

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

Quarter 3: Financial Year Ending 31 December 2012

The Directors are pleased to release the quarterly financial report for the quarter and nine months ended 30<sup>th</sup> September 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  
23 November 2012

**Schedule I : Condensed Consolidated Income Statement**

For the quarter and nine months ended 30 September 2012

RM'000	Individual 3 <sup>rd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter		
	30/9/2012	30/9/2011	% chg	30/9/2012	30/9/2011	% chg
<b>Continuing Operations</b>						
Revenue	18,341	18,100	1.3%	59,892	55,217	8.5%
Operating profit	5,741	6,111	(6.1%)	19,242	18,612	3.4%
Interest expense	(961)	(1,143)		(3,067)	(3,655)	
Interest income	43	35		113	86	
Administrative expenses	(1,178)	(1,630)		(3,814)	(4,577)	
Other income	145			1,341	1,665	
Profit before taxation (PBT)	3,790	3,373	12.4%	13,815	12,131	13.9%
Taxation	(725)	(814)		(3,061)	(2,514)	
Profit after taxation (PAT)	3,065	2,559	19.8%	10,754	9,617	11.8%
Attributable to :						
Equity holders of the Company	3,050	2,130	43.2%	10,751	6,621	62.4%
Non-controlling interests	15	429	nm	3	2,996	nm
	3,065	2,559		10,754	9,617	
Basic earnings per share (sen) attributable to equity holders of the Company	2.9	2.1		10.1	6.6	
Diluted earnings per share (sen) attributable to equity holders of the Company	2.5	1.9		8.7	5.9	

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 nine months ended 30 September 2012

RM'000	Individual 2 <sup>nd</sup> Quarter			Cumulative 2 <sup>nd</sup> Quarter		
	30/9/2012	30/9/2011	% chg	30/9/2012	30/9/2011	% chg
Group profit after tax	3,065	2,559	<b>19.8%</b>	10,754	9,617	<b>11.8%</b>
<b>Other comprehensive income,</b>						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
<b>Total comprehensive income</b>	<b>3,065</b>	<b>2,559</b>	<b>19.8%</b>	<b>10,754</b>	<b>9,617</b>	<b>11.8%</b>
Total comprehensive income attributable to:						
Equity holders of the Company	3,050	2,130	<b>43.2%</b>	10,751	6,621	<b>62.4%</b>
Non-controlling interests	15	429	<i>nm</i>	3	2,996	<i>nm</i>
	3,065	2,559		10,754	9,617	

*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 September 2012

RM'000	30/09/2012	Audited 31/12/2011
Property, plant & equipment	84,030	93,586
Properties held for investment	-	261
Other financial assets	16	277
Goodwill on consolidation	12,450	12,450
Current assets		
Trade receivables	12,209	765
Inventories	594	809
Other receivables	6,256	14,134
Fixed deposits with financial institutions	4,347	3,763
Other financial assets	-	-
Tax recoverable	1,840	633
Cash and cash equivalents	8,491	15,479
	33,737	35,583
Assets of disposal group classified as held for sale		3,939
Less : Current liabilities		
Trade payables	1,502	2,363
Other payables	12,070	31,308
Provision for dividend	-	1,009
Finance lease payables	18,818	16,915
Borrowings	-	3,944
Provision for taxation	3,212	1,685
	35,602	57,224
Liabilities of disposal group classified as held for sale		5
Net liabilities	(1,865)	(17,707)
	94,631	88,867
Financed by:		
Share capital	44,695	40,379
Retained earnings	17,707	8,058
Other reserves	(2,342)	(4,442)
Non-controlling interests	295	(48)
Total Equity	60,355	43,947
Non-current liabilities		
Finance lease payable	25,930	36,506
Shareholder advance	6,232	6,232
Deferred tax liabilities	2,114	2,182
	34,276	44,920
Total equity & non-current liabilities	94,631	88,867
Net assets per share (sen) attributable to equity holders of the Company	54.0	43.5

