



**Interim Financial Statements
for the period ending 31 March 2011**

GUNUNG CAPITAL BERHAD (Company no. 330171-P)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31ST
MARCH 2011

	As at 31.03.2011 (UNAUDITED) RM'000	As at 31.12.2010 (AUDITED) RM'000
Non-current assets		
Property, plant & equipment	102,960	96,813
Investment property	4,171	4,170
Other investments	278	278
Goodwill	12,450	12,450
Total Non-current assets	119,859	113,711
Current Assets		
Inventories	980	986
Trade receivables	6,621	19,546
Tax Recoverable	862	640
Other receivables, deposits & prepayments	7,225	6,790
Short term investments	3,332	3,307
Fixed Deposit with license bank	3,248	6,310
Cash and bank balances	6,975	3,495
Total current assets	29,243	41,074
TOTAL ASSETS	149,102	154,785
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	40,332	40,283
Share premium reserve	100	100
Warrants reserve	1,007	1,007
Retained earnings	3,164	1,515
Total attributable to equity holders	44,603	42,905
Non-controlling interest	8,487	7,305
Total equity	53,090	50,210
Non-current liabilities		
Finance lease	49,017	52,396
Shareholder Advance	6,048	6,048
Deferred tax liabilities	1,821	2,126
Total non current liabilities	56,886	60,570
Current liabilities		
Trade payables	3,765	4,766
Other payables and accruals	11,717	10,335
Performance bond received	5,055	4,720
Provision for taxation	1,535	578
Deposit Received	938	938
Finance lease	16,116	15,529
Bank overdraft	-	355
Banker acceptance	-	6,784
Total current liabilities	39,126	44,005
Total liabilities	96,012	104,575
TOTAL EQUITY AND LIABILITIES	149,102	154,785
Net Assets per Ordinary Share of RM0.40 each (RM)	0.442	0.426

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE THREE MONTHS
PERIOD ENDED 31ST MARCH 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2011	Preceding Year Corresponding Quarter 31/03/2010	Current Year To-Date 31/03/2011	Preceding Year Corresponding Period 31/03/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	18,863	14,585	18,863	14,585
Other income	661	8	661	8
Profit/(loss) from Operations	4,884	160	4,884	160
Finance Cost	(1,293)	(72)	(1,293)	(72)
Profit/(loss) before income tax	3,591	88	3,591	88
Income tax	(760)	(0)	(760)	(0)
Profit/(loss) for the period	2,831	88	2,831	88
Profit attributable to:				
Equity holders of the Company	1,649	88	1,649	88
Non-controlling interest	1,182	0	1,182	0
	2,831	88	2,831	88
Earnings per share (sen)				
- Basic	1.64	0.17	1.64	0.17
- Diluted	1.48	N/A	1.48	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2010)

GUNUNG CAPITAL BERHAD (Company no. 330171-P)
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS PERIOD ENDED 31ST MARCH 2011**

	Current Year 31.03.2011	Preceding Year 31.12.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	3,591	5,269
Adjustments for non-cash flow:		
Amortisation and depreciation	4,424	6,055
Gain on disposal of investment	-	(1,367)
Interest expense	1,293	2,642
Interest income	(25)	(38)
Net fair value gain on held for trading financial assets	(25)	(90)
Operating profit before working capital changes	<u>9,258</u>	<u>12,471</u>
Changes in working capital:		
Net change in current assets	12,520	6,176
Net change in current liabilities	714	(766)
Cash generated from/ (used in) operations	<u>22,492</u>	<u>17,881</u>
Interest paid	(1,293)	(2,642)
Tax paid	(328)	(662)
Net cash generated from/ (used in) Operating Activities	<u>20,871</u>	<u>14,577</u>
Cash Flows from Investing Activities		
Acquisition of subsidiary net of cash acquired		(12,663)
Interest received	25	38
Minority interest	-	25
Proceeds from disposal of investment	-	1,467
Purchase of property, plant and equipment	(10,571)	(10,056)
Net cash generated from / (used in) Investing Activities	<u>(10,546)</u>	<u>(21,189)</u>
Cash Flow from financing activities		
Issuance of shares	49	21,148
Net proceeds from / (repayment of) banker's acceptances	(6,784)	598
Investment	(25)	-
Repayment of finance lease	(2,793)	(6,036)
Net cash generated from / (used in) Financing Activities	<u>(9,553)</u>	<u>15,710</u>
Net increase/(decrease) in cash and cash equivalents	772	9,098
Cash and cash equivalents brought forward	<u>9,451</u>	<u>353</u>
Cash and cash equivalents carried forward	<u>10,223</u>	<u>9,451</u>

