

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	<b>Unaudited 2016 As at 31 December RM'000</b>	<b>Audited 2015 As at 31 December RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	55,829	63,902
Intangible assets	31,190	30,676
Investment in associates	4,247	3,894
Other investments	2,914	4,381
Lease receivable	28,543	40,249
Deferred tax assets	50	45
<b>TOTAL NON-CURRENT ASSETS</b>	<b>122,773</b>	<b>143,147</b>
<b>CURRENT ASSETS</b>		
Inventories	1,059	819
Trade and other receivables	141,892	137,594
Lease receivable	31,989	31,989
Due from customers on contracts	73,573	54,824
Tax recoverable	757	3,787
Cash and bank balances	82,732	83,095
<b>TOTAL CURRENT ASSETS</b>	<b>332,002</b>	<b>312,108</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	103,810	113,898
Tax payable	2,235	145
Short term borrowings	132,555	119,425
Hire purchase payables	704	270
<b>TOTAL CURRENT LIABILITIES</b>	<b>239,304</b>	<b>233,738</b>
<b>NET CURRENT ASSETS</b>	<b>92,698</b>	<b>78,370</b>
	<b>215,471</b>	<b>221,517</b>
<b>FINANCED BY:</b>		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	414	(1,636)
Retained earnings	51,965	45,691
Shareholders' equity	170,130	161,806
Non-controlling interests	7,611	6,144
<b>Shareholders' Funds</b>	<b>177,741</b>	<b>167,950</b>
<u>Long Term Liabilities</u>		
Long term borrowings	36,915	51,739
Hire purchase creditors	95	514
Deferred tax liabilities	720	1,314
<b>Non-current liabilities</b>	<b>37,730</b>	<b>53,567</b>
	<b>215,471</b>	<b>221,517</b>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.37	1.30

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	2016	2015	2016	2015
	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	120,570	98,319	362,262	376,238
Other Income	4,661	826	10,668	8,151
Total Income	<u>125,231</u>	<u>99,145</u>	<u>372,930</u>	<u>384,389</u>
Employee Benefits Expense	(24,337)	(22,569)	(90,304)	(90,994)
Purchase of Hardware and Software	(26,360)	(18,921)	(58,889)	(45,347)
Telecommunication Costs	(9,284)	(15,330)	(38,795)	(49,990)
Software License and Hardware Maintenance Cost	4,217	9,998	(16,937)	(32,420)
Bulk Mailing Processing Charges	(4,068)	(2,422)	(17,511)	(17,786)
Depreciation	(2,639)	(5,997)	(10,431)	(12,226)
Project Implementation Costs	(12,112)	(11,978)	(40,686)	(42,147)
Other Operating Expenses	(36,874)	(34,079)	(78,456)	(81,526)
Total Operating Expenditure	<u>(111,457)</u>	<u>(101,298)</u>	<u>(352,009)</u>	<u>(372,436)</u>
Profit/(Loss) from Operations	13,774	(2,153)	20,921	11,953
Finance Cost	(1,998)	(2,441)	(7,655)	(9,328)
Share of Results of Associated Companies	(59)	31	354	(195)
Profit Before Taxation	<u>11,717</u>	<u>(4,563)</u>	<u>13,620</u>	<u>2,430</u>
Taxation	(5,397)	(610)	(6,085)	(1,219)
Profit/(Loss) for the period/year	<u>6,320</u>	<u>(5,173)</u>	<u>7,535</u>	<u>1,211</u>
Profit/(Loss) attributable to:				
Equity holders of the Parent	6,237	(4,788)	6,774	933
Non-controlling interests	83	(385)	761	278
	<u>6,320</u>	<u>(5,173)</u>	<u>7,535</u>	<u>1,211</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/(loss) for the period/year	6.16	(4.73)	6.69	0.92
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	6,320	(5,173)	7,535	1,211
Foreign currency translation	833	(582)	2,756	2,135
Total comprehensive income	<u>7,153</u>	<u>(5,755)</u>	<u>10,291</u>	<u>3,346</u>
Total comprehensive income attributable to:				
Equity holders of the Parent	7,008	(5,223)	8,824	2,873
Minority Interest	145	(532)	1,467	473
	<u>7,153</u>	<u>(5,755)</u>	<u>10,291</u>	<u>3,346</u>