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

For the nine months ended 30 September 2012

RM'000	Cumulative 3 <sup>rd</sup> quarter	
	31/09/2012	31/09/2011
<b>Operating activities</b>		
Profit before taxation		
- Continuing	13,815	12,131
Add non-cash : Depreciation & amortisation	14,868	13,426
Gain on :		
- disposal of property, plant & equipment	(717)	(96)
- impairment of financial assets	262	-
Changes in working capital	(17,720)	12,664
Tax paid	(2,631)	(1,092)
<b>Net cash flows from operating activities</b>	<b>7,877</b>	<b>37,033</b>
<b>Investing activities</b>		
Interest income	113	86
Minority interest		
Purchase of property, plant and equipment	(5,392)	(14,878)
Investment in an subsidiary company	(600)	(3,087)
Proceeds from disposal of property, plant and equipment, investment	1,014	3,426
<b>Net cash flows from investing activities</b>	<b>(4,865)</b>	<b>(14,453)</b>
<b>Financing activities</b>		
Interest expenses	(3,067)	(3,655)
Repayment of finance lease	(13,085)	(10,063)
Repayment of short term facilities	(10,443)	(6,784)
Issuance of shares	7,316	96
Dividend paid	(1,111)	(1,891)
Proceeds from finance lease	4,443	-
Proceeds from short term facilities	6,500	-
<b>Net cash flows from financing activities</b>	<b>(9,447)</b>	<b>(22,297)</b>
Net change in cash & cash equivalents	(6,435)	283
Cash & cash equivalents at beginning of year	19,273	9,451
<b>Cash &amp; cash equivalents at end of period</b>	<b>12,838</b>	<b>9,734</b>
<b>Comprising of :</b>		
Cash and bank balances	8,491	6,325
Fixed deposits with financial institutions	4,347	3,409

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 nine months ended 30 September 2012

<-----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
<b>AT 1 January 2012</b>	40,379	(5,449)	1,007	8,059	43,996	(48)	43,948
<b>Total comprehensive income</b>	-	-	-	10,751	10,751	3	10,754
<b>Transactions with owners:</b>							
Conversion of warrant to shares	316	-	-	-	316	-	316
Issue new ordinary shares	4,000	2,100	-	-	6,100	-	6,100
Dividend declared	-	-	-	(1,103)	(1,103)	-	(1,103)
Others	-	-	-	-	-	340	340
<b>Total transactions with owners</b>	4,316	2,100	-	(1,103)	5,313	340	5,653
<b>AT 30 September 2012</b>	44,695	(3,349)	1,007	17,707	60,060	295	60,355
<b>AT 1 January 2011</b>	40,283	100	1,007	1,515	42,905	7,305	50,210
<b>Total comprehensive income</b>	-	-	-	6,621	6,621	2,996	9,617
<b>Transactions with owners:</b>							
Conversion of warrant to shares	96	-	-	-	96	-	96
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	(2,018)	(2,018)	(882)	(2,900)
Others	-	(1,310)	-	-	(1,310)	(1,777)	(3,087)
<b>Total transactions with owners</b>	96	(1,310)	-	(2,018)	(3,232)	(2,659)	(5,891)
<b>AT 30 September 2011</b>	40,379	(1,210)	1,007	6,118	46,294	7,642	53,936

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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 584,284 new ordinary shares of RM0.40 each, pursuant to a conversion of 584,284 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  
 The Board of Directors of Gunung Capital Berhad ("Gunung" or "the Company") announced that the Company had on 14 August 2012 subscribed for an additional 600,000 new ordinary shares of RM1.00 each in Gunung Hydropower Sdn Bhd ("GHSB") at par for a total cash consideration of RM600,000. Simultaneously, Perak Hydro Renewable Energy Corporation Sdn Bhd ("PHREC"), a private limited company incorporated in Malaysia under the Companies Act, 1965 on 14 July 2010 had subscribed for 300,000 new ordinary shares of RM1.00 each in GHSB at par for a total cash consideration of RM300,000 (collectively referred to as "Subscription"). Pursuant to the Subscription, the total issued share capital of GHSB increased from 100,000 ordinary shares of RM1.00 each to 1,000,000 ordinary shares of RM1.00 each. The total cost of investment of Gunung in GHSB increased from RM100,000 to RM700,000. As a result of this Subscription, GHSB ceased to be a wholly-owned subsidiary of Gunung and has become a 70% owned subsidiary.
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)	2,240

