

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

Quarter 2 and half year results : Financial Year Ending 31 December 2012

The Directors are pleased to release the quarterly financial report for the quarter and six months ended 30<sup>th</sup> June 2012.

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 2011:

- 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 (LS 0005656)  
Company Secretary  
6 August 2012

**Schedule I : Condensed Consolidated Income Statement**

For the quarter and six months ended 30 June 2012

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	30/6/2012	30/6/2011	% chg	30/6/2012	30/6/2011	% chg
<b>Continuing Operations</b>						
Revenue	17,945	18,249	-1.7%	41,551	37,117	11.9%
Operating profit	5,386	6,803	-20.8%	13,501	12,501	7.9%
Interest expense	(998)	(1,219)		(2,106)	(2,512)	
Interest income	32	25		70	51	
Administrative expenses	(1,195)	(1,477)		(2,636)	(2,947)	
Other income	15	1,035		1,196	1,665	
Profit before taxation (PBT)	3,240	5,167	-37.3%	10,025	8,758	14.5%
Taxation	(728)	(940)		(2,336)	(1,700)	
Profit after taxation (PAT)	2,512	4,227	-64.2%	7,689	7,058	8.9%
Attributable to :						
Equity holders of the Company	2,520	2,842	-11.3%	7,701	4,491	71.5%
Non-controlling interests	(8)	1,385	nm	(12)	2,567	nm
	2,512	4,227		7,689	7,058	
Basic earnings per share (sen) attributable to equity holders of the Company	2.4	2.8		7.5	4.5	
Diluted earnings per share (sen) attributable to equity holders of the Company	2.1	2.4		6.3	3.8	

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 2011.*

**Schedule II : Condensed Consolidated Statement of Comprehensive Income**

For the quarter and six months ended 30 June 2012

RM'000	Individual 4 <sup>th</sup> Quarter		% chg	Cumulative 4 <sup>th</sup> Quarter		% chg
	30/6/2012	30/6/2011		30/6/2012	30/6/2011	
Group profit after tax	2,512	4,227	<b>-64.2%</b>	7,689	7,058	<b>8.9%</b>
<b>Other comprehensive income,</b>						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
<b>Total comprehensive income for the year</b>	<b>2,512</b>	<b>4,227</b>	<b>-64.2%</b>	<b>7,689</b>	<b>7,058</b>	<b>8.9%</b>
Total comprehensive income attributable to:						
Equity holders of the Company	2,520	2,842	<b>-11.3%</b>	7,701	4,491	<b>71.5%</b>
Non-controlling interests	(8)	1,385	<b>nm</b>	(12)	2,567	<b>nm</b>
	<b>2,512</b>	<b>4,227</b>	<b>-64.2%</b>	<b>7,689</b>	<b>7,058</b>	<b>8.9%</b>

*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 2011.*

**Schedule III : Condensed Consolidated Statement of Financial Position**

As at 30 June 2012

RM'000	30/06/2012	Audited 31/12/2011
Property, plant & equipment	88,908	93,586
Properties held for investment	-	261
Other financial assets	16	277
Goodwill on consolidation	12,450	12,450
Current assets		
Trade receivables	11,847	765
Inventories	827	809
Other receivables	5,440	14,134
Fixed deposits with financial institutions	3,912	3,763
Other financial assets	-	-
Tax recoverable	1,390	633
Cash and cash equivalents	11,696	15,479
	35,112	35,583
Assets of disposal group classified as held for sale		3,939
Less : Current liabilities		
Trade payables	2,193	2,363
Other payables	16,038	31,308
Provision for dividend	-	1,009
Finance lease payables	18,473	16,915
Borrowings	-	3,944
Provision for taxation	3,805	1,685
	40,509	57,224
Liabilities of disposal group classified as held for sale		5
Net liabilities	(5,397)	(17,707)
	95,977	88,867
Financed by:		
Share capital	44,461	40,379
Retained earnings	14,647	8,058
Other reserves	(2,342)	(4,442)
Non-controlling interests	(10)	(48)
Total Equity	56,757,	43,947
Non-current liabilities		
Finance lease payable	30,766	36,506
Shareholder advance	6,232	6,232
Deferred tax liabilities	2,222	2,182
	39,220	44,920
Total equity & non-current liabilities	95,977	88,867
Net assets per share (sen) attributable to equity holders of the Company	51.1	43.5

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**Schedule IV : Condensed Consolidated Statement of Cash Flow**

