

HEITECH PADU BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 MARCH 2011

	Unaudited 2011	Audited 2010
	As at 31 March	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	69,844	71,675
Intangible assets	18,886	15,101
Investment in associate companies	2,616	2,855
Other investment	8,000	7,912
Trade receivables	113,260	113,260
Deferred tax assets	24	24
TOTAL NON-CURRENT ASSETS	212,630	210,827
CURRENT ASSETS		
Inventories	1,269	886
Trade and other receivables	203,308	208,925
Tax recoverable	462	4,601
Cash and bank balances	22,227	47,344
TOTAL CURRENT ASSETS	227,266	261,756
CURRENT LIABILITIES		
Trade and other payables	83,814	121,885
Tax payable	605	1,024
Short term borrowings	9,901	9,901
Hire purchase payables	108	779
TOTAL CURRENT LIABILITIES	94,428	133,589
NET CURRENT ASSETS	132,838	128,167
	345,468	338,994
FINANCED BY:		
Share capital	100,716	100,716
Share premium	16,526	16,526
Share option reserve	594	594
Other reserve	(903)	(701)
Retained profits	85,907	85,721
Shareholders' equity	202,840	202,856
Minority interests	8,976	8,340
Shareholders' Funds	211,816	211,196
Long Term Liabilities		
Long term borrowings	131,021	127,136
Hire purchase creditors	121	494
Deferred tax liabilities	2,510	168
Non-current liabilities	133,652	127,798
	345,468	338,994
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.83	1.86

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2010. The document forms part of quarterly announcement for quarter ended 31/3/2011

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2011

a) Unaudited Condensed Consolidated Income Statement

	2011		2010	
	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	71,061	78,290	71,061	78,290
Other Income	3,331	442	3,331	442
Total Income	74,392	78,732	74,392	78,732
Staff Cost	(18,415)	(12,708)	(18,415)	(12,708)
Purchase of Hardware and Software	(3,695)	(4,481)	(3,695)	(4,481)
Leaseline Rental	(9,878)	(13,980)	(9,878)	(13,980)
Maintenance Cost	(16,346)	(20,690)	(16,346)	(20,690)
Bulk Mailing Operating Cost	(2,169)	(1,771)	(2,169)	(1,771)
Depreciation	(2,900)	(2,838)	(2,900)	(2,838)
Television Program Production Cost	(2,173)	(2,178)	(2,173)	(2,178)
Professional Fees	(3,871)	(882)	(3,871)	(882)
Project Implementation Cost	(364)	(2,101)	(364)	(2,101)
Other Operating Expenses	(12,203)	(12,803)	(12,203)	(12,803)
Total Operating Expenditure	(72,014)	(74,432)	(72,014)	(74,432)
Profit From Operations	2,378	4,300	2,378	4,300
Finance Cost	(1,312)	(344)	(1,312)	(344)
Share of Results of Associated Companies	(238)	45	(238)	45
Profit Before Taxation	828	4,001	828	4,001
Taxation	(306)	(1,437)	(306)	(1,437)
Profit for the period	522	2,564	522	2,564
Profit attributable to:				
Equity holders of the Parent	186	1,896	186	1,896
Minority Interest	336	668	336	668
	522	2,564	522	2,564
Number of Ordinary Shares of RM1.00 each	100,716	100,428	100,716	100,428
Earning per share attributable to equity holders of the parent:				
Basic for profit for the period	0.18	1.89	0.18	1.89

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period	522	2,564	522	2,564
Foreign currency translation	98	(326)	98	(326)
Total comprehensive income	620	2,238	620	2,238
Total comprehensive income attributable to:				
Equity holders of the Parent	(16)	1,570	(16)	1,570
Minority Interest	636	668	636	668
	620	2,238	620	2,238

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2011

	<u>Non- distributable</u>				<u>Distributable</u>		Minority Interest	Total
	Share capital	Share premium	Share Option reserves	Foreign Exchange Reserve	Retained profits	Total		
For the period ended 31 March 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	100,716	16,526	594	(701)	85,721	202,856	8,340	211,196
Total comprehensive income for the period	-	-	-	(202)	186	(16)	636	620
At 31 March 2011	<u>100,716</u>	<u>16,526</u>	<u>594</u>	<u>(903)</u>	<u>85,907</u>	<u>202,840</u>	<u>8,976</u>	<u>211,816</u>
For the period ended 31 March 2010								
At 1 January 2010	100,428	16,526	-	324	91,310	208,588	9,134	217,722
Effect of adopting FRS 139	-	-	-	-	(381)	(381)	-	(381)
At 1 January 2010 (restated)	<u>100,428</u>	<u>16,526</u>	<u>-</u>	<u>324</u>	<u>90,929</u>	<u>208,207</u>	<u>9,134</u>	<u>217,341</u>
Total comprehensive income for the period	-	-	-	(326)	1,896	1,570	668	2,238
At 31 March 2010	<u>100,428</u>	<u>16,526</u>	<u>-</u>	<u>(2)</u>	<u>92,825</u>	<u>209,777</u>	<u>9,802</u>	<u>219,579</u>

