



HCK CAPITAL GROUP BERHAD
(484964-H)

Interim Financial Statement
For the Financial Year Ended 30 June 2019

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 Year Ended 30 June 2019**

	Note	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
		RM '000	RM '000	RM '000	RM '000
Revenue		14,408	4,239	20,700	13,746
Cost of sales		(7,081)	(942)	(7,506)	(4,300)
Gross Profit		7,327	3,297	13,194	9,446
Other operating income		41	351	42	355
Administrative and general expenses		(3,130)	(3,651)	(7,511)	(8,180)
Sales and marketing expenses		(595)	(1,342)	(853)	(1,464)
Profit from operations		3,643	(1,345)	4,872	157
Interest income		35	-	72	35
Interest expense		(1,307)	(843)	(2,447)	(2,268)
Share of results in associates, net of tax		-	-	-	(8)
Profit before taxation	B13	2,371	(2,188)	2,497	(2,084)
Tax expense	B6	(47)	-	(94)	-
Profit after taxation		2,324	(2,188)	2,403	(2,084)
Attributable to:					
Owners of the parent		2,298	(1,800)	2,504	(1,576)
Non-controlling interests		26	(388)	(101)	(508)
		2,324	(2,188)	2,403	(2,084)
Earning per share					
- Basic		0.55	(0.43)	0.59	(0.37)
- Diluted		0.49	(0.38)	0.53	(0.34)

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 financial year ended 31 December 2018 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 Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 30 June 2019**

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30.06.2019</u>	<u>30.06.2018</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Profit after taxation for the period	2,324	(2,188)	2,403	(2,084)
Other comprehensive income				
Item that may not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income	<u>2,324</u>	<u>(2,188)</u>	<u>2,403</u>	<u>(2,084)</u>
Total comprehensive income attributable to:				
Owners of the parent	2,298	(1,800)	2,504	(1,576)
Non-controlling interests	26	(388)	(101)	(508)
	<u>2,324</u>	<u>(2,188)</u>	<u>2,403</u>	<u>(2,084)</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 financial year ended 31 December 2018 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

As at 30 June 2019

	AS AT 30.06.2019 RM' 000	AS AT 31.12.2018 RM' 000
Note	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	37,338	37,727
Land held for property development	144,728	61,315
Investment property	55,000	55,000
Investment in associates	-	-
Goodwill	4,454	4,454
Intangible assets	645	524
Right of use asset	598	-
	<u>242,763</u>	<u>159,020</u>
Current assets		
Inventories	221,408	224,247
Property development costs	41,057	34,764
Trade and other receivables	35,961	16,748
Contract assets	-	3,262
Current tax assets	1,680	1,507
Short term fund	5	5
Fixed deposit with a licensed bank	4,095	4,064
Cash and bank balances	3,063	3,368
	<u>307,269</u>	<u>287,965</u>
TOTAL ASSETS	<u>550,032</u>	<u>446,985</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	153,489	84,437
Share premium	-	68,890
Warrants reserve	10,511	10,519
Retained earnings	37,207	34,703
	<u>201,207</u>	<u>198,549</u>
Non-controlling interests	<u>6,625</u>	<u>6,726</u>
Total equity	<u>207,832</u>	<u>205,275</u>
Non-current liabilities		
Deferred tax liabilities	5,077	5,077
Trade and other payables	22,974	22,974
Lease liabilities - right of use	482	-
Long term borrowings	B8 203,234	143,738
	<u>231,767</u>	<u>171,789</u>
Current liabilities		
Trade and other payables	73,777	35,169
Contract liabilities	17,613	14,228
Lease liabilities - right of use	124	-
Short term borrowings	B8 18,919	20,524
	<u>110,433</u>	<u>69,921</u>
Total liabilities	<u>342,200</u>	<u>241,710</u>
TOTAL EQUITY AND LIABILITIES	<u>550,032</u>	<u>446,985</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.48</u>	<u>0.47</u>

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

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(Company no: 484964-H)

