GUNUNG CAPITAL BERHAD (Company No: 330171-P, Incorporated in Malaysia)

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For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 4 : Financial Year Ending 31 December 2018

The Directors are pleased to release the quarterly financial report for the twelve months ended 31st December 2018 being the fourth quarter for the financial year ending 2018.

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 2017:

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 (MAICSA 7016178)
Company Secretary
27 February 2018

Schedule I : Condensed Consolidated Income Statement
For the quarter and twelve months ended 31 December 2018

	Individual 4th Quarter			Cumulative 4th Quarter		
RM'000	31/12/2018	31/12/2017	*% chg*	31/12/2018	31/12/2017	*% chg*
Continuing Operations						
Revenue	3,281	9,074	*(63.8)%*	28,438	40,273	*(29.4)%*
Operating profit/(loss)	(585)	208	*>(100)%*	3,444	1,941	*77.4%*
Interest expense	(38)	(4)		(128)	(12)	
Interest income	38	271		895	1,011	
Administrative expenses	(3,368)	(3,771)		(9,838)	(11,378)	
Other income	627	6,998		6,315	7,607	
Profit/(loss) before taxation (PBT)/(LBT)	(3,326)	3,702	*>(100)%*	688	(831)	*>100%*
Taxation	(538)	361		(859)	460	
Profit/(loss) after taxation (PAT)/(LAT)	(3,864)	4,063	*>(100)%*	(171)	(371)	*54.2%*
Attributable to :						
Equity holders of the Company	(3,592)	1,257	*>(100)%*	(214)	(2,635)	*>100%*
Non-controlling interests	(272)	2,806		43	2,264	
	(3,864)	4,063		(171)	(371)	
Basic earnings per share (sen) attributable to equity holders of the Company	(1.5)	0.5		(0.1)	(1.0)	
Diluted earnings per share (sen) attributable to equity holders of the Company	(1.5)	0.5		(0.1)	(1.0)	

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 2017.

Schedule II : Condensed Consolidated Statement of Comprehensive Income
For the quarter and twelve months ended 31 December 2018

	Individual 4th Quarter			Cumulative 4th Quarter		
RM'000	31/12/2018	31/12/2017	***% chg***	31/12/2018	30/12/2017	***% chg***
Group profit/(loss) after tax	(3,864)	4,063	*>(100)%*	(171)	(371)	*54.2%*
Other comprehensive income,						
Fair value changes on financial assets	1,138	-		1,138	-	
Total comprehensive income/(loss) for the financial period	(2,726)	4,063	*>(100)%*	967	(371)	*>100%*
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	(3,011)	1,257	*>(100)%*	367	(2,635)	*>100%*
Non-controlling interests	285	2,806	*nm*	600	2,264	*nm*
	(2,726)	4,063		967	(371)	

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 2017.

Schedule III : Condensed Consolidated Statement of Financial Position
As at 31 December 2018

RM'000	31/12/2018	Audited 31/12/2017
Property, plant & equipment	23,330	25,243
Other financial assets	4,574	3,435
Goodwill on consolidation	21,025	22,036
Other receivable	3,299	1,928
Deferred Tax Assets	-	1,851
Current assets		
Trade receivables	11,349	1,052
Inventories	600	757
Tax recoverable	45	20
Other receivables	7,183	4,309
Cash and cash equivalents	40,492	49,793
	59,669	55,931
Less : Current liabilities		
Trade payables	-	-
Other payables	3,436	2,840
Term Loan	320	326
Finance lease and hire purchase creditors	34	38
Provision for taxation	25	-
	3,815	3,204
Net Current Assets	55,854	52,727
	108,082	107,220
Financed by:		
Share capital	94,478	94,478
Retained earnings	7,970	8,184
Other reserves	(1,661)	(2,799)
Non-controlling interests	1,817	1,774
Total Equity	102,604	101,637
Non-current liabilities		
Finance lease and hire purchase creditors	181	215
Deferred tax liabilities	1,600	2,977
Term loan	2,114	677
Other payables	1,583	1,714
	5,478	5,583
Total equity & non-current liabilities	108,082	107,220
Net assets per share (sen) attributable to equity holders of the Company	**42.7**	**42.3**

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 2017.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the twelve months ended 31 December 2018

