

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 4: Financial Year Ended 31 December 2014

The Directors are pleased to release the quarterly financial report for the quarter and twelve months ended 31 December 2014.

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 2013:

- 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 February 2014

Schedule I : Condensed Consolidated Income Statement

For the quarter and twelve months ended 31 December 2014

RM'000	Individual 4th Quarter			Audited Cumulative 4th Quarter		
	31/12/2014	31/12/2013	% chg	31/12/2014	31/12/2013	% chg
Continuing Operations						
Revenue	21,257	15,725	35.2%	84,754	79,921	6.0%
Operating profit	5,748	4,520	27.2%	26,206	24,750	5.9%
Interest expense	(262)	(418)		(1,148)	(2,497)	
Interest income	126	61		473	174	
Administrative expenses	(2,470)	(1,558)		(8,151)	(5,137)	
Other income	513	420		1,158	1,304	
Profit before taxation (PBT)	3,655	3,025	20.8%	18,538	18,594	-0.3%
Taxation	(1,298)	(605)		(5,208)	(4,532)	
Profit after taxation (PAT)	2,357	2,420	-2.6%	13,330	14,062	-5.2%
Attributable to :						
Equity holders of the Company	2,492	2,407	3.5%	13,996	13,862	1.0%
Non-controlling interests	(135)	13	nm	(666)	200	nm
	2,357	2,420		13,330	14,063	
Basic earnings per share (sen) attributable to equity holders of the Company	1.8	2.0		9.9	11.2	
Diluted earnings per share (sen) attributable to equity holders of the Company	1.7	1.8		9.3	10.4	

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 2013.

Schedule II : Condensed Consolidated Statement of Comprehensive Income

For the quarter and twelve months ended 31 December 2014

RM'000	Individual 4 th Quarter			Cumulative 4 th Quarter		
	31/12/2014	31/12/2013	% <i>chg</i>	31/12/2014	31/12/2013	% <i>chg</i>
Group profit after tax	2,357	2,420	-2.6%	13,330	14,063	-5.2%
Other comprehensive income,						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
Total comprehensive income for the year	2,357	2,420	-2.6%	13,330	14,063	-5.2%
Total comprehensive income attributable to:						
Equity holders of the Company	2,492	2,407	3.5%	13,996	13,863	1.0%
Non-controlling interests	(135)	13	<i>nm</i>	(666)	200	<i>nm</i>
	2,357	2,420	-2.6%	13,330	14,063	-5.2%

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 2013.

Schedule III : Condensed Consolidated Statement of Financial Position

As at 31 December 2014

RM'000	31/12/2014	Audited 31/12/2013
Property, plant & equipment	30,674	61,069
Other financial assets	13	16
Goodwill on consolidation	20,883	21,541
Development expenditures	1,527	786
Current assets		
Trade receivables	7,610	2,058
Inventories	740	711
Other receivables	14,652	8,607
Fixed deposits with financial institutions	8,851	4,973
Tax recoverable	-	1
Cash and cash equivalents	30,331	27,806
	62,184	44,156
Less : Current liabilities		
Trade payables	1,748	167
Other payables	2,154	9,396
Finance lease payables	2,845	18,868
Provision for taxation	1,846	1,528
	8,593	29,959
Net assets/(liabilities)	53,591	14,197
	106,688	97,609
Financed by:		
Share capital	56,665	56,665
Retained earnings	45,801	33,223
Other reserves	3,301	3,081
Non-controlling interests	(754)	132
Total Equity	105,013	93,101
Non-current liabilities		
Finance lease payable	630	3,435
Deferred tax liabilities	1,045	1,073
	1,675	4,508
Total equity & non-current liabilities	106,688	97,609
Net assets per share (sen) attributable to equity holders of the Company	74.7	65.6

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 2013.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the twelve months ended 31 December 2014

RM'000	Cumulative 4 th quarter 31/12/2014	Audited 31/12/2013
Operating activities		
Profit before taxation		
- Continuing	18,538	18,595
Add non-cash : Depreciation & amortisation	18,757	19,749
Add non-cash : Impairment of goodwill	758	-
Gain on :		
- disposal of property, plant & equipment	(208)	(92)
- disposal of subsidiary	68	-
Changes in working capital	(8,509)	(1,601)
Tax paid	(4,915)	(4,895)
Net cash flows from operating activities	24,489	31,756
Investing activities		
Interest income	473	174
Development expenditure	(739)	-
Purchase of property, plant and equipment	(22)	(33)
Proceeds from disposal of investment/subsidiary	1,160	-
Proceeds from disposal of property, plant and equipment	2,832	380
Net cash flows from investing activities	3,704	521
Financing activities		
Interest expenses	(1,148)	(2,497)
Repayment of finance lease	(18,815)	(19,537)
Repayment of short/long term facilities	-	(1,727)
Issuance of shares	-	7,816
Dividend paid	(1,417)	(1,285)
Proceeds from finance lease	-	-
Repayment to director	(411)	(178)
Net cash flows from financing activities	(21,791)	(17,408)
Net change in cash & cash equivalents	6,402	14,869
Cash & cash equivalents at beginning of year	32,779	17,910
Cash & cash equivalents at end of year	39,181	32,779
Comprising of :		
Cash and bank balances	30,330	27,806
Fixed deposits with financial institutions	8,851	4,973

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 2013.

