

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 3: Financial Year Ending 31 December 2023

The Directors are pleased to release the quarterly financial report for the nine-months ended 30 September 2023, being the third 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
29 November 2023

Schedule I: Condensed Consolidated Statement of Comprehensive Income
For the 3rd quarter ended 30 September 2023

	Individual 3rd Quarter			Cumulative 3rd Quarter		
	30-Sep-23 RM'000	30-Sep-22 RM'000	% chg	30-Sep-23 RM'000	30-Sep-22 RM'000	% chg
Revenue	5,683	7,746	(26.6%)	18,519	19,571	(5.4%)
Other direct costs	(4,880)	(6,093)	19.9%	(14,083)	(15,593)	9.7%
Employment expenses	(1,281)	(1,192)	(7.47%)	(6,045)	(3,240)	(86.6%)
Premises and infrastructure expenses	(33)	(48)	31.3%	(163)	(110)	(48.2%)
Administrative expenses	(688)	(587)	(17.2%)	(1,612)	(1,267)	(27.2%)
Other income/(expenses)	(153)	(59)	(>100%)	(165)	(107)	(54.2%)
Adjusted EBITDA	(1,352)	(233)	(>100%)	(3,549)	(746)	(>100%)
Foreign exchange gains/(losses)	-	4		3	8	
Fair value gains/(losses) on equity instruments through profit or loss	2,332	(3,743)		(161)	(10,855)	
Bargain purchase	-	-		-	58	
Gain/(loss) on disposal of investments	(32)	156		(37)	350	
Depreciation and amortisation	(1,081)	(1,213)		(3,048)	(2,627)	
Dissolution of a subsidiary	125	-		125	-	
Impairment loss on investment in subsidiary	-	-		(138)	-	
Interest income	8	-		8	11	
Interest expense	(665)	(338)		(1,744)	(626)	
Interest expense – lease liabilities	(4)	(4)		(14)	(10)	
Effect of discounting on other receivables	-	219		-	219	
Effect of discounting on other payables	7	(31)		(55)	(95)	
Share of loss from a joint venture	(1)	(1)		(2)	(2)	
Profit/(loss) before tax	(663)	(5,184)	87.2%	(8,612)	(14,315)	39.8%
Taxation	42	54		104	81	
Net profit/(loss) after tax	(621)	(5,130)	87.9%	(8,508)	(14,234)	40.2%
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations	(14)	(5)		(18)	(8)	
Other comprehensive income for the period, net of tax	(14)	(5)		(18)	(8)	
Total comprehensive income for the financial period	(635)	(5,135)	87.6%	(8,526)	(14,242)	40.1%

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**Schedule I: Condensed Consolidated Statement of Comprehensive Income
 For the 3rd quarter ended 30 September 2023 (Cont’d)**

	Individual 3rd Quarter			Cumulative 3rd Quarter		
	30-Sep-23 RM'000	30-Sep-22 RM'000	% chg	30-Sep-23 RM'000	30-Sep-22 RM'000	% chg
Profit/(Loss) for the financial period attributable to:						
Owners of GCAP	737	(4,602)	>100%	(6,368)	(13,117)	51.5%
Non-controlling interests	(1,358)	(528)		(2,140)	(1,117)	
	<u>(621)</u>	<u>(5,130)</u>		<u>(8,508)</u>	<u>(14,234)</u>	
Total comprehensive income/(loss) attributable to:						
Owners of GCAP	723	(4,607)	>100%	(6,386)	(13,125)	51.3%
Non-controlling interests	(1,358)	(528)		(2,140)	(1,117)	
	<u>(635)</u>	<u>(5,135)</u>		<u>(8,526)</u>	<u>(14,242)</u>	
Earnings/(Loss) per share (“EPS”):						
Basic EPS (sen)	0.23	(1.44)		(1.98)	(4.09)	
Diluted EPS (sen)	0.23	(1.44)		(1.98)	(4.09)	

