

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Company no: 484964-H)
(Incorporated in Malaysia)

Interim Financial Report
30 September 2014

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Company no: 484964-H)

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Third Quarter Ended 30 September 2014

	3 Months Ended		9 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM '000	RM '000	RM '000	RM '000
Revenue	16,531	8,879	51,060	27,878
Cost of sales	(9,667)	(5,950)	(31,149)	(20,904)
Gross Profit	6,864	2,929	19,911	6,974
Other operating income	73	61	227	190
Administrative and general expenses	(3,759)	(4,237)	(10,591)	(10,189)
Sales and marketing expenses	(857)	(190)	(1,040)	(413)
Forex (loss) / gain (realised)	(494)	(9)	(394)	124
Forex gain / (loss) (unrealised)	975	(140)	866	(124)
Profit/(loss) from operations	2,802	(1,586)	8,979	(3,438)
Finance cost	(224)	44	(315)	30
Profit/(loss) before tax	2,578	(1,542)	8,664	(3,408)
Tax expense	(137)	(1)	(1,567)	(168)
Profit/(loss) after tax	2,441	(1,543)	7,097	(3,576)
Profit/(loss) for the period	2,441	(1,543)	7,097	(3,576)
Attributable to:				
Owners of the parent	2,282	(1,609)	6,352	(3,665)
Non-controlling interests	159	66	745	89
	2,441	(1,543)	7,097	(3,576)
Earnings per share attributable to equity holders of the parent:				
- basic (sen)	4.94	(3.64)	13.75	(8.29)
- diluted (sen)	N/A	N/A	N/A	N/A

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Company no: 484964-H)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Third Quarter Ended 30 September 2014

	<u>3 Months Ended</u>		<u>9 Months Ended</u>	
	<u>30/09/2014</u>	<u>30/09/2013</u>	<u>30/09/2014</u>	<u>30/09/2013</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Profit/(loss) for the period	2,441	(1,543)	7,097	(3,576)
Currency translation differences arising from consolidation	-	-	-	-
Total comprehensive income/(loss)	<u>2,441</u>	<u>(1,543)</u>	<u>7,097</u>	<u>(3,576)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	2,282	(1,609)	6,352	(3,665)
Non-controlling interests	159	66	745	89
	<u>2,441</u>	<u>(1,543)</u>	<u>7,097</u>	<u>(3,576)</u>

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Financial Position
For the Third Quarter Ended 30 September 2014

	AS AT 30/09/2014 RM' 000 Unaudited	AS AT 31/12/2013 RM' 000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	20,544	20,112
Investment property	27,757	27,930
Intangible assets	694	-
Deferred tax assets	451	149
Total non-current assets	49,446	48,191
Current assets		
Inventories	14,288	20,605
Trade receivables	42,414	21,585
Other receivables, deposits and prepayments	2,826	2,005
Tax recoverable	460	812
Short term investment	-	1,451
Cash and bank balances	24,128	16,780
Total current assets	84,116	63,238
TOTAL ASSETS	133,562	111,429
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	46,200	46,200
Share premium	12,897	12,897
Other Reserve	2,609	2,609
Accumulated losses	7,428	1,076
	69,134	62,782
Non-controlling interests	1,600	2,705
Total equity	70,734	65,487
Non-current liabilities		
Deferred tax liabilities	1,635	1,919
Long term borrowings	1,913	1,548
Total non-current liabilities	3,548	3,467
Current liabilities		
Trade payables	23,746	28,606
Other payables and accruals	33,343	8,412
Short term borrowings	296	3,276
Taxation	1,895	2,181
Total current liabilities	59,280	42,475
Total liabilities	62,828	45,942
TOTAL EQUITY AND LIABILITIES	133,562	111,429
Net assets per share attributable to equity holders of the Company (RM)	1.50	1.36

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Incorporated in Malaysia)

Unaudited Condensed Consolidation Statements of Changes in Equity
For the Third Quarter Ended 30 September 2014

