

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Unaudited 2015 As at 31 March RM'000	Audited 2014 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	70,694	73,733
Intangible assets	27,301	27,187
Investment in associates	4,089	4,089
Other investments	6,812	6,812
Lease receivable	55,829	61,200
Deferred tax assets	13	13
TOTAL NON-CURRENT ASSETS	164,738	173,034
CURRENT ASSETS		
Inventories	1,711	1,101
Trade and other receivables	146,588	102,848
Lease receivable	31,990	31,989
Due from customers on contracts	55,970	68,176
Tax recoverable	3,353	3,655
Cash and bank balances	57,290	138,592
TOTAL CURRENT ASSETS	296,902	346,361
CURRENT LIABILITIES		
Trade and other payables	105,329	101,890
Tax payable	608	788
Short term borrowings	117,850	184,553
Hire purchase payables	2,987	3,076
TOTAL CURRENT LIABILITIES	226,774	290,307
NET CURRENT ASSETS	70,128	56,054
	234,866	229,088
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	(3,516)	(3,576)
Retained earnings	51,106	46,783
Shareholders' equity	165,341	160,958
Non-controlling interests	5,707	5,671
Shareholders' Funds	171,048	166,629
<u>Long Term Liabilities</u>		
Long term borrowings	62,492	61,128
Hire purchase creditors	12	17
Deferred tax liabilities	1,314	1,314
Non-current liabilities	63,818	62,459
	234,866	229,088
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.36	1.32

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2014. The document forms part of quarterly announcement for quarter ended 31/03/2015.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2015

	2015		2014	
	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31 March	Comparative quarter ended 31 March	3 months cumulative to date	Comparative 3 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	103,320	91,802	103,320	91,802
Other Income	724	778	724	778
Total Income	104,044	92,580	104,044	92,580
Employee Benefits Expense	(24,108)	(23,851)	(24,108)	(23,851)
Purchase of Hardware and Software	(8,843)	(11,760)	(8,843)	(11,760)
Telecommunication Costs	(12,044)	(11,975)	(12,044)	(11,975)
Software License and Hardware Maintenance Cost	(15,906)	(17,713)	(15,906)	(17,713)
Bulk Mailing Processing Charges	(3,940)	(3,135)	(3,940)	(3,135)
Depreciation	(2,392)	(2,264)	(2,392)	(2,264)
Project Implementation Costs	(17,687)	(4,251)	(17,687)	(4,251)
Other Operating Expenses	(12,925)	(14,317)	(12,925)	(14,317)
Total Operating Expenditure	(97,845)	(95,785)	(97,845)	(95,785)
Profit/(Loss) from Operations	6,199	(3,205)	6,199	(3,205)
Finance Cost	(1,496)	(1,517)	(1,496)	(1,517)
Share of Results of Associated Companies	(1)	184	(1)	184
Profit/(Loss) Before Taxation	4,702	(4,538)	4,702	(4,538)
Taxation	(292)	(166)	(292)	(166)
Profit/(Loss) for the Period	4,410	(4,704)	4,410	(4,704)
Profit/(Loss) attributable to:				
Equity holders of the Parent	4,322	(5,055)	4,322	(5,055)
Non-controlling interests	88	351	88	351
	4,410	(4,704)	4,410	(4,704)
Number of Ordinary Shares of RM1.00 each	101,225	101,225	101,225	101,225
Profit/(Loss) per share attributable to equity holders of the parent:				
Basic for profit/(loss) for the period	4.27	(4.99)	4.27	(4.99)
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Profit/(Loss) for the period	4,410	(4,704)	4,410	(4,704)
Foreign currency translation	9	(999)	9	(999)
Fair value movement	-	-	-	-
Total comprehensive loss	4,419	(5,703)	4,419	(5,703)
Total comprehensive loss attributable to:				
Equity holders of the Parent	4,383	(6,605)	4,383	(6,605)
Minority Interest	36	902	36	902
	4,419	(5,703)	4,419	(5,703)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2014. The document forms part of quarterly announcement for quarter ended 31/03/2015.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2015

