

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

Quarter 2 and half year results : Financial Year Ending 31 December 2016

The Directors are pleased to release the quarterly financial report for the quarter and six months ended 30<sup>th</sup> June 2016.

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 2015:

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  
25 August 2016

**Schedule I : Condensed Consolidated Income Statement**

For the quarter and six months ended 30 June 2016

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	30/6/2016	30/6/2015	% chg	30/6/2016	30/6/2015	% chg
<b>Continuing Operations</b>						
Revenue	10,838	8,841	22.5%	19,965	21,995	(9.2)%
Operating profit	526	1,708	(69.2)%	2,303	4,174	(44.8)%
Interest expense	(2)	(39)		(4)	(95)	
Interest income	250	157		412	377	
Administrative expenses	(2,403)	(1,685)		(3,938)	(3,818)	
Other income	626	231		1,231	452	
Profit before taxation (PBT)	(1,003)	372	>(100)%	4	1,090	(99.6)%
Taxation	121	14		(199)	2	
Profit after taxation (PAT)	(882)	386	>(100)%	(195)	1,092	>(100)%
Attributable to :						
Equity holders of the Company	(921)	564	>(100)%.	(103)	1,382	>(100)%
Non-controlling interests	39	(178)		(92)	(290)	
	(882)	386		(195)	1,092	
Basic earnings per share (sen) attributable to equity holders of the Company	(0.4)	0.2		0.0	0.6	
Diluted earnings per share (sen) attributable to equity holders of the Company	(0.4)	0.2		0.0	0.6	

*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 2015.*

**Schedule II : Condensed Consolidated Statement of Comprehensive Income**

For the quarter and six months ended 30 June 2016

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	30/6/2016	30/6/2015	% chg	30/6/2016	30/6/2015	% chg
Group profit after tax	(882)	386	>(100)%	(195)	1,092	>(100)%
<b>Other comprehensive income,</b>						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
<b>Total comprehensive income for the</b>						
<b>financial period</b>	<b>(882)</b>	<b>386</b>	<b>&gt;(100)%</b>	<b>(195)</b>	<b>1,092</b>	<b>&gt;(100)%</b>
<b>Total comprehensive income</b>						
<b>attributable to:</b>						
Equity holders of the Company	(921)	564	>(100)%	(103)	1,382	>(100)%
Non-controlling interests	39	(178)	nm	(92)	(290)	nm
	(882)	386		(195)	1,092	

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 2015.*

**Schedule III : Condensed Consolidated Statement of Financial Position**

As at 30 June 2016

RM'000	30/06/2016	Audited 31/12/2015
Property, plant & equipment	31,118	32,039
Other financial assets	30	30
Goodwill on consolidation	22,036	20,883
Deferred Tax Assets	2,119	2,045
Current assets		
Trade receivables	4,646	1,003
Inventories	669	608
Other receivables	6,280	5,505
Cash and cash equivalents	42,981	44,816
	54,576	51,932
Less : Current liabilities		
Trade payables	687	-
Other payables	3,000	2,179
Finance lease and hire purchase creditors	97	67
Provision for taxation	62	91
	3,846	2,337
Net Current Assets	50,730	49,595
	106,033	104,592
Financed by:		
Share capital	94,441	94,441
Retained earnings	12,420	12,523
Other reserves	(4,174)	(4,174)
Non-controlling interests	(96)	(1,351)
Total Equity	102,591	101,439
Non-current liabilities		
Finance lease and hire purchase creditors	177	76
Deferred tax liabilities	3,265	3,077
	3,442	3,153
Total equity & non-current liabilities	106,033	104,592
Net assets per share (sen) attributable to equity holders of the Company	43.4	43.6

*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 2015.*

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**Schedule IV : Condensed Consolidated Statement of Cash Flow**

For the six months ended 30 June 2016

RM'000	Cumulative 2 <sup>nd</sup> quarter	
	30/06/2016	30/06/2015
<b>Operating activities</b>		
Profit before taxation		
- Continuing	4	1,090
Add non-cash : Depreciation & amortisation	3,868	3,996
Gain on :		
- disposal of property, plant & equipment		
- disposal of subsidiary		
Changes in working capital	(3,911)	(316)
Tax paid	(104)	-
<b>Net cash flows from operating activities</b>	<b>(143)</b>	<b>4,770</b>
<b>Investing activities</b>		
Interest income received	412	377
Investment in fixed deposit	-	-
Investment in subsidiary	(2,500)	-
Purchase of property, plant and equipment	(226)	(4,758)
Gain from disposal of investment (associate)	495	-
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash flows from investing activities</b>	<b>(1,819)</b>	<b>(4,381)</b>
<b>Financing activities</b>		
Interest expenses	(4)	(95)
Repayment of finance lease	(35)	(1,757)
Repayment of short term facilities	-	-
Issuance of shares	-	-
Dividend paid	-	-
Proceeds from finance lease	166	-
Repayment to director	-	(81)
<b>Net cash flows from financing activities</b>	<b>127</b>	<b>(1,933)</b>
Net change in cash & cash equivalents	(1,835)	(1,544)
Cash & cash equivalents at beginning of year	44,816	39,181
<b>Cash &amp; cash equivalents at end of financial period</b>	<b>42,981</b>	<b>37,637</b>
<b>Comprising of :</b>		
Cash and bank balances	42,981	32,454
Fixed deposits with financial institutions	-	5,183

Note :

( ) denotes cash outflow

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*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 2015.*

