

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	<b>Unaudited 2015</b>	<b>Audited 2014</b>
	<b>As at 30 June</b>	<b>As at 31 December</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant & equipment	67,317	73,733
Intangible assets	27,663	27,187
Investment in associates	3,999	4,089
Other investments	10,312	6,812
Lease receivable	50,425	61,200
Deferred tax assets	13	13
<b>TOTAL NON-CURRENT ASSETS</b>	<b>159,729</b>	<b>173,034</b>
<b>CURRENT ASSETS</b>		
Inventories	1,578	1,101
Trade and other receivables	169,869	102,848
Lease receivable	31,989	31,989
Due from customers on contracts	48,138	68,176
Tax recoverable	3,676	3,655
Cash and bank balances	57,510	138,592
<b>TOTAL CURRENT ASSETS</b>	<b>312,760</b>	<b>346,361</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	99,167	101,890
Tax payable	561	788
Short term borrowings	136,358	184,553
Hire purchase payables	904	3,076
<b>TOTAL CURRENT LIABILITIES</b>	<b>236,990</b>	<b>290,307</b>
<b>NET CURRENT ASSETS</b>	<b>75,770</b>	<b>56,054</b>
	<b>235,499</b>	<b>229,088</b>
<b>FINANCED BY:</b>		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	(3,504)	(3,576)
Retained earnings	52,486	46,783
Shareholders' equity	166,733	160,958
Non-controlling interests	6,092	5,671
Shareholders' Funds	172,825	166,629
<b>Long Term Liabilities</b>		
Long term borrowings	61,276	61,128
Hire purchase creditors	29	17
Deferred tax liabilities	1,369	1,314
Non-current liabilities	62,674	62,459
	<b>235,499</b>	<b>229,088</b>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.37	1.32

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2015**

	2015		2014	
	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30 June	Comparative quarter ended 30 June	6 months cumulative to date	Comparative 6 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	91,357	92,425	194,677	184,227
Other Income	2,212	845	2,936	1,623
Total Income	93,569	93,270	197,613	185,850
Employee Benefits Expense	(22,823)	(24,241)	(46,931)	(48,092)
Purchase of Hardware and Software	(15,153)	(8,650)	(23,996)	(20,410)
Telecommunication Costs	(10,850)	(10,821)	(22,894)	(22,796)
Software License and Hardware Maintenance Cost	(2,223)	(13,393)	(18,129)	(31,106)
Bulk Mailing Processing Charges	(4,789)	(1,533)	(8,729)	(4,668)
Depreciation	(2,629)	(2,548)	(5,021)	(4,812)
Project Implementation Costs	(13,932)	(11,312)	(31,619)	(22,082)
Other Operating Expenses	(16,432)	(21,067)	(29,357)	(35,384)
Total Operating Expenditure	(88,831)	(93,565)	(186,676)	(189,350)
Profit/(Loss) from Operations	4,739	(295)	10,938	(3,500)
Finance Cost	(2,644)	(1,633)	(4,140)	(3,150)
Share of Results of Associated Companies	(89)	185	(90)	369
Profit/(Loss) Before Taxation	2,006	(1,743)	6,708	(6,281)
Taxation	(241)	(1)	(533)	(167)
Profit/(Loss) for the Period	1,765	(1,744)	6,175	(6,448)
Profit/(Loss) attributable to:				
Equity holders of the Parent	1,380	(1,521)	5,702	(6,576)
Non-controlling interests	385	(223)	473	128
	1,765	(1,744)	6,175	(6,448)
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	1.36	(1.50)	5.63	(6.50)
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Profit/(Loss) for the period	1,765	(1,744)	6,175	(6,448)
Foreign currency translation	12	(128)	21	(1,127)
Fair value movement	-	-	-	-
Total comprehensive loss	1,777	(1,872)	6,196	(7,575)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent	1,392	(1,649)	5,775	(8,254)
Minority Interest	385	(223)	421	679
	1,777	(1,872)	6,196	(7,575)

