

**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### **Quarter 1 : Financial Year Ending 31<sup>st</sup> December 2020**

The Directors are pleased to release the quarterly financial report for the three months ended 31<sup>st</sup> March 2020 being the first quarter for the financial year ending 2020.

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<sup>st</sup> December 2019:

- 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  
21 May 2020

### Schedule I : Condensed Consolidated Income Statement

For the 1<sup>st</sup> quarter and three months ended 31 March 2020

| RM'000   | Individual 1 <sup>st</sup> Quarter |                |                 | Cumulative 1 <sup>st</sup> Quarter |                |                 |
|--|------------------------------------|----------------|-----------------|------------------------------------|----------------|-----------------|
|  | 31/03/2020                         | 31/03/2019     | % chg           | 31/03/2020                         | 31/03/2019     | % chg           |
| <b>Continuing Operations</b>   |                                    |                |                 |                                    |                |                 |
| Revenue  | 4,245                              | 4,637          | (8.5)%          | 4,245                              | 4,637          | (8.5)%          |
| Operating profit   | 880                                | 453            | 94.3%           | 880                                | 453            | 94.3%           |
| Interest expense   | (32)                               | (36)           |                 | (32)                               | (36)           |                 |
| Interest income  | 4                                  | 4              |                 | 4                                  | 4              |                 |
| Administrative expenses  | (1,525)                            | (2,062)        |                 | (1,525)                            | (2,062)        |                 |
| Other income   | 3,404                              | 121            |                 | 3,404                              | 121            |                 |
| Profit before taxation (PBT)   | 2,731                              | (1,520)        | >100%           | 2,731                              | (1,520)        | >100%           |
| Taxation   | (771)                              | 157            |                 | (771)                              | 157            |                 |
| Profit after taxation (PAT)  | <b>1,960</b>                       | <b>(1,363)</b> | <b>&gt;100%</b> | <b>1,960</b>                       | <b>(1,363)</b> | <b>&gt;100%</b> |
| Attributable to :  |                                    |                |                 |                                    |                |                 |
| Equity holders of the Company  | 2,094                              | (1,252)        | >100%           | 2,094                              | (1,252)        | >100%           |
| Non-controlling interests  | (134)                              | (111)          |                 | (134)                              | (111)          |                 |
|  | <b>1,960</b>                       | <b>(1,363)</b> |                 | <b>1,960</b>                       | <b>(1,363)</b> |                 |
| Basic earnings per share (sen)<br>attributable to equity holders of the<br>Company   | 0.9                                | (0.5)          |                 | 0.9                                | (0.5)          |                 |
| Diluted earnings per share (sen)<br>attributable to equity holders of the<br>Company | 0.9                                | (0.5)          |                 | 0.9                                | (0.5)          |                 |

*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 2019 .*

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

For the 1<sup>st</sup> quarter and three months ended 31 March 2020

| RM'000   | Individual 1 <sup>st</sup> Quarter |                |                 | Cumulative 1 <sup>st</sup> Quarter |                |                 |
|--|------------------------------------|----------------|-----------------|------------------------------------|----------------|-----------------|
|  | 31/03/2020                         | 31/03/2019     | % chg           | 31/03/2020                         | 31/03/2019     | % chg           |
| Group profit after tax                                     | 1,960                              | (1,363)        | >100%           | 1,960                              | (1,363)        | >100%           |
| <b>Other comprehensive income,</b>                         |                                    |                |                 |                                    |                |                 |
| Fair value gain on equity investment                       | -                                  | -              |                 | -                                  | -              |                 |
| <b>Total comprehensive income for the financial period</b> | <b>1,960</b>                       | <b>(1,363)</b> | <b>&gt;100%</b> | <b>1,960</b>                       | <b>(1,363)</b> | <b>&gt;100%</b> |
| Total comprehensive income attributable to:                |                                    |                |                 |                                    |                |                 |
| Equity holders of the Company                              | 2,094                              | (1,252)        | >100%           | 2,094                              | (1,252)        | >100%           |
| Non-controlling interests                                  | (134)                              | (111)          | nm              | (134)                              | (111)          | nm              |
|  | <b>1,960</b>                       | <b>(1,363)</b> |                 | <b>1,960</b>                       | <b>(1,363)</b> |                 |