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31
MARCH 2011

	2011 Period ended 31 March RM'000	2010 Year ended 31 December RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	828	17,203
Adjustment for:		
Depreciation	2,900	12,720
Interest expense	1,312	5,970
Impairment loss on:		
- trade receivables	-	1,114
- deposits and other receivables	-	2,933
Impairment loss on other investment	-	1,745
Share option granted under ESOS	-	594
Amortisation of intangible assets	1,124	2,715
Share of loss/(profit) from associated companies	239	(186)
Loss/(gain) on disposal of property, plant and equipment	302	(198)
Loss on disposal of a subsidiary	-	755
Interest income	(51)	(246)
Operating profit before working capital changes	6,655	45,119
(Increase)/decrease in inventories	(383)	233
(Decrease)/increase in receivables	5,715	(51,915)
Decrease in payables	(33,010)	(5,470)
Cash generated from operations	(21,024)	(12,033)
Interest paid	(1,312)	(5,970)
Income taxes refund/(paid)	5,756	(9,794)
Net cash used in operating activities	(16,580)	(27,797)
CASHFLOW FROM INVESTING ACTIVITIES		
Interest received	51	246
Purchase of investments	(88)	(1,920)
Purchase of property, plant and equipment	(1,417)	(4,831)
Proceed from disposal of property, plant and equipment	46	1,936
Proceeds from disposal of a subsidiary	-	(267)
Net cash outflow on acquisition of a subsidiary	(4,909)	-
Net cash used in investing activities	(6,317)	(4,836)
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	288
Drawdown of term loans	3,885	54,168
Repayment of revolving credit	-	(13,230)
Repayment of hire purchase payables	(1,044)	(1,090)
Dividend paid to Minority Interest	-	(1,560)
Dividend paid	(5,061)	(9,039)
Net cash (used in) / generated from financing activities	(2,220)	29,537
NET DECREASE IN CASH & CASH EQUIVALENT	(25,117)	(3,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE		
YEAR	47,344	50,440
CASH AND CASH EQUIVALENTS AT END OF PERIOD	22,227	47,344
CASH & CASH EQUIVALENT COMPRISE:		
Cash and bank balances	(22,659)	1,989
Fixed deposits with licensed banks	44,886	45,355
Bank overdrafts	-	-
	22,227	47,344



**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

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 FRS 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 2010. 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 2010.

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 2010, except the followings:

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

i) FRSs, Amendments to FRSs and Interpretations

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations (Revised)
- Amendments to FRS 2 Share-based Payment
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127 Consolidated and Separate Financial Statement
- Amendments to FRS 138 Intangible Assets
- IC Interpretation 9 Amendments to IC Interpretation 9



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- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners
- Amendments to FRS 132 Classification of Rights Issues
- Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1 Additional Exemptions for First-time Adopters
- Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 3 Business Combinations
- Amendments to FRS 7 Improving Disclosures about Financial Instruments
- Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates
- Amendments to FRS 128 Investments in Associates
- Amendments to FRS 131 Interests in Joint Ventures
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement
- IC Interpretation 4 Determining Whether an Arrangement contains a Lease
- IC Interpretation 13 Amendments to IC Interpretation 13
- IC Interpretation 18 Transfers of Assets from Customers

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

3. STATUS ON QUALIFIED FINANCIAL STATEMENTS

Not applicable.



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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

The following dividend was paid out in the financial period under review:

In respect of the financial year ended 31 December 2010:

	RM'000
Interim dividend of 6.7% less 25% taxation, on 100,716,600 ordinary shares, declared on 22 December 2010 and paid out on 31 January 2011	<u>5,061</u>



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9. SEGMENTAL REPORTING

The segmental reporting is disclosed separately for the bulk mailing outsourcing contribution and television content services. The segmental reporting by business segment is reflected below:

For the period ended 31 March 2011	IT related products and services	Bulk mailing outsourcing services	Television content services	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	59,465	8,054	3,542	-	71,061
RESULT					
Profit for the year	(759)	1,110	821	(650)	522

10. 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.

11. SUBSEQUENT EVENTS

There was no material event from 31 March 2011 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 31 March 2011 in respect of which this announcement is made.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes to the composition of the Group besides as disclosed above in the current financial period under review.



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13. CAPITAL COMMITMENTS

The amount of commitments for purchase of property, plant & equipment not provided for in the financial statements for the period ended 31 March 2011 are as follows:

	Unaudited Financial Period <u>31/3/11</u> RM'000
Approved and contracted for	<u>2,511</u>
Approved but not contracted for	<u>374</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 19 May 2011 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 revenue of RM71,061,000 for the financial period ended 31 March 2011, a decrease of RM7,229,000 or 9% relative to the previous financial period ended 31 March 2010. The decrease in revenue was mainly attributable to the decline in network related services.

