

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Unaudited 2017 As at 30 June RM'000	Audited 2016 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	53,745	55,582
Intangible assets	31,355	31,190
Investment in associates	4,503	4,420
Other investments	3,069	2,914
Lease receivable	29,848	37,003
Deferred tax assets	51	50
TOTAL NON-CURRENT ASSETS	122,571	131,159
CURRENT ASSETS		
Inventories	964	1,059
Trade and other receivables	202,802	140,496
Lease receivable	23,529	23,529
Due from customers on contracts	85,097	81,698
Tax recoverable	819	994
Cash and bank balances	81,329	81,590
TOTAL CURRENT ASSETS	394,540	329,366
CURRENT LIABILITIES		
Trade and other payables	114,763	107,479
Due from customers on contracts	-	1,554
Tax payable	4,229	2,463
Short term borrowings	186,978	136,642
Hire purchase payables	645	326
TOTAL CURRENT LIABILITIES	306,615	248,464
NET CURRENT ASSETS	87,925	80,902
	210,496	212,061
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	47	664
Retained earnings	57,575	52,861
Shareholders' equity	175,373	171,276
Non-controlling interests	7,175	6,777
Shareholders' Funds	182,548	178,053
<u>Long Term Liabilities</u>		
Long term borrowings	27,341	32,748
Hire purchase creditors	102	474
Deferred tax liabilities	505	786
Non-current liabilities	27,948	34,008
	210,496	212,061
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.42	1.38

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

	Individual Quarter		Cumulative Quarter	
	2017	2016	2017	2016
	Current quarter ended 30 June	Comparative quarter ended 30 June	6 months cumulative to date	Comparative 6 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	100,645	68,155	234,506	154,072
Other Income	993	3,191	2,016	4,331
Total Income	101,638	71,346	236,522	158,403
Employee Benefits Expense	(23,228)	(21,379)	(53,426)	(43,635)
Purchase of Hardware and Software	(13,213)	(5,283)	(33,247)	(18,280)
Telecommunication Costs	(8,585)	(6,985)	(17,272)	(19,511)
Software License and Hardware Maintenance Cost	(18,131)	(949)	(50,586)	(9,513)
Bulk Mailing Processing Charges	(3,801)	(5,049)	(8,071)	(10,041)
Depreciation	(2,691)	(2,643)	(5,285)	(5,124)
Project Implementation Costs	(11,246)	(8,290)	(16,812)	(17,513)
Other Operating Expenses	(15,676)	(19,074)	(41,028)	(29,601)
Total Operating Expenditure	(96,571)	(69,652)	(225,727)	(153,218)
Profit from Operations	5,067	1,694	10,795	5,185
Finance Cost	(2,005)	(2,102)	(3,972)	(4,341)
Share of Results of Associated Companies	53	264	84	380
Profit Before Taxation	3,115	(144)	6,907	1,224
Taxation	(842)	(541)	(2,387)	(650)
Profit for the period	2,273	(685)	4,520	574
Profit/(loss) attributable to:				
Equity holders of the Parent	2,175	(680)	4,714	(224)
Non-controlling interests	98	(5)	(194)	798
	2,273	(685)	4,520	574
Number of Ordinary Shares of RM1.00 each	101,225	101,225	101,225	101,225
Profit per share attributable to equity holders of the parent:				
Basic for profit for the period	2.15	(0.67)	4.66	(0.22)
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	2,273	(685)	4,520	574
Foreign currency translation	(228)	129	(25)	1,480
Total comprehensive income	2,045	(556)	4,495	2,054
Total comprehensive income attributable to:				
Equity holders of the Parent	1,979	(597)	4,097	670
Minority Interest	66	41	398	1,384
	2,045	(556)	4,495	2,054

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

	Non- distributable			Distributable		Non- Controlling Interests	Total	
	Share capital	Share premium	Share Option Reserve	Foreign Currency Translation Reserve	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
For the period ended 30 June 2017								
At 1 January 2017	101,225	16,526	-	664	52,861	171,276	6,777	178,053
Total comprehensive income for the period	-	-	-	(617)	4,714	4,097	398	4,495
At 30 June 2017	101,225	16,526	-	47	57,575	175,373	7,175	182,548
For the period ended 30 June 2016								
At 1 January 2016	101,225	16,526	-	(1,636)	45,691	161,806	6,144	167,950
Total comprehensive income for the period	-	-	-	893	(223)	670	1,384	2,054
At 30 June 2016	101,225	16,526	-	(743)	45,468	162,476	7,528	170,004