RM'000	Attributable to owners of parent				Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Asset Revaluation Reserves RM'000	Retained earnings /(Accumulated losses) RM'000			
As at 1 Jan 2013	42,000	11,175	2,609	(4,405)	51,379	-	51,379
The comprehensive income/(loss) for the period	-	-	-	(3,665)	(3,665)	89	(3,576)
Others comprehensive income for the period	-	-	-	-	-	1,877	1,877
Issuance of ordinary shares	4,200	1,722	-	-	5,922	-	5,922
As at 30 September 2013	46,200	12,897	2,609	(8,070)	53,636	1,966	55,602
As at 1 Jan 2014	46,200	12,897	2,609	1,076	62,782	2,705	65,487
The comprehensive income for the period	-	-	-	6,352	6,352	745	7,097
Additional investment in subsidiary	-	-	-	-	-	(2,328)	(2,328)
Shares issue to non-controlling interests	-	-	-	-	-	478	478
Others comprehensive income/(loss) for the period	-	-	-	-	-	-	-
As at 30 September 2014	46,200	12,897	2,609	7,428	69,134	1,600	70,734

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flow
For the Third Quarter Ended 30 September 2014

	9 Months Ended	
	30/09/2014	30/09/2013
	RM' 000	RM' 000
Profit/(loss) before tax	8,664	(3,408)
<u>Adjustments for :</u>		
Amortisation of investment properties	173	-
Bad debts written off	-	189
Dilution of interest in a subsidiary	89	-
Depreciation of property, plant and equipment	574	551
Impairment of goodwill on consolidation	18	-
Impairment loss on trade receivables	-	3,813
Unrealised loss/(gain) on foreign exchange	(866)	123
Interest expenses	378	83
Interest Income	(63)	(103)
Total adjustment	303	4,656
Operating cash flow before changes in working capital	8,967	1,248
<u>Changes in working capital</u>		
Decrease in inventories	6,317	4,467
Increase in receivables	(21,524)	1,738
Increase in payables	19,922	26,591
Total changes in working capital	4,715	32,796
Cash flow from operations	13,682	34,044
Interest paid	(378)	(83)
Tax paid	(2,592)	(336)
Tax refund	533	-
Net cash flows from operating activities	11,245	33,625
<u>Investing activities</u>		
Interest received	63	103
Additional investment in a subsidiary	(2,328)	-
Issuance of ordinary shares to Non-controlling interest	390	-
Net inflow on acquisition of subsidiary	73	1,877
Purchases of property, plant and equipment	(1,006)	(420)
Purchase of intangible asset	(695)	-
Upliftment of short term investment	1,451	-
Issuance of ordinary shares	-	5,922
Purchases of investment properties	-	(37,563)
Net cash flows used in investing activities	(2,052)	(30,081)
<u>Financing activities</u>		
Drawdown of finance leases	280	-
Repayment of finance leases	(215)	(144)
Repayment of loans and borrowing	(2,680)	(2,451)
Net cash flows used in financing activities	(2,615)	(2,595)
Net increase in cash and cash equivalents	6,578	949
Effect of exchange rate changes	770	412
Cash and cash equivalents at beginning of year	16,780	13,512
	24,128	14,873
<u>Composition of cash and cash equivalents:</u>		
Cash and bank balances	24,128	14,873
Cash and cash equivalents at end of period	24,128	14,873

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Company no: 484964-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance to Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. The explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2013.

The significant accounting policies adopted in the preparation the unaudited interim financial report are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 December 2013 except for the adoption of the following new MFRSs and Interpretations and amendments to certain MFRSs and Interpretations with effect from 1 January 2014.

Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136 Recoverable Amount Disclosures for Non Financial Assets
Amendments to MFRS 139 Novation of derivatives and continuation of Hedge Accounting
IC Interpretation 21 Levies

The adoption of the above MFRSs and amendments to MFRSs did not have any significant impact on the financial statements of the Group.

As at the date of authorisation of the unaudited interim financial report, the following Standards were issued but not yet effective and have not been adopted by the Group:

	Effective for financial periods beginning on or after
MFRSs, Amendments to MFRSs and IC Interpretations	
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	01 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	01 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	01 July 2014
Amendments to MFRS 11: Accounting for Acquisition Interest in Joint Operations	01 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and	01 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	01 January 2016
MFRS 14: Regulatory Deferral Account	01 January 2016
MFRS 15: Revenue from Contracts with Customers	01 January 2017
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2010)	To be announced
MFRS 9: Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

A1. Basis of Preparation (Cont'd)

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncement are not expected to have significant impact to the financial statements of the Group except for MFRS 15, which is currently in the process of assessment.

A2. Seasonal or Cyclical Factors

The Group's performance is not materially affected by any seasonal or cyclical factors.

A3. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

A4. Changes in Estimates

There were no changes in estimates that have had any material effect on the result for the current financial period under review.

A5. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period.

