

HEITECH PADU BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Unaudited 2014 As at 30 September RM'000	Audited 2013 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	69,534	74,549
Intangible assets	26,683	25,600
Investment in associates	4,199	4,097
Other investments	6,312	6,312
Lease receivable	59,542	81,942
Deferred tax assets	584	584
TOTAL NON-CURRENT ASSETS	166,854	193,084
CURRENT ASSETS		
Inventories	1,954	1,442
Trade and other receivables	174,006	154,626
Lease receivable	32,415	32,415
Due from customers on contracts	60,044	58,416
Other current assets	2,631	179
Tax recoverable	4,508	3,233
Cash and bank balances	33,021	36,892
TOTAL CURRENT ASSETS	308,579	287,203
CURRENT LIABILITIES		
Trade and other payables	119,555	104,180
Tax payable	1,681	1,842
Short term borrowings	89,946	80,018
Hire purchase payables	2,923	4,674
TOTAL CURRENT LIABILITIES	214,105	190,714
NET CURRENT ASSETS	94,474	96,489
	261,328	289,573
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Share option reserve	-	-
Foreign currency translation reserve	1,929	664
Other reserve	-	-
Retained earnings	44,510	57,257
Shareholders' equity	164,190	175,672
Minority interests	4,227	4,384
Shareholders' Funds	168,417	180,056
Long Term Liabilities		
Long term borrowings	89,778	104,940
Hire purchase creditors	692	3,086
Deferred tax liabilities	2,441	1,491
Non-current liabilities	92,911	109,517
	261,328	289,573
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.36	1.48

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2013. The document forms part of quarterly announcement for quarter ended 30/09/2014.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

a) Unaudited Condensed Consolidated Income Statement

	2014		2013	
	Individual Quarter		Cumulative Quarter	
	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	101,755	101,677	285,982	267,009
Other Income	2,218	745	3,841	5,158
Total Income	<u>103,973</u>	<u>102,422</u>	<u>289,823</u>	<u>272,167</u>
Employee Benefits Expense	(24,295)	(23,680)	(72,387)	(69,624)
Purchase of Hardware and Software	(11,356)	(27,654)	(31,766)	(39,146)
Telecommunication Costs	(13,363)	(8,519)	(36,159)	(34,784)
Software License and Hardware Maintenance Cost	(21,597)	(18,370)	(52,703)	(52,096)
Bulk Mailing Processing Charges	(3,075)	(2,598)	(7,743)	(9,329)
Depreciation	(2,427)	(2,235)	(7,239)	(6,943)
Professional Fees	(10,226)	(7,284)	(24,224)	(22,458)
Project Implementation Costs	(5,768)	1,393	(13,852)	757
Other Operating Expenses	(16,486)	(16,740)	(51,870)	(44,550)
Total Operating Expenditure	<u>(108,593)</u>	<u>(105,687)</u>	<u>(297,943)</u>	<u>(278,266)</u>
Loss from Operations	(4,620)	(3,265)	(8,120)	(6,099)
Finance Cost	(1,827)	(1,576)	(4,977)	(4,154)
Share of Results of Associated Companies	(267)	766	102	96
Loss Before Taxation	(6,714)	(4,075)	(12,995)	(10,157)
Taxation	(292)	(562)	(459)	(1,248)
Loss for the Period From Continuing Operations	<u>(7,006)</u>	<u>(4,637)</u>	<u>(13,454)</u>	<u>(11,405)</u>
Loss for the Period From Discontinued Operation	-	-	-	(30)
Loss for the Period	<u>(7,006)</u>	<u>(4,637)</u>	<u>(13,454)</u>	<u>(11,435)</u>
Loss attributable to:				
Equity holders of the Parent	(6,171)	(4,807)	(12,747)	(12,181)
Minority Interest	(835)	170	(707)	746
	<u>(7,006)</u>	<u>(4,637)</u>	<u>(13,454)</u>	<u>(11,435)</u>
Number of Ordinary Shares of RM1.00 each	101,225	101,225	101,225	101,225
Loss per share attributable to equity holders of the parent:				
Basic for loss for the period	(6.10)	(4.75)	(12.59)	(12.03)

