

GUNUNG CAPITAL BERHAD (Company no. 330171-P)

(Incorporated in Malaysia)

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

	Current Year 9 months as at 30.09.2011	Audited as at 31.12.2010
	RM'000	RM'000
Non-current assets		
Property, plant & equipment	98,242	96,813
Investment property	4,171	4,171
Financial assets	278	278
Goodwill	12,450	12,450
Total Non-current assets	<u>115,141</u>	<u>113,712</u>
Current Assets		
Inventories	982	986
Trade receivables	7,630	19,546
Tax recoverable	1,732	640
Other receivables, deposits & prepayments	9,273	6,790
Other financial assets	-	3,307
Fixed deposits with licensed bank	3,409	6,310
Cash and bank balances	6,325	3,495
Total current assets	<u>29,351</u>	<u>41,074</u>
TOTAL ASSETS	<u>144,493</u>	<u>154,786</u>
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	40,379	40,283
Share premium reserve	100	100
Warrants reserve	1,007	1,007
Other reserve	(1,310)	
Retained earnings	6,118	1,515
Total attributable to equity holders	<u>46,294</u>	<u>42,905</u>
Non-controlling interest	7,642	7,305
Total equity	<u>53,936</u>	<u>50,210</u>
Non-current liabilities		
Finance lease payable	41,124	52,396
Shareholder Advance	6,048	6,048
Deferred tax liabilities	2,270	2,126
Total non current liabilities	<u>49,442</u>	<u>60,570</u>
Current liabilities		
Trade payables	1,923	4,766
Other payables and accruals	19,167	15,055
Provision for dividend	1,009	-
Tax liabilities	2,278	578
Deposit received	-	938
Finance lease payable	16,738	15,529
Bank borrowings	-	7,139
Total current liabilities	<u>41,115</u>	<u>44,005</u>
Total liabilities	<u>90,557</u>	<u>104,575</u>
TOTAL EQUITY AND LIABILITIES	<u>144,493</u>	<u>154,785</u>

GUNUNG CAPITAL BERHAD (Company no. 330171-P)

(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2011	Preceding Year Corresponding Quarter 30/09/2010	Current Year To-Date 30/09/2011	Preceding Year Corresponding Period 30/09/2010
	RM'000	RM'000	RM'000	RM'000
Revenue - Continuing operations	18,100	20,388	55,217	20,388
- Cost of sales	(11,989)	(13,498)	(36,605)	(13,498)
Gross Profit	6,111	6,890	18,612	6,890
- Other income	155	54	1,751	70
- Administrative expenses	(1,630)	(1,078)	(4,577)	(1,359)
- Finance Costs	(1,143)	(787)	(3,655)	(787)
Profit from Operations	3,493	5,079	12,131	4,814
- Net Fair value gain/(loss) on financial assets and liabilities held for trading	(120)	-	-	-
Profit before income tax	3,373	5,079	12,131	4,814
- Income tax expenses	(814)	(1,449)	(2,514)	(1,449)
Profit from continuing operations	2,559	3,630	9,617	3,365
Discontinued Operations				
Profit from discontinued operations	-	272	-	688
Total comprehensive income for the period	2,559	3,902	9,617	4,053
Comprehensive income for the period attributable to:				
Equity holders of the Company	2,130	1,926	6,621	2,077
Minority interest	429	1,976	2,996	1,976
	2,559	3,902	9,617	4,053
Earnings per share (sen)				
- Basic	2.11	7.75	6.57	8.05
- Diluted	1.90	N/A	5.92	N/A
Dividend per share (sen)				
- Single tier (declared)	1.00	N/A	3.00	N/A
- Cumulative (paid)	1.00	N/A	2.00	N/A
Gross interest income (RM '000)	35	-	90	-
Gross interest expense (RM '000)	(1,143)	(787)	(3,655)	(787)

(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)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