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2016. The document forms part of quarterly announcement for quarter ended 30/06/2017.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED 30 JUNE 2017

	Period ended 30 June 2017	Year ended 31 December 2016
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,907	14,049
Adjustments for:		
Depreciation	5,285	11,392
Finance costs	3,972	7,565
Impairment loss on:		
- trade receivables	903	6,072
- other receivables	34	3,542
- investment in associate	-	1,800
- Available-for-sale financial assets	-	1,467
Reversal of Impairment loss on:		
- trade receivables	(92)	(4,444)
Amortisation of intangible assets	336	1,555
Impairment on goodwill	-	1,046
Provision for diminution in value of investment	-	(716)
Share of results of associates	(83)	(526)
Gain on disposal of property, plant and equipment	(6)	(68)
Interest income	(538)	(1,873)
Dividend income	-	(59)
Operating profit before working capital changes	16,718	40,802
Decrease in inventories	95	(240)
Increase in receivables	(60,429)	(7,355)
Increase in other current assets	(3,400)	(15,168)
Increase in amount due to customers on contracts	-	1,554
Increase/(decrease) in payables	7,287	(6,419)
Cash generated from operations	(39,729)	13,174
Interest paid	(3,972)	(7,565)
Income taxes paid	(160)	(1,588)
Net cash (used in)/generated from operating activities	(43,861)	4,021
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred		
Interest received	538	1,873
Net dividends received	-	59
Increase investemnt in an associate	-	(1,800)
Proceeds from disposal of property, plant and equipment	-	287
Purchase of property, plant and equipment	(1,196)	(3,102)
Software development cost incurred	-	(3,115)
Net cash used in investing activities	(658)	(5,798)
CASHFLOW FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of loans and borrowings	12,547	12,031
Repayment of obligations under finance lease	(53)	16
Deposit uplifted from security for bank facilities	-	11,752
Placement of deposits with licensed banks	-	(3,114)
Net cash generated from financing activities	12,494	20,685
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS		
Effect of exchange rate changes on cash and cash equivalents	(32,025)	18,908
	(617)	2,031
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
	(7,930)	(28,869)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
	(40,572)	(7,930)
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	8,399	23,026
Fixed deposits with licensed banks	72,930	58,565
Bank overdrafts	(48,971)	(34,062)
Deposit with licensed banks with maturity more than 3 months	-	(3,114)
Deposit pledged as securities for bank borrowings	(72,930)	(52,345)
	(40,572)	(7,930)

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

Notes to The Financial Statements

1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the following new/revised Malaysian Financial Reporting Standards (“MFRS”) that are issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2016.

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 116 and MFRS 138:
Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 10, MFRS 12 and MFRS 128:
Investment Entities: Applying the Consolidation Exception
- MFRS 14 Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2018.

- MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments

2. CHANGES IN ACCOUNTING POLICIES

The directors expect that the adoption of the standards and interpretations above will have no material impact on financial statements in the period of initial application.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

4. SEASONAL OR CYCLICAL FACTORS

The principal business operations of the Group are not significantly affected by seasonality or cyclical factors.

5. UNUSUAL ITEMS

Other than disclosed in the financial statements, there were no unusual items affecting the financial statements for the financial period under review.

6. CHANGES IN ESTIMATES

There were no significant changes in estimates that materially affect the financial statements for the financial period under review.

7. DEBTS AND EQUITY SECURITIES

There were no repayment and issuance of debt securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares for the financial period under review.

8. DIVIDENDS PAID

No dividend was paid in the financial period under review.

9. VALUATION OF PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

There was no valuation of the property, plant and equipment during the current quarter under review.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes to the composition of the Group.

