

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

	Unaudited 2017 As at 30 September RM'000	Audited 2016 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	51,954	55,582
Intangible assets	31,655	31,190
Investment in associates	4,671	4,420
Other investments	3,069	2,914
Lease receivable	26,569	37,003
Deferred tax assets	51	50
TOTAL NON-CURRENT ASSETS	117,969	131,159
CURRENT ASSETS		
Inventories	837	1,059
Trade and other receivables	185,909	140,496
Lease receivable	23,529	23,529
Due from customers on contracts	72,670	81,698
Tax recoverable	931	994
Cash and bank balances	88,302	81,590
TOTAL CURRENT ASSETS	372,178	329,366
CURRENT LIABILITIES		
Trade and other payables	104,226	107,479
Due to customers on contracts	-	1,554
Tax payable	3,537	2,463
Short term borrowings	181,715	136,642
Hire purchase payables	611	326
TOTAL CURRENT LIABILITIES	290,089	248,464
NET CURRENT ASSETS	82,089	80,902
	200,058	212,061
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	(9)	664
Retained earnings	49,730	52,861
Shareholders' equity	167,472	171,276
Non-controlling interests	7,340	6,777
Shareholders' Funds	174,812	178,053
<u>Long Term Liabilities</u>		
Long term borrowings	24,690	32,748
Hire purchase creditors	51	474
Deferred tax liabilities	505	786
Non-current liabilities	25,246	34,008
	200,058	212,061
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.34	1.38

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

	Individual Quarter		Cumulative Quarter	
	2017	2016	2017	2016
	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	104,320	155,775	338,826	241,692
Other Income	1,500	4,867	3,516	6,007
Total Income	105,820	160,642	342,342	247,699
Employee Benefits Expense	(23,831)	(43,711)	(77,257)	(65,967)
Purchase of Hardware and Software	(13,076)	(19,532)	(46,323)	(32,529)
Telecommunication Costs	(6,886)	(16,985)	(24,158)	(29,511)
Software License and Hardware Maintenance Cost	(9,967)	(12,590)	(60,553)	(21,154)
Bulk Mailing Processing Charges	(4,564)	(8,451)	(12,635)	(13,443)
Depreciation	(2,657)	(5,311)	(7,942)	(7,792)
Project Implementation Costs	(11,434)	(19,351)	(28,246)	(28,574)
Other Operating Expenses	(34,544)	(31,055)	(75,572)	(41,582)
Total Operating Expenditure	(106,959)	(156,986)	(332,686)	(240,552)
(Loss)/Profit from Operations	(1,139)	3,656	9,656	7,147
Finance Cost	(1,923)	(3,418)	(5,895)	(5,657)
Share of Results of Associated Companies	168	297	252	413
(Loss)/Profit Before Taxation	(2,894)	535	4,013	1,903
Taxation	298	(579)	(2,089)	(688)
(Loss)/Profit for the period	(2,596)	(44)	1,924	1,215
(Loss)/Profit attributable to:				
Equity holders of the Parent	(2,784)	81	1,930	537
Non-controlling interests	188	(125)	(6)	678
	(2,596)	(44)	1,924	1,215
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 (loss)/profit for the period	(2.75)	0.08	1.91	0.53
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	(2,596)	(44)	1,924	1,215
Foreign currency translation	(79)	572	(104)	1,923
Total comprehensive income	(2,675)	528	1,820	3,138
Total comprehensive income attributable to:				
Equity holders of the Parent	(2,840)	549	1,257	1,816
Minority Interest	165	(21)	563	1,322
	(2,675)	528	1,820	3,138

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

	<u>Non- distributable</u>			<u>Distributable</u>		Non- Controlling Interests	Total
	Share capital	Share premium	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 September 2017							
At 1 January 2017	101,225	16,526	664	52,861	171,276	6,777	178,053
Total comprehensive income for the period	-	-	(673)	1,930	1,257	563	1,820
Transaction with owners							
Dividends paid	-	-	-	(5,061)	(5,061)	-	(5,061)
At 30 September 2017	<u>101,225</u>	<u>16,526</u>	<u>(9)</u>	<u>49,730</u>	<u>167,472</u>	<u>7,340</u>	<u>174,812</u>
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	<u>101,225</u>	<u>16,526</u>	<u>(357)</u>	<u>46,228</u>	<u>163,622</u>	<u>7,466</u>	<u>171,088</u>

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 30/09/2017.

