

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 1 : Financial Year Ending 31 December 2018

The Directors are pleased to release the quarterly financial report for the three months ended 31st March 2018 being the first quarter for the financial year 2018.

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 2017:

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 2018

Schedule I : Condensed Consolidated Income Statement

For the three months ended 31 March 2018

RM'000	1 st Quarter		% chg
	31/03/2018	31/03/2017	
Revenue	12,041	10,161	18.5%
Operating profit	4,599	1,323	>100%
Interest expense	(21)	(3)	
Interest income	275	226	
Administrative expenses	(2,020)	(1,806)	
Other income	569	412	
Profit before taxation (PBT)	3,402	152	>100%
Taxation	(884)	(153)	
Profit after taxation (PAT)	2,518	(1)	>100%
Attributable to :			
Equity holders of the Company	2,666	146	>100%
Non-controlling interests	(148)	(147)	Nm
	2,518	(1)	
Basic earnings per share (Sen) attributable to equity holders of the Company	1.1	0.1	
Diluted earnings per share (Sen) attributable to equity holders of the Company	1.1	0.1	

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 2017.

Schedule II : Condensed Consolidated Statement of Comprehensive Income
 For the three months ended 31 March 2018

RM'000	1 st Quarter		% <i>chg</i>
	31/03/2018	31/03/2017	
Profit after taxation	2,518	(1)	>100%
Other comprehensive income, (net of tax)			
Foreign currency translation			
Realisation of reserves	-	-	
Total comprehensive income for the quarter	2,518	(1)	>100%
Total comprehensive income attributable to:			
Equity holders of the Company	2,666	146	>100%
Non-controlling interests	(148)	(147)	<i>nm</i>
	2,518	(1)	

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 2017.

Schedule III : Condensed Consolidated Statement of Financial Position

As at 31 March 2018

RM'000	31/03/2018	Audited 31/12/2017
Property, plant & equipment	25,500	25,243
Other financial assets	3,435	3,435
Goodwill on consolidation	22,036	22,036
Other receivable	2,173	1,928
Deferred Tax Assets	676	1,851
Current assets		
Trade receivables	12,235	1,052
Inventories	772	757
Tax recoverable	26	20
Other receivables	5,892	4,309
Cash and cash equivalents	42,399	49,793
	61,324	55,931
Less : Current liabilities		
Trade payables	1,296	-
Other payables	4,050	2,840
Term Loan	326	326
Finance lease and hire purchase creditors	33	38
Provision for taxation	4	-
	5,709	3,204
Net Current Assets	55,615	52,727
	109,435	107,220
Financed by:		
Share capital	94,478	94,478
Retained earnings	10,850	8,184
Other reserves	(2,799)	(2,799)
Non-controlling interests	1,626	1,774
Total Equity	104,155	101,637
Non-current liabilities		
Finance lease and hire purchase creditors	206	215
Deferred tax liabilities	2,683	2,977
Term loan	677	677
Other payables	1,714	1,714
	5,280	5,583
Total equity & non-current liabilities	109,435	107,220
Net assets per share (sen) attributable to equity holders of the Company	43.4	42.3

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 2017.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the year three months ended 31 March 2018

RM'000	1 st Quarter	
	31/03/2018	31/03/2017
Operating activities		
Profit before taxation		
- Continuing	3,402	152
Add non-cash : Depreciation & amortisation	1,735	1,879
Gain on :		
- disposal of property, plant & equipment		
- impairment of financial assets		
Changes in working capital	(10,773)	(3,212)
Tax paid	(6)	(7)
Net cash flows from operating activities	(5,642)	(1,188)
Investing activities		
Interest income received	275	226
Development expenditure	-	-
Purchase of property, plant and equipment	(1,992)	(419)
Investment in an subsidiary company	-	-
Proceeds from disposal of property, plant and equipment	-	190
Net cash flows from investing activities	(1,717)	(3)
Financing activities		
Interest expenses	(21)	(3)
Repayment of finance lease	(14)	(22)
Repayment of short term facilities	-	-
Issuance of shares	-	-
Dividend paid	-	-
Proceeds from finance lease	-	-
Repayment to director	-	-
Net cash flows from financing activities	(35)	(25)
Net change in cash & cash equivalents	(7,394)	(1,216)
Cash & cash equivalents at beginning of period	49,793	51,145
Cash & cash equivalents at end of period	42,399	49,929
Comprising of :		
Cash and bank balances	42,357	49,888
Fixed deposits with financial institutions	42	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 2017.