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 September 2023

	30-Sep-23 RM'000	Audited 31-Dec-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	99,016	98,450
Rights-of-use assets	45	72
Other intangible assets	22,278	22,994
Investment in a joint venture company	19	21
Other investments	2,431	2,431
Other receivables	345	345
Goodwill on consolidation	11,054	11,054
	135,188	135,367
Current assets		
Inventories	1,156	-
Other investments	27,570	17,840
Trade receivables	7,593	5,486
Other receivables	4,429	3,824
Amount due from a joint venture company	125	125
Tax recoverable	548	1,447
Term deposits	570	570
Cash and cash equivalents	3,280	15,955
	45,271	45,247
Total assets	180,459	180,614

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**Schedule II: Condensed Consolidated Statement of Financial Position
As at 30 September 2023 (Cont'd)**

	30-Sep-23 RM'000	Audited 31-Dec-22 RM'000
EQUITY		
Share capital	132,755	130,964
Reserves	(5,804)	(7,559)
Accumulated losses	(24,764)	(18,396)
Equity attributable to owners of GCAP	102,187	105,009
Non-controlling interests	3,561	5,701
Total equity	105,748	110,710
LIABILITIES		
Non-current liabilities		
Borrowings	45,918	41,943
Lease liabilities	146	186
Other payables	754	797
Deferred tax liabilities	5,291	5,395
	52,109	48,321
Current liabilities		
Borrowings	3,814	3,040
Lease liabilities	85	119
Amount due to corporate shareholders	2,290	2,560
Trade payables	6,627	12,754
Other payables	8,713	3,110
Deferred revenue	1,073	-
	22,602	21,583
Total liabilities	74,711	69,904
Total equity and liabilities	180,459	180,614
Net assets per share (Sen)	32.5	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 nine months ended 30 September 2023

	Cumulative 3rd Quarter	
	30-Sep-23 RM'000	30-Sep-22 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	(8,612)	(14,315)
Adjustments for:		
Bargain purchase	-	(58)
Depreciation and amortisation	3,048	2,627
Effect of discounting on other receivables	-	(219)
Effect of discounting on other payables	55	95
Fair value loss on equity investments	161	10,855
Loss/ (Gain) on disposal of investments	37	(350)
Dissolution of a subsidiary	(125)	-
Impairment loss on investment in subsidiary	138	-
Interest income	(8)	(11)
Interest expense on:		
- Borrowing	1,744	626
- Lease liabilities	14	10
Share of loss from a joint venture	2	2
Share based payment	2,084	-
Operating loss before working capital changes	(1,462)	(738)
Changes in working capital:		
Inventories	(1,156)	-
Trade and other receivables	(2,708)	1,445
Trade and other payables	842	1,918
Cash generated from operations	(4,484)	2,625
Interest paid	(1,758)	(636)
Interest received	8	11
Tax refund/ (paid)	900	(173)
Net cash (used in)/generated from operating activities	(5,334)	1,827

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

	Cumulative 3rd Quarter	
	30-Sep-23 RM'000	30-Sep-22 RM'000
Cash flows from investing activities		
Acquisitions of:		
- Property, plant and equipment	(2,832)	(22,484)
- Short-term other investments	(6,467)	(1,068)
Net investment in term deposits	-	430
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	1,512	13,759
Net cash used in investing activities	(7,787)	(10,499)
Cash flows from financing activities		
Proceed from borrowings	4,750	13,201
(Repayments to)/advances from related parties	(5,684)	-
ESOS exercised	1,496	-
Repayment of lease liabilities	(112)	(18)
Transactions with other non-controlling interests	-	28
Net cash generated from financing activities	450	13,211
Net increase/(decrease) in cash and cash equivalents	(12,671)	4,539
Cash and cash equivalents at beginning of period	15,955	6,403
Effects of exchange rate changes on cash and cash equivalents	(4)	54
Cash and cash equivalents at end of period	3,280	10,996
<u>Comprising of:</u>		
Cash and bank	3,280	10,996
Fixed deposits with financial institutions	-	-
Cash & cash equivalents at end of period	3,280	10,996

