



**Interim Financial Statement
For the Financial Period Ended 31 March 2016**

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Financial Period Ended 31 March 2016**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>31.03.2016</u>	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Continuing Operations				
Revenue	4,658	8,147	4,658	8,147
Cost of sales	(1,308)	(1,715)	(1,308)	(1,715)
Gross Profit	3,350	6,432	3,350	6,432
Other operating income	8	13	8	13
Administrative and general expenses	(3,823)	(3,399)	(3,823)	(3,399)
Sales and marketing expenses	(100)	(27)	(100)	(27)
(Loss)/Profit from operations	(565)	3,019	(565)	3,019
Interest income	95	127	95	127
Interest expense	(15)	(181)	(15)	(181)
(Loss)/Profit before taxation	(485)	2,965	(485)	2,965
Tax expense	(59)	(1,458)	(59)	(1,458)
(Loss)/Profit after taxation from Continuing Operations	(544)	1,507	(544)	1,507
Discontinued Operations				
Loss after taxation from Discontinued Operations	-	(25)	-	(25)
(Loss)/Profit after taxation	(544)	1,482	(544)	1,482
Attributable to:				
Owners of the parent	(506)	1,274	(506)	1,274
Non-controlling interests	(38)	208	(38)	208
	(544)	1,482	(544)	1,482
Basic (loss)/earnings per share attributable to equity holders of the parent:				
Continuing Operations	(0.91)	2.65	(0.91)	2.65
Discontinued Operations	-	(0.05)	-	(0.05)
	(0.91)	2.60	(0.91)	2.60

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Financial Period Ended 31 March 2016**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM '000	RM '000	RM '000	RM '000
(Loss)/Profit after taxation for the period	(544)	1,482	(544)	1,482
Other comprehensive income				
Item that may not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive (expenses)/income	<u>(544)</u>	<u>1,482</u>	<u>(544)</u>	<u>1,482</u>
Total comprehensive (expenses)/income attributable to:				
Owners of the parent	(506)	1,274	(506)	1,274
Non-controlling interests	(38)	208	(38)	208
	<u>(544)</u>	<u>1,482</u>	<u>(544)</u>	<u>1,482</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

Unaudited Condensed Consolidated Statements of Financial Position**For the Financial Period Ended 31 March 2016**

	AS AT 31.03.2016 RM' 000 Unaudited	AS AT 31.12.2015 RM' 000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	3,125	2,211
Investment property	28,000	28,000
Intangible assets	639	651
	<u>31,764</u>	<u>30,862</u>
Current assets		
Inventories	59,548	59,609
Property development costs	269	-
Trade receivables	20,574	21,032
Other receivables, deposits and prepayments	8,866	3,024
Current tax assets	294	199
Short term fund	2,434	15,599
Cash and bank balances	2,736	1,266
	<u>94,721</u>	<u>100,729</u>
TOTAL ASSETS	<u>126,485</u>	<u>131,591</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	55,440	55,440
Share premium	25,591	25,591
Retained earnings	20,715	21,221
	<u>101,746</u>	<u>102,252</u>
Non-controlling interests	<u>5,249</u>	<u>5,298</u>
Total equity	<u>106,995</u>	<u>107,550</u>
Non-current liabilities		
Deferred tax liabilities	406	406
Long term borrowings	13,948	13,311
	<u>14,354</u>	<u>13,717</u>
Current liabilities		
Trade payables	263	1,393
Other payables and accruals	4,133	8,340
Short term borrowings	224	84
Current tax liabilities	516	507
	<u>5,136</u>	<u>10,324</u>
Total liabilities	<u>19,490</u>	<u>24,041</u>
TOTAL EQUITY AND LIABILITIES	<u>126,485</u>	<u>131,591</u>
Net assets per share attributable to equity holders of the Company (RM)	1.84	1.84

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidation Statements of Changes in Equity
For the Financial Period Ended 31 March 2016**

	← 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	Revaluation Reserves RM'000	Retained earnings RM'000	Total RM'000	Total		
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	
As at 31 Mar 2015	55,440	25,591	2,609	8,343	91,983	2,054	94,037	
As at 1 Jan 2016	55,440	25,591	-	21,221	102,252	5,298	107,550	
Total comprehensive expenses	-	-	-	(506)	(506)	(38)	(544)	
Acquisition of subsidiary companies	-	-	-	-	-	(11)	(11)	
As at 31 Mar 2016	55,440	25,591	-	20,715	101,746	5,249	106,995	