RM'000	Cumulative 4th Quarter 31/12/2018	31/12/2017
Operating activities		
Profit /(loss) before taxation		
- Continuing	688	(831)
Add non-cash : Depreciation & amortisation	6,767	7,445
Gain on :		
- disposal of property, plant & equipment	(1,855)	(70)
- disposal of associate	(1,800)	(5,600)
- fair value (gain)/ loss on investment	(1)	-
Changes in working capital	(12,887)	214
Impairment of goodwill	1,010	-
Net (tax paid)/ refunded	(385)	(1)
Net cash flows from operating activities	(8,463)	1,157
Investing activities		
Interest income received	895	1,011
Purchase of property, plant and equipment	(5,835)	(4,639)
Disposal of property, plant and equipment	2,836	190
Net cash flows from investing activities	(2,104)	(3,438)
Financing activities		
Interest expenses	(128)	(12)
Repayment of finance lease	(38)	(94)
Repayment of term loan	(174)	-
Issuance of shares	-	32
Proceeds from term loan (net)	1,606	1,003
Net cash flows from financing activities	1,266	929
Net change in cash & cash equivalents	(9,301)	(1,352)
Cash & cash equivalents at beginning of period	49,793	51,145
Cash & cash equivalents at end of period	40,492	49,793
Comprising of :		
Cash and bank balances	40,449	49,751
Fixed deposits with financial institutions	43	42

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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 2017.

Schedule V : Condensed Consolidated Statement of Changes in Equity

The twelve months ended 31 December 2018

RM'000	Share Capital	Share premium & Other reserves	Warrant Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
	<---------Attributable to equity holders of the Company--------->						
At 31 December 2017	94,478	(3,806)	1,007	8,184	99,863	1,774	101,637
Total comprehensive income	-	-	-	(214)	(214)	43	(171)
Transactions with owners:							
Fair value changes on financial assets	-	1,138	-	-	1,138	-	1,138
Total transactions with owners	-	1,138	-	-	1,138	-	1,138
At 31 December 2018	94,478	(2,668)	1,007	7,970	100,787	1,817	102,604
At 1 January 2017	94,441	(3,801)	1,007	10,819	102,466	(490)	101,976
Total comprehensive income	-	-	-	(2,635)	(2,635)	2,264	(371)
Transactions with owners:							
Issue new ordinary shares	37	(5)	-	-	32	-	32
Total transactions with owners	37	(5)	-	-	32	-	32
At 31 December 2017	94,478	(3,806)	1,007	8,184	99,863	1,774	101,637

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 2017.

Schedule VI : Selected Explanatory Notes Pursuant to MFRS 134

1. Accounting Policies and method of computation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following:

Adoption of MFRS/ Amendments/Interpretations	**Effective date**
MFRS 9, *Financial Instruments*	1 January 2018
Amendments to MFRS 15, *Revenue from contracts with Customers*	1 January 2018
Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	1 January 2018

The initial application of the abovementioned standards, amendments and interpretations did not have any material impacts to the current and prior period financial statements upon their first adoption.

Standards Issued But Not Yet Effective	**Effective date**
MFRS 16, *Leases*	1 January 2019
Amendments to MFRS 9, *Financial Instruments : prepayment features with negative compensation*	1 January 2019
Amendments to MFRS 119, *Employee Benefits : plan amendments, curtailment or settlement*	1 January 2019
Amendments to MFRS 128, *Investment in Associates and Joint Venture : long-term interests in associates and joint ventures*	1 January 2019
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Actual Improvements to MRFS Standards 2015-2017 Cycle	1 January 2019
MFRS 17, *Insurance contracts*	1 January 2021
Amendments to MFRS 10 and MRFS 128, *sale or contribution of assets between an Investor and its Associate or Joint Venture*	Not confirmed

As at the date of authorization of these condensed consolidated financial statements, the above standards were issued but not yet effective and have not been adopted by the Group. The initial application of the abovementioned standards is not expected to have any material impact to the financial statement of the Group upon adoption

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.

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

3. Comment on seasonality or cyclicality of operation

The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However, for financial year ending 31 December 2018, we were notified that there will be four (4) batches of trainees (3 batches of trainees in FY2017). The 1st batch Jan-Mar, 2nd Mar-May, 3rd July-Sep and the 4th Sep-Nov. However, the National Service program was suspended in May 2018 pending a further review, and then cancelled by the Government in August 2018.