The Group recorded profit before taxation of RM828,000 for the financial period ended 31 March 2011, a decrease of RM3,173,000 or 79% relative to the financial period ended 31 March 2010. The decrease was mainly attributable to the decline in network related services.

The Group further recorded a profit after taxation of RM522,000 for the financial period ended 31 March 2011. This represents a difference of RM2,042,000 compared to the previous financial period ended 31 March 2010.



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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded revenue of RM71,061,000 for the current quarter ended 31 March 2011, a decrease of RM63,511,000 or 47% relative to the preceding quarter ended 31 December 2010.

The Group recorded profit before taxation of RM828,000 for the current quarter ended 31 March 2011, a decrease of RM10,080,000 relative to the preceding quarter ended 31 December 2010.

The decrease in revenue and profit before tax was mainly attributed to the decline in trading of hardware and software from system integration business and network related services.

17. PROSPECTS IN THE CURRENT FINANCIAL YEAR

The Group is cautiously optimistic to remain profitable for the current financial year.

18. VARIANCE ON FORECASTED PROFIT

Not applicable.

19. TAXATION

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

	Current Quarter <u>31/3/2011</u> RM'000	Accumulated Current Year <u>31/3/2011</u> RM'000
Current Taxation	306	306

20. PROFIT/(LOSS) ON SALE OF INVESTMENTS

There were no significant profits or loss on sale of investment and/or investment properties for the financial period under review.

21. QUOTED SECURITIES

There were no acquisitions or disposal of quoted securities for the financial period under review.



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22. CORPORATE DEVELOPMENTS

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

23. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 March 2011, the Group has the following borrowings which are denominated in Ringgit Malaysia from a local financial institution:-

	<u>Total</u> <u>RM'000</u>
Secured:	
<u>Short Term Borrowings</u>	
Hire Purchase Creditor due within 12 months	108
Other short term borrowings due within 12 months	9,901
	<u>10,009</u>
<u>Long Term Borrowings</u>	
Hire Purchase Creditor due after 12 months	121
Other long term borrowings due after 12 months	131,021
	<u>131,142</u>
Total	<u>141,151</u>



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24. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

Pursuant to Bursa Malaysia directive dated 20 December 2010, a listed issuer is required to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of reporting period on a group basis into realized and unrealized profits or losses. As stated in the Directive, the Realised and Unrealised Profits and Losses Disclosure is applicable to quarterly reports and annual audited accounts for the financial period ending on or after 30 September 2010. The comparative figures are not required in the first financial year of complying with this disclosure.

	As at 31/3/2011 RM'000	As at 31/12/2010 RM'000
Total (losses)/retained profits of the Company and its subsidiaries:		
- Realised	90,625	94,903
- Unrealised	2,510	143
Total profit/retained profits from associated companies:		
- Realised	2,616	2,855
- Unrealised	-	-
Consolidation adjustments	(9,844)	(12,180)
Total Group (losses)/retained profits as per consolidated account	85,907	85,721

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheet risk as at 19 May 2011 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

26. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 19 May 2011, being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.



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27. PROPOSED DIVIDEND

At the forthcoming Annual General Meeting, a final dividend of 7.3% less 25% taxation on 100,716,600 ordinary shares in respect of the financial year ended 31 December 2010, amounting to dividend payable of RM5,514,228 (5.475 sen net per ordinary share) will be proposed for shareholders' approval. The interim financial statements for the current period do not reflect this proposed dividend.

There was no dividend proposed in respect of the current financial year during the financial period under review.

28. EARNINGS PER SHARE

	<u>Current Quarter 31/3/2011</u>	<u>Accumulated Current Year 31/3/2011</u>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	186	186
Weighted average number of ordinary shares in Issue ('000)	100,716	100,716
Basic earnings per share (sen)	<u>0.18</u>	<u>0.18</u>
<u>b) Diluted</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	186	186
Weighted average number of ordinary shares in Issue ('000)	100,716	100,716
Adjusted for :		
Assume shares issued from exercise of options ('000)	2,097	2,097
Effect of the dilution of share option ('000)	102,813	102,813
Diluted earnings per share (sen)	<u>0.18</u>	<u>0.18</u>



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29. SIGNIFICANT EVENTS

On 8th March 2011, the Company has entered into a Memorandum of Understanding (“MOU”) with Thales Nederland B.V. (“Thales”), a corporation with its registered office at Zuidelijke Havenweg 40, 7554 RR Hengelo (Ov), the Netherlands. The MOU has been entered into, to record the understanding of the parties to cooperate on an exclusive basis in relation to exploring the possibility of delivering the TACTICOS Combat Management System in Malaysia.

By Order of the Board

KHAERUDDIN BIN SUDHARMIN (LS007037)
NORISWADI BIN HAJI ISMAIL (LS0008892)

Secretary