



HCK CAPITAL GROUP BERHAD
(484964-H)

Interim Financial Statement
For the Financial Year Ended 30 September 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 September 2019**

	Note	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
		RM '000	RM '000	RM '000	RM '000
Revenue		24,665	7,208	45,366	20,954
Cost of sales		(14,695)	(124)	(22,202)	(4,424)
Gross Profit		9,970	7,084	23,164	16,530
Other operating income		183	20	225	375
Administrative and general expenses		(4,041)	(3,846)	(11,552)	(12,026)
Sales and marketing expenses		(572)	(24)	(1,425)	(1,488)
Profit from operations		5,540	3,234	10,412	3,391
Interest income		101	26	173	61
Interest expense		(2,194)	(1,159)	(4,641)	(3,427)
Share of results in associates, net of tax		-	(3)	-	(11)
Profit before taxation	B13	3,447	2,098	5,944	14
Tax expense	B6	(799)	-	(893)	-
Profit after taxation		2,648	2,098	5,051	14
Attributable to:					
Owners of the parent		2,420	1,937	4,924	361
Non-controlling interests		228	161	127	(347)
		2,648	2,098	5,051	14
Earning per share (Sen)					
- Basic		0.57	0.46	1.17	0.09
- Diluted		0.51	0.41	1.05	0.08

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.

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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 Year Ended 30 September 2019**

	<u>Current Quarter</u>		<u>Cumulative Quarter</u>	
	<u>30.09.2019</u>	<u>30.09.2018</u>	<u>30.09.2019</u>	<u>30.09.2018</u>
	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>	<u>RM '000</u>
Profit after taxation for the period	2,648	2,098	5,051	14
Other comprehensive income				
Item that may not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income	<u>2,648</u>	<u>2,098</u>	<u>5,051</u>	<u>14</u>
Total comprehensive income attributable to:				
Owners of the parent	2,420	1,937	4,924	361
Non-controlling interests	228	161	127	(347)
	<u>2,648</u>	<u>2,098</u>	<u>5,051</u>	<u>14</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 September 2019**

	AS AT 30.09.2019 RM' 000	AS AT 31.12.2018 RM' 000
Note	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	39,467	37,727
Land held for property development	129,864	61,315
Investment property	55,000	55,000
Investment in associates	-	-
Goodwill	4,454	4,454
Intangible assets	632	524
Right of use asset	531	-
	<u>229,948</u>	<u>159,020</u>
Current assets		
Inventories	221,557	224,247
Property development costs	50,206	34,764
Trade and other receivables	46,593	16,748
Contract assets	-	3,262
Current tax assets	1,321	1,507
Short term fund	5	5
Fixed deposit with a licensed bank	4,193	4,064
Cash and bank balances	3,211	3,368
	<u>327,086</u>	<u>287,965</u>
TOTAL ASSETS	<u>557,034</u>	<u>446,985</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	154,287	84,437
Share premium	-	68,890
Warrants reserve	10,472	10,519
Retained earnings	39,627	34,703
	<u>204,386</u>	<u>198,549</u>
Non-controlling interests	7,154	6,726
Total equity	<u>211,540</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	481	-
Long term borrowings	B8 214,777	143,738
	<u>243,309</u>	<u>171,789</u>
Current liabilities		
Trade and other payables	81,646	35,169
Contract liabilities	7,453	14,228
Lease liabilities - right of use	62	-
Short term borrowings	B8 13,024	20,524
	<u>102,185</u>	<u>69,921</u>
Total liabilities	<u>345,494</u>	<u>241,710</u>
TOTAL EQUITY AND LIABILITIES	<u>557,034</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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**Unaudited Condensed Consolidation Statements of Changes in Equity
For the Financial Year Ended 30 September 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	913	-	-	-	913	-	913
Transfer to share capital upon conversion of warrant	47	-	(47)	-	-	-	-
Transfer from share premium in accordance with Section 618 (2) of the Companies Act 2016	68,890	(68,890)	-	-	-	-	-
Disposal of the subsidiaries	-	-	-	-	-	301	301
Total comprehensive income	-	-	-	4,924	4,924	127	5,051
As at 30 September 2019	154,287	-	10,472	39,627	204,386	7,154	211,540