*nm – not meaningful*

*This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2019.*

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

As at 31 March 2020

| RM'000  | 31/03/2020  | Audited<br>31/12/2019 |
|---|-------------|-----------------------|
| Property, plant & equipment   | 20,844      | 20,331                |
| Other financial assets  | 8,260       | 5,040                 |
| Goodwill on consolidation   | 21,023      | 21,023                |
| Trade & other receivable  | 3,487       | 3,487                 |
| <b>Current assets</b>   |             |                       |
| Trade receivables   | 2,986       | 1,539                 |
| Inventories   | -           | 413                   |
| Tax recoverable   | 128         | -                     |
| Other receivables   | 4,779       | 6,332                 |
| Other financial assets  | 7,777       | 17,717                |
| Cash and cash equivalents   | 35,728      | 23,352                |
|   | 51,398      | 49,353                |
| <b>Less : Current liabilities</b>   |             |                       |
| Trade payables  | 1,345       | -                     |
| Other payables  | 1,207       | 1,184                 |
| Term Loan   | 345         | 340                   |
| Lease liabilities   | 37          | 36                    |
| Amount due to corporate shareholder   | 2,562       | 2,562                 |
| Provision for taxation  | 1,021       | 376                   |
|   | 6,517       | 4,498                 |
| <b>Net current assets</b>   | 44,881      | 44,855                |
|   | 98,495      | 94,736                |
| <b>Financed by:</b>   |             |                       |
| Share capital   | 96,729      | 94,478                |
| Retained earnings   | (1,560)     | (3,653)               |
| Other reserves  | (2,309)     | (1,965)               |
| Non-controlling interests   | 1,948       | 2,082                 |
| Total Equity  | 94,808      | 90,942                |
| <b>Non-current liabilities</b>  |             |                       |
| Lease liabilities   | 135         | 144                   |
| Deferred tax liabilities  | 48          | 68                    |
| Term loan   | 1,743       | 1,821                 |
| Other payables  | 1,761       | 1,761                 |
|   | 3,687       | 3,794                 |
| <b>Total equity &amp; non-current liabilities</b>                                   | 98,495      | 94,736                |
| <b>Net assets per share (sen)<br/>attributable to equity holders of the Company</b> | <b>38.6</b> | <b>37.6</b>           |

*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 2019.*

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

For the three months ended 31<sup>st</sup> March 2020

| RM'000  | Cumulative 1 <sup>st</sup> Quarter |                |
|---|------------------------------------|----------------|
|   | 31/03/2020                         | 31/03/2019     |
| <b>Operating activities</b>                         |                                    |                |
| Profit before taxation                              |                                    |                |
| - Continuing  | 2,731                              | (1,520)        |
| Add non-cash : Depreciation & amortisation          | 60                                 | 1,559          |
| Gain on :   |                                    |                |
| - disposal of property, plant & equipment           | (3,120)                            | (25)           |
| - financial assets                                  | (279)                              | (91)           |
| Changes in working capital                          | 1,634                              | (3,050)        |
| Net (tax paid)/ refunded                            | (273)                              | 16             |
| <b>Net cash flows from operating activities</b>     | <b>753</b>                         | <b>(3,111)</b> |
| <b>Investing activities</b>                         |                                    |                |
| Interest income received                            | 4                                  | 4              |
| Proceeds from gain in financial assets              | 279                                | 91             |
| Purchase of property, plant and equipment (PPE)     | (631)                              | (160)          |
| Investment in financial assets                      | (3,220)                            | (2,700)        |
| Proceeds from disposal of financial assets          | 10,220                             | 33             |
| Proceeds from disposal of PPE                       | 3,178                              | 25             |
| <b>Net cash flows from investing activities</b>     | <b>9,830</b>                       | <b>(2,707)</b> |
| <b>Financing activities</b>                         |                                    |                |
| Finance costs paid                                  | (32)                               | (36)           |
| Repayment of finance lease                          | (9)                                | (8)            |
| Repayment of term loan facilities                   | (73)                               | (66)           |
| Proceeds from issuance of shares (ESOS)             | 1,907                              | -              |
| <b>Net cash flows from financing activities</b>     | <b>1,793</b>                       | <b>(110)</b>   |
| Net change in cash & cash equivalents               | 12,376                             | (5,928)        |
| Cash & cash equivalents at beginning of period      | 23,352                             | 40,492         |
| <b>Cash &amp; cash equivalents at end of period</b> | <b>35,728</b>                      | <b>34,564</b>  |
| <u>Comprising of :</u>                              |                                    |                |
| Cash and bank balances                              | 35,683                             | 34,521         |
| Fixed deposits with financial institutions          | 45                                 | 43             |

