the 1st Plaintiff and the 2nd Plaintiff shall be known as the "**Plaintiffs**") had filed a suit against Apex Office Furniture Sdn Bhd ("**1st Defendant**"), Apex Office Furniture Exporter Sdn Bhd ("**2nd Defendant**") and AD Power Sdn Bhd ("**3rd Defendant**") (collectively, the 1st Defendant, 2nd Defendant and 3rd Defendant shall be known as the "**Defendants**") to claim for, amongst others:-
- (a) a declaration that the Defendants had acted in conspiracy and/or joint tortfeasors to injure the Plaintiffs' business;
 - (b) an injunction restraining the 3rd Defendant whether by itself, or acting by their directors, officers, employees or agents or any of them in combination or otherwise however from providing solar supply to the 1st Defendant and 2nd Defendant at the Premises (as defined hereinbelow);
 - (c) an order that the 1st Defendant and the 2nd Defendant had wrongfully terminated and/or breached the terms of the Solar Supply Agreement dated 19 May 2021 ("**SSA**");
 - (d) aggravated and exemplary damages;
 - (e) costs on full indemnity basis;
 - (f) interests on all sums payable to the Plaintiffs at such rate to be determined by the Honourable Court; and
 - (g) such other orders the Honourable Court may think fit.

The suit is in connection with the dispute arising from the SSA which was entered into between the 1st Plaintiff, 1st Defendant and the 2nd Defendant whereby the 1st Plaintiff is to design, construct, install, own, operate and maintain a solar photovoltaic (PV) energy generating system with a DC capacity of 1,300 kWp at the rooftop of the principal place of business of the 1st Defendant and the 2nd Defendant ("**Premises**") at certain fixed rate pursuant to the SSA to be payable by the 2nd Defendant.

The 1st Plaintiff then engaged the 2nd Plaintiff to act as the 1st Plaintiff's representative in undertaking all installation works and subsequently the 2nd Plaintiff engaged the 3rd Defendant as sub-contractor for such works. The 2nd Plaintiff then discovered that the 2nd Defendant has not completed the 2nd Defendant's production loading at the Premises which resulted in the dissatisfactory load profile, causing a delay to necessary approval or permit and the installation works at the Premises.

The Plaintiffs further discovered that the 3rd Defendant had in his own capacity and without knowledge and consent of the Plaintiffs, installed a same solar PV system for the 2nd Defendant at the Premises which was confirmed by the Defendants. The Defendants further confirmed that they had entered into a new solar supply agreement. Accordingly, the Defendants breached the terms of the SSA and caused damages to the Plaintiffs which led to the filing of this suit.

Pursuant to the case management on 23 August 2023, the Shah Alam High Court had further fixed the next case management on 6 October 2023, on or before which both the Plaintiffs and Defendants shall file the pre-trial documents, due to an extension of time sought.

The solicitors-in-charge for the above suit is of the considered view that the Plaintiffs has considerable prospect of success in this matter.

Schedule VI : Additional Disclosures in Compliance with Main Market Listing Requirements (Cont’d)

8. Proposed Dividend

No dividend has been proposed by the Board of Directors for the current financial period under review.

9. Basis of calculation of earnings/loss per share (“EPS”)

- (a) The basic EPS for the current quarter was computed by dividing the Group profit/(loss) attributable to shareholders of GCAP by the weighted average number of ordinary shares in issue (net of treasury shares).

	Current Quarter	Cumulative Quarter
Group attributable loss to shareholders of GCAP (RM'000)	(6,865)	(7,105)
Weighted average issued capital net of treasury shares ('000)	321,163	320,691
Earnings per share (Sen)	(2.14)	(2.22)

- (b) The diluted EPS is equivalent to basic EPS. No potential ordinary shares that are considered as dilutive as they did not meet the requirements for inclusion as per MFRS 133 Earnings per Share since the consolidated group generated a loss for the period.

	Current Quarter	Cumulative Quarter
Group attributable profit/(loss) to shareholders of GCAP (RM'000)	(6,865)	(7,105)
Weighted average issued capital net of treasury shares ('000)	321,163	321,163
Adjustment for ESOS conversion into ordinary shares ('000)	-	-
Adjusted weighted average issued capital net of treasury shares ('000)	321,163	321,163
Earnings/(Loss) per share (Sen)	(2.14)	(2.21)

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Schedule VI : Additional Disclosures in Compliance with Main Market Listing Requirements (Cont’d)

10. Notes to the Condensed Consolidated Statement of Comprehensive Income

Loss Before Tax is arrived at after charging/(crediting) the following items:

	<i>Individual 2nd Quarter</i>		<i>Cumulative 2nd Quarter</i>	
	<i>30-Jun-23</i>	<i>30-Jun-22</i>	<i>30-Jun-23</i>	<i>30-Jun-22</i>
	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>
(i) Interest Income	-	(11)	-	(11)
(ii) Interest expense	569	211	1,079	288
(iii) Interest expense – lease liabilities	5	2	10	6
(iv) Effect of discounting on other payables	31	31	62	64
(v) Depreciation and amortisation	1,032	955	1,967	1,414
(vi) Fair value losses on equity instruments through profit or loss	3,189	5,482	2,493	7,112
(vii) Bargain purchase	-	-	-	(58)
(viii) Gain/(loss) on disposal of investments	(14)	(195)	5	(194)
(ix) Impairment loss on investment in subsidiary	138	-	138	-
(x) Expenses relating to short term leases	42	48	114	56
(xi) Share of loss from a joint venture	-	-	1	1
(xii) Share-based payment expenses	2,084	-	2,084	-

11. Additional Disclosure Information

Trade Receivables

The credit terms of trade receivables granted to related parties are no different from those granted to non-related parties which are between 30-120 days. There were no overdue trade receivables of the Group as at 30 June 2023 arising from our Government customer. A trade receivable is deemed past due when the counter party has failed to make payment when the outstanding amount are contractually due.

Aged analysis of trade receivables past due but not impaired:

<i>RM’000</i>	<i><30 days</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>91-180 days</i>	<i>>180 days</i>	<i>Total</i>
30-Jun-23	71	103	1,280	4,076	1,634	7,164
31-Dec-22	1,059	127	74	205	697	2,162

The past due trade receivables above 90 days are collectable. The trade receivables past due pertaining to outstanding receivable from customers towards water works. Management is in active discussion with the debtors for debts recovery and remain optimistic towards the recoverability of such receivables.

Foreign exchange exposure/ hedging policy

The Group does not have any hedging policy or long-term foreign exchange exposure. The Group has minimal one-off foreign exchange exposure to USD and EUR for purchases of mechanical and electrical equipment for small hydropower projects and Non-revenue water projects. As at 30 June 2023, there is no contingent liability exposure to foreign exchange movements.

Material impairment of assets

Save for as disclosed in Note 10 of Schedule VI, there is no other material impairment on assets was made during the financial period under review.