

HEITECH PADU BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2011

	Unaudited 2011 As at 31 December RM'000	Audited 2010 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	68,939	71,675
Intangible assets	18,374	15,101
Investment in associate companies	20,642	2,855
Other investment	8,026	7,912
Trade receivables	127,788	113,260
Deferred tax assets	577	24
TOTAL NON-CURRENT ASSETS	244,346	210,827
CURRENT ASSETS		
Inventories	618	886
Trade and other receivables	187,685	208,925
Tax recoverable	7,120	4,601
Cash and bank balances	64,240	47,344
TOTAL CURRENT ASSETS	259,663	261,756
CURRENT LIABILITIES		
Trade and other payables	69,445	121,885
Tax payable	1,378	1,024
Short term borrowings	94,377	9,901
Hire purchase payables	57	779
TOTAL CURRENT LIABILITIES	165,257	133,589
NET CURRENT ASSETS	94,406	128,167
	338,752	338,994
FINANCED BY:		
Share capital	101,225	100,716
Share premium	16,526	16,526
Share option reserve	677	594
Other reserve	(2,372)	(701)
Retained profits	83,955	85,721
Shareholders' equity	200,011	202,856
Minority interests	10,876	8,340
Shareholders' Funds	210,887	211,196
<u>Long Term Liabilities</u>		
Long term borrowings	126,051	127,136
Hire purchase creditors	1,565	494
Deferred tax liabilities	249	168
Non-current liabilities	127,865	127,798
	338,752	338,994
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.79	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 31/12/2011

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

a) Unaudited Condensed Consolidated Income Statement

	2011		2010	
	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31 December	Comparative quarter ended 31 December	12 months cumulative to date	Comparative 12 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	106,967	148,824	352,430	433,910
Other Income	1,640	1,556	7,855	3,967
Total Income	108,607	150,380	360,285	437,877
Staff Cost	(23,302)	(20,125)	(83,165)	(67,064)
Purchase of Hardware and Software	(23,492)	(68,420)	(35,153)	(109,020)
Leaseline Rental	(14,426)	(15,350)	(46,927)	(55,363)
Maintenance Cost	4,979	11,685	(39,810)	(48,060)
Bulk Mailing Operating Cost	(9,276)	(10,497)	(15,897)	(15,803)
Depreciation	(2,731)	(501)	(11,615)	(12,720)
Television Program Production Cost	(1,523)	(4,355)	(8,004)	(8,492)
Professional Fees	(3,757)	(16,908)	(32,550)	(30,263)
Project Implementation Cost	(13,020)	(1,784)	(15,579)	(15,621)
Other Operating Expenses	(13,079)	(12,603)	(57,131)	(52,484)
Total Operating Expenditure	(99,627)	(138,858)	(345,831)	(414,890)
Profit From Operations	8,980	11,522	14,454	22,987
Finance Cost	(1,386)	(1,535)	(4,914)	(5,970)
Share of Results of Associated Companies	840	178	993	186
Profit Before Taxation	8,434	10,165	10,533	17,203
Taxation	(3,502)	(4,571)	(4,520)	(6,862)
Profit for the period	4,932	5,594	6,013	10,341
Profit attributable to:				
Equity holders of the Parent	4,947	4,845	3,777	8,892
Minority Interest	(15)	749	2,236	1,449
	4,932	5,594	6,013	10,341
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	4.89	4.82	3.73	8.85

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period	4,932	5,594	6,013	10,341
Foreign currency translation	(786)	(981)	(786)	(1,464)
Fair value movement on available-for-sale financial assets	(585)	-	(585)	-
Total comprehensive income	3,561	4,613	4,642	8,877
Total comprehensive income attributable to:				
Equity holders of the Parent	3,576	4,303	2,106	7,867
Minority Interest	(15)	310	2,536	1,010
	3,561	4,613	4,642	8,877

