

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 2 and half year results : Financial Year Ending 31 December 2017

The Directors are pleased to release the quarterly financial report for the quarter and six months ended 30th June 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 31 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
18 August 2017

Schedule I : Condensed Consolidated Income Statement

For the quarter and six months ended 30 June 2017

RM'000	Individual 2 nd Quarter			Cumulative 2 nd Quarter		
	30/6/2017	30/6/2016	% chg	30/6/2017	30/6/2016	% chg
Continuing Operations						
Revenue	10,359	10,838	(4.4)%	20,520	19,965	2.8 %
Operating profit	1,004	526	90.9%	2,327	2,303	1.0%
Interest expense	(3)	(2)		(6)	(4)	
Interest income	256	250		482	412	
Administrative expenses	(3,220)	(2,403)		(5,026)	(3,938)	
Other income	182	626		594	1,231	
Profit before taxation (PBT)	(1,781)	(1,003)	(77.6)%	(1,629)	4	>(100)%
Taxation	(12)	121		(165)	(199)	
Profit after taxation (PAT)	(1,793)	(882)	>(100)%	(1,794)	(195)	>(100)%
Attributable to :						
Equity holders of the Company	(1,643)	(921)	(78.4)%.	(1,497)	(103)	>(100)%
Non-controlling interests	(150)	39		(297)	(92)	
	(1,793)	(882)		(1,794)	(195)	
Basic earnings per share (sen) attributable to equity holders of the Company	(0.7)	(0.4)		(0.6)	0.0	
Diluted earnings per share (sen) attributable to equity holders of the Company	(0.7)	(0.4)		(0.6)	0.0	

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 quarter and six months ended 30 June 2017

RM'000	Individual 2 nd Quarter			Cumulative 2 nd Quarter		
	30/6/2017	30/6/2016	% chg	30/6/2017	30/6/2016	% chg
Group profit after tax	(1,793)	(882)	(77.6)%	(1,794)	(195)	>(100)%
Other comprehensive income,						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
Total comprehensive income for the financial period	(1,793)	(882)	(77.6)%	(1,794)	(195)	>(100)%
Total comprehensive income attributable to:						
Equity holders of the Company	(1,643)	(921)	(78.4)%	(1,497)	(103)	>(100)%
Non-controlling interests	(150)	39	nm	(297)	(92)	nm
	(882)	(882)		(1,794)	(195)	

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 30 June 2017

RM'000	30/06/2017	Audited 31/12/2016
Property, plant & equipment	24,757	28,052
Other financial assets	30	30
Goodwill on consolidation	22,036	22,036
Other receivable	245	245
Deferred Tax Assets	1,774	2,248
Current assets		
Trade receivables	5,444	536
Inventories	710	634
Tax recoverable	35	22
Other receivables	3,627	1,827
Cash and cash equivalents	46,723	51,144
	56,539	54,163
Less : Current liabilities		
Trade payables	659	-
Other payables	794	730
Finance lease and hire purchase creditors	63	87
Provision for taxation	-	1
	1,516	818
Net Current Assets	55,023	53,345
	103,865	105,956
Financed by:		
Share capital	94,478	94,441
Retained earnings	9,323	10,819
Other reserves	(2,799)	(2,794)
Non-controlling interests	(787)	(490)
Total Equity	100,215	101,976
Non-current liabilities		
Finance lease and hire purchase creditors	123	144
Deferred tax liabilities	3,527	3,836
	3,650	3,980
Total equity & non-current liabilities	103,865	105,956
Net assets per share (sen) attributable to equity holders of the Company	42.8	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 six months ended 30 June 2017

RM'000	Cumulative 2 nd Quarter	
	30/06/2017	30/06/2016
Operating activities		
Profit before taxation		
- Continuing	(1,629)	4
Add non-cash : Depreciation & amortisation	3,746	3,868
Gain on :		
- disposal of property, plant & equipment		
- disposal of subsidiary		
Changes in working capital	(5,948)	(3,911)
Tax paid	(14)	(104)
Zakat paid	(699)	
Net cash flows from operating activities	(4,544)	(143)
Investing activities		
Interest income received	482	412
Investment in fixed deposit	-	-
Investment in subsidiary	-	(2,500)
Purchase of property, plant and equipment	(565)	(226)
Gain from disposal of investment (associate)	-	495
Proceeds from disposal of property, plant and equipment	190	-
Net cash flows from investing activities	107	(1,819)
Financing activities		
Interest expenses	(3)	(4)
Repayment of finance lease	(45)	(35)
Repayment of short term facilities	-	-
Issuance of shares	32	-
Dividend paid	-	-
Proceeds from finance lease	-	166
Repayment to director	-	-
Net cash flows from financing activities	16	127
Net change in cash & cash equivalents	(4,421)	(1,835)
Cash & cash equivalents at beginning of year	51,145	44,816
Cash & cash equivalents at end of financial period	46,703	42,981
Comprising of :		
Cash and bank balances	46,662	42,981
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 six months ended 30 June 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	-	-	-	(1,497)	(1,497)	(297)	(1,794)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	37	(5)	-	-	32	-	32
Dividend declared	-	-	-	-	-	-	-
Acquisition of subsidiary company	-	-	-	-	-	-	-
Total transactions with owners	37	(5)	-	-	32	-	32
At 30 June 2017	94,478	(3,806)	1,007	9,323	101,002	(787)	100,215
At 1 January 2016	94,441	(5,181)	1,007	12,523	102,790	(1,351)	101,439
Total comprehensive income	-	-	-	(103)	(103)	(92)	(195)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Acquisition of subsidiary company (50% equity in Consol Hydro RE)	-	-	-	-	-	1,347	1,347
Total transactions with owners	-	-	-	-	-	-	1,347
At 30 June 2016	94,441	(5,181)	1,007	12,420	102,687	(96)	102,591

