

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 4: Financial Year Ending 31 December 2017

The Directors are pleased to release the quarterly financial report for the quarter and twelve months ended 31st December 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
27 February 2018

Schedule I : Condensed Consolidated Income Statement

For the quarter and twelve months ended 31 December 2017

RM'000	Individual 4th Quarter			Cumulative 4th Quarter		
	31/12/2017	31/12/2016	% chg	31/12/2017	31/12/2016	% chg
Continuing Operations						
Revenue	9,054	9,140	0.9%	40,273	39,626	1.6%
Operating profit	(598)	1,732	>(100)%	929	5,797	>(100)%
Interest expense	(5)	(3)		(12)	(10)	
Interest income	271	231		1,011	882	
Administrative expenses	(2,864)	(4,004)		(11,279)	(9,988)	
Other income	6,396	279		8,017	1,693	
Profit before taxation (PBT)	3,200	(1,765)	>(100)%	(1,334)	(1,626)	18.0%
Taxation	361	(199)		460	(598)	
Profit after taxation (PAT)	3,561	(1,964)	>(100)%	(874)	(2,224)	60.7%
Attributable to :						
Equity holders of the Company	1,005	(1,679)	>(100)%	(2,888)	(1,704)	69.5%
Non-controlling interests	2,556	(285)	nm	2,014	(520)	nm
	3,561	(1,964)		(874)	(2,224)	
Basic earnings per share (sen) attributable to equity holders of the Company	0.4	(0.7)		(1.2)	(0.7)	
Diluted earnings per share (sen) attributable to equity holders of the Company	0.4	(0.7)		(1.2)	(0.7)	

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 twelve months ended 31 December 2017

RM'000	Individual 4 th Quarter			Cumulative 4 th Quarter		
	31/12/2017	31/12/2016	% chg	30/9/2017	30/9/2016	% chg
Group profit after tax	3,561	(1,964)	>(100)%	(874)	(2,224)	60.7%
Other comprehensive income						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
Total comprehensive income :	3,561	(1,964)	>(100)%	(874)	(2,224)	60.7%
Total comprehensive income attributable to:						
Equity holders of the Company	1,005	(1,679)	>(100)%	(2,888)	(1,704)	69.5%
Non-controlling interests	2,556	(285)	<i>nm</i>	2,014	(520)	<i>nm</i>
	3,561	(1,964)		(874)	(2,224)	

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 December 2017

RM'000	31/12/2017	Audited 31/12/2016
Property, plant & equipment	25,243	28,052
Other financial assets	3,435	30
Goodwill on consolidation	22,036	22,036
Other receivable	245	245
Deferred Tax Assets	1,851	2,248
Current assets		
Trade receivables	1,052	536
Inventories	757	634
Tax recoverable	20	22
Other receivables	4,064	1,827
Cash and cash equivalents	49,793	51,144
	55,686	54,163
Less : Current liabilities		
Trade payables	137	-
Other payables	1,278	730
Finance lease and hire purchase creditors	38	87
Due to shareholder	850	-
Provision for taxation	-	1
	2,303	818
Net Current Assets	53,383	53,345
	106,193	105,956
Financed by:		
Share capital	94,478	94,441
Retained earnings	7,931	10,819
Other reserves	(2,799)	(2,794)
Non-controlling interests	1,525	(490)
Total Equity	101,135	101,976
Non-current liabilities		
Finance lease and hire purchase creditors	214	144
Term loan	1,003	-
Other payables	864	-
Deferred tax liabilities	2,977	3,836
	5,058	3,980
Total equity & non-current liabilities	106,193	105,956
Net assets per share (sen) attributable to equity holders of the Company	42.2	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 twelve months ended 31 December 2017

