HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Unaudited 2019 As at 30 June RM'000	Audited 2018 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	75,888	64,655
Intangible assets	10,620	10,155
Investment in associates	1,426	1,667
Investment in joint venture	350	350
Other investments	1,334	1,170
Contract assets	20,227	20,227
Deferred tax assets	21	21
TOTAL NON-CURRENT ASSETS	109,866	98,245
CURRENT ASSETS		
Inventories	528	639
Trade and other receivables	122,250	63,098
Contract assets and costs	73,464	80,909
Prepayments	-	915
Tax recoverable	3,125	2,564
Cash and bank balances	64,465	67,192
TOTAL CURRENT ASSETS	263,832	215,317
CURRENT LIABILITIES		
Contract liabilities	37,293	22,770
Loans and borrowings	115,792	89,425
Trade and other payables	96,471	93,285
Tax payable	298	628
TOTAL CURRENT LIABILITIES	249,854	206,108
NET CURRENT ASSETS	13,978	9,209
	123,844	**107,454**
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	432	(1,023)
Accumulated losses	(9,622)	(10,773)
Shareholders' equity	108,561	105,955
Non-controlling interests	(3,977)	(3,432)
Shareholders' Funds	104,584	102,523
Long Term Liabilities		
Deferred tax liabilities	150	286
Long term borrowings	4,296	4,645
Lease	14,814	-
Non-current liabilities	19,260	4,931
	123,844	**107,454**
Net asset per share attributable to ordinary equity holders of the parent (RM)	0.97	0.95

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/06/2019.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	Individual Quarter		Cumulative Quarter	
	2019	2018	2019	2018
	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	69,529	131,369	139,602	215,276
Other Income	329	5,106	736	6,058
Total Income	69,858	136,475	140,338	221,334
Employee Benefits Expense	(22,367)	(22,690)	(43,737)	(44,706)
Purchase of Hardware and Software	(18,878)	(11,559)	(24,625)	(16,456)
Telecommunication Costs	(4,227)	(5,483)	(14,211)	(14,459)
Software License and Hardware Maintenance Cost	(1,546)	(8,360)	(14,748)	(21,816)
Bulk Mailing Processing Charges	(1,233)	(5,357)	(3,581)	(9,807)
Depreciation	(3,694)	(2,085)	(7,182)	(4,541)
Project Implementation Costs	(6,664)	(69,707)	(15,796)	(90,484)
Other Expenses	(7,843)	(8,753)	(12,517)	(14,563)
Total Expenditure	(66,452)	(133,994)	(136,397)	(216,832)
Profit before Finance Cost	3,406	2,481	3,941	4,502
Finance Cost	(1,516)	(1,150)	(2,808)	(2,100)
Share of Results of Associated Companies	(121)	(106)	(242)	(345)
Profit Before Taxation	1,769	1,225	891	2,057
Taxation	(154)	59	(286)	(965)
Profit for the period	1,615	1,284	605	1,092
Profit attributable to:				
Equity holders of the Parent	2,053	1,676	1,151	1,245
Non-controlling interests	(438)	(392)	(546)	(153)
	1,615	1,284	605	1,092
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 earning for the period	2.03	1.66	1.14	1.23

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Shareholders' Funds	1,615	1,284	605	1,092
Foreign currency translation	888	(23)	1,455	(222)
Total comprehensive income	2,503	1,261	2,060	870
Total comprehensive income attributable to:				
Equity holders of the Parent	2,941	1,653	2,684	1,023
Minority Interest	(438)	(392)	(624)	(153)
	2,503	1,261	2,060	870

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/06/2019.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

		Non -Distributable	Distributable			
For the period ended 30 June 2019	Share capital	Foreign Currency Translation Reserve	Retained profits/(Accumulated losses)	Total	Non-Controlling Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	117,751	(1,023)	(10,773)	105,955	(3,432)	102,523
Total comprehensive income for the period	-	1,455	1,151	2,606	(545)	2,061
At 30 June 2019	117,751	432	(9,622)	108,561	(3,977)	104,584
For the period ended 30 June 2018						
At 1 January 2018	117,751	(331)	33,802	151,222	5,030	156,252
Total comprehensive income for the period	-	(617)	4,714	4,097	398	4,495
At 30 June 2018	117,751	(948)	38,516	155,319	5,428	160,747

