

HEITECH PADU BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	Unaudited 2011 As at 30 September RM'000	Audited 2010 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	69,544	71,675
Intangible assets	18,341	15,101
Investment in associate companies	16,766	2,855
Other investment	7,647	7,912
Trade receivables	101,240	113,260
Deferred tax assets	104	24
TOTAL NON-CURRENT ASSETS	213,642	210,827
CURRENT ASSETS		
Inventories	620	886
Trade and other receivables	250,275	208,925
Tax recoverable	7,019	4,601
Cash and bank balances	38,418	47,344
TOTAL CURRENT ASSETS	296,332	261,756
CURRENT LIABILITIES		
Trade and other payables	84,682	121,885
Tax payable	362	1,024
Short term borrowings	108,922	9,901
Hire purchase payables	62	779
TOTAL CURRENT LIABILITIES	194,028	133,589
NET CURRENT ASSETS	102,304	128,167
	315,946	338,994
FINANCED BY:		
Share capital	101,225	100,716
Share premium	16,526	16,526
Share option reserve	594	594
Other reserve	(1,001)	(701)
Retained profits	79,008	85,721
Shareholders' equity	196,352	202,856
Minority interests	10,891	8,340
Shareholders' Funds	207,243	211,196
<u>Long Term Liabilities</u>		
Long term borrowings	108,425	127,136
Hire purchase creditors	29	494
Deferred tax liabilities	249	168
Non-current liabilities	108,703	127,798
	315,946	338,994
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.76	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 30/9/2011

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

a) Unaudited Condensed Consolidated Income Statement

	2011		2010	
	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	76,838	125,165	245,463	285,086
Other Income	(704)	1,115	6,215	2,411
Total Income	76,134	126,280	251,678	287,497
Staff Cost	(18,743)	(17,030)	(59,863)	(46,939)
Purchase of Hardware and Software	1,795	(32,999)	(11,661)	(40,600)
Leaseline Rental	(9,322)	(12,432)	(32,501)	(40,013)
Maintenance Cost	(18,317)	(18,483)	(44,789)	(59,745)
Bulk Mailing Operating Cost	(2,363)	(2,033)	(6,621)	(5,306)
Depreciation	(2,954)	(5,454)	(8,884)	(12,219)
Television Program Production Cost	(2,169)	(1,009)	(6,481)	(4,137)
Professional Fees	(6,885)	(8,021)	(28,793)	(13,355)
Project Implementation Cost	249	(8,802)	(2,559)	(13,837)
Other Operating Expenses	(15,360)	(14,129)	(44,052)	(39,881)
Total Operating Expenditure	(74,069)	(120,392)	(246,204)	(276,032)
Profit From Operations	2,065	5,888	5,474	11,465
Finance Cost	(1,501)	(4,059)	(3,528)	(4,435)
Share of Results of Associated Companies	597	(93)	153	8
Profit Before Taxation	1,161	1,736	2,099	7,038
Taxation	(468)	(641)	(1,018)	(2,291)
Profit for the period	693	1,095	1,081	4,747
Profit attributable to:				
Equity holders of the Parent	12	1,045	(1,170)	4,047
Minority Interest	681	50	2,251	700
	693	1,095	1,081	4,747
Number of Ordinary Shares of RM1.00 each	101,225	100,435	101,225	100,435
Earning per share attributable to equity holders of the parent:				
Basic for profit for the period	0.01	1.04	(1.16)	4.03

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period	693	1,095	1,081	4,747
Foreign currency translation	293	(303)	-	(483)
Total comprehensive income	986	792	1,081	4,264
Total comprehensive income attributable to:				
Equity holders of the Parent	305	812	(1,470)	3,564
Minority Interest	681	(20)	2,551	700
	986	792	1,081	4,264

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	<u>Non-distributable</u>				<u>Distributable</u>		Minority Interest RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Share Option reserves RM'000	Foreign Exchange Reserve RM'000	Retained profits RM'000	Total RM'000		
For the period ended 30 September 2011								
At 1 January 2011	100,716	16,526	594	(701)	85,721	202,856	8,340	211,196
Total comprehensive income for the period	-	-	-	(300)	(1,170)	(1,470)	2,551	1,081
Transaction with owners								
Issuance of shares for cash	509	-	-	-	-	509	-	509
Dividends	-	-	-	-	(5,543)	(5,543)	-	(5,543)
At 30 September 2011	<u>101,225</u>	<u>16,526</u>	<u>594</u>	<u>(1,001)</u>	<u>79,008</u>	<u>196,352</u>	<u>10,891</u>	<u>207,243</u>
For the period ended 30 September 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	-	-	-	(130)	3,694	3,564	700	4,264
Transaction with owners								
Issuance of shares for cash	7	-	231	-	-	238	-	238
At 30 September 2010	<u>100,435</u>	<u>16,526</u>	<u>231</u>	<u>194</u>	<u>94,623</u>	<u>212,009</u>	<u>9,834</u>	<u>221,843</u>

