

GUNUNG CAPITAL BERHAD (Company no. 330171-P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Current Year 6 months as at 30.06.2011	Audited as at 31.12.2010
	RM'000	RM'000
Non-current assets		
Property, plant & equipment	101,841	96,813
Investment property	4,171	4,170
Financial assets	278	278
Goodwill	12,450	12,450
Total Non-current assets	118,740	113,711
Current Assets		
Inventories	993	986
Trade receivables	9,905	19,546
Tax recoverable	1,194	640
Other receivables, deposits & prepayments	8,227	6,790
Other financial assets	3,426	3,307
Fixed deposits with license bank	3,594	6,310
Cash and bank balances	4,260	3,495
Total current assets	31,599	41,074
TOTAL ASSETS	150,339	154,785
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	40,369	40,283
Share premium reserve	100	100
Warrants reserve	1,007	1,007
Retained earnings	4,997	1,515
Total attributable to equity holders	46,473	42,905
Minority interest	9,382	7,305
Total equity	55,855	50,210
Non-current liabilities		
Finance lease payable	44,808	52,396
Shareholder advance	6,048	6,048
Deferred tax liabilities	2,449	2,126
Total non current liabilities	53,305	60,570
Current liabilities		
Trade payables	4,244	4,766
Other payables and accruals	18,926	15,055
Tax liabilities	1,598	578
Deposit received	-	938
Finance lease payable	16,411	15,529
Bank borrowings	-	7,139
Total current liabilities	41,179	44,005
Total liabilities	94,484	104,575
TOTAL EQUITY AND LIABILITIES	150,339	154,785
 Net assets per ordinary share of RM0.40 each (RM)	 0.460	 0.426

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

GUNUNG CAPITAL BERHAD (Company no. 330171-P)

(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2011	Preceding Year Corresponding Quarter 30/06/2010	Current Year To-Date 30/06/2011	Preceding Year Corresponding Period 30/06/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	18,249	16,063	37,117	30,648
- Cost of sales	(11,446)	(15,613)	(24,616)	(29,775)
Gross Profit	6,803	450	12,501	873
- Other income	965	9	1,596	17
- Administrative expenses	(1,477)	(313)	(2,947)	(584)
- Finance Costs	(1,219)	(83)	(2,512)	(155)
Profit from Operations	5,072	63	8,638	151
- Net gain/(loss) on financial assets and liabilities held for trading	95	-	120	-
Profit before income tax	5,167	63	8,758	151
- Income tax expenses	(940)	-	(1,700)	-
Profit for the period	4,227	63	7,058	151
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,227	63	7,058	151
Comprehensive income for the period attributable to:				
Equity holders of the Company	2,842	63	4,491	151
Minority interest	1,385	0	2,567	0
	4,227	63	7,058	151
Earnings per share (sen)				
- Basic	2.82	0.12	4.46	0.30
- Diluted	2.40	N/A	3.79	N/A
Dividend per share (sen)				
- Cumulative (paid)	1.00	N/A	1.00	N/A
Gross interest income (RM '000)	25	-	50	-
Gross interest expense (RM '000)	(1,219)	(83)	(2,512)	(155)

(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)
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011**

	Current Year 6 months ended 30.06.2011	Corresp. Period 6 months ended 30.06.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	8,758	151
Adjustments for non-cash flow:		
Amortisation and depreciation	8,933	152
Interest expense	2,512	155
Interest income	(34)	-
Net fair value gain on held for trading financial assets	(95)	-
Operating profit before working capital changes	20,075	458
Changes in working capital:		
Net change in current assets	8,077	(3,089)
Net change in current liabilities	2,411	(253)
Cash generated from/ (used in) after working capital changes	30,563	(2,884)
Interest paid	(2,512)	(155)
Tax paid	(912)	-
Net cash generated from/ (used in) Operating Activities	27,139	(3,039)
Cash Flows from Investing Activities		
Interest received	34	-
Bank borrowings	-	2,571
Purchase of property, plant and equipment	(13,961)	-
Net cash generated from / (used in) Investing Activities	(13,927)	2,571
Cash Flow from financing activities		
Issuance of shares	86	-
Dividends paid	(1,499)	-
Net proceeds from / (repayment of) banker's acceptances	(6,784)	-
Other financial assets	95	-
Repayment of finance lease	(6,706)	-
Net cash generated from / (used in) Financing Activities	(14,808)	-
Net increase/(decrease) in cash and cash equivalents	(1,597)	(468)
Cash and cash equivalents brought forward	9,451	153
Cash and cash equivalents carried forward	7,854	(315)
Cash and cash equivalents at the end of financial period comprise the following:		
	RM'000	RM'000
Cash and bank balances	4,260	32
Fixed deposit with a licensed bank	3,594	-
Bank overdraft	-	(347)
	7,854	(315)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying notes attached to the interim financial statements.)

