

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 3 : Financial Year Ending 31 December 2018

The Directors are pleased to release the quarterly financial report for the three months ended 30th September 2018 being the third quarter for the financial year ending 2018.

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 31st December 2017:

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 November 2018

Schedule I : Condensed Consolidated Income Statement

For the quarter and nine months ended 30 September 2018

RM'000	Individual 3 rd Quarter			Cumulative 3 rd Quarter		
	30/9/2018	30/9/2017	% chg	30/9/2018	30/9/2017	% chg
Continuing Operations						
Revenue	4,596	10,669	(56.9)%	25,157	31,199	(19.4)%
Operating profit	(225)	(99)	>(100)%	4,892	2,228	>100%
Interest expense	(43)	(2)		(89)	(8)	
Interest income	295	258		852	740	
Administrative expenses	(2,261)	(3,076)		(6,470)	(8,102)	
Other income	2,293	15		4,828	609	
Profit before taxation (PBT)	59	(2,904)	>100%	4,013	(4,533)	>100%
Taxation	502	263		(320)	98	
Profit after taxation (PAT)	561	(2,641)	>100%	3,693	(4,435)	>100%
Attributable to :						
Equity holders of the Company	812	(2,396)	>100%	3,378	(3,893)	>100%
Non-controlling interests	(251)	(245)		315	(542)	
	561	(2,641)		3,693	(4,435)	
Basic earnings per share (sen) attributable to equity holders of the Company	0.3	(1.0)		1.4	(1.6)	
Diluted earnings per share (sen) attributable to equity holders of the Company	0.3	(1.0)		1.4	(1.6)	

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 2017.

Schedule II : Condensed Consolidated Statement of Comprehensive Income

For the quarter and nine months ended 30 September 2018

RM'000	Individual 3 rd Quarter			Cumulative 3 rd Quarter		
	30/9/2018	30/9/2017	% chg	30/9/2018	30/9/2017	% chg
Group profit after tax	561	(2,641)	>100%	3,693	(4,435)	>100%
Other comprehensive income,						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
Total comprehensive income for the financial period	561	(2,641)	>100%	3,693	(4,435)	>100%
Total comprehensive income attributable to:						
Equity holders of the Company	812	(2,396)	>100%	3,378	(3,893)	>100%
Non-controlling interests	(251)	(245)	nm	315	(542)	nm
	561	(2,641)		3,693	(4,435)	

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 2017.

Schedule III : Condensed Consolidated Statement of Financial Position

As at 30 September 2018

RM'000	30/09/2018	Audited 31/12/2017
Property, plant & equipment	24,731	25,243
Other financial assets	3,435	3,435
Goodwill on consolidation	22,036	22,036
Other receivable	3,433	1,928
Deferred Tax Assets	418	1,851
Current assets		
Trade receivables	14,341	1,052
Inventories	696	757
Tax recoverable	42	20
Other receivables	7,520	4,309
Cash and cash equivalents	39,694	49,793
	62,293	55,931
Less : Current liabilities		
Trade payables	1,296	-
Other payables	3,417	2,840
Term Loan	326	326
Finance lease and hire purchase creditors	33	38
Provision for taxation	14	-
	5,086	3,204
Net Current Assets	57,207	52,727
	111,260	107,220
Financed by:		
Share capital	94,478	94,478
Retained earnings	11,562	8,184
Other reserves	(2,799)	(2,799)
Non-controlling interests	2,089	1,774
Total Equity	105,330	101,637
Non-current liabilities		
Finance lease and hire purchase creditors	189	215
Deferred tax liabilities	1,854	2,977
Term loan	2,173	677
Other payables	1,714	1,714
	5,930	5,583
Total equity & non-current liabilities	111,260	107,220
Net assets per share (sen) attributable to equity holders of the Company	43.7	42.3

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 2017.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the year six months ended 30 September 2018

RM'000	Cumulative 3 rd Quarter	
	30/09/2018	30/09/2017
Operating activities		
Profit before taxation		
- Continuing	4,013	(4,533)
Add non-cash : Depreciation & amortisation	5,208	5,613
Gain on :		
- disposal of property, plant & equipment	(1,855)	-
- disposal of associate	(1,800)	-
Changes in working capital	(14,268)	(4,087)
Zakat paid	-	(1,398)
Net (tax paid)/ refunded	(18)	18
Net cash flows from operating activities	(8,720)	(4,387)
Investing activities		
Interest income received	852	740
Development expenditure	-	-
Purchase of property, plant and equipment	(3,685)	(2,145)
Investment in an subsidiary company	-	-
Disposal of property, plant and equipment	2,836	190
Net cash flows from investing activities	3	(1,215)
Financing activities		
Interest expenses	(89)	(8)
Repayment of finance lease	(30)	(68)
Repayment of term loan	(25)	-
Issuance of shares	-	32
Dividend paid	-	-
Proceeds from term loan (net)	1,520	-
Repayment to director	-	-
Net cash flows from financing activities	1,376	(44)
Net change in cash & cash equivalents	(10,099)	(5,646)
Cash & cash equivalents at beginning of period	49,793	51,145
Cash & cash equivalents at end of period	39,694	45,499
Comprising of :		
Cash and bank balances	39,651	45,457
Fixed deposits with financial institutions	43	42

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 2017.