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/06/2019.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	Period ended 30 June 2019 RM'000	Year ended 31 December 2018 RM'000
OPERATING ACTIVITIES		
Profit/(loss) before taxation	891	(36,431)
Adjustments for:		
Gain on disposal of property, plant and equipment	6	(10)
Gain on disposal of other investments	-	(7,543)
Interest income	(665)	(1,769)
Dividend income	-	(3,670)
Finance costs	2,806	11,242
Amortisation of intangible assets	479	1,037
Depreciation of property, plant and equipment	7,182	18,178
Property, plant and equipment written off	-	408
Reversal of impairment loss on:		
- trade receivables	-	(14)
- contract assets	-	(2,015)
Impairment loss on:		
- trade receivables	950	1,483
- other receivables	49	1,708
- investment in associates	-	55
- property, plant and equipment	-	736
- intangible assets	-	13,556
Unrealised foreign exchange gain	-	(149)
Fair value loss on other investments	-	100
Provision for onerous contract	-	845
Share of results of associates	241	2,697
Operating cash flows before changes in working capital	11,939	444
Changes in working capital		
Inventories	111	119
Trade and other receivables	(60,151)	35,535
Contract assets	7,445	41,328
Prepayments	915	(255)
Contract liabilities	14,523	14,275
Trade and other payables	3,585	(26,130)
Cash flows (used in)/from operations	(21,633)	65,316
Interest paid	(2,806)	(2,089)
Income taxes paid	(1,711)	(3,190)
Net cash flows (used in)/generated from from operating activities	(26,150)	60,037
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,607)	(33,538)
Interest received	665	1,769
Proceeds from disposal of property, plant and equipment	-	89
Software development cost incurred	(944)	(2,300)
Investment in a joint venture	-	(350)
Net proceed from disposal of other investment	-	9,287
Increase in investment in other investments	(164)	(100)
Dividend received	-	3,670
Net cash flows used in investing activities	(4,050)	(21,473)
FINANCING ACTIVITIES		
Drawdown/(repayment) of loans and borrowings	15,062	(57,529)
Repayment of obligations under finance leases	(1,150)	(538)
Placement of deposits with licensed banks	-	4,629
Deposits uplifted from securities for bank borrowings	5,530	21,244
Interest paid	-	(9,153)
Net cash flows generated from/(used in) financing activities	19,442	(41,347)
NET DECREASE IN CASH & CASH EQUIVALENTS	(10,758)	(2,783)
Effect of exchange rate changes on cash and cash equivalents	1,455	(583)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,850	9,216
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(3,453)	5,850
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	12,059	20,316
Deposits with licensed banks	52,406	46,876
Bank overdrafts	(15,512)	(14,466)
Deposit pledged as securities for bank borrowings	(52,406)	(46,876)
	(3,453)	5,850

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/06/2019.

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 2018. 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 2018.

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 2018 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 2019.

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

The adoption of the above standards, interpretations or amendments are not expected to have material financial impacts to the financial statements of the Group except as mentioned below:

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

MFRS 16, Leases

MFRS 16 - Leases supersedes MFRS 117 - Leases and its related interpretations. MFRS 16 requires lessee to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessee – leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e.,the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessee will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today’s accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessee and lessor to make more extensive disclosures than under MFRS 117.

The changes in accounting policies have been applied retrospectively from 1 January 2019. The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. In accordance with the transition requirements, comparatives are not restated.

The Group has performed a detailed impact assessment of MFRS 16 and has recognised right-of-use assets and lease liabilities of RM14,378,000 upon adoption of MFRS 16 for leases that previously classified as operating lease.

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the year ended 31 December 2018 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

There was no dividend 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. SUBSEQUENT EVENTS

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

12. CAPITAL COMMITMENT

There is no capital commitment to purchase property, plant and equipment for the period ended 30 June 2019.

13. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 23 August 2019 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

14. SEGMENTAL REPORTING

The Group segments are reported as the following core businesses.

1. **Core 1**
   Core 1 essentially consolidates HeiTech's brands in the information technology sectors. Activities focus on in serving the public and private sectors with the range of services and products portfolio from system integration and application development, maintenance, managed services, financial and business solutions.

2. **Core 2**
   Core 2 represents various offerings in different sectors by the Group's subsidiaries. The offerings range from engineering works for energy sector, bulk mailing and outsourcing services, automotive/insurance claims platform services, mobile applications, simulation and training to various customers.

3. **Core 3**
   Core 3 is set-up to pave the way for the Group with potential new business either within the existing or new market. In light of constant changes and volatility in the social, economic and political climates, the Group understand the needs for a dedicated team to explore and discover new potentials and possibilities.