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

**Unaudited Condensed Consolidated Statement of Cash Flow
For the Financial Period Ended 31 March 2016**

	Cumulative Quarter	
	31.03.2016	31.03.2015
	RM' 000	RM' 000
(Loss)/Profit before taxation		
Continuing Operations	(485)	2,965
Discontinued Operations	-	370
	(485)	3,335
<u>Adjustments for :</u>		
Non-cash items	263	489
Non-operating items	(95)	(140)
Total adjustment	168	349
Operating cash flow before changes in working capital	(317)	3,684
<u>Changes in working capital</u>		
Changes in inventories	61	(1,687)
Changes in property development costs	(269)	-
Changes in trade and other receivables	(5,384)	3,392
Changes in trade and other payables	(5,372)	1,648
Total changes in working capital	(10,964)	3,353
Cash flow (used in)/from operations	(11,281)	7,037
Interest paid	(15)	(201)
Tax paid	(145)	(581)
Net cash flows (used in)/from operating activities	(11,441)	6,255
<u>Investing activities</u>		
Interest received	95	140
Purchase of plant and equipment	(293)	(341)
Net cash flows used in investing activities	(198)	(201)
<u>Financing activities</u>		
Government grant received	-	30
Repayment of finance leases	(56)	(90)
Repayment of term loans	-	(3,287)
Net cash flows used in financing activities	(56)	(3,347)
Net (decrease)/increase in cash and cash equivalents	(11,695)	2,707
Effect of exchange rate changes	-	(6)
Cash and cash equivalents at beginning of year	16,865	41,810
	5,170	44,511
<u>Composition of cash and cash equivalents:</u>		
Short term fund	2,434	20,131
Cash & bank balances	2,736	24,432
	5,170	44,563
Less: Deposits pledged to licensed banks	-	(52)
Cash and cash equivalents at end of period	5,170	44,511

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

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(Company no: 484964-H)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016****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 2015 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 2016.

	Effective for financial periods beginning on or after
MFRSs, Amendments to MFRSs and IC Interpretations	
MFRS 14 Regulatory Deferral Accounts	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
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 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 127 Consolidated and Separate Financial Statements - <i>Equity Method in Separate Financial Statements</i>	01 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	01 January 2016

The adoption of the all and above pronouncement did not have any significant impact on the financial statements of the Group.

A1. Basis of Preparation (Cont'd)

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 (Cont'd)	Effective for financial periods beginning on or after
MFRS 9 Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	01 January 2018
MFRS 15: Revenue from Contracts with Customers and Amendments to MFRS 15: <i>Effective Date of MFRS 15</i>	01 January 2018
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>	Deferred until further notice

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*

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

(ii) *MFRS 9: Financial Instruments*

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

A2. Valuation of Property, Plant and Equipment and Investment Properties

There were no changes in the valuation on property, plant and equipment and investment properties in the current quarter under review.

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 and financial period under review.

A6. Debt and Equity Securities

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

A7. Dividend Paid

No dividend was paid during the current financial quarter and previous corresponding 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 2016						
<u>Revenue</u>						
External	3,852	716	90	4,658	-	4,658
Inter-segment	2,250	-	818	3,068	-	3,068
	<u>6,102</u>	<u>716</u>	<u>908</u>	<u>7,726</u>	<u>-</u>	<u>7,726</u>
Consolidated adjustments and elimination				(3,068)	-	(3,068)
Consolidated revenue				<u>4,658</u>	<u>-</u>	<u>4,658</u>
<u>Results</u>						
Results before the following adjustments	545	(342)	(68)	135	-	135
Consolidated adjustments and elimination	9	-	(78)	(69)	-	(69)
Amortisation of intangible asset	-	(12)	-	(12)	-	(12)
Depreciation of property, plant and equipment	(102)	(110)	(1)	(213)	-	(213)
Direct operating expenses on investment property	(406)	-	-	(406)	-	(406)
Segment results	<u>46</u>	<u>(464)</u>	<u>(147)</u>	<u>(565)</u>	<u>-</u>	<u>(565)</u>
Interest income				95	-	95
Finance costs				(15)	-	(15)
Income tax expense				(59)	-	(59)
Consolidated loss after taxation				<u>(544)</u>	<u>-</u>	<u>(544)</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 2015						
<u>Revenue</u>						
External	7,832	286	29	8,147	3,757	11,904
Inter-segment	243	-	739	982	995	1,977
	<u>8,075</u>	<u>286</u>	<u>768</u>	<u>9,129</u>	<u>4,752</u>	<u>13,881</u>
Consolidated adjustments and elimination				(982)	(995)	(1,977)
Consolidated revenue				<u>8,147</u>	<u>3,757</u>	<u>11,904</u>
<u>Results</u>						
Results before the following adjustments	4,367	(59)	(1,070)	3,238	598	3,836
Consolidated adjustments and elimination	(53)	(50)	(14)	(117)	-	(117)
Amortisation of intangible asset	-	(12)	-	(12)	-	(12)
Bad debts written off	-	-	-	-	(3)	(3)
Depreciation of property, plant and equipment	(27)	(28)	-	(55)	(212)	(267)
Direct operating expenses on investment property	(35)	-	-	(35)	-	(35)
Unrealised loss on foreign exchange	-	-	-	-	(6)	(6)
Segment results	<u>4,252</u>	<u>(149)</u>	<u>(1,084)</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				<u>(1,458)</u>	<u>(395)</u>	<u>(1,853)</u>
Consolidated profit/(loss) after taxation				<u>1,507</u>	<u>(25)</u>	<u>1,482</u>

A9. Material Events Subsequent to The End of Interim Period

There is no material event subsequent to the end of the financial period.

