

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 3: Financial Year Ending 31 December 2022

The Directors are pleased to release the quarterly financial report for the three-months ended 30 September 2022, being the third quarter for the financial year ending 31 December 2022.

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 2021:

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 2022

Schedule I: Condensed Consolidated Statement of Comprehensive Income
For the 3rd quarter ended 30 September 2022

	Individual 3 rd Quarter			Cumulative 3 rd Quarter		
	30/09/2022 RM'000	30/09/2021 RM'000	% chg	30/09/2022 RM'000	30/09/2021 RM'000	% chg
Revenue	7,746	16	>100%	19,571	4,124	>100%
Other direct costs	(6,093)	(1)	(>100%)	(15,593)	(3,839)	(>100%)
Employment expenses	(1,192)	(968)	(23.1%)	(3,240)	(2,481)	(30.6%)
Premises and infrastructure expenses	(48)	(27)	(77.8%)	(110)	(85)	(29.4%)
Administrative expenses	(587)	(1,619)	63.7%	(1,267)	(3,043)	58.4%
Other income/(expenses)	(59)	(1)	(>100%)	(107)	(22)	(>100%)
Adjusted EBITDA	(233)	(2,600)	91.0%	(746)	(5,346)	86.0%
Foreign exchange gains/(losses)	4	1		8	(2)	
Fair value gains/(losses) on equity instruments through profit or loss	(3,743)	3,875		(10,855)	(5,445)	
Bargain purchase	-	-		58	12,668	
Gain/(loss) on disposal of investments	156	(726)		350	(576)	
Depreciation and amortisation	(1,213)	(276)		(2,627)	(740)	
Interest income	-	260		11	387	
Interest expense	(338)	(220)		(626)	(266)	
Interest expense – lease liabilities	(4)	(4)		(10)	(12)	
Effect of discounting: other receivables	219	(109)		219	(109)	
Effect of discounting: other payables	(31)	(93)		(95)	(93)	
Share of loss from a joint venture	(1)	-		(2)	-	
Profit/(loss) before tax	(5,184)	108	(>100%)	(14,315)	466	(>100%)
Taxation	54	40		81	133	
Net profit/(loss) after tax	(5,130)	148	(>100%)	(14,234)	599	(>100%)
Other comprehensive income items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	(5)	-		(8)	7	
Other comprehensive income for the period, net of tax	(5)	-		(8)	7	
Total comprehensive income for the financial period	(5,135)	148	(>100%)	(14,242)	606	(>100%)
Profit/(Loss) for the financial period attributable to:						
Owners of GCAP	(4,602)	523	(>100%)	(13,117)	1,321	(>100%)
Non-controlling interests	(528)	(375)		(1,117)	(722)	
	(5,130)	148		(14,234)	599	
Total comprehensive income/(loss) attributable to:						
Owners of GCAP	(4,607)	523	(>100%)	(13,125)	1,328	(>100%)
Non-controlling interests	(528)	(375)		(1,117)	(722)	
	(5,135)	148		(14,242)	606	
Earnings/(Loss) per share (“EPS”):						
Basic EPS (sen)	(1.44)	0.17		(4.09)	0.42	
Diluted EPS (sen)	(1.44)	0.16		(4.09)	0.41	

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 2021.

Schedule II: Condensed Consolidated Statement of Financial Position
As at 30 September 2022

