

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 3 : Financial Year Ending 31 December 2019

The Directors are pleased to release the quarterly financial report for the nine months ended 30th September 2019 being the third quarter for the financial year ending 2019.

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 2018:

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
28 September 2019

Schedule I : Condensed Consolidated Income Statement

For the quarter and nine months ended 30 September 2019

RM'000	Individual 3 rd Quarter			Cumulative 3 rd Quarter		
	30/9/2019	30/9/2018	% chg	30/9/2019	30/9/2018	% chg
Continuing Operations						
Revenue	4,478	4,596	(2.60)%	13,815	25,157	(45.1)%
Operating profit	480	(225)	100%	1,427	4,892	(70.9)%
Interest expense	(33)	(43)		(104)	(89)	
Interest income	8	295		20	852	
Administrative expenses	(2,107)	(2,261)		(6,293)	(6,470)	
Other income	201	2,293		580	4,828	
Profit before taxation (PBT)	(1,451)	59	>(100)%	(4,370)	4,013	>(100)%
Taxation	(323)	502		(11)	(320)	
Profit after taxation (PAT)	(1,774)	561	>(100)%	(4,381)	3,693	>(100)%
Attributable to :						
Equity holders of the Company	(1,637)	812	>(100)%	(4,001)	3,378	>(100)%
Non-controlling interests	(137)	(251)		(380)	315	
	(1,774)	561		(4,381)	3,693	
Basic earnings per share (sen) attributable to equity holders of the Company	(0.7)	0.3		(1.7)	1.4	
Diluted earnings per share (sen) attributable to equity holders of the Company	(0.7)	0.3		(1.7)	1.4	

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 2018 .

Schedule II : Condensed Consolidated Statement of Comprehensive Income

For the quarter and nine months ended 30 September 2019

RM'000	Individual 3 rd Quarter			Cumulative 3 rd Quarter		
	30/9/2019	30/9/2018	% chg	30/9/2019	30/9/2018	% chg
Group profit after tax	(1,774)	561	>(100)%	(4,381)	3,693	>(100)%
Other comprehensive income,						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
Total comprehensive income for the financial period	(1,774)	561	>(100)%	(4,381)	3,693	>(100)%
Total comprehensive income attributable to:						
Equity holders of the Company	(1,637)	812	>(100)%	(4,001)	3,378	>(100)%
Non-controlling interests	(137)	(251)	nm	(380)	315	nm
	(1,774)	561		(4,381)	3,693	

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 2018.

Schedule III : Condensed Consolidated Statement of Financial Position

As at 30 September 2019

RM'000	31/09/2019	Audited 31/12/2018
Property, plant & equipment	19,976	23,330
Other financial assets	4,542	4,574
Goodwill on consolidation	21,026	21,026
Other receivable	3,299	3,299
Current assets		
Trade receivables	7,788	11,350
Inventories	413	600
Tax recoverable	17	20
Other receivables	9,907	7,182
Other financial assets	2,700	-
Due from contracts	15,643	-
Cash and cash equivalents	23,009	40,492
	59,477	59,644
Less : Current liabilities		
Trade payables	794	-
Other payables	3,937	3,436
Term Loan	335	321
Finance lease and hire purchase creditors	36	34
Provision for taxation	864	-
	5,966	3,791
Net Current Assets	53,511	55,853
	102,354	108,082
Financed by:		
Share capital	94,478	94,478
Retained earnings	3,968	7,970
Other reserves	(2,219)	(2,219)
Non-controlling interests	1,995	2,376
Total Equity	98,222	102,605
Non-current liabilities		
Finance lease and hire purchase creditors	153	180
Deferred tax liabilities	498	1,600
Term loan	1,896	2,114
Other payables	1,583	1,583
	4,130	5,477
Total equity & non-current liabilities	102,352	108,082
Net assets per share (sen) attributable to equity holders of the Company	40.8	42.4

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 2018.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the year nine months ended 30 September 2019

RM'000	Cumulative 3 rd Quarter	
	30/09/2019	30/09/2018
Operating activities		
Profit before taxation		
- Continuing	(4,370)	4,013
Add non-cash : Depreciation & amortisation	4,660	5,208
Gain on :		
- disposal of property, plant & equipment	(225)	(1,855)
- disposal of associate	-	(1,800)
- financial assets	(91)	
Changes in working capital	2,155	(14,268)
Impairment of inventories	157	-
Net (tax paid)/ refunded	(256)	(18)
Net cash flows from operating activities	2,030	(8,720)
Investing activities		
Interest income received	20	852
Proceeds from gain in financial assets	91	-
Purchase of property, plant and equipment	(1,346)	(3,685)
Investment in financial assets	(2,700)	-
Proceeds from disposal of financial assets	33	-
Expenditure on contracts in hand	(15,543)	
Proceeds from disposal of property, plant and equipment	265	78
Net cash flows from investing activities	(19,180)	(2,755)
Financing activities		
Interest expenses	(104)	(89)
Repayment of finance lease	(26)	(30)
Repayment of term loan facilities	(203)	(25)
Proceeds from term loan (net)	-	1,520
Net cash flows from financing activities	(333)	1,376
Net change in cash & cash equivalents	(17,483)	(10,099)
Cash & cash equivalents at beginning of period	40,492	49,793
Cash & cash equivalents at end of period	23,009	39,694
Comprising of :		
Cash and bank balances	22,965	38,650
Fixed deposits with financial institutions	44	44
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 2018.

