



**Interim Financial Statement
For the Financial Period Ended 31 March 2015**

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 financial period ended 31.03.2015

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Continuing Operations | | | | |
| Revenue | 8,147 | 1,535 | 8,147 | 1,535 |
| Cost of sales | (1,655) | (655) | (1,655) | (655) |
| Gross Profit | 6,492 | 880 | 6,492 | 880 |
| Other operating income | 13 | 11 | 13 | 11 |
| Administrative and general expenses | (3,207) | (1,838) | (3,207) | (1,838) |
| Sales and marketing expenses | (279) | (130) | (279) | (130) |
| Profit / (Loss) from operations | 3,019 | (1,077) | 3,019 | (1,077) |
| Interest income | 127 | 3 | 127 | 3 |
| Interest expense | (181) | - | (181) | - |
| Profit / (Loss) before taxation | 2,965 | (1,074) | 2,965 | (1,074) |
| Tax expense | (1,458) | (43) | (1,458) | (43) |
| Profit / (Loss) after taxation from Continuing Operations | 1,507 | (1,117) | 1,507 | (1,117) |
| Discontinued Operations | | | | |
| (Loss) / Profit after taxation from Discontinued Operations | (25) | 1,678 | (25) | 1,678 |
| Profit after taxation | 1,482 | 561 | 1,482 | 561 |
| Attributable to: | | | | |
| Owners of the parent | 1,274 | 540 | 1,274 | 540 |
| Non-controlling interests | 208 | 21 | 208 | 21 |
| | 1,482 | 561 | 1,482 | 561 |
| Basic earnings / (loss) per share attributable to equity holders of the parent: | | | | |
| Continuing Operations | 2.65 | (2.46) | 2.65 | (2.46) |
| Discontinued Operations | (0.05) | 3.63 | (0.05) | 3.63 |
| | 2.60 | 1.17 | 2.60 | 1.17 |

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 2014 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 financial period ended 31.03.2015

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|---|---------------------------|------------|---------------------------|------------|
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Profit after taxation for the period | 1,482 | 561 | 1,482 | 561 |
| Other comprehensive income | | | | |
| Item that may not be subsequently reclassified to profit or loss | | | | |
| Realisation of revaluation reserve | - | - | - | - |
| Total comprehensive income | <u>1,482</u> | <u>561</u> | <u>1,482</u> | <u>561</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 1,274 | 540 | 1,274 | 540 |
| Non-controlling interests | 208 | 21 | 208 | 21 |
| | <u>1,482</u> | <u>561</u> | <u>1,482</u> | <u>561</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 2014 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 financial period ended 31.03.2015

| | AS AT 31.03.2015 RM' 000 Unaudited | AS AT 31.12.2014 RM' 000 Audited |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 985 | 21,104 |
| Investment property | 21,000 | 27,930 |
| Intangible assets | 688 | 700 |
| | <u>22,673</u> | <u>49,734</u> |
| Current assets | | |
| Inventories | 11,320 | 15,450 |
| Trade receivables | 30,987 | 37,385 |
| Other receivables, deposits and prepayments | 1,315 | 3,071 |
| Tax recoverable | 21 | 367 |
| Short term fund | 20,131 | 19,015 |
| Short term deposits with licensed banks | - | 16,910 |
| Cash and bank balances | 4,337 | 5,937 |
| | <u>68,111</u> | <u>98,135</u> |
| Assets of disposal group classified as held for Sale | 57,873 | - |
| TOTAL ASSETS | <u>148,657</u> | <u>147,869</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 55,440 | 55,440 |
| Share premium | 25,591 | 25,591 |
| Other Reserve | 2,609 | 2,609 |
| Retained earnings | 8,343 | 7,069 |
| | <u>91,983</u> | <u>90,709</u> |
| Non-controlling interests | 2,054 | 1,846 |
| Total equity | <u>94,037</u> | <u>92,555</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 56 | 1,737 |
| Long term borrowings | 7,530 | 9,135 |
| | <u>7,586</u> | <u>10,872</u> |
| Current liabilities | | |
| Trade payables | 7,789 | 10,995 |
| Other payables and accruals | 13,070 | 27,818 |
| Short term borrowings | 1,414 | 5,071 |
| Taxation | 1,314 | 558 |
| | <u>23,587</u> | <u>44,442</u> |
| Liabilities of disposal group classified as held for Sale | 23,447 | - |
| Total liabilities | <u>54,620</u> | <u>55,314</u> |
| TOTAL EQUITY AND LIABILITIES | <u>148,657</u> | <u>147,869</u> |
| Net assets per share attributable to equity holders of the Company (RM) | 1.66 | 1.64 |