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 September 2019**

	<u>Cumulative Quarter</u>	
	30.09.2019	30.09.2018
	RM' 000	RM' 000
Profit before taxation	5,944	14
<u>Adjustments for :</u>		
Non-cash items	661	547
Non-operating items	4,435	3,367
Total adjustments	5,096	3,914
Operating cash flow before changes in working capital	11,040	3,928
<u>Changes in working capital</u>		
Changes in inventories	2,691	273
Changes in project development costs	(99,198)	(7,590)
Changes in trade and other receivables	(33,199)	8,497
Changes in trade and other payables	54,402	3,925
Total changes in working capital	(75,304)	5,105
Cash flow (used in)/from operations	(64,264)	9,033
Interest paid	(4,608)	(3,427)
Tax paid	(707)	(348)
Net cash flows (used in)/from operating activities	(69,579)	5,258
<u>Investing activities</u>		
Interest received	173	60
Advances to associate	-	(1,401)
Addition to property, plant and equipment	(3,054)	(22)
Addition intangible assets	(147)	-
Proceeds from disposal of property, plant and equipment	(1)	205
Placement of short-term deposit pledged to a licensed bank	(129)	(3,031)
Net cash flows used in investing activities	(3,158)	(4,189)

HCK CAPITAL GROUP BERHAD

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

	Cumulative Quarter	
	30.09.2019	30.09.2018
	RM' 000	RM' 000
<u>Financing activities</u>		
Proceeds from issuance of ordinary shares:-		
- pursuant to conversion of warrant	912	113
Corporate exercise expenses paid	-	(49)
Advance from / (Repayment) to directors	7,584	2,459
Net drawdown/(repayment) of bank borrowings	64,309	(5,146)
Repayment of hire purchases	(225)	(304)
Net cash flows from/(used in) financing activities	72,580	(2,927)
Net decrease in cash and cash equivalents	(157)	(1,858)
Cash and cash equivalents at beginning of year	3,373	4,225
	3,216	2,367
<u>Composition of cash and cash equivalents:</u>		
Short term fund	5	5
Cash and bank balances	3,211	2,362
Cash and cash equivalents at end of period	3,216	2,367

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

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 SEPTEMBER 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

Save for the following, there were no issuances, repurchases and repayments of debt and equity securities during the current financial quarter and financial period under review:

- (a) Issuance of 790,000 new ordinary shares from the exercise of Warrants as the exercise price of RM0.96 per warrant amounting to RM758,400.

- (b) Issuance of 676,300 and 39,600 new ordinary shares from the Share Grant Plan ("SGP") under the Long Term Incentive Plan ("LTIP") at the issued se price of RM1.25 and RM1.23 per shares respectively.

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 SEPTEMBER 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 September 2019			
<u>Revenue</u>			
External	24,119	546	24,665
Inter-segment	2,017	1,059	3,076
	<u>26,136</u>	<u>1,605</u>	<u>27,741</u>
Consolidated adjustments and elimination			(3,076)
Consolidated revenue			<u>24,665</u>

Results

Results before the following adjustments	6,548	864	7,412
Consolidated adjustments and elimination	(94)	(925)	(1,019)
Amortisation of intangible asset	-	(13)	(13)
Depreciation of property and equipment	(169)	(87)	(256)
Direct operating expenses on investment properties	(584)	-	(584)
Segment results	<u>5,701</u>	<u>(161)</u>	<u>5,540</u>
Interest income			101
Interest expense			(2,194)
Tax Expense			(799)
Consolidated profit after taxation			<u>2,648</u>

Results for 3 months ended 30 September 2018**Revenue**

External	6,725	483	7,208
Inter-segment	1,200	896	2,096
	<u>7,925</u>	<u>1,379</u>	<u>9,304</u>
Consolidated adjustments and elimination			(2,096)
Consolidated revenue			<u>7,208</u>