Cash and cash equivalents at the end of financial period comprise the following:

	Current Year 31.03.2011	Preceding Year 31.12.2010
	RM'000	RM'000
Cash and bank balances	6,543	3,496
Fixed deposit with a licensed bank	3,248	6,310
Bank overdrafts	432	(355)
	<u>10,223</u>	<u>9,451</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 st December 2010)

GUNUNG CAPITAL BERHAD (Company no. 330171-P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
THREE MONTHS PERIOD ENDED 31ST MARCH 2011

	Share Capital	Share Premium	Warrant Reserve	Retained Earnings	Total	Non controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1st January 2011	40,283	100	1,007	1,515	42,905	7,305	50,210
Conversion of Warrants to Shares	49				49		49
Total comprehensive income	-	-		1,649	1,649	1,182	2,831
Balance as at 31st March 2011	<u>40,332</u>	<u>100</u>	<u>1,007</u>	<u>3,164</u>	<u>44,603</u>	<u>8,487</u>	<u>53,090</u>
	Share Capital	Share Premium	Warrant Reserve	Accumulated Losses/ Retained Earnings	Total	Non controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1st January 2009	50,354	100		(30,629)	19,825		19,825
Total comprehensive income	-	-		(68)	(68)		(68)
Balance as at 31st December 2009	<u>50,354</u>	<u>100</u>	<u>-</u>	<u>(30,697)</u>	<u>19,757</u>	<u>-</u>	<u>19,757</u>
Reduction in share capital	(30,212)			30,212	-	-	-
Issue of shares during the year	20,141		1,007		21,148		21,148
Acquisition of subsidiary company	-	-	-	-	-	5,031	5,031
Total comprehensive income				2,000	2,000	2,274	4,274
Balance as at 31 December 2010	<u>40,283</u>	<u>100</u>	<u>1,007</u>	<u>1,515</u>	<u>42,905</u>	<u>7,305</u>	<u>50,210</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2010)

GUNUNG CAPITAL BERHAD (Company no. 330171-P)

**INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2011**

PART A – Explanatory Notes pursuant to FRS 134

A1. Accounting Policies

This interim report is unaudited and has been prepared in accordance with the Financial Reporting Standard (FRS) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Bhd (“BMSB”) and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2010.

The accounting policies and methods of computation adopted in the condensed financial statement are consistent with those adopted for the annual financial statement for the year ended 31 December 2010.

A2. Change in Accounting Policies

The significant accounting policies and methods of computation adopted by the group in this interim financial report are consistent with those of the audited financial statement for the year ended 31 December 2010.

A3. Seasonal or Cyclical Factors

The Group’s operations are generally not affected by seasonal or cyclical factors.

A4. Unusual items affecting Financial Statement

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the group during the current financial quarter.

A5. Change in Accounting Estimates

There were no changes in estimates that have a material affect on the current quarter results.

A6. Debts and Equity Securities

There were no issuance, cancellations, repurchases, resale nor repayment of equity securities or debt securities, share buy back during the financial quarter except for the conversion of 121,900 units of Warrant A to Ordinary Shares amounting to RM 48,760.

A7. Dividend Paid / Declared.

The Board of Directors is pleased to declare a first interim single-tier dividend of 1 sen per ordinary share of RM0.40 each in respect of the financial year ending 31 December 2011.

A8. Segmental Information

Segment information is presented in respect of the Group's business segment

The Group Cumulative 12 months	Investment Holding	Charter of Land-based Transportation Assets	Dormant	Others	Elimination	Consolidated
RM'000						
Revenue						
External Sales	11	18,863	-	650	-	19,524
Inter-Segment	1,109				(1,109)	-
	1,120	18,863	-	650	(1,109)	19,524
Results	1,014	4,236	(3)	647	(1,010)	4,884
Finance						(1,293)
PBT						3,591
Tax Expenses						(760)
Net Profit						2,831

A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the latest annual audited financial statements.

A10. Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the end of the current quarter ended 31 March 2011 that have not been reflected in the interim financial statements.

A11. Changes in the Composition of the Group

There is no other change in the composition of the group.