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 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	
<b>For the period ended 30 June 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 period</b>	-	-	-	72	-	5,703	5,775	421	6,196
At 30 June 2015	101,225	16,526	-	(3,504)	-	52,486	166,733	6,092	172,825
<b>For the year ended 30 June 2014</b>									
At 1 January 2014	101,225	16,526	-	664	-	57,257	175,672	4,384	180,056
<b>Total comprehensive income for the period</b>	-	-	-	(1,678)	-	(6,576)	(8,254)	679	(7,575)
At 30 June 2014	101,225	16,526	-	(1,014)	-	50,681	167,418	5,063	172,481

*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 30/06/2015.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR**  
**THE PERIOD ENDED 30 JUNE 2015**

	<b>2015</b> <b>Year ended</b> <b>31 March</b>	<b>2014</b> <b>Year ended</b> <b>31 December</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	6,814	(9,947)
Adjustments for:		
Depreciation	5,021	11,514
Finance costs	4,140	7,389
Impairment loss on:		
- trade receivables	952	1,303
- other receivables	-	1,039
- Available-for-sale financial assets	-	-
Reversal of impairment loss on trade receivables	(108)	(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	44	694
Impairment of software development cost	-	-
Impairment on goodwill	-	2,188
Loss on disposal of subsidiaries	-	-
Share of results of associates	90	8
Gain on disposal of property, plant and equipment	(736)	(23)
Property, plant and equipment written off	-	42
Interest income	(311)	(1,382)
Dividend income	(183)	(400)
	<hr/>	<hr/>
Operating profit before working capital changes	15,723	23,684
(Increase)/Decrease in inventories	(477)	341
(Increase)/Decrease in receivables	(57,089)	67,419
Decrease/(Increase) in other current assets	20,037	(22,612)
Increase/(Decrease) in payables	(2,723)	(2,290)
Cash (used in)/generated from operations	(24,530)	66,542
Interest paid	(4,140)	(7,389)
Income taxes paid	(226)	(558)
Net cash (used in)/generated from operating activities	<hr/>	<hr/>
	(28,896)	58,595
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Interest received	311	1,382
Purchase of investments	(3,500)	(500)
Purchase of property, plant and equipment	-	(10,539)
Proceed from disposal of property, plant and equipment	1,079	53
Software development cost incurred	-	(3,840)
Net cash generated from/(used in) investing activities	<hr/>	<hr/>
	(1,928)	(13,444)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	-	93,617
Net repayment of loans and borrowings	(48,047)	(20,016)
Repayment of obligations under finance lease	(2,160)	(4,667)
Deposit uplifted/(placed for) from security for bank facilities	67,843	(95,579)
Dividend paid	-	-
Net cash generated used in financing activities	<hr/>	<hr/>
	17,636	(26,645)
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS</b>		
	(13,188)	18,506
Effect of exchange rate changes on cash and cash equivalent:	(52)	43
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR</b>	<hr/>	<hr/>
	(8,224)	(26,773)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	<hr/>	<hr/>
	(21,464)	(8,224)
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	11,632	17,201
Fixed deposits with licensed banks	45,878	121,391
Bank overdrafts	(33,096)	(25,425)
Deposit pledged as securities for bank borrowings	(45,878)	(121,391)
	<hr/>	<hr/>
	(21,464)	(8,224)

*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 30/06/2015.*

**UNAUDITED RESULTS FOR  
THE FINANCIAL YEAR ENDED 30 JUNE 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:

<b>For the period ended 30 June 2015</b>	<b>IT related products and services</b>	<b>Bulk mailing outsourcing services</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>REVENUE</b>				
External	177,078	17,599	-	194,677
<b>RESULT</b>				
Profit for the period	5,251	907	16	6,175

<b>For the period ended 30 June 2014</b>	<b>IT related products and services</b>	<b>Bulk mailing outsourcing services</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>REVENUE</b>				
External	165,745	18,482	-	184,227
<b>RESULT</b>				
Loss for the period	(6,502)	(315)	369	(6,448)

## 12. SUBSEQUENT EVENTS

There was no material event from 30 June 2015 to the date of this announcement, which affects substantially the results of the operations of the Group for the year ended 30 June 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 30 June 2015 are as follows:

	<b>Unaudited Financial Period 30/06/2015 RM'000</b>
Approved and contracted for	<u>335</u>
Approved but not contracted for	<u>52</u>