**Unaudited Condensed Consolidation Statements of Changes in Equity
For the Financial Year Ended 30 June 2019**

	← Attributable to Owners of the Parent →				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Non-Distributable		Distributable				
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Retained Earnings RM'000			
As at 1 January 2018	84,234	68,938	10,529	27,821	191,522	12,300	203,822
Contributions by and distributions to owners of the Company:							
- Conversions of warrants	193	-	-	-	193	-	193
- Dividends:							
- by a subsidiary to non-controlling interests	-	-	-	-	-	(10,805)	(10,805)
- Expenses related to conversion of warrants	-	(48)	-	-	(48)	-	(48)
- Issuance of shares by subsidiaries	-	-	-	-	-	841	841
Total transactions with owners	193	(48)	-	-	145	(9,964)	(9,819)
Transfer of share capital upon conversion of warrant	10	-	(10)	-	-	-	-
Total comprehensive income	-	-	-	6,882	6,882	4,390	11,272
As at 31 December 2018	84,437	68,890	10,519	34,703	198,549	6,726	205,275
As at 1 January 2019	84,437	68,890	10,519	34,703	198,549	6,726	205,275
Conversion of warrants	154	-	-	-	154	-	154
Transfer to share capital upon conversion of warrant	8	-	(8)	-	-	-	-
Transfer from share premium in accordance with Section 618 (2) of the Companies Act 2016	68,890	(68,890)	-	-	-	-	-
Total comprehensive income	-	-	-	2,504	2,504	(101)	2,403
As at 30 June 2019	153,489	-	10,511	37,207	201,207	6,625	207,832

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 Year Ended 30 June 2019**

	<u>Cumulative Quarter</u>	
	30.06.2019	30.06.2018
	RM' 000	RM' 000
Profit/(Loss) before taxation	2,497	(2,084)
<u>Adjustments for :</u>		
Non-cash items	553	362
Non-operating items	2,375	2,233
Total adjustments	2,928	2,595
Operating cash flow before changes in working capital	5,425	511
<u>Changes in working capital</u>		
Changes in inventories	2,839	(257)
Changes in project development costs	(89,706)	(2,014)
Changes in trade and other receivables	(12,392)	6,402
Changes in trade and other payables	26,353	570
Total changes in working capital	(72,906)	4,701
Cash flow (used in)/from operations	(67,481)	5,212
Interest paid	-	(2,280)
Tax paid	(267)	(240)
Net cash flows (used in)/from operating activities	(67,748)	2,692
<u>Investing activities</u>		
Interest received	72	35
Withdrawal of short-term deposit pledged to a licensed bank	-	(31)
Addition to property, plant and equipment	(737)	(11)
Addition intangible assets	(147)	-
Proceeds from disposal of equipment	-	205
Placement of short-term deposit pledged to a licensed bank	(32)	-
Net cash flows (used in)/from investing activities	(844)	198

HCK CAPITAL GROUP BERHAD

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Unaudited Condensed Consolidated Statement of Cash Flow (Cont'd)**For the Financial Year Ended 30 June 2019**

	<u>Cumulative Quarter</u>	
	30.06.2019	30.06.2018
	RM' 000	RM' 000
<u>Financing activities</u>		
Proceeds from issuance of ordinary shares:-		
- pursuant to conversion of warrant	154	54
Corporate exercise expenses paid	-	(49)
Advance from / (Repayment) to directors	12,081	1,930
Net drawdown/(repayment) of bank borrowings	58,661	(6,891)
Repayment of hire purchases	(162)	(237)
Interest paid	(2,447)	-
Net cash flows from/(used in) financing activities	68,287	(5,193)
Net decrease in cash and cash equivalents	(305)	(2,303)
Cash and cash equivalents at beginning of year	3,373	4,225
	3,068	1,922
<u>Composition of cash and cash equivalents:</u>		
Short term fund	5	5
Cash and bank balances	3,063	1,917
Cash and cash equivalents at end of period	3,068	1,922

The above condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**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 2018 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 financial year ended 31 December 2018 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective from 1 January 2019, as disclosed below:

MFRSs and Amendments to MFRSs
MFRS 9: <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>
MFRS 15: <i>Revenue from Contracts with Customers</i>
Amendments to MFRS 1: <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>
Amendments to MFRS 2: <i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 128: <i>Measuring an Associate or Joint Venture at Fair Value</i>
Amendments to MFRS 140: <i>Transfers of Investment Property</i>
IC Interpretation 22: <i>Foreign Currency Transactions and Advance</i>
Amendments to MFRS 4: <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>