For the six months ended 30 June 2012

RM'000	Cumulative 2 <sup>nd</sup> quarter	
	31/06/2012	31/06/2011
<b>Operating activities</b>		
Profit before taxation		
- Continuing	10,025	8,758
Add non-cash : Depreciation & amortisation	9,989	8,933
Gain on :		
- disposal of property, plant & equipment	(717)	-
- impairment of financial assets	262	-
Changes in working capital	(13,034)	12,966
Tax paid	(753)	(912)
<b>Net cash flows from operating activities</b>	<b>5,772</b>	<b>29,745</b>
<b>Investing activities</b>		
Interest income	69	34
Minority interest		
Purchase of property, plant and equipment	(5,391)	(13,961)
Investment in an subsidiary company		
Proceeds from disposal of property, plant and equipment	1,014	-
<b>Net cash flows from investing activities</b>	<b>(4,308)</b>	<b>(13,927)</b>
<b>Financing activities</b>		
Interest expenses	(2,106)	(2,512)
Repayment of finance lease	(8,594)	(6,706)
Repayment of short term facilities	(10,443)	(6,784)
Issuance of shares	6,182	86
Dividend paid	(1,111)	(1,499)
Proceeds from finance lease	4,443	-
Proceeds from short term facilities	6,500	-
<b>Net cash flows from financing activities</b>	<b>(5,129)</b>	<b>(17,415)</b>
Net change in cash & cash equivalents	(3,665)	(1,597)
Cash & cash equivalents at beginning of year	19,273	9,451
<b>Cash &amp; cash equivalents at end of year</b>	<b>15,608</b>	<b>7,854</b>
<b>Comprising of :</b>		
Cash and bank balances	11,696	4,260
Fixed deposits with financial institutions	3,912	3,594

Note :  
 ( ) denotes cash outflow

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*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 2011.*

**Schedule V : Condensed Consolidated Statement of Changes in Equity**  
 For the six months ended 30 June 2012

RM'000	<-----Attributable to equity holders of the Company----->						
	Share Capital	Share premium & Other reserves	Warrant Reserve	Retained Earnings	Total	Non- controlling Interests	Total Equity
<b>AT 1 January 2012</b>	40,379	(5,449)	1,007	8,059	43,996	(48)	43,948
<b>Total comprehensive income</b>	-	-	-	7,701	7,701	(9)	7,692
<b>Transactions with owners:</b>							
Conversion of warrant to shares	82	-	-	-	82	-	82
Issue new ordinary shares	4,000	2,100	-	-	6,100	-	6,100
Dividend declared	-	-	-	(1,113)	(1,113)	-	(1,113)
Others	-	-	-	-	-	48	48
<b>Total transactions with owners</b>	4,082	2,100	-	(1,113)	5,069	48	5,117
<b>AT 30 June 2012</b>	44,461	(3,349)	1,007	14,647	56,766	(9)	56,757
<b>AT 1 January 2011</b>	40,283	100	1,007	1,515	42,905	7,305	50,210
<b>Total comprehensive income</b>	-	-	-	4,491	4,491	2,567	7,058
<b>Transactions with owners:</b>							
Conversion of warrant to shares	86	-	-	-	86	-	86
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	(1,009)	(1,009)	(490)	(1,499)
Others	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	86	-	-	(1,009)	86	(490)	(1,413)
<b>AT 30 June 2011</b>	40,369	100	1,007	4,997	46,473	9,382	55,855

*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 2011.*

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## Schedule VI : Selected Explanatory Notes Pursuant to FRS 134

1. Accounting Policies and method of computation  
The quarterly financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 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 2011.
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.
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 except for the issuance of 124,300 new ordinary shares of RM0.40 each, pursuant to a conversion of 124,300 units of warrants 2003/2013 at the exercise price of RM0.40 each.
7. Dividends paid  
A first interim single tier dividend of 1 sen for the financial period ending 31 December 2012 was declared on 24 April 2012, and was paid on 4 June 2012.
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, investment holding and property rental/ others. Segment performance is evaluated based on operating profit. Inter-segment transactions and pricing arrangements where applicable, are determined on a commercial basis.  
  
However currently, almost 100% of revenues and operating profits from Continuing Operations are generated from the chartering of land-based transportation assets and vehicles, and the incomes from property rental are not significant.

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

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 have 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 date.
13. Contingent assets  
 There were no contingent assets of a material nature since the last annual balance sheet date.
14. Capital commitments  
 The outstanding capital commitments at the end of the current quarter are as follows:-

<u>RM'000</u>	<u>Current Quarter</u>
New 25-seater coaches (8 units)	2,320

15. Significant related party transactions  
 The following are significant related party transactions:-

RM'000	Cumulative 2 <sup>nd</sup> Quarter	
	<u>2012</u>	<u>2011</u>
Charter of vehicles	2,520	2,520

The above transactions had been entered into in the ordinary course of business on normal commercial terms. These transactions are within the ambit of the mandate approved by the shareholders of the Company on 8 June 2012.



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

### 1. Operations review

#### Current Quarter vs Corresponding Quarter last year

Group revenue for Q2 was slightly lower against that of the corresponding quarter last year, down by 1.7%. Both financial periods had a total of 2 months of revenue from the contract with the Ministry of Defence based on the re-scheduling of the National Service program. The re-scheduling will have no effect on the total number of operating months within one year, remaining the same at nine months. Other contributions to revenue in the current quarter were derived from the mobile clinic service in Segamat, Johor, the provision of a city-bus transportation service in Manjung, Perak, chartering of a fleet of vehicles (Ford Rangers and Kia inivans) and the charter of 10 units of mini ambulances.

