

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

Quarter 2 and half year results : Financial Year Ending 31 December 2014

The Directors are pleased to release the quarterly financial report for the quarter and six months ended 30<sup>th</sup> June 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  
27 August 2014

**Schedule I : Condensed Consolidated Income Statement**

For the quarter and six months ended 30 June 2014

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	30/6/2014	30/6/2013	% chg	30/6/2014	30/6/2013	% chg
<b>Continuing Operations</b>						
Revenue	23,475	23,493	(0.1)%	46,182	47,116	(1.9)%
Operating profit	7,214	8,038	(10.3)%	14,553	16,071	(9.5)%
Interest expense	(296)	(670)		(687)	(1,431)	
Interest income	113	37		227	76	
Administrative expenses	(1,856)	(1,054)		(3,382)	(2,064)	
Other income	423	-		423	-	
Profit before taxation (PBT)	5,598	6,351	(11.9)%	11,134	12,652	(12.0)%
Taxation	(1,432)	(1,524)		(2,797)	(3,016)	
Profit after taxation (PAT)	4,166	4,827	(13.7)%	8,337	9,636	(13.5)%
Attributable to :						
Equity holders of the Company	4,353	4,838	(10.0)%	8,716	9,654	(9.7)%
Non-controlling interests	(187)	(11)		(379)	(18)	
	4,166	4,827		8,337	9,636	
Basic earnings per share (sen) attributable to equity holders of the Company	3.2	4.3		6.4	8.6	
Diluted earnings per share (sen) attributable to equity holders of the Company	3.0	3.9		5.9	7.6	

*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 six months ended 30 June 2014

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	30/6/2014	30/6/2013	% chg	30/6/2014	30/6/2013	% chg
Group profit after tax	4,166	4,827	(13.7)%	8,337	9,636	(13.5)%
<b>Other comprehensive income,</b>						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
<b>Total comprehensive income for the</b>						
<b>financial period</b>	<b>4,166</b>	<b>4,827</b>	<b>(13.7)%</b>	<b>8,337</b>	<b>9,636</b>	<b>(13.5)%</b>
<b>Total comprehensive income</b>						
<b>attributable to:</b>						
Equity holders of the Company	4,353	4,838	(10.0)%	8,716	9,654	(9.7)%
Non-controlling interests	(187)	(11)	nm	(379)	(18)	nm
	<b>4,166</b>	<b>4,827</b>	<b>(13.7)%</b>	<b>8,337</b>	<b>9,636</b>	<b>(13.5)%</b>

*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 30 June 2014

RM'000	30/06/2014	Audited 31/12/2013
Property, plant & equipment	51,210	61,069
Other financial assets	13	16
Goodwill on consolidation	21,541	21,541
Development expenditures	1,298	786
Current assets		
Trade receivables	22,277	2,058
Inventories	880	711
Other receivables	8,184	8,607
Fixed deposits with financial institutions	4,442	4,973
Tax recoverable	1,737	1
Cash and cash equivalents	19,588	27,806
	57,108	44,156
Less : Current liabilities		
Trade payables	4,040	167
Other payables	9,597	9,396
Finance lease payables	10,442	18,868
Provision for taxation	4,563	1,528
	28,642	29,959
Net assets/(liabilities)	28,466	14,197
	102,528	97,609
Financed by:		
Share capital	56,665	56,665
Retained earnings	40,523	33,223
Other reserves	3,301	3,081
Non-controlling interests	(468)	132
Total Equity	100,021	93,101
Non-current liabilities		
Finance lease payable	1,678	3,435
Deferred tax liabilities	829	1,073
	2,507	4,508
Total equity & non-current liabilities	102,528	97,609
Net assets per share (sen) attributable to equity holders of the Company	70.6	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 six months ended 30 June 2014

RM'000	Cumulative 2 <sup>nd</sup> quarter	
	30/06/2014	30/06/2013
<b>Operating activities</b>		
Profit before taxation		
- Continuing	11,134	12,652
Add non-cash : Depreciation & amortisation	9,873	9,868
Gain on :		
- disposal of property, plant & equipment	-	-
- disposal of subsidiary	(12)	-
Changes in working capital	(15,141)	(8,296)
Tax paid	(1,739)	(1,168)
<b>Net cash flows from operating activities</b>	<b>4,115</b>	<b>13,056</b>
<b>Investing activities</b>		
Interest income received	227	76
Development expenditure	(512)	-
Purchase of property, plant and equipment	(15)	(20)
Proceeds from disposal of investment	3	-
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash flows from investing activities</b>	<b>(297)</b>	<b>56</b>
<b>Financing activities</b>		
Interest expenses	(687)	(1,432)
Repayment of finance lease	(10,182)	(9,580)
Repayment of short term facilities	-	(1,695)
Issuance of shares	-	1,796
Dividend paid	(1,417)	-
Proceeds from finance lease	-	-
Repayment to director	(281)	-
<b>Net cash flows from financing activities</b>	<b>(12,567)</b>	<b>(10,911)</b>
Net change in cash & cash equivalents	(8,749)	2,201
Cash & cash equivalents at beginning of year	32,779	17,910
<b>Cash &amp; cash equivalents at end of financial period</b>	<b>24,030</b>	<b>20,111</b>
<b>Comprising of :</b>		
Cash and bank balances	19,588	14,898
Fixed deposits with financial institutions	4,442	5,213

