

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	<b>Unaudited 2017 As at 31 December RM'000</b>	<b>Audited 2016 As at 31 December RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	50,750	55,582
Intangible assets	22,375	31,190
Investment in associates	4,364	4,420
Other investments	3,069	2,914
Lease receivable	22,884	37,003
Deferred tax assets	62	50
<b>TOTAL NON-CURRENT ASSETS</b>	<b>103,504</b>	<b>131,159</b>
<b>CURRENT ASSETS</b>		
Inventories	758	1,059
Trade and other receivables	76,440	140,496
Lease receivable	23,471	23,529
Due from customers on contracts	111,763	81,698
Tax recoverable	757	994
Cash and bank balances	95,392	81,590
<b>TOTAL CURRENT ASSETS</b>	<b>308,581</b>	<b>329,366</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	105,449	107,479
Due to customers on contracts	-	1,554
Tax payable	857	2,463
Short term borrowings	129,781	136,642
Hire purchase payables	691	326
<b>TOTAL CURRENT LIABILITIES</b>	<b>236,778</b>	<b>248,464</b>
<b>NET CURRENT ASSETS</b>	<b>71,803</b>	<b>80,902</b>
	<b>175,307</b>	<b>212,061</b>
<b>FINANCED BY:</b>		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	(426)	664
Retained earnings	33,597	52,861
Shareholders' equity	150,922	171,276
Non-controlling interests	5,146	6,777
Shareholders' Funds	156,068	178,053
<u>Long Term Liabilities</u>		
Long term borrowings	18,794	32,748
Hire purchase creditors	-	474
Deferred tax liabilities	445	786
Non-current liabilities	19,239	34,008
	<b>175,307</b>	<b>212,061</b>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.27	1.38

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Individual Quarter		Cumulative Quarter	
	2017	2016	2017	2016
	Current quarter ended 31 December	Comparative quarter ended 31 December	12 months cumulative to date	Comparative 12 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	88,023	120,896	426,849	362,588
Other Income	5,136	4,736	8,652	10,743
Total Income	93,159	125,632	435,501	373,331
Employee Benefits Expense	(25,650)	(25,205)	(102,907)	(91,172)
Purchase of Hardware and Software	(21,851)	(26,360)	(68,174)	(58,889)
Telecommunication Costs	(8,198)	(9,284)	(32,356)	(38,795)
Software License and Hardware Maintenance Cost	15,915	(3,182)	(44,638)	(24,336)
Bulk Mailing Processing Charges	(408)	29	(13,043)	(13,414)
Depreciation	(3,856)	(3,600)	(11,798)	(11,392)
Project Implementation Costs	(8,531)	(366)	(36,777)	(28,940)
Other Operating Expenses	(58,881)	(43,723)	(134,453)	(85,305)
Total Operating Expenditure	(111,460)	(111,691)	(444,146)	(352,243)
(Loss)/Profit from Operations	(18,301)	13,941	(8,645)	21,088
Finance Cost	(696)	(1,908)	(6,591)	(7,565)
Share of Results of Associated Companies	(308)	113	(56)	526
(Loss)/Profit Before Taxation	(19,305)	12,146	(15,292)	14,049
Taxation	1,946	(5,478)	(143)	(6,166)
(Loss)/Profit for the period	(17,359)	6,668	(15,435)	7,883
(Loss)/Profit attributable to:				
Equity holders of the Parent	(16,133)	6,632	(14,203)	7,169
Non-controlling interests	(1,226)	36	(1,232)	714
	(17,359)	6,668	(15,435)	7,883
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	(15.94)	6.55	(14.03)	7.08
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	(17,359)	6,668	(15,435)	7,883
Foreign currency translation	(985)	296	(1,089)	2,219
Total comprehensive income	(18,344)	6,964	(16,524)	10,102
Total comprehensive income attributable to:				
Equity holders of the Parent	(16,549)	7,652	(15,292)	9,468
Minority Interest	(1,795)	(688)	(1,232)	634
	(18,344)	6,964	(16,524)	10,102