GUNUNG CAPITAL BERHAD (Company no. 330171-P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
SIX MONTHS PERIOD ENDED 30 JUNE 2011**

	<<<<<Non-distributable reserves>>>>>			<<Distributable>>	Equity	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Retained Earnings RM'000	attributable to holders of the Company RM'000		
Balance as at 1 January 2011	40,283	100	1,007	1,515	42,905	7,305	50,210
Conversion of Warrants to Shares	86				86		86
Total comprehensive income	-	-	-	4,491	4,491	2,567	7,058
Dividend Paid				(1,009)	(1,009)	(490)	(1,499)
Balance as at 30 June 2011	<u>40,369</u>	<u>100</u>	<u>1,007</u>	<u>4,997</u>	<u>46,473</u>	<u>9,382</u>	<u>55,855</u>

GUNUNG CAPITAL BERHAD (Company no. 330171-P)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

PART A – Explanatory Notes pursuant to FRS 134

A1. Accounting Policies

This interim financial report is unaudited and is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Financial Reporting Standards (FRS) No. 134 – Interim Financial Reporting and other FRS issued by the Malaysian Accounting Standards Board 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 effect 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 92,914 units of Warrant A to Ordinary Shares amounting to RM 37,166.

For the six months YTD June 2011: there was conversion of 214,814 units of Warrant A to Ordinary Shares amounting to RM 85,926.

A7. Dividend Paid / Declared.

The Group paid an interim dividend of 1 sen per ordinary share during the quarter under review. The amount paid to shareholders was RM 1,009,228.

The Board of Directors is pleased to declare a second 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 6 months	Investment Holding	Charter of Land-based Transportation Assets	Dormant	Others	Elimination	Consolidated
RM'000						
Revenue						
External Sales	11	37,102	-	1,721	-	38,834
Inter-Segment	2,295				(2,295)	-
Net Revenue	2,306	37,102	-	1,721	(2,295)	38,834
Results	2,042	9,648	(5)	1,703	(2,118)	11,270
Finance						(2,512)
PBT						8,758
Tax Expenses						(1,700)
Comprehensive Income						7,058

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 materials events subsequent to the end of the current quarter ended 30 June 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 except that on 1st July 2011 the Company increased its equity in GPB Corporation Sdn Bhd from 51% to 60.8%.

A12. Changes in Contingent Liabilities

There were no changes in the contingent liabilities since 30 June 2011.

A13. Capital Commitments

The group does not have any capital commitments which are not provided for in the interim financial statements as at 30 June 2011.

A14. Unrealized Profits.

An unrealized profit of RM 94,565 has been included into comprehensive income for the financial quarter under review.

**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		
	2Q11	2Q10	Variance	2011	2010	Variance
	RM'000	RM'000		RM'000	RM'000	
Revenue	18,249	16,063	13.6%	37,117	30,648	21.1%
Other income	965	9	10,622%	1,596	17	9,288%
Gain on financial assets	95	-	N/A	120	-	N/A
PBT	5,167	63	8,102%	8,758	151	5,700%
Comprehensive income	4,227	63	6,610%	7,058	151	4,574%

For the quarter ended 30 June 2011, the group posted revenue of RM 18.249 million and a pre-tax profit of RM 5.167 million.

The group's year to date turnover was RM 37.117 million as compared to RM 30,648 million last year. As of year to date the recorded pre-tax profit was RM 8.758 million as compared to RM 151,000 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 passenger transportation assets. The group has ceased trading in latex concentrate effective 1 January 2011 due to the high cost and low margin derived from this segment.