	30/09/2022 RM'000	Audited 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	80,425	58,595
Rights-of-use assets	93	69
Other intangible assets	23,243	23,822
Investment in a joint venture company	21	23
Other investments	4,646	4,646
Other receivables	349	345
Goodwill on consolidation	15,479	15,479
	<u>124,256</u>	<u>102,979</u>
Current assets		
Other investments	17,817	41,013
Trade receivables	5,564	1,353
Other receivables	9,368	12,734
Amount due from a joint venture company	125	125
Tax recoverable	1,439	1,265
Term deposits	4,770	5,200
Cash and cash equivalents	10,996	6,403
	<u>50,079</u>	<u>68,093</u>
Total assets	<u>174,335</u>	<u>171,072</u>
EQUITY		
Share capital	130,964	130,964
Reserves	(6,235)	(6,224)
Accumulated losses	(12,837)	280
Equity attributable to owners of GCAP	111,892	125,020
Non-controlling interests	7,240	7,621
Total equity	<u>119,132</u>	<u>132,641</u>
LIABILITIES		
Non-current liabilities		
Borrowings	33,321	16,998
Lease liabilities	149	100
Other payables	844	1,104
Deferred tax liabilities	5,674	5,756
	<u>39,988</u>	<u>23,958</u>
Current liabilities		
Borrowings	816	4,132
Lease liabilities	117	97
Amount due to corporate shareholders	2,266	2,266
Trade payables	7,765	3,351
Other payables	4,251	4,627
	<u>15,215</u>	<u>14,473</u>
Total liabilities	<u>55,203</u>	<u>38,431</u>
Total equity and liabilities	<u>174,335</u>	<u>171,072</u>
Net assets per share (Sen)	<u>37.0</u>	<u>41.4</u>

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 2021.

Schedule III: Condensed Consolidated Statement of Cash Flows
For the nine months ended 30 September 2022

	Cumulative 3 rd Quarter	
	30/09/2022 RM'000	30/09/2021 RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(14,315)	466
Adjustments for:		
Bargain purchase	(58)	(12,668)
Depreciation and amortisation	2,627	740
Effect of discounting on other receivables	(219)	109
Effect of discounting on other payables	95	93
Fair value loss on equity investments	10,855	5,445
Gain on disposal of investments	(350)	576
Interest income	(11)	(387)
Interest expense on:		
- Borrowing	626	266
- Lease liabilities	10	12
Share of loss from a joint venture	2	-
Operating loss before working capital changes	(738)	(5,348)
Changes in working capital:		
Inventories	-	-
Trade and other receivables	1,445	2,893
Trade and other payables	2,510	283
Cash generated from operations	3,217	(2,172)
Interest paid	(1,227)	(278)
Interest received	10	387
Tax paid	(173)	(142)
Net cash from operating activities	1,827	(2,205)

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Schedule III: Condensed Consolidated Statement of Cash Flows
 For the nine months ended 30 September 2022

	Cumulative 3 rd Quarter	
	30/09/2022	30/09/2021
	RM'000	RM'000
Cash flows from investing activities		
Acquisitions of:		
- Property, plant and equipment	(22,484)	(27,256)
- Short-term other investments	(1,068)	(10,459)
Net investment in term deposits	430	-
Cash acquired on acquisition of subsidiary	323	3,502
Payment for acquisition of subsidiary	(676)	(3,500)
Payment for stepped-acquisition of a subsidiary	-	(1,500)
Ney advance to related parties	(783)	-
Proceeds from disposals of short-term other investment	13,759	8,336
Net cash used in investing activities	(10,499)	(30,877)
Cash flows from financing activities		
Net proceed from/(repayment) of borrowings	13,201	11,097
(Repayments to)/advances from a corporate shareholder	-	(70)
Proceeds from issuance of shares	-	6,150
Repayment of lease liabilities	(18)	(92)
Transactions with other non-controlling interests	28	25
Net cash generated from financing activities	13,211	17,110
Net increase/(decrease) in cash and cash equivalents	4,539	(15,972)
Cash and cash equivalents at beginning of period	6,403	31,533
Effects of exchange rate changes on cash and cash equivalents	54	4
Cash and cash equivalents at end of period	10,996	15,565
<u>Comprising of:</u>		
Cash and bank	10,996	12,511
Fixed deposits with financial institutions	-	3,054
Cash & cash equivalents at end of period	10,996	15,565

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 2021.

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Schedule IV: Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2022

	Share capital RM	Reserves RM	Retained earnings/ (Accumulated losses) RM	Subtotal RM	Non-controlling interest RM	Total equity RM
At 1 January 2021	123,914	(3,471)	(950)	119,493	1,582	121,075
Total comprehensive income/(loss)	-	7	1,321	1,328	(722)	606
Acquisition of subsidiary	-	-	-	-	6,929	6,929
Shares issued	7,050	(900)	-	6,150	-	6,150
Changes in shareholding in subsidiaries	-	(1,617)	-	(1,617)	142	(1,475)
At 30 September 2021	130,964	(5,981)	371	125,354	7,931	133,285
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

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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 2021.