For the period ended 30 June 2019	**Core 1**	**Core 2**	**Core 3**	**Consolidation Adjustments**	**Consolidated**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**
REVENUE					
External	111,391	25,802	2,408	-	139,602
RESULT					
Profit/(loss) after tax	2,220	(1,155)	(218)	(243)	605
Non-controlling interests		(546)			(546)
Profit/(loss) attributable to equity holders of the Parent	2,220	(609)	(218)	(243)	1,151

For the period ended 30 June 2018	**Core 1**	**Core 2**	**Core 3**	**Consolidation Adjustments**	**Consolidated**
		RM '000	**RM '000**	**RM '000**	**RM '000**
REVENUE					
External	115,928	95,947	3,401	-	215,276
RESULT					
Profit/(loss) after tax	1,056	766	(24)	(706)	1,092
Non-controlling interests	-	(153)	-	-	(153)
Profit/(loss) attributable to equity holders of the Parent	1,056	919	(24)	(706)	1,245

15. REVIEW OF PERFORMANCE

The Group has recorded lower revenue at RM139,602,000 in Q2 2019 against RM215,276,000 in Q2 2018 mainly due to completion and expiration of some contracts during the period.

16. COMMENTARY ON PROSPECTS

The Group's business environment is expected to remain challenging for 2019. However, the Group will continue to implement relevant strategies to overcome the challenges. These include securing recurring business from existing customers while gaining new business from both existing and new customers.

Core 1

Over the years, IT sector has becoming more competitive with the entrance of more players. Nevertheless, counting on the year of success as the incumbent in system integration and managed services, the Group is confident in establishing market confidence from both public and private sectors.

Core 2

Core 2 leverages on the various sectors within the Group. For 2019, Core 2 is focusing towards green and renewable energy and mobile payment for e-government services.

Core 3

Core 3 is focusing on consumer and concession based initiatives, especially within the transport sector. The areas of prospect are e-testing for driving license.

17. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded lower revenue at RM69,529,000 for the current quarter ended 30 June 2019 as compared to RM70,073,000 in the preceding quarter ended 31 March 2019.

Nevertheless, the Group's net results have shown improvement from post-tax losses of RM1,010,000 for the preceding quarter ended 31 March 2019 to post-tax profit of RM1,615,000 for the current quarter ended 30 June 2019.

18. VARIANCE ON FORECASTED PROFIT

Not applicable

19. LOSS BEFORE TAX

Included in the loss before tax are the following items:

	Current Quarter 30/06/2019	Accumulated Current Quarter 30/06/2019
	RM'000	**RM'000**
Interest income	(397)	(665)
Interest expense	1,515	2,806
Depreciation of property, plant and equipment	3,694	7,182
Amortisation of intangible assets	(338)	479
Impairment loss on :		
- Trade receivables	748	950
- Other receivables	49	49
Reversal gain on trade receivables	-	-

20. TAXATION

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

	Current Quarter 30/06/2019	Accumulated Current Quarter 30/06/2019
	RM'000	**RM'000**
Current taxation	(154)	(286)

21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 June 2019, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

22. GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

Secured:	**Total RM'000**
Short Term Borrowings	
Hire purchase creditor due within 12 months	344
Other short term borrowings due within 12 months	115,448
	115,792
Long Term Borrowings	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	4,296
	4,296
Total	120,088

23. MATERIAL LITIGATIONS

ESDC Technology Sdn Bhd ("Plaintiff") vs HeiTech Padu Berhad ("Defendant")

The Plaintiff is claiming RM2,730,000 for extended services to a customer from the Defendant. The Defendant will defend the case through its appointed legal counsel. The case has been fixed for case management on 21 October 2019 for general housekeeping.

24. PROPOSED DIVIDEND

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

25. EARNING PER SHARE

	Current Quarter 30/06/2019	**Accumulated Current Quarter 30/06/2019**
a) Basic		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	2,053	1,151
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic earning per share (sen)	2.03	1.14

25. EARNING PER SHARE (CONT'D)

b) Diluted

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

26. SIGNIFICANT EVENT

On 21 June 2019, the Company has accepted a Letter of Award by Bank Simpanan Nasional ("BSN") in respect of Enterprise Storage Upgrade & Technology Refresh valued at RM79,604,910.00 for a period of 36 months.

By Order of the Board

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

Secretary