11. SEGMENTAL REPORTING

The segmental reporting is disclosed separately for the IT related products and services, bulk mailing outsourcing services and engineering works. The segmental reporting by business segment is reflected below:

For the period ended 30 June 2017	IT related products and services	Bulk mailing outsourcing services	Engineering works	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	205,489	11,509	17,508	-	234,506
RESULT					
Profit/(loss) for the period	6,867	(1,774)	(573)	-	4,520
For the period ended 30 June 2016	IT related products and services	Bulk mailing outsourcing services	Engineering works	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	130,148	16,420	7,504	-	154,072
RESULT					
(Loss)/profit for the period	(940)	710	1,221	(417)	574

12. SUBSEQUENT EVENTS

There was no subsequent event for the current quarter under review.

13. CAPITAL COMMITMENT

The amount of commitment for purchase of property, plant and equipment not provided for in the financial statements for the period ended 30 June 2017 are as follows:

	Unaudited Financial Period 30/06/2017 RM'000
Approved and contracted for	<u>157</u>
Approved but not contracted for	<u>52</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 17 August 2017 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

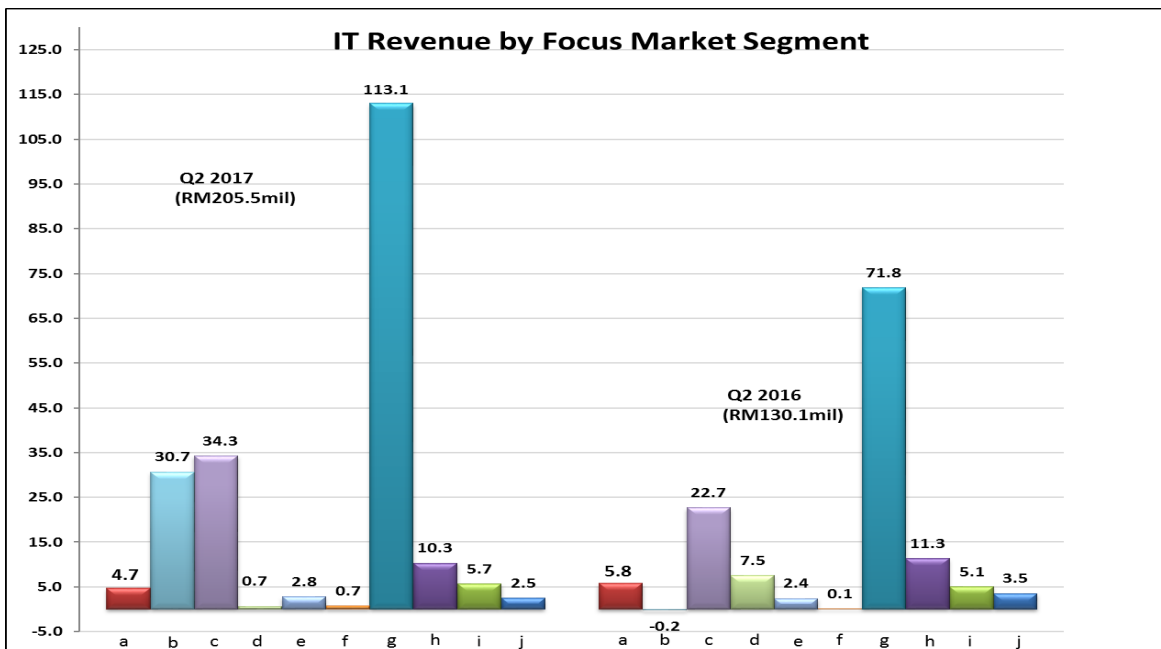
15. REVIEW OF PERFORMANCE

The Group recorded a profit of RM4,520,000 for the period ended 30 June 2017. An increase by RM3,946,000 from a profit of RM574,000 for the period ended 30 June 2016.

The increase is mainly due to better profit margin contributed from IT business segments for financial period 2017.