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 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
<b>For the year ended 31 December 2017</b>							
At 1 January 2017	101,225	16,526	663	52,861	171,275	6,778	178,053
<b>Total comprehensive income for the year</b>	-	-	(1,089)	(14,203)	(15,292)	(1,232)	(16,524)
<b>Transaction with owners</b>							
Dividends paid	-	-	-	(5,061)	(5,061)	-	(5,061)
Dividends paid to minority interest	-	-	-	-	-	(400)	(400)
At 31 December 2017	<u>101,225</u>	<u>16,526</u>	<u>(426)</u>	<u>33,597</u>	<u>150,922</u>	<u>5,146</u>	<u>156,068</u>
<b>For the year ended 31 December 2016</b>							
At 1 January 2016	101,225	16,526	(1,636)	45,692	161,807	6,144	167,951
<b>Total comprehensive income for the year</b>	-	-	2,299	7,169	9,468	634	10,102
At 31 December 2016	<u>101,225</u>	<u>16,526</u>	<u>663</u>	<u>52,861</u>	<u>171,275</u>	<u>6,778</u>	<u>178,053</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 31/12/2017.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE**  
**PERIOD ENDED 31 DECEMBER 2017**

	<b>Year ended 31 December 2017</b>	<b>Year ended 31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(15,292)	14,049
Adjustments for:		
Depreciation	11,798	11,392
Finance costs	6,591	7,565
Impairment loss on:		
- trade receivables	2,591	6,072
- other receivables	49	3,542
- investment in associate	-	1,800
- Available-for-sale financial assets	-	1,467
Reversal of impairment loss on trade receivables	(2,431)	(4,444)
Writedown of inventories	37	-
Amortisation of intangible assets	1,543	1,555
Impairment of intangible assets	9,200	-
Provision for liabilities	2,808	-
Unrealised foreign exchange gain	-	(716)
Share of results of associates	56	(526)
Gain on disposal of property, plant and equipment	(56)	(68)
Interest income	(1,668)	(1,873)
Dividend income	-	(59)
	<hr/>	<hr/>
Operating profit before working capital changes	15,226	40,802
Decrease/(increase) in inventories	264	(240)
Decrease/(increase) in receivables	69,322	(7,355)
Increase in other current assets	(30,007)	(15,168)
Increase in amount due to customers on contracts	-	1,554
Decrease in payables	(4,838)	(6,419)
Cash generated from operations	49,967	13,174
Interest paid	(6,591)	(7,565)
Income taxes paid	(1,711)	(1,588)
Net cash generated from operating activities	<hr/>	<hr/>
	41,665	4,021
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Software development cost incurred		
Interest received	1,668	1,873
Net dividends received	-	59
Increase investment in an associate	-	(1,800)
Proceeds from disposal of property, plant and equipment	56	287
Purchase of property, plant and equipment	(2,513)	(3,102)
Software development cost incurred	-	(3,115)
Dividend paid	(5,060)	-
Net cash used in investing activities	<hr/>	<hr/>
	(5,849)	(5,798)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of loans and borrowings	(50,057)	12,031
Repayment of obligations under finance lease	(109)	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	<hr/>	<hr/>
	(50,166)	20,685
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS</b>		
	(14,350)	18,908
Effect of exchange rate changes on cash and cash equivalents	(1,090)	2,031
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		
	<hr/>	<hr/>
	(7,930)	(28,869)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
	<hr/>	<hr/>
	(23,370)	(7,930)
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	25,601	23,026
Fixed deposits with licensed banks	69,791	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	(69,791)	(52,345)
	<hr/>	<hr/>
	(23,370)	(7,930)

*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 31/12/2017.*

**UNAUDITED RESULTS FOR  
THE FINANCIAL PERIOD ENDED 31 DECEMBER 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**

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. 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:

<b>For the period ended 31 December 2017</b>	<b>IT related products and services</b>	<b>Bulk mailing outsourcing services</b>	<b>Engineering works</b>	<b>Consolidation Adjustments</b>	<b>Consolidated</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>REVENUE</b>					
External	321,984	24,140	80,725	-	426,849
<b>RESULT</b>					
Loss after tax	(1,037)	(2,799)	(1,202)	(10,397)	(15,435)

<b>For the period ended 31 December 2016</b>	<b>IT related products and services</b>	<b>Bulk mailing outsourcing services</b>	<b>Engineering works</b>	<b>Consolidation Adjustments</b>	<b>Consolidated</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b>REVENUE</b>					
External	313,991	27,924	20,673	-	362,588
<b>RESULT</b>					
Profit/(loss) after tax	9,015	(601)	1,283	(1,814)	7,883

## 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 31 December 2017 are as follows:

	<b>Unaudited Financial Period 31/12/2017 RM'000</b>
Approved and contracted for	<u>691</u>
Approved but not contracted for	<u>52</u>

### 14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 20 February 2018 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