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 23 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 has been an issuance of 77,500 new ordinary shares at RM0.41 each share to employees pursuant to the Company's ESOS 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:

Revenue	2 nd Quarter	
	2017 RM'000	2016 RM'000
Chartering of transportation assets	10,359	10,838
Small hydropower	-	-
Others	-	-
	10,838	10,838

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

<u>Operating profit/(loss)</u>	2 nd Quarter	
	2017 RM'000	2016 RM'000
Chartering of transportation assets	1,375	989
Small hydropower	(371)	(463)
Others	-	-
	1,004	526

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. 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 current financial quarter.
12. Contingent liabilities
 There were no contingent liabilities of a material nature since the last annual balance sheet date.
13. Contingent assets
 There were no contingent assets of a material nature since the last annual balance sheet date.
14. Capital commitments
 There we no capital commitments of a material nature since the last audited annual balance sheet date.

15. Significant related party transactions
 The following are significant related party transactions:-

RM'000	Cumulative 2 nd 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 Q2 was slightly lower than against that of last year, down 4.4% to RM10.4 million, on the back of contract revenues from the National Service Program for year 2016 and the Ministry of Defence contract to ferry school children.

Group operating profit for Q2 improved in view of 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 up 90.9% against corresponding quarter last year, to RM1.0 million.

Group profit attributable to shareholders for Q2 was much lower when compared to the corresponding period in FY2016 registering a loss of RM1.6 million due to the Group payment of festive season bonuses, a lower contribution to other income, and a zakat contribution this quarter of RM0.7million.

Half year vs Corresponding Period last year

Group revenue improved slightly by 2.8% to RM20.5mil, and operating profit improved 1% to RM2.3 mil, for the first half of 2017. This is directly attributed to similar contract revenue and utilisation of the Group's fleet of vehicles in the first half of FY2017 when compared to the first half of FY2016.

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

Group loss before tax for the quarter amounted to approximately RM1.8 million which was substantially lower than the preceding quarter which incurred a loss of approximately RM1.0 million, due the one-off expenses mentioned above.

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	Current Quarter	Cumulative 2 nd Quarter
Current	1	2
Deferred tax	(13)	(167)
	<u>(12)</u>	<u>(165)</u>

5. Status of corporate proposal

There are no corporate proposals outstanding as at 30 June 2017.

6. Group borrowings and debt securities
 The details of the Group's borrowings as at 30 June 2017 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease	RM	<u>63</u>	<u>123</u>

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 by the Board of Directors in the 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).

	Current Quarter RM'000	Current YTD RM'000
Group attributable profit to shareholders of the Company	(1,643)	(1,497)
Weighted average issued capital net of treasury shares	236,105	236,105
Earnings per share (sen)	(0.7)	(0.6)

- (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	Current YTD RM'000
Group attributable profit to shareholders of the Company	(1,643)	(1,497)
Weighted average issued capital net of treasury shares	236,105	236,105
Adjustment for warrant conversion into ordinary shares	13,215	13,215
Adjusted weighted average issued capital net of treasury shares	249,320	249,320
Earnings per share (sen)	(0.7)	(0.6)

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

	2 nd Quarter	
	2016 RM'000	2015 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	11,076	13,566
Unrealised*	(1,753)	(1,146)
	9,323	12,420

* 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:

	Current Quarter RM'000	Current YTD RM'000
(a) Other income	182	594
(b) Depreciation and amortization,	1,867	3,746
(c) Provision for doubtful debts	N/A	N/A
(d) Bad debts written off	N/A	N/A
(e) Provision for inventories	N/A	N/A
(f) Inventories written off	N/A	N/A
(g) (Gain)/Loss on disposal of quoted/unquoted investments	N/A	N/A
(h) (Gain)/Loss on disposal of assets	N/A	(70)
(i) Impairment of financial assets	N/A	N/A
(j) Foreign exchange (Gain)/loss	N/A	N/A
(k) Loss on derivatives	N/A	N/A
(l) Unusual items	N/A	N/A