Note :

( ) denotes cash outflow

**Schedule V : Condensed Consolidated Statement of Changes in Equity**  
 For the three months ended 31 March 2020

<-----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 2019</b>                       | <b>94,478</b> | <b>(3,226)</b>                 | <b>1,007</b>    | <b>7,970</b>      | <b>100,229</b> | <b>2,376</b>              | <b>102,605</b> |
| <b>Total comprehensive expense</b>             | -             | -                              | -               | (11,624)          | (11,624)       | (537)                     | (12,161)       |
| <b>Transactions with owners:</b>               |               |                                |                 |                   |                |                           |                |
| Fair value change on equity investment         | -             | 254                            | -               | -                 | 254            | 244                       | 498            |
| Issue new ordinary shares (ESOS)               | -             | -                              | -               | -                 | -              | -                         | -              |
| <b>At 31 December 2019/<br/>1 January 2020</b> | <b>94,478</b> | <b>(2,972)</b>                 | <b>1,007</b>    | <b>(3,654)</b>    | <b>88,859</b>  | <b>2,082</b>              | <b>90,942</b>  |
| <b>Total comprehensive income</b>              | -             | -                              | -               | 2,094             | 2,094          | (134)                     | 1,960          |
| <b>Transactions with owners:</b>               |               |                                |                 |                   |                |                           |                |
| Fair value change on equity investment         | -             | -                              | -               | -                 | -              | -                         | -              |
| Issue new ordinary shares (ESOS)               | 2,251         | (344)                          | -               | -                 | 1,907          | -                         | 1,907          |
| <b>At 31 March 2020</b>                        | <b>96,729</b> | <b>(3,316)</b>                 | <b>1,007</b>    | <b>(1,560)</b>    | <b>92,860</b>  | <b>1,948</b>              | <b>94,808</b>  |

## 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 2019. 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 2019.

| <b>Adoption of MFRS/ Amendments/Interpretations</b>  | <b>Effective date</b> |
|--|-----------------------|
| 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        |
| 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 MFRS Standards 2015-2017 Cycle  | 1 January 2019        |

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**

|  |                |
|--|----------------|
| MFRS 17, <i>Insurance contracts</i>  | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 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  
During the period under review a total of 4,650,000 ordinary shares had been issued to employees of the Company, pursuant to the Company's existing ESOS.
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 1<sup>st</sup> Quarter</i> |                   |              | <i>Cumulative 1<sup>st</sup> Quarter</i> |                   |              |
|---|--|-------------------|--------------|--|-------------------|--------------|
|   | <b>31/03/2020</b>                        | <b>31/03/2019</b> | <b>% chg</b> | <b>31/03/2020</b>                        | <b>31/03/2019</b> | <b>% chg</b> |
| <b>Segmental Analysis</b>                   |  |                   |              |  |                   |              |
| <u>Revenue</u>                              |  |                   |              |  |                   |              |
| Transportation assets                       | 4,245                                    | 4,637             | (8.5)%       | 4,245                                    | 4,637             | (8.5)%       |
| Small hydro development                     | -  | -                 | 0.0%         | -  | -                 | 0.0%         |
| <u>Operating profit</u>                     |  |                   |              |  |                   |              |
| Transportation assets                       | 1,115                                    | 683               | 63.3%        | 1,115                                    | 683               | 63.3%        |
| Small hydro development                     | (235)                                    | (230)             | (2.2)%       | (235)                                    | (230)             | (2.2)%       |
| Investment in financial assets <sup>^</sup> | 279                                      | 93                | >100%        | 279                                      | 93                | >100%        |

<sup>^</sup> reflected as other income in the Group's condensed consolidated income statement