### 14. CONTINGENT LIABILITIES

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



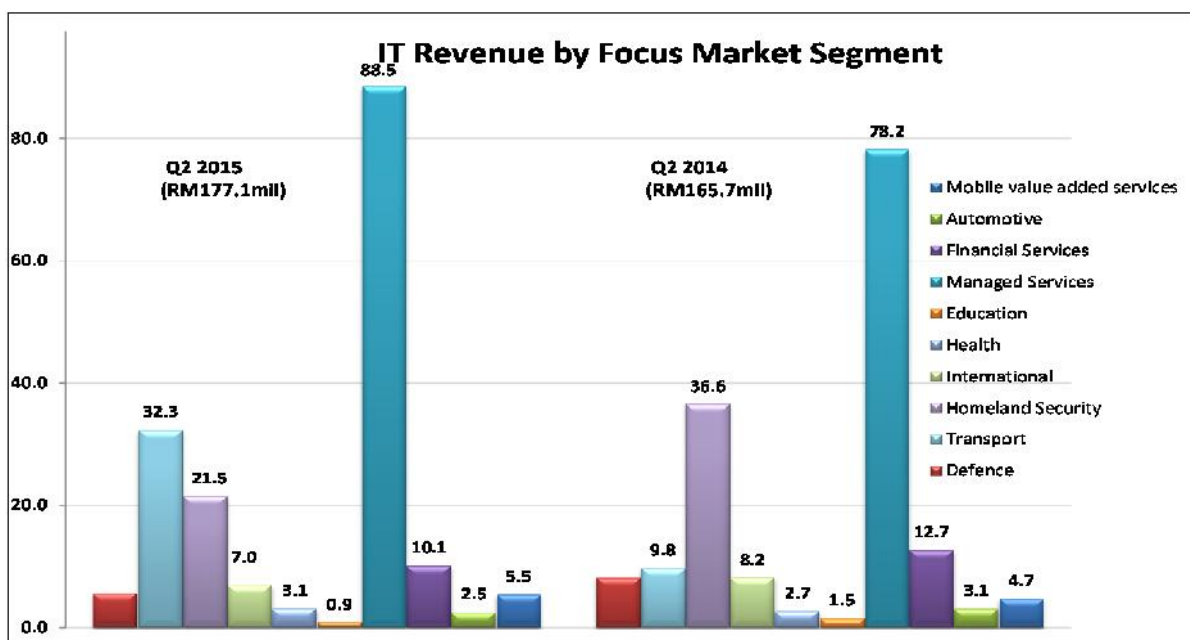
## 15. REVIEW OF PERFORMANCE

The Group's result has improved by RM12,623,000 from a loss of RM6,448,000 for the period ended 30 June 2014 to a profit of RM6,175,000 for the period ended 30 June 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 30 June 2015 has increased by RM11,333,000 or 7% from RM165,745,000 for the financial period ended 30 June 2014 to RM177,078,000. The increase is due to network, data centre and sales of software license.