Schedule V : Condensed Consolidated Statement of Changes in Equity
 For the three months ended 31 March 2018

<-----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 2017	94,478	(3,806)	1,007	8,184	99,863	1,774	101,637
Total comprehensive income	-	-	-	2,666	2,666	(148)	2,518
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 2018	94,441	(3,801)	1,007	10,850	102,529	1,626	104,155
At 1 January 2017	94,441	(3,801)	1,007	10,891	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

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 2017.

Schedule VI : 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 in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. 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 2016, except for the adoption of the following:

MFRS/ Amendments/Interpretations	Effective date
Amendments to MFRS 107, <i>Statement of Cash Flows – Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112, <i>Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 12, <i>Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)</i>	1 January 2017

The initial application of the abovementioned standards, amendments and interpretations did not have any material impacts to the current and prior period financial statements upon their first adoption.

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 2018, we have been notified that there will be four (4) batches of trainees (3 batches of trainees in FY2017). The 1st batch January-March, the 2nd batch March-May, the 3rd July-September and the 4th September-November. However, the total number of effective day-trips under this services has been reduced from 12,180 in FY2017 to 7,296 in FY2018 which indicates that the number of trainees under the National Service program in FY2018 has been reduced substantially.

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 has not been any issuance or repayment of debt and equity securities during the period under review.

7. Dividends paid

No dividends have been paid in the current financial quarter.

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

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:

RM'000	Individual 1st Quarter			Cumulative 1st Quarter		
	31/03/2018	31/03/2017	% chg	31/03/2018	31/03/2017	% chg
Segmental Analysis						
<u>Revenue</u>						
Transportation assets	12,041	10,161	18.5%	12,041	10,161	18.5%
Small hydro development	-	-	0.0%	-	-	0.0%
<u>Operating profit</u>						
Transportation assets	4,920	1,675	>100%	4,920	1,675	>100%
Small hydro development	(321)	(352)	8.8%	(321)	(352)	8.8%
RM'000	>Current v Preceding Quarter<			>1st Quarter<		
	31/03/2018	31/12/2017	% chg	31/03/2018	31/03/2017	% chg
<u>Total Assets</u>						
Transportation	93,100	89,184	4.4%	93,100	99,528	(6.5)%
Small hydro development	22,044	19,312	14.1%	22,044	8,588	>100%
<u>Total Liabilities</u>						
Transportation	5,388	4,484	20.2%	5,388	5,912	(8.7)%
Small hydro development	5,601	2,877	94.7%	5,601	228	>100%

Current Quarter vs Corresponding Quarter last year

Group revenue for Q1 2018 improved against that of Q1 2017, up 18.5% to RM12.04 million. Whilst contract revenues from the Ministry of Defence contract to ferry school children was constant, revenues from the National Service were significantly higher, due to the scheduled two groups of trainees (mentioned in note 3.) in the quarter under review. Under the national Service, the Group delivered 3,989 effective day-trips in the quarter under review, which is 54.7% of the total annual effective day-trips to be provided. Group revenue was derived from the transportation segment of the Group, as the group's small hydropower segment is at the development and construction phase.

The Group registered an operating profit from the transportation segment of RM4.92mil for Q1 2018, which was substantially higher than the RM1.68mil operating profit in Q1 2017. Besides higher revenues from the National Service division, this improvement in operating profit was as a result of a one-off timing effect. The 2nd batch of trainees commenced on March 17 to 13 May, which resulted in our invoicing at end-March driving revenues for the 1st quarter, whilst the majority of direct costs for this service will be incurred in the 2nd quarter (1 April -13 May).