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

	Period ended 30 September 2017	Year ended 31 December 2016
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,013	14,049
Adjustments for:		
Depreciation	7,942	11,392
Finance costs	5,895	7,565
Impairment loss on:		
- trade receivables	596	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	(184)	(4,444)
Amortisation of intangible assets	507	1,555
Impairment on goodwill	-	1,046
Unrealised foreign exchange gain	-	(716)
Share of results of associates	(251)	(526)
Gain on disposal of property, plant and equipment	(6)	(68)
Interest income	(984)	(1,873)
Dividend income	-	(59)
	<u>17,562</u>	<u>40,802</u>
Operating profit before working capital changes		
Decrease/(increase) in inventories	222	(240)
Increase in receivables	(39,082)	(7,355)
Decrease/(increase) in other current assets	9,027	(15,168)
Increase in amount due to customers on contracts	-	1,554
Decrease in payables	(3,251)	(6,419)
Cash (used in)/generated from operations	(15,522)	13,174
Interest paid	(5,895)	(7,565)
Income taxes paid	(1,711)	(1,588)
Net cash (used in)/generated from operating activities	<u>(23,128)</u>	<u>4,021</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Interest received	984	1,873
Net dividends received	-	59
Increase investment in an associate	-	(1,800)
Proceeds from disposal of property, plant and equipment	-	287
Purchase of property, plant and equipment	(2,286)	(3,102)
Software development cost incurred	-	(3,115)
Dividend paid	(5,061)	-
Net cash used in investing activities	<u>(6,363)</u>	<u>(5,798)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of loans and borrowings	(3,692)	12,031
Repayment of obligations under finance lease	(138)	16
Deposit uplifted from security for bank facilities	-	11,752
Placement of deposits with licensed banks	-	(3,114)
Net cash (used in)/generated from financing activities	<u>(3,830)</u>	<u>20,685</u>
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS		
Effect of exchange rate changes on cash and cash equivalents	(33,321)	18,908
	(673)	2,031
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>(7,930)</u>	<u>(28,869)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(41,924)</u>	<u>(7,930)</u>
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	7,047	23,026
Fixed deposits with licensed banks	81,255	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	(81,255)	(52,345)
	<u>(41,924)</u>	<u>(7,930)</u>

The Condensed Consolidated Statement of Cash Flows 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 30/09/2017.

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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

The following dividend was paid out in the financial period under review:

In respect of the financial year ending 31 December 2017:

First and final single tier dividend of 5.0 sen per ordinary share paid out on 15 September 2017	RM'000
	<u>5,061</u>

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 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	277,668	18,015	43,144	-	338,826
RESULT					
Profit/(loss) for the period	4,588	(1,987)	(677)	-	1,924
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					
(Loss)/profit for the period	(276)	(55)	1,480	66	1,215

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 September 2017 are as follows:

	Unaudited Financial Period 30/09/2017 RM'000
Approved and contracted for	<u>6,477</u>
Approved but not contracted for	<u>52</u>