RM'000	Cumulative 4 th quarter	
	31/12/2017	31/12/2016
Operating activities		
Profit before taxation		
- Continuing	(1,334)	(1,626)
Add non-cash : Depreciation & amortisation	7,444	7,644
Gain on :		
- disposal of property, plant & equipment (net write-off)	(69)	11
- disposal of associate	(5,600)	(495)
Changes in working capital	6,220	1,724
Impairment of trade receivables	-	268
ESOS expense	-	1,392
Zakat paid	(2,096)	-
Net (tax paid)/ refunded	(3)	(153)
Net cash flows from operating activities	4,562	8,765
Investing activities		
Interest income received	1,011	882
Investment in subsidiary/associate	(3,404)	(2,499)
Purchase of property, plant and equipment	(4,756)	(948)
Gain from disposal of investment	-	25
Proceeds from disposal of property, plant and equipment	190	170
Net cash flows from investing activities	(6,959)	(2,370)
Financing activities		
Interest expenses	(12)	(10)
Repayment of finance lease	(94)	(79)
Repayment of short term facilities	-	-
Issuance of shares	32	22
Dividend paid	-	-
Proceeds from financing	1,120	-
Repayment to director	-	-
Net cash flows from financing activities	1,046	(67)
Net change in cash & cash equivalents	(1,351)	6,328
Cash & cash equivalents at beginning of year	51,144	44,816
Cash & cash equivalents at end of period	49,793	51,144
Comprising of :		
Cash and bank balances	49,751	51,104
Fixed deposits with financial institutions	42	40
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 twelve months ended 31 December 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	-	-	-	(2,888)	(2,888)	2,014	(874)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issuance new ordinary shares	37	(5)	-	-	32	-	32
Dividend declared	-	-	-	-	-	-	-
Acquisition of subsidiary company	-	-	-	-	-	-	-
Total transactions with owners	37	(5)	-	-	32	-	32
At 31 December 2017	94,478	(3,806)	1,007	7,931	99,610	1,524	101,134
At 1 January 2016	94,441	(5,181)	1,007	12,523	102,790	(1,351)	101,439
Total comprehensive income	-	-	-	(1,704)	(1,704)	(520)	(2,224)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issuance new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Acquisition of subsidiary company	-	-	-	-	-	-	-
Issuance of ESOS	-	1,392	-	-	1,392	-	1,392
Issuance of subsidiary shares to non-controlling interests	-	(12)	-	-	(12)	1,381	1,369
Total transactions with owners	-	1,380	-	-	1,380	1,381	2,761
At 31 December 2016	94,441	(3,801)	1,007	10,819	102,466	(490)	101,976

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 2017, the first group of trainees was on 18 March to 16 May, the 2nd group was on 15 July to 12 September, and the third group was on 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 second financial quarter.

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 4th Quarter			Cumulative 4th Quarter		
	31/12/2017	31/12/2016	% chg	30/9/2017	31/12/2016	% chg
Segmental Analysis						
<u>Revenue</u>						
Transportation assets	9,054	9,140	0.9%	40,273	39,626	1.6%
Small hydro development	-	-	0.0%	-	-	0.0%
<u>Operating profit</u>						
Transportation assets	(70)	2,325	>(100)%	2,724	7,029	(61.2)%
Small hydro development	(528)	(593)	11.0%	(1,795)	(1,232)	(45.7)%
>Current v Preceding Quarter<						
RM'000	31/12/2017	30/9/2017	% chg	>4th Quarter<		
				31/12/2017	31/12/2016	% chg
<u>Assets</u>						
Transportation	89,184	93,999	(5.1)%	89,184	98,298	(9.3)%
Small hydro development	19,312	9,927	94.5%	19,312	8,476	>100%
<u>Liabilities</u>						
Transportation	4,484	6,003	25.3%	4,484	4,561	1.7%
Small hydro development	2,877	350	>100%	2,877	237	>100%

Current Quarter vs Corresponding Quarter last year

Group revenue for Q4 2017 was slightly lower than against that of Q4 2016, down 0.9% to RM9.05 million. Whilst contract revenues from the National Service Program was constant, revenues were down from the Ministry of Defence contract to ferry school children, due to school holidays. Group revenue was derived from the transportation segment of the Group, as the group's small hydropower segment is still in the development and construction phase.

The Group registered an operating loss from the transportation segment of just RM0.07mil for Q4 2017, which was substantially lower than a RM2.32mil profit in Q4 2016. Higher operating costs were incurred due to the underutilization of the Groups fleet of vehicles dedicated to contract revenues, coupled with lower contract revenue. Outsourcing vehicles from third party coach operators to support the service-contract requirements also stretched the Groups resources. Furthermore, the requirement to provide additional transportation services under the National Service contract negatively impacted our operating profit.

Operating loss for the hydropower division increased year on year registering a RM1.8mil loss. 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, as more small hydro sites are commencing development. However, for Q4 2016, the hydropower division generated a gain on partial disposal of an associate amounting to RM0.50mil, and in the period under review, a gain on partial disposal of an indirect associate of RM5.6mil (comprising of 25% equity stake in Kerian Energy Sdn Bhd).

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 94.5% increase in assets from Q3 to Q4 2017, and more than 100% increase year on year. Transportation assets have reduced by 5.1% over the same period which reflects vehicle depreciation and the management's decision not to expand the Groups fleet size in FY2017.