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 nine months ended 30 September 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)	-	(8)	(13,117)	(13,125)	(1,117)	(14,242)
Acquisition of subsidiary	-	-	-	-	705	705
Changes in shareholding in subsidiaries	-	(3)	-	(3)	3	-
Capital enlargement in a subsidiary	-	-	-	-	28	28
Shares issued	-	-	-	-	-	-
At 30 September 2022	130,964	(6,235)	(12,837)	111,892	7,240	119,132
At 1 January 2023	130,964	(7,559)	(18,396)	105,009	5,701	110,710
Total comprehensive income/(loss)	-	(18)	(6,368)	(6,386)	(2,140)	(8,526)
Acquisition of subsidiary	-	(43)	-	(43)	-	(43)
Dissolution of a subsidiary	-	27	-	27	-	27
Issuance of ESOS	-	2,084	-	2,084	-	2,084
Shares issued	1,791	(295)	-	1,496	-	1,496
At 30 September 2023	132,755	(5,804)	(24,764)	102,187	3,561	105,748

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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 121	Lack of Exchangeability	1 January 2025
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, 17 August 2023 and 18 September 2023, 1,500,000, 1,517,000 and 1,517,000 new GCAP Shares were allotted resulting from exercises of ESOS. Consequently, the share capital was enlarged to 325,224,971 shares at RM 132,755,208, where RM 1,496,220 was received in cash and RM 294,710 from capitalisation of ESOS reserve.

6. Dividends paid

No dividends have been paid in the current financial quarter.

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-Sep-23 RM’000	30-Jun-23 RM’000	% chg	30-Sep-23 RM’000	30-Sep-22 RM’000	% chg
<u>Revenue</u>						
Transportation	4,405	4,393	0.3%	12,971	12,053	7.6%
Hydropower	-	-	-	-	-	-
Solarpower	1,448	1,252	15.7%	3,617	1,771	>100%
Water	(170)	264	(>100%)	1,931	5,747	(66.4%)
Investment holding and others	-	(7)	100.0%	-	21	(100.0%)
	5,683	5,902	(3.7%)	18,519	19,592	(5.5%)
Intersegment adjustment	-	7	(100.0%)	-	(21)	100.0%
Group revenue	5,683	5,909	(3.8%)	18,519	19,571	(5.4%)
<u>Adjusted EBITDA</u>						
Transportation	45	45	-	137	349	(60.7%)
Hydropower	(345)	(352)	2.0%	(957)	(723)	(32.4%)
Solarpower	1,126	1,028	9.5%	2,954	1,306	>100%
Water	(1,279)	(243)	(>100%)	(894)	754	(>100%)
Investment holding and others	(899)	(3,027)	70.3%	(4,789)	(2,432)	(96.9%)
	(1,352)	(2,549)	47.0%	(3,549)	(746)	(>100%)
Intersegment adjustment	-	-	-	-	-	-
Group Adjusted EBITDA	(1,352)	(2,549)	47.0%	(3,549)	(746)	(>100%)

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-Sep-23 RM’000	30-Jun-23 RM’000	% chg	30-Sep-23 RM’000	31-Dec-22 RM’000	% chg
<u>Total Assets</u>						
Transportation	7,928	9,475	(16.3%)	7,928	7,851	1.0%
Hydropower	41,311	41,306	0.0%	41,311	49,688	(16.9%)
Solarpower	98,097	98,524	(0.4%)	98,097	98,383	(0.3%)
Water	4,915	5,784	(15.0%)	4,915	5,487	(10.4%)
Investment holding and others	101,067	96,538	4.7%	101,067	92,974	8.7%
	253,318	251,627	0.7%	253,318	254,383	(0.4%)
Intersegment adjustment	(72,859)	(73,854)	1.3%	(72,859)	(73,769)	1.2%
Group Assets	180,459	177,773	1.5%	180,459	180,614	(0.1%)
<u>Total Liabilities</u>						
Transportation	3,158	4,044	(21.9%)	3,158	2,090	51.1%
Hydropower	34,146	33,422	2.2%	34,146	40,795	(16.3%)
Solarpower	79,852	80,107	(0.3%)	79,852	78,298	2.0%
Water	6,741	5,832	15.6%	6,741	5,438	24.0%
Investment holding and others	23,673	22,728	4.2%	23,673	17,052	38.8%
	147,570	146,133	1.0%	147,570	143,673	2.7%
Intersegment adjustment	(72,859)	(73,854)	1.3%	(72,859)	(73,769)	1.2%
Group Liabilities	74,711	72,279	3.4%	74,711	69,904	6.9%

7.1 Current Quarter vs Previous Quarter

7.1.1 Revenue and Adjusted EBITDA

(i) Transportation division

3Q2023 revenue and Adjusted EBITDA have not differ significantly from that of 2Q2023.

