

HEITECH PADU BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 JUNE 2012

	Unaudited 2012	Audited 2011
	As at 30 June	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	65,887	68,560
Intangible assets	19,618	19,104
Investment in associates	21,975	21,777
Other investments	9,048	8,026
Trade receivable	93,473	98,839
TOTAL NON-CURRENT ASSETS	210,001	216,306
CURRENT ASSETS		
Inventories	2,041	436
Trade and other receivables	185,783	189,320
Other current assets	31,001	38,909
Tax recoverable	4,074	7,061
Cash and bank balances	34,658	56,135
TOTAL CURRENT ASSETS	257,557	291,861
CURRENT LIABILITIES		
Trade and other payables	61,776	71,304
Tax payable	652	882
Short term borrowings	106,460	123,884
Hire purchase payables	64	915
TOTAL CURRENT LIABILITIES	168,952	196,985
NET CURRENT ASSETS	88,605	94,876
	298,606	311,182
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Share option reserve	1,215	1,215
Foreign currency translation reserve	(1,364)	(333)
Retained earnings	85,159	84,222
Shareholders' equity	202,761	202,855
Minority interests	10,887	10,514
Shareholders' Funds	213,648	213,369
Long Term Liabilities		
Long term borrowings	83,043	96,748
Hire purchase creditors	1,557	707
Deferred tax liabilities	358	358
Non-current liabilities	84,958	97,813
	298,606	311,182
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.81	1.82

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2011. The document forms part of quarterly announcement for quarter ended 30/06/2012.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2012

a) Unaudited Condensed Consolidated Income Statement

	2012		2011	
	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	83,939	97,564	166,329	168,625
Other Income	3,394	3,588	7,101	6,919
Total Income	87,333	101,152	173,430	175,544
Staff Cost	(23,659)	(22,705)	(45,771)	(41,120)
Purchase of Hardware and Software	(4,872)	(9,761)	(9,837)	(13,456)
Leaseline Rental	(13,542)	(13,301)	(25,512)	(23,179)
Maintenance Cost	(19,730)	(10,126)	(34,380)	(26,472)
Bulk Mailing Operating Cost	(2,959)	(2,089)	(6,888)	(4,258)
Depreciation	(3,092)	(3,030)	(5,524)	(5,930)
Television Program Production Cost	105	(2,139)	(321)	(4,312)
Professional Fees	(5,366)	(18,037)	(16,615)	(21,908)
Project Implementation Cost	1,173	(2,444)	(570)	(2,808)
Other Operating Expenses	(14,442)	(16,489)	(23,418)	(28,692)
Total Operating Expenditure	(86,384)	(100,121)	(168,836)	(172,135)
Profit From Operations	949	1,031	4,594	3,409
Finance Cost	(972)	(715)	(2,624)	(2,027)
Share of Results of Associated Companies	341	(206)	197	(444)
Profit Before Taxation	318	110	2,167	938
Taxation	(135)	(244)	(742)	(550)
Profit for the period	183	(134)	1,425	388
Profit attributable to:				
Equity holders of the Parent	86	(1,368)	937	(1,182)
Minority Interest	97	1,234	488	1,570
	183	(134)	1,425	388
Number of Ordinary Shares of RM1.00 each	101,225	100,751	101,225	100,751
Earning per share attributable to equity holders of the parent:				
Basic for profit for the period	0.08	(1.36)	0.93	(1.17)

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period	183	(134)	1,425	388
Foreign currency translation	(1,020)	(391)	(826)	(293)
Total comprehensive income	(837)	(525)	599	95
Total comprehensive income attributable to:				
Equity holders of the Parent	(742)	(1,759)	(94)	(1,775)
Minority Interest	(95)	1,234	693	1,870
	(837)	(525)	599	95

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2012

	<u>Non- distributable</u>				<u>Distributable</u>		Minority Interest RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Share Option Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained profits RM'000	Total RM'000		
For the period ended 30 June 2012								
At 1 January 2012	101,225	16,526	1,215	(333)	84,222	202,855	10,514	213,369
Total comprehensive income for the period	-	-	-	(1,031)	937	(94)	693	599
Transaction with owners								
Dividends paid to minority interest	-	-	-	-	-	-	(320)	(320)
At 30 June 2012	<u>101,225</u>	<u>16,526</u>	<u>1,215</u>	<u>(1,364)</u>	<u>85,159</u>	<u>202,761</u>	<u>10,887</u>	<u>213,648</u>
For the period ended 30 June 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	-	-	-	(593)	(1,182)	(1,775)	1,870	95
Transaction with owners								
Issuance of shares for cash	35					35		35
At 30 June 2011	<u>100,751</u>	<u>16,526</u>	<u>594</u>	<u>(1,294)</u>	<u>84,539</u>	<u>201,116</u>	<u>10,210</u>	<u>211,326</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2011. The document forms part of quarterly announcement for quarter ended 30/06/2012.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2012