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30
SEPTEMBER 2011

	2011	2010
	Period ended	Year ended
	30 September	31 December
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,099	17,203
Adjustment for:		
Depreciation	8,884	12,720
Interest expense	3,528	5,970
Impairment loss on:		
- trade receivables	-	1,114
- deposits and other receivables	-	2,933
Impairment loss on other investment	-	1,745
Reversal of impairment loss on other investment	(560)	-
Share option granted under ESOS	-	594
Amortisation of intangible assets	1,669	2,715
Share of profit from associated companies	(153)	(186)
Gain on disposal of property, plant and equipment	(78)	(198)
Gain on disposal of investment	(304)	-
Loss on disposal of a subsidiary	-	755
Interest income	(236)	(246)
Operating profit before working capital changes	<u>14,849</u>	<u>45,119</u>
Decrease in inventories	266	233
Increase in receivables	(29,330)	(51,915)
Decrease in payables	(32,142)	(5,470)
Cash used in operations	<u>(46,357)</u>	<u>(12,033)</u>
Interest paid	(3,528)	(5,970)
Income taxes paid	(4,097)	(9,794)
Net cash used in operating activities	<u>(53,982)</u>	<u>(27,797)</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Interest received	236	246
Purchase of investments	(13,758)	(1,920)
Proceeds from disposal of an investment	1,129	-
Purchase of property, plant and equipment	(7,275)	(4,831)
Proceed from disposal of property, plant and equipment	600	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	<u>(23,977)</u>	<u>(4,836)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	509	288
Drawdown of term loans and revolving credit	70,755	54,168
Repayment of revolving credit	-	(13,230)
Repayment of hire purchase payables	(1,182)	(1,090)
Dividend paid to Minority Interest	-	(1,560)
Dividend paid	(10,604)	(9,039)
Net cash generated from financing activities	<u>59,478</u>	<u>29,537</u>
NET DECREASE IN CASH & CASH EQUIVALENT	(18,481)	(3,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	47,344	50,440
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>28,863</u>	<u>47,344</u>
CASH & CASH EQUIVALENT COMPRISE:		
Cash and bank balances	17,254	1,989
Fixed deposits with licensed banks	21,164	45,355
Bank overdrafts	(9,555)	-
	<u>28,863</u>	<u>47,344</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2010. The document forms part of quarterly announcement for period ended 30/9/2011



**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
Final dividend of 7.3% less 25% taxation, on 101,225,300 ordinary shares, approved by shareholders on 22 June 2011 and paid out on 5 August 2011	<u>5,543</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 30 September 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	211,101	22,254	12,108	-	245,463
RESULT					
(Loss)/profit for the year	(1,825)	1,767	4,250	(3,111)	1,081

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 30 September 2011 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 30 September 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 30 September 2011 are as follows:

	Unaudited Financial Period <u>30/9/11</u> RM'000
Approved and contracted for	<u>863</u>
Approved but not contracted for	<u>2,210</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 17 November 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 RM245,463,000 for the financial period ended 30 September 2011, a decrease of RM39,623,000 or 14% relative to the previous financial period ended 30 September 2010. The decrease in revenue was mainly due to decrease in network revenue.

The Group recorded profit before taxation of RM2,099,000 for the financial period ended 30 September 2011, a decrease of RM4,939,000 or 70% relative to the financial period ended 30 September 2010. The decrease was mainly due to decrease in network revenue and profit.

For the period of 9 months ended 30 September 2011, the Group has recorded a profit after taxation of RM1,081,000. This represents a decrease of RM3,666,000 compared to the previous financial period ended 30 September 2010.



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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM76,838,000 for the current quarter ended 30 September 2011, a decrease of RM20,726,000 or 21% relative to the preceding quarter ended 30 June 2011.

The Group recorded profit before taxation of RM1,161,000 for the current quarter ended 30 September 2011, an increase of RM1,051,000 relative to the preceding quarter ended 30 June 2011.