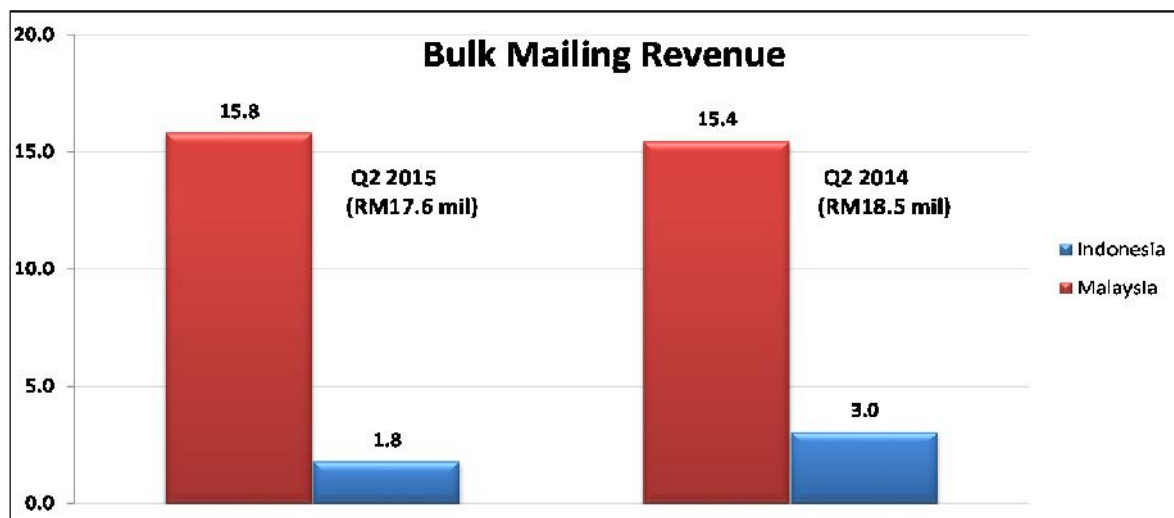


The operation of this segment is mainly concentrated in Malaysia, with market presence in Middle East and Australia. IT products and services segment can be further divided into the following focus market

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

## 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 June 2015 has decreased by RM883,000 or 5% from RM18,482,000 for the financial period ended 30 June 2014 to RM17,599,000. 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 RM315,000 for the financial period ended 30 June 2014 compared to profit after taxation of RM907,000 for the financial period ended 30 June 2015, due to lower bulk mailing charges and overhead cost.

## 16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM91,357,000 for the current quarter ended 30 June 2015, a decrease of RM11,963,000 compared to RM103,320,000 in the preceding quarter ended 31 March 2015.

The Group recorded profit before taxation of RM2,006,000 for the current quarter ended 30 June 2015, a decrease of RM2,696,000 compared to RM4,702,000 for the preceding quarter ended 31 March 2015.

The Group recorded profit after taxation of RM1,765,000 for the current quarter ended 30 June 2015, a decrease of RM2,645,000 compared to RM4,410,000 for the preceding quarter ended 31 March 2015. The decrease in the current quarter was mainly due to lower sales of software license as compared to preceding quarter ended 31 March 2015.

## **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:

	<b>Current Quarter 30/06/2015</b>	<b>Accumulated Current Quarter 30/06/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	(124)	(311)
Other income (including investment income)	(109)	(183)
Interest expense	2,644	4,140
Depreciation of property, plant and equipment	2,629	5,021
Amortisation of prepaid lease payments	-	-
Amortisation of intangible assets	22	44
Impairment loss on trade receivables	893	952
Reversal loss on trade receivables	(101)	(108)
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	(1,035)	(736)
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:-

	<b>Current Quarter 30/06/2015</b>	<b>Accumulated Current Quarter 30/06/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Current Taxation	(241)	(533)

## 21. CORPORATE DEVELOPMENTS

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

## 22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 June 2015, 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	904
Other short term borrowings due within 12 months	136,358
	<u>137,262</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	29
Other long term borrowings due after 12 months	61,276
	<u>61,305</u>
<b>Total</b>	<u><b>198,567</b></u>

## 23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 21 August 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

On 15 June 2015, the Board of Directors has declared a single-tier interim dividend of 2.0 sen per ordinary share (2014: Nil) in respect of the financial year ending 31 December 2015, which is to be paid on 29 July 2015. The entitlement date is on 30 June 2015.

A Depositor shall qualify for the entitlement only in respect of shares transferred to the Depositor's Securities Account before 4.00 p.m. on 30 June 2015 in respect of transfers.

Year-to-date dividend for the financial year ending 31 December 2015 is 2.0 sen per ordinary share

## 25. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

The breakdown of the retained profits of the Group as at 30 June 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.

	<b>As at 30/06/2015 RM'000</b>	<b>As at 31/12/2014 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	64,121	25,645
- Unrealised	1,369	(394)
Total retained profits from associated companies:		
- Realised	3,999	4,089
- Unrealised	-	-
Consolidation adjustments	(17,003)	17,443
Total Group retained profits as per consolidated account	<u>52,486</u>	<u>46,783</u>

## 26. EARNING PER SHARE

	<b>Current Quarter 30/06/2015</b>	<b>Accumulated Current Quarter 30/06/2015</b>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,380	5,702
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic earning per share (sen)</b>	<u>1.36</u>	<u>5.63</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 8 June 2015, the Company has accepted a Letter of Award for appointment of HeiTech Padu Berhad by Ministry of Defence to provide maintenance services and spare parts for Radar Arthur valued at RM6,890,000.00 for period of three years.

By Order of the Board

**SITI SHAHWANA BINTI ABDUL HAMID (7018383)**

Secretary