	2012	2011
	Period ended	Year ended
	30 June	31 December
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,167	9,618
Adjustment for:		
Depreciation	5,524	11,937
Finance costs	2,624	4,915
Impairment loss on:		
- trade receivables	-	2,650
- other receivables	-	109
Reversal of impairment loss on trade receivables	(3,130)	-
Net fair value gain on held for trading investment	-	(939)
Share option granted under ESOS	-	621
Amortisation of intangible assets	-	2,043
Share of results of associates	(197)	(1,164)
Gain on disposal of property, plant and equipment	-	(139)
Gain on disposal of other investment	-	(218)
Interest income	(300)	(1,031)
Dividend income	(2,158)	(3,376)
	<hr/>	<hr/>
Operating profit before working capital changes	4,530	25,026
(Increase)/decrease in inventories	(1,605)	450
Decrease/(increase) in receivables	26,398	(7,334)
Decrease in payables	(9,324)	(45,499)
Cash used in operations	19,999	(27,357)
Interest paid	(2,624)	(4,915)
Income taxes paid	(3,315)	(5,946)
Net cash generated from/(used in) operating activities	<hr/>	<hr/>
	14,060	(38,218)
CASHFLOW FROM INVESTING ACTIVITIES		
Interest received	300	1,031
Net dividends received	-	3,376
Purchase of investments	(1,022)	(17,845)
Proceeds from disposal of an investment	-	1,128
Purchase of property, plant and equipment	(2,851)	(8,405)
Proceed from disposal of property, plant and equipment	-	736
Additions to intangible assets	(514)	(478)
Net cash outflow on acquisition of a subsidiary	-	(5,734)
Net cash used in investing activities	<hr/>	<hr/>
	(4,087)	(26,191)
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	509
Proceeds from loans and borrowings	-	78,717
Repayment of loans and borrowings	(34,837)	(10,782)
Repayment of obligations under finance lease	(1)	(351)
Dividends paid to minority interest	(320)	-
Dividend paid	-	(10,604)
Net cash (used in)/generated from financing activities	<hr/>	<hr/>
	(35,158)	57,489
NET DECREASE IN CASH & CASH EQUIVALENTS		
	(25,185)	(6,920)
Effect of exchange rate changes on cash and cash equivalents	-	51
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	40,475	47,344
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<hr/>	<hr/>
	15,290	40,475
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	12,213	34,012
Fixed deposits with licensed banks	22,445	22,123
Bank overdrafts	(19,368)	(15,660)
	<hr/>	<hr/>
	15,290	40,475



**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

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 2011. 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 2011.

2. CHANGES IN ACCOUNTING POLICIES

These are the Group's first interim financial statements for the part of the period covered by the Group's first MFRS framework annual financial statements for the year ending 31 December 2012. MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The transition to MFRS framework does not have any material impact to these interim financial statements.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

4. SEASONAL OR CYCLICAL FACTORS

The principal business operations of the Group are not significantly affected by seasonality or cyclical factors.



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Company No: 310628-D

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.



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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 June 2012	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	151,263	15,258	1,308	(1,500)	166,329
RESULT					
Profit for the year	1,233	1,590	386	(1,784)	1,425

For the period ended 30 June 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	146,582	14,065	7,978	-	168,625
RESULT					
Profit for the year	(499)	1,398	2,771	(3,282)	388

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.



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11. 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.

12. SUBSEQUENT EVENTS

There was no material event from 30 June 2012 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 30 June 2012 in respect of which this announcement is made.

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 June 2012 are as follows:

	Unaudited Financial Period <u>30/06/12</u> RM'000
Approved and contracted for	<u>1,076</u>
Approved but not contracted for	<u>1,044</u>