(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**

As at 30 September 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 2021 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

Solarpower division revenue and EBITDA increased 15.7% and 9.5% respectively in 3Q2023, from RM 1.3 million to RM 1.4 million and RM 1.0 million to RM 1.1 million respectively.

(iv) Water division

An internal review of satisfaction of performance obligations revealed a need to downward adjust RM280K of revenue in Water division recognised earlier. Consequently, Adjusted EBITDA losses widen from a loss of RM 243K in 2Q2023 to a loss of RM1.3 million in 3Q2023.

(iv) Investment holding and other division

Adjusted EBITDA loss of 2Q2023 of RM3.0 million was mainly attributed to RM2.1 million one-off share-based payments expenses recognised for ESOS granted and vested.

7.1.2 Assets and Liabilities

Total assets of the Group improved slightly in 3Q2023, mainly due to the increase in assets from Investment division, resulting from fair value gain in quoted investment held.

Liabilities continue to be well managed, at 41.4% and 40.7% of total assets in 3Q2023 and 2Q2023 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

The Group composition should be read in conjunction with the Group’s previous annual report. Save as the following, there were no changes in the Group composition:-

Date	Company	Type of change	Details of change	Principal Activities of company
3-Jan-23	Excel Hydropower Sdn. Bhd. (“ Excel Hydropower ”) (formerly known as LCW Development Sdn. Bhd.)	Acquisition by GCAP	100%-owned. paid-up capital of RM 2 for 2 ordinary shares.	Property development, property investment and investment holding.
29-May-23	G Hydropower (Terengganu) Sdn. Bhd. (“ G Hydro (T) ”)	Incorporation by GCAP	100%-owned. paid-up capital of RM 2 for 2 ordinary shares.	Business of building and operating hydropower plants.
	Teras Jana Sdn. Bhd. (“ Teras Jana ”)	Incorporation by G Hydro	98%-owned with paid up capital of RM 2 for 2 ordinary shares.	Business of building and operating hydropower plants.
5-Jun-23	Mont Capital Co. Ltd. (“ Mont Capital ”)	Dissolution	Voluntary dissolution.	Management consultation service
6-Jun-23	Bestari Renewables Sdn. Bhd. (“ Bestari Renewables ”)	Incorporation by G Hydro (T)	100%-owned with paid-up capital of RM 2 for 2 ordinary shares.	Business of building and operating hydropower plants.
	Cloud Wave Energy Sdn. Bhd. (“ Cloud Wave ”)	Incorporation by G Hydro (T)	100%-owned with paid-up capital of RM 2 for 2 ordinary shares.	Business of building and operating hydropower plants.
	Northwest Hydro Sdn. Bhd. (“ Northwest Hydro ”)	Incorporation by G Hydro (T)	100%-owned with paid-up capital of RM 2 for 2 ordinary shares.	Business of building and operating hydropower plants.
19-Jun-23	G Solar Energy Sdn. Bhd. (“ G Solar Energy ”)	Incorporation by GCAP	100%-owned with paid-up capital of RM 2 for 2 ordinary shares.	Providing turnkey engineering solutions, supplying and installing green technological systems and related activities.
26-Jun-23	Teras Jana, Bestari Renewables, Cloud Wave and Northwest Hydro	Capital enlargement	From 2 ordinary shares to 50,000 ordinary shares at RM50,000 each company.	Business of building and operating hydropower plants.