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Loss for the period	(7,006)	(4,637)	(13,454)	(11,435)
Foreign currency translation	2,942	(465)	1,815	(255)
Total comprehensive loss	<u>(4,064)</u>	<u>(5,102)</u>	<u>(11,639)</u>	<u>(11,690)</u>
Total comprehensive loss attributable to:				
Equity holders of the Parent	(3,228)	(5,271)	(11,482)	(13,035)
Minority Interest	(836)	169	(157)	1,345
	<u>(4,064)</u>	<u>(5,102)</u>	<u>(11,639)</u>	<u>(11,690)</u>

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Non- distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Share Option Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Retained profits RM'000	Total RM'000	Minority Interest RM'000	Total RM'000
For the period ended 30 September 2014									
At 1 January 2014	101,225	16,526	-	664	-	57,257	175,672	4,384	180,056
Total comprehensive income for the period	-	-	-	1,265	-	(12,747)	(11,482)	(157)	(11,639)
At 30 September 2014	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>1,929</u>	<u>-</u>	<u>44,510</u>	<u>164,190</u>	<u>4,227</u>	<u>168,417</u>
For the period ended 30 September 2013									
At 1 January 2013	101,225	16,526	1,215	(864)	(340)	88,785	206,547	10,244	216,791
Total comprehensive income for the period	-	-	-	(1,194)	340	(12,181)	(13,035)	1,345	(11,690)
Transaction with owners									
Acquisition of a new subsidiary	-	-	-	-	-	-	-	(2,468)	(2,468)
Disposal of a subsidiary	-	-	-	-	-	-	-	(5,741)	(5,741)
Share options expired	-	-	(1,215)	-	-	1,215	-	-	-
At 30 September 2013	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>(2,058)</u>	<u>-</u>	<u>77,819</u>	<u>193,512</u>	<u>3,380</u>	<u>196,892</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2013. The document forms part of quarterly announcement for quarter ended 30/09/2014.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	2014 Period ended 30 September RM'000	2013 Year ended 31 December RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Loss before taxation from continuing operation	(12,995)	(31,438)
Loss before tax from discontinued operation	-	(298)
Loss before taxation, total	<u>(12,995)</u>	<u>(31,736)</u>
Adjustment for:		
Depreciation	7,239	8,808
Finance costs	4,977	7,267
Impairment loss on:		
- trade receivables	4,261	5,969
- other receivables	-	7,963
- Available-for-sale financial assets	-	1,878
Reversal of impairment loss on trade receivables	(184)	(1,298)
Reversal of impairment loss on other receivables	-	(100)
Net fair value loss on held for trading investment	-	339
Amortisation of intangible assets	58	87
Loss on disposal of subsidiaries	-	2,072
Share of results of associates	(102)	(652)
Gain on disposal of property, plant and equipment	-	(97)
Interest income	(55)	(474)
Dividend income	(1,352)	(3,585)
Operating profit/(loss) before working capital changes	<u>1,847</u>	<u>(3,559)</u>
(Increase)/decrease in inventories	(509)	377
(Increase)/decrease in receivables	(3,917)	26,345
Increase in other current assets	(4,080)	(23,056)
Increase in payables	13,375	7,747
Cash generated from operations	<u>6,716</u>	<u>7,854</u>
Interest paid	(4,977)	(7,267)
Income taxes paid	4,039	(138)
Net cash generated from operating activities	<u>5,778</u>	<u>449</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Interest received	55	474
Net dividends received	1,352	1,345
Proceeds from disposal of an investment	-	7,328
Purchase of property, plant and equipment	(2,224)	(7,340)
Proceed from disposal of property, plant and equipment	-	125
Proceeds from disposal of a subsidiary	-	244
Software development cost incurred	-	(6,151)
Net cash outflow on acquisition of a subsidiary	-	(7,984)
Net cash used in investing activities	<u>(817)</u>	<u>(11,959)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Net repayment of loans and borrowings	(13,051)	(29,444)
Repayment of obligations under finance lease	(4,145)	(3,893)
Net cash used in financing activities	<u>(17,196)</u>	<u>(33,337)</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	(12,235)	(44,847)
Effect of exchange rate changes on cash and cash equivalents	547	3,387
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	(961)	40,499
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>(12,649)</u>	<u>(961)</u>
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	(6,178)	9,290
Fixed deposits with licensed banks	39,199	27,602
Bank overdrafts	(45,670)	(37,853)
	<u>(12,649)</u>	<u>(961)</u>

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

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 2013. 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 2013.