Schedule V : Condensed Consolidated Statement of Changes in Equity
 For the three months ended 30 Sep 2019

<-----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 31 December 2017	94,478	(3,806)	1,007	8,184	99,863	1,774	101,637
Total comprehensive income	-	-	-	3,378	3,378	315	3,693
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 30 September 2018	94,478	(3,806)	1,007	11,562	103,241	2,089	105,330
At 1 January 2019	94,478	(3,226)	1,007	7,970	100,229	2,376	102,605
Total comprehensive income	-	-	-	(4,001)	(4,001)	(380)	(4,381)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 30 September 2019	94,478	(3,226)	1,007	3,968	96,227	1,996	98,223

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, <i>Financial Instruments</i>	1 January 2018
Amendments to MFRS 15, <i>Revenue from contracts with Customers</i>	1 January 2018
Amendments to MFRS 4, <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	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, <i>Leases</i>	1 January 2019
Amendments to MFRS 9, <i>Financial Instruments : prepayment features with negative compensation</i>	1 January 2019
Amendments to MFRS 119, <i>Employee Benefits : plan amendments, curtailment or settlement</i>	1 January 2019
Amendments to MFRS 128, <i>Investment in Associates and Joint Venture : long-term interests in associates and joint ventures</i>	1 January 2019
IC Interpretation 23, <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Actual Improvements to MRFS Standards 2015-2017 Cycle	1 January 2019
MFRS 17, <i>Insurance contracts</i>	1 January 2021
Amendments to MFRS 10 and MRFS 128, <i>sale or contribution of assets between an Investor and its Associate or Joint Venture</i>	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 cyclicity of operation
 The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However, contract revenue from the Ministry of Defence contract to ferry school children is based on students attending school. Thus school holidays will effect contract revenues. In December of each calendar year there is no revenue from this contract.
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:

RM'000	<i>Individual 3rd Quarter</i>			<i>Cumulative 3rd Quarter</i>		
	30/09/2019	30/09/2018	% chg	30/09/2019	30/09/2018	% chg
Segmental Analysis						
<u>Revenue</u>						
Transportation assets	4,478	4,596	(2.60)%	13,815	25,157	(45.1)%
Small hydro development	-	-	0.0%	-	-	0.0%
<hr/>						
<u>Operating profit</u>						
Transportation assets	720	320	>100%	2,127	6,132	(65.4)%
Small hydro development	(240)	(545)	56.0%	(700)	(1,240)	43.6%

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

RM'000	>Current v Preceding Quarter<			>Comparative 3rd Quarter<		
	30/09/2019	31/09/2019	% chg	30/09/2019	30/09/2018	% chg
<u>Total Assets</u>						
Transportation	51,067	58,098	(12.1)%	51,067	88,486	(42.3)%
Other financial assets	2,700	2,700	0.0%	2,700	-	>100%
Small hydro development	38,909	38,187	1.90%	38,909	27,180	43.2%
Due from contracts in hand	15,643	11,367	37.7%	15,643	-	>100%
<u>Total Liabilities</u>						
Transportation	2,703	3,193	(15.4)%	2,703	3,824	(29.4)%
Small hydro development	7,393	7,162	3.30%	7,393	7,192	2.80%

Current Quarter vs Corresponding Quarter last year

Group revenue for Q3 2019 declined slightly against that of Q3 2018, down 2.6% to RM4.5 million. Contract revenue from the Ministry of Defence contract to ferry school children was relatively constant throughout the period under review with slightly more school holidays in Q2 2018. In Q2 2018, there was no revenue from the National Service program as it has been terminated in May FY2018. Group revenue was derived from the transportation segment of the Group, as the Group's portfolio of small hydropower segment is predominately at the development and construction phase, with no dividends generated from those sites already commissioned and delivering energy to the national utility.

The Group registered an operating profit from the transportation segment of RM0.72 mil for Q3 2019, which was higher than the RM0.32 mil operating profit in Q3 2018, as the balance of the direct costs for the PLKN contract in Q2 2018 spilled over to Q3 2018.

Operating loss for the hydropower division also improved year on year registering a RM0.24 mil loss compared with a RM0.55 mil loss in Q3 2018. This 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 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, which explains the 43.2% increase in assets from Q3 2018 to Q3 2019.