14. CONTINGENT LIABILITIES

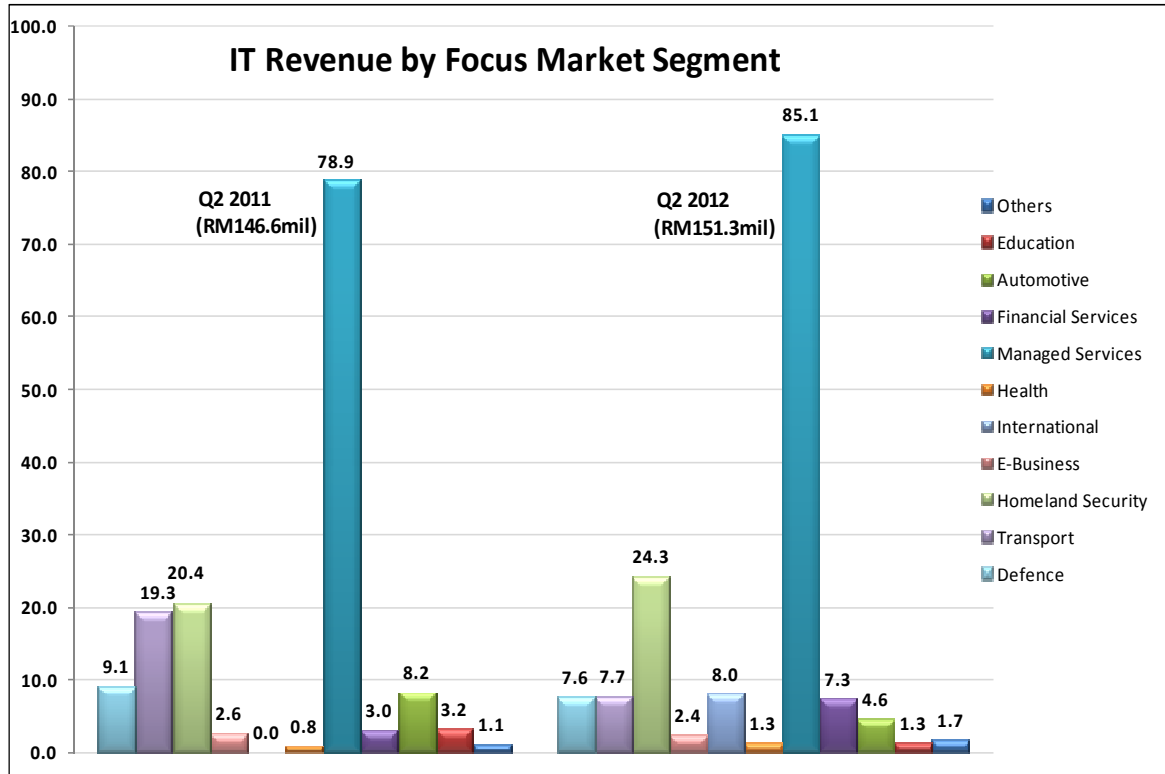
There were no contingent liabilities for the Group as at 7 August 2012 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.



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15. REVIEW OF PERFORMANCE

IT related products and services



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 segments:

- 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).
- Education – Education solution services provider.
- Others.

Defence sector recorded lower revenue by 16% mainly due to lower revenue recognition of flight simulator maintenance. The long-term simulator maintenance contract will end in year 2020.



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Transport sector recorded lower revenue by 60% mainly due to delivery of system integration development phase for a major customer. The development phase is expected to be completed in current year and maintenance period will commence.

Homeland security sector experienced higher revenue by 19% mainly due to delivery of system integration project.

The revenue generated by the international sector of RM8.0 million relates to new business secured in the Middle East.

Health sector experienced higher revenue by 63% due to higher revenue generated from health solutions for public hospitals.

Managed services registered higher revenue by 8% as a result of its effort in securing new customers in Quarter 4, 2011.

Financial services sector recorded higher revenue by 143% mainly due to higher system application and maintenance services revenue for financial institutions. The segment has secured a core banking project with a financial institution in current year and it is expected to contribute positively.

Automotive sector is contributed by subsidiaries in Malaysia and Australia. The sector experienced lower revenue by 44% as a result of lower database transaction revenue recorded by the subsidiary in Australia.

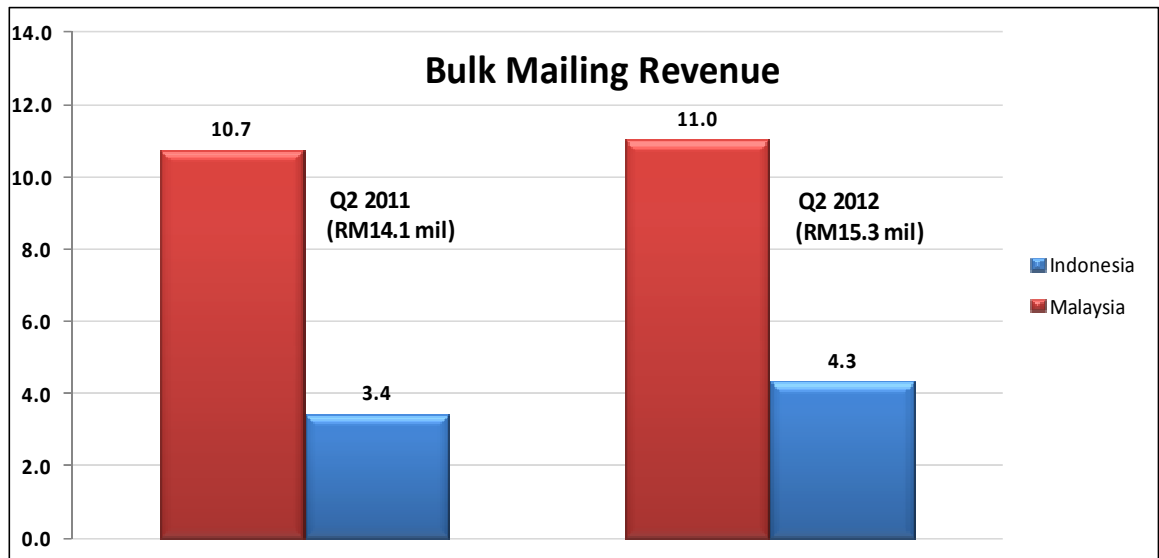
Education sector is contributed by a subsidiary in Malaysia. The decrease in revenue generated during the period by 59% is mainly contributed by completion of a major project in 2011.

