

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

**Quarter 1 : Financial Year Ending 31 December 2016**

The Directors are pleased to release the quarterly financial report for the three months ended 31<sup>st</sup> March 2016 being the first quarter for the financial year 2016.

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<sup>st</sup> December 2015:

- Schedule I : Condensed Consolidated Income Statement
- Schedule II : Condensed Consolidated Statement of Comprehensive Income
- Schedule III : Condensed Consolidated Statement of Financial Position
- Schedule IV : Condensed Consolidated Statement of Cash Flow
- Schedule V : Condensed Consolidated Statement of Changes in Equity
- Schedule VI : Selected Explanatory Notes
- Schedule VII : Additional Disclosures

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  
26 May 2016

**Schedule I : Condensed Consolidated Income Statement**

For the three months ended 31 March 2016

RM'000	1 <sup>st</sup> Quarter		% chg
	31/03/2016	31/03/2015	
Revenue	9,127	13,154	(30.7%)
Operating profit	1,777	2,466	(28.0%)
Interest expense	(2)	(56)	
Interest income	162	220	
Administrative expenses	(1,535)	(2,133)	
Other income	605	221	
Profit before taxation (PBT)	1,007	718	(40.3%)
Taxation	(320)	(12)	
Profit after taxation (PAT)	687	706	(2.7%)
Attributable to :			
Equity holders of the Company	818	818	(0.0%)
Non-controlling interests	(131)	(112)	Nm
	687	706	
Basic earnings per share (sen) attributable to equity holders of the Company	0.4	0.4	
Diluted earnings per share (sen) attributable to equity holders of the Company	0.3	0.3	

*nm – not meaningful*

*This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2015.*

**Schedule II : Condensed Consolidated Statement of Comprehensive Income**  
 For the three months ended 31 March 2016

RM'000	1 <sup>st</sup> Quarter		% <i>chg</i>
	31/03/2016	31/03/2015	
Profit after taxation	687	706	<b>(2.7%)</b>
<b>Other comprehensive income, (net of tax)</b>			
Foreign currency translation			
Realisation of reserves	-	-	
<b>Total comprehensive income for the quarter</b>	<b>687</b>	<b>706</b>	<b>(2.7%)</b>
Total comprehensive income attributable to:			
Equity holders of the Company	818	818	<b>(0.0%)</b>
Non-controlling interests	(131)	(112)	<i>nm</i>
	687	706	

*nm – not meaningful*

*This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2015.*

**Schedule III : Condensed Consolidated Statement of Financial Position**

As at 31 March 2016

RM'000	31/03/2016	Audited 31/12/2015
Property, plant & equipment	30,157	32,039
Other financial assets	30	30
Goodwill on consolidation	20,883	20,883
Deferred Tax Assets	1,855	2,045
Current assets		
Trade receivables	9,143	1,003
Inventories	591	608
Other receivables	7,429	5,505
Cash and cash equivalents	40,231	44,816
	57,394	51,932
Less : Current liabilities		
Trade payables	1,008	-
Other payables	3,772	2,179
Finance lease and hire purchase creditors	67	67
Provision for taxation	154	91
	5,001	2,337
<b>Net Current Assets</b>	<b>52,393</b>	<b>49,595</b>
	<b>105,318</b>	<b>104,592</b>
Financed by:		
Share capital	94,441	94,441
Retained earnings	13,341	12,523
Other reserves	(4,174)	(4,174)
Non-controlling interests	(1,482)	(1,351)
Total Equity	102,126	101,439
Non-current liabilities		
Finance lease and hire purchase creditors	59	76
Deferred tax liabilities	3,133	3,077
	3,192	3,153
<b>Total equity &amp; non-current liabilities</b>	<b>105,318</b>	<b>104,592</b>
Net assets per share (sen) attributable to equity holders of the Company	43.9	43.6

*This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2015.*

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**Schedule IV : Condensed Consolidated Statement of Cash Flow**

For the year three months ended 31 March 2016

RM'000	1 <sup>st</sup> Quarter	
	31/03/2016	31/03/2015
<b>Operating activities</b>		
Profit before taxation		
- Continuing	1,007	718
Add non-cash : Depreciation & amortisation	1,929	2,027
Gain on :		
- disposal of property, plant & equipment		
- impairment of financial assets		
Changes in working capital	(7,606)	(4,780)
Tax paid	(10)	-
<b>Net cash flows from operating activities</b>	<b>(4,680)</b>	<b>(2,035)</b>
<b>Investing activities</b>		
Interest income received	162	186
Development expenditure	-	-
Purchase of property, plant and equipment	(48)	(4,417)
Investment in an subsidiary company		
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash flows from investing activities</b>	<b>114</b>	<b>(4,231)</b>
<b>Financing activities</b>		
Interest expenses	(2)	(56)
Repayment of finance lease	(17)	(1,188)
Repayment of short term facilities	-	-
Issuance of shares	-	-
Dividend paid	-	-
Proceeds from finance lease	-	-
Repayment to director	-	(48)
<b>Net cash flows from financing activities</b>	<b>(19)</b>	<b>(1,292)</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(4,585)</b>	<b>(7,558)</b>
Cash & cash equivalents at beginning of period	44,816	39,181
<b>Cash &amp; cash equivalents at end of period</b>	<b>40,231</b>	<b>31,623</b>
<b>Comprising of :</b>		
Cash and bank balances	40,231	26,440
Fixed deposits with financial institutions	-	5,183