Liabilities continue to be well managed, and relatively low at only 9.3% of total assets in Q3 2019 from 9.5% of total assets in Q3 2018, on the back of a decrease in current liabilities in the transportation division.

Schedule VI : Selected Explanatory Notes Pursuant to MFRS 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. 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.
14. Capital commitments

RM'000 **30/09/2019**
Capital Expenditure Commitments
Plant & Equipment (small hydro)

Contracted but not provided for in the financial statements under review : 11,738

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 3rd Quarter	
	<u>2019</u>	<u>2018</u>
Charter of vehicles to related party	Nil	Nil

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

1. Operations review

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

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

	Current Quarter 30/09/2019 RM'000	Preceding Quarter 31/06/2019 RM'000	% Change
Revenue	4,478	4,700	(4.8)%
Operating profit	480	494	(2.9)%
Profit/ (Loss) before interest and tax	(1,443)	(1,364)	(5.8)%
Profit/ (Loss) before tax	(1,451)	(1,399)	(3.8)%
Profit/ (Loss) after tax	(1,774)	(1,244)	(42.6)%
Profit/ (Loss) attributable to ordinary equity holders of parent	(1,637)	(1,112)	(47.3)%

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Group loss before tax for Q3 was approximately RM1.5 mil, which was 5.8% lower than the preceding quarter, Q2 loss before tax of RM1.4 mil. Revenue dropped slightly due to more school holidays, down 4.8%. In Q3 2019, the Group did not recognise any 'one-off' expenses, or impairments of goodwill or fair value impairments except for a minor impairment to bus spare parts amounting to RM157,000. Note also profit after tax was negatively affected by the payment of under-estimated tax and penalty for FY2018, amounting to RM291,000.

3. Prospects for the financial year -

In August 2018 the National Service Program (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 then experience 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. This 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.

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

The 'Sungai Slim' site with an installed capacity of 6 MW is also complete and commissioned and is generating energy based on its TNB power purchase agreement.

4. Tax expense

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

RM'000	Individual Quarter		Cumulative Quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Current	(694)	(4)	(1,113)	(11)
Deferred tax	371	506	1,102	(309)
	(323)	502	(11)	(320)

5. Status of corporate proposal

There are currently no corporate proposals outstanding as at 30 September 2019.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 30 September 2019 are as follows:-

As at 3 rd Quarter 2018	Currency	Current	Non-Current
RM'000			
Finance lease & hire purchase payables [^]	RM	33	189
Project financing term loan [#]	RM	326	2,173
	RM	359	2,362
As at 3rd Quarter 2019	Currency	Current	Non-Current
RM'000			
Finance lease & hire purchase payables [^]	RM	36	153
Project financing term loan [#]	RM	335	1,896
	RM	371	2,049

[^]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%).

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.

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

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	(1,637)	(4,001)
Weighted average issued capital net of treasury shares	236,180	236,180
Earnings/(Loss) per share (sen)	(0.7)	(1.7)

- (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	(1,637)	(4,001)
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/(Loss) per share (sen)	(0.7)	(1.7)

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

11. Notes to the Condensed Consolidated Income Statement

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

RM'000	<i>Individual 3rd Quarter</i>		<i>Cumulative 3rd Quarter</i>	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
(a) Interest Income	(8)	(295)	(20)	(852)
(b) Depreciation and amortization	1,542	1,729	4,660	5,208
(c) Impairment of receivables	-	-	-	-
(d) Bad debts written off	-	-	-	-
(e) Impairment of inventories	157	-	157	-
(f) Property, plant and equipment written off	-	-	-	-
(g) (Gain)/Loss on disposal of associates/subsidiaries	-	(1,800)	-	(1,800)
(h) (Gain)/Loss on disposal of property, plant and equipment	(200)	(1,822)	(225)	(1,855)
(i) Impairment/(Gain) of financial assets	-	-	(91)	-
(j) Foreign exchange (Gain)/loss	-	-	-	-
(k) Government subsidy/ grant received	-	(464)	(255)	(1,166)
(l) Unusual items	-	-	-	-

12. 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
30/09/2019	1,473	57	50	-	6,208	7,788
30/09/2018	1,592	1,428	161	3,620	7,540	14,341

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

The past due trade receivables above 90 days are collectable. Trade receivables increased in FY2018 on the back of the suspension and then cancellation of the National Service Program. With 65% 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. In Q1 2019, we have collected a total of RM4.95 million of these past due trade receivables from the Ministry of Finance, with a balance of RM6.21 million due and outstanding. Trade receivables from the Ferrying of School children (Ministry of Defence) are current.

No material impairment on receivables was made during the financial period under review. 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 EURO100,000.

Material impairment of assets

No material impairment on assets was made during the financial period under review.