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 financial period ended 31.03.2015

| RM'000 | ← Attributable to Owners of the Parent → | | | | | | Non-controlling interests RM'000 | Total Equity RM'000 |
|----------------------------|--|-------------------------|--------------------------------------|--|-----------------|-------|-------------------------------------|------------------------|
| | ← Non-Distributable → | | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Asset Revaluation Reserves RM'000 | Retained earnings / (Accumulated losses) RM'000 | Total RM'000 | | | |
| As at 1 Jan 2014 | 46,200 | 12,897 | 2,609 | (179) | 61,527 | 1,679 | 63,206 | |
| Total comprehensive income | - | - | - | 540 | 540 | 21 | 561 | |
| As at 31 March 2014 | 46,200 | 12,897 | 2,609 | 361 | 62,067 | 1,700 | 63,767 | |
| As at 1 Jan 2015 | 55,440 | 25,591 | 2,609 | 7,069 | 90,709 | 1,846 | 92,555 | |
| Total comprehensive income | - | - | - | 1,274 | 1,274 | 208 | 1,482 | |
| Corporate exercise expense | - | # | - | - | # | - | # | |
| As at 31 March 2015 | 55,440 | 25,591 | 2,609 | 8,343 | 91,983 | 2,054 | 94,037 | |

- Amount less than RM1,000

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 2014 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 financial period ended 31.03.2015

| | <u>Cumulative Quarter</u> | |
|--|---------------------------|----------------|
| | 31.03.2015 | 31.03.2014 |
| | RM' 000 | RM' 000 |
| Profit / (Loss) before taxation | | |
| Continuing Operations | 2,965 | (1,074) |
| Discontinued Operations | 370 | 2,047 |
| | 3,335 | 973 |
| <u>Adjustments for :</u> | | |
| Amortisation of intangible assets | 12 | - |
| Depreciation of property, plant and equipment | 266 | 174 |
| Unrealised loss on foreign exchange | 6 | 19 |
| Interest expenses | 201 | 18 |
| Interest Income | (140) | (20) |
| Total adjustment | 345 | 191 |
| Operating cash flow before changes in working capital | 3,680 | 1,164 |
| <u>Changes in working capital</u> | | |
| Changes in inventories | (1,687) | 4,925 |
| Changes in receivables, deposits and prepayment | 3,298 | (4,594) |
| Changes in payables | 1,777 | 133 |
| Total changes in working capital | 3,388 | 464 |
| Cash flow from operations | 7,068 | 1,628 |
| Interest paid | (201) | (18) |
| Tax paid | (582) | (176) |
| Tax refund | - | 856 |
| Net cash flows from operating activities | 6,285 | 2,290 |
| <u>Investing activities</u> | | |
| Interest received | 140 | 20 |
| Purchases of property, plant and equipment | (341) | (63) |
| Upliftment of short term investment | - | 1,451 |
| Net cash flows (used in) / from investing activities | (201) | 1,408 |
| <u>Financing activities</u> | | |
| Repayment of finance leases | (91) | (49) |
| Repayment of term loan | (3,287) | (1,569) |
| Net cash flows used in financing activities | (3,378) | (1,618) |
| Net increase in cash and cash equivalents | 2,706 | 2,080 |
| Effect of exchange rate changes | (6) | (4) |
| Cash and cash equivalents at beginning of year | 41,810 | 18,231 |
| | 44,510 | 20,307 |
| <u>Composition of cash and cash equivalents:</u> | | |
| Short term fund | 20,131 | - |
| Cash & bank balances | 4,337 | 2,070 |
| | 24,468 | 2,070 |
| Assets held for sale | 20,094 | 18,289 |
| Less: Deposits pledged to licensed banks | (52) | (52) |
| Cash and cash equivalents at end of period | 44,510 | 20,307 |

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE FINANCIAL PERIOD ENDED 31.03.2015**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with the reporting requirement as set out in Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

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 2014 except for the adoption of all MFRSs which are in effective and the following new MFRSs and Interpretations and amendments to certain MFRSs and Interpretations with effect from 1 January 2014.