A12. Changes in Contingent Liabilities

There were no changes in the contingent liabilities since 31 March 2011.

A13. Capital Commitments

The group does not have any capital commitments which are not provided for in the interim financial statements as at 31 March 2011.

A15. Unrealized Profits.

An unrealized profit of RM 25,093 has been included into other income of RM 650,000.

**PART B – Explanatory notes pursuant to appendix 9B of the listing requirements of
Bursa Malaysia Securities Berhad**

B1. Review of the performance of the company and its principal subsidiaries

	3 months ended			YTD		
	1Q11	1Q10	Variance	2011	2010	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	19,524	14,593	33.7	19,524	14,593	33.7
PBT	3,591	88	398	3,591	88	398
PAT	2,841	88	313	2,841	88	313

For the quarter ended 31st March 2011, the group posted revenue of RM 19,542 million and the pre-tax profit of RM 3,591 million.

The group's year to date turnover was RM 19,524 million as compared to RM 14,593 million last year. As of year to date the recorded pre-tax profit was RM 3.591 million as compared to a pre-tax profit of RM 88,000 last year.

The major portion of the revenue and contribution from the corresponding period last year was from trading of latex concentrate whereas the revenue and contribution this year was mainly from chartering land-based transportation assets. The group has ceased trading in latex concentrate effective 1 January 2011 due to the high cost and low margin achieved from this segment.

B2. Material Changes in the Quarter Results

The total revenue for this quarter decreased to RM 19,524 million compared to the preceding quarter of RM 23.289 million due to cessation of trading of latex concentrate. The recorded profit before tax was RM 3.591 million for this quarter compared to a profit of RM 616 K in the preceding quarter, an improvement of 483%

B3. Commentary on Prospect

Earnings will continue to be driven by 51%-owned subsidiary, GPB Corporation Sdn Bhd (GPB) with its revenue derived from the ongoing Ministry of Defence (MOD) contract to provide transportation services to the National Service Program. In addition, with three (3) new National Service centres commencing in May 2011, the requirement for an additional fifteen (15) coaches under this contract (bringing the total to 413 coaches) will boost monthly revenues by approximately RM255,000. Group earnings are expected to be further improved from the second quarter of FY2011, with the commencement of contracts to provide a mobile clinic service in Segamat, State of Johor, and provision of a public transportation service in Manjung, State of Perak. Furthermore, with the commencement of a contract to lease a fleet of vehicles by 100%-owned Gunung Resources Sdn Bhd in January 2011, we expect this positive contribution to Group earnings from this division to continue for the next 33-months.

Upon the completion of the recently announced proposals to acquire the remaining 49% equity stake in GPB, outlined in Note B.8., GPB will become a 100%-owned subsidiary. Upon completion of the proposals we expect an immediate positive impact on earnings at the Group level, with the consolidation of the entire earnings of GPB.

B4. Profit Forecast / Profit Guarantee

The Group has not issued any profit forecast or profit guarantee.

B5. Tax Expense

	Current Qtr 31.03.2011 RM'000	YTD 31.03.2011 RM'000
Provision for taxation based on current year results		
Income Tax	(1,065)	(1,065)
Deferred Tax	<u>305</u>	<u>305</u>
	<u>(760)</u>	<u>(760)</u>

The effective tax rate of the group is lower than the statutory income tax rate due to utilization of capital allowances in the current quarter under review.

B6. Profit / (loss) on the sale of unquoted investment and/or properties

There were disposal of unquoted investments during the quarter under review.

B7. Quoted Securities

There was no sale of quoted investment for the current financial quarter.

B8. Status of Corporate Proposals Announced

The group announced the following proposals:-

- I. 8 April 2011 - Proposed conditional cash acquisition of 490,000 ordinary shares representing 9.8 % equity interest in GPB Corporation Sdn. Bhd for RM 3,185,000.
- II. 20 April 2011 – Proposed conditional cash acquisition of 1,960,000 ordinary shares representing 39.2% equity interest in GPB Corporation Sdn Bhd for RM 12,741,000.

The group already holds 51% equity interest in GPB Corporation Sdn Bhd and with the successful completion of the above proposals, GPB Corporation Sdn Bhd would be a 100% subsidiary.

