

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Unaudited 2016 As at 30 June RM'000	Audited 2015 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	60,830	63,902
Intangible assets	31,110	30,676
Investment in associates	4,274	3,894
Other investments	4,381	4,381
Lease receivable	33,925	40,249
Deferred tax assets	45	45
TOTAL NON-CURRENT ASSETS	134,565	143,147
CURRENT ASSETS		
Inventories	1,367	819
Trade and other receivables	152,371	137,594
Lease receivable	31,989	31,989
Due from customers on contracts	72,258	54,824
Tax recoverable	4,015	3,787
Cash and bank balances	74,551	83,095
TOTAL CURRENT ASSETS	336,551	312,108
CURRENT LIABILITIES		
Trade and other payables	111,662	113,898
Tax payable	535	145
Short term borrowings	143,017	119,425
Hire purchase payables	939	270
TOTAL CURRENT LIABILITIES	256,153	233,738
NET CURRENT ASSETS	80,398	78,370
	214,963	221,517
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	(743)	(1,636)
Retained earnings	45,468	45,691
Shareholders' equity	162,476	161,806
Non-controlling interests	7,528	6,144
Shareholders' Funds	170,004	167,950
Long Term Liabilities		
Long term borrowings	43,452	51,739
Hire purchase creditors	193	514
Deferred tax liabilities	1,314	1,314
Non-current liabilities	44,959	53,567
	214,963	221,517
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.30	1.30

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 30 JUNE 2016

	Individual Quarter		Cumulative Quarter	
	2016	2015	2016	2015
	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	68,155	91,357	154,072	194,677
Other Income	3,191	2,212	4,331	2,936
Total Income	<u>71,346</u>	<u>93,569</u>	<u>158,403</u>	<u>197,613</u>
Employee Benefits Expense	(21,379)	(22,823)	(43,635)	(46,931)
Purchase of Hardware and Software	(5,283)	(15,153)	(18,280)	(23,996)
Telecommunication Costs	(6,985)	(10,850)	(19,511)	(22,894)
Software License and Hardware Maintenance Cost	(949)	(2,223)	(9,513)	(18,129)
Bulk Mailing Processing Charges	(5,049)	(4,789)	(10,041)	(8,729)
Depreciation	(2,643)	(2,629)	(5,124)	(5,021)
Project Implementation Costs	(8,290)	(13,932)	(17,513)	(31,619)
Other Operating Expenses	(19,074)	(16,432)	(29,601)	(29,357)
Total Operating Expenditure	<u>(69,652)</u>	<u>(88,831)</u>	<u>(153,218)</u>	<u>(186,676)</u>
Profit from Operations	1,694	4,739	5,185	10,938
Finance Cost	(2,102)	(2,644)	(4,341)	(4,140)
Share of Results of Associated Companies	264	(89)	380	(90)
Profit Before Taxation	<u>(144)</u>	<u>2,006</u>	<u>1,224</u>	<u>6,708</u>
Taxation	(541)	(241)	(650)	(533)
Profit for the period/year	<u>(685)</u>	<u>1,765</u>	<u>574</u>	<u>6,175</u>
Profit attributable to:				
Equity holders of the Parent	(680)	1,380	(224)	5,702
Non-controlling interests	<u>(5)</u>	<u>385</u>	<u>798</u>	<u>473</u>
	<u>(685)</u>	<u>1,765</u>	<u>574</u>	<u>6,175</u>
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/year	(0.67)	1.36	(0.22)	5.63
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Profit for the period/year	(685)	1,765	574	6,175
Foreign currency translation	129	12	1,480	21
Total comprehensive income	<u>(556)</u>	<u>1,777</u>	<u>2,054</u>	<u>6,196</u>
Total comprehensive income attributable to:				
Equity holders of the Parent	(597)	1,392	670	5,775
Minority Interest	<u>41</u>	<u>385</u>	<u>1,384</u>	<u>421</u>
	<u>(556)</u>	<u>1,777</u>	<u>2,054</u>	<u>6,196</u>