The Group recorded profit after taxation of RM693,000 for the current quarter ended 30 September 2011, an increase of RM827,000 to the preceding quarter ended 30 June 2011.

The decrease in revenue was mainly due to decrease in network revenue, while the increase in profit before taxation was due to increase in maintenance business.

17. PROSPECTS IN THE CURRENT FINANCIAL YEAR

In view of the challenging business environment, 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 30/9/2011	Accumulated Current Year 30/9/2011
	<u>RM'000</u>	<u>RM'000</u>
Current Taxation	468	1,018

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.



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21. QUOTED SECURITIES

Details of investments in quoted securities held by the Group are as follows:

Movements during:

	Current Quarter 30/9/2011 <u>RM'000</u>	Accumulated Current Year 30/9/2011 <u>RM'000</u>
Total purchases	430	13,058
Total sales proceeds	-	374
Total gain on disposal	-	218

Balances:

	As at 30/9/2011 <u>RM'000</u>
Cost	14,477
Carrying value / market value	13,314

22. CORPORATE DEVELOPMENTS

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



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23. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 September 2011, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

Secured:	<u>Total</u> <u>RM'000</u>
<u>Short Term Borrowings</u>	
Hire Purchase Creditor due within 12 months	62
Other short term borrowings due within 12 months	108,922
	<u>108,984</u>
<u>Long Term Borrowings</u>	
Hire Purchase Creditor due after 12 months	29
Other long term borrowings due after 12 months	108,425
	<u>108,454</u>
Total	<u>217,438</u>

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 30/9/2011 RM'000	As at 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	83,218	94,903
- Unrealised	249	143
Total retained profits from associated companies:		
- Realised	3,008	2,855
- Unrealised	-	-
Consolidation adjustments	(7,466)	(12,180)
Total Group retained profits as per consolidated account	79,008	85,721



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25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheet risk as at 17 November 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 17 November 2011, being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

27. PROPOSED DIVIDEND

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

28. EARNINGS/(LOSS) PER SHARE

	Current Quarter <u>30/9/2011</u>	Accumulated Current Year <u>30/9/2011</u>
<u>a) Basic</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	12	(1,170)
Weighted average number of ordinary shares in Issue ('000)	101,225	101,225
Basic loss per share (sen)	<u>0.01</u>	<u>(1.16)</u>
<u>b) Diluted</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	12	(1,170)
Weighted average number of ordinary shares in Issue ('000)	101,225	101,225
Adjusted for :		
Assume shares issued from exercise of options ('000)	2,097	2,097
Effect of the dilution of share option ('000)	103,322	103,322
Diluted loss per share (sen)	<u>0.01</u>	<u>(1.13)</u>

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/9/2011.



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29. SIGNIFICANT EVENTS

- a. On 4 July 2011, the Company has acquired via open market for 1,000,000 units of ordinary shares in Grand-Flo representing 0.63% of total issued and paid-up share capital of Grand-Flo for total cash consideration of RM429,900.
- b. On 18 July 2011, the Company has acquired via open market for 1,617,300 units of ordinary shares in Grand-Flo representing 1.01% of total issued and paid-up share capital of Grand-Flo for total cash consideration of RM695,116.00. Subsequent to the Company's acquisition of the shares, the Company will hold an aggregate of 20.06% equity shareholding in Grand-Flo's total issued and paid-up share capital.
- c. On 3 August 2011, the Company has accepted a Letter of Award from the Government of Malaysia for the Development, Programming, Testing, Commissioning, Training and Maintenance of Open Source Hospital Information Application System Integration Project ("Integrated OpenHis") and the Supply, Delivery, Installation, Testing, Commissioning and Maintenance of Open Source Based Hardware and Software for Open Source Hospital Information System Integration Project (Integrated OpenHis) for Malaysia Administrative Modernisation and Management Planning Unit (MAMPU), Prime Minister's Department valued at RM7,474,902.00.
- d. On 12 August 2011, the Company has accepted a Letter of Award from the Public Service Department for the Application Development of Pension Online Workflow Environment Version 2 (Power Gen.2) for Post-Service Division, Public Service Department of Malaysia valued at RM6,921,093.00.
- e. On 22 August 2011, the Company has accepted a Letter of Award for the Extension of Maintenance Services of the Main Business ICT System for Jabatan Pendaftaran Negara ("National Registration Department") valued at RM68,412,334.00.

By Order of the Board

KHAERUDDIN BIN SUDHARMIN (LS007037)
AHMAD NOOR BIN SULONG (MAICSA 7062155)

Secretary