B2. Material Changes in the Quarter Results

The total revenue for this quarter decreased marginally to RM 18.249 million compared to the preceding quarter of RM 18.868 million. However, the recorded profit before tax was RM 5.167 million for this quarter compared to RM 3.591 in the preceding quarter.

B3. Commentary on Prospects

Earnings are solidly underscored by subsidiary, GPB Corporation Sdn Bhd's (GPB) ongoing Ministry of Defence (MOD) contract to charter land-based passenger transportation assets/services to the National Service Program. As at 1 July 2011, GPB is a 60.8% owned subsidiary (from a 51%-owned subsidiary previously), which will effectively boost the prospective consolidated earnings of the Group, commencing from the third financial quarter ending 30 September 2011. In addition with a continual earnings contribution from the provision of a mobile clinic service in Segamat, State of Johor, and a full quarter contribution to earnings from the provision of a public transportation service in Manjung, State of Perak, in the third financial quarter ending 30 September 2011, we are expecting the second half of the financial year to improve further. The leasing of a fleet of vehicles by 100%-owned Gunung Resources Sdn Bhd is now well underway, and we expect this positive contribution to Group earnings to continue for the next 30-months as provided in the lease agreement.

Upon the completion of the recently announced proposal to acquire the remaining 39.2% equity stake in GPB, GPB will become a 100%-owned subsidiary. Upon completion of this proposal, which is expected in the second half of the financial year, we will immediately see a positive impact on earnings at the Group level, with the consolidation of the entire earnings of GPB.

Chartering out land-based transportation assets, together with drivers, fuel, maintenance & repair costs, insurance costs and other operational costs, at a fixed monthly charter cost has allowed our existing customers to effectively manage their budgets (and reduce operational costs). Our management is now aggressively exploring the options to expand this type of innovative service to other Government agencies (and large Private Corporations) with substantial fleets of vehicles, and more interestingly, specialty vehicles.

B4. Profit Forecast / Profit Guarantee

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

B5. Tax Expense

	Current Qtr 30.06.2011 RM'000	YTD 30.06.2011 RM'000
Provision for taxation based on current year results		
Income Tax	(313)	(1,377)
Deferred Tax	<u>(627)</u>	<u>(323)</u>
	<u>(940)</u>	<u>(1,700)</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 financial assets and/or properties

There was no disposal of unquoted financial assets or properties during the quarter under review.

B7. Quoted Financial Assets

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

B8. Status of Corporate Proposals Announced

The group announced the following proposals:-

- I. 4 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. This proposal was completed on 1 July 2011.
- 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 for cash. The Company is currently in the process of seeking shareholders' approval for this transaction pursuant to the transaction being deemed a related party transaction.

As at 30 June 2011, the Company held 51% equity interest in GPB Corporation Sdn Bhd and with the successful completion of proposal I above on 1 July 2011.

The Company now holds 60.8% equity interest in GPB Corporation Sdn Bhd. When Proposal II is completed, the Company will hold 100% equity interest in GPB Corporation Sdn Bhd.

B9. Borrowings and Debts Securities

The group's borrowing as at 30 June 2011, all of which were dominated in Ringgit Malaysia is as follows:

RM'000	Short term	Long term	Total
HP Creditor	16,411	44,808	61,219
	16,411	44,808	61,219

Bank borrowings are secured by the following:-

- Corporate guarantee of the company;
- Specific charge over buses;
- Director's guarantee ; and
- Deed of assignment over nominated contract proceeds

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 RM 928,000.00 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 GRSB are in the process of extracting the written judgment.

A Notice of Appeal has been filed by Seal Polymer Industries Berhad on 11 May 2011, but a date has not been set for the hearing of their appeal. Meanwhile the directors have decided to recognize the deposit of RM 940,480 as other income in this quarter in view of the directors' opinion that the likelihood of the Plaintiff's successful appeal is remote.

B12. Dividend

The Board of Directors is pleased to declare a second 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 earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary share in issue during the period.

	Quarter ended 30.06.2011 RM'000	YTD 30.06.2011 RM'000
Net profit attributable to equity holders of the parent	2,842	4,492
Weighted average number of ordinary shares in issue	100,878	100,800
Basic earnings per share (sen)	2.82	4.46
Diluted earnings per share (sen)	2.40	3.79

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