

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 1 : Financial Year Ending 31 December 2017

The Directors are pleased to release the quarterly financial report for the three months ended 31st March 2017 being the first quarter for the financial year 2017.

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 31st December 2016:

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
24 May 2017

Schedule I : Condensed Consolidated Income Statement

For the three months ended 31 March 2017

RM'000	1 st Quarter		% chg
	31/03/2017	31/03/2016	
Revenue	10,161	9,127	(11.3%)
Operating profit	1,323	1,777	(25.5%)
Interest expense	(3)	(2)	
Interest income	226	162	
Administrative expenses	(1,806)	(1,535)	
Other income	412	605	
Profit before taxation (PBT)	152	1,007	(84.9%)
Taxation	(153)	(320)	
Profit after taxation (PAT)	(1)	687	(100%)
Attributable to :			
Equity holders of the Company	146	818	(82.2%)
Non-controlling interests	(147)	(131)	Nm
	(1)	687	
Basic earnings per share (Sen) attributable to equity holders of the Company	0.1	0.4	
Diluted earnings per share (Sen) attributable to equity holders of the Company	0.1	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 2016.

Schedule II : Condensed Consolidated Statement of Comprehensive Income
 For the three months ended 31 March 2017

RM'000	1 st Quarter		% <i>chg</i>
	31/03/2017	31/03/2016	
Profit after taxation	(1)	687	(100%)
Other comprehensive income, (net of tax)			
Foreign currency translation			
Realisation of reserves	-	-	
Total comprehensive income for the quarter	(1)	687	(100%)
Total comprehensive income attributable to:			
Equity holders of the Company	146	818	(82.2%)
Non-controlling interests	(147)	(131)	<i>nm</i>
	(1)	687	

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 2016.

Schedule III : Condensed Consolidated Statement of Financial Position

As at 31 March 2017

RM'000	31/03/2017	Audited 31/12/2016
Property, plant & equipment	26,471	28,052
Other financial assets	30	30
Goodwill on consolidation	22,036	22,036
Other receivable	245	245
Deferred Tax Assets	1,919	2,248
Current assets		
Trade receivables	4,680	536
Inventories	759	634
Tax recoverable	29	22
Other receivables	2,018	1,827
Cash and cash equivalents	49,929	51,144
	57,415	54,163
Less : Current liabilities		
Trade payables	1,356	-
Other payables	916	730
Finance lease and hire purchase creditors	79	87
Provision for taxation	1	1
	2,352	818
Net Current Assets	55,063	53,345
	105,764	105,956
Financed by:		
Share capital	94,441	94,441
Retained earnings	10,965	10,819
Other reserves	(2,794)	(2,794)
Non-controlling interests	(637)	(490)
Total Equity	101,975	101,976
Non-current liabilities		
Finance lease and hire purchase creditors	129	144
Deferred tax liabilities	3,660	3,836
	3,789	3,980
Total equity & non-current liabilities	105,764	105,956
Net assets per share (sen) attributable to equity holders of the Company	43.5	43.4

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 2016.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the year three months ended 31 March 2017

RM'000	1 st Quarter	
	31/03/2017	31/03/2016
Operating activities		
Profit before taxation		
- Continuing	152	1,007
Add non-cash : Depreciation & amortisation	1,879	1,929
Gain on :		
- disposal of property, plant & equipment		
- impairment of financial assets		
Changes in working capital	(3,212)	(7,606)
Tax paid	(7)	(10)
Net cash flows from operating activities	(1,188)	(4,680)
Investing activities		
Interest income received	226	162
Development expenditure	-	-
Purchase of property, plant and equipment	(419)	(48)
Investment in an subsidiary company		
Proceeds from disposal of property, plant and equipment	190	-
Net cash flows from investing activities	(3)	114
Financing activities		
Interest expenses	(3)	(2)
Repayment of finance lease	(22)	(17)
Repayment of short term facilities	-	-
Issuance of shares	-	-
Dividend paid	-	-
Proceeds from finance lease	-	-
Repayment to director		
Net cash flows from financing activities	(25)	(19)
Net change in cash & cash equivalents	(1,216)	(4,585)
Cash & cash equivalents at beginning of period	51,145	44,816
Cash & cash equivalents at end of period	49,929	40,231
Comprising of :		
Cash and bank balances	49,888	40,231
Fixed deposits with financial institutions	41	-

Note :
 () denotes cash outflow

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 2016.