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Non- distributable			Distributable		Non- Controlling Interests	Total	
	Share capital	Share premium	Share Option Reserve	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 2016</b>								
At 1 January 2016	101,225	16,526	-	(1,636)	45,691	161,806	6,144	167,950
<b>Total comprehensive income for the year</b>	-	-	-	2,050	6,774	8,824	1,467	10,291
At 31 December 2016	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>414</u>	<u>51,965</u>	<u>170,130</u>	<u>7,611</u>	<u>177,741</u>
<b>For the year ended 31 December 2015</b>								
At 1 January 2015	101,225	16,526	-	(3,576)	46,783	160,958	5,671	166,629
<b>Total comprehensive income for the year</b>	-	-	-	1,940	933	2,873	473	3,346
<b>Transaction with owners</b>								
Dividends paid	-	-	-	-	(2,025)	(2,025)	-	(2,025)
At 31 December 2015	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>(1,636)</u>	<u>45,691</u>	<u>161,806</u>	<u>6,144</u>	<u>167,950</u>

*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 31/12/2016.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE**  
**YEAR ENDED 31 DECEMBER 2016**

	Year ended 31 December 2016 RM'000	Year ended 31 December 2015 RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	13,620	2,430
Adjustments for:		
Depreciation	10,431	12,226
Finance costs	7,655	9,328
Impairment loss on:		
- trade receivables	6,615	3,875
- other receivables	2,942	2,110
- Available-for-sale financial assets	-	2,431
- Bad debts written off	-	59
Reversal of Impairment loss on:		
- trade receivables	(3,508)	(200)
- other receivables	-	(799)
Amortisation of intangible assets	1,484	747
Impairment on goodwill	1,046	831
Provision for diminution in value of investment	3,267	-
Share of results of associates	(354)	195
Gain on disposal of property, plant and equipment	(68)	(1,414)
Property, plant and equipment written off	-	1,011
Interest income	(1,642)	(1,253)
Dividend income	(143)	(1,457)
Operating profit before working capital changes	41,345	27,690
Decrease in inventories	(240)	282
Increase in receivables	(7,329)	(34,746)
(Increase)/decrease in other current assets	(18,750)	13,352
(Decrease)/increase in payables	(10,088)	12,008
Cash generated from operations	4,938	21,016
Interest paid	(7,655)	(9,328)
Income taxes paid	2,090	(2,026)
Net cash (used in)/generated from operating activities	(627)	9,662
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Software development cost incurred		
Interest received	1,642	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 used in investing activities	(109)	(6,219)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Net drawdown/(repayment) of loans and borrowings	17,010	(96,959)
Repayment of obligations under finance lease	15	(2,309)
Deposit uplifted from security for bank facilities	-	73,189
Net cash generated from/(used in) financing activities	17,025	(26,079)
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>		
Effect of exchange rate changes on cash and cash equivalents	16,289	(22,636)
	2,050	1,991
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		
	(28,869)	(8,224)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		
	(10,530)	(28,869)
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	22,566	19,428
Fixed deposits with licensed banks	60,166	63,667
Bank overdrafts	(33,096)	(47,867)
Deposit pledged as securities for bank borrowings	(60,166)	(64,097)
	(10,530)	(28,869)

**UNAUDITED RESULTS FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 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:

<b>For the year 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	27,905	20,366	-	362,262
<b>RESULT</b>					
Profit/(loss) for the year	9,368	(886)	1,392	(2,339)	7,535
<b>For the year ended 31 December 2015</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	335,690	33,494	7,055	-	376,238
<b>RESULT</b>					
(Loss)/profit for the year	(3,301)	(32)	501	4,043	1,211

## 12. SUBSEQUENT EVENTS

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

### 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 31 December 2016 are as follows:

	<b>Unaudited Financial Period 31/12/2016 RM'000</b>
Approved and contracted for	<u>2,786</u>
Approved but not contracted for	<u>52</u>

### 14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 21 February 2017 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.