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 2013 except for the adoption of the following new/revised Financial Reporting Standards ("FRS"):

Effective for annual periods beginning on or after 1 January 2014.

- Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12: Disclosure of Interest in Other Entities: Investment Entities
- Amendments to MFRS 127: Separate Financial Statements : Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

- IC Interpretation 21: Levies

Effective for annual periods beginning on or after 1 July 2014.

- Amendments to MFRS 119: Defined Benefit Plans: Employees Contributions
- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle

HEITECH PADU BERHAD

Company No: 310628-D

Effective when announced by MASB.

- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)
- MFRS 9: Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139

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 2013 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 out in the financial period under review.

HEITECH PADU BERHAD

Company No: 310628-D

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 and bulk mailing outsourcing services. The segmental reporting by business segment is reflected below:

For the period ended 30 September 2014	IT related products and services	Bulk mailing outsourcing services	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000
REVENUE				
External	259,010	26,972	-	285,982
RESULT				
(Loss)/profit for the period	(13,706)	149	103	(13,454)
For the period ended 30 September 2013	IT related products and services	Bulk mailing outsourcing services	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000
REVENUE				
External	243,499	23,510	-	267,009
RESULT				
(Loss)/profit for the period	(13,973)	1,969	599	(11,405)

HEITECH PADU BERHAD

Company No: 310628-D

12. SUBSEQUENT EVENTS

There was no material event from 30 September 2014 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 30 September 2014 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 September 2014 are as follows:

	Unaudited Financial Period 30/09/2014 RM'000
Approved and contracted for	<u>421</u>
Approved but not contracted for	<u>52</u>

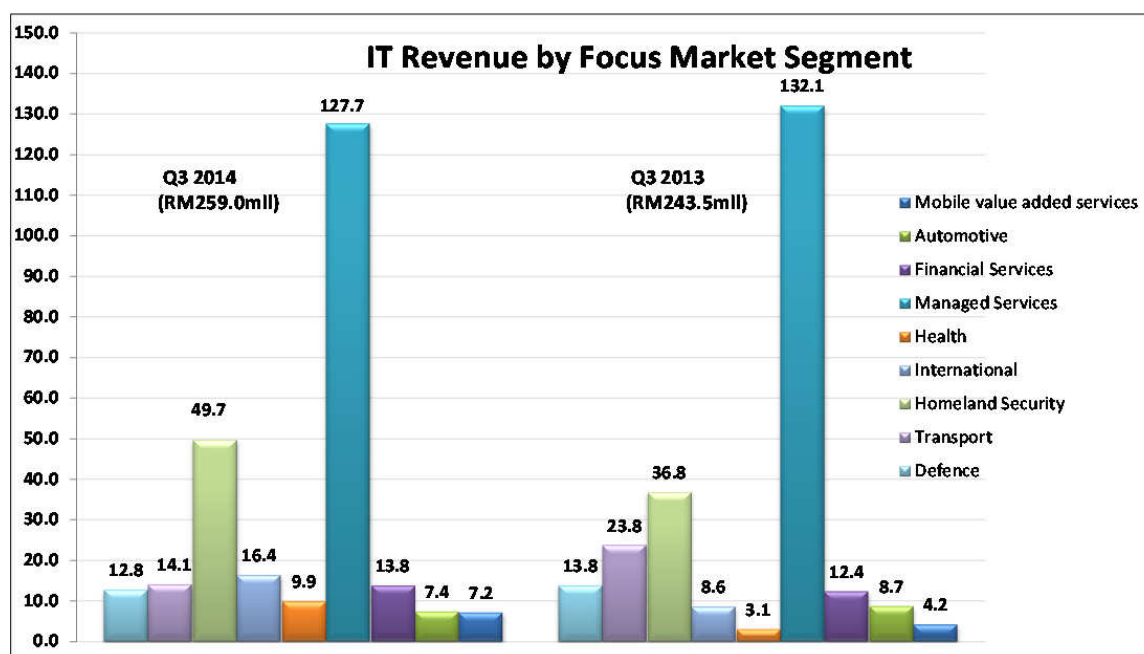
14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 19 November 2014 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's losses increased by RM2,049,000 or 18%, from RM11,405,000 in the period ended 30 September 2013 to RM13,454,000 in the period ended 30 September 2014.