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
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	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 Group and of the Company were 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. In December of each calendar year there is no revenue from this contract.

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

To curb the spread of COVID-19 pandemic, Federal Government of Malaysia enforced a series of Movement Control Orders (“MCO”), Conditional MCO, Enhanced MCO, Semi Enhanced MCO, Recovery MCO starting from 18 March 2020 to October 2021, which resulted in the disruption to schoolings and hence temporary suspension of the Ministry of Defense service-contract. As of date of this announcement, the Group has resumed servicing the contract when schooling is allowed by Federal Government. Save for abovementioned, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter.

5. 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.

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

6. Issuance or repayments of debt/equity securities

During the period under review no ordinary shares had been issued.

As at 30 September 2022, no new ESOS or share rights has been granted.

7. Dividends paid

No dividends have been paid in the current financial quarter.

8. 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>		
	30/09/2022 RM'000	30/06/2022 RM'000	% chg	30/09/2022 RM'000	30/09/2021 RM'000	% chg
<u>Revenue</u>						
Transportation	4,158	4,022	3.4%	12,053	4,108	>100%
Hydropower	-	-	-	-	-	-
Solarpower	912	541	68.6%	1,771	16	>100%
Water	2,676	2,396	11.7%	5,747	-	100%
Investment holding and others	7	7	-	21	21	-
	7,753	6,966	11.3%	19,592	4,145	>100%
Intersegment adjustment	(7)	(7)	-	(21)	(21)	-
Group revenue	7,746	6,959	11.3%	19,571	4,124	>100%
<u>Adjusted EBITDA</u>						
Transportation	45	138	(67.4%)	349	(323)	>100%
Hydropower	(263)	(221)	(19.0%)	(723)	(717)	(0.8%)
Solarpower	542	478	13.4%	1,306	(200)	>100%
Water	117	526	(77.8%)	754	-	100%
Investment holding and others	(674)	(881)	23.5%	(2,432)	(4,106)	40.8%
	(233)	40	(>100%)	(746)	(5,346)	86.0%
Intersegment adjustment	-	-	-	-	-	-
Group Adjusted EBITDA	(233)	40	(>100%)	(746)	(5,346)	86.0%

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Schedule V: Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)
8. Segmental Analysis (Cont'd)

	<i>Current v Preceding Quarter</i>			<i>Current v Preceding Year</i>		
	30/09/2022	30/06/2022	% chg	30/09/2022	31/12/2021	% chg
	RM'000	RM'000		RM'000	RM'000	
<u>Total Assets</u>						
Transportation	12,732	13,300	(4.3%)	12,732	12,599	1.1%
Hydropower	48,764	45,649	6.8%	48,764	47,868	1.9%
Solarpower	88,286	80,853	9.2%	88,286	66,282	33.2%
Water	4,887	4,320	13.1%	4,887	-	100%
Investment holding and others	94,614	106,840	(11.4%)	94,614	114,779	(17.6%)
	249,283	250,962	(0.7%)	249,283	241,528	3.2%
Intersegment adjustment	(74,948)	(73,619)	(1.8%)	(74,948)	(70,456)	(6.4%)
Group Assets	174,335	177,343	(1.7%)	174,335	171,072	1.9%
<u>Total Liabilities</u>						
Transportation	2,316	2,719	(14.8%)	2,316	1,900	21.9%
Hydropower	37,748	34,928	8.1%	37,748	36,315	3.9%
Solarpower	67,957	59,685	13.9%	67,957	44,237	53.6%
Water	4,061	3,012	34.8%	4,061	-	100%
Investment holding and others	18,069	26,379	(31.5%)	18,069	26,435	(31.6%)
	130,151	126,723	2.7%	130,151	108,887	19.5%
Intersegment adjustment	(74,948)	(73,619)	(1.8%)	(74,948)	(70,456)	(6.4%)
Group Liabilities	55,203	53,104	4.0%	55,203	38,431	43.6%

8.1 Current Quarter vs Previous Quarter
8.1.1 Revenue and Adjusted EBITDA
(i) Transportation division

Revenue increased RM136K (3.4%) in 3Q2022 from 2Q2022, when more children back to physical schooling with improved COVID-10 vaccinations. Despite the growing top line, inclined supplier cost (drivers' minimum wages revised upwards to RM1,500 from RM1,200 with effective 1 May 2022) had caused deterioration of 67.4% Adjusted EBITDA compared to 2Q2022.