Group operating profit dropped around 20% to around RM5.4mil when compared to the corresponding quarter last year. This was mainly due to the managements' not being able to duplicate its success in deriving additional revenue from the buses in the corresponding quarter last year, during the one (1) month of no service under the contract with the Ministry of Defence,

Profit after tax attributable to shareholders dropped by approximately 11% to RM2.52 mil from the corresponding quarter last year for similar reasons.

#### Half year vs Corresponding Period last year

Group revenue increased by 12% to RM41.6mil for the first half. This increase was due to 5 months of revenue from the contract with the Ministry of Defence in the first half 2012, and only 4.5 months of revenue in the corresponding period last year.

Group operating profit was up 8% to RM13.5 mil when compared to the corresponding period last year, again due to re-scheduling of the National Service program which included an extra 0.5 months of revenue in the first half of 2012.

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

Group PBT for the quarter amounted to approximately RM3.24 million which was 52% lower than the preceding quarter, due to a reduction of a full 1 month of operational revenue from the contract with the Ministry of Defence when compared to the preceding quarter. The reduction in PBT was further affected by a one-off gain from the refurbishment and sale of three (3) units of mobile clinic specialty vehicles amounting to RM719,420, and a one-off forex gain derived from the purchase of an additional 20 units of coaches amounting to RM453,280, in the preceding quarter.

### 3. Prospects for the current financial year

The management's sustained effort and investment, to secure additional contracts in chartering land-based transportation assets and specialty vehicles, and to improve the operating efficiency is producing visible results.

The tenure of contracts, for 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, are generally medium term in nature (2-5 years). This will continue to hedge against any short term adverse economic cycles that the Malaysian economy may face.

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

Barring any major negative external forces, we expect to expand our fleet size and broaden our earnings base with new chartering throughout financial year 2012.

The earnings contributions from the Ministry of Defence chartering contract (under the National Service program), a mobile clinic service in Segamat (Johor), chartering of city buses for a public transportation service in Manjung (Perak), chartering of mini mobile clinics, and chartering of a fleet of 252 vehicles, will continue throughout financial year 2012

In addition, with subsidiary GPB Corporation Sdn Bhd ("GPB") continuing to underpin earnings for the Group, profit attributable to the equity holders of the Group will improve in financial year 2012 as compared to financial year 2011, due to the Company's increased equity stake in GPB to 100%.

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 2 <sup>nd</sup> Quarter
Current	693	2,295
Deferred tax	35	40
	<u>728</u>	<u>2,335</u>

5. Status of corporate proposal

There were no outstanding corporate proposals or new announcements (except those detailed in this financial report) made in the current financial quarter.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 30 June 2012 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease	RM	<u>18,473</u>	<u>30,766</u>

7. Pending material litigation

Save as disclosed below, there was no pending litigation of a material nature since the last balance sheet date.

**Seal Polymer Industries Berhad ("Plaintiff") vs. Gunung Resources Sdn Bhd ("Defendant")**

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 judgment for the refund of the 10% deposit paid by the Plaintiff to the Defendant together with interest/damages/costs.

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

The company's solicitors filed an appeal to the Court Of Appeal against the decision and application for stay of execution of the summary judgment on Grounds that there are 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 obtained an interim stay of execution of the Court Order dated 25 October 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 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 judgment order dated 25 October 2007 was dismissed by the High Court Judge. GRSB 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 ordered that any winding-up proceeding by the Plaintiff pursuant to the Taiping High Court Order dated 25 October 2007 will be stayed with immediate effect until the disposal of the Appeal before the Court of Appeal.

The Honorable Court of Appeal 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 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 a full hearing and ordered that the deposit of RM 928,000.00 to be refunded to GRSB.

The full hearing was held on 24<sup>th</sup> and 25<sup>th</sup> 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. A Notice of Appeal has been filed by Seal Polymer Industries Berhad on 11 May 2011, however a date has not been set for the hearing of the Plaintiff's appeal.

8. Proposed Dividend

No interim dividend has been proposed by the Board of Directors.

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	2,520	7,701
Weighted average issued capital net of treasury shares	104,500	103,232
Earnings per share (sen)	2.4	7.5

**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	2,520	7,701
Weighted average issued capital net of treasury shares	104,500	103,232
Adjustment for warrant conversion into ordinary shares	17,039	18,763
Adjusted weighted average issued capital net of treasury shares	121,539	121,995
Earnings per share (sen)	2.1	6.3

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

	2 <sup>nd</sup> Quarter	
	2012	2011
	RM'000	RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	16,869	7,446
Unrealised*	(2,222)	(2,449)
	14,647	4,997

\* In respect of deferred tax recognized and fair value gain on financial assets in the statements of comprehensive income

10. 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	47	56
(b) Depreciation and amortization,	4,880	9,498
(c) Provision for doubtful debts	7	7
(d) Bad debts written off	N/A	N/A
(e) Provision for inventories	N/A	N/A
(f) Inventories written off	74	74

(g)	(Gain)/Loss on disposal of quoted or unquoted investments	N/A	N/A
(h)	(Gain)/Loss on disposal of assets	2	(717)
(i)	Impairment of financial assets	N/A	261
(j)	Foreign exchange (Gain)/loss	N/A	(453)
(k)	Loss on derivatives	N/A	N/A
(l)	Unusual items	N/A	N/A