Results

Results before the following adjustments	4,221	(244)	3,977
Consolidated adjustments and elimination	821	(821)	-
Amortisation of intangible asset	(1)	(12)	(13)
Depreciation of property and equipment	(116)	(52)	(168)
Direct operating expenses on investment properties	(562)	-	(562)
Segment results	<u>4,363</u>	<u>(1,129)</u>	<u>3,234</u>
Interest income			26
Interest expense			(1,159)
Share of results in associates			(3)
Consolidated profit after taxation			<u>2,098</u>

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 9 months ended 30 September 2019			
<u>Revenue</u>			
External	43,812	1,554	45,366
Inter-segment	7,800	2,995	10,795
	<u>51,612</u>	<u>4,549</u>	<u>56,161</u>
Consolidated adjustments and elimination			(10,795)
Consolidated revenue			<u>45,366</u>
<u>Results</u>			
Results before the following adjustments	14,723	1,840	16,563
Consolidated adjustments and elimination	(940)	(2,635)	(3,575)
Amortisation of intangible asset	-	(38)	(38)
Depreciation of property and equipment	(521)	(263)	(784)
Direct operating expenses on investment properties	(1,754)	-	(1,754)
Segment results	<u>11,508</u>	<u>(1,096)</u>	<u>10,412</u>
Interest income			173
Interest expense			(4,641)
Tax expense			(893)
Consolidated profit after taxation			<u>5,051</u>
Results for 9 months ended 30 September 2018			
<u>Revenue</u>			
External	19,378	1,576	20,954
Inter-segment	3,600	2,608	6,208
	<u>22,978</u>	<u>4,184</u>	<u>27,162</u>
Consolidated adjustments and elimination			(6,208)
Consolidated revenue			<u>20,954</u>
<u>Results</u>			
Results before the following adjustments	6,645	(1,102)	5,543
Consolidated adjustments and elimination	2,313	(2,316)	(3)
Amortisation of intangible asset	(2)	(36)	(38)
Depreciation of equipment	(373)	(168)	(541)
Direct operating expenses on investment properties	(1,614)	-	(1,614)
Gain on disposal of equipment	8	36	44
Segment results	<u>6,977</u>	<u>(3,586)</u>	<u>3,391</u>
Interest income			61
Interest expense			(3,427)
Share of results in associates			(11)
Consolidated profit after taxation			<u>14</u>

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

	Properties	Others	Total
	RM'000	RM'000	RM'000
Segment assets and liabilities as at 30 September 2019			
<u>Assets</u>			
Segment assets	540,664	7,596	548,260
Tax recoverable	1,313	8	1,321
Consolidated total assets	<u>541,977</u>	<u>7,604</u>	<u>549,581</u>
<u>Liabilities</u>			
Segment liabilities	330,303	2,662	332,965
Deferred tax liabilities	5,077	-	5,077
Consolidated total liabilities	<u>335,380</u>	<u>2,662</u>	<u>338,042</u>
Segment assets and liabilities as at 30 September 2018			
<u>Assets</u>			
Segment assets	431,026	15,097	446,123
Tax recoverable	1,786	8	1,794
Consolidated total assets	<u>432,812</u>	<u>15,105</u>	<u>447,917</u>
<u>Liabilities</u>			
Segment liabilities	235,647	3,843	239,490
Deferred tax liabilities	4,527	-	4,527
Consolidated total liabilities	<u>240,174</u>	<u>3,843</u>	<u>244,017</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 27 August 2019, the subsidiary of the Company, SA Alliances Sdn Bhd incorporated the entire equity interest in Imagine Engineers Limited for a total cash consideration of USD1.0.

On 27 August 2019, the subsidiary of the Company, HCK Technologies Sdn Bhd incorporated the entire equity interest in Tech Alliances Limited for a total cash consideration of USD1.0.

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

There is no capital commitments provided for to the end of the financial period.