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 has not been any issuance or repayment of debt and equity securities during the period under review.

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, small hydropower and others. Segment performance is evaluated based on operating profit. Inter-segment transactions and pricing arrangements where applicable, are determined on a commercial basis. The results by segments for the quarter are as follows:

	Individual 4th Quarter			*Cumulative 4th Quarter*		
RM'000	**31/12/2018**	**31/12/2017**	***% chg***	**31/12/2018**	**31/12/2017**	***% chg***
Segmental Analysis						
Revenue						
Transportation assets	3,281	9,074	*(63.8)%*	28,438	40,273	*(29.4)%*
Small hydro development	-	-	*0.0%*	-	-	*0.0%*
Operating profit						
Transportation assets	(39)	736	*>(100)%*	5,126	3,736	*37.2%*
Small hydro development	(546)	(528)	*(3.4)%*	(1,682)	(1,795)	*6.3%*

	>Current v Preceding Quarter<			*>Comparative 4th Quarter<*		
RM'000	**31/12/2018**	**30/09/2018**	***% chg***	**31/12/2018**	**31/12/2017**	***% chg***
Total Assets						
Transportation	74,382	79,395	*(6.3)%*	74,382	75,319	*(1.2)%*
Small hydro development	37,515	36,951	*1.5%*	37,515	28,607	*31.1%*
Total Liabilities						
Transportation	1,976	3,824	*(48.3)%*	1,976	5,910	*(66.6)%*
Small hydro development	7,317	7,192	*1.7%*	7,317	2,877	*>100%*

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

Current Quarter vs Corresponding Quarter last year

Group revenue for Q4 2018 declined against that of Q4 2017, down 63.8% to RM3.28 million. Whilst contract revenue from the Ministry of Defence contract to ferry school children was relatively constant (school holidays in December dampened revenue), there were no revenue from the National Service program as it has been terminated (mentioned in note 3.) Under the National Service contract, the Group had delivered 5,250 effective day-trips in the first five months of 2018, which is 71.3 % of the total annual effective day-trips to be provided. Group revenue was derived only from the transportation segment of the Group, as the small hydropower segment is currently at the development and construction phase.

In the transportation division, the Group registered a negligible operating loss for Q4 2018, which was substantially lower than the RM0.74 mil operating profit in Q4 2017. Operating profit was directly affected by the suspension and termination of the National Service contract.

Operating loss for the hydropower division was slightly higher year on year registering a RM0.55 mil loss compared with a RM0.53 mil loss in Q4 2017. The loss reflects the cost of our in-house engineers, administration expenses, and the costs associated with procuring the necessary approvals from the relevant State Government authorities.

It is worth noting that upon commissioning of each small hydro site, and when energy is sold to the national grid, the contribution to Group earnings will depend on the shareholding structure of each small hydro site. Those joint venture companies where the Group has a 30% (or less) equity stake, earnings will be at the associate level, and via single tier dividends. For sites under 95.1%-owned subsidiary Gunung Hydropower Sdn Bhd, earnings will be contributed directly to the Group via the consolidation of earnings and via single tier dividends.

As the hydro sites under Gunung Hydropower Sdn Bhd are developed, and capital expenditure is incurred, total assets in this segment increases. Note, that total assets in the hydro division from Q3 to Q4 2018 was positively affected by a net RM1.1 mil fair value change to Group financial assets in line with MFRS 9.

Liabilities continue to be well managed, and relatively low at only 8.3% of total assets in Q4 2018 from 9.5% of total assets in Q4 2017, on the back of a decrease in current liabilities in the transportation division.

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. Significant & subsequent events

There were no material events subsequent to the end of the quarter that has 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.

13. Contingent assets

There were no contingent assets of a material nature since the last annual balance sheet.

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

14. Capital commitments

	31/12/2018
Capital Expenditure Commitments **Plant & Equipment (small hydro)**	**RM'000**
Contracted but not provided for in the financial statements under review	: 13,050

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 4th Quarter 2018	Cumulative 4th Quarter 2017
Charter of vehicles to related party	Nil	292

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

1. <u>Operations review</u>

Explanatory comments on the performance of each of the Group's segments is provided in Note 8. of Schedule VI above.