IT related products and services

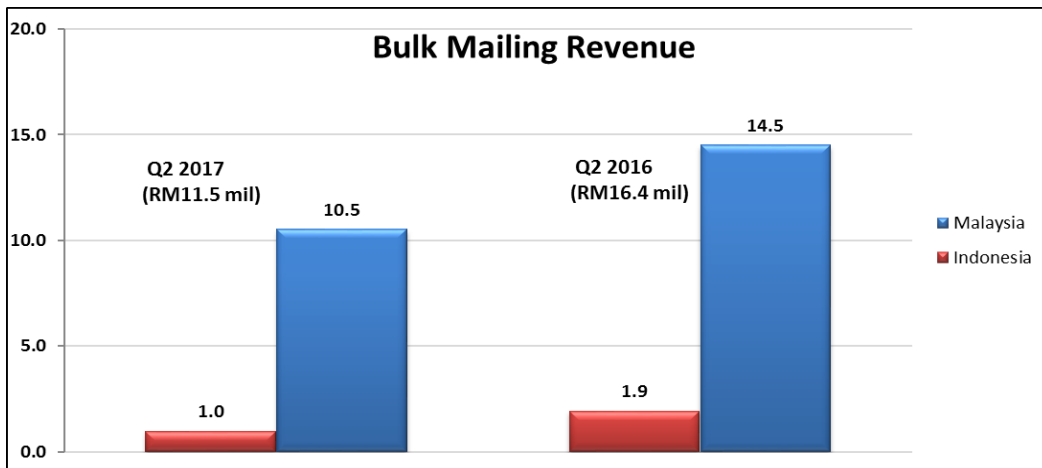
The revenue for the financial period ended 30 June 2017 is RM205,489,000 as compared to RM130,148,000 for the financial period ended 30 June 2016.



- a. Defence – Simulation and Training and IT related solution for defence and security.
- b. Transport – IT Systems covering multi-sectoral (road, rail, air and water).
- c. Homeland Security – IT related solution for homeland security.
- d. International – IT relates solution for international business in Middle East.
- e. Health – System integration and product development of healthcare related business.
- f. Education
- g. Managed Services – ICT infrastructure solutions.
- h. Financial Services – Core banking, takaful, insurance and credit management solutions.
- i. Automotive – Database build for industry reference (Malaysia) and software (Australia).
- j. Mobile value added services.

15. REVIEW OF PERFORMANCE (CONT'D)

Bulk mailing outsourcing services

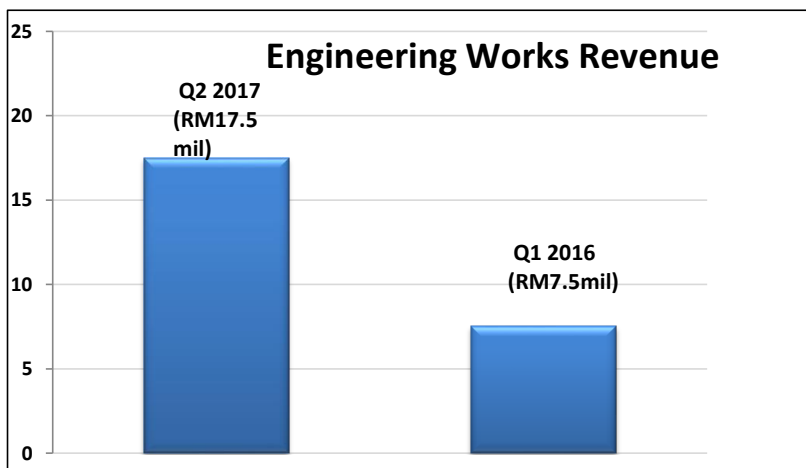


The segment is contributed by the Group's subsidiaries in Malaysia and Indonesia.

The revenue for the financial period ended 30 June 2017 is RM11,509,000 as compared to RM16,420,000 for the financial period ended 30 June 2016.

The segment's result has decreased from a profit after taxation of RM710,000 for the financial period ended 30 June 2016 to loss after taxation of RM1,774,000 for the financial period ended 30 June 2017.

Engineering works



The Group's subsidiary under the engineering works sector is principally engaged in the provision of electrical, mechanical and civil engineering works for the energy supply company.

The revenue for the financial period ended 30 June 2017 is RM17,508,000 as compared to RM7,504,000 for the financial period ended 30 June 2016.