	Non- distributable				Distributable		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 31 March 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	-	-	-	60	-	4,323	4,383	36	4,419
At 31 March 2015	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>(3,516)</u>	<u>-</u>	<u>51,106</u>	<u>165,341</u>	<u>5,707</u>	<u>171,048</u>
For the year ended 31 March 2014									
At 1 January 2014	101,225	16,526	-	664	-	57,257	175,672	4,384	180,056
Total comprehensive income for the period	-	-	-	(1,550)	-	(5,055)	(6,605)	902	(5,703)
At 31 March 2014	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>(886)</u>	<u>-</u>	<u>52,202</u>	<u>169,067</u>	<u>5,286</u>	<u>174,353</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2014. The document forms part of quarterly announcement for quarter ended 31/03/2015.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE PERIOD ENDED 31 MARCH 2015

	2015 Year ended 31 March	2014 Year ended 31 December
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	4,702	(9,947)
Adjustments for:		
Depreciation	2,392	11,514
Finance costs	1,496	7,389
Impairment loss on:		
- trade receivables	59	1,303
- other receivables	-	1,039
- Available-for-sale financial assets	-	-
Reversal of impairment loss on trade receivables	(7)	(1,703)
Reversal of impairment loss on other receivables	-	(45)
Write off of gross amount due from a customer	-	13,007
Amortisation of intangible assets	22	694
Impairment of software development cost	-	-
Impairment on goodwill	-	2,188
Loss on disposal of subsidiaries	-	-
Share of results of associates	1	8
Gain on disposal of property, plant and equipment	299	(23)
Property, plant and equipment written off	-	42
Interest income	(187)	(1,382)
Dividend income	(74)	(400)
Operating profit before working capital changes	<u>8,703</u>	<u>23,684</u>
(Increase)/Decrease in inventories	(610)	341
(Increase)/Decrease in receivables	(38,421)	67,419
Decrease/(Increase) in other current assets	12,205	(22,612)
Increase/(Decrease) in payables	3,438	(2,290)
Cash (used in)/generated from operations	<u>(14,685)</u>	<u>66,542</u>
Interest paid	(1,496)	(7,389)
Income taxes paid	(179)	(558)
Net cash (used in)/generated from operating activities	<u>(16,360)</u>	<u>58,595</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Interest received	187	1,382
Purchase of investments	-	(500)
Purchase of property, plant and equipment	-	(10,539)
Proceed from disposal of property, plant and equipment	282	53
Software development cost incurred	-	(3,840)
Net cash generated from/(used in) investing activities	<u>543</u>	<u>(13,444)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	-	93,617
Net repayment of loans and borrowings	(65,339)	(20,016)
Repayment of obligations under finance lease	(94)	(4,667)
Deposit uplifted/(placed for) from security for bank facilities	64,701	(95,579)
Dividend paid	-	-
Net cash generated used in financing activities	<u>(732)</u>	<u>(26,645)</u>
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS		
Effect of exchange rate changes on cash and cash equivalent:	(52)	43
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	<u>(8,224)</u>	<u>(26,773)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>(24,825)</u>	<u>(8,224)</u>
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	13,333	17,201
Fixed deposits with licensed banks	43,957	121,391
Bank overdrafts	(38,158)	(25,425)
Deposit pledged as securities for bank borrowings	(43,957)	(121,391)
	<u>(24,825)</u>	<u>(8,224)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2014. The document forms part of quarterly announcement for quarter ended 31/03/2015.

**UNAUDITED RESULTS FOR
THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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 2014. 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 2014.

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 2014 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 July 2014.

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

Effective for annual periods beginning on or after 1 January 2016.

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, MFRS 12 and MFRS 128:
Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiative
- 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 127: Equity Method in Separate Financial Statements
- MFRS 14 Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2017.

- MFRS 15 Revenue from Contracts with Customers

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Effective for annual periods beginning on or after 1 January 2018.

- MFRS 9 Financial Instruments

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 2014 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.

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 31 March 2015	IT related products and services	Bulk mailing outsourcing services	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000
REVENUE				
External	94,961	8,359	-	103,320
RESULT				
Profit for the period	4,360	51	(1)	4,410
For the period ended 31 March 2014	IT related products and services	Bulk mailing outsourcing services	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000
REVENUE				
External	82,604	9,198	-	91,802
RESULT				
Loss for the period	(4,538)	(350)	184	(4,704)

12. SUBSEQUENT EVENTS

There was no material event from 31 March 2015 to the date of this announcement, which affects substantially the results of the operations of the Group for the year ended 31 March 2015 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 31 March 2015 are as follows:

	Unaudited Financial Period 31/03/2015 RM'000
Approved and contracted for	<u>199</u>
Approved but not contracted for	<u>52</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 21 May 2015 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

