

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

	Unaudited 2016 As at 30 September RM'000	Audited 2015 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	58,490	63,902
Intangible assets	32,240	30,676
Investment in associates	4,306	3,894
Other investments	6,181	4,381
Lease receivable	30,763	40,249
Deferred tax assets	45	45
TOTAL NON-CURRENT ASSETS	132,025	143,147
CURRENT ASSETS		
Inventories	1,345	819
Trade and other receivables	146,320	137,594
Lease receivable	31,988	31,989
Due from customers on contracts	62,515	54,824
Tax recoverable	4,374	3,787
Cash and bank balances	84,014	83,095
TOTAL CURRENT ASSETS	330,556	312,108
CURRENT LIABILITIES		
Trade and other payables	107,873	113,898
Tax payable	285	145
Short term borrowings	140,767	119,425
Hire purchase payables	872	270
TOTAL CURRENT LIABILITIES	249,797	233,738
NET CURRENT ASSETS	80,759	78,370
	212,784	221,517
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	(357)	(1,636)
Retained earnings	46,228	45,691
Shareholders' equity	163,622	161,806
Non-controlling interests	7,466	6,144
Shareholders' Funds	171,088	167,950
<u>Long Term Liabilities</u>		
Long term borrowings	40,195	51,739
Hire purchase creditors	187	514
Deferred tax liabilities	1,314	1,314
Non-current liabilities	41,696	53,567
	212,784	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 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	2016	2015	2016	2015
	Current quarter ended 30 September	Comparative quarter ended 30 September	9 months cumulative to date	Comparative 9 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	155,775	83,242	241,692	277,919
Other Income	4,867	4,389	6,007	7,325
Total Income	160,642	87,631	247,699	285,244
Employee Benefits Expense	(43,711)	(21,494)	(65,967)	(68,425)
Purchase of Hardware and Software	(19,532)	(2,430)	(32,529)	(26,426)
Telecommunication Costs	(16,985)	(11,766)	(29,511)	(34,660)
Software License and Hardware Maintenance Cost	(12,590)	(24,289)	(21,154)	(42,418)
Bulk Mailing Processing Charges	(8,451)	(6,635)	(13,443)	(15,364)
Depreciation	(5,311)	(1,208)	(7,792)	(6,229)
Project Implementation Costs	(19,351)	1,450	(28,574)	(30,169)
Other Operating Expenses	(31,055)	(18,091)	(41,582)	(47,447)
Total Operating Expenditure	(156,986)	(84,463)	(240,552)	(271,138)
Profit from Operations	3,656	3,169	7,147	14,106
Finance Cost	(3,418)	(2,747)	(5,657)	(6,887)
Share of Results of Associated Companies	297	(136)	413	(226)
Profit Before Taxation	535	286	1,903	6,993
Taxation	(579)	(76)	(688)	(609)
(Loss)/Profit for the period/year	(44)	210	1,215	6,384
(Loss)/Profit attributable to:				
Equity holders of the Parent	81	20	537	5,721
Non-controlling interests	(125)	190	678	663
	(44)	210	1,215	6,384
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	0.08	0.02	0.53	5.65
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
(Loss)/Profit for the period/year	(44)	210	1,215	6,384
Foreign currency translation	572	2,701	1,923	2,722
Total comprehensive income	528	2,911	3,138	9,106
Total comprehensive income attributable to:				
Equity holders of the Parent	549	647	1,816	6,422
Minority Interest	(21)	2,264	1,322	2,684
	528	2,911	3,138	9,106

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 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			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
For the period ended 30 September 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	-	-	-	1,279	-	537	1,816	1,322	3,138
At 30 September 2016	101,225	16,526	-	(357)	-	46,228	163,622	7,466	171,088
For the year ended 30 September 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	-	-	-	701	-	3,696	4,397	2,684	7,081
At 30 September 2015	101,225	16,526	-	(2,875)	-	50,479	165,355	8,355	173,710

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 30/09/2016.