(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 mainly attributed cost of our in-house engineers, administration expenses, and costs of procuring the necessary approvals from the relevant State Government authorities.

(iii) Solarpower division

In 3Q2022, revenue increase by RM371K (68.6%) to RM912K in 3Q2022 (2Q2022: RM541k) after five (5) of the Solar Photovoltaics (“PV”) System are up and running. Of which, second (2nd) to fourth (4th) PV Systems reached commercial operation dates (“COD”) in 1Q2022, and fifth (5th) PV Systems reached COD in 3Q2022; being: -

- (i) 1.2MWp on 19 January 2022 for Muda Pasifik Sdn Bhd in Penang;
- (ii) 3.0MWp on 16 February 2022 for Muda Paper Mills Sdn Bhd in Penang;
- (iii) 3.0MWp on 26 March 2022 for Muda Paper Converting Sdn Bhd in Penang; and
- (iv) 7.0MWp on 1 July 2022 for Evergreen Fibreboard Berhad in Johor.

To recap, the first Solar PV System was powered up on 5 September 2021 for De-Luxe Food Services Sdn Bhd in Selangor (1.1MWp).

Accordingly, the adjusted EBITDA risen 13.4% (RM64K) from RM478K in 2Q2022, to RM542K in 3Q2022.

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

8. Segmental Analysis (Cont’d)

8.1 Current Quarter vs Previous Quarter (Cont’d)

8.1.1 Revenue and Adjusted EBITDA (Cont’d)

(iv) Water division

3Q2022 revenue from Water division increased 11.7% from 2Q2022, from RM2.4 mil to RM2.7 million in 3Q2022 as projects progress. .

The division’s adjusted EBITDA had a dip in 3Q2022, from RM526K in 2Q2022 to RM117K in 3Q2022, mainly attributable to the different profit margin yield from different performance obligations satisfied between 3Q2022 and 2Q2022.,

(v) Investment holding and other division

The Group’s Adjusted EBITDA loss in 3Q2022 had improved from a loss of RM881K in 2Q2022 to a loss of RM674K, as the costs were well managed.

8.1.2 Assets and Liabilities

Total assets of the Group decreased compared to previous quarter, on the back of fair value loss of on equity instruments through profit or loss.

Although with increased in Solarpower segment’s borrowings to finance Solar PV projects, liabilities continue to be well managed, at 31.7% and 29.9% of total assets in 3Q2022 and 2Q2022 respectively.

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

9. Valuation of property, plant and equipment

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

10. 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.

11. Changes in the composition of the Group

On 28 February 2022, the Group has acquired G Capital Water Solutions Sdn. Bhd. (“**GCAP Water Solutions**”) (formerly known as ZMZ Synergy Sdn. Bhd.) as disclosed in Note 16 to Schedule V.

On 14 March 2022, the Group incorporated a wholly-owned subsidiary after the name of MY GCAP Sdn. Bhd., with its intended business of property development.

On 27 July 2022, the Group has assumed full ownership of CM Creative Itinerary Sdn Bhd (“**CMCI**”) from 60% after cash payment of RM40.

12. Contingent liabilities

There were no contingent liabilities of a material nature since the last audited consolidated statement of financial position (FY2021).

13. Contingent assets

There were no contingent assets of a material nature since the last audited consolidated statement of financial position (FY2021).

