

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 4: Financial Year Ending 31 December 2016

The Directors are pleased to release the quarterly financial report for the quarter and twelve months ended 31 December 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
27 February 2017

Schedule I : Condensed Consolidated Income Statement

For the quarter and twelve months ended 31 December 2016

RM'000	Individual 4th Quarter			<i>Audited</i> Cumulative 4th Quarter		
	31/12/2016	31/12/2015	% chg	31/12/2016	31/12/2015	% chg
Continuing Operations						
Revenue	9,176	6,955	31.9%	39,662	35,628	11.3%
Operating profit	1,446	513	181.9%	5,511	4,099	34.4%
Interest expense	(40)	(6)		(47)	(123)	
Interest income	236	216		887	753	
Administrative expenses	(3,675)	(3,372)		(9,659)	(9,448)	
Other income	268	121		1,682	1,286	
Profit before taxation (PBT)	(1,765)	(2,528)	30.2%	(1,626)	(3,433)	52.6%
Taxation	(216)	44		(615)	23	
Profit after taxation (PAT)	(1,981)	(2,484)	20.2%	(2,241)	(3,410)	34.3%
Attributable to :						
Equity holders of the Company	(1,696)	(2,301)	26.3%	(1,721)	(2,797)	38.5%
Non-controlling interests	(285)	(183)	<i>nm</i>	(520)	(613)	<i>nm</i>
	(1,981)	(2,484)		(2,241)	(3,410)	
Basic earnings per share (sen) attributable to equity holders of the Company	(0.7)	(1.0)		(0.7)	(1.2)	
Diluted earnings per share (sen) attributable to equity holders of the Company	(0.7)	(1.0)		(0.7)	(1.2)	

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 twelve months ended 31 December 2016

RM'000	Individual 4 th Quarter			Cumulative 4 th Quarter		
	31/12/2016	31/12/2015	% chg	31/12/2016	31/12/2015	% chg
Group profit after tax	(1,981)	(2,484)	20.2%	(2,241)	(3,410)	34.3%
Other comprehensive income,						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
Total comprehensive income for the	(1,981)	(2,484)	20.2%	(2,241)	(3,410)	34.3%
Year						
Total comprehensive income						
attributable to:						
Equity holders of the Company	(1,696)	(2,301)	26.3%	(1,721)	(2,797)	38.5%
Non-controlling interests	(285)	(183)	<i>nm</i>	(520)	(613)	<i>nm</i>
	(1,981)	(2,484)	20.2%	(2,241)	(3,410)	34.3%

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 31 December 2016

RM'000	31/12/2016	Audited 31/12/2015
Property, plant & equipment	28,054	32,039
Other financial assets	30	30
Goodwill on consolidation	22,042	20,883
Deferred Tax Assets	2,248	2,045
Investment in Associates	200	-
Current assets		
Trade receivables	536	1,003
Inventories	634	608
Tax recoverable	22	-
Other receivables	2,090	5,505
Cash and cash equivalents	51,145	44,816
	54,427	51,932
Less : Current liabilities		
Trade payables	-	-
Other payables	643	2,179
Finance lease and hire purchase creditors	91	67
Due to shareholder	111	
Provision for taxation	17	91
	862	2,337
Net Current Assets	53,565	49,595
	106,139	104,592
Financed by:		
Share capital	94,441	94,441
Retained earnings	10,808	12,523
Other reserves	(2,782)	(4,174)
Non-controlling interests	(304)	(1,351)
Total Equity	102,163	101,439
Non-current liabilities		
Finance lease and hire purchase creditors	140	76
Deferred tax liabilities	3,836	3,077
	3,976	3,153
Total equity & non-current liabilities	106,139	104,592
Net assets per share (sen) attributable to equity holders of the Company	43.4	43.5

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 IV : Condensed Consolidated Statement of Cash Flow