B9. Borrowings and Debts Securities

The group's borrowing as at 31 March 2011, all of which were dominated in Ringgit Malaysia is as follows:

RM'000	Short term	Long term	Total
HP Creditor	16,116	49,017	65,133
	16,116	49,017	65,133

Bank borrowings are secured by the following:-

- Corporate guarantee of the company;
- Specific charge over buses; and
- Director's guarantee at a newly acquired subsidiary company.

B10. Off Balance Sheet Financial Instruments

There is no off balance sheet financial instruments.

B11. Material Litigation

Save as disclosed below, the group is not involved in any other material litigation.

Seal Polymer Industries Berhad (“Plaintiff”) vs. Gunung Resources Sdn Bhd (“Defendant”)

- (i) Gunung Resources Sdn Bhd (“GRSB”), a wholly owned subsidiary of the company, was served with a summons and statement of claim on 19 September 2006 by Seal Polymer Industries Berhad (“Plaintiff) for allegedly failing to refund a sum of deposits of RM928,000.00 paid by the Plaintiff to GRSB together with the interest pursuant to the Sales

& Purchases Agreement dated 17 August 2004 for an intended purchase of one of GRSB's leasehold property that has lapsed.

On 25 October 2007, the High Court in Taiping allowed the Plaintiff's application for summary judgement for the refund of the 10% deposit paid by the Plaintiff to the Defendant together with interest/damages/costs. The company's solicitors had filed an appeal to the Court Of Appeal against the decision and application for stay of execution of the summary judgement on grounds that there appears to have many triable issues.

GRSB had on 16 November 2007 received a notice pursuant to Section 218 of the Companies Act, 1965 ("the notice") from the Plaintiff's solicitors. The company's solicitors had obtain an interim stay of execution of the Court Order dated 25 October 2007 given against GRSB as ordered by the Judge in the Taiping High Court on 6 December 2007 until the hearing of the stay of execution application which was fixed on 21 January 2008.

On 21 January 2008, the company's solicitors have obtained a stay of all proceeding or execution by the Plaintiff against GRSB on the summary judgment dated 25 October 2007 until the decision of GRSB's appeal at the Court of appeal. GRSB has instructed its solicitors to apply to court to strike out the Notice for abuse of process as it is highly improper, irregular, void of merits and oppressive in nature and seek damages and losses suffered by GRSB from the Plaintiff in relation to the issuance of the Notice.

On 23 June 2008, the Plaintiff has applied to the High Court Judge for the order for stay of Execution granted on 21 January 2008 to be set aside. On 11 December 2008 GRSB's application for stay of execution against summary judgement order dated 25 October 2007 was dismissed by the High Court Judge. As the appeal in the Court of Appeal is still pending, GRSB has instructed its solicitors to apply to the Court of Appeal for stay of execution by way of Notice of Motion. On 21 January 2009, the Court of Appeal has ordered that any winding-up proceeding by the Plaintiff pursuant to the Taiping High Court Order dated 25/10/2007 will be stayed with immediate effect until the disposal of the Appeal before the Court of Appeal.

The Honorable Court of Appeal has also ordered that sum of RM 928,000.00 to be deposited into a joint account with the Respondents' solicitors until the outcome of the Appeal before the Court of Appeal.

On 14 October 2009 the Honorable Court of Appeal has set aside the Summary Judgment entered by the High Court of Taiping and instructed for the case to be reverted to the High Court of Taiping for full hearing and ordered that the deposits of RM 928,000.00 to be refunded to GRSB.

The full hearing is scheduled for 24th and 25th February 2011 at the Taiping High Court.

On 28 April 2011, the Taiping High Court ruled in favour of GRSB wherein GRSB was entitled to forfeit the deposit of RM 928,000 and the Honorable Judicial Commissioner also awarded costs. The lawyers for the GRSB are in the process of extracting the written judgment.

B12. Dividend

The Board of Directors is pleased to declare a first interim single-tier dividend of 1 sen per ordinary share of RM0.40 each in respect of the financial year ending 31 December 2011.

B13. Earning Per Share

Basic earning Per share is calculated by dividing the net profit for the period by the weighted average number of ordinary share in issue during the period.

	Quarter ended 31.03.2011 RM'000	YTD 31.03.2011 RM'000
Net profit/ (loss) attributable to equity holders of the parent	1,649	1,649
Weighted average no. of ordinary shares in issue	100,793	100,793
Basic earnings per share (sen)	1.64	1.64
Diluted earnings per share (sen)	1.46	1.46