14. Capital commitments

Contracted but not provided for:

- Mini-hydro
- Solar PV plants

30/09/2022
RM’000

13,580

21,602

35,182

15. Significant related party transactions

30/09/2022
RM’000

30/09/2021
RM’000

Company connected to a director of a subsidiary

- Transportation service
- Provision of engineering, procurement, construction, commission, operating and maintenance services of Solar PV plants
- Provision of water engineering and related consultancy services

11,469

3,838

5,710

-

125

-

16. Business Combination

On 28 February 2022, the Company paid RM302,435 cash for 9,000 ordinary shares, representing 30% equity interest in GCAP Water Solutions. On the same date, GCAP Water Solutions underwent capital enlargement whereby the Company subscribed to 373,500 new ordinary shares for RM373,500 and resulting in ownership of 51.00% equity interest in GCAP Water Solutions. Through this arrangement, the Group has strategically position itself to participate in water works and its related services, including but not limited to engineering, non-revenue management, operation and maintenance.

As a result, the Group consolidated its results from the date of acquisition.

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

16. Business Combination (Cont’d)

A bargain purchase of RM58K is recognised when purchase consideration is less than the fair value of net assets acquired. The effect of the acquisition of GCAP Water Solutions as at the date of acquisitions is as follows:

	GCAP Water Solutions RM’000
Fair value of net assets acquired	
Cash and cash equivalents	323
Intangible assets acquired – Contract assets	933
Trade and other receivables	1,296
Trade and other payables	(1,113)
	1,439
Less: Non-controlling interest’s share of net assets	(705)
	734
Less: Fair value of consideration transferred	(676)
Bargain purchase	58

The Group has up to twelve months from the date of acquisition to complete its initial acquisition accounting. Any adjustment to the fair values based on circumstances existing at acquisition date, including associated tax adjustments, within this twelve-month period will have an equal and opposite impact on the provisional intangible asset recorded on acquisition.

The effect of the acquisitions on cash flows of the Group is as follows:

	GCAP Water Solutions RM’000
Fair value of consideration transferred	676
Less: Cash and cash equivalents acquired	(323)
	353

The consolidated results since the date of acquisition are as follows:

	GCAP Water Solutions RM’000
Revenue	5,747
Net loss after tax*	(555)
Other comprehensive income	-

If the acquisition had occurred on 1 January 2022, the consolidated results for the period ended 30 September 2022 would have been as follows:

	GCAP Water Solutions RM’000
Revenue	5,906
Net loss after tax*	(543)
Other comprehensive income	-

* Included bargain purchase of RM58k.

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 8. of Schedule V.

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

	Current v Preceding Quarter		
	30/09/2022 RM’000	30/06/2022 RM’000	% chg
Revenue	7,746	6,959	11.3%
Adjusted EBITDA/(loss)	(233)	40	(>100%)
Loss before tax	(5,184)	(6,431)	19.4%
Loss after tax	(5,130)	(6,392)	19.7%
Loss attributable to ordinary equity holders of GCAP	(4,602)	(6,029)	23.7%

The Group is reporting a higher EBITDA loss of RM233K in 3Q2022 as compared to an Adjusted EBITDA of RM40K in 2Q2022 due to higher project and administrative costs as disclosed in Note 8.1 to Schedule V.

Smaller loss before tax for 3Q2022 was RM5.1 million (2Q2022: RM6.4 million), mainly due to fair value loss on revaluation of investment held of RM3.7 million (2Q2022: loss of RM5.5 million).

3. Prospects for the financial year 2022 and beyond –

The Group welcomed 8 March 2022 announcement by the ninth (9th) Prime Minister Ismail Sabri Yaakob that Malaysia would enter the endemic phase of Covid-19 from 1 April 2022.

This remark important milestone to Malaysia after more than two years of battling the Covid-19 pandemic, which saw the enforcement of the first movement control order on March 18, 2020, closures of the country’s borders, implementation of the physical distancing rule as well as wearing of face masks.

We remain optimistic beyond 2022 compared to 2021 and 2020 in term of business viability.

3.1 Transportation division

Resumption of schooling activities in October 2021 were in favour to transportation division of the Group. Resumption of suspended services to contract with Ministry of Defense (“Mindef”) shall contribute yearly revenue of approximately RM14.75 million.

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

3. Prospects for the financial year 2022 – (Cont’d)

3.2 *Mini hydropower division*

The Group remains committed to completing the construction of the mini hydropower projects in medium term, looking forward to commissioning more mini-hydro projects, focusing namely in Perak Darul Ridzuan (“Perak”).