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans: Employee Contributions
 Annual Improvements to MFRSs 2010 - 2012 Cycle
 Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the all and above pronouncement 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:

| MFRSs, Amendments to MFRSs and IC Interpretations | Effective for financial periods beginning on or after |
|---|---|
| MFRS 14 Regulatory Deferral Accounts | 01 January 2016 |
| Amendments to MFRS 11 Joint Arrangements - <i>Accounting for Acquisitions of Interests in Joint Operations</i> | 01 January 2016 |
| Amendments to MFRS 101 Presentation of Financial Statements - <i>Disclosure Initiative</i> | 01 January 2016 |
| Amendments to MFRS 127 Consolidated and Separate Financial Statements - <i>Equity Method in Separate Financial Statements</i> | 01 January 2016 |
| Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | 01 January 2016 |
| Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> | 01 January 2016 |
| Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - <i>Bearer Plants</i> | 01 January 2016 |
| Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - <i>Investment Entities: Applying the Consolidation Exception</i> | 01 January 2016 |
| Annual Improvements to MFRSs 2012 - 2014 Cycle | 01 January 2016 |

A1. Basis of Preparation (Cont'd)

| | Effective for financial periods beginning on or after |
|---|---|
| MFRSs, Amendments to MFRSs and IC Interpretations (Cont'd) | |
| MFRS 15: Revenue from Contracts with Customers | 01 January 2017 |
| MFRS 9 Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014) | 01 January 2018 |

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have significant impact to the financial statements of the Group except for the following MFRSs where the Group is currently assessing their potential impacts.

(i) MFRS 15: Revenue from Contracts with Customers

The objective of MFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. It provides 5-step guidance for entity to recognise its revenue that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

(ii) MFRS 9: Financial Instruments

This new standards will replace MFRS139 and the main changes are the classification and measurement, impairment and hedge accounting of financial instruments. This may affect the classification and measurement of the financial assets of the Group and will not have any significant impact on the financial liabilities in terms of classification and measurement.

MFRS 9 has introduced a new, expected loss impairment model that will require more timely recognition of expected losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required but comparative information is not compulsory.

A2. Discontinued Operations

On 30 April 2015, the Company had entered into a conditional share sale agreement ("SSA") with Chua Boon Hiong and Ng Lai Keow for the proposed disposal of 3,000,000 ordinary shares, representing 100% of the equity interest in Golsta Sdn Bhd ("GSB"), for a total disposal consideration of RM34,475,159 ("Disposal Consideration") to be satisfied entirely by cash. Further details are disclosed in Note B7 to the interim financial statements.

Subject to fulfilment of the conditions precedent stated in the SSA, GSB and its subsidiaries were classified as held for sale and as discontinued operations ("Assets / Liabilities of disposal group held for Sale" and "Discontinued Operations"). The comparative consolidated statements of profit or loss and comprehensive income have been represented to show the Discontinued Operations separately from the Continuing Operations.