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

	Year ended 30 September 2016	Year ended 31 December 2015
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,903	2,430
Adjustments for:		
Depreciation	7,792	12,226
Finance costs	5,657	9,328
Impairment loss on:		
- trade receivables	1,032	3,875
- other receivables	800	2,110
- Available-for-sale financial assets	-	2,431
- Bad debts written off	-	59
Reversal of Impairment loss on:		
- trade receivables	(1,531)	(200)
- other receivables	-	(799)
Amortisation of intangible assets	65	747
Impairment on goodwill	-	831
Share of results of associates	(413)	195
Gain on disposal of property, plant and equipment	(43)	(1,414)
Property, plant and equipment written off	-	1,011
Interest income	(922)	(1,253)
Dividend income	(143)	(1,457)
	<hr/>	<hr/>
Operating profit before working capital changes	14,197	27,690
Decrease in inventories	(526)	282
Increase in receivables	(4,044)	(34,746)
Decrease in other current assets	(7,692)	13,352
(Decrease)/increase in payables	(6,025)	12,008
Cash (used in)/generated from operations	(4,090)	21,016
Interest paid	(5,657)	(9,328)
Income taxes paid	140	(2,026)
Net cash (used in)/generated from operating activities	<hr/>	<hr/>
	(9,607)	9,662
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred		
Interest received	922	1,253
Net dividends received	143	-
Purchase of property, plant and equipment	(1,894)	(4,705)
Software development cost incurred	-	(2,224)
Net cash outflow on acquisition of a subsidiary	-	(543)
Net cash generated used in investing activities	<hr/>	<hr/>
	(829)	(6,219)
CASHFLOW FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of loans and borrowings	23,857	(96,959)
Repayment of obligations under finance lease	275	(2,309)
Deposit uplifted from security for bank facilities	-	73,189
Net cash generated from/(used in) financing activities	<hr/>	<hr/>
	24,132	(26,079)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		
Effect of exchange rate changes on cash and cash equivalents	13,696	(22,636)
	1,279	1,991
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	<hr/>	<hr/>
	(28,869)	(8,224)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<hr/>	<hr/>
	(13,894)	(28,869)
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	19,202	19,428
Fixed deposits with licensed banks	64,812	63,667
Bank overdrafts	(33,096)	(47,867)
Deposit pledged as securities for bank borrowings	(64,812)	(64,097)
	<hr/>	<hr/>
	(13,894)	(28,869)

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 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	210,663	21,800	9,229	-	241,692
RESULT					
Profit for the period	(276)	(55)	1,480	66	1,215

For the period ended 30 September 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	251,522	25,654	743	-	277,919
RESULT					
Profit for the period	5,791	847	(103)	(150)	6,384

12. SUBSEQUENT EVENTS

- On 10 October 2016, the Company has accepted a letter of award from Construction Industry Development Board (CIDB) for data centre and disaster recovery services valued at RM7,670,160.00 for 3 years.
- On 18 October 2016, the Company has accepted a purchase order from Prudential Services Asia Sdn Bhd for disaster recovery services and office rental valued at RM14,862,938.40 for 3 years.
- On 1 November 2016, the Company has accepted a letter of award from Road Transport Department (JPJ) for maintenance services of MYSIKAP System valued at RM79,768,327.34 for period of 2 years.
- On 2 November 2016, the Company has accepted a letter of award for FOMEMA'S Foreign Worker Medical Examination System (FWMES) integration with Department of Immigration Malaysia and Biometric Verification of Foreign Workers in Malaysia, valued at RM48,230,000.00.

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 September 2016 are as follows:

	Unaudited Financial Period 30/09/2016 RM'000
Approved and contracted for	<u>147</u>
Approved but not contracted for	<u>52</u>