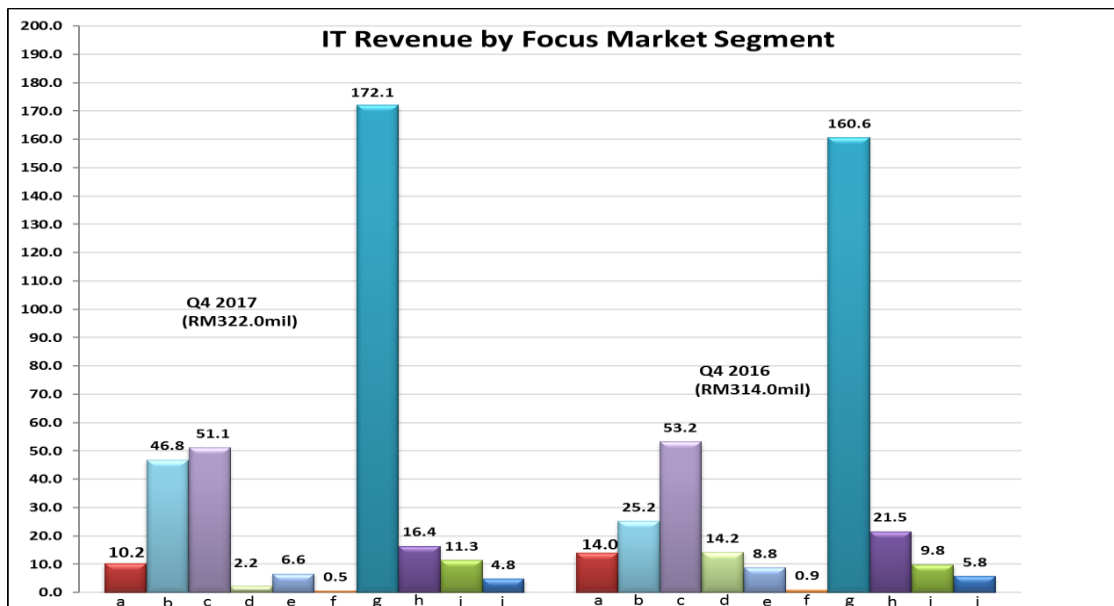
The Group recorded a loss of RM15,435,000 for the period ended 31 December 2017. A decrease by RM23,318,000 from a profit of RM7,883,000 for the period ended 31 December 2016.

The decline in the results was attributed to the conclusion of a major contract from the IT segment that significantly reduced the overall profit margin of the Group. The contract has contributed significant margins to the Group since its acquisition in the previous financial years.

Furthermore, the Group has impaired RM9,200,000 and amortised RM1,543,000 of its intangible assets in its subsidiaries.

### IT related products and services

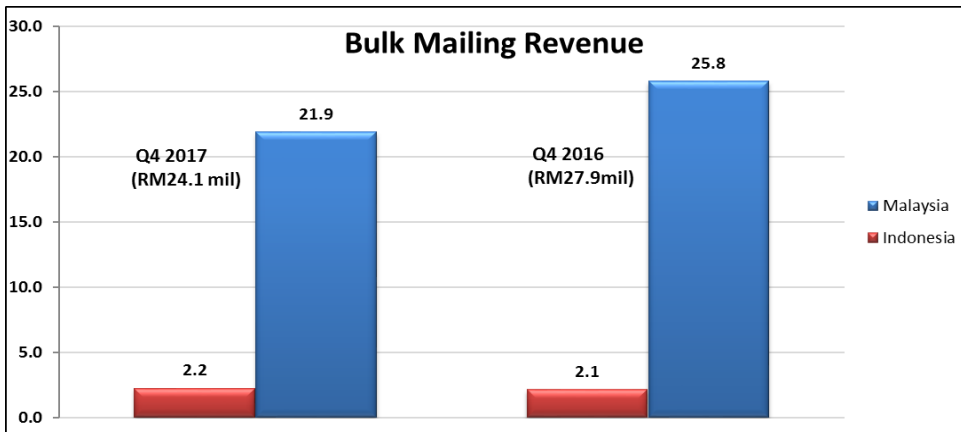
The revenue for the financial period ended 31 December 2017 is RM321,984,000 as compared to RM313,991,000 for the financial period ended 31 December 2016.