A10. Changes in Composition of the Group

- On 1 March 2016, HCK Properties subscribed for 51 ordinary shares of RM1 each representing 51% equity interest in Oval Bridge Sdn. Bhd. ("Oval Bridge") for a total cash consideration of RM51;
- On 1 March 2016, Oval Bridge subscribed for 67 ordinary shares of RM1 each representing 67% equity interest in Koridor Efektif Sdn. Bhd. for a total cash consideration of RM67; and
- On 11 March 2016, HCK Properties subscribed for 700 ordinary shares of RM1 each representing 70% equity interest in HCK Premier Builders Sdn. Bhd. for a total cash consideration of RM700.

A11. Changes in Contingent Assets and Contingent Liabilities

There were no changes in contingent assets and contingent liabilities since the end of the previous financial year.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

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

B1. Review of performance

For the current financial quarter ended 31 March 2016, the Group achieved a revenue of RM4.7 which is lower by RM3.5 million in comparison to the corresponding quarter ended 31 March 2015.

In line with a reduction in the Group's revenue from its property projects, the Group recorded a loss before taxation in the current financial quarter ended 31 March 2016 of RM485K as compared to profit before taxation of RM3.0 million in the corresponding quarter ended 31 March 2015.

B2. Comment on financial results (current quarter compared with the preceding quarter)

	3 months ended	
	31/03/2016	31/12/2015
	RM'000	RM'000
Revenue	4,658	9,258
(Loss)/Profit before taxation	(485)	9,733

The Group recorded a higher revenue and profit before taxation in the preceding quarter ended 31 December 2015 due to the higher project billings in the last quarter of 2015 resulted from the completion and hand over of the Group's property project and a fair value gain of RM7.0 million on the Group's investment property.

B3. Future Prospects

The Malaysian property market in the short term is generally affected by the financial institutions' stricter lending requirements due to the tightening of domestic liquidity conditions. Nevertheless, the medium term prospects of the Malaysian property market and economy remain favourable.

Notwithstanding the above, the Group is cautiously optimistic its property division will contribute positively to the Group's results given the strategic location of its projects, innovative sales and marketing strategies.

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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM '000	RM '000	RM '000	RM '000
Continuing Operations				
Current income tax				
- Malaysia income tax	59	1,458	59	1,458
Discontinued Operations				
Current income tax				
- Malaysia income tax	-	395	-	395
	59	1,853	59	1,853

Income tax expense is recognised 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 year to date and current quarter was lower than statutory tax rate, principally due to utilisation of previous unutilised tax losses and tax incentives giving.

B7. Status of Corporate Proposals

There were no corporate proposals for the current quarter.

B8. Borrowings and Debt Securities

Details of Group's borrowings as at 31 March 2016 are as follows:

	31/03/2016	31/12/2015
	RM'000	RM'000
a) Current (secured)		
- Hire purchases	224	84
- Term loans	-	-
	224	84
b) Non-current (secured)		
- Hire purchases	904	267
- Term loans	13,044	13,044
	13,948	13,311
	14,172	13,395

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

B9. Changes in Material litigation

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 per share

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

	Individual Quarter		Cumulative Quarter	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
Profit/(Loss) attributable to ordinary equity owners of the parent (RM'000)				
Continuing Operations	(506)	1,299	(506)	1,299
Discontinued Operations	-	(25)	-	(25)
	<u>(506)</u>	<u>1,274</u>	<u>(506)</u>	<u>1,274</u>
Weighted average number of ordinary shares in issue ('000)	55,440	49,035	55,440	49,035
Basic earnings/(loss) per share (sen)				
Continuing Operations	(0.91)	2.65	(0.91)	2.65
Discontinued Operations	-	(0.05)	-	(0.05)
	<u>(0.91)</u>	<u>2.60</u>	<u>(0.91)</u>	<u>2.60</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 2015 was not qualified.

B13. Breakdown of Realised and Unrealised Profits or Losses

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad's Main Market Listing Requirements*, issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

	Cumulative Quarter	
	31/03/2016 RM'000	31/12/2015 RM'000
Retained earnings		
Realised	20,193	13,699
Unrealised	(406)	6,594
	<u>19,787</u>	<u>20,293</u>
Less: Consolidation adjustments	928	928
Group's retained earnings	<u>20,715</u>	<u>21,221</u>

B14. Profit for the period

	Individual Quarter		Cumulative Quarter	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Interest income	(95)	(127)	(95)	(127)
Interest expense	15	181	15	181
Amortisation of intangible assets	12	12	12	12
Depreciation of property, plant and equipment	213	55	213	55
Impairment on goodwill	27	-	27	-
Discontinued Operations				
Interest income	-	(13)	-	(13)
Interest expense	-	20	-	20
Bad debts written off	-	3	-	3
Depreciation of property, plant and equipment	-	212	-	212
Gain on foreign exchange - realised	-	(32)	-	(32)
Loss on foreign exchange - unrealised	-	6	-	6

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 26 May 2016.