A2. Discontinued Operations (Cont'd)

Profit net of tax from Discontinued Operations were as follows:

| | 31.03.2015 | 31.03.2014 |
|---|------------|------------|
| | RM'000 | RM'000 |
| Revenue | 3,758 | 10,631 |
| Cost of sales | (2,593) | (7,770) |
| Gross Profit | 1,165 | 2,861 |
| Other operating income | 97 | 114 |
| Administrative and general expenses | (819) | (813) |
| Sales and marketing expenses | (66) | (114) |
| Profit from operations | 377 | 2,048 |
| Interest income | 13 | 17 |
| Interest expense | (20) | (18) |
| Profit before taxation | 370 | 2,047 |
| Tax expense | (395) | (369) |
| (Loss) / Profit net of tax from Discontinued Operations | (25) | 1,678 |

Assets and liabilities of disposal group classified as held for sale as at 31 March 2015 are as follows:

| | As at 31.03.2015 RM'000 |
|--|-------------------------------|
| <u>Assets of disposal group classified as held for sale</u> | |
| Property, plant and equipment | 20,193 |
| Investment property | 6,930 |
| Inventories | 5,817 |
| Trade receivables | 3,168 |
| Other receivables, deposits and prepayments | 1,590 |
| Tax recoverable | 80 |
| Short term deposits with licensed banks | 16,912 |
| Cash and bank balances | 3,183 |
| | <u>57,873</u> |
| <u>Liabilities of disposal group classified as held for sale</u> | |
| Trade payables | 3,464 |
| Other payables and accruals | 16,167 |
| Borrowings | 1,884 |
| Taxation | 250 |
| Deferred tax liabilities | 1,682 |
| | <u>23,447</u> |
| The net cash flow incurred by GSB and its subsidiaries are as follows: | |
| Net cash from operating activities | (888) |
| Net cash from investing activities | (305) |
| Net cash from financing activities | (139) |
| | <u>(1,332)</u> |

A3. Seasonal or Cyclical Factors

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

A4. Unusual Items

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

A5. Changes in Estimates

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

A6. Debt and Equity Securities

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

A7. Dividend Paid

No dividend was paid during the current financial quarter.

A8. Segmental Information

| | Properties RM'000 | Food RM'000 | Others RM'000 | Continuing Operations RM'000 | Discontinued Operations RM'000 | Total RM'000 |
|---|----------------------|----------------|------------------|------------------------------------|--------------------------------------|-----------------|
| Results for 3 months ended 31 March 2015 | | | | | | |
| <u>Revenue</u> | | | | | | |
| External | 7,832 | 286 | 29 | 8,147 | 3,758 | 11,905 |
| Inter-segment | - | - | 322 | 322 | 995 | 1,317 |
| | <u>7,832</u> | <u>286</u> | <u>351</u> | <u>8,469</u> | <u>4,753</u> | <u>13,222</u> |
| Consolidated adjustments and elimination | | | | (322) | (995) | (1,317) |
| Consolidated revenue | | | | <u>8,147</u> | <u>3,758</u> | <u>11,905</u> |
| <u>Results</u> | | | | | | |
| Results before the following adjustments | 4,625 | (63) | (1,359) | 3,203 | 595 | 3,798 |
| Consolidated adjustments and elimination | - | (19) | (99) | (118) | - | (118) |
| Amortisation of intangible asset | - | (12) | - | (12) | - | (12) |
| Depreciation of plant and equipment | (25) | (25) | (4) | (54) | (212) | (266) |
| Unrealised foreign exchange loss | - | - | - | - | (6) | (6) |
| Segment results | <u>4,600</u> | <u>(119)</u> | <u>(1,462)</u> | <u>3,019</u> | <u>377</u> | <u>3,396</u> |
| Interest income | | | | 127 | 13 | 140 |
| Finance costs | | | | (181) | (20) | (201) |
| Income tax expense | | | | (1,458) | (395) | (1,853) |
| Consolidated profit / (loss) after taxation | | | | <u>1,507</u> | <u>(25)</u> | <u>1,482</u> |