- 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)

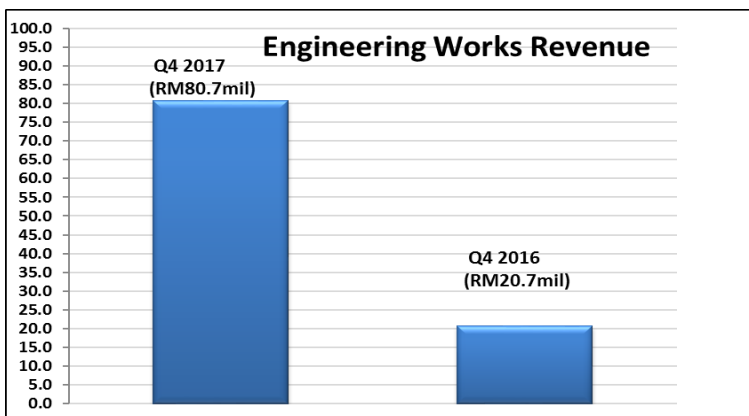
### Bulk mailing outsourcing services



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

The revenue for the financial period ended 31 December 2017 is RM24,140,000 as compared to RM27,924,000 for the financial period ended 31 December 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 31 December 2017 is RM80,725,000 as compared to RM20,673,000 for the financial period ended 31 December 2016.

## 16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded lower revenue at RM88,023,000 for the current quarter ended 31 December 2017 as compared to RM104,320,000 in the preceding quarter ended 30 September 2017.

The Group's margin for the current quarter ended 31 December 2017 has shown significant reduction against the preceding quarter ended 30 September 2017. The results has declined from loss pre and post-tax of RM2,894,000 and RM2,596,000 respectively for the preceding quarter ended 30 September 2017 to loss pre and post-tax loss of RM19,305,000 and RM17,359,000 respectively for the current quarter ended 31 December 2017.

## 17. COMMENTARY ON PROSPECTS

Malaysia's economic growth had become more entrenched while prospects remained favourable for 2018, given expectations of sustained performance in both the domestic and external sectors. Nevertheless, downside risks to the global growth remained. Headline inflation was expected to be at the upper end of the forecast range of 3% - 4% for 2017 but to moderate in 2018. Underlying inflation was also expected to moderate in 2018, sustained by robust domestic demand but contained by the continued expansion in productive capacity. (Source : Bank Negara Malaysia published on 14 February 2018)

The Group's business environment is expected to remain challenging for 2018. 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 loss before tax are the following items:

	<b>Current Quarter 31/12/2017 RM'000</b>	<b>Accumulated Current Quarter 31/12/2017 RM'000</b>
Interest income	(684)	(1,668)
Other income	-	-
Interest expense	696	6,591
Depreciation of property, plant and equipment	3,856	11,798
Amortisation of intangible assets	1,036	1,543
Impairment loss on :		
- Trade receivables	1,995	2,591
- Other receivables	15	49
- Intangible assets	9,200	9,200
Reversal gain on trade receivables	(2,247)	(2,431)
Gain on disposal of property, plant and equipment	(50)	(56)

## 20. TAXATION

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

	<b>Current Quarter 31/12/2017 RM'000</b>	<b>Accumulated Current Quarter 31/12/2017 RM'000</b>
Current taxation	1,946	(143)

## 21. CORPORATE DEVELOPMENTS

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

## 22. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 December 2017, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

<b>Secured:</b>	<b>Total RM'000</b>
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	691
Other short term borrowings due within 12 months	129,781
	<u>130,472</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	18,794
	<u>18,794</u>
<b>Total</b>	<u>149,266</u>

## 23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 20 February 2018, 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 31 December 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.

	<b>As at 31/12/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	45,639	68,879
- Unrealised	445	786
Total retained profits from associated companies:		
- Realised	4,364	4,420
- Unrealised	-	-
Consolidation adjustments	(16,851)	(21,224)
Total Group retained profits as per consolidated account	<u>33,597</u>	<u>52,861</u>

## 26. EARNING PER SHARE

	<b>Current Quarter 31/12/2017</b>	<b>Accumulated Current Quarter 31/12/2017</b>
a) <u>Basic</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	(16,133)	(14,203)
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic loss per share (sen)</b>	<u>(15.94)</u>	<u>(14.03)</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 30 October 2017, the Company has secured a contract from Jabatan Imigresen Malaysia for the Perkhidmatan Penyelenggaraan Sistem Aplikasi MyIMMS valued at RM42,430,740 for 3 years.
- b. On 23 November 2017, the Company has secured a contract from Companies Commission of Malaysia for supply, rental, implementation, training support, and maintenance of Security Infrastructure valued at RM33,300,000 for 3 years.

By Order of the Board

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

Secretary