A6. Dividend Paid

No dividend was paid during the current financial period.

A7. Segmental Information

	Industrial machine RM'000	Properties RM'000	Others RM'000	Elimination RM'000	Group RM'000
Results for 3 months ended 30 September 2014					
Revenue					
External	5,960	9,666	905	-	16,531
Inter-segment	159	12	240	(411)	-
Total	<u>6,119</u>	<u>9,678</u>	<u>1,145</u>	<u>(411)</u>	<u>16,531</u>
Results					
Operating profit / (loss)	<u>(1,862)</u>	<u>5,509</u>	<u>(845)</u>	<u>-</u>	<u>2,802</u>
Finance costs					<u>(224)</u>
Profit before tax					<u><u>2,578</u></u>
Results for 3 months ended 30 September 2013					
Revenue					
External	7,922	315	642	-	8,879
Inter-segment	231	12	-	(243)	-
Total	<u>8,153</u>	<u>327</u>	<u>642</u>	<u>(243)</u>	<u>8,879</u>
Results					
Operating profit / (loss)	(78)	(1,517)	9	-	(1,586)
Finance costs					<u>44</u>
Profit / (loss) before tax					<u><u>(1,542)</u></u>

A7. Segmental Information (Cont'd)

	Industrial machine RM'000	Properties RM'000	Others RM'000	Elimination RM'000	Group RM'000
Results for 9 months ended 30 September 2014					
Revenue					
External	23,065	26,129	1,866	-	51,060
Inter-segment	333	36	720	(1,089)	-
Total	<u>23,398</u>	<u>26,165</u>	<u>2,586</u>	<u>(1,089)</u>	<u>51,060</u>
Results					
Operating profit / (loss)	761	11,271	(3,053)	-	8,979
Finance costs					<u>(315)</u>
Profit / (loss) before tax					<u><u>8,664</u></u>
Results for 9 months ended 30 September 2013					
Revenue					
External	25,552	537	1,789	-	27,878
Inter-segment	352	-	26	(378)	-
Total	<u>25,904</u>	<u>537</u>	<u>1,815</u>	<u>(378)</u>	<u>27,878</u>
Results					
Operating profit / (loss)	760	(3,648)	(550)	-	(3,438)
Finance costs					<u>30</u>
Profit / (loss) before tax					<u><u>(3,408)</u></u>

A8. Material Events Subsequent to The End of Interim Period

There is no material event subsequent to the end of the financial period under review other than those disclosed in Note A9 and Note B7 to the interim financial statement.

A9. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial period except for the following:

On 4 July 2014, the Group fulfilled all terms and conditions in the share sale agreements and hence, Trilink Essential Sdn Bhd became wholly owned subsidiary of the Group.

A10. Changes in Contingent Liabilities / Contingent Assets

As at the reporting date, other than those disclosed below, there have been no changes in the contingent liabilities/assets since the last annual reporting date.

Trade purposes guarantee	RM'000
	<u>30</u>

The Company has a contingent asset arising from the legal action against a trade debtor. The trade debt amounts to RM5,719,047, in which there is a likelihood for recoverability. Adequate provision for doubtful debts has been made to this particular debt amount.

A12. Capital Commitment

There is no capital commitment not provided for in the interim financial statements as at the reporting date.

HCK CAPITAL GROUP BERHAD
(formerly known as GOLSTA SYNERGY BERHAD)
(Company no: 484964-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review

Review of results for the quarter

The Group's revenue increased 86.2% compared to the corresponding quarter of preceding year. Property segment contributed to the increase in revenue by RM9.3 million compared to the corresponding quarter of preceding year. The increase however was offset by the decrease in revenue in industrial machine and engineering segment by 25% or RM2.0 million as compared to revenue recorded in third quarter of 2013.

The Group achieved RM2.6 million profits before taxation compared to a loss before tax of RM1.5 million during the same period last year. The increase in profits were mainly contributed by property segment in line with their increased in revenue but reduced by loss before tax recorded by industrial machine and engineering segment during the current quarter under review.

Review of results for the financial period to date

The Group recorded revenue of RM51.1 million, an increased of 83% as compared to the revenue of RM27.9 million recorded in 2013. The increase was mainly due to higher revenue recorded by the property segment, which represented more than 100% increased in revenue as compared to revenue in 2013. The revenue increase in property segment was offset by lower revenue recorded by industrial machine and engineering segment which contributed RM23.1 million sales during the financial period under review, a decrease of 9.7% as compared to RM25.6 million in 2013.