A8. Segmental Information (Cont'd)

| | Properties RM'000 | Food RM'000 | Others RM'000 | Continuing Operations RM'000 | Discontinued Operations RM'000 | Total RM'000 |
|---|----------------------|----------------|------------------|------------------------------------|--------------------------------------|-----------------|
| Results for 3 months ended 31 March 2014 | | | | | | |
| <u>Revenue</u> | | | | | | |
| External | 1,535 | - | - | 1,535 | 10,631 | 12,166 |
| Inter-segment | - | - | 240 | 240 | 65 | 305 |
| | <u>1,535</u> | <u>-</u> | <u>240</u> | <u>1,775</u> | <u>10,696</u> | <u>12,471</u> |
| Consolidated adjustments and elimination | | | | (240) | (65) | (305) |
| Consolidated revenue | | | | <u>1,535</u> | <u>10,631</u> | <u>12,166</u> |
| <u>Results</u> | | | | | | |
| Results before the following adjustments | (842) | - | (369) | (1,211) | 2,234 | 1,023 |
| Consolidated adjustments and elimination | 240 | - | (99) | 141 | - | 141 |
| Amortisation of intangible asset | - | - | - | - | - | - |
| Depreciation of plant and equipment | (5) | - | (2) | (7) | (167) | (174) |
| Unrealised foreign exchange loss | - | - | - | - | (19) | (19) |
| Segment results | <u>(607)</u> | <u>-</u> | <u>(470)</u> | <u>(1,077)</u> | <u>2,048</u> | <u>971</u> |
| Interest income | | | | 3 | 17 | 20 |
| Finance costs | | | | - | (18) | (18) |
| Income tax expense | | | | (43) | (369) | (412) |
| Consolidated (loss) / profit after taxation | | | | <u>(1,117)</u> | <u>1,678</u> | <u>561</u> |

A9. Material Events Subsequent to The End of Interim Period

There is no material event subsequent to the end of the financial quarter other than those disclosed in Note A2 and B7 to the interim financial statement.

A10. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A11. Contingent Liabilities / Contingent assets

As at the reporting date, the Company has provided corporate guarantees to licensed financial institutions for banking facilities and to suppliers for trading purposes, for the benefit of the subsidiaries as below:

| | Facilities granted RM'000 | Amount utilised RM'000 |
|--|---------------------------------|------------------------------|
| Continuing Operations - banking facilities guarantee | 10,747 | 8,747 |
| Discontinued Operations - banking facilities guarantee | 895 | 895 |
| Discontinued Operations - Trade purpose guarantee | 30 | 30 |
| | <u>11,672</u> | <u>9,672</u> |

GSB, the disposal group, has a contingent asset arising from the legal action against a trade debtor. The trade debt amounted to RM5,719,047, in which there is a likelihood for recoverability. Adequate impairment on the amount due has been made to this particular debt amount.

A12. Capital Commitment

| | As at 31.03.2015 RM'000 |
|---------------------------------------|-------------------------------|
| Continuing Operations: | |
| Contracted but not provided for | <u>30,000</u> |
| Discontinued Operations: | |
| Contracts approved and contracted for | <u>2,696</u> |

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31.03.2015**

**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 and financial period to date

Continuing Operations

For the current financial quarter and financial year to-date, the Group registered higher revenue of RM8.1 million as compared to RM1.5 million recorded in preceding year's corresponding quarter, representing an increase of RM6.6 million or 430.7%. The increase is mainly due to higher contribution from property management service and trading activities.

The Group recorded RM3.0 million profits before taxation, representing an increase of 376.1% as compared to loss before taxation of RM1.1 million recorded in corresponding quarter of preceding year. The increase was in line with the increase in revenue contribution from property segment.

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

The Group reported RM3.0 million profits before taxation compared to RM8.9 million in the preceding quarter, representing 70% lower than profit before taxation achieved in preceding quarter. In the preceding quarter, higher profit was recorded due to the Property Segment's project obtained vacant possession.

B3. Future Prospects

The Group is cautiously optimistic that its property division will continue to contribute positively to the Group's bottom line given the strategic location of its properties and execution of its sales & marketing strategy to achieve the desired results.

Property market in 2015 is expected to remain challenging. The property market is affected by the Government's cooling measures, stricter lending requirements by the financial institution, competition among developers and the post implementation of GST.

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

Not applicable.