For the twelve months ended 31 December 2016

RM'000	Audited	
	Cumulative 4 quarters	
	31/12/2016	31/12/2015
Operating activities		
Profit before taxation		
- Continuing	(1,398)	(3,433)
Add non-cash : Depreciation & amortisation	7,656	7,802
Add non-cash : Impairment on receivables/property, plant, and equipment	268	435
Add non-cash : Provision for ESOS expense	1,392	-
Gain on :		
- disposal of property, plant & equipment	-	-
- disposal of associate	(495)	-
Changes in working capital	1,945	13,563
Tax paid	(127)	(1,796)
Net cash flows from operating activities	9,241	16,571
Investing activities		
Interest income	887	753
Investment in subsidiary	(2,713)	-
Purchase of property, plant and equipment	(1,096)	(7,985)
Investment in associate	(200)	-
Proceeds from disposal of property, plant, and equipment	170	-
Net cash flows from investing activities	(2,952)	(7,232)
Financing activities		
Interest expenses	(47)	(123)
Repayment of finance lease	(79)	(3,293)
Issuance of shares	-	-
Proceeds from finance lease	166	-
Share issuance expenses	-	(288)
Net cash flows from financing activities	40	(3,704)
Net change in cash & cash equivalents	6,329	5,635
Cash & cash equivalents at beginning of year	44,816	39,181
Cash & cash equivalents at end of year	51,145	44,816
Comprising of :		
Cash and bank balances	51,104	41,091
Fixed deposits with financial institutions	41	3,725
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 2015.

Schedule V : Condensed Consolidated Statement of Changes in Equity
For the twelve months ended 31 December 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
At 31 December 2015	94,441	(5,181)	1,007	12,523	102,790	(1,351)	101,439
Total comprehensive income	-	-	-	(1,720)	(1,720)	(520)	(2,240)
Transactions with owners:							
Issue new ordinary shares	-	-	-	-	-	-	-
Internal group restructuring*	-	-	-	5	5	220	225
Issuance of employee share options (reserve)	-	1,392	-	-	1,392	-	1,392
Acquisition of subsidiary company (50% equity in Consol Hydro RE)	-	-	-	-	-	1,347	1,347
Total transactions with owners	-	1,392	-	5	1,397	1,567	2,964
At 31 December 2016	94,441	(3,789)	1,007	10,808	102,467	(304)	102,163
At 1 January 2015	56,665	2,294	1,007	45,916	105,882	(744)	105,138
Total comprehensive income	-	-	-	(2,797)	(2,797)	(613)	(3,410)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	37,776	(7,180)	-	(30,596)	-	-	-
Increased equity in subsidiary	-	(6)	-	-	(6)	6	-
Share issuance expense written off against share premium	-	(289)	-	-	(289)	-	(289)
Total transactions with owners	37,776	(7,475)	-	(30,596)	(295)	6	(289)
At 30 December 2015	94,441	(5,181)	1,007	12,523	102,790	(1,351)	101,439

* subscription of shares in Kundur Hydro RE Sdn Bhd (KHRE) by 90% owned Gunung Hydropower Sdn Bhd (GHSB), thereby deeming KHRE to be a subsidiary of GHSB. And de-consolidation of KHRE from 51% owned Perak Renewable Energy Corporation Sdn Bhd from a subsidiary to an associate company.

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. During the financial year under review, a total of 18,763,000 options were issued to eligible employees at an exercise price of RM0.41 per ordinary share.
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 into 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>	4 th Quarter	
	2016 RM'000	2015 RM'000
Chartering of transportation assets	9,176	6,955
Small hydropower	-	-
Others	-	-
	<u>9,176</u>	<u>6,678</u>

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

<u>Operating profit/(loss)</u>	4 th Quarter	
	2016 RM'000	2015 RM'000
Chartering of transportation assets	1,851	885
Small hydropower	(405)	(372)
Others	-	-
	1,446	513

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

Gunung Capital Berhad ("Gunung" or "the Company") announced on Bursa that Gunung Hydropower Sdn Bhd ("GHSB"), a 90% owned subsidiary of the Company, had on 30th December 2016 completed a subscription of 213,150 new ordinary shares of RM1.00 each in Kundur Hydro R E Sdn Bhd ("KHRE") for a total consideration of RM213,150. Pursuant to the above Subscription, the total issued share capital of KHRE increased from 2 ordinary shares of RM1.00 each to 435,000 ordinary shares of RM1.00 each of which 213,150 ordinary shares is held by GHSB. As a result of this Subscription, KHRE is deemed 49% owned subsidiary of GHSB, and in addition KHRE is no longer a subsidiary of 51% owned Perak Hydro Renewable Energy Corporation Sdn Bhd (with a remaining 46% equity stake in KHRE).