	Current Year 9 months ended 30.09.2011	Preceding Year 9 months ended 30.09.2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	12,131	5,502
Adjustments for non-cash flow:		
Amortisation and depreciation	13,426	2,898
Gain on disposal of asset / investment	(96)	-
Interest expense	3,655	942
Interest income	(90)	(58)
Operating profit before working capital changes	29,026	9,284
Changes in working capital:		
Net change in current assets	8,765	(6,036)
Net change in current liabilities	330	4,740
Cash generated from/ (used in) operations	38,121	7,988
Interest paid	(3,655)	(942)
Tax paid	(1,092)	(429)
Net cash generated from/ (used in) Operating Activities	33,374	6,617
Cash Flows from Investing Activities		
Acquisition of subsidiary net of cash acquired	(3,087)	(12,663)
Interest received	90	58
Proceeds from disposal of investment	3,426	-
Purchase of property, plant and equipment	(14,878)	(14,442)
Net cash generated from / (used in) Investing Activities	(14,449)	(27,047)
Cash Flow from financing activities		
Issuance of shares	96	-
Dividends paid	(1,891)	-
Short term loan	-	17,000
Net proceeds from / (repayment of) banker's acceptances	(6,784)	1,631
Net funding / (Repayment) of finance lease	(10,063)	8,306
Net cash generated from / (used in) Financing Activities	(18,642)	26,937
Net increase/(decrease) in cash and cash equivalents	283	6,507
Cash and cash equivalents brought forward	9,451	353
Cash and cash equivalents carried forward	9,734	6,860
Cash and cash equivalents at the end of financial period comprise the following:		
	RM'000	RM'000
Cash and bank balances	6,325	6,860
Fixed deposit with a licensed bank	3,409	-
	9,734	6,860

(The Condensed Consolidated Statement of Cash Flows 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 30 SEPTEMBER 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 25,000 units of Warrant A to Ordinary Shares amounting to RM 10,000.

For the nine months YTD September 2011, there was conversion of 239,814 units of Warrant A to Ordinary Shares amounting to RM 95,926.

A7. Dividend Paid / Declared.

During the quarter under review, 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 was declared. There was no payment of dividend during the quarter under review.

The Board of Directors is pleased to declare a third 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 9 months RM'000	Investment Holding	Charter of Land- based Transport ation Assets	Rental	Dormant	Others	Elimination	Consolidated
Revenue							
External Sales	11	55,192	25	-	1,740	-	56,968
Inter-Segment	3,482					(3,482)	-
Net Revenue	3,493	55,192	25	-	1,740	(3,482)	56,968
Results	2,920	14,349	9	(6)	1,740	(3,226)	15,786
Finance							(3,655)
PBT							12,131
Tax Expenses							(2,514)
Comprehensive Income							9,617

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 September 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 the 9th of November the Company increased its equity in GPB Corporation Sdn Bhd from 60.8% (as at the 1st of July 2011), to 100%.

A12. Changes in Contingent Liabilities

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

A14. Unrealized Profits.

There was no unrealized profits that 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

CONTINUING OPERATIONS

	3 months ended			YTD		
	3Q11	3Q10	Variance	2011	2010	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	18,100	20,388	(11.2)	55,217	20,388	170.8
Other income	155	54	187.0	1,751	70	2,401.4
PBT	3,373	5,079	33.6	12,131	4,814	152.0
Comprehensive income	2,559	3,630	(29.5)	9,617	3,365	185.8

The results posted above cover the continuing operations as compared to the results achieved in the corresponding period last year. This is done so that the outcome is not skewed caused by the contribution of the now ceased operations of trading of latex concentrate effective 1 January 2011. Therefore the results of the discontinued operations have been excluded from the comparison.

The continuing operations of chartering of land based transportation assets commenced in the 3rd quarter of 2010.