**Schedule V : Condensed Consolidated Statement of Changes in Equity**  
For the six months ended 30 June 2016

<-----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 2015</b>	94,441	(5,181)	1,007	12,523	102,790	(1,351)	101,439
<b>Total comprehensive income</b>	-	-	-	(103)	(103)	(92)	(195)
<b>Transactions with owners:</b>							
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
<b>Total transactions with owners</b>	-	-	-	-	-	1,347	1,347
<b>At 30 June 2016</b>	94,441	(5,181)	1,007	12,420	102,687	(96)	102,591
<b>At 1 January 2015</b>	56,665	2,294	1,007	45,916	105,882	(744)	105,138
<b>Total comprehensive income</b>	-	-	-	1,382	1,382	(290)	1,092
<b>Transactions with owners:</b>							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	37,776	(7,180)	-	(30,596)	-	-	-
Dividend declared	-	-	-	-	-	-	-
Share issuance expense written off against share premium	-	(288)	-	-	(288)	-	(288)
<b>Total transactions with owners</b>	37,776	(7,468)	-	(30,596)	(288)	-	(288)
<b>At 30 June 2015</b>	94,441	(5,174)	1,007	16,702	106,976	(1,034)	105,942

## 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 2015.
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("NS") program will vary according to the schedule determined by the National Service program. For financial year ended 31 December 2015, the NS program was deferred, and the National Service program required a bare minimum of transportation assets operating. For the financial period under review, the first batch of trainees for the National Service program was from 31 March to 30 May.
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>	2 <sup>nd</sup> Quarter	
	2016 RM'000	2015 RM'000
Chartering of transportation assets	10,838	8,841
Small hydropower	-	-
Others	-	-
	<b>10,838</b>	<b>8,841</b>

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

<u>Operating profit/(loss)</u>	2 <sup>nd</sup> Quarter	
	2016 RM'000	2015 RM'000
Chartering of transportation assets	989	2,074
Small hydropower	(463)	(366)
Others	-	-
	<b>526</b>	<b>1,708</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  
 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 <sup>nd</sup> Quarter	
	2016	2015
Charter of vehicles	-	-



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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 higher than against that of last year, up 22.5% to RM10.8 million, as the combined revenue from the National Service Program for year 2016 and the Ministry of Defence contract to ferry school children was fully derived in the 2Q.

However, Group operating profit for Q2 was negatively affected by an escalation of costs resulting from allocating additional resources to operate the fleet of buses for the National Service Program, as the first batch of trainees commenced on end-March until end-May. Operating profit was down 69% against corresponding quarter last year, to RM0.5million.

Group profit attributable to shareholders for Q2 was also down compared corresponding period in FY2015 registering a loss of RM0.9 million for the same reasons as mentioned above.

#### Half year vs Corresponding Period last year

Group revenue decreased by slightly by 9.2% to RM20.0mil, and operating profit dropped 45% to RM2.3mil, for the first half of 2016. This is directly attributed to costs incurred due to the under utilisation of the Group's fleet of vehicles in Q1 and then the escalation in operating costs as the first batch of National Service trainees kick-in in Q2.

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

Group loss before tax for the quarter amounted to approximately RM1.0 million which was substantially higher than the preceding quarter which incurred a profit of approximately RM1.0 million, due higher costs associated with the commencement of the National Service program in Q2.

### 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 FY2016.

The National Service Program for year 2016 commenced at end March 2016, and the contract to ferry students at the army camps commenced in February 2016 (for 10 months). By the year-end FY2016, we expect Group revenue and profit attributable to shareholders to be slightly improved when compared with FY2015, and we expect service-contract revenues to underpin Gunung's prospective earnings in year 2016 and 2017. However, during FY2016 we anticipate the National Service program to be scale-down on the back of the efforts of the Government to reduce operating and development budgets/ expenditures.

In the longer term, we are excited by the successful implementation of the mini-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. Under the hydropower division, the first small-hydro plant, with an installed capacity of 14MW, is 90% complete and expected to be commissioned in December 2016.

**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 <sup>nd</sup> Quarter
Current	11	73
Deferred tax	(132)	247
	<u>(121)</u>	<u>320</u>

5. Status of corporate proposal

On 14 January 2016, the Board of Directors of GUNUNG (“**Board**”), announced that its 90% owned subsidiary, GHSB had on 13 January 2016 entered into a share sale and purchase agreement (“**SSA**”) with Conso Light Sdn Bhd (“**CLSB**” or the “**Vendor**”) for the proposed acquisition of 1,500,000 Consol Hydro RE Sdn Bhd (“**CHRE**”) Shares representing 50% of the issued and paid-up share capital in CHRE (“**Sale Shares**”) for a purchase consideration of RM2,500,000.

Gunung announced that the Proposed Acquisition was completed on 1 April 2016 (“**Completion Date**”). As such, CHRE has become a subsidiary of GHSB.

6. Group borrowings and debt securities

The details of the Group’s borrowings as at 30 June 2016 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease	RM	<u>97</u>	<u>177</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	(921)	(103)
Weighted average issued capital net of treasury shares	236,102	236,102
Earnings per share (sen)	(0.4)	0.0

- (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	(921)	(103)
Weighted average issued capital net of treasury shares	236,102	236,102
Adjustment for warrant conversion into ordinary shares	3,702	3,702
Adjusted weighted average issued capital net of treasury shares	239,804	239,804
Earnings per share (sen)	(0.4)	0.0

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

	2 <sup>nd</sup> Quarter	
	2016 RM'000	2015 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	13,566	18,047
Unrealised*	(1,146)	(1,093)
	12,420	16,954

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

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**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	626	1,231
(b) Depreciation and amortization,	1,939	3,868
(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	(495)	(495)
(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