Schedule V : Condensed Consolidated Statement of Changes in Equity
 For the three months ended 30 September 2018

<-----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 2017	94,478	(3,806)	1,007	8,184	99,863	1,774	101,637
Total comprehensive income	-	-	-	3,378	3,378	315	3,693
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Share issuance expense written off against share premium	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 30 September 2018	94,478	(3,806)	1,007	11,562	103,241	2,089	105,330
At 1 January 2017	94,441	(3,801)	1,007	10,819	102,466	(490)	101,976
Total comprehensive income	-	-	-	(3,893)	(3,893)	(542)	(4,435)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	37	(5)	-	-	32	-	32
Dividend declared	-	-	-	-	-	-	-
Share issuance expense written off against share premium	-	-	-	-	-	-	-
Total transactions with owners	37	(5)	-	-	32	-	32
At 30 September 2017	94,478	(3,806)	1,007	6,926	98,605	(1,032)	97,573

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 2017.

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 2017. 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 2018, we were notified that there will be four (4) batches of trainees (3 batches of trainees in FY2017). The 1st batch January-March, the 2nd batch March-May, the 3rd July-September and the 4th September-November. However, the National Service program in FY2018 was suspended in May 2018 pending a further review, and then cancelled by the Government in August 2018.

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 not been any issuance or repayment of debt and equity securities during the period under review.

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 3rd Quarter			Cumulative 3rd Quarter		
	30/09/2018	30/09/2017	% chg	30/09/2018	30/09/2017	% chg
Segmental Analysis						
<u>Revenue</u>						
Transportation assets	4,596	10,699	(56.9)%	25,157	31,199	(19.4)%
Small hydro development	-	-	0.0%	-	-	0.0%
<hr/>						
<u>Operating profit</u>						
Transportation assets	300	446	(32.7)%	6,112	3,496	74.8%
Small hydro development	(525)	(545)	3.6%	(1,220)	(1,268)	3.8%
<hr/>						
RM'000	>Current v Preceding Quarter<			>Comparative 1st Quarter<		
	30/09/2018	31/06/2018	% chg	30/09/2018	30/09/2017	% chg
<u>Total Assets</u>						
Transportation	88,486	91,128	(2.9)%	88,486	84,410	4.8%
Small hydro development	27,860	27,180	2.5%	27,860	19,516	42.8%
<u>Total Liabilities</u>						
Transportation	3,824	6,552	(41.6)%	3,824	6,142	(37.7)%
Small hydro development	7,192	6,987	2.9%	7,192	210	>100%

Current Quarter vs Corresponding Quarter last year

Group revenue for Q3 2018 declined against that of Q3 2017, down 56.9% to RM4.59 million. Whilst contract revenue from the Ministry of Defence contract to ferry school children was relatively constant, revenues from the National Service were lower due to the National Service program being suspended in May 2018 and subsequently terminated (mentioned in note 3.) in the quarter under review. Under the National Service contract, the Group had delivered 5,250 effective day-trips in the first five months of 2018, which is 71.3 % of the total annual effective day-trips to be provided. Group revenue was derived only from the transportation segment of the Group, as the small hydropower segment is currently at the development and construction phase.

In the transportation division, the Group registered an operating profit of RM0.30 mil for Q3 2018, which was lower than the RM0.45 mil operating profit in Q3 2017. Operating profit was directly affected by the suspension and termination of the National Service contract.

Operating loss for the hydropower division was slightly lower year on year registering a RM0.53 mil loss compared with a RM0.55 mil loss in Q3 2017. The loss 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.

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

It is worth noting that upon commissioning of each small hydro site, and when 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 increase in assets in the hydropower division from Q3 2017 to Q3 2018.

Liabilities continue to be well managed, and relatively low at only 9.5% of total assets in Q3 2018 from 11.4% of total assets in Q2 2018, on the back of a decrease in current liabilities in the transportation division.

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 **30/09/2018**
Capital Expenditure Commitments
Plant & Equipment (small hydro)

Contracted but not provided for in the financial statements under review : 14,050

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 3rd Quarter	
	<u>2018</u>	<u>2017</u>
Charter of vehicles to related party	Nil	292

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 30/09/2018 RM'000	Preceding Quarter 31/06/2018 RM'000	% Change
Revenue	4,596	8,520	(46.1)%
Operating profit	(225)	518	>(100)%
Profit/ (Loss) before interest and tax	102	577	(82.3)%
Profit/ (Loss) before tax	59	552	(89.3)%
Profit/ (Loss) after tax	561	614	(8.6)%
Profit/ (Loss) attributable to ordinary equity holders of parent	812	(100)	>100%

Group profit before tax for Q3 was approximately RM0.06 mil, which was 89.3% lower than the preceding quarter which generated a profit before tax of RM0.55 mil. Revenue has dropped since the suspension of the National Service Program in May 2018. The Group recognised a one-off RM1.8 mil gain on the partial disposal of an indirect associate (small hydropower) in Q2 2018 and in Q3 2018 the Group recognised a RM1.8 mil profit on sale of 32 under-utilised buses from the Groups fleet of buses.