For the quarter ended 30 September 2011, the group posted revenue of RM 18.100 million and a pre-tax profit of RM 3.373 million. In this quarter, the contract with the Ministry of Defence under GPB Corporation Sdn Bhd only operated for two months compared to 3 months in the corresponding period last year. This is due to a change of operational schedule by the National Service program from operating in July, August, September months continually to operating in July and September with August resting. However, the total number of operating months in one (1) year remains the same at nine (9) months.

The group's year to date turnover was RM 55.217 million as compared to RM 20.388 million last year. As of year to date the recorded pre-tax profit was RM 12.131 million as compared to RM 4.184 million last year.

B2. Material Changes in the Quarterly Results

The total revenue for this quarter decreased marginally to RM 18.100 million compared to the preceding quarter of RM 18.249 million. Profit before tax was RM 3.373 million for this quarter compared to RM 5.079 million in the preceding quarter. Lower profit before tax was mainly due to the recognition of a one-off income amounting to RM0.94 million in the preceding financial quarter ending 30 June 2011, and the recognition of one-off expenses relating to the acquisition of a 39.2% equity stake in GPB Corporation Sdn Bhd.

B3. Commentary on Prospects

Subsidiary, GPB Corporation Sdn Bhd's (GPB) ongoing Ministry of Defence (MOD) contract to charter land-based passenger transportation assets and services to the National Service Program will continue to provide strong earnings to the Group. As at 9 November 2011, GPB is a 100% owned subsidiary (from a 60.8%-owned subsidiary previously) which will allow the entire consolidation of GPB's earnings, commencing in the fourth financial quarter ending 31 December 2011. We will immediately see a positive impact on earnings at the Group level with this consolidation of earnings.

Earnings contributions from the provision of a mobile clinic service in Segamat, State of Johor, a public transportation service contract in Manjung, State of Perak, and leasing of a fleet of vehicles by 100%-owned Gunung Resources Sdn Bhd will continue to underpin earnings of the Group in the future.

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 has been 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.

As a result of the management's efforts, we will be delivering one (1) unit of mobile optometrist clinic (complete with medical equipment), and two (2) units of mobile dental clinics (complete with medical equipment) to our customer in the fourth financial quarter ending 31 December 2011. We estimate that our revenue for the quarter will be boosted by around RM4.0 million. In addition, earnings from chartering of 10 units of mini mobile clinics, which commenced on end-September 2011, will also improve earnings in the fourth financial quarter. Earnings from this pilot project will continue for sixty (60) months.

B4. Profit Forecast / Profit Guarantee

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

B5. Tax Expense

	Current Qtr 30.09.2011 RM'000	YTD 30.09.2011 RM'000
Provision for taxation based on current year results		
Income Tax	(993)	(2,370)
Deferred Tax	<u>179</u>	<u>(144)</u>
	<u>(814)</u>	<u>(2,514)</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 a disposal of unquoted financial assets during the quarter under review amounting to RM3,426,000. There was no disposal of 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 obtained shareholders’ approval for this transaction pursuant to the transaction being deemed a related party transaction on 12 September 2011, and the transaction was deemed complete on the 9th of November 2011.

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 held 60.8% equity interest in GPB Corporation Sdn Bhd.

With the successful completion of Proposal II on the 9th of November 2011, the Company now holds a 100% equity interest in GPB Corporation Sdn Bhd.

B9. Borrowings and Debts Securities

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

RM’000	Short term	Long term	Total
Finance lease payable	16,738	41,124	57,862
	16,738	41,124	57,862

Bank borrowings are secured by the following:-

- Corporate guarantee of the company;
- Specific charge over buses/vehicles;
- 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 was 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.

B12. Dividend

The Board of Directors is pleased to declare a third 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 30.09.2011 RM'000	YTD 30.09.2011 RM'000
Net profit attributable to equity holders of the parent	2,130	6,621
Weighted average number of ordinary shares in issue	100,929	100,843
Basic earnings per share (sen)	2.11	6.57
Diluted earnings per share (sen)	1.90	5.92

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