

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

**Quarter 1 : Financial Year Ending 31 December 2014**

The Directors are pleased to release the quarterly financial report for the three months ended 31<sup>st</sup> March 2014 being the first quarter for the financial year 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<sup>st</sup> 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 (LS 0005656)  
Company Secretary  
29 May 2014

**Schedule I : Condensed Consolidated Income Statement**

For the three months ended 31 March 2014

RM'000	1 <sup>st</sup> Quarter		% chg
	31/03/2014	31/03/2013	
Revenue	22,707	23,623	(3.9%)
Operating profit	7,339	8,033	(8.6%)
Interest expense	(391)	(761)	
Interest income	114	39	
Administrative expenses	(1,526)	(1,010)	
Other income	-	-	
Profit before taxation (PBT)	5,536	6,301	(12.1%)
Taxation	(1,365)	(1,492)	
Profit after taxation (PAT)	4,171	4,809	(13.3%)
Attributable to :			
Equity holders of the Company	4,363	4,816	(9.4%)
Non-controlling interests	(192)	(7)	nm
	4,171	4,809	
Basic earnings per share (sen) attributable to equity holders of the Company	3.4	4.3	
Diluted earnings per share (sen) attributable to equity holders of the Company	3.1	3.8	

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 three months ended 31 March 2014

RM'000	1 <sup>st</sup> Quarter		% <i>chg</i>
	31/03/2014	31/03/2013	
Profit after taxation	4,171	4,809	<b>(13.3%)</b>
<b>Other comprehensive income, (net of tax)</b>			
Foreign currency translation			
Realisation of reserves	-	-	
<b>Total comprehensive income for the quarter</b>	<b>4,171</b>	<b>4,809</b>	<b>(13.3%)</b>
Total comprehensive income attributable to:			
Equity holders of the Company	4,363	4,816	<b>(9.4%)</b>
Non-controlling interests	(192)	(7)	<i>nm</i>
	4,171	4,809	

*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 March 2014

RM'000	31/03/2014	Audited 31/12/2013
Property, plant & equipment	56,134	61,069
Other financial assets	16	16
Goodwill on consolidation	21,541	21,541
Development expenditures	1,119	786
<b>Current assets</b>		
Trade receivables	16,799	2,058
Inventories	829	711
Other receivables	10,271	8,607
Fixed deposits with financial institutions	4,742	4,973
Tax recoverable	887	1
Cash and cash equivalents	18,304	27,806
	51,832	44,156
<b>Less : Current liabilities</b>		
Trade payables	2,376	167
Other payables	9,791	9,396
Finance lease payables	14,990	18,868
Provision for taxation	3,076	1,528
	30,233	29,959
<b>Net Current Assets</b>	21,599	14,197
	100,409	97,609
<b>Financed by:</b>		
Share capital	56,665	56,665
Retained earnings	37,586	33,223
Other reserves	3,301	3,081
Non-controlling interests	(280)	132
<b>Total Equity</b>	97,272	93,101
<b>Non-current liabilities</b>		
Finance lease payable	2,247	3,435
Deferred tax liabilities	890	1,073
	3,137	4,508
<b>Total equity &amp; non-current liabilities</b>	100,409	97,609
Net assets per share (sen) attributable to equity holders of the Company	68.5	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 year three months ended 31 March 2014

RM'000	1 <sup>st</sup> Quarter	
	31/03/2014	31/03/2013
<b>Operating activities</b>		
Profit before taxation		
- Continuing	5,536	6,301
Add non-cash : Depreciation & amortisation	4,936	4,938
Gain on :		
- disposal of property, plant & equipment		
- impairment of financial assets		
Changes in working capital	(13,485)	(7,546)
Tax paid	(886)	(701)
<b>Net cash flows from operating activities</b>	<b>(3,899)</b>	<b>2,992</b>
<b>Investing activities</b>		
Interest income received	113	39
Development expenditure	(333)	
Purchase of property, plant and equipment	(2)	(20)
Investment in an subsidiary company		
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash flows from investing activities</b>	<b>(222)</b>	<b>19</b>
<b>Financing activities</b>		
Interest expenses	(391)	(761)
Repayment of finance lease	(5,066)	(4,748)
Repayment of short term facilities	-	-
Issuance of shares	-	630
Dividend paid	-	-
Proceeds from finance lease	-	-
Repayment to director	(155)	-
<b>Net cash flows from financing activities</b>	<b>(5,612)</b>	<b>(4,879)</b>
Net change in cash & cash equivalents	(9,733)	(1,868)
Cash & cash equivalents at beginning of period	32,779	17,910
<b>Cash &amp; cash equivalents at end of period</b>	<b>23,046</b>	<b>16,042</b>
<b>Comprising of :</b>		
Cash and bank balances	18,304	11,859
Fixed deposits with financial institutions	4,742	4,183