3. Prospects for the financial year -

Early 2018, we had been notified that there will be four (4) batches of trainees (3 batches of trainees in FY2017) for the National Service Program ("NSP"). The 1st batch January-March, the 2nd batch March-May, the 3rd July-September and the 4th September-November. Upon completing the 2nd batch in May, we were informed that the NSP in 2018 had been suspended pending a review, and subsequently in August 2018 the NSP was cancelled by the Government. As such, the management is now extremely cautious on the possibility of a reactivation of the NSP which has been targeted as a way to reduce Government operational expenditures.

The NSP service-contract had underpinned the Group's contract-revenues for the previous seven consecutive years (Q1 and Q2 2018). 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. However, from the transport division, we expect Group revenue to initially drop and then experience a minimal growth. Reducing our fleet size is an option currently undertaken to generate cashflow and reduce costs associated with the underutilization of our transportation assets.

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.

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

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 completed, and has started commissioning and testing with TNB.

4. Tax expense

The details of the tax expense (*) are as follows:-

RM'000	Individual Quarter		Cumulative Quarter	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Current	(4)	-	(11)	(1)
Deferred tax	506	263	(309)	99
	<u>502</u>	<u>263</u>	<u>(320)</u>	<u>98</u>

5. Status of corporate proposal

There are currently no corporate proposals outstanding as at 30 September 2018.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 30 September 2018 are as follows:-

As at 3 rd Quarter 2018	Currency	Current	Non-Current
RM'000			
Finance lease & hire purchase payables [^]	RM	33	189
Project financing term loan [#]	RM	326	2,173
	RM	359	2,362
As at 3rd Quarter 2017			
RM'000			
Finance lease & hire purchase payables [^]	RM	45	118

[^]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 the financial institution is 7.85% pa. less a 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	812	3,378
Weighted average issued capital net of treasury shares	236,180	236,180
Earnings per share (sen)	0.34	1.43

- (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	812	3,378
Weighted average issued capital net of treasury shares	236,180	236,180
Adjustment for warrant/ESOS conversion into ordinary shares	-	-
Adjusted weighted average issued capital net of treasury shares	236,180	236,180
Earnings per share (sen)	0.34	1.43

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

	3rd Quarter	
	2018 RM'000	2017 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	12,998	8,416
Unrealised*	(1,436)	(1,490)
	11,562	6,926

* 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	<i>Individual 2nd Quarter</i>		<i>Cumulative 2nd Quarter</i>	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
(a) Interest Income	(295)	(258)	(852)	(740)
(b) Depreciation and amortization	1,729	1,867	5,208	5,613
(c) Impairment of receivables	-	-	-	-
(d) Bad debts written off	-	-	-	-
(e) Impairment of inventories	-	-	-	-
(f) Property, plant and equipment written off	-	-	-	-
(g) (Gain)/Loss on disposal of associates/subsidiaries	(1,800)	-	(1,800)	-
(h) (Gain)/Loss on disposal of property, plant and equipment	(1,822)	-	(1,855)	(70)
(i) Impairment of financial assets	-	-	-	-
(j) Foreign exchange (Gain)/loss	-	-	-	-
(k) Government subsidy/ grant received	(464)	-	(1,166)	(524)
(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.

Aged 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
30/09/2018	1,592	1,428	161	3,620	7,540	14,341
30/09/2017	4,831	416	528	-	-	5,675

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

The past due trade receivables above 90 days are collectable. Trade receivables increased in Q2 2018 on the back of the suspension and then cancellation of the National Service Program. With 97% of receivables comprising of just two (2) Government service-contracts, collection has been delayed due to effects of the Government reviewing and verifying the scope of service provided and subsequent invoices for service-contracts carried out during the previous administration. Trade receivables from the Ferrying of School children (Ministry of Defence) are current, whilst the trade receivables derived from the National Service contract are past due.

No provisions and/or write-off of trade receivables was made during the financial period under review. Our invoices have been submitted to the relevant payment system and expect to fully collect past due Government trade receivables, albeit late. Note that a total of RM2.96 million trade receivables have been subsequently collected as at mid-November 2018.

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. However, we expect an impairment on fixed assets in the event that the management decides to pare down the fleet size of its buses in the future. We anticipate an impairment of 'goodwill on consolidation' of approximately RM8.0mil for the main transportation subsidiary, GPB Corporation Sdn Bhd, in the fourth quarter of 2018, as a result the cancellation of National Service program (PLKN), in the event that no new service-contracts are secured by GPB Corporation Sdn Bhd in FY2018.