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

| RM'000   | >Current v Preceding Quarter< |            |       | >Comparative 4th Quarter< |            |         |
|--|-------------------------------|------------|-------|---------------------------|------------|---------|
|  | 31/03/2020                    | 31/12/2019 | % chg | 31/03/2020                | 31/03/2019 | % chg   |
| <u>Total Assets</u>                            |                               |            |       |                           |            |         |
| Transportation                                 | 27,720                        | 26,848     | 3.2%  | 27,720                    | 46,768     | (40.7)% |
| Investment - allocated cash & financial assets | 36,936                        | 33,093     | 11.6% | 36,936                    | 26,826     | 37.7%   |
| Small hydro development                        | 40,356                        | 39,748     | 1.5%  | 40,356                    | 37,516     | 7.6%    |
| <u>Total Liabilities</u>                       |                               |            |       |                           |            |         |
| Transportation                                 | 2,449                         | 1,217      | >100% | 2,449                     | 2,645      | (7.4)%  |
| Small hydro development                        | 7,755                         | 7,530      | 3.0%  | 7,755                     | 7,224      | 7.4%    |

Current Quarter vs Corresponding Quarter last year

Group revenue for Q1 2020 declined slightly against that of Q1 2019, down 8.5% to RM4.2 million. Contract revenue from the newly awarded Ministry of Defence service-contract to ferry school children was relatively constant throughout the period under review, however in March, revenue was affected slightly, firstly by school holidays and then by the Government's implementation of the MCO in the latter half of March. Group revenue was derived solely from the transportation segment, as the Group's portfolio of small hydropower is predominately at the development and construction phase, with no dividend income generated from two sites already commissioned, at this stage.

The Group registered an operating profit from the transportation segment of RM1.1 mil for Q1 2020, which was substantially higher than the RM0.7 mil operating profit in Q1 2019. This was as a result of management's efforts to downsize underutilized transportation assets (via selling buses), and downsizing the Group's labour resources allocated to transportation assets.

Operating loss for the hydropower division was constant, RM0.24 mil loss in Q1 2020 compared with a RM0.23 mil loss in Q1 2019. The cost of our in-house engineers, administration expenses, and costs of procuring the necessary approvals from the relevant State Government authorities, will continue as we develop the small hydro division further.

It is worth noting that upon commissioning of each small hydro site, and as 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 contribute directly to the Group via the consolidation of earnings.

As the hydro sites under Gunung Hydropower Sdn Bhd are developed, and capital expenditure is incurred, total assets in this segment increases (as reflected in the above table between corresponding periods).

Liabilities continue to be well managed, and relatively low at only 9.7% of total assets in Q1 2020 from 8.9% of total assets in Q1 2019.

Cash reserves allocated to investments in financial assets increased as short-term Islamic Redeemable Preference Shares (iRPS) subscribed to by the Group in FY2019 were redeemed by issuers. A total of RM10.0 mil iRPS was redeemed during the financial period under review generating a gain on investments of RM279,000 (Q1 2019 RM93,000). The Group subscribed to 3.9% equity stake in LYC Healthcare Bhd via a private placement of new ordinary shares, during the financial period under review, allocating RM3.2 mil for this longer term investment.

**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  
 Except as highlighted below, there were no events subsequent to the end of the quarter that have not been reflected in the current financial quarter under review.

**Other financial assets (current)**

In FY2019 Gunung Group management allocated unutilized cash reserves to selective short-term Islamic Redeemable Preference Shares (iRPS) to secure a competitive return on cash reserves. Prior to FY2019 management generated a tax exempt interest income from investing in the Islamic wholesale money market. The tax exemption granted to Islamic wholesale money market funds on interest income ceased in FY2019. In FY2019, a total of RM17.6 mil from cash reserves was allocated to subscribing to iRPS.

As at 31 March 2020, the issuers of iRPS had redeemed a total of RM10.0 mil iRPS, realizing an investment gain for the Group of RM363,328 (of which RM167,391 was recognized in FY2019). The balance of RM7.6 mil iRPS has been redeemed by the issuers in May 2020. This has generated an additional investment gain of RM166,547 (of which RM83,273 was recognized and reflected in the current financial quarter under review).