Operating loss for the hydropower division also improved year on year registering a RM0.32 mil loss compared with a RM0.35 mil loss in 1Q 2017. This reflects the cost of our in-house engineers, administration expenses, and the costs associated with procuring the necessary approvals from the relevant State Government authorities.

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

It is worth noting that upon commissioning of each small hydro site, and energy is sold to the national grid, the contribution to Group earnings will depend on the shareholding structure of each small hydro site. Those joint venture companies where the Group has a 30% (or less) equity stake earnings will be at the associate level, and via single tier dividends. For sites under 95.1%-owned subsidiary Gunung Hydropower Sdn Bhd, earnings will be contributed directly to the Group via the consolidation of earnings and via single tier dividends.

As the hydro sites under Gunung Hydropower Sdn Bhd are developed, and capital expenditure is incurred, total assets in this segment increases, which explains the 14.1% increase in assets from Q4 2017 to Q1 2018.

Liabilities continue to be well managed, and relatively low at only 9.5% of total assets in Q1 2018 from 8.0% of total assets in Q4 2017, on the back of increased capital expenditure in the small hydropower division.

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 were no material events subsequent to the end of the quarter that has not been reflected in the current financial quarter.
11. Changes in the composition of the Group
 There were no changes in the composition of the Group during the financial quarter.
12. Contingent liabilities
 There were no contingent liabilities of a material nature since the last annual balance sheet.
13. Contingent assets
 There were no contingent assets of a material nature since the last annual balance sheet.
14. Capital commitments

RM'000 **31/03/2018**
Capital Expenditure Commitments
Plant & Equipment (small hydro)

Contracted but not provided for in the financial statements under review : 16,650

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 1st Quarter	
	2018	2017
Charter of vehicles to related party	Nil	292

Schedule VII : 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. Above.

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

	Current Quarter 31/03/2018 RM'000	Preceding Quarter 31/12/2017 RM'000	% Change
Revenue	12,041	9,054	33.0%
Operating profit	4,599	(598)	>100%
Profit/ (Loss) before interest and tax	3,423	3,707	(7.7)%
Profit/ (Loss) before tax	3,402	3,702	(8.1)%
Profit/ (Loss) after tax	2,518	4,063	(38.0)%
Profit/ (Loss) attributable to ordinary equity holders of parent	2,666	1,261	>100%

Group profit before tax for Q1 was approximately RM3.7 mil, which was 7.7% lower than the preceding quarter which generated a profit before tax of RM3.7 mil. This was due to a one-off RM5.6 mil gain on the partial disposal of an indirect associate (small hydropower) recognised in Q4 2017. Group profit before tax for the first quarter 2018 was solely generated from the transport division. The more than 100% increase in profit attributable to shareholders in Q1 from the preceding quarter, further demonstrates this.

3. Prospects for the next financial year -

The management's sustained effort to secure additional contracts in chartering land-based transportation assets and specialty vehicles, and to improve operating efficiencies, continues to be the main strategy in the transportation division. The management is now cautious on the possibilities of a contract extension for the National Service Program, as such a program may be targeted by the newly elected Government to be dropped to reduce operational expenditures. This service-contract has underpinned the Group's contract-revenues for the past 7 years (including the 1st quarter 2018 under review). The shuttle bus service for the International Islamic University of Malaysia, the Ministry of Defence contract to ferry school children, and ad-hoc charters will continue throughout FY2018.

In addition, throughout FY2018, we expect Group profit attributable to shareholders to face cost pressures, although we expect service-contract revenues to continue to provide a positive cashflow for the Group in FY2018.

In the medium term, we are looking forward to the commissioning of a number of small-hydro projects in Perak in FY 2018, and FY2019, which will contribute to Gunung's long term revenue and earnings, and enhance Gunung's growth potential. The long term stable income stream will reduce Gunung's dependency on incomes solely from chartering land-based transportation assets. Under our small hydro portfolio there are 5 sites with an installed capacity of 34.25MW, at various stages of construction, and 4 sites with an installed capacity of 97.8MW, which will start construction in FY2018.