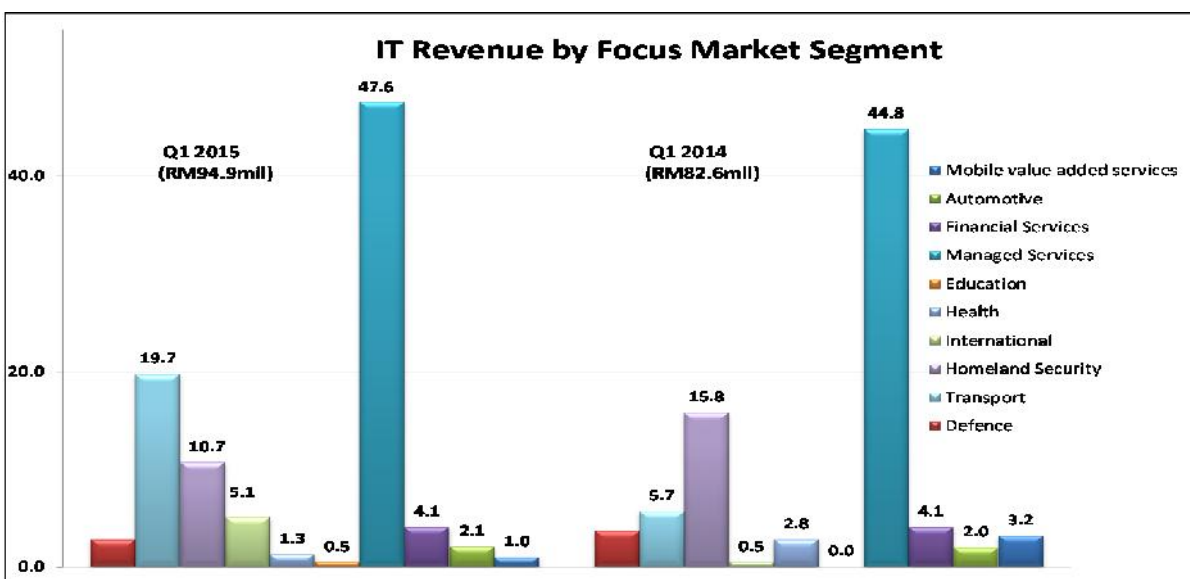
15. REVIEW OF PERFORMANCE

The Group's result has improved by RM9,114,000 or 194% from a loss of RM4,704,000 for the period ended 31 March 2014 to a profit of RM4,410,000 for the period ended 31 March 2015.

The improvement in the result is mainly contributed by better revenue posted by the network, data centre and sales of software license.

IT related products and services

The revenue for the financial period ended 31 March 2015 has increased by RM12,357,000 or 15% from RM82,604,000 for the financial period ended 31 March 2014 to RM94,961,000. The increase is due to network, data centre and sales of software license.

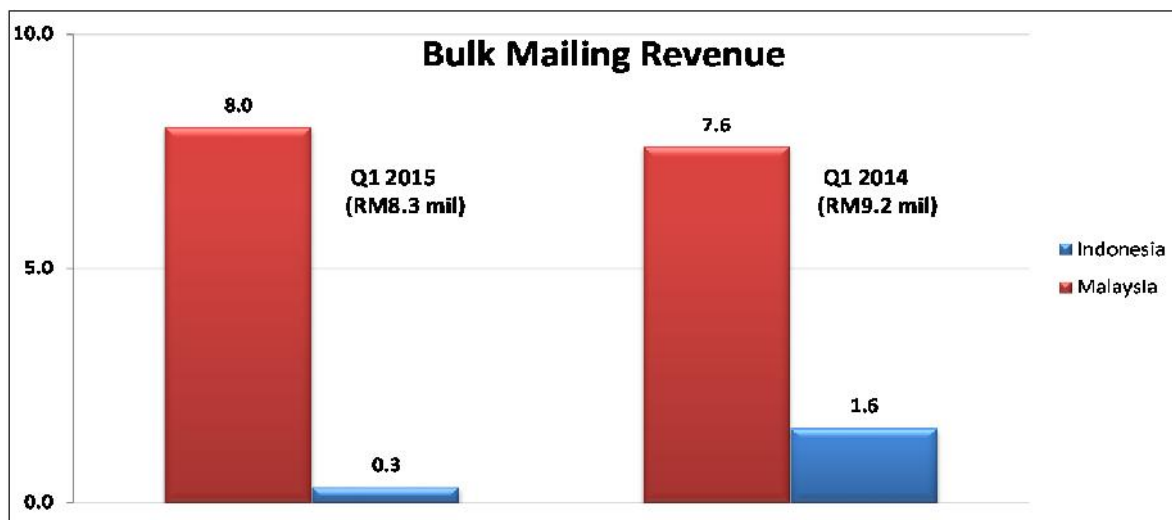


The operation of this segment is mainly concentrated in Malaysia, with market presence in Middle East and Australia. IT products and services segment can be further divided into the following focus market