2. <u>Comment on material change in profit/(loss) before taxation vs preceding quarter</u>

	Current Quarter 31/12/2018 RM'000	**Preceding Quarter 30/09/2018 RM'000**	**% Change**
Revenue	3,281	4,596	*(28.6)%*
Operating profit	(585)	(225)	*>(100)%*
Profit/ (Loss) before interest and tax	(3,288)	102	*>(100)%*
Profit/ (Loss) before tax	(3,326)	59	*>(100)%*
Profit/ (Loss) after tax	(3,864)	561	*>(100)%*
Profit/ (Loss) attributable to ordinary equity holders of parent	(3,592)	812	*>(100)%*

Group loss before tax for Q4 was approximately RM3.3 mil, which was substantially lower than the preceding quarter which generated a small profit before tax of RM0.06 mil. Revenue has dropped since the termination of the National Service Program from May 2018. The Group also recognised a 'one-off', RM1.01 mil impairment of goodwill for the transportation division, a fair value impairment on other receivables/ payables of approximately RM235,000 and a tax penalty on prior years underestimation of tax of RM126,000. Note, that in Q3 2018 the Group recognised a RM1.8 mil profit on sale of 32 under-utilised buses from the Groups fleet of buses, which improved the bottom line in Q3.

3. <u>Prospects for the next financial year -</u>

Early 2018, we had been notified that there will be four (4) batches of trainees (3 batches of trainees in FY2017) for the National Service Program ("NSP"). The 1st batch January-March, the 2nd batch March-May, the 3rd July-September and the 4th September-November. Upon completing the 2nd batch in May, we were informed that the NSP in 2018 had been suspended pending a review, and subsequently in August 2018 the NSP was cancelled by the Government. As such, the management is now extremely cautious on the possibility of any reactivation of the NSP.

The NSP service-contract had underpinned the Group's contract-revenues for the previous seven consecutive years (including Q1 and Q2 2018). The shuttle bus service for the International Islamic University of Malaysia, the Ministry of Defence contract to ferry school children, and ad-hoc charters will continue throughout FY2019. However, from the transport division, we expect Group revenue to initially drop and then experience a minimal growth. Reducing our fleet size is an option currently undertaken to generate cashflow and reduce costs associated with the underutilization of our transportation assets.

In the medium term, we are looking forward to the commissioning of a number of small-hydro projects in Perak in FY 2019, which will contribute to Gunung's long term revenue and earnings, and enhance Gunung's growth potential.

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

The long term stable income stream will reduce Gunung's dependency on incomes solely from chartering land-based transportation assets. Under our small hydro portfolio there are 5 sites with an installed capacity of 34.25MW, at various stages of construction, and 4 sites with an installed capacity of 97.8MW, which will start construction in FY2019. The '*Kerian*' site with an installed capacity of 14MW, has been completed, and commissioned and is generating energy based on its TNB power purchase agreement. The 'Sungai Slim' site with an installed capacity of 6 MW is also complete and will be commencing operations/ delivery energy end February 2019.

4. Tax expense

The details of the tax expense (*) are as follows:-

	Individual Quarter		**Cumulative Quarter**	
RM'000	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Current	(372)*	(1)	(385)	(1)
Deferred tax	(166)	362	(474)	461
	(538)	361	(859)	460

* In Q4, subsequent to a tax audit by Lembaga Hasil Dalam Negeri, it was determined that certain expenses were deemed not allowable under the Income Tax Act, and Gunung Group was assessed an additional RM360,000 in taxes and a RM126,000 penalty for years of assessment 2013 and 2014.

5. Status of corporate proposal

There are currently no corporate proposals outstanding as at 31 December 2018.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 December 2018 are as follows:-

As at 4th Quarter 2018	**Currency**	**Current**	**Non-Current**
RM'000			
Finance lease & hire purchase payables^	RM	34	181
Project financing term loan#	RM	320	2,114
	RM	354	2,295

As at 4th Quarter 2017	**Currency**	**Current**	**Non-Current**
RM'000			
Finance lease & hire purchase payables^	RM	38	215
Project financing term loan#	RM	326	677
	RM	364	892

^No material change in borrowings year-on–year. Borrowing consists of hire purchase facilities for vehicles under the Group. Borrowing costs of hire purchase obligations range from 2.47%-2.89%.
 # Financing of the development of a small hydro site. Borrowing cost from the financial institution is 7.85% pa. less a 2% interest subsidy from Green Technology Financing Scheme Fund (net 5.85%).