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

The 'Kerian' site with an installed capacity of 14MW, has been substantially completed, and has started commissioning and testing (the recent very wet conditions have delayed this process).

4. Tax expense

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

RM'000	Individual Quarter		Cumulative Quarter	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Current	(4)	-	(4)	-
Deferred tax	(880)	(153)	(880)	(153)
	(884)	(153)	(884)	(153)

5. Status of corporate proposal

There are currently no corporate proposals outstanding as at 31 March 2018.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 March 2018 are as follows:-

As at 1st Quarter 2018	Currency	Current	Non-Current
RM'000			
Finance lease & hire purchase payables^	RM	33	206
Project financing term loan#	RM	326	677
	RM	359	883
As at 1st Quarter 2017			
RM'000			
Finance lease & hire purchase payables^	RM	79	129

^No material change 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 small hydro site. Borrowing cost from the financial institution is 7.85% pa. less a 2% interest subsidy from Green Technology Financing Scheme Fund (net 5.85%).

7. Pending material litigation

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

8. Proposed Dividend

No dividend have been proposed by the Board of Directors for the current financial quarter under review.

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).

	Current Quarter RM'000	Current YTD RM'000
Group attributable profit to shareholders of the Company	2,666	2,666
Weighted average issued capital net of treasury shares	236,180	236,180
Earnings per share (sen)	1.13	1.13

- (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 and ESOS of the Company into ordinary shares.

	Current Quarter RM'000	Current YTD RM'000
Group attributable profit to shareholders of the Company	2,666	2,666
Weighted average issued capital net of treasury shares	236,180	236,180
Adjustment for warrant/ESOS conversion into ordinary shares	-	-
Adjusted weighted average issued capital net of treasury shares	236,180	236,180
Earnings per share (sen)	1.13	1.13

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

	1st Quarter	
	2018 RM'000	2017 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	11,800	12,706
Unrealised*	(950)	(1,741)
	10,850	10,965

* In respect of deferred tax recognized (net of deferred tax asset) 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:

RM'000	<i>Individual 1st Quarter</i>		<i>Cumulative 1st Quarter</i>	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
(a) Interest Income	(275)	(226)	(275)	(226)
(b) Depreciation and amortization	1,735	1,879	1,735	1,879
(c) Impairment of receivables	-	-	-	-
(d) Bad debts written off	-	-	-	-
(e) Impairment of inventories	-	-	-	-
(f) Property, plant and equipment written off	-	-	-	-
(g) (Gain)/Loss on disposal of associates/subsidiaries	-	-	-	-
(h) (Gain)/Loss on disposal of property, plant and equipment	-	(70)	-	(70)
(i) Impairment of financial assets	-	-	-	-
(j) Foreign exchange (Gain)/loss	-	-	-	-
(k) Government subsidy/ grant received	(569)	(342)	(569)	(342)
(l) Unusual items	-	-	-	-

12. 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 45-60 days. The majority of trade receivables of the Group are debts arising from Government agency customers (more than 90% of total trade receivables).

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
31/03/2018	3,894	4,282	3,941	118	-	12,235
31/03/2017	2,333	1,840	507	-	-	4,680

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

The past due trade receivables above are collectable. Trade receivables increased in FY2018 on the back of an 18.5% increase in revenue. With 92% of receivables comprising of just two (2) Government service-contracts, collection was delayed due to effects of the Parliament being dissolved and the subsequent general election (a one-off effect). Furthermore, we found some difficulties in the e-payment system used by Ministry of Defence. Subsequently we have collected approximately RM1.5 mil from trade debtors.

No provisions and/or write-off of trade receivables was made during the financial period under review.

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 (EURO and USD).

Material impairment of assets

No material impairment on assets was made during the financial period under review.