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** **31/03/2020**  
**Capital Expenditure Commitments (small hydro)**

Contracted but not provided for in the financial statements under review : 10,408

15. Significant related party transactions

The following are significant related party transactions:-

| RM'000                           | <b>Cumulative<br/>1<sup>st</sup> Quarter</b> |             |
|----------------------------------|--|-------------|
|                                  | <b>2020</b>                                  | <b>2019</b> |
| Rental of property from Director | 48   | 48          |

**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<br>Quarter<br>31/03/2020<br>RM'000 | Preceding<br>Quarter<br>31/12/2019<br>RM'000 | %<br>Change |
|--|--|--|-------------|
| Revenue  | 4,245                                      | 3,008  | 41.1%       |
| Operating profit   | 880  | (522)  | >100%       |
| Profit/ (Loss) before interest and tax                           | 2,763                                      | (8,229)                                      | >100%       |
| Profit/ (Loss) before tax  | 2,731                                      | (8,243)                                      | >100%       |
| Profit/ (Loss) after tax   | 1,960                                      | (7,779)                                      | >100%       |
| Profit/ (Loss) attributable to ordinary equity holders of parent | 2,094                                      | (7,622)                                      | >100%       |

Group profit before tax for Q1 2020, approximately RM2.7mil, is substantially higher than the preceding quarter's loss before tax of RM7.8 mil. Revenue also jumped by 41.1% with the commencement of the new Mindef service-contract. Note that the preceding quarter's revenue was negatively affected by school holidays (all of December). The Group profit before tax in Q1 2020, of RM2.7 mil, was substantially higher than the preceding quarter. Q4 2019 financial results was negatively affected by the recognition of 'one-off' impairments of receivables and assets. A RM6.1 mil impairment on trade receivables, comprising entirely of the Ministry of Defence National Service program invoiced in FY2018 (the National Service Program was officially terminated in August 2018). Group profit attributable to shareholders was boosted by a one-off RM3.1 mil gain on disposal of underutilized transportation assets (buses) in Q1 2020.

3. Prospects for the financial year 2020 -

The service-contract from the Ministry of Defence, to ferry school children, and ad-hoc charters will continue throughout FY2020, on the back of the Company being awarded a new contract in January 2020 by the Ministry of Defence for a tenure of three (3) years ending 2022. However, from the transport division in FY2020, we expect Group revenue to experience stagnant or slightly negative growth due to the current MCO (with schools closed). Reducing fleet size has been undertaken in Q1 2020 to generate cashflow and reduce costs associated with the underutilization of our transportation assets.

In the medium term, we are looking forward to completing the development of those small-hydro projects substantially owned by 95%-owned Gunung Hydropower Sdn Bhd in Perak (totalling 14MW), which will contribute directly to the Group's long term consolidated revenue and earnings, and enhance Gunung's earnings growth potential. A long term stable income stream will also reduce Gunung's dependency on incomes solely from chartering land-based transportation assets. Under 51%-owned Perak Hydro Renewable Energy Corporation Sdn Bhd, our small hydro portfolio includes 4 sites with an installed capacity of 32.25MW, at various stages of construction.

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

The 'Kerian' site with an installed capacity of 14MW, has been completed, 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, commissioned and is generating energy based on its TNB power purchase agreement.

The management is continually formulating strategies and longer terms plans to maximize value to shareholders. This includes evaluating various third party investment proposals, and strategies to unlock the value of our existing assets, know-how and expertise.

4. Tax expense

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

| RM'000       | Individual Quarter |            | Cumulative Quarter |            |
|--------------|--------------------|------------|--------------------|------------|
|              | 31/03/2020         | 31/03/2019 | 31/03/2020         | 31/03/2019 |
| Current      | (791)              | (209)      | (791)              | (209)      |
| Deferred tax | 20                 | 366        | 20                 | 366        |
|              | (771)              | 157        | (771)              | 157        |

5. Status of corporate proposal

There are currently no corporate proposals outstanding as at 31 March 2020.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 March 2020 are as follows:-

| As at 31 March 2020                     | Currency | Current | Non-Current |
|---|----------|---------|-------------|
| <b>RM'000</b>                           |          |         |             |
| Finance lease & hire purchase payables^ | RM       | 37      | 135         |
| Project financing term loan#            | RM       | 345     | 1,743       |
|   | RM       | 382     | 1,878       |
| <b>As at 31 March 2019</b>              |          |         |             |
| <b>RM'000</b>                           |          |         |             |
| Finance lease & hire purchase payables^ | RM       | 35      | 172         |
| Project financing term loan#            | RM       | 325     | 2,043       |
|   | RM       | 360     | 2,215       |

*^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).