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	<u>Non- distributable</u>				<u>Distributable</u>		Non- Controlling Interests	Total	
	Share capital	Share premium	Share Option Reserve	Foreign Currency Translation Reserve	Fair Value Adjustment Reserve	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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
Transaction with owners									
At 30 June 2016	101,225	16,526	-	(743)	-	45,468	162,476	7,528	170,004
For the year ended 30 June 2015									
At 1 January 2015	101,225	16,526	-	(3,576)	-	46,783	160,958	5,671	166,629
Total comprehensive income for the period	-	-	-	72	-	5,703	5,775	421	6,196
At 30 June 2015	101,225	16,526	-	(3,504)	-	52,486	166,733	6,092	172,825

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2015. The document forms part of quarterly announcement for quarter ended 30/06/2016.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 JUNE 2016

	Year ended 30 June 2016	Year ended 31 December 2015
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,224	2,430
Adjustments for:		
Depreciation	5,124	12,226
Finance costs	4,341	9,328
Impairment loss on:		
- trade receivables	1,167	3,875
- other receivables	490	2,110
- Available-for-sale financial assets	-	2,431
- Bad debts written off	-	59
Reversal of Impairment loss on:		
- trade receivables	(1,515)	(200)
- other receivables	-	(799)
Amortisation of intangible assets	44	747
Impairment on goodwill	-	831
Share of results of associates	(380)	195
Gain on disposal of property, plant and equipment	(43)	(1,414)
Property, plant and equipment written off	-	1,011
Interest income	(635)	(1,253)
Dividend income	(106)	(1,457)
	<u>9,711</u>	<u>27,690</u>
Operating profit before working capital changes	9,711	27,690
Decrease in inventories	(548)	282
Increase in receivables	(10,901)	(34,746)
Decrease in other current assets	(17,435)	13,352
(Decrease)/increase in payables	(2,236)	12,008
Cash (used in)/generated from operations	(21,409)	21,016
Interest paid	(4,341)	(9,328)
Income taxes paid	390	(2,026)
Net cash (used in)/generated from operating activities	<u>(25,360)</u>	<u>9,662</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred		
Interest received	635	1,253
Net dividends received	106	-
Purchase of property, plant and equipment	(473)	(4,705)
Software development cost incurred	-	(2,224)
Net cash outflow on acquisition of a subsidiary	-	(543)
Net cash generated from/(used in) investing activities	<u>268</u>	<u>(6,219)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of loans and borrowings	37,165	(96,959)
Repayment of obligations under finance lease	348	(2,309)
Deposit uplifted from security for bank facilities	-	73,189
Net cash generated from/(used in) financing activities	<u>37,513</u>	<u>(26,079)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		
Effect of exchange rate changes on cash and cash equivalents	12,421	(22,636)
	893	1,991
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>(28,869)</u>	<u>(8,224)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>(15,555)</u>	<u>(28,869)</u>
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	17,541	19,428
Fixed deposits with licensed banks	57,010	63,667
Bank overdrafts	(33,096)	(47,867)
Deposit pledged as securities for bank borrowings	(57,010)	(64,097)
	<u>(15,555)</u>	<u>(28,869)</u>

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

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 2015. 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 2015.

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 2015 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 2015 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 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					
Profit for the period	(940)	710	1,221	(418)	574
For the period ended 30 June 2015	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	177,078	17,599	-	-	194,677
RESULT					
Profit for the period	5,252	907	-	16	6,175

12. SUBSEQUENT EVENTS

There was no material event from 30 June 2016 to the date of this announcement, which affects substantially the results of the operations of the Group for the year ended 30 June 2016 in respect of which this announcement is made.

13. CAPITAL COMMITMENTS

The amount of commitments for purchase of property, plant and equipment not provided for in the financial statements for the period ended 30 June 2016 are as follows:

	Unaudited Financial Period 30/06/2016 RM'000
Approved and contracted for	<u>743</u>
Approved but not contracted for	<u>52</u>