Schedule V : Condensed Consolidated Statement of Changes in Equity
 For the three months ended 31 March 2017

<-----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
At 31 December 2016	94,441	(3,801)	1,007	10,819	102,466	(490)	101,976
Total comprehensive income	-	-	-	146	146	(147)	(1)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Share issuance expense written off against share premium	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 31 March 2017	94,441	(3,801)	1,007	10,965	102,612	(637)	101,975
At 1 January 2016	94,441	(5,181)	1,007	12,523	102,790	(1,351)	101,439
Total comprehensive income	-	-	-	818	818	(131)	687
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Share issuance expense written off against share premium	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 31 March 2016	94,441	(5,181)	1,007	13,341	103,608	(1,482)	102,126

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 2016.

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 2016.

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 2017, the first group of trainees is scheduled for 18 March to 16 May (2 months), the 2nd group is scheduled for 15 July to 12 September, and the third group is scheduled for 23 September to 21 November.

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 st Quarter	
	2017 RM'000	2016 RM'000
Chartering of transportation assets	10,161	9,127
Small hydropower	-	-
Others	-	-
	10,161	9,127

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

<u>Operating profit/(loss)</u>	1 st Quarter	
	2017 RM'000	2016 RM'000
Chartering of transportation assets	1,675	2,076
Small hydropower	(352)	(299)
Others	-	-
	1,323	1,777

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 st Quarter	
	2017	2016
Charter of vehicles	-	-

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 slightly higher than against that of the corresponding period in FY2016, up 11.3% to RM10.2 million, as an additional one month of service-contract revenue from the Ministry of Defence contract to ferry armed forces school children was accrued in Q1 2017. In FY2016, this contract only commenced in February.

Group operating profit for Q1 was affected by higher operating costs incurred, associated with the increased utilisation of the Group's fleet of vehicles and ad hoc charters from coach operators to fulfil the service-contract requirements. Operating profit was down 25.5% against corresponding quarter last year, to RM1.3 million.

Group profit attributable to shareholders for Q1 was lower than that of the corresponding period in FY2015 at RM0.15 million on the back of higher administration costs associated with the development of the hydropower division.

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

Group PBT for the quarter amounted to approximately RM0.15 million which was substantially higher than the preceding quarter which incurred a loss of approximately RM1.77 million. In the 4th quarter FY2016, the Company incurred one-off costs, comprising of a RM1.39 million expense against the income statement the Company, and a provision for doubtful debts of RM0.27 million. The RM1.39 million expense incurred reflected the fair value of share options issued to employees as required by MFRS 2.

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 FY2017.

The National Service Program for year 2017 comprises of three batches, the first group of trainees is scheduled for 18 March to 16 May (2 months), the 2nd group is scheduled for 15 July to 12 September, and the third group is scheduled for 23 September to 21 November. However, throughout FY2017, we expect Group revenue and profit attributable to shareholders to be under cost pressures, although we expect service-contract revenues to provide a positive cashflow for Gunung Group in FY2017. We expect the National Service to continue to face the Government's cost cutting measures in FY2017.

In the medium term, we are looking forward to the commissioning of a number of small-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	<u>Current Quarter</u>
Current	1
Deferred tax	<u>(154)</u>
	<u>153</u>

5. Status of corporate proposals

There are no corporate proposals outstanding as at 31 March 2017.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 March 2017 are as follows:-

	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
RM'000			
Finance lease and hire purchase creditors	RM	79	129

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.

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	<u>146</u>
Weighted average issued capital net of treasury shares	236,102
Earnings per share (sen)	0.06

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

- (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.

	Current Quarter RM'000
Group attributable profit to shareholders of the Company	146
Weighted average issued capital net of treasury shares	236,102
Adjustment for ESOS	4,248
Adjustment for warrant conversion into ordinary shares	15,439
Adjusted weighted average issued capital net of treasury shares	255,789
Earnings per share (sen)	0.06

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

	1 st Quarter	
	2017 RM'000	2016 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	14,625	16,474
Unrealised*	(3,660)	(3,133)
	10,965	13,341

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

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	412
(b) Depreciation and amortisation	1,879
(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	(70)
(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