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

<u>RM'000</u>	<u>Cumulative 3<sup>rd</sup> Quarter</u>	
	<u>2012</u>	<u>2011</u>
Charter of vehicles	3,780	3,780

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 Q3 was slightly higher than against that of the corresponding quarter last year, up by 1.3%. Both financial periods derived a total of 2 months of revenue from the contract with the Ministry of Defence based on the 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. The additional contribution to revenue in the current quarter was derived from the commencement of a bus service operating within the campus of UPM involving 12 units of buses with a 44 passenger capacity. The total contract value is RM490,440.00 and the service was in operation for a period of sixty-one (61) days from September 2012 to October 2012.

Group operating profit dropped slightly by 6.1%, to around RM5.7mil from RM6.1mil in the corresponding quarter last year. This was predominately due to higher depreciation costs resulting from the Company's expansion of its fleet of vehicles since the corresponding quarter last year. The depreciation expense for the cumulative nine months ending 30 September 2012 was RM14.9 mil, which is a full 11.2% higher than the depreciation expense of the corresponding cumulative nine months in 2011.

However, profit after tax attributable to shareholders jumped by approximately 48% to RM3.05mil from the corresponding quarter last year. This was due to a combination of lower interest expenses from finance leases, and lower administration expenses (as one-off expenses relating to the acquisition of a 39.2% equity stake in GPB Corporation Sdn Bhd were recognized in the corresponding quarter last year).

#### Nine months ending 30 September 2012 vs Corresponding Period last year

Group revenue increased by 8.5% to RM59.9 mil for the nine months ending 30 September 2012. This increase was due to 7 months of revenue from the contract with the Ministry of Defence in the first half 2012, and only 6.5 months of revenue in the corresponding period last year.

Group operating profit was up 3.4% to RM19.52mil 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 nine months of 2012.

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

Group PBT for the quarter amounted to approximately RM3.79 million which was 17% higher than the preceding quarter. This was due to lower interest expenses from our finance lease payables, and the management continued efforts in reducing operational costs and administrative expenses. In addition, an additional one month of revenues were recognized from the UPM contract (as mentioned above), in the current quarter under review.

### 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 overall operating efficiency, continues to produce 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 broaden our earnings base with new chartering contracts throughout the remainder of 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

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 3 <sup>rd</sup> Quarter
Current	834	3,130
Deferred tax	(109)	(69)
	<u>725</u>	<u>3,061</u>

5. Status of corporate proposal

There were no outstanding corporate proposals (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 September 2012 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease	RM	<u>18,818</u>	<u>25,930</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	3,050	10,751
Weighted average issued capital net of treasury shares	107,109	107,109
Earnings per share (sen)	2.9	10.1

**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	3,050	10,751
Weighted average issued capital net of treasury shares	107,109	107,109
Adjustment for warrant conversion into ordinary shares	16,141	16,141
Adjusted weighted average issued capital net of treasury shares	123,250	123,250
Earnings per share (sen)	2.5	8.7

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

	3 <sup>rd</sup> Quarter	
	2012 RM'000	2011 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	19,821	8,388
Unrealised*	(2,114)	(2,270)
	17,707	6,118

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

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	145	171
(b) Depreciation and amortization,	4,879	14,868
(c) Provision for doubtful debts	N/A	7
(d) Bad debts written off	N/A	N/A
(e) Provision for inventories	N/A	N/A
(f) Inventories written off	N/A	74

(g)	(Gain)/Loss on disposal of quoted or unquoted investments	N/A	N/A
(h)	(Gain)/Loss on disposal of assets	N/A	(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