

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 1 : Financial Year Ending 31 December 2013

The Directors are pleased to release the quarterly financial report for the three months ended 31st March 2013 being the first quarter for the financial year 2013.

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 31st December 2012:

- 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
21 May 2013

Schedule I : Condensed Consolidated Income Statement

For the three months ended 31 March 2013

RM'000	1 st Quarter		% chg
	31/03/2013	31/03/2012	
Revenue	23,623	23,606	0.1%
Operating profit	8,033	8,115	(1.1%)
Interest expense	(761)	(1,108)	
Interest income	39	38	
Administrative expenses	(1,010)	(1,441)	
Other income	-	1,181	
Profit before taxation (PBT)	6,301	6,785	(7.2%)
Taxation	(1,492)	(1,608)	
Profit after taxation (PAT)	4,809	5,177	(7.1%)
Attributable to :			
Equity holders of the Company	4,816	5,181	(7.1%)
Non-controlling interests	(7)	(4)	nm
	4,809	2,831	
Basic earnings per share (sen) attributable to equity holders of the Company	4.3	5.1	
Diluted earnings per share (sen) attributable to equity holders of the Company	3.8	4.2	

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 2012.

Schedule II : Condensed Consolidated Statement of Comprehensive Income
 For the three months ended 31 March 2013

RM'000	1 st Quarter		% <i>chg</i>
	31/03/2013	31/03/2012	
Profit after taxation	4,809	5,177	(7.1%)
Other comprehensive income, (net of tax)			
Foreign currency translation			
Realisation of reserves	-	-	
Total comprehensive income for the quarter	4,809	5,177	(7.1%)
Total comprehensive income attributable to:			
Equity holders of the Company	4,816	5,181	(7.1%)
Non-controlling interests	(7)	(4)	<i>nm</i>
	4,809	5,177	

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 2012.

Schedule III : Condensed Consolidated Statement of Financial Position

As at 31 March 2013

RM'000	31/03/2013	Audited 31/12/2012
Property, plant & equipment	75,704	80,621
Other financial assets	16	16
Goodwill on consolidation	12,450	12,450
Current assets		
Trade receivables	15,937	2,412
Inventories	575	542
Other receivables	4,833	8,660
Fixed deposits with financial institutions	4,183	4,375
Tax recoverable	1,339	635
Cash and cash equivalents	11,859	13,535
	38,726	30,159
Less : Current liabilities		
Trade payables	2,806	1,568
Other payables	13,150	12,926
Finance lease payables	19,826	19,522
Provision for taxation	3,937	2,196
	39,719	36,212
Net liabilities	(993)	(6,053)
	87,177	87,034
Financed by:		
Share capital	45,647	45,017
Retained earnings	25,462	20,646
Other reserves	(2,332)	(2,332)
Non-controlling interests	260	267
Total Equity	69,037	63,598
Non-current liabilities		
Finance lease payable	16,985	22,036
Deferred tax liabilities	1,155	1,400
	18,140	23,436
Total equity & non-current liabilities	87,177	87,034
Net assets per share (sen) attributable to equity holders of the Company	60.3	56.3

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 2012.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the year three months ended 31 March 2013

RM'000	1 st Quarter	
	31/03/2013	31/03/2012
Operating activities		
Profit before taxation		
- Continuing	6,301	6,785
Add non-cash : Depreciation & amortisation	4,938	5,109
Gain on :		
- disposal of property, plant & equipment		(719)
- impairment of financial assets		262
Changes in working capital	(7,546)	(11,147)
Tax paid	(701)	(452)
Net cash flows from operating activities	2,992	(162)
Investing activities		
Interest income received	39	37
Minority interest		
Purchase of property, plant and equipment	(20)	(5,386)
Investment in an subsidiary company		
Proceeds from disposal of property, plant and equipment	-	588
Net cash flows from investing activities	19	(4,761)
Financing activities		
Interest expenses	(761)	(1,108)
Repayment of finance lease	(4,748)	(4,098)
Repayment of short term facilities	-	(10,443)
Issuance of shares	630	6,132
Dividend paid	-	-
Proceeds from finance lease	-	4,443
Proceeds from short term facilities	-	6,500
Net cash flows from financing activities	(4,879)	1,426
Net change in cash & cash equivalents	(1,868)	(3,497)
Cash & cash equivalents at beginning of year	17,910	19,273
Cash & cash equivalents at end of year	16,042	15,776
Comprising of :		
Cash and bank balances	11,859	12,076
Fixed deposits with financial institutions	4,183	3,700

Note :
 () denotes cash outflow

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 2012.