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Non- distributable					Distributable		Minority Interest RM'000	Total RM'000
	Share capital	Share premium	Share Option Reserve	Fair Value Adjustment Reserve	Foreign Exchange Reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
For the year ended 31 December 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	-	-	-	(585)	(1,086)	3,777	2,106	2,536	4,642
Transaction with owners									
Issuance of shares for cash	509	-	-	-	-	-	509	-	509
Share options granted	-	-	83	-	-	-	83	-	83
Dividends	-	-	-	-	-	(5,543)	(5,543)	-	(5,543)
At 31 December 2011	101,225	16,526	677	(585)	(1,787)	83,955	200,011	10,876	210,887
For the year ended 31 December 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)	100,428	16,526	-	-	324	90,929	208,207	9,134	217,341
Total comprehensive income for the period	-	-	-	-	(1,025)	8,892	7,867	1,010	8,877
Transaction with owners									
Disposal of a subsidiary	-	-	-	-	-	-	-	(244)	(244)
Issuance of shares for cash	288	-	-	-	-	-	288	-	288
Share options granted	-	-	594	-	-	-	594	-	594
Dividends paid to minority interest	-	-	-	-	-	-	-	(1,560)	(1,560)
Dividends	-	-	-	-	-	(14,100)	(14,100)	-	(14,100)
At 30 September 2010	100,716	16,526	594	-	(701)	85,721	202,856	8,340	211,196

The Condensed Consolidated Statement of Changes in Equity 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 31/12/2011

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 Year ended 31 December RM'000	2010 Year ended 31 December RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,533	17,203
Adjustment for:		
Depreciation	11,615	12,720
Interest expense	4,914	5,970
Impairment loss on:		
- trade receivables	3,050	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	83	594
Amortisation of intangible assets	1,728	2,715
Share of profit from associated companies	(993)	(186)
Gain on disposal of property, plant and equipment	(108)	(198)
Gain on disposal of investment	(304)	-
Loss on disposal of a subsidiary	-	755
Interest income	(463)	(246)
Operating profit before working capital changes	<u>29,495</u>	<u>45,119</u>
Decrease in inventories	268	233
Decrease/(increase) in receivables	2,876	(51,915)
Decrease in payables	<u>(63,039)</u>	<u>(5,470)</u>
Cash used in operations	(30,400)	(12,033)
Interest paid	(4,914)	(5,970)
Income taxes paid	<u>(7,157)</u>	<u>(9,794)</u>
Net cash used in operating activities	<u>(42,471)</u>	<u>(27,797)</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Interest received	463	246
Purchase of investments	(17,758)	(1,920)
Proceeds from disposal of an investment	1,129	-
Purchase of property, plant and equipment	(9,371)	(4,831)
Proceed from disposal of property, plant and equipment	600	1,936
Proceeds from disposal of a subsidiary	-	(267)
Additions to intangible assets	(92)	-
Net cash outflow on acquisition of a subsidiary	<u>(4,909)</u>	<u>-</u>
Net cash used in investing activities	<u>(29,938)</u>	<u>(4,836)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	509	288
Drawdown of term loans and revolving credit	83,391	54,168
Repayment of revolving credit	-	(13,230)
Repayment of hire purchase payables	349	(1,090)
Dividend paid to Minority Interest	-	(1,560)
Dividend paid	<u>(10,604)</u>	<u>(9,039)</u>
Net cash generated from financing activities	<u>73,645</u>	<u>29,537</u>
NET INCREASE/(DECREASE) IN CASH & CASH		
EQUIVALENTS	1,236	(3,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE		
YEAR	<u>47,344</u>	<u>50,440</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>48,580</u>	<u>47,344</u>
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	42,823	1,989
Fixed deposits with licensed banks	21,417	45,355
Bank overdrafts	<u>(15,660)</u>	<u>-</u>
	<u>48,580</u>	<u>47,344</u>



**UNAUDITED RESULTS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 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.

ii) Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).



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The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15).

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of the MFRS Framework.

The Group has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the differences. Accordingly, the financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

3. STATUS ON QUALIFIED FINANCIAL STATEMENTS

Not applicable.

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.

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 31/12/2011.



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8. DIVIDENDS PAID

No dividend was paid out in the financial period under review.

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 year ended 31 December 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	309,153	30,728	15,532	(2,983)	352,430
RESULT					
Profit for the year	3,011	1,888	4,672	(3,558)	6,013

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 December 2011 to the date of this announcement, which affects substantially the results of the operations of the Group for the year ended 31 December 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.

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 31/12/2011.



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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 year ended 31 December 2011 are as follows:

	Unaudited Financial Year <u>31/12/11</u> RM'000
Approved and contracted for	1,042
Approved but not contracted for	1,842

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 16 February 2012 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 RM352,430,000 for the financial year ended 31 December 2011, a decrease of RM81,480,000 or 19% relative to the previous financial year ended 31 December 2010. The decrease in revenue was mainly due to decrease in trading of hardware and software from the system integration business and network revenue.