14. CONTINGENT LIABILITIES

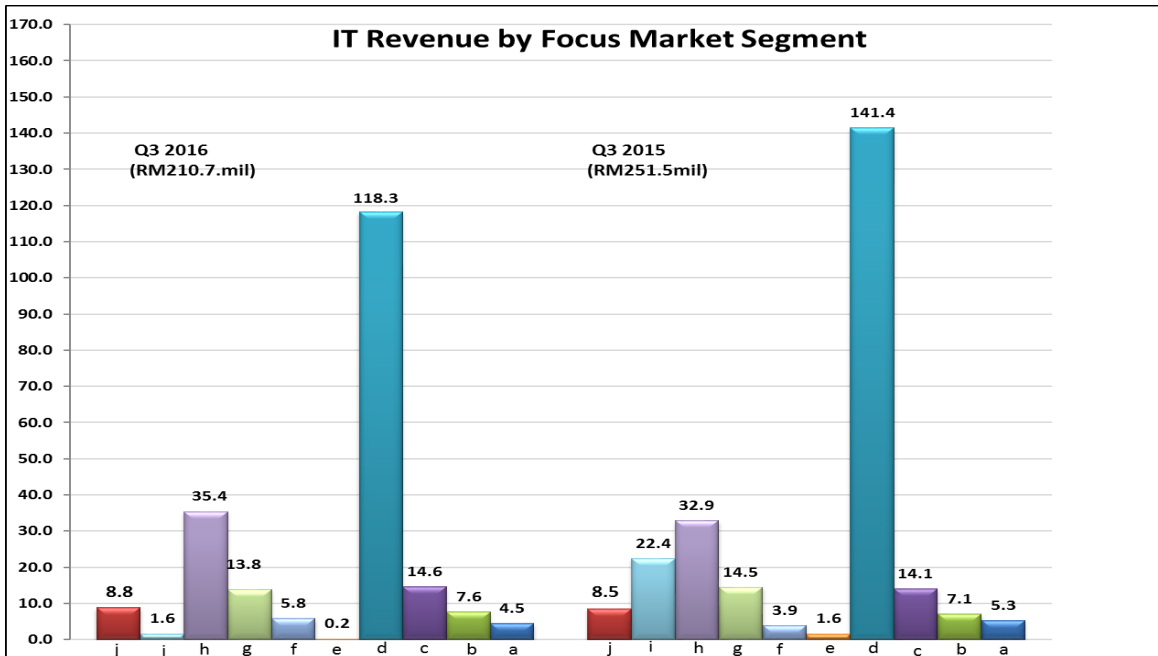
There were no contingent liabilities for the Group as at 14 November 2016 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

15. REVIEW OF PERFORMANCE

The Group recorded a profit of RM1,215,000 for the period ended 30 September 2016. A decrease by RM5,169,000 from a profit of RM6,384,000 for the period ended 30 September 2015.

IT related products and services

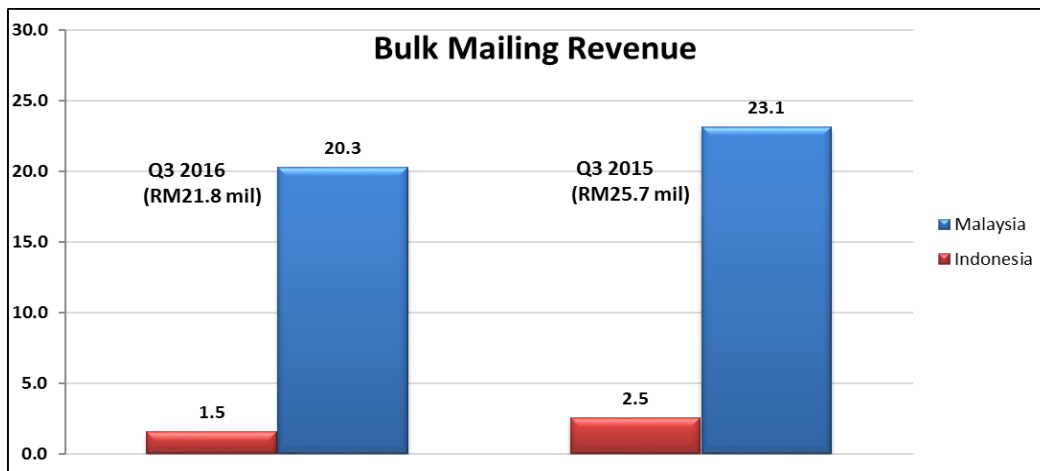
The revenue for the financial period ended 30 September 2016 is RM210,663,000 as compared to RM251,522,000 for the financial period ended 30 September 2015.