The adoption of the all and above MFRSs and Amendments to MFRSs did not have any material 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
Amendments to MFRS 3: <i>Business Combinations (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019
Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i>	01 January 2020
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	01 January 2019
Amendments to MFRS 11: <i>Joint Arrangements (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019
Amendment to MFRS 14: <i>Regulatory Deferral Accounts</i>	01 January 2020
MFRS 16: <i>Leases</i>	01 January 2019
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	01 January 2020
Amendments to MFRS 112: <i>Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019
Amendments to MFRS 119: <i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>	
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	01 January 2019
Amendments to MFRS 123: <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>	01 January 2019

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****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: (Cont'd)

MFRSs, Amendments to MFRSs and IC Interpretations (Cont'd)	Effective for financial periods beginning on or
Amendments to MFRS 134: <i>Interim Financial Reporting</i>	01 January 2020
Amendment to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	01 January 2020
Amendment to MFRS 138: <i>Intangible Assets</i>	01 January 2020
IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>	01 January 2019
MFRS 17: <i>Insurance Contracts</i>	01 January 2021
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.

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 during the current financial period 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

For the current quarter under review, the Company issued of 79,100 new ordinary shares from the exercise of Warrants at the exercise price of RM0.96 per warrant amounting to RM75,936.

Save as disclosed above, there were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and financial period under review.

A7. Dividend Paid

No dividend was paid during the current financial quarter and previous corresponding financial quarter.

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)****A8. Segmental Information**

	Properties RM'000	Others RM'000	Total RM'000
Results for 3 months ended 30 June 2019			
<u>Revenue</u>			
External	13,953	455	14,408
Inter-segment	2,606	966	3,572
	<u>16,559</u>	<u>1,421</u>	<u>17,980</u>
Consolidated adjustments and elimination			(3,572)
Consolidated revenue			<u>14,408</u>
<u>Results</u>			
Results before the following adjustments	5,279	723	6,002
Consolidated adjustments and elimination	(573)	(853)	(1,426)
Amortisation of intangible asset	-	(13)	(13)
Depreciation of property and equipment	(173)	(158)	(331)
Direct operating expenses on investment properties	(589)	-	(589)
Segment results	<u>3,944</u>	<u>(301)</u>	<u>3,643</u>
Interest income			35
Interest expense			(1,307)
Share of results in associates			-
Tax expense			(47)
Consolidated profit after taxation			<u>2,324</u>
Results for 3 months ended 30 June 2018			
<u>Revenue</u>			
External	3,766	473	4,239
Inter-segment	1,200	817	2,017
	<u>4,966</u>	<u>1,290</u>	<u>6,256</u>
Consolidated adjustments and elimination			(2,017)
Consolidated revenue			<u>4,239</u>
<u>Results</u>			
Results before the following adjustments	(626)	(83)	(709)
Consolidated adjustments and elimination	716	(719)	(3)
Amortisation of intangible asset	(1)	(12)	(13)
Depreciation of equipment	(125)	(54)	(179)
Direct operating expenses on investment properties	(493)	-	(493)
Gain on disposal of equipment	8	36	44
Foreign exchange gain	(1)	9	8
Segment results	<u>(522)</u>	<u>(823)</u>	<u>(1,345)</u>
Interest income			-
Interest expense			(843)
Share of results in associates			-
Tax expense			-
Consolidated loss after taxation			<u>(2,188)</u>

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)****A8. Segmental Information (Cont'd)**