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.

On 10 May 2022, the Group is showered by blessing with yet another SEDA e-bidding wins: –

- (i) 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**”); and
- (ii) 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**”).

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.

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 mini hydro portfolio includes 9 sites with an installed capacity of 67.05MW, at various stages of construction.

On 18 October 2022, the Group had entered into a Joint Venture and Shareholders’ Agreement (“**JVSHA**”) with Yayasan Sabah via its subsidiary company, Innoprise Synergy Sdn Bhd (“**Innoprise**”) and Kerap Hijau Sdn Bhd (“**Kerap Hijau**”), with regards to a proposed joint venture to develop mini-hydropower projects in Sabah. The parties have agreed to collectively pooling their resources, leading to fund raisings of not less than RM3 billion in developing the first 200 MW projects, which may be financed via a combination of fund-raising exercises and bank borrowings.

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**”).

3.3 *Solarpower division*

In 2022, the Group sealed additional Power Purchase Agreements (“**PPA**”) to design, construct, install, own, operate and maintain additional solar PV energy generating systems with a total capacity of 11.16 MWp.

- (i) On 9 May 2022, 2,380.32 KWp for Chin Well Fasteners Co Sdn Bhd in Penang and 3,000.24 KWp for Chin Herr Industries (M) Sdn Bhd in Penang. The latter was revised to 2,470.60 KWp on 27 July 2022 whilst the former was powered up on 15 November 2022;
- (ii) On 27 May 2022, 507.28 KWp for Muda Paper Mills Sdn Bhd in Penang and 309.28 KWp for Muda Paper Converting Sdn Bhd in Penang. The former reached COD on 15 September 2022 whilst the latter reached COD on 19 August 2022; and
- (iii) On 27 July 2022, 5,500KWp for Federal Packages Sdn Bhd in Penang.

The management remained optimistic to commission more Solar PV plants in stages throughout financial year 2022 and contribute to the Group’s revenue and earnings accordingly.

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

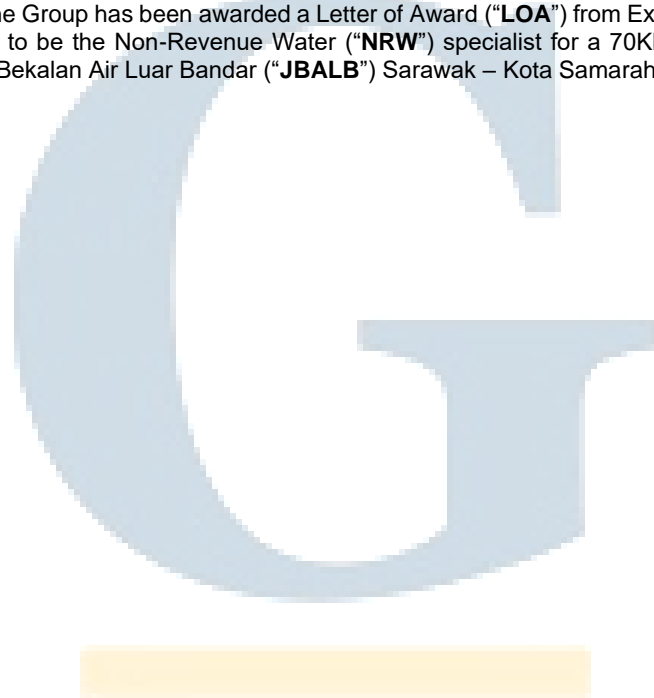
3. Prospects for the financial year 2022 – (Cont'd)

3.4 *Water division*

On 28 February 2022, the Company paid RM302,435 cash for 9,000 ordinary shares, representing 30% equity interest in GCAP Water Solutions. On the same date, GCAP Water Solutions underwent a capital enlargement whereby the Company subscribed to 373,500 new ordinary shares for RM373,500 and resulting in ownership of 51.00% equity interest in GCAP Water Solutions. Through this arrangement, the Group has venturing into providing water solutions (including but not limited to water engineering, information technology services and wholesale of goods).