- 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

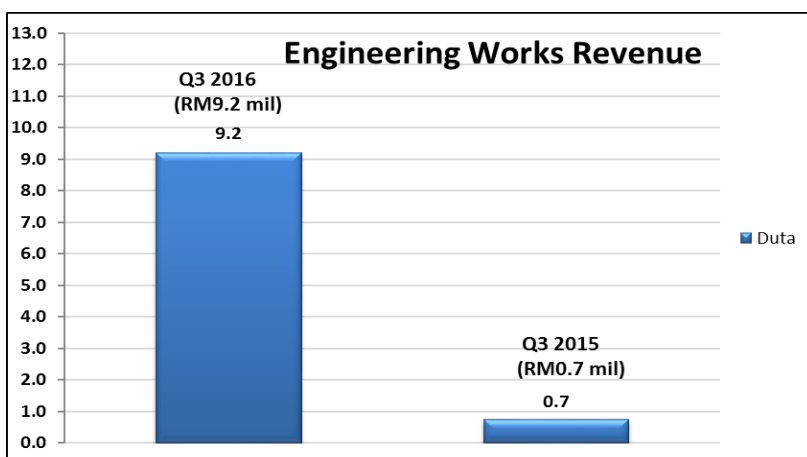


The segment is contributed by the Group's subsidiaries in Malaysia and Indonesia.

The revenue for the financial period ended 30 September 2016 is RM21,800,000 as compared to RM25,654,000 for the financial period ended 30 September 2015. The reduction is due to lower volume recorded.

The segments result has decreased from a profit after taxation of RM847,000 for the financial period ended 30 September 2015 to loss after taxation of RM55,000 for the financial period ended 30 September 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 revenue for the financial period ended 30 September 2016 is RM9,229,000 as compared to RM743,000 for the financial period ended 30 September 2015.

The segments result has increased from a loss taxation of RM103,000 for the financial period ended 30 September 2015 to profit after taxation of RM1,480,000 for the financial period ended 30 September 2016.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM155,775,000 for the current quarter ended 30 September 2016, an increase of RM87,620,000 compared to RM68,155,000 in the preceding quarter ended 30 June 2016.

The Group recorded profit before taxation of RM535,000 for the current quarter ended 30 September 2016, an improvement of RM679,000 compared to loss before taxation of RM144,000 for the preceding quarter ended 30 June 2016.

The Group recorded loss after taxation of RM44,000 for the current quarter ended 30 September 2016, an improvement of RM641,000 compared to loss after taxation of RM685,000 for the preceding quarter ended 30 June 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, particularly private sector activity will continue to be the key driver of growth. Private consumption is expected to remain supported by wage and employment growth, with additional impetus coming from announced Government measures to increase disposable income. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. On the external front, export growth is expected to remain weak following subdued demand from Malaysia's key trading partners. 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 11 November 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, ASEAN and Africa.

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 30/09/2016	Accumulated Current Quarter 30/09/2016
	RM'000	RM'000
Interest income	(287)	(922)
Other income	(37)	(143)
Interest expense	1,316	5,657
Depreciation of property, plant and equipment	2,668	7,792
Amortisation of intangible assets	21	65
Impairment loss on trade receivables	(135)	1,032
Reversal gain on trade receivables	(16)	(1,531)
Loss/(Gain) on disposal of property, plant and equipment	-	(43)

20. TAXATION

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

	Current Quarter 30/09/2016	Accumulated Current Quarter 30/09/2016
	RM'000	RM'000
Current taxation	(579)	(688)

21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 September 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	872
Other short term borrowings due within 12 months	140,767
	<u>141,639</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	187
Other long term borrowings due after 12 months	40,195
	<u>40,382</u>
Total	<u><u>182,021</u></u>

23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 14 November 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 September 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 30/09/2016 RM'000	As at 31/12/2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	63,655	64,548
- Unrealised	1,314	(1,301)
Total retained profits from associated companies:		
- Realised	4,306	3,894
- Unrealised	-	-
Consolidation adjustments	(23,047)	(21,450)
Total Group retained profits as per consolidated account	<u>46,228</u>	<u>45,691</u>

26. EARNING PER SHARE

	Current Quarter 30/09/2016	Accumulated Current Quarter 30/09/2016
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	81	537
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic earning per share (sen)	<u>0.08</u>	<u>0.53</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 8 August 2016, Duta Technic Sdn Bhd a subsidiary of the company received a letter of acceptance for the appointment by Tenaga Nasional Berhad for the establishment of PMU 132/33KV MRT Semantan (2x90MVA), Kuala Lumpur valued at RM37,291,102.84 for period of 602 days.

- b. On 14 September 2016, the Company entered into Join Venture Agreement with Elite Capital Ltd with the intention to establish and operate a join venture company in Bermuda.

By Order of the Board

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

Secretary