14. CONTINGENT LIABILITIES

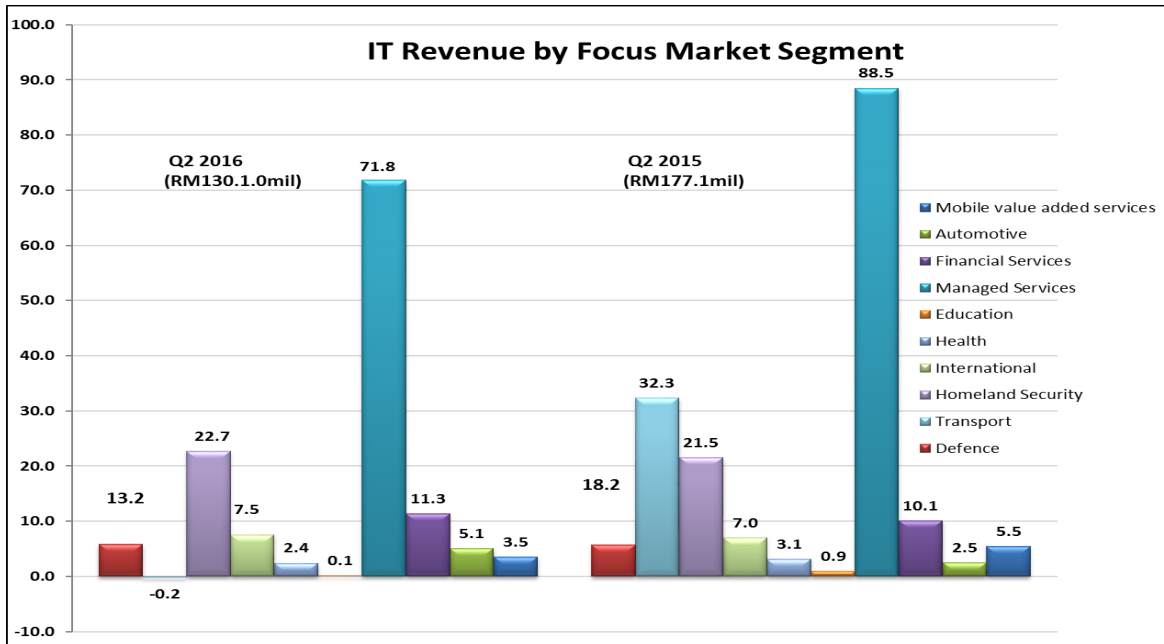
There were no contingent liabilities for the Group as at 18 August 2016 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

15. REVIEW OF PERFORMANCE

The Group recorded a profit of RM574,000 for the period ended 30 June 2016. A decrease by RM5,601,000 from a profit of RM6,175,000 for the period ended 30 June 2015.

IT related products and services

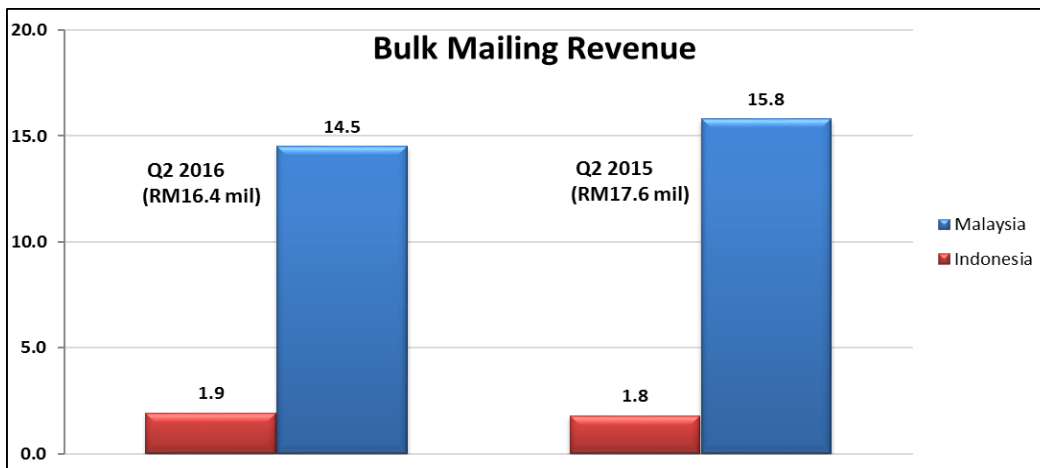
The revenue for the financial period ended 30 June 2016 is RM130,148,000 as compared to RM177,078,000 for the financial period ended 30 June 2015.