Overall, the increase in revenue by RM4,681,000 or 3% relative to financial period ended 30 June 2012 has resulted in increase of profit after taxation by RM1,732,000 to RM1,233,000 for the financial period ended 30 June 2012.



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Bulk mailing outsourcing services



The segment is contributed by the Group's subsidiaries in Malaysia and Indonesia.

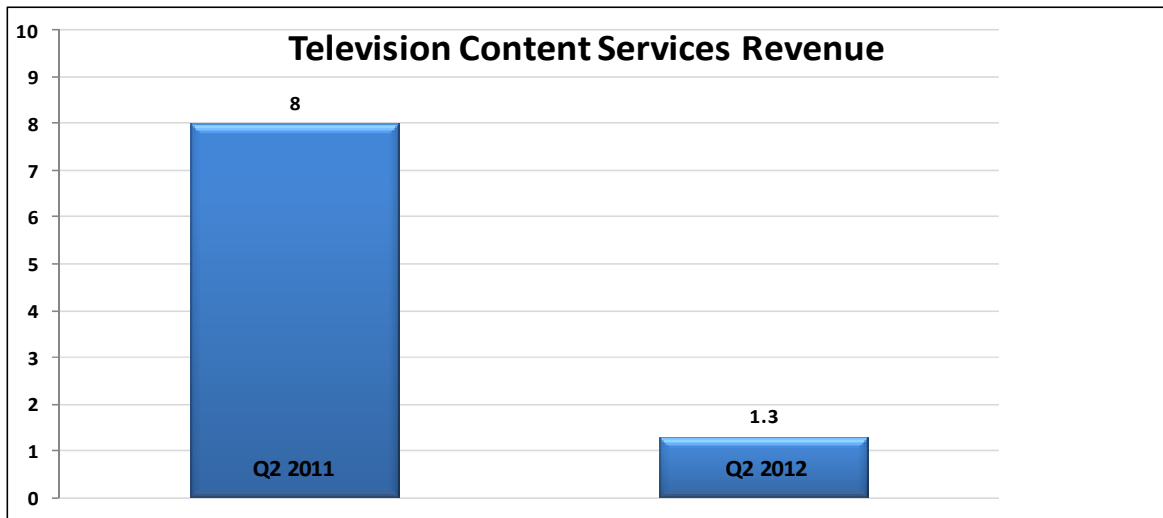
The revenue of RM15,258,000 for the financial period ended 30 June 2012 increased by 8% compared to RM14,065,000 for the previous financial period ended 30 June 2011. The increase is mainly due to increase in bulk mailing volume by both subsidiaries.

As a result, the profit after taxation of RM1,590,000 for the financial period ended 30 June 2012 increased by 14% compared to profit after taxation of RM1,398,000 for the financial period ended 30 June 2011.



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Television content services



The segment is contributed by the Group's subsidiary in Malaysia.

The revenue of RM1,308,000 for the financial period ended 30 June 2012 decreased by 84% compared to RM7,978,000 for the previous financial period ended 30 June 2011. The decrease in revenue is contributed by decrease in delivery of television contents to a major customer as the long-term contract with the customer has completed in FY2011. As a result, profit after taxation of RM386,000 for the financial period ended 30 June 2012 decreased by 86% compared to profit after taxation of RM2,771,000 for the financial period ended 30 June 2011.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM83,939,000 for the current quarter ended 30 June 2012, an increase of RM1,549,000 or 2% relative to the preceding quarter ended 31 March 2012. The increase in revenue was due to the increase in network business.

The Group recorded profit before taxation of RM318,000 for the current quarter ended 30 June 2012, a decrease of RM1,531,000 relative to the preceding quarter ended 31 March 2012.

The Group recorded profit after taxation of RM183,000 for the current quarter ended 30 June 2012, a decrease of RM1,059,000 to the preceding quarter ended 31 March 2012.

17. PROSPECTS IN THE CURRENT 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. Malaysia Gross Domestic Products for 2012 is forecasted to grow between 2.8% to 5%.