14. CONTINGENT LIABILITIES

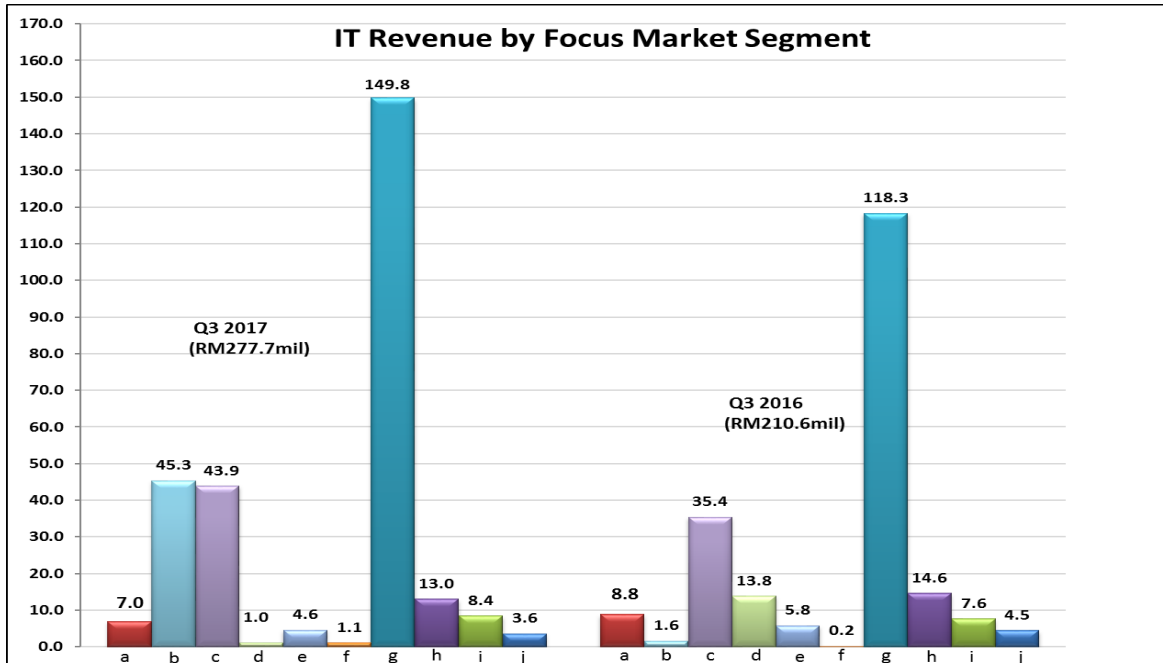
There were no contingent liabilities for the Group as at 15 November 2017 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

15. REVIEW OF PERFORMANCE

The Group recorded a profit of RM1,924,000 for the period ended 30 September 2017. An increase by RM709,000 from a profit of RM1,215,000 for the period ended 30 September 2016.

IT related products and services

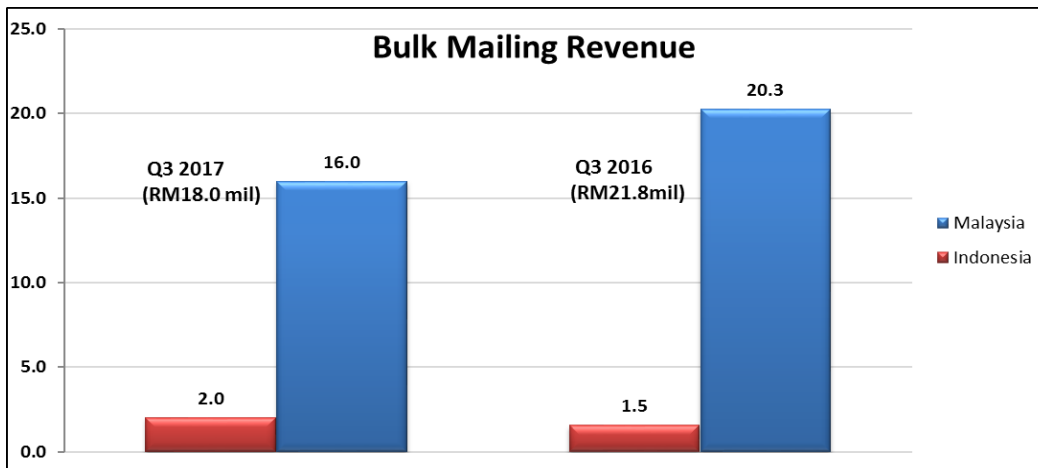
The revenue for the financial period ended 30 September 2017 is RM277,668,000 as compared to RM210,663,000 for the financial period ended 30 September 2016.



- 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

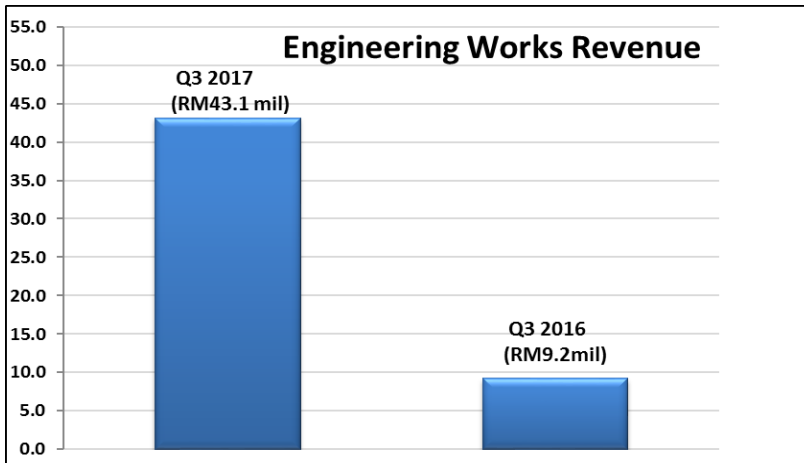


The segment is contributed by the Group's subsidiaries in Malaysia and Indonesia.