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.

On 11 October 2022, the Group has been awarded a Letter of Award (“**LOA**”) from Exxor Technologies Sdn Bhd (“Exxor Technologies”) to be the Non-Revenue Water (“**NRW**”) specialist for a 70KM leak detection and pipe inspection for Jabatan Bekalan Air Luar Bandar (“**JBALB**”) Sarawak – Kota Samarahan.



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

4. Tax expense

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

	Individual 3 rd Quarter		Cumulative 3 rd Quarter	
	30/09/2022 RM’000	30/09/2021 RM’000	30/09/2022 RM’000	30/09/2021 RM’000
Current	-	(16)	-	(16)
Deferred tax	54	56	81	149
	54	40	81	133

5. Status of corporate proposals

5.1 Proposed Rights Issue

On 13 July 2021, 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 RM102,621,111 nominal value of 1,282,763,884 five (5)-year, 5.0%, 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.

On 8 November 2021, GCAP has announced revision to the utilisation of proceeds to be raised. New application was submitted to Securities Commission on 18 November 2021 and Securities Commission has approved the proposed issuance of RCULS on 14 December 2021.

On 6 January 2022, Bursa Malaysia Securities Berhad (“Bursa Securities”) has approved the Proposed Rights Issue subject to following conditions:-

- (i) GCAP and KAF IB must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Rights Issue;
- (ii) GCAP and KAF IB are required to inform Bursa Securities upon completion of the Proposed Rights Issue;
- (iii) GCAP and KAF IB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Rights Issue is completed; and
- (iv) GCAP is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of RCULS as at the end of each quarter together with a detailed computation of listing fees payable.

The Board of Directors of GCAP is pleased with results of EGM held on 27 April 2022 with the shareholders supporting the Proposed Rights Issue.

On 27 June 2022, Bursa Securities had decided to grant an extension of time until 6 December 2022 for GCAP 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.

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

6. Group borrowings and debt securities

The details of the Group’s borrowings as at 30 September 2022 are as follows: -

As at 30 September 2022	Currency	Current	Non-Current	Total
Lease liabilities^	RM	117	149	266
Project financing term loan#@	RM	816	33,321	34,137
		933	33,470	34,403

As at 31 December 2021	Currency	Current	Non-Current	Total
Lease liabilities^	RM	97	100	197
Project financing term loan#@	RM	4,132	16,998	21,130
		4,229	17,098	21,327

^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%-2.89%.

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.

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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 Corporation Sdn. Bhd ("GPB"), a subsidiary company of GCAP, had filed a suit against Markas Logistik Tentera Darat ("First Defendant"), Markas Angkatan Tentera Malaysia ("Second Defendant"), Kementerian Pertahanan 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 RM1,242,000.00 ("Principal Outstanding Sum 1") owing by the Defendants to GPB. The court via e-review held on 17 June 2021 indicated to give further directions on trial dates and pre-trial case management compliance on 13 July 2021.

The First Defendant and the Second Defendant are the agencies and/or departments formed by the Third Defendant whereas the Third Defendant and the Fourth Defendant are ministries under the Fifth Defendant.

The above 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 had agreed to engage GPB in relation to the provision of bus rental service for the voters the Second Defendant for the period commencing from 4 May 2018 until 6 September 2018.

Following the Court's direction as given during the case management held on 14 July 2021, the following instructions have been given: -

- (a) for GPB and the Defendants (collectively known as "Parties") to file a summary case on 13 December 2021 and for a case management to be held before the Learned Judge;
- (b) for GPB to file their Bundle of Pleadings, common bundle of documents and list of witnesses on or before 11 May 2022;
- (c) for the Parties to file the issues to be tried and statement of agreed facts on or before 11 July 2021; and
- (d) for the Parties to file the witness statements on or before 29 August 2022.

The Court has fixed the next e-review to be on 13 December 2021 for the Parties to update the Court on the case progress and the trial dates has been fixed to be 6 to 9 September 2022.

On 31 December 2021, the parties have reached a consensus for out-of-court for the full RM1,242,000 and the Court has sealed consent judgement on 9 February 2022. **The Group has collected the RM1,242,000 in March 2022.**

- (b) 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.