The Group recorded profit before taxation of RM10,533,000 for the financial year ended 31 December 2011, a decrease of RM6,670,000 or 39% relative to the financial year ended 31 December 2010. The decrease was mainly due to decrease in trading of hardware and software from the system integration business and network profit.

For the financial year ended 31 December 2011, the Group has recorded a profit after taxation of RM6,013,000. This represents a decrease of RM4,328,000 compared to the previous financial year ended 31 December 2010.



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16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM106,967,000 for the current quarter ended 31 December 2011, an increase of RM30,129,000 or 39% relative to the preceding quarter ended 30 September 2011. The increase in revenue was due to the increase in system integration development and system application maintenance business.

The Group recorded profit before taxation of RM8,434,000 for the current quarter ended 31 December 2011, an increase of RM7,273,000 relative to the preceding quarter ended 30 September 2011. The increase in profit before taxation was due to the increase in system integration development, system application maintenance business and dividend income from investments.

The Group recorded profit after taxation of RM4,932,000 for the current quarter ended 31 December 2011, an increase of RM4,239,000 to the preceding quarter ended 30 September 2011.

17. PROSPECTS IN THE NEXT FINANCIAL YEAR

Moving forward, global economic conditions are expected to remain challenging given the uncertainty over recovery of major global economies and the European debt crisis. Based on International Data Corporation's 2012 projections, Malaysia's economic growth is expected to remain cautiously optimistic, with information technology spending forecasted to grow at a rate of 10.1%.

The Group's business environment is expected to remain challenging due to stiff competition and cyclical demands of system integration business and stiff competition from network business. However, the Group is cautiously optimistic that the Group remains profitable for the next financial year due to contribution from recurring revenue from maintenance services for existing customers and opportunities in Middle East.

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>31/12/2011</u> RM'000	Accumulated Current Year <u>31/12/2011</u> RM'000
Current Taxation	3,502	4,520

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 31/12/2011.



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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

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

Movements during:

	Current Quarter 31/12/2011 <u>RM'000</u>	Accumulated Current Year 31/12/2011 <u>RM'000</u>
Total purchases	-	13,058
Total sales proceeds	-	374
Total gain on disposal	-	218

Balances:

	As at 31/12/2011 <u>RM'000</u>
Cost	14,477
Carrying value / market value	13,892

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 31 December 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	57
Other short term borrowings due within 12 months	94,377
	<u>94,434</u>
<u>Long Term Borrowings</u>	
Hire Purchase Creditor due after 12 months	1,565
Other long term borrowings due after 12 months	126,051
	<u>127,616</u>
 Total	 <u>222,050</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 31/12/2011 RM'000	As at 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	87,753	94,903
- Unrealised	249	143
Total retained profits from associated companies:		
- Realised	3,988	2,855
- Unrealised	-	-
Consolidation adjustments	(8,035)	(12,180)
Total Group retained profits as per consolidated account	83,955	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 16 February 2012 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 16 February 2012, 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>31/12/2011</u>	Accumulated Current Year <u>31/12/2011</u>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	4,947	3,777
Weighted average number of ordinary shares in Issue ('000)	101,225	101,225
Basic earnings per share (sen)	<u>4.89</u>	<u>3.73</u>
<u>b) Diluted</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	4,947	3,777
Weighted average number of ordinary shares in Issue ('000)	101,225	101,225
Adjusted for :		
Assume shares issued from exercise of options ('000)	4,631	4,631
Effect of the dilution of share option ('000)	105,856	105,856
Diluted earnings per share (sen)	<u>4.67</u>	<u>3.57</u>

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29. SIGNIFICANT EVENTS

- a. On 16 January 2012, the Company has accepted a Letter of Award for the Supply, Design, Development, Installation, Integration, Testing, Commissioning, Training and Post Implementation Support of the Core Banking System for Bank Simpanan Nasional valued at RM63,604,564.28.
- b. On 17 January 2012, pursuant to the acceptance of Letter of Award for the Supply, Design, Development, Installation, Integration, Testing, Commissioning, Training and Post Implementation Support of the Core Banking System for Bank Simpanan Nasional, the Company has entered into an agreement with Bank Simpanan Nasional for the aforementioned valued at RM63,604,564.28.
- c. On 22 February 2012, the Company has accepted a Letter of Award for the Emirates Vehicle Gates for SAEED for Traffic Systems valued at AED24,399,924.00 (equivalent to RM20,101,877.39).

By Order of the Board

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

Secretary