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 three months ended 31 March 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
<b>At 31 December 2013</b>	56,665	2,074	1,007	33,223	92,969	132	93,101
<b>Total comprehensive income</b>	-	-	-	4,363	4,363	(192)	4,171
<b>Transactions with owners:</b>							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Increase in equity in subsidiary*	-	220	-	-	220	(220)	-
<b>Total transactions with owners</b>	-	-	-	-	-	-	-
<b>At 31 March 2014</b>	56,665	2,294	1,007	37,586	97,552	(280)	97,272
<b>At 1 January 2013</b>	45,017	(3,339)	1,007	20,646	63,331	267	63,598
<b>Total comprehensive income</b>	-	-	-	4,816	4,816	(7)	4,809
<b>Transactions with owners:</b>							
Conversion of warrant to shares	630	-	-	-	630	-	630
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	630	-	-	-	630	-	630
<b>At 31 March 2013</b>	45,647	(3,339)	1,007	25,462	68,777	260	69,037

\* equity transaction reserve

## Schedule VI : Selected Explanatory Notes Pursuant to FRS 134

1. Accounting Policies and method of computation

The quarterly financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 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 ending 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

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 <sup>st</sup> Quarter	
	2014 RM'000	2013 RM'000
Chartering of transportation assets	22,707	23,623
Small hydropower	-	-
Others	-	-
	<b>22,707</b>	<b>23,623</b>

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

<u>Operating profit/(loss)</u>	1 <sup>st</sup> Quarter	
	2014 RM'000	2013 RM'000
Chartering of transportation assets	7,733	8,034
Small hydropower	(394)	(1)
Others	-	-
	<b>7,339</b>	<b>8,033</b>

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 annual balance sheet date.
13. Capital commitments  
 There are no outstanding capital commitments at the end of the current quarter.
14. Significant related party transactions  
 The following are significant related party transactions:-

RM'000	1 <sup>st</sup> Quarter	
	2014	2013
Charter of vehicles	1,260	1,260

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 approved by the shareholders of the Company on 28 June 2013.



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## 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 marginally lower than against that of last year, down 3.9%, as revenue growth was affected by the completion of a number of short-term charter contracts in financial year 2013, including mobile clinics and a shuttle bus services within a higher education campus. In addition, the total number of camps serviced under the contract with the Ministry of Defence National Service program for Q1 2014 was 79 compared with 82 camps in the 1Q 2013 (due to the sudden closing of 3 camps), thus reducing revenue by approximately RM770,000.

Group operating profit was also affected by lower revenue and the costs associated with the under utilisation of our fleet of vehicles, which again was directly attributed to the 3 camp closure. Operating profit was down 8.6% against corresponding quarter last year.

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

Group PBT for the quarter amounted to approximately RM5.5 million which was 83% higher than the preceding quarter, due a total of 3 months of revenue from the contract with the Ministry of Defence. Only 1.5 months of revenue from the contract with the Ministry of Defence was registered in the preceding quarter.

In addition, net profit attributable to equity holders of the Company jumped to RM4.4mil up 86% from the preceding quarter.

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 transportation.

The tenure of contracts, for chartering out land-based transportation assets, together with drivers, fuel, maintenance & repair costs, insurance costs and other operational costs, at a fixed monthly charter cost, are generally medium term in nature (2-5 years). This will continue to hedge against any short term adverse economic cycles that the Malaysian economy may face.

Barring any major negative external forces, we expect to broaden our earnings base with new short term chartering in financial year 2014. On 1 June, 2014 we are commencing a shuttle bus service within both the Kuantan and Gombak campuses for the International Islamic University of Malaysia. Both contracts run between 2-5 years and this should underpin stable earnings in financial year ending 2014.

The earnings contributions from the Ministry of Defence chartering contract (under the National Service program, chartering of city buses for a public transportation service in Manjung (Perak), chartering of mini mobile clinics, and chartering of a fleet of 252 vehicles, will continue in financial year 2014.

The goal of reducing Gunung's dependency on incomes solely from chartering of land-based passenger transportation assets and specialty vehicles, and to secure a longer term stable income stream, has been realised. Gunung's acquisition of eighty five percent (85%) stake in Pusaka Hijau Sdn Bhd in the 4<sup>th</sup> Quarter 2013, which in turn owns a sixty percent (60%) stake in Perak Hydro Renewable Energy Corporation Sdn Bhd ("PHREC") has improved Gunungs' longer term prospects beyond financial year 2014.

**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	1,547
Deferred tax	<u>(182)</u>
	<u>1,365</u>

5. Status of corporate proposal

There were no outstanding corporate proposals or new announcements (except those detailed in this financial report) made in the current financial quarter.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 March 2014 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease	RM	14,990	2,247

7. Pending material litigation

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

8. Proposed Dividend

A first interim single tier dividend of 1 sen per ordinary share of RM0.40 each for the financial year ending 31 December 2014 was declared on 25 April 2014. Payment date for this dividend is 12 June 2014.

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>4,363</u>
Weighted average issued capital net of treasury shares	130,416
Earnings per share (sen)	3.4

**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	4,363
Weighted average issued capital net of treasury shares	130,416
Adjustment for warrant conversion into ordinary shares	10,367
Adjusted weighted average issued capital net of treasury shares	140,783
Earnings per share (sen)	3.1

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

	1 <sup>st</sup> Quarter	
	2014 RM'000	2013 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	38,476	26,617
Unrealised*	(890)	(1,155)
	37,586	25,462

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

10. Notes to the Condensed Consolidated Income Statement

PBT is arrived at after charging/(crediting) the following items:

	Current Quarter RM'000
(a) Other income	113
(b) Depreciation and amortisation	4,936
(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	N/A
(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