Liabilities continue to be well managed, and relatively low at only 6.8% of total assets in Q4 2017 from 4.5% of total assets in Q4 2016.

Cumulative 4th quarter vs Corresponding Period last year

Group revenue increased by just 1.6% to RM40.2mil, and the Group registered a substantial drop in operating profit to RM0.60 mil for the cumulative four quarters of 2017. This was directly attributed to the scheduling of the National Service program in 2017, and the requirement to provide additional transportation services under the National Service contract as highlighted above.

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 **31/12/2017**
Capital Expenditure Commitments
Plant & Equipment (small hydro)

Contracted but not provided for in the financial statements under review : 14,062

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 4th Quarter	
	<u>2017</u>	<u>2016</u>
Charter of vehicles to related party	292	Nil

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 31/12/2017 RM'000	Preceding Quarter 30/09/2017 RM'000	% Change
Revenue	9,054	10,699	15.3%
Operating profit	(598)	(99)	>(100)%
Profit/ (Loss) before interest and tax	3,205	(2,902)	>100%
Profit/ (Loss) before tax	3,200	(2,904)	>100%
Profit/ (Loss) after tax	3,561	(2,641)	>100%
Profit/ (Loss) attributable to ordinary equity holders of parent G	1,005	(2,396)	>100%

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 Group profit before tax for Q4 was approximately RM3.2 mil, which was a substantial improvement (by more than 100%) than the preceding quarter which incurred a loss of approximately RM2.9 mil. Due to the gain on partial disposal of an indirect associate (small hydropower) recognised in Q4, explained in Note 8 above, and subsidy revenues collected in Q4 from SPAD for the public transport service provided in Perak (amounting to RM0.8mil).

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 optimistic of a contract extension for the existing National Service Program service- contract for an additional two years, comprising of FY2018 and FY2019, will be secured. This will underpin the Group's contract-revenues. 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.

Throughout FY2018, we expect Group profit attributable to shareholders to be face cost pressures, although we expect service-contract revenues to provide a positive cashflow for the Group in FY2018. We also expect the National Service program to continue to face the Government's continual cost cutting measures until end 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. The 'Kerian' site with an installed capacity of 14MW, has been substantially completed, with the connection to the National Grid still pending, and shall undergo the process of commissioning and testing soon (the recent very wet conditions have delayed this process).

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	Individual Quarter		Cumulative Quarter	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Current	(2)	-	(3)	(1)
Deferred tax	363	(199)	463	(597)
	361	(199)	460	(598)

5. Status of corporate proposal

There are currently no corporate proposals outstanding as at 31 December 2017.

6. Group borrowings and debt securities

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

As at 4 th Quarter 2017	Currency	Current	Non-Current
RM'000			
Finance lease & hire purchase payables^	RM	38	214
Project financing term loan#	RM	-	1,003
	RM	38	1,217
As at 4th Quarter 2016	Currency	Current	Non-Current
RM'000			
Finance lease & hire purchase payables^	RM	87	144

^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 financial institution is 7.85% pa. less 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	1,005	(2,888)
Weighted average issued capital net of treasury shares	236,144	236,144
Earnings per share (sen)	0.42	(1.22)

- (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	1,005	(2,888)
Weighted average issued capital net of treasury shares	236,144	236,144
Adjustment for warrant/ESOS conversion into ordinary shares	-	-
Adjusted weighted average issued capital net of treasury shares	236,144	236,144
Earnings per share (sen)	0.42	(1.22)

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

	4th Quarter	
	2017 RM'000	2016 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	9,057	12,407
Unrealised*	(1,126)	(1,588)
	7,931	10,819

* 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	Individual 4 th Quarter		Cumulative 4 th Quarter	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
(a) Interest Income	(271)	(231)	(1,011)	(882)
(b) Depreciation and amortization	1,831	1,867	7,444	7,644
(c) Impairment of receivables	-	268	-	268
(d) Bad debts written off	-	-	-	-
(e) Impairment of inventories	-	-	-	-
(f) Property, plant and equipment written off	-	13	-	13
(g) (Gain)/Loss on disposal of associates/subsidiaries	(5,600)	-	(5,600)	(495)
(h) (Gain)/Loss on disposal of property, plant and equipment	-	(2)	(70)	(2)
(i) Impairment of financial assets	-	-	-	-
(j) Foreign exchange (Gain)/loss	-	-	-	-
(k) Government subsidy/ grant received	(791)	(273)	(1,316)	(1,177)
(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.

Age 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
31/12/2017	615	276	161	-	-	1,052
31/12/2016	180	223	133	-	-	536

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

The past due trade receivables above are collectable.

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.