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 4 th Quarter	
	2016	2015
Charter of vehicles	-	-

Schedule VII : Additional Disclosures in Compliance with Main Market Listing Requirements

1. Operations review

Current Quarter vs Corresponding Quarter last year

Group revenue for Q4 was significantly higher than against that of the corresponding financial period in 2015, up 31.9% to RM9.2 million, as the combined contract revenue from the National Service Program and the Ministry of Defence contract to ferry school children was accrued in Q4.

Furthermore, Group operating profit for Q4 improved significantly due to significant cost reductions and improved fleet utilization rates during the operation of the fleet of buses for the National Service Program, and the Ministry of Defence contract. Operating profit was up 182% against corresponding quarter last year, to RM1.5 million.

Group loss attributable to shareholders for Q4 also improved when compared to a RM2.3 mil loss in the corresponding period in FY2015. In Q4 a loss of RM1.7 million was registered. The loss in Q4 was substantially as a result of a one-off RM1.39 million expense against the income statement the Company, and a provision for doubtful debts of RM0.27 million. The RM1.39 million expense incurred reflected the fair value of share options issued to employees as required by MFRS 2. During the financial year under review a total of 18,763,000 options for the company shares were issued to eligible employees at an exercise price of RM0.41 per ordinary share.

Cumulative 4th Quarter vs Corresponding Period last year

Group revenue increased by a solid 11.3% to RM39.6mil, and operating profit improved 34.4% to RM5.5mil, for the cumulative four quarters of 2016. This was directly attributed to the new contract revenues from the Ministry of Defence contract for year 2016, and the subsequent improved utilisation rates of the Group's fleet of vehicles.

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

Group loss before tax for the quarter amounted to approximately RM1.77 million which was substantially lower than that of the preceding quarter which incurred a pre-tax profit of approximately RM0.14 million. This was due to the implementation of MFRS 2, and the one-off expenses described above in the operations review.

3. Prospects for the financial year 2017

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, city buses for a public transportation service in Manjung (Perak), and ad-hoc charters will continue in FY2017.

The National Service Program for year 2017 will continue, and the new Ministry of Defence contract to ferry students at the army camps commenced in January 2017 (for 10 months per year for 3 years until end 2019). We expect Group revenue and profit attributable to shareholders to improve in FY2017 when compared with FY2016, and we expect service-contract revenues to underpin Gunung's prospective earnings in year 2017 and 2018..

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. 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 March 2017, followed by another three (3) small hydro plants to be commissioned in FY2017/2018.

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 4 th Quarter
Current	(6)	59
Deferred tax	222	556
	<u>216</u>	<u>615</u>

5. Status of corporate proposal
 There are currently no corporate proposals outstanding as at 31 December 2016.

6. Group borrowings and debt securities
 The details of the Group's borrowings as at 30 December 2016 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease & hire purchase payables	RM	<u>89</u>	<u>163</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 have been proposed by the Board of Directors for the current financial quarter under review.

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	(1,696)	(1,721)
Weighted average issued capital net of treasury shares	<u>236,102</u>	<u>236,102</u>
Earnings per share (sen)	(0.72)	(0.73)

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	(1,696)	(1,721)
Weighted average issued capital net of treasury shares	236,102	236,102
Adjustment for warrant conversion into ordinary shares	9,938	9,938
Adjusted weighted average issued capital net of treasury shares	246,040	246,040
Earnings per share (sen)	(0.69)	(0.70)

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

	4 th Quarter	
	2016 RM'000	2015 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	14,644	15,600
Unrealised*	(3,836)	(3,077)
	10,808	12,523

* In respect of deferred tax recognized 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:

	Current Quarter RM'000	Current YTD RM'000
(a) Other income (interest income)	236	887
(b) Depreciation and amortization,	1,879	7,656
(c) Provision for doubtful debts	268	268
(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)
(h) (Gain)/Loss on disposal of assets	(2)	(2)
(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