Schedule V : Condensed Consolidated Statement of Changes in Equity
 For the three months ended 31 March 2013

<-----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
At 1 January 2013	45,017	(3,339)	1,007	20,646	63,331	267	63,598
Total comprehensive income	-	-	-	4,816	4,816	(7)	4,809
Transactions with owners:							
Conversion of warrant to shares	630	-	-	-	630	-	630
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total transactions with owners	630	-	-	-	630	-	630
At 31 March 2013	45,647	(3,339)	1,007	25,462	68,777	260	69,037
At 1 January 2012	40,379	(5,449)	1,007	8,059	43,996	(48)	43,948
Total comprehensive income	-	-	-	5,181	5,181	(4)	5,177
Transactions with owners:							
Conversion of warrant to shares	32	-	-	-	32	-	32
Issue new ordinary shares	4,000	2,100	-	-	6,100	-	6,100
Dividend declared	-	-	-	-	-	-	-
Others	-	-	-	-	-	52	52
Total transactions with owners	4,032	2,100	-	-	6,132	52	6,184
At 31 March 2012	44,411	(3,349)	1,007	13,240	55,309	-	55,309

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 2012.

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 2012.

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 1,576,013 new ordinary shares of RM0.40 each, pursuant to a conversion of 1,576,013 units of warrants 2003/2013 at the exercise price of RM0.40 each.

7. Dividends paid

No dividends have been paid in the current financial quarter.

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. Subsequent events
There were no material events subsequent to the end of the quarter that has not been reflected in the current financial quarter.
10. Changes in the composition of the Group
There were no changes in the composition of the Group during the current financial quarter.
11. Contingent liabilities
There were no contingent liabilities of a material nature since the last annual balance sheet date.
12. Contingent assets
There were no contingent assets of a material nature since the last annual balance sheet date.
13. Capital commitments
There are no outstanding capital commitments at the end of the current quarter.
14. Significant related party transactions
The following are significant related party transactions:-

RM'000	1 st Quarter	
	2013	2012
Charter of vehicles	1,260	1,260

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.

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

1. Operations review

Current Quarter vs Corresponding Quarter last year

Group revenue for Q1 was marginally higher against that of last year, up 0.1%, as revenue was effectively boosted by a total of 3 months of revenue from the contract with the Ministry of Defence, due to 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, and the charter of 10 units of mini ambulances.

Group operating profit was slightly down 1.1% against corresponding quarter last year, reflecting higher vehicle depreciation cost, due to an expansion of the fleet of vehicles during 2012.

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

Group PBT for the quarter amounted to approximately RM6.3 million which was 58% higher than the preceding quarter, due a total of 3 months of revenue from the contract with the Ministry of Defence. Only 2 months of revenue from the contract with the Ministry of Defence was registered in the preceding quarter.

In addition, net profit attributable to equity holders of the Company jumped to RM4.8mil up 56% from 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.

Barring any major negative external forces, we expect to broaden our earnings base with new short term chartering in financial year 2013.

The earnings contributions from the Ministry of Defence chartering contract (under the National Service program, 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 2013.

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

4. Tax expense

The details of the tax expense are as follows:-

	<u>Current Quarter</u>
RM'000	
Current	1,737
Deferred tax	(245)
	<u>1,492</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 31 March 2013 are as follows:-

	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
RM'000			
Finance lease	RM	19,826	16,985

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. 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.

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

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 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. A Notice of Appeal was filed by Seal Polymer Industries Berhad on 11 May 2011.

The Court of Appeal had on 10 April 2013, dismissed the Appeal made by the Appellant against the Respondent with costs. The Court of Appeal ruled that the Appellant had failed to fulfil certain obligations under the Sale and Purchase Agreement dated 17 August 2004 and therefore, The Respondent was justified in forfeiting the deposit sum of RM928,000-00.

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).

	<u>Current Quarter RM'000</u>
Group attributable profit to shareholders of the Company	<u>4,816</u>
Weighted average issued capital net of treasury shares	111,885
Earnings per share (sen)	4.3

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
Group attributable profit to shareholders of the Company	4,816
Weighted average issued capital net of treasury shares	111,885
Adjustment for warrant conversion into ordinary shares	15,131
Adjusted weighted average issued capital net of treasury shares	127,016
Earnings per share (sen)	3.8

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

	1 st Quarter	
	2013 RM'000	2012 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	26,617	15,428
Unrealised*	(1,155)	(2,188)
	25,462	13,240

* 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
(a) Other income	39
(b) Depreciation and amortisation	4,938
(c) Provision for doubtful debts	N/A
(d) Bad debts written off	N/A
(e) Provision for inventories	N/A
(f) Inventories written off	N/A

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