	Properties RM'000	Others RM'000	Total RM'000
Results for 6 months ended 30 June 2019			
<u>Revenue</u>			
External	19,693	1,007	20,700
Inter-segment	5,783	1,936	7,719
	<u>25,476</u>	<u>2,943</u>	<u>28,419</u>
Consolidated adjustments and elimination			(7,719)
Consolidated revenue			<u>20,700</u>
<u>Results</u>			
Results before the following adjustments	8,175	976	9,151
Consolidated adjustments and elimination	(846)	(1,710)	(2,556)
Amortisation of intangible asset	-	(25)	(25)
Depreciation of property and equipment	(352)	(176)	(528)
Direct operating expenses on investment properties	(1,170)	-	(1,170)
Segment results	<u>5,807</u>	<u>(935)</u>	<u>4,872</u>
Interest income			72
Interest expense			(2,447)
Tax expense			(94)
Consolidated profit after taxation			<u>2,403</u>
Results for 6 months ended 30 June 2018			
<u>Revenue</u>			
External	12,653	1,093	13,746
Inter-segment	2,400	1,712	4,112
	<u>15,053</u>	<u>2,805</u>	<u>17,858</u>
Consolidated adjustments and elimination			(4,112)
Consolidated revenue			<u>13,746</u>
<u>Results</u>			
Results before the following adjustments	2,424	(858)	1,566
Consolidated adjustments and elimination	1,493	(1,496)	(3)
Amortisation of intangible asset	(1)	(24)	(25)
Depreciation of equipment	(257)	(116)	(373)
Direct operating expenses on investment properties	(1,052)	-	(1,052)
Gain on disposal of equipment	8	36	44
Segment results	<u>2,615</u>	<u>(2,458)</u>	<u>157</u>
Interest income			35
Interest expense			(2,268)
Share of results in associates			(8)
Tax expense			-
Consolidated loss after taxation			<u>(2,084)</u>

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)****A8. Segmental Information (Cont'd)**

	Properties RM'000	Others RM'000	Total RM'000
Segment assets and liabilities as at 30 June 2019			
<u>Assets</u>			
Segment assets	526,748	3,992	530,740
Tax recoverable	1,673	7	1,680
Consolidated total assets	<u>528,421</u>	<u>3,999</u>	<u>532,420</u>
<u>Liabilities</u>			
Segment liabilities	316,558	2,954	319,512
Deferred tax liabilities	5,077	-	5,077
Consolidated total liabilities	<u>321,635</u>	<u>2,954</u>	<u>324,589</u>
Segment assets and liabilities as at 30 June 2018			
<u>Assets</u>			
Segment assets	433,819	3,162	436,981
Tax recoverable	1,679	7	1,686
Consolidated total assets	<u>435,498</u>	<u>3,169</u>	<u>438,667</u>
<u>Liabilities</u>			
Segment liabilities	226,264	6,133	232,397
Deferred tax liabilities	4,527	-	4,527
Consolidated total liabilities	<u>230,791</u>	<u>6,133</u>	<u>236,924</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 20 August 2019, the subsidiary of the Company, HCK Properties Sdn Bhd disposed its direct wholly-owned subsidiary, Oval Bridge Sdn Bhd by 51% to HKT Assets Sdn Bhd with a nonimal consideration of RM10.00.

A11. Changes in Contingent Assets and Contingent Liabilities

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

A12. Capital Commitments

	As at 30/06/2019 RM'000
<u>Contracted but not provided for:</u>	
Purchase of leasehold lands	<u>780</u>

A13. Related Party Transactions

	Current Quarter		Cumulative Quarter	
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
Rental expenses to a related party	-	9	-	18
Rental income from a non-controlling interest	1,056	962	2,017	1,924

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of performance****Current Quarter ended 30 June 2019**

For the current quarter under review, the Group recorded a revenue of RM14.41 million, which is RM10.17 million higher compared with the previous corresponding financial quarter due to the project billings, disposal of properties, inventories and project management fees.

Current quarter's Profit Before Tax ("PBT") of RM2.37 million as compared to Loss Before Tax ("LBT") of RM2.19 million in the previous corresponding quarter is due to the higher revenue generated by property development in the current financial quarter.

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

	Current Quarter 30/06/2019 RM'000	Immediate Preceding Quarter 31/03/2019 RM'000	Changes
Revenue	14,408	6,292	> 100%
Profit Before Taxation ("PBT")	2,371	126	> 100%

The Group recorded better revenue and PBT for the current quarter. The higher revenue and PBT in the current quarter this is due to higher project billings, disposal of properties and inventories with a total value of RM9.18 million.

B3. Future Prospects

The Malaysian property market in the short term is affected by the financial institutions' stricter lending requirements and tightening of domestic liquidity. Notwithstanding the challenges in Malaysian property market and economy, the Board is cautiously optimistic due to the market's growing confidence in the HCK brand.