B6. Taxation

| | Current quarter | | Cumulative quarter | |
|--------------------------------|-----------------|------------|--------------------|------------|
| | 31.03.2015 | 31.03.2014 | 31.03.2015 | 31.03.2014 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Continuing Operations | | | | |
| Current income tax | | | | |
| - Malaysia income tax | 1,458 | 43 | 1,458 | 43 |
| Discontinued Operations | | | | |
| Current income tax | | | | |
| - Malaysia income tax | 395 | 369 | 395 | 369 |
| | <u>1,853</u> | <u>412</u> | <u>1,853</u> | <u>412</u> |

The effective tax rate of the Group for the current quarter and financial period to date was higher than the Malaysian statutory tax rate mainly due to certain expenses are not allowed for tax deductions.

B7. Status of Corporate Proposals

i) Status of utilisation of proceeds

The status of utilisation of the proceeds raised from the private placement, at 21 May 2015, is as follows:

| | Proposed | Actual | Intended | Deviation | |
|--|---------------|---------------|------------------|-----------|-----------|
| | utilisation | utilisation | timeframe for | RM'000 | % |
| | RM'000 | RM'000 | utilisation | | |
| a) Property - related acquisition and expenses | 13,708 | 3,000 | Within 22 months | - | 0% |
| b) Loan repayment | 2,810 | 2,810 | Within 22 months | - | 0% |
| c) Working capital | 5,408 | 5,247 | Within 22 months | - | 0% |
| d) Estimated expenses | 250 | 170 | Within 6 months | - | 0% |
| | <u>22,176</u> | <u>11,227</u> | | <u>-</u> | <u>0%</u> |

ii) On 30 April 2015, the Group has announced the followings:

- The Company entered into a conditional share sale agreement with Chua Boon Hiong and Ng Lai Keow (collectively referred to as the "Purchasers of GSB") for the proposed disposal of 3,000,000 GSB Shares ("GSB Sale Share(s)"), representing 100% of the equity interest in GSB, for a total disposal consideration of RM34,475,159 ("Disposal Consideration") to be satisfied entirely by cash ("GSB SSA"); and
(hereinafter referred to as "Proposed Disposal")
- HCK Properties Sdn Bhd ("HCKP"), a wholly-owned subsidiary company entered into a conditional share sale agreement with Tan Sri Clement Hii Chii Kok ("Tan Sri Clement Hii") and Clifford Hii Toh Leong ("Clifford Hii") (collectively referred to as the "Vendors of ESSB") for the proposed acquisition of 30,732,451 ordinary shares in Equal Straits Sdn Bhd ("ESSB") ("ESSB Sale Share(s)"), representing 100% of the equity interest in ESSB, for a total purchase consideration of RM30,000,000 ("Purchase Consideration") to be satisfied entirely by cash ("ESSB SSA").
(hereinafter referred to as "Proposed Acquisition")

B7. Status of Corporate Proposals (Cont'd)

The Proposed Disposal involved the disposal of GSB and its wholly owned subsidiaries, Foundry Engineering Corporation Sdn Bhd and Golsta Resources Sdn Bhd. The Completion of the GSB SSA is conditional on HCK obtaining the approval of the shareholders of HCK for the sale of the GSB Sale Shares for the Disposal Consideration upon the terms and conditions contained in the GSB SSA. Completion shall take place within 30 business days (which is a day (excluding Saturday and Sunday) on which banks are open for banking business in Kuala Lumpur ("Business Day")) after the date the condition precedent of the GSB SSA is satisfied or such other date as the parties to the GSB SSA may agree in writing.

The Proposed Acquisition is deemed to be a related party transaction under Paragraph 10.08 of the Listing Requirements. Upon completion of the Proposed Acquisition, ESSB will become a wholly-owned subsidiary company of HCKP.

The completion of the ESSB SSA is conditional on the following:-

- a) HCKP conducting or cause to be conducted due diligence on ESSB to the satisfaction of HCKP;
- b) HCKP obtaining a valuation of the properties owned or agreed to be purchased by ESSB to its satisfaction;
- c) Obtaining the approval of the shareholders of the Company for the purchase of the ESSB Sale Shares for the Purchase Consideration upon the terms and conditions of the ESSB SSA;
- d) the Vendors of ESSB obtaining the approval of the board of directors of ESSB for the transfer of the ESSB Sale Shares to HCKP; and
- e) the approvals, consents authorisations, permits or waivers of any other relevant governmental or regulatory body and any other third (3rd) parties necessary or appropriate to carry out the sale and purchase of the ESSB Sale Shares pursuant to the terms of the ESSB SSA having been obtained.