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

10. Changes in the composition of the Group (Cont’d)

The Group composition should be read in conjunction with the Group’s previous annual report. Save as the following, there were no changes in the Group composition:- (Cont’d)

Date	Company	Type of change	Details of change	Principal Activities of company
27-Sep-23	G Solar Energy	Capital enlargement	From 2 ordinary shares to 1,000,000 ordinary shares at RM 1,000,000	Providing turnkey engineering solutions, supplying and installing green technological systems and related activities.
11-Nov-23	My GCAP Sdn. Bhd. (“My GCAP”)	Capital enlargement and dilution	From 2 ordinary shares to 100 ordinary shares at RM 100. The Company paid an additional RM 68 cash for 70 ordinary shares, representing 70% interest in My GCAP.	Property development
14-Nov-23	Roda Hijau Sdn. Bhd. (“RHSB”)	Acquisition by GCAP	50%-owned with paid-up capital of RM 1 for 1 ordinary shares.	Import and distribution of electric vehicles and car leasing services.
15-Nov-23	RHSB	Capital enlargement and dilution	From 2 ordinary shares to 100 ordinary shares at RM 100. The Company paid an additional RM 69 cash for 70 ordinary shares, representing 70% interest in RHSB.	N/A

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-Sep-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-Sep-23 RM'000	30-Sep-22 RM'000
Company connected to a director of a subsidiary		
- Transportation service	12,607	11,469
- Provision of engineering, procurement, construction and commission services of Solar PV plants	5,187	5,710
- Provision of water engineering and related consultancy services	4	125

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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-Sep-23 RM’000	30-Jun-23 RM’000	% chg
Revenue	5,683	5,909	(3.8%)
Adjusted EBITDA/ (loss)	(1,352)	(2,549)	47.0%
Loss before tax	(663)	(7,495)	91.2%
Loss after tax	(621)	(7,465)	91.7%
Loss attributable to ordinary equity holders of GCAP	737	(6,865)	>100%

The Group is reporting a lower revenue of RM 5.7 million in 3Q2023 compared to a revenue of RM 5.9 million in 2Q2023 after accounting the revenue downward adjustment of RM 280K to reflect performance obligations satisfied. This was the primary contributor to Adjusted EBITDA loss of RM 1.4 million in 3Q2023. Notably, of the RM 2.5 million Adjusted EBITDA loss in 2Q2023, RM 2.1 million was contributed by the share-based payments expense on ESOS granted and vested.

Loss before tax for 3Q2023 improved by RM 6.8 million, from RM 7.5 million in 2Q2023 to RM 663K in 3Q2023 were mainly attributable to a swung of fair value gain/loss of equity instruments held, moved from a fair value loss of RM 2.5 million to fair value gain of RM 2.3 million.

3. Future prospects

The Group cheered to receive the Budget 2024 announced by the tenth (10th) Prime Minister Datuk Seri Anwar Ibrahim on 13 October 2023, amongst other:-

- (i) Bank Pembangunan Malaysia Berhad Strategic Financing will be 16 subsidizing 1.5% of finance cost payable to include maritime & logistic scheme and allocating up to RM 1.2 billion for sustainable development financing scheme;
- (ii) Extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to 31 December 2026;
- (iii) Green Technology Financing Scheme (GTFS 4.0) up to RM 1 billion until 2025; and
- (iv) RM 3.7 billion allocated to large-scale solar generation initiatives by Tenaga Nasional Berhad, including to supply electricity to government buildings in Putrajaya.

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 (“Minda”). 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 RM 8.409 million; making it a total contract value of RM 52,639,560 from 1 January 2020 to 31 December 2023.

The Group is participating in the open tender for the similar contract for term 2024-2027 and remained optimistic towards the outcome of the tender.

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 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 maximise 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 3rd Quarter</i>		<i>Cumulative 3rd Quarter</i>	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM’000	RM’000	RM’000	RM’000
Current	-	-	-	-
Deferred tax	42	54	104	81
	<u>42</u>	<u>54</u>	<u>104</u>	<u>81</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.

The Securities Commission Malaysia (“SC”) and Bursa Malaysia Securities Berhad (“Bursa Securities”) have granted approval for the Proposed Rights Issue on 11 July 2023 and 4 September 2023, respectively.

The shareholders of GCAP then granted mandate for the Proposed Rights Issue in the Extraordinary General Meeting held on 3 November 2023. The Group is in the midst of preparing Abridged Prospectus to complete the implementation of 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 September 2023 are as follows: -

As at 30 September 2023	Currency	Current	Non-Current	Total
Lease liabilities [^]	RM	85	146	231
Project financing term loan [#] @	RM	3,814	45,918	49,732
		3,899	46,064	49,963

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 RM 4,979,003.10 (“**Principal Outstanding Sum 1**”). 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 1 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 RM 4,952,983.90 and Principal Outstanding Sum 1 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.