The Group achieved RM8.7 million profits before taxation compared to loss before tax of RM3.4 million in 2013. The profits were mainly derived from the property segment in line with the increase in revenue.

B2. Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

The Group achieved RM2.6 million profits before taxation compared to RM3.6 million in the preceding quarter. The decrease of 28% as compared to preceding was mainly due to loss recorded in industrial machine segment in line with lower revenue recorded during the quarter under review.

B3. Future Prospects

The cooling measures implemented on the property market has resulted in an overall softer demand as compared to the previous year. Despite the more challenging environment, the Group is cautiously optimistic that its property division will be contributing positively to the Group's bottom line given the strategic location of its properties and its sales & marketing strategy to achieve the desired revenue target.

As for the industrial machine segment, it continues to operate in a competitive environment and is therefore expected to remain challenging for the remaining quarter of the financial year.

B4. Profit Forecast or Profit Guarantee

The Group has not provided any profit forecast in a public document.

B5. Variance from profit forecast or profit guarantee

No

B6. Taxation

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30/09/2014 RM '000	30/09/2013 RM '000	30/09/2014 RM '000	30/09/2013 RM '000
Current income tax				
- Malaysia income tax	227	1	2,387	130
- Over provision in prior year	(90)	-	(263)	-
	<u>137</u>	<u>1</u>	<u>2,124</u>	<u>130</u>
Deferred taxation				
- Origination and reversal of temporary difference	-	-	(301)	38
- Over provision in prior year	-	-	(256)	-
	<u>137</u>	<u>1</u>	<u>1,567</u>	<u>168</u>

Income tax expense is recognized in each interim period based on the best estimate of the income tax payable for the full financial year. The effective income tax rate for the current period was lower than statutory tax rate, principally due to utilisation of previous unutilised tax losses.

B7. Status of Corporate Proposals

- i) On 4 July 2014, the Group fulfilled all terms and conditions in the share sale agreements and hence, Trilink Essential Sdn Bhd became wholly owned subsidiary of the Group.
- ii) On 30 May 2014, the Group announced on a private placement of up to 20% of the issued and paid-up share capital of the Company. Approvals from Bursa Malaysia Securities Berhad and Shareholders have been obtained on 4 July 2014 and 20 August 2014 respectively. The private placement is pending completion.

B8. Borrowings and Debt Securities

The Group's borrowings as at 30 June 2014:

	30/09/2014 RM'000
(a) Short term (secured)	
- Hire purchases	223
- Term loan	73
	<u>296</u>
(b) Long term (secured)	
- Term loan	1,247
- Hire purchases	666
	<u>2,209</u>

B9. Changes in Material litigation

There was no material litigation against the Group as at the reporting date.

B10. Proposed Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

B11. Earnings per share

There was no dividend proposed in the current quarter and the previous corresponding quarter.

	3 Months Ended		9 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
Profit / (loss) attributable to ordinary equity owners of the parent (RM'000)	2,282	(1,609)	6,352	(3,665)
Weighted average number of ordinary shares in issue ('000)	46,200	44,186	46,200	44,186
Basic earnings per share (sen)	4.94	(3.64)	13.75	(8.29)

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and which may dilute its basic earnings per share

B12. Auditors' report on preceding annual financial statement

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

B13. Breakdown of Realised and Unrealised Profits or Losses

	9 Months Ended	
	30/09/2014 RM'000	30/09/2013 RM'000
Retained earnings / (accumulated losses)		
Realised	22,791	7,685
Unrealised	(1,114)	(2,700)
	<u>21,677</u>	<u>4,985</u>
Less: Consolidation adjustments	(14,249)	(13,055)
Total Group's retained earnings / (accumulated losses)	<u>7,428</u>	<u>(8,070)</u>

B14. Breakdown of Realised and Unrealised Profits or Losses

	3 Months Ended		9 Months Ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Interest income	(38)	(36)	(63)	(103)
Interest expense	261	2	378	83
Depreciation of property, plant and equipment	211	178	574	551
Amortisation of investment properties	77	-	173	-
Impairment on goodwill on consolidation	-	-	18	-
Impairment loss on trade receivables	-	1,907	-	3,813
Bad debts written off	-	194	-	189
(Gain) / loss on foreign exchange - realised	494	11	394	(123)
(Gain) / Loss on foreign exchange - unrealised	(975)	139	(866)	123