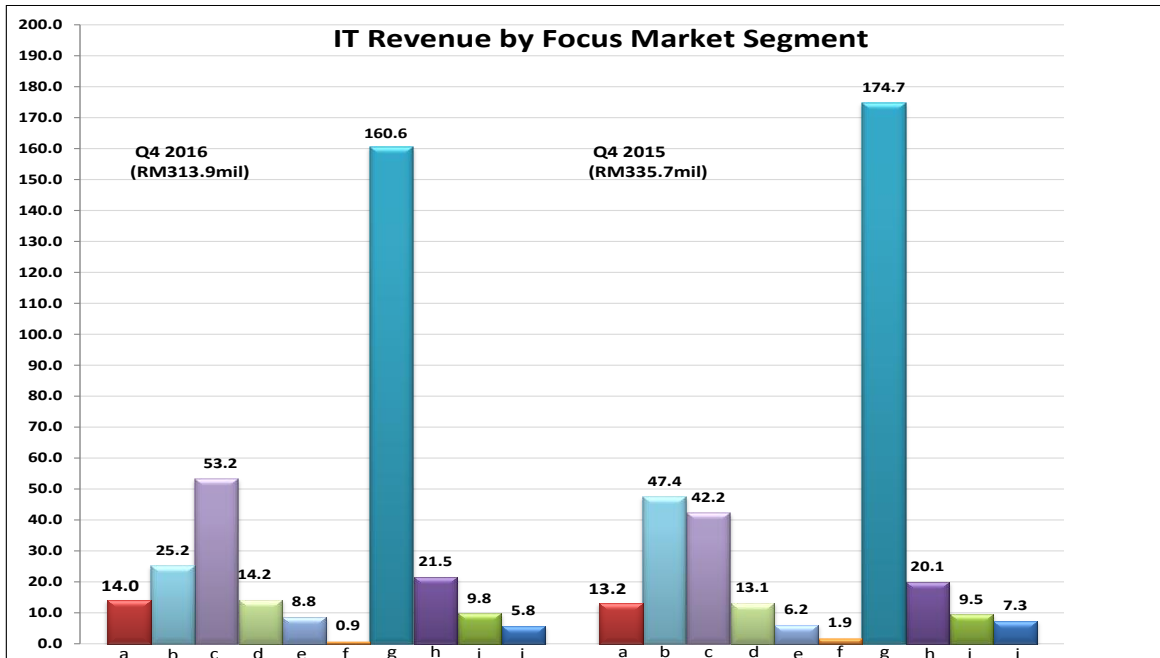
## 15. REVIEW OF PERFORMANCE

The Group recorded a profit of RM7,535,000 for the year ended 31 December 2016. An increase by RM6,324,000 from a profit of RM1,211,000 for the year ended 31 December 2015.

The increase is mainly due to better profit margin contributed from IT business segments for financial year 2016.

### IT related products and services

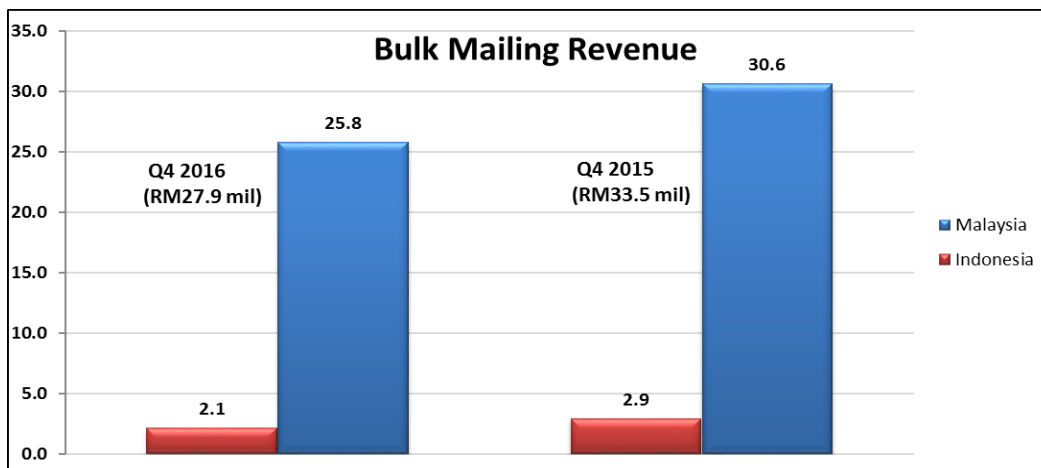
The revenue for the financial year ended 31 December 2016 is RM313,991,000 as compared to RM335,690,000 for the financial year ended 31 December 2015.



- 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

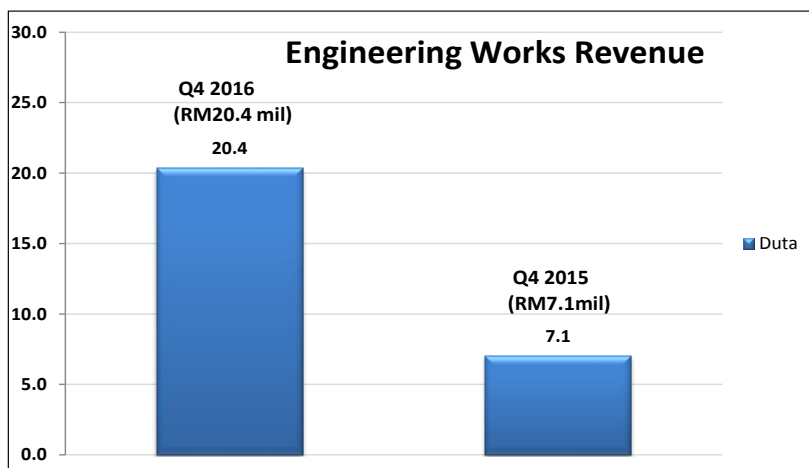


The segment is contributed by the Group's subsidiaries in Malaysia and Indonesia.

The revenue for the financial year ended 31 December 2016 is RM27,905,000 as compared to RM33,494,000 for the financial year ended 31 December 2015.

The segments result has decreased from a loss after taxation of RM32,000 for the financial year ended 31 December 2015 to RM886,000 for the financial year 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 year ended 31 December 2016 is RM20,366,000 as compared to RM7,055,000 for the financial year ended 31 December 2015.

The segments result has increased from RM501,000 for the financial year ended 31 December 2015 to profit after taxation of RM1,392,000 for the financial year ended 31 December 2016.

## 16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM120,570,000 for the current quarter ended 31 December 2016, a decrease of RM35,205,000 compared to RM155,775,000 in the preceding quarter ended 30 September 2016.

The Group recorded profit before taxation of RM11,717,000 for the current quarter ended 31 December 2016, an improvement of RM11,182,000 compared to profit before taxation of RM535,000 for the preceding quarter ended 30 September 2016.

The Group recorded profit after taxation of RM6,320,000 for the current quarter ended 31 December 2016, an improvement of RM6,364,000 compared to loss after taxation of RM44,000 for the preceding quarter ended 30 September 2016.

## 17. COMMENTARY ON PROSPECTS

The Malaysian economy will experience sustained growth with the primary driver being domestic demand. Private consumption is anticipated to remain supported by wage and employment growth, with additional impetus coming from announced Government measures to support disposable income of households. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. (Source : Bank Negara Malaysia published on 16 February 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:

	<b>Current Quarter 31/12/2016 RM'000</b>	<b>Accumulated Current Quarter 31/12/2016 RM'000</b>
Interest income	(720)	(1,642)
Other income	-	(143)
Interest expense	1,998	7,655
Depreciation of property, plant and equipment	2,639	10,431
Amortisation of intangible assets	1,419	1,484
Impairment loss on :		
- Investment	3,267	3,267
- Trade receivables	5,583	6,615
- Other receivables	2,143	2,942
- Goodwill	1,046	1,046
Reversal gain on trade receivables	(1,977)	(3,508)
Gain on disposal of property, plant and equipment	(25)	(68)

## 20. TAXATION

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

	<b>Current Quarter 31/12/2016 RM'000</b>	<b>Accumulated Current Quarter 31/12/2016 RM'000</b>
Current taxation	(5,397)	(6,085)

## 21. CORPORATE DEVELOPMENTS

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

## 22. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 December 2016, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

	<b>Total RM'000</b>
<b>Secured:</b>	
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	704
Other short term borrowings due within 12 months	132,555
	<hr/> 133,259
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	95
Other long term borrowings due after 12 months	36,915
	<hr/> 37,010
<b>Total</b>	<hr/> <b>170,269</b>

## 23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 21 February 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 31 December 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.

	<b>As at 31/12/2016 RM'000</b>	<b>As at 31/12/2015 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	67,671	64,548
- Unrealised	720	(1,301)
Total retained profits from associated companies:		
- Realised	4,247	3,894
- Unrealised	-	-
Consolidation adjustments	(20,673)	(21,450)
Total Group retained profits as per consolidated account	<u>51,965</u>	<u>45,691</u>

## 26. EARNING PER SHARE

	<b>Current Quarter 31/12/2016</b>	<b>Accumulated Current Quarter 30/09/2016</b>
a) <u>Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	6,237	6,774
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic earning per share (sen)</b>	<u>6.16</u>	<u>6.69</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 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 for 3 years.
- b. 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 for 3 years.
- c. 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 for period of 2 years.
- d. 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.

By Order of the Board

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

Secretary