On 6 May 2021, 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 vide a notice of appeal with the Appeal No. A-01[IM][NCVC]-258-05/2120. The said interim injunction was subsequently set aside by the Court of Appeal (“**Setting Aside Order**”).

The Plaintiffs then filed an application for leave to appeal to the Federal Court in relation to the Setting Aside Order, which was granted by the Federal Court on 13 September 2023. The Federal Court further reinstated the Injunction Order which was set aside by the Court of Appeal while pending the outcome of the Ipoh High Court’s decision on this matter.

In view of the above, the timeline for both parties to file or make the submissions (whether in writing or in verbal) are deferred until further directions are given by the Ipoh High Court in due course.

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 to the High Court of Shah Alam ("**Shah Alam High Court**") 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:-
- (i) a declaration that the Defendants had acted in conspiracy and/or joint tortfeasors to injure the Plaintiffs' business;
 - (ii) 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);
 - (iii) 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**");
 - (iv) aggravated and exemplary damages;
 - (v) costs on full indemnity basis;
 - (vi) interests on all sums payable to the Plaintiffs at such rate to be determined by the Shah Alam High Court; and
 - (vii) such other orders the Shah Alam High 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 pre-trial case management on 20 November 2023, the Shah Alam High Court had fixed 4 January 2024 to 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)

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

- (d) On 7 July 2023, G Capital Water Solutions Sdn. Bhd. (“**GCWS**”) (formerly known as ZMZ Synergy Sdn. Bhd.) (“GCWS”) filed statutory demand pursuant to Section 466(1)(a) of the Companies Act 2016 in an attempt to wind-up RAI Utility Sdn. Bhd. (“RAIU”) for the receivables amounting to RM 1,047,347.76 (“**Principal Outstanding Sum 2**”).

On 28 July 2023, RAIU (“**Plaintiff**”) applied to at the High Court of Kuala Lumpur (“**KL High Court**”) for an injunction towards the winding up notice served by GCWS (“**Defendant**”). The winding-up petition will be resumed after the disposal of the injunction by the KL High Court after the trials.

As at the date of the announcement, the KL High Court had issued directions for the parties to file affidavits and submissions and fixed the Application hearing on 12 March 2024.

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)	737	(6,368)
Weighted average issued capital net of treasury shares (‘000)	321,799	321,799
Earnings per share (Sen)	0.23	(1.98)

- (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)	737	(6,368)
Weighted average issued capital net of treasury shares (‘000)	321,799	321,799
Adjustment for ESOS conversion into ordinary shares (‘000)	-	-
Adjusted weighted average issued capital net of treasury shares (‘000)	321,799	321,799
Earnings/(Loss) per share (Sen)	0.23	(1.98)

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:

	Individual 3rd Quarter		Cumulative 3rd Quarter	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
(i) Interest Income	(8)	-	(8)	(11)
(ii) Interest expense	665	338	1,744	626
(iii) Interest expense – lease liabilities	4	4	14	10
(iv) Effect of discounting on other receivables	-	(219)	-	(219)
(v) Effect of discounting on other payables	(7)	31	55	95
(vi) Depreciation and amortisation	1,081	1,213	3,048	2,627
(vii) Dissolution of a subsidiary	(125)	-	(125)	-
(viii) Fair value losses on equity instruments through profit or loss	(2,332)	3,743	161	10,855
(ix) Bargain purchase	-	-	-	(58)
(x) Gain/(loss) on disposal of investments	32	(156)	37	(350)
(xi) Impairment loss on investment in subsidiary	-	-	138	-
(xii) Expenses relating to short term leases	47	80	161	136
(xiii) Share of loss from a joint venture	1	1	2	2
(xiv) 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 September 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:

RM'000	<30 days	31-60 days	61-90 days	91-180 days	>180 days	Total
30-Sep-23	10	-	-	1,681	684	2,375
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 September 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.