Note :  
 ( ) denotes cash outflow

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*This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2015.*

**Schedule V : Condensed Consolidated Statement of Changes in Equity**  
 For the three months ended 31 March 2016

<-----Attributable to equity holders of the Company----->

RM'000	Share Capital	Share premium & Other reserves	Warrant Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
<b>At 31 December 2015</b>	94,441	(5,181)	1,007	12,523	102,790	(1,351)	101,439
<b>Total comprehensive income</b>	-	-	-	818	818	(131)	687
<b>Transactions with owners:</b>							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Share issuance expense written off against share premium	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-	-	-
<b>At 31 March 2016</b>	94,441	(5,181)	1,007	13,341	103,608	(1,482)	102,126
<b>At 1 January 2015</b>	56,665	2,294	1,007	45,916	105,882	(744)	105,138
<b>Total comprehensive income</b>	-	-	-	818	818	(112)	706
<b>Transactions with owners:</b>							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Share issuance expense written off against share premium	-	(121)	-	-	(121)	-	(121)
<b>Total transactions with owners</b>	-	(121)	-	-	(121)	-	(121)
<b>At 31 March 2015</b>	56,665	2,173	1,007	46,734	106,579	(856)	105,723

*This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2015.*

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## Schedule VI : Selected Explanatory Notes Pursuant to MFRS 134

1. Accounting Policies and method of computation

The quarterly financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia.

The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2015.

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, on a quarter to quarter basis, the proceeds from chartering land-based transportation assets to the National Service program will vary according to the schedule determined by the National Service program. For financial year ending 31 December 2015, the National Service program has been deferred, and as such the National Service program only requires a bare minimum of transportation assets operating. For the financial year ending 31 December 2016 the first group of trainees is scheduled for 31 March to 30 May (2 months).

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

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.

6. Issuance or repayments of debt/equity securities

There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial quarter.

7. Dividends paid

No dividends have been paid in the current financial quarter.

8. Segmental results

For management purposes, the Group's operating businesses are organised according to services, namely chartering of land-based transportation assets and specialty vehicles, small hydropower and others. Segment performance is evaluated based on operating profit. Inter-segment transactions and pricing arrangements where applicable, are determined on a commercial basis. The results by segments for the quarter are as follows:

<u>Revenue</u>	1 <sup>st</sup> Quarter	
	2016 RM'000	2015 RM'000
Chartering of transportation assets	9,127	13,154
Small hydropower	-	-
Others	-	-
	<b>9,127</b>	<b>13,154</b>

**Schedule VI : Selected Explanatory Notes Pursuant to FRS 134 (cont'd)**

<u>Operating profit/(loss)</u>	1 <sup>st</sup> Quarter	
	2016 RM'000	2015 RM'000
Chartering of transportation assets	2,076	2,694
Small hydropower	(299)	(228)
Others	-	-
	<b>1,777</b>	<b>2,466</b>

9. Subsequent events  
 There were no material events subsequent to the end of the quarter that has not been reflected in the current financial quarter.
10. Changes in the composition of the Group  
 There were no changes in the composition of the Group during the current financial quarter.
11. Contingent liabilities  
 There were no contingent liabilities of a material nature since the last annual balance sheet date.
12. Contingent assets  
 There were no contingent assets of a material nature since the last audited annual balance sheet date.
13. Capital commitments  
 There we no capital commitments of a material nature since the last audited annual balance sheet date.
14. Significant related party transactions  
 There were no significant related party transactions in the quarter under review:-

RM'000	1 <sup>st</sup> Quarter	
	2016	2015
Charter of vehicles	-	-



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## Schedule VII : Additional Disclosures in Compliance with Main Market Listing Requirements

1. Operations review

**Current Quarter vs Corresponding Quarter last year**

Group revenue for Q1 was substantially lower than against that of last year, down 30.7% to RM9.1 million, as the National Service Program for year 2016 commenced at the end of March. In the first quarter of FY2015, the National Service Program operated in January and February, thus two full months of contract revenue was accrued in FY2015.