Note :  
 ( ) denotes cash outflow

**Schedule V : Condensed Consolidated Statement of Changes in Equity**  
 For the six months ended 30 June 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>	-	-	-	8,716	8,716	(379)	8,337
<b>Transactions with owners:</b>							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	(1,417)	(1,417)	-	-
Increase equity in subsidiary*	-	220	-	-	220	(220)	-
<b>Total transactions with owners</b>	-	220	-	(1,417)	(1,197)	(220)	(1,417)
<b>At 30 June 2014</b>	56,665	2,294	1,007	40,522	100,488	(467)	100,021
<b>At 1 January 2013</b>	45,017	(3,339)	1,007	20,646	63,331	267	63,598
<b>Total comprehensive income</b>	-	-	-	9,654	9,654	(18)	9,636
<b>Transactions with owners:</b>							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	1,796	-	-	-	1,796	-	1,796
Dividend declared	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	1,796	-	-	-	1,796	-	1,796
<b>At 30 June 2013</b>	46,813	(3,339)	1,007	30,300	74,781	249	75,030

\* 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  
  
 A first interim single-tier dividend of 1.0 sen per ordinary share of RM0.40 each for the financial year ending 31 December 2014 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>	2 <sup>nd</sup> Quarter	
	2014 RM'000	2013 RM'000
Chartering of transportation assets	23,475	23,493
Small hydropower	-	-
Others	-	-
	<b>23,475</b>	<b>23,493</b>

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

<u>Operating profit/(loss)</u>	2 <sup>nd</sup> Quarter	
	2014 RM'000	2013 RM'000
Chartering of transportation assets	7,597	8,040
Small hydropower	(383)	(2)
Others	-	-
	<b>7,214</b>	<b>8,038</b>

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  
 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. Upon disposal, EVSB shall cease to be a subsidiary of GUNUNG.
11. Changes in the composition of the Group  
 On 30 June 2014 the disposal of 500,000 ordinary shares of Gunung Land Sdn Bhd representing 100% equity interest in Gunung Land Sdn Bhd for RM660,000 cash proceeds, was completed. As such, Gunung Land Sdn Bhd has ceased to be a subsidiary of Gunung.
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 are no outstanding capital commitments at the end of the current quarter.
15. Significant related party transactions  
 The following are significant related party transactions:-

RM'000	Cumulative 2 <sup>nd</sup> Quarter	
	2014	2013
Charter of vehicles	2,520	2,520

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.



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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 Q2 was marginally lower than against that of last year, down 0.1%, 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 Q2 2014 was 80 compared with 82 camps in the 1Q 2013 (due to the closing of 3 camps in Q1 and re-opening of 1 camp in Q2).

Group operating profit was also affected by lower than expected revenue and the costs associated with the under-utilisation of our fleet of vehicles, which again was directly attributed to the 2 camp closure (which under-utilised 10 buses). Operating profit was down 10% against corresponding quarter last year.

#### Half year vs Corresponding Period last year

Group revenue decreased by 1.9% to RM46.2mil, and operating profit dropped 9.5% to RM14.6mil, for the first half on 2014. This was directly attributed by lower than expected revenue and the costs associated with the under-utilisation of our fleet of vehicles, due to camp closures (which under-utilised an average of 12.5 buses throughout the first half), and operational losses attributed to the hydropower division.

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

Group PBT for the quarter amounted to approximately RM5.6 million which was 2% higher than the preceding quarter, with the same total of 3 months of revenue from the contract with the Ministry of Defence. This was mainly due to improved financial results from 100% owned subsidiary, Bas Rakyat Sdn Bhd in the 2<sup>nd</sup> quarter of 2014.

### 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 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 commenced 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, 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)**

Barring any major negative external forces, we expect to broaden our earnings base in the second half of financial year 2013.

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 the second half of financial year 2013.

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 2 <sup>nd</sup> Quarter
Current	1,493	3,040
Deferred tax	(61)	(243)
	<u>1,432</u>	<u>2,797</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 30 June 2014 are as follows:-

RM'000	Currency	Current	Non-Current
Finance lease	RM	<u>10,443</u>	<u>1,678</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.

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	<u>4,353</u>	<u>8,716</u>
Weighted average issued capital net of treasury shares	136,748	136,748
Earnings per share (sen)	3.2	6.4

**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	Current YTD RM'000
Group attributable profit to shareholders of the Company	4,353	8,716
Weighted average issued capital net of treasury shares	136,748	136,748
Adjustment for warrant conversion into ordinary shares	10,367	10,367
Adjusted weighted average issued capital net of treasury shares	147,115	147,115
Earnings per share (sen)	3.0	5.9

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

	2 <sup>nd</sup> Quarter	
	2014 RM'000	2013 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	41,352	31,291
Unrealised*	(829)	(991)
	40,523	30,300

\* 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)	113	227
(b) Depreciation and amortization,	4,937	9,873
(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

(h)	(Gain)/Loss on disposal of quoted/unquoted investments	12	12
(h)	(Gain)/Loss on disposal of assets	N/A	N/A
(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