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

7. Material litigation, claims or arbitration (con’td)

(b) (cont’d)

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.

(c) 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 RM14.10 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 and 19 to 23 September 2022. The Ipoh High Court has fixed the trials to continue on 29 November 2022 to 1 December 2022 for witness to testify before the Ipoh High Court.

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)

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 attributable to shareholders of GCAP by the weighted average number of ordinary shares in issue (net of treasury shares).

	Current Quarter	Current YTD
Group attributable profit/(loss) to shareholders of GCAP (RM’000)	(4,602)	(13,117)
Weighted average issued capital net of treasury shares (‘000)	320,691	320,691
Earnings per share (Sen)	(1.44)	(4.09)

- (b) The diluted EPS for the current quarter was computed by dividing the Group profit attributable to shareholders, adjusted for the dilutive effects of the conversion of all the outstanding ESOS of GCAP into ordinary shares.

	Current Quarter	Current YTD
Group attributable profit/(loss) to shareholders of GCAP (RM’000)	(4,602)	(13,117)
Weighted average issued capital net of treasury shares (‘000)	320,691	320,691
Adjustment for ESOS conversion into ordinary shares (‘000)	-	-
Adjusted weighted average issued capital net of treasury shares (‘000)	320,691	320,691
Earnings/(Loss) per share (Sen)	(1.44)	(4.09)

10. Notes to the Condensed Consolidated Statement of Comprehensive Income

LAT is arrived at after charging/(crediting) the following items:

RM’000	Individual 3 rd Quarter		Cumulative 3 rd Quarter	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
(i) Interest Income	-	(260)	(11)	(387)
(ii) Interest expense	338	220	626	266
(iii) Interest expense – lease liabilities	4	4	10	12
(iv) Effect of discounting on other receivables	(219)	109	(219)	109
(v) Effect of discounting on other payables	31	93	95	93
(vi) Depreciation and amortisation	1,213	276	2,627	740
(vii) Fair value losses on equity instruments through profit or loss	3,743	(3,875)	10,855	5,445
(viii) Bargain purchase	-	-	(58)	(12,668)
(ix) Gain/(loss) on disposal of investments	(156)	726	(350)	576
(x) Expenses related to short term leases	80	6	136	25
(xi) Share of loss from a joint venture	1	-	2	-

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

11. Additional Disclosure Information

Trade Receivables

There are no favourable credit terms of trade receivables granted to related parties than those granted to non-related parties. Each credit terms are granted after being considered the credit risk exposure and risk management mechanism in place. There were no overdue trade receivables of the Group as at 30 September 2022 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	>60 days	Total
30/09/2022	244	-	1,751	1,995
31/12/2021	1,242*	-	3	1,245

The past due trade receivables are collectable. Of the RM1,995k trade receivable past due but not impaired, RM867K relates to trade receivables purchased as disclosed in Note 16 of Schedule V whilst another RM224K pertaining to outstanding receivable from a customer towards sale of solar energy. Management is in active discussion with the debtors for debts recovery and remain optimistic towards the recoverability of such receivables.

To recap, an impairment of RM6.2 million was recognised in FY2019 on overdue trade receivables from the Ministry of Defense (“Mindef”). Management is attempting for debts recovery via legal recourse as highlighted in Note 7 (a) and 7(b).

** On 31 December 2021, a settlement of RM1.24 million has been agreed between the Group with Markas Logistik Tentara. As such, the management has reversed out the a RM1.24 million impairment in 4Q2021 and collected in March 2022. Management is continuing effort to recover the balance of debts impaired.*

Other receivables

Of the RM9.37 million current assets - other receivables, RM1.22 mil (31/12/2021: RM2.1 mil) is receivable from the sale of fully-depreciated buses (assets) to a third party in prior year.

Foreign exchange exposure/ hedging policy

The company does not have any hedging policy or long-term foreign exchange exposure. The Company has minimal one-off foreign exchange exposure to USD when purchasing spare parts for its fleet of transportation assets, and purchases of mechanical and electrical equipment for selected small hydropower projects (EUR and USD). As at 30 September 2022, 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.