- Defence – Simulation and Training and IT related solution for defence and security.
- Transport – IT Systems covering multi-sectoral (road, rail, air and water).
- Homeland Security – IT related solution for homeland security.
- International – IT relates solution for international business in Middle East.
- Health – System integration and product development of healthcare related business.
- Managed Services – ICT infrastructure solutions.
- Financial Services – Core banking, takaful, insurance and credit management solutions.
- Automotive – Database build for industry reference (Malaysia) and software (Australia).
- Mobile value added services.
- Education

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 March 2015 has decreased by RM839,000 or 9% from RM9,198,000 for the financial period ended 31 March 2014 to RM8,359,000. The reduction is due to lower revenue contributed by the subsidiary in Indonesia following lower volume recorded from its bulk mailing processed.

The segment improved from a loss after taxation of RM350,000 for the financial period ended 31 March 2014 compared to profit after taxation of RM51,000 for the financial period ended 31 March 2015, due to lower bulk mailing charges and overhead cost.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM103,320,000 for the current quarter ended 31 March 2015, a decrease of RM72,118,000 compared to RM175,438,000 in the preceding quarter ended 31 December 2014.

The Group recorded profit before taxation of RM4,702,000 for the current quarter ended 31 March 2015, an increase of RM1,116,000 compared to RM3,586,000 for the preceding quarter ended 31 December 2014.

The Group recorded profit after taxation of RM4,410,000 for the current quarter ended 31 March 2015, an increase of RM1,171,000 compared to RM3,239,000 for the preceding quarter ended 31 December 2014. The lower result recorded in the preceding quarter was mainly due to impairment on goodwill that was made following the weakening economic performance of a subsidiary.

17. COMMENTARY ON PROSPECTS

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the Goods and Services Tax (GST), the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports. (Source : Bank Negara Malaysia)

The Group's business environment is expected to remain challenging for 2015. 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 31/03/2015	Accumulated Current Quarter 31/03/2015
	RM'000	RM'000
Interest income	(187)	(187)
Other income (including investment income)	(74)	(74)
Interest expense	1,496	1,496
Depreciation of property, plant and equipment	2,392	2,392
Amortisation of prepaid lease payments	-	-
Amortisation of intangible assets	22	22
Impairment loss on trade receivables	59	59
Reversal loss on trade receivables	(7)	(7)
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	299	299
Impairment of goodwill	-	-
Impairment of other assets (software development cost)	-	-
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 31/03/2015	Accumulated Current Quarter 31/03/2015
	RM'000	RM'000
Current Taxation	(292)	(292)

21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 March 2015, 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	2,987
Other short term borrowings due within 12 months	117,850
	<u>120,837</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	12
Other long term borrowings due after 12 months	62,492
	<u>62,504</u>
Total	<u>183,341</u>

23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 21 May 2015, 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 financial period under review.

25. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

The breakdown of the retained profits of the Group as at 31 March 2015 and 31 December 2014 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 31/03/2015 RM'000	As at 31/12/2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	63,073	25,645
- Unrealised	1,314	(394)
Total retained profits from associated companies:		
- Realised	4,088	4,089
- Unrealised	-	-
Consolidation adjustments	(17,369)	17,443
Total Group retained profits as per consolidated account	<u>51,106</u>	<u>46,783</u>

26. EARNING PER SHARE

	Current Quarter 31/03/2015	Accumulated Current Quarter 31/03/2015
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	4,322	4,322
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic earning per share (sen)	<u>4.27</u>	<u>4.27</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 26 February 2015, the Company has accepted a Letter of Award for appointment of HeiTech Padu Berhad by Road and Transport Department to provide maintenance of the computer system valued at RM6,569,161.00 commencing from 7 March 2015 to 6 March 2016.

By Order of the Board

SITI SHAHWANA BINTI ABDUL HAMID (7018383)

Secretary