The Group has taken over as developer of Remix 2 @ Subang Jaya and rebranded the development as Edumetro @ Subang Jaya. This project together with the favourable take up rate of the Edusphere @ Cyberjaya's serviced residences is expected to contribute positively to the Group's future earnings.

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.

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B6. Taxation**

	Current Quarter		Cumulative Quarter	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM '000	RM '000	RM '000	RM '000
Current income tax				
- for the financial period	47	-	94	-
Deferred tax liabilities				
- Recognition of fair value gain on investment properties	-	-	-	-
	<u>47</u>	<u>-</u>	<u>94</u>	<u>-</u>

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 tax incentives giving and losses are available during the financial quarter.

B7. Status of Corporate Proposals

There was no corporate proposals proposed in the current financial quarter.

B8. Borrowings and Debt Securities

Details of Group's borrowings are as follows:

	As at 30 June 2019			As at 31 December 2018		
	Long term	Short term	Total	Long term	Short term	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Secured</u>						
Term loans	203,017	8,628	211,645	143,332	10,259	153,591
Revolving credit	-	10,000	10,000	-	10,000	10,000
Hire purchases	217	291	508	406	265	671
	<u>203,234</u>	<u>18,919</u>	<u>222,153</u>	<u>143,738</u>	<u>20,524</u>	<u>164,262</u>

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

The increase mainly due to the drawdown of term loans amounted of RM10.7 million and RM56.0 million for funding to project progress billing and the balance of payment for purchase a piece of land located in Subang Bestari respectively in the current quarter.

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 financial quarter and the previous corresponding financial quarter.

HCK CAPITAL GROUP BERHAD

(Incorporated in Malaysia)

(Company no: 484964-H)

UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2019**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B11. Basic earning per Ordinary share**

	Current Quarter		Cumulative Quarter	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Profit/(Loss) after taxation attributable to ordinary Prolequity owners of the parent (RM'000)	2,298	(1,800)	2,504	(1,576)
Weighted average number of ordinary shares in issue ('000)	421,417	421,177	421,417	421,177
Basic earning per share (sen)	0.55	(0.43)	0.59	(0.37)
Profit/(Loss) after taxation attributable to ordinary equity owners of the parent (RM'000)	2,298	(1,800)	2,504	(1,576)
Weighted average number of ordinary shares in issue ('000)	421,417	421,177	421,417	421,177
Shares deemed to issued for no consideration ('000) - warrants	48,772	48,843	48,772	48,843
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	470,189	470,020	470,189	470,020
Diluted earning per share (sen)	0.49	(0.38)	0.53	(0.34)

B12. Auditors' report on preceding annual financial statement

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not qualified.

B13. Profit Before Taxation

	Current Quarter		Cumulative Quarter	
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
This is arrived at after charging/(crediting):				
Interest income	35	-	(72)	(35)
Interest expense	1,307	843	2,447	2,268
Amortisation of intangible assets	13	12	25	25
Depreciation of property, plant and equipment	331	179	528	373

HCK CAPITAL GROUP BERHAD
PART A2 : SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER FYE2019 30/06/2019 RM'000	PRECEDING YEAR CORR. QTR FYE2018 30/06/2018 RM'000	CURRENT YEAR TO DATE FYE2019 30/06/2019 RM'000	PRECEDING YEAR CORRESPONDING FYE2018 30/06/2018 RM'000
1 Revenue	14,408	4,239	20,700	13,746
2 Profit before tax	2,371	(2,188)	2,497	(2,084)
3 Profit for the period	2,324	(2,188)	2,403	(2,084)
4 Profit attributable to ordinary equity	2,298	(1,800)	2,504	(1,576)
5 Basic earning per share (sen)	0.55	(0.43)	0.59	(0.37)
6 Proposed/Declared dividend per share (sen)	-	-	-	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.48	0.47

PART A3 : ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER FYE2019 30/06/2019 RM'000	PRECEDING YEAR CORR. QTR FYE2018 30/06/2018 RM'000	CURRENT YEAR TO DATE FYE2019 30/06/2019 RM'000	PRECEDING YEAR CORRESPONDING FYE2018 30/06/2018 RM'000
1 Gross interest income	35	-	72	35
2 Gross interest expense	1,307	843	2,447	2,268