Group operating profit for Q1 was also affected by lower contract revenue and the costs incurred due to the under utilisation of the Group's fleet of vehicles. Operating profit was down 28% against corresponding quarter last year, to RM1.8 million.

Group profit attributable to shareholders for Q1 was same as the corresponding period in FY2015 at RM0.8 million on the back of lower contract revenue, however the contract to ferry students at the army camps improved the pretax and net margins.

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

Group PBT for the quarter amounted to approximately RM1.0 million which was substantially higher than the preceding quarter which incurred a loss of approximately RM2.5 million, due lower costs and the new contract to ferry the students at army camps which commenced in February 2016.

3. Prospects for the current financial year

The management's sustained effort and investment, to secure additional contracts in chartering land-based transportation assets and specialty vehicles, and to improve the overall operating efficiency continues to be the main strategy in the transportation division.

The shuttle bus service within both the Kuantan and Gombak campuses for the International Islamic University of Malaysia, chartering of city buses for a public transportation service in Manjung (Perak), and ad-hoc charters will continue in FY2016.

The National Service Program for year 2016 commenced at end March 2016, and the contract to ferry students at the army camps commenced in February 2016 (for 10 months). Throughout FY2016, we expect Group revenue and profit attributable to shareholders to be slightly better when compared with the corresponding period in FY2015, and we expect service-contract revenues to underpin Gunung's prospective earnings in year 2016 and 2017. However, during FY2016 we expect the National Service program to be scale-down on the back of the news that the Government is cutting operating and development budgets/expenditures.

In the longer term, we are excited by the successful implementation of the mini-hydro Projects in Perak, which will contribute to Gunung's long term revenue and earnings, and enhance Gunung's growth potential. In addition, the long term stable income stream derived from the mini-hydro Projects will reduce Gunung's dependency incomes solely from chartering land-based transportation assets & specialty vehicles.

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

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter
Current	73
Deferred tax	247
	320

5. Status of corporate proposals

On 14 January 2016, the Board of Directors of GUNUNG ("**Board**"), announced that its 90% owned subsidiary, GHSB had on 13 January 2016 entered into a share sale and purchase agreement ("**SSA**") with Conso Light Sdn Bhd ("**CLSB**" or the "**Vendor**") for the proposed acquisition of 1,500,000 Consol Hydro RE Sdn Bhd ("**CHRE**") Shares representing 50% of the issued and paid-up share capital in CHRE ("**Sale Shares**") for a purchase consideration of RM2,500,000.

Gunung announced that the Proposed Acquisition was completed on 1 April 2016 ("**Completion Date**"). As such, CHRE has become a subsidiary of GHSB.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 March 2016 are as follows:-

RM'000	Currency	Current	Non-Current
Finance lease and hire purchase creditors	RM	67	59

7. Pending material litigation

There was no pending litigation of a material nature since the last balance sheet date.

8. Proposed Dividend

No dividend has been proposed in current financial quarter.

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

9. Basis of calculation of earnings per share (EPS)

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

	<u>Current Quarter RM'000</u>
Group attributable profit to shareholders of the Company	818
Weighted average issued capital net of treasury shares	236,102
Earnings per share (sen)	0.4

- (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 warrants of the Company into ordinary shares.

	<u>Current Quarter RM'000</u>
Group attributable profit to shareholders of the Company	818
Weighted average issued capital net of treasury shares	236,102
Adjustment for warrant conversion into ordinary shares	4,391
Adjusted weighted average issued capital net of treasury shares	<u>240,493</u>
Earnings per share (sen)	0.3

10. Disclosure of realised and unrealised portions of the revenue reserve

	1 <sup>st</sup> Quarter	
	<u>2016 RM'000</u>	<u>2015 RM'000</u>
Total revenue reserve of the Company and its subsidiaries		
Realised	14,619	47,827
Unrealised*	<u>(1,278)</u>	<u>(1,093)</u>
	46,734	46,734

\* In respect of deferred tax recognized and fair value gain on financial assets in the statements of comprehensive income

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

11. Notes to the Condensed Consolidated Income Statement

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

	<u>Current Quarter RM'000</u>
(a) Other income	605
(b) Depreciation and amortisation	1,929
(c) Provision for doubtful debts	N/A
(d) Bad debts written off	N/A
(e) Provision for inventories	N/A
(f) Inventories written off	N/A
(g) (Gain)/Loss on disposal of quoted or unquoted investments	N/A
(h) (Gain)/Loss on disposal of assets	N/A
(i) Impairment of financial assets	N/A
(j) Foreign exchange (Gain)/loss	N/A
(k) Loss on derivatives	N/A
(l) Unusual items	N/A