The segment's result has decreased from a profit after taxation RM1,221,000 for the financial period ended 30 June 2016 to loss after taxation of RM573,000 for the financial period ended 30 June 2017.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM100,645,000 for the current quarter ended 30 June 2017, a decrease of RM33,216,000 compared to RM133,861,000 in the preceding quarter ended 31 March 2017.

The Group recorded profit before taxation of RM3,115,000 for the current quarter ended 30 June 2017, a decrease of RM677,000 compared to profit before taxation of RM3,792,000 for the preceding quarter ended 31 March 2017.

The Group recorded profit after taxation of RM2,273,000 for the current quarter ended 30 June 2017, an increase of RM26,000 compared to profit after taxation of RM2,247,000 for the preceding quarter ended 31 March 2017.

17. COMMENTARY ON PROSPECTS

By mid-year, there was firmer indication that the Malaysian economy would register higher growth in 2017. The global economy continued to strengthen, with more synchronised growth across economies driven by sustained private consumption growth. This stronger domestic and global demand conditions, together with improved sentiments, are supporting a more favourable investment outlook globally (Source : Bank Negara Malaysia published on 18 August 2017)

The Group's business environment is expected to remain challenging for 2017. However, the Group will continue to implement relevant strategies to overcome the challenges. These include the following:

IT related products and services

- a. Securing recurring business from existing customers while gaining new business from both existing and new customers.
- b. Continuously exploring new opportunities in the Middle East and ASEAN.

Bulk mailing outsourcing services

- a. Promoting value-added services to existing customer base from public and private sector.

18. VARIANCE ON FORECASTED PROFIT

Not applicable.

19. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter 30/06/2017 RM'000	Accumulated Current Quarter 30/06/2017 RM'000
Interest income	(351)	(538)
Other income	-	-
Interest expense	2,005	3,972
Depreciation of property, plant and equipment	2,691	5,285
Amortisation of intangible assets	165	336
Impairment loss on :		
- Investment	-	-
- Trade receivables	130	903
- Other receivables	-	34
- Goodwill	-	-
Reversal gain on trade receivables	(16)	(92)
Gain on disposal of property, plant and equipment	(6)	(6)

20. TAXATION

The taxation of the Group for the financial period under review is as follows:-

	Current Quarter 30/06/2017 RM'000	Accumulated Current Quarter 30/06/2017 RM'000
Current taxation	(842)	(2,387)

21. CORPORATE DEVELOPMENTS

There were no corporate developments during the financial period under review.

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 June 2017, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

	Total RM'000
Secured:	
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	645
Other short term borrowings due within 12 months	186,978
	<u>187,623</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	102
Other long term borrowings due after 12 months	27,341
	<u>27,443</u>
Total	<u><u>215,066</u></u>

23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 17 August 2017, being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

24. PROPOSED DIVIDEND

There was no dividend proposed for the financial period under review.

25. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

The breakdown of the retained profits of the Group as at 30 June 2017 and 31 December 2016 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30/06/2017 RM'000	As at 31/12/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	73,933	68,879
- Unrealised	505	786
Total retained profits from associated companies:		
- Realised	4,503	4,420
- Unrealised	-	-
Consolidation adjustments	(21,366)	(21,224)
Total Group retained profits as per consolidated account	<u>57,575</u>	<u>52,861</u>

26. EARNING PER SHARE

	Current Quarter 30/06/2017	Accumulated Current Quarter 30/06/2017
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	2,175	4,714
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic earning per share (sen)	<u>2.15</u>	<u>4.66</u>

b) Diluted

There is no transaction undertaken by the Group during the period that has a potential dilutive effect.

27. SIGNIFICANT EVENTS

- a. On 5 June 2017, the Company has secured a contract from Hospital Raja Perempuan Zainab II, Kota Baru for the supply, delivery, installation, configuration, integration, testing and commissioning of hardware, software and network equipment for the implementation of picture archiving and communication system and to improve the radiology module of the Sistem Pengurusan Pesakit valued at RM10,123,738.82 for 30 months.

By Order of the Board

AMIR ZAHINI BIN SAHRIM (7034464)
SITI SHAHWANA BINTI ABDUL HAMID (7018383)

Secretary