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

7. Pending material litigation

There was no pending litigation of a material nature since the last balance sheet date.

8. Proposed Dividend

No dividend have been proposed by the Board of Directors for the current financial quarter under review.

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	(3,592)	(214)
Weighted average issued capital net of treasury shares	236,180	236,180
Earnings/ (Loss) per share (sen)	(1.5)	(0.1)

(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 and ESOS of the Company into ordinary shares.

	Current Quarter RM'000	Current YTD RM'000
Group attributable profit to shareholders of the Company	(3,592)	(214)
Weighted average issued capital net of treasury shares	236,180	236,180
Adjustment for warrant/ESOS conversion into ordinary shares	-	-
Adjusted weighted average issued capital net of treasury shares	236,180	236,180
Earnings per share (sen)	(1.5)	(0.1)

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

10. Notes to the Condensed Consolidated Income Statement

PBT is arrived at after charging/(crediting) the following items:

RM'000		*Individual 4th Quarter* 31/12/2018	*Individual 4th Quarter* 31/12/2017	*Cumulative 4th Quarter* 31/12/2018	*Cumulative 4th Quarter* 31/12/2017
(a)	Interest Income	**(38)**	**(271)**	**(895)**	**(1,011)**
(b)	Depreciation and amortization	**1,559**	**1,832**	**6,767**	**7,445**
(c)	Impairment of receivables	**160**	**112**	**160**	**112**
(d)	Bad debts written off	**-**	-	-	-
(e)	Impairment of inventories	**-**	-	-	-
(f)	Property, plant and equipment written off	**-**	**-**	**-**	**-**
(g)	(Gain)/Loss on disposal of associates/subsidiaries	**-**	-	**(1,800)**	**-**
(h)	(Gain)/Loss on disposal of property, plant and equipment	**-**	**-**	**(1,855)**	**(70)**
(i)	Impairment/ (gain) on financial assets	**(1)**	**1**	**(1)**	**1**
(j)	Fair value (Gain)/loss on other payables	**101**	**(617)**	**101**	**(617)**
(k)	Government subsidy/ grant received	**(571)**	**(792)**	**(1,737)**	**(1,316)**
(l)	Impairment of goodwill	**1,010**	-	**1,010**	-

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

11. Additional Disclosure Information

Trade Receivables

The credit terms of trade receivables granted to related parties are no different from those granted to non-related parties which are between 45-60 days. The majority of trade receivables of the Group are debts arising from Government agency customers (more than 90% of total trade receivables).

A trade receivable is deemed past due when the counter party has failed to make payment when the outstanding amount are contractually due.

Aged analysis of trade receivables past due but not impaired:

RM'000	<30 days	31-60 days	61-90 days	91-180 days	>180 days	Total
31/12/2018	176	3	-	-	11,170	**11,349**
31/12/2017	615	276	161	-	-	**1,052**

The past due trade receivables above 90 days are collectable. Trade receivables increased in Q2 2018 on the back of the suspension and then cancellation of the National Service Program. With 98% of receivables comprising of the PLKN Government service-contract, collection has been delayed due to the Ministry of Finance process of reviewing and verifying the scope of service provided and subsequent invoices for the service-contract carried out during the previous administration. Trade receivables from the Ferrying of School children (Ministry of Defence) are current.

A provision amounting to RM25,780 was made to trade receivables during the financial period under review (FY2017: nil). Invoices for the PLKN Government service-contract have been submitted to the Ministry of Defence payment system and we expect recover past due trade receivables, albeit substantially late.

Foreign exchange exposure/ hedging policy

The company does not have any hedging policy or long term foreign exchange exposure. The Company has minimal one-off foreign exchange exposure to USD when purchasing spare parts for its fleet of transportation assets, and purchases of mechanical and electrical equipment for selected small hydropower projects (EURO and USD). Our current contingent liability exposure to foreign exchange movements is approximately EURO200,000.

Material impairment of assets

A RM1.01 million impairment of goodwill on consolidation from the acquisition of GPB Corporation Sdn Bhd (transportation division) was made during the financial period under review. This was directly attributed to the suspension and then cancellation of the National Service Program. We expect a further partial impairment of 'goodwill on consolidation' in FY2019 in the event that no new service-contracts are secured by GPB Corporation Sdn Bhd in FY2019.