Schedule V : Condensed Consolidated Statement of Changes in Equity
For the twelve months ended 31 December 2014

<-----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 1 January 2014	56,665	2,074	1,007	33,223	92,968	132	93,100
Total comprehensive income	-	-	-	13,996	13,996	(666)	13,330
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	(1,417)	(1,417)	-	-
Increased equity in subsidiary*	-	220	-	-	220	(220)	-
Total transactions with owners	-	220	-	(1,417)	(1,197)	(220)	(1,417)
At 31 December 2014	56,665	2,294	1,007	45,802	105,767	(754)	105,013
At 1 January 2013	45,017	(3,340)	1,007	20,646	63,330	267	63,597
Total comprehensive income	-	-	-	13,862	13,862	200	14,062
Transactions with owners:							
Conversion of warrant to shares	7,816	-	-	-	7,816	-	7,816
Issue new ordinary shares	3,832	5,268	-	-	9,100	-	9,100
Dividend paid	-	-	-	(1,285)	(1,285)	-	(1,285)
Increased equity in subsidiary*	-	145	-	-	145	(335)	(190)
Total transactions with owners	11,648	5,413	-	(1,285)	15,776	(335)	15,441
At 31 December 2013	56,665	2,073	1,007	33,223	92,968	132	93,100

* Equity transaction reserve

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 2013.
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 the financial year ended 31 December 2014 the schedule provided is as follows ; three (3) full months for the first and second financial quarters, and one and a half (1 ½) months for the third and fourth quarter. This is the same schedule as financial year ended 31 December 2013.
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

 A first interim single-tier dividend of 1.0 sen per ordinary share of RM0.40 for the financial year ended 31 December 2014, totaling RM1,416,613 was paid on 12 June 2014.
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>	4 th Quarter	
	2014 RM'000	2013 RM'000
Chartering of transportation assets	21,257	15,725
Small hydropower	-	-
Others	-	-
	<u>21,257</u>	<u>15,725</u>

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

<u>Operating profit/(loss)</u>	4 th Quarter	
	2014 RM'000	2013 RM'000
Chartering of transportation assets	6,025	4,569
Small hydropower	(277)	(49)
Others	-	-
	5,748	4,520

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

As per Bursa announcement dated 11 December 2014, the proposed disposal of 1,160,000 ordinary shares in EV Bus Sdn Bhd representing 100% equity interest in EV Bus Sdn Bhd was completed on 11 December 2014. As such EV Bus Sdn Bhd has ceased to be a subsidiary of Gunung Capital Bhd.

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

The total outstanding capital commitments at the end of the current quarter are RM1.97 million, comprising of 12 units of 44-seater coaches (re-furbished).

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 4 th Quarter	
	2014	2013
Charter of vehicles	3,064	5,040

The above transactions had been entered into in the ordinary course of business on normal commercial terms. These transactions are within the ambit of the mandate renewed by the shareholders of the Company on 28 June 2013.

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

1. Operations review

Current Quarter vs Corresponding Quarter last year

Group revenue for Q4 was significantly higher against that of the corresponding quarter last year, up by 35.2%. This increase in revenue was directly attributed to the National Service program for 2015 commencing in December 2014. As such an additional one (1) month of revenue was accrued in FY2014. Thus total revenue from the contract with the Ministry of Defence in Q4 was 2.5 months, when compared to 1.5 months for Q4 of the corresponding quarter last year.

Other contributions to revenue in the current quarter were derived from, the provision of a city-bus transportation service in Manjung, Perak, chartering of mini ambulances, and new revenues from ad-hoc chartering of buses and specialized vehicles.

Group operating profit jumped 27.2% to around RM5.75 mil when compared to the corresponding quarter last year. This due to the additional one (1) month contract revenues mentioned above.

Profit after tax attributable to shareholders was slightly higher, by approximately 3.5% to RM2.5 mil, from the corresponding quarter last year. In the 4Q 2014, a one-off impairment of goodwill amounting to RM658,000 was recognized in the profit and loss account. This effectively reduced the profit after tax attributable to shareholders by 21%. The goodwill on acquisition for 100% owned subsidiary Gunung Resources Sdn Bhd was fully impaired as a result of the completion of a fleet chartering contract in FY2014. In addition, higher administrative expenses due to costs associated with expanding the hydropower division were incurred.

Cumulative 4th quarter vs Corresponding Period last year

Group revenue increased by 6.0% to RM84.8 mil for the full financial year. This increase was due to the additional one (1) month of revenue accruing in FY2014 from the 2015 National Service Program. The contract for chartering of a fleet of vehicles under 100% owned subsidiary Gunung Resources Sdn Bhd was completed in July 2014, this had the effect of reducing potential FY2014 revenues by approximately RM2.0mil.