IT related products and services

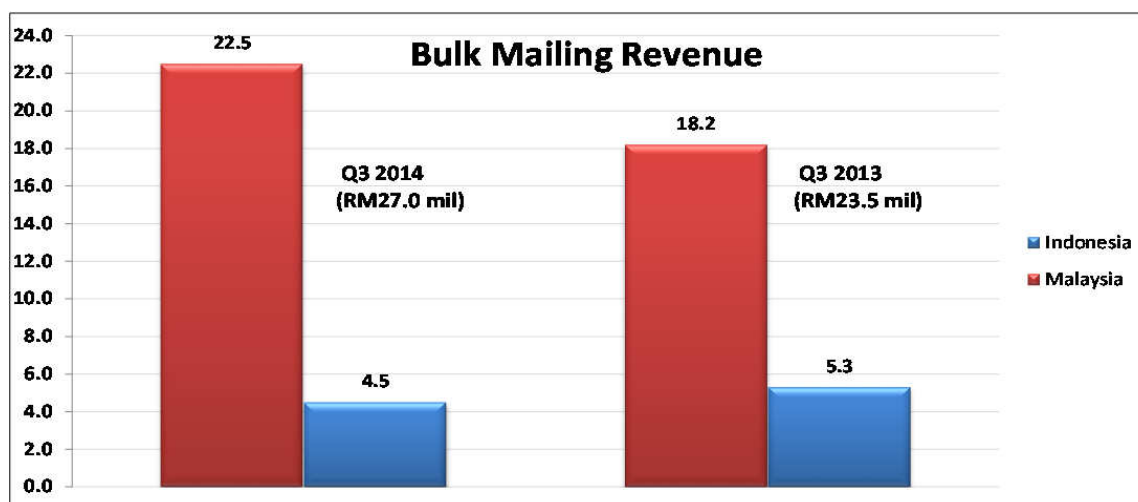


The operation of this segment is mainly concentrated in Malaysia, with market presence in Middle East and Australia. IT products and services segment can be further divided into the following focus market segments:

- 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. Managed Services – ICT infrastructure solutions.
- g. Financial Services – Core banking, takaful, insurance and credit management solutions.
- h. Automotive – Database build for industry reference (Malaysia) and software (Australia).
- i. Mobile value added services.

HEITECH PADU BERHAD
Company No: 310628-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 2014 has increased by RM3,462,000 or 15% from RM23,510,000 in the financial period ended 30 September 2013 to RM26,972,000 mainly due to increase in bulk mailing volume from new customers in Malaysia. Meanwhile, some reduction is recorded in the revenue contributed by the subsidiary in Indonesia due to lower bulk mailing volume from existing customers.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM101,755,000 for the current quarter ended 30 September 2014, an increase of RM9,330,000 compared to RM92,425,000 in the preceding quarter ended 30 June 2014.

The Group recorded loss before taxation of RM6,714,000 for the current quarter ended 30 September 2014, an increase of RM4,971,000 compared to loss before taxation of RM1,743,000 for the preceding quarter ended 30 June 2014.

The Group recorded loss after taxation of RM7,006,000 for the current quarter ended 30 September 2014, an increase of RM5,262,000 compared to loss after taxation of RM1,744,000 for the preceding quarter ended 30 June 2014. The loss in the current quarter was mainly due to higher resources costs of a major project and provision for doubtful debts from a subsidiary.

17. PROSPECTS IN THE CURRENT FINANCIAL YEAR

Going forward, the global economy is expected to be on a path of moderate recovery. The sustained improvements in the advanced economies will be a positive impulse for international trade. However, ongoing uncertainties surrounding monetary and fiscal policy adjustments in the advanced economies remain a risk to growth. Growth in the Asian economies is expected to be supported by improving external conditions amid moderating domestic demand. For the Malaysian economy, domestic demand will remain supportive of growth. While domestic demand is expected to moderate following the ongoing fiscal consolidation, the external sector is expected to benefit from the improving global conditions. The growth momentum is therefore expected to remain on a steady trajectory.