Completion shall take place on a day falling within 30 Business Days after the date the last of the conditions precedent of the ESSB SSA is satisfied unless such condition(s) precedent is otherwise mutually waived by the parties to the ESSB SSA in writing ("ESSB Unconditional Date") or such other date as the parties to the ESSB SSA may agree in writing ("ESSB Completion Date").

B8. Borrowings and Debt Securities

Details of Group's borrowings as at 31 March 2015 are as follows:

| | 31/03/2015 | 31/03/2014 |
|--------------------------|------------|------------|
| | RM'000 | RM'000 |
| a) Current (secured) | | |
| - Hire purchases | 41 | 189 |
| - Term loan | 1,373 | 1,538 |
| | <hr/> | <hr/> |
| | 1,414 | 1,727 |
| b) Non-current (secured) | | |
| - Term loan | 7,374 | 908 |
| - Hire purchases | 156 | 586 |
| | <hr/> | <hr/> |
| | 7,530 | 1,494 |
| | <hr/> | <hr/> |
| | 8,944 | 3,221 |
| | <hr/> | <hr/> |

All loans and borrowings are denominated in Ringgit Malaysia ("RM").

B9. Changes in Material litigation

Other than those disclosed in Note A11, there was no other 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 / (loss) per share

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

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|-------------|--------------------|-------------|
| | 31/03/2015 | 31/03/2014 | 31/03/2015 | 31/03/2014 |
| Profit / (Loss) attributable to ordinary equity owners of the parent (RM'000) | | | | |
| Continuing Operations | 1,299 | (1,138) | 1,299 | (1,138) |
| Discontinued Operations | (25) | 1,678 | (25) | 1,678 |
| | <u>1,274</u> | <u>540</u> | <u>1,274</u> | <u>540</u> |
| Weighted average number of ordinary shares in issue ('000) | 49,010 | 46,200 | 49,010 | 46,200 |
| Basic earnings / (loss) per share (sen) | | | | |
| Continuing Operations | 2.65 | (2.46) | 2.65 | (2.46) |
| Discontinued Operations | (0.05) | 3.63 | (0.05) | 3.63 |
| | <u>2.60</u> | <u>1.17</u> | <u>2.60</u> | <u>1.17</u> |

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 2014 was not qualified.

B13. Breakdown of Realised and Unrealised Profits or Losses

| | Cumulative Quarter | |
|---------------------------------|----------------------|----------------------|
| | 31/03/2015 RM'000 | 31/03/2014 RM'000 |
| Retained earnings | | |
| Realised | 24,049 | 15,083 |
| Unrealised | 1,022 | 1,009 |
| | <u>25,071</u> | <u>16,092</u> |
| Less: Consolidation adjustments | (16,728) | (15,731) |
| Group's retained earnings | <u>8,343</u> | <u>361</u> |

B14. Profit / (loss) for the period

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|------------|--------------------|------------|
| | 31/03/2015 | 31/03/2014 | 31/03/2015 | 31/03/2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing Operations | | | | |
| Interest income | (127) | (3) | (127) | (3) |
| Interest expense | 181 | - | 181 | - |
| Amortisation of intangible assets | 12 | - | 12 | - |
| Depreciation of property, plant and equipment | 54 | 7 | 54 | 7 |
| <hr/> | | | | |
| Discontinued Operations | | | | |
| Interest income | (13) | (17) | (13) | (17) |
| Interest expense | 20 | 18 | 20 | 18 |
| Depreciation of property, plant and equipment | 212 | 167 | 212 | 167 |
| Gain on foreign exchange - realised | (32) | (53) | (32) | (53) |
| Loss on foreign exchange - unrealised | 6 | 19 | 6 | 19 |
| <hr/> | | | | |

B15. Authorised for Issue

The condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 May 2015.