Group operating profit increased by 6% to RM26.2 mil when compared to the corresponding period last year, which again reflected the additional one (1) month of revenue accruing in FY2014 from the 2015 National Service Program.

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

Group PBT for the quarter amounted to approximately RM3.7 million which was 2.5% lower than the preceding quarter. This decrease in PBT was due to the one-off impairment of goodwill amounting to RM658,000 in the 4Q 2014.

3. Prospects for the next financial year 2015

Gunung, had on 26th December 2014, received a 'Letter of Award and Acceptance' from the Ministry of Defence for a Service-Contract with the value of RM164.9 million for the provision of transportation (bus) service for the National Service Program. The tenure of the Service-Contract awarded is from 26 December 2014 to 25 December 2017. This contract has commenced.

The general scope of services to be provided under the above-mentioned Service-Contract, is passenger transportation for National Service trainees and trainers, by bus/coach for eighty two (82) National Service camps, over nine (9) months per calendar year.

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

This comprises of three (3) different batches of National Service Trainees for a three (3) month stint each (refer to Bursa announcement dated on 29th December 2014).

The Government announcement to defer the National Service for year 2015 will affect both Batch 2, and Batch 3 of the National Service Program as Batch 1 of the National Service Program is currently ongoing until February 2015.

Thus the deferment of the National Service Program will affect incomes from the Service-Contract during Batch 2. and Batch 3. in FY2015. As our annual depreciation expense from our fleet of vehicles is substantial when compared to total operating expenses (approximately 33%), and as depreciation expense will continue to be incurred regardless of whether there are service contract incomes, we expect a substantial drop in revenues and profits attributable to shareholders in FY2015.

As for the remaining tenure of the ongoing Service-Contract, namely for year 2016 and 2017, the Government has announced that the National Service Program will commence again in year 2016. As such we expect incomes from this service-contract to underpin Gunung's prospective earnings in year 2016 and 2017.

The management's sustained effort and investment, to secure additional smaller ad-hoc contracts in chartering land-based transportation assets and specialty vehicles, and to improve the operating efficiency, is expected to continue for financial year 2015. As such, barring any major negative external forces, we expect to continue to broaden our earnings base in FY2015.

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 4 th Quarter
Current	1,152	5,236
Deferred tax	146	(28)
	<u>1,298</u>	<u>5,208</u>

5. Status of corporate proposal

Gunung Capital Berhad ("**GUNUNG**") had on 14 July 2014 entered into a Share Sale Agreement ("**SSA**") to dispose of 1,160,000 ordinary shares in EV Bus Sdn Bhd ("**EVSB**"), representing 100% of the total issued and paid-up share capital in EVSB at a price of RM1,160,000 or RM1.00 per share to Best Venture Capital Sdn Bhd ("**Purchaser**"). The Purchaser will also assume, and repay specific liabilities of EVSB due to Gunung Resources Sdn Bhd ("**GRSB**"), a wholly owned subsidiary of GUNUNG, amounting to RM7,890,000. The cash proceeds from this transaction total RM9,050,000. This proposed disposal was completed on 11 December 2014 and as such EV Bus Sdn Bhd ceases to be a subsidiary of Gunung Capital Bhd.

Schedule VII : 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 31 December 2014 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease	RM	<u>2,845</u>	<u>630</u>

7. Pending material litigation

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

8. 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>	<u>Current YTD RM'000</u>
Group attributable profit to shareholders of the Company	<u>2,492</u>	<u>13,996</u>
Weighted average issued capital net of treasury shares	141,661	141,661
Earnings per share (sen)	1.8	9.9

- (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>	<u>Current YTD RM'000</u>
Group attributable profit to shareholders of the Company	<u>2,492</u>	<u>13,996</u>
Weighted average issued capital net of treasury shares	141,661	141,661
Adjustment for warrant conversion into ordinary shares	<u>9,242</u>	<u>9,242</u>
Adjusted weighted average issued capital net of treasury shares	<u>150,903</u>	<u>150,903</u>
Earnings per share (sen)	1.7	9.3

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

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

	4 th Quarter	
	2014 RM'000	2013 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	46,846	34,296
Unrealised*	(1,045)	(1,073)
	<u>45,801</u>	<u>33,223</u>

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

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 (interest income)	126	473
(b) Depreciation and amortization,	4,357	18,757
(c) Provision for doubtful debts	7	7
(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
(h) (Gain)/Loss on disposal of quoted/unquoted investments	80	68
(i) (Gain)/Loss on disposal of assets	-	(208)
(j) Impairment of goodwill on consolidation	658	658
(k) Foreign exchange (Gain)/loss	N/A	N/A
(l) Loss on derivatives	N/A	N/A
(m) Unusual items	N/A	N/A