A13. Related Party Transactions

	Current Quarter		Cumulative Quarter	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Rental expenses to a related party	-	-	-	18
Rental income from a non-controlling interest	1,103	961	3,120	2,885

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**QUARTER ENDED 30 SEPTEMBER 2019****UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 September 2019**

For the current quarter under review, the Group recorded a revenue of RM24.67 million, which is RM17.46 million higher compared with the previous corresponding financial quarter due to the project billings and project management fees.

Current quarter's Profit Before Tax ("PBT") of RM3.45 million as compared to RM2.10 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 30/09/2019 RM'000	Immediate Preceding Quarter 30/06/2019 RM'000	Changes
Revenue	24,665	14,408	> 100%
Profit Before Taxation ("PBT")	3,447	2,371	> 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 and project management fees recorded with a total value of RM23.0 million.

B3. Future Prospects

The Malaysian property market is still to a large extent being affected by the financial institutions' stricter lending requirements and tightening of domestic liquidity. The Board is however cautiously optimistic given the market's growing confidence in the HCK brand.

The Group is currently working on the details of new launches which will be expected to be executed in the next few coming quarters.

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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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED 30 SEPTEMBER 2019****UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	
	30/09/2019 RM '000	30/09/2018 RM '000	30/09/2019 RM '000	30/09/2018 RM '000
Current income tax				
- for the financial period	792	-	886	-
- under provision in prior financial period/year	7	-	7	-
	<u>799</u>	<u>-</u>	<u>893</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 September 2019			As at 31 December 2018		
	Long term RM'000	Short term RM'000	Total RM'000	Long term RM'000	Short term RM'000	Total RM'000
<u>Secured</u>						
Term loans	214,586	2,769	217,355	143,332	10,259	153,591
Revolving credit	-	10,000	10,000	-	10,000	10,000
Hire purchases	191	255	446	406	265	671
	<u>214,777</u>	<u>13,024</u>	<u>227,801</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 RM5.65 million for funding to project progress billings 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)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED 30 SEPTEMBER 2019****UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Profit after taxation attributable to ordinary Proprietors of the parent (RM'000)	2,420	1,937	4,924	361
Weighted average number of ordinary shares in issue ('000)	421,550	421,181	421,550	421,181
Basic earning per share (sen)	0.57	0.46	1.17	0.09
Profit/(Loss) after taxation attributable to ordinary equity owners of the parent (RM'000)	2,420	1,937	4,924	361
Weighted average number of ordinary shares in issue ('000)	421,550	421,181	421,550	421,181
Shares deemed to issued for no consideration ('000) - warrants	48,589	53,841	48,589	53,841
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	470,139	475,022	470,139	475,022
Diluted earning per share (sen)	0.51	0.41	1.05	0.08

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	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
This is arrived at after charging/(crediting):				
Interest income	(101)	(26)	(173)	(61)
Interest expense	2,194	1,159	4,641	3,427
Amortisation of intangible assets	13	25	38	38
Depreciation of property, plant and equipment	256	347	784	541
Gain on disposal of subsidiary	(161)	-	(161)	-

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER FYE2019 30/09/2019 RM'000	PRECEDING YEAR CORR. QTR FYE2018 30/09/2018 RM'000	CURRENT YEAR TO DATE FYE2019 30/09/2019 RM'000	PRECEDING YEAR CORRESPONDING FYE2018 30/09/2018 RM'000
1 Revenue	24,665	7,208	45,366	20,954
2 Profit before tax	3,447	2,098	5,944	14
3 Profit for the period	2,648	2,098	5,051	14
4 Profit attributable to ordinary equity	2,420	1,937	4,924	361
5 Basic earning per share (sen)	0.57	0.46	1.17	0.09
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 30/09/2019 RM'000	PRECEDING YEAR CORR. QTR FYE2018 30/09/2018 RM'000	CURRENT YEAR TO DATE FYE2019 30/09/2019 RM'000	PRECEDING YEAR CORRESPONDING FYE2018 30/09/2018 RM'000
1 Gross interest income	101	26	173	61
2 Gross interest expense	2,194	1,159	4,641	3,427