The revenue for the financial period ended 30 September 2017 is RM18,015,000 as compared to RM21,800,000 for the financial period ended 30 September 2016.

The segment's result has decreased from a loss after taxation of RM55,000 for the financial period ended 30 September 2016 to loss after taxation of RM1,987,000 for the financial period ended 30 September 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 September 2017 is RM43,144,000 as compared to RM9,229,000 for the financial period ended 30 September 2016.

The segment's result has decreased from a profit after taxation RM1,480,000 for the financial period ended 30 September 2016 to loss after taxation of RM677,000 for the financial period ended 30 September 2017.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded slightly higher revenue at RM104,320,000 for the current quarter ended 30 September 2017 as compared to RM100,645,000 in the preceding quarter ended 30 June 2017.

However, the Group's margin for the current quarter ended 30 September 2017 has shown some reduction against the preceding quarter ended 30 June 2017. The margins has reduced from pre and post-tax profit of RM3,115,000 and RM2,273,000 respectively for the preceding quarter ended 30 June 2017 to pre and post-tax loss of RM2,894,000 and RM2,596,000 respectively for the current quarter ended 30 September 2017.

The decline in the results was mainly attributable to the conclusion of a major contract from the information technology segment that eroded the overall profit margin of the Group in the current quarter under review. The contract has contributed significant margins to the Group since its award in the previous financial years. The overall net profit of the segment fell from RM6,867,000 in the preceding quarter ended 30 June 2017 to RM4,588,000 in the current quarter ended 30 September 2017.

17. COMMENTARY ON PROSPECTS

The Malaysian economy continued on a positive growth momentum, amid further strengthening of global growth conditions. Growth was higher than anticipated, leading to an improved outlook for the domestic economy. The more positive outlook is supported by stronger spillovers from the external sector to the domestic economy. Domestic demand will be supported by improving labour market conditions and sustained investments, particularly in the manufacturing and services sectors. (Source : Bank Negara Malaysia published on 17 November 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 30/09/2017 RM'000	Accumulated Current Quarter 30/09/2017 RM'000
Interest income	(446)	(984)
Other income	-	-
Interest expense	1,923	5,895
Depreciation of property, plant and equipment	2,657	7,942
Amortisation of intangible assets	171	507
Impairment loss on :		
- Investment	-	-
- Trade receivables	(307)	596
- Other receivables	-	34
- Goodwill	-	-
Reversal gain on trade receivables	(92)	(184)
Gain on disposal of property, plant and equipment	-	(6)

20. TAXATION

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

	Current Quarter 30/09/2017 RM'000	Accumulated Current Quarter 30/09/2017 RM'000
Current taxation	298	(2,089)

21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 September 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	611
Other short term borrowings due within 12 months	181,715
	<u>182,326</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	51
Other long term borrowings due after 12 months	24,690
	<u>24,741</u>
Total	<u>207,067</u>

23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 15 November 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 September 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 30/09/2017 RM'000	As at 31/12/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	65,921	68,879
- Unrealised	505	786
Total retained profits from associated companies:		
- Realised	4,671	4,420
- Unrealised	-	-
Consolidation adjustments	(21,367)	(21,224)
Total Group retained profits as per consolidated account	<u>49,730</u>	<u>52,861</u>

26. EARNING PER SHARE

	Current Quarter 30/09/2017	Accumulated Current Quarter 30/09/2017
a) <u>Basic</u>		
Net (loss)/profit attributable to ordinary equity holders of the parent company (RM'000)	(2,784)	1,930
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic (loss)/earning per share (sen)	<u>(2.75)</u>	<u>1.91</u>

b) Diluted

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

27. SIGNIFICANT EVENTS

There is no significant event reported for the period under review.

By Order of the Board

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

Secretary