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

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 2016 is RM16,420,000 as compared to RM17,599,000 for the financial period ended 30 June 2015. The reduction is due to lower volume recorded by the subsidiary in Malaysia.

The segments result has decreased from a profit after taxation of RM907,000 for the financial period ended 30 June 2015 to profit after taxation of RM710,000 for the financial period ended 30 June 2016.

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 company contributed RM7,504,000 in revenue and a profit after tax RM1,221,000 to the Group's results.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM68,155,000 for the current quarter ended 30 June 2016, a decrease of RM17,762,000 compared to RM85,917,000 in the preceding quarter ended 31 March 2016.

The Group recorded loss before taxation of RM144,000 for the current quarter ended 30 June 2016, a decrease of RM1,512,000 compared to profit before taxation of RM1,368,000 for the preceding quarter ended 31 March 2016.

The Group recorded loss after taxation of RM685,000 for the current quarter ended 30 June 2016, a decrease of RM1,944,000 compared to profit after taxation of RM1,259,000 for the preceding quarter ended 31 March 2016.

17. COMMENTARY ON PROSPECTS

The Malaysian economy is expected to remain on a sustained growth path of 4 – 4.5%, despite the challenging economic environment globally and domestically. Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. However, domestic consumption is expected to grow at a moderate rate. The Malaysian economy is expected to be 4 - 4.5%. Domestic demand will continue to be the main driver of growth, supported primarily by private sector spending. Private consumption is projected to expand further, underpinned by continued growth in wages and employment, as well as additional disposable income from Government measures. While the growth in private investment has moderated due to lower capital expenditures in the oil and gas sector, overall investment will remain supported by the implementation of infrastructure development projects and capital spending in the manufacturing and services sectors. Exports are projected to remain weak given the subdued global demand. Overall, while domestic conditions remain resilient, uncertainties in the external environment may pose downside risks to Malaysia's growth prospects. (Source : Bank Negara Malaysia published on 12 August 2016)

The Group's business environment is expected to remain challenging for 2016. 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 30/06/2016 RM'000	Accumulated Current Quarter 30/06/2016 RM'000
Interest income	(364)	(635)
Other income	(100)	(106)
Interest expense	2,102	4,341
Depreciation of property, plant and equipment	2,643	5,124
Amortisation of intangible assets	22	44
Impairment loss on trade receivables	639	1,167
Reversal gain on trade receivables	(1,409)	(1,515)
Loss/(Gain) on disposal of property, plant and equipment	1	(43)

20. TAXATION

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

	Current Quarter 30/06/2016 RM'000	Accumulated Current Quarter 30/06/2016 RM'000
Current taxation	(541)	(650)

21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 June 2016, 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	939
Other short term borrowings due within 12 months	143,017
	<hr/> 143,956 <hr/>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	193
Other long term borrowings due after 12 months	43,452
	<hr/> 43,645 <hr/>
Total	<hr/> 187,601 <hr/>

23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 18 August 2016, 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 2016 and 31 December 2015 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 30/06/2016 RM'000	As at 31/12/2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	62,502	64,548
- Unrealised	1,314	(1,301)
Total retained profits from associated companies:		
- Realised	4,274	3,894
- Unrealised	-	-
Consolidation adjustments	(22,622)	(21,450)
Total Group retained profits as per consolidated account	<u>45,468</u>	<u>45,691</u>

26. EARNING PER SHARE

	Current Quarter 30/06/2016	Accumulated Current Quarter 30/06/2016
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	(680)	(224)
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic earning per share (sen)	<u>(0.67)</u>	<u>(0.22)</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 11 April 2016, the Company has accepted a letter of award for appointment by Jabatan Imigresen Malaysia (JIM) for the extension of the contract and additional ceiling for application system maintenance services valued at RM21,475,600.00 for period of 18 months.

- b. On 19 May 2016, the Company has accepted a letter of award for appointment by Construction Industry Development Board Malaysia (CIDB) for the review, engineering, design, build, integrate, data transfer, testing services and certification of the software and system applications and maintenance (within warranty) of the Strategic Management Information Systems valued at RM18,200,000.00 for period of 10 months.

By Order of the Board

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

Secretary