|  | <b>Current<br/>Quarter<br/>RM'000</b> | <b>Current<br/>YTD<br/>RM'000</b> |
|--|---------------------------------------|-----------------------------------|
| Group attributable profit to shareholders of the Company | 2,094                                 | 2,094                             |
| Weighted average issued capital net of treasury shares   | 236,823                               | 236,823                           |
| Earnings/(Loss) per share (sen)                          | 0.9                                   | 0.9                               |

- (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.

|   | <b>Current<br/>Quarter<br/>RM'000</b> | <b>Current<br/>YTD<br/>RM'000</b> |
|---|---------------------------------------|-----------------------------------|
| Group attributable profit to shareholders of the Company        | 2,094                                 | 2,094                             |
| Weighted average issued capital net of treasury shares          | 236,823                               | 236,823                           |
| Adjustment for warrant/ESOS conversion into ordinary shares     | -                                     | -                                 |
| Adjusted weighted average issued capital net of treasury shares | 236,823                               | 236,823                           |
| Earnings/(Loss) per share (sen)                                 | 0.9                                   | 0.9                               |

**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 1<sup>st</sup> Quarter</i> |            | <i>Cumulative 1<sup>st</sup> Quarter</i> |            |
|--|--|------------|--|------------|
|  | 31/03/2020                               | 31/03/2019 | 31/03/2020                               | 31/03/2019 |
| (a) Interest Income  | (4)                                      | (4)        | (4)                                      | (4)        |
| (b) Depreciation and amortization                          | 60                                       | 1,559      | 60                                       | 1,559      |
| (c) Impairment of other receivables                        | -  | -          | -  | -          |
| (d) Impairment of trade receivables                        | -  | -          | -  | -          |
| (e) Impairment of inventories                              | -  | -          | -  | -          |
| (f) Property, plant and equipment written off              | -  | -          | -  | -          |
| (g) (Gain)/Loss on disposal of associates/subsidiaries     | -  | -          | -  | -          |
| (h) (Gain)/Loss on disposal of property, plant & equipment | (3,120)                                  | (25)       | (3,120)                                  | (25)       |
| (i) Impairment/(Gain) of financial assets                  | (279)                                    | (93)       | (279)                                    | (93)       |
| (j) Unwinding of discount of other receivables             | -  | -          | -  | -          |
| (k) Government subsidy/ grant received                     | -  | -          | -  | -          |
| (l) Impairment loss on goodwill                            | -  | -          | -  | -          |
| (m) Unwinding of discount of other payables                | -  | -          | -  | -          |

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 as at 31 March 2020 were debts arising from a Government customer (more than 98% 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 (^RM6.2 mil of Government trade receivables was impaired in FY2019):

| RM'000     | <30 days | 31-60 days | 61-90 days | 91-180 days | >180 days | Total |
|------------|----------|------------|------------|-------------|-----------|-------|
| 31/03/2020 | 1,480    | 29         | 5          | 1,472       | -         | 2,986 |
| 31/03/2019 | 3,079    | 270        | 1          | -           | ^6,208    | 9,558 |

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

The past due trade receivables above 90 days are collectable, and comprises of a November 2019 invoice for Ferrying of School children (Ministry of Defence) service-contract which ended in December 2019. As this invoice exceeded the total budgeted allocation for this service-contract, Mindef is requesting an additional budget from the Ministry of Finance to pay this invoice. Payment is expected by end-June 2020.

Trade receivables from the Ferrying of School children (Ministry of Defence) under the new service-contract which commenced on January 2020, are current.

Management made a material impairment on trade receivables from the Ministry of Defence (Mindef) in FY2019 amounting to RM6.2 mil. This was a direct result of the suspension and then cancellation of the National Service Program in August 2018. The collection was 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 the 2<sup>nd</sup> quarter of FY2019, a total of RM4.95 million of these past due trade receivables from the Ministry of Finance was collected, with a balance of RM6.2 million due and outstanding. Management decided to provide for the balance of trade receivables in FY2019 due to aging, however the process of collection has continued through legal and consultation methods. Upon receipt of payment from Mindef for this trade receivable, management will reverse out the impairment provision.

### **Other receivables**

RM3.55 mil of other receivables (from a total RM4.8 mil), was as a result of the sale of fully-depreciated buses (assets) to a third party during the financial period under review.

### **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 EURO31,000.

### **Material impairment of assets**

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