The Group's business environment is expected to remain challenging for the rest of the year. 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.

HEITECH PADU BERHAD
Company No: 310628-D

19. LOSS BEFORE TAX

Included in the loss before tax are the following items:

	Current Quarter 30/09/2014	Accumulated Current Quarter 30/09/2014
	RM'000	RM'000
Interest income	(38)	(55)
Other income (including investment income)	(1,352)	(1,352)
Interest expense	1,827	4,977
Depreciation of property, plant and equipment	2,427	7,239
Amortisation of prepaid lease payments	-	-
Amortisation of intangible assets	14	58
Impairment loss on trade receivables	3,849	4,261
Bad debts written off	-	-
Inventories written off	-	-
(Gain)/loss on disposal of quoted and unquoted investments	-	-
(Gain)/loss on disposal of property, plant and equipment	-	-
Impairment of goodwill	-	-
Impairment of other assets	-	-
Impairment of property, plant and equipment	-	-
(Gain)/loss on foreign exchange	-	-
(Gain)/loss on fair value changes of derivatives	-	-

20. TAXATION

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

	Current Quarter 30/09/2014	Accumulated Current Quarter 30/09/2014
	RM'000	RM'000
Current Taxation	(292)	(459)

21. CORPORATE DEVELOPMENTS

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

HEITECH PADU BERHAD
Company No: 310628-D

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 September 2014, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

Secured:	Total RM'000
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	2,923
Other short term borrowings due within 12 months	89,946
	<u>92,869</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	692
Other long term borrowings due after 12 months	89,778
	<u>90,470</u>
Total	<u>183,339</u>

23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 19 November 2014, 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 in respect of the current financial year during the financial period under review.

HEITECH PADU BERHAD

Company No: 310628-D

25. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

The breakdown of the retained profits of the Group as at 30 September 2014 and 31 December 2013 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 30/09/2014 RM'000	As at 31/12/2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	16,012	32,463
- Unrealised	2,441	(907)
Total retained profits from associated companies:		
- Realised	4,199	4,097
- Unrealised	-	-
Consolidation adjustments	21,858	21,604
Total Group retained profits as per consolidated account	<u>44,510</u>	<u>57,257</u>

26. LOSS PER SHARE

	Current Quarter 30/09/2014	Accumulated Current Quarter 30/09/2014
<u>a) Basic</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	(6,171)	(12,747)
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic loss per share (sen)	<u>(6.10)</u>	<u>(12.59)</u>

b) Diluted

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

HEITECH PADU BERHAD
Company No: 310628-D

27. SIGNIFICANT EVENTS

- a. On 24 July 2014, the Company has received a Letter of Acceptance from the Government of Malaysia for the maintenance and services for MYIMMS application system at Jabatan Imigresen Malaysia (“JIM”) valued at RM27,480,000.00 commencing from 18 February 2014 to 17 February 2016.
- b. On 18 September 2014, the Company has accepted a Letter of Award for the Appointment of HeiTech Padu Berhad, on a direct negotiation basis, for the Mainframe Capacity Upgrade of Jabatan Pengangkutan Jalan (Road Transport Department) from the present IBM Z10-402 to IBM ZEC12-503 valued at RM177,000,000.00 commencing from September 2014 to September 2019.
- c. On 26 September 2014, the Company has accepted a Letter of Award for the Extension of Contract Period for the Provision of Maintenance Services for the Main Business ICT System for Jabatan Pendaftaran Negara (“National Registration Department”) valued at RM58,000,000.00 commencing from 1 July 2014 to 30 June 2015.
- d. On 29 October 2014, the Company has accepted a Letter of Award for the Appointment of HeiTech Padu Berhad by Jabatan Pengangkutan Jalan (Road Transport Department) to provide Wide Area Network (WAN) Connectivity and Services valued at RM10,300,000.00 commencing from 26 July 2014 to 25 July 2015.

By Order of the Board

AHMAD NOOR BIN SULONG (MAICSA 7062155)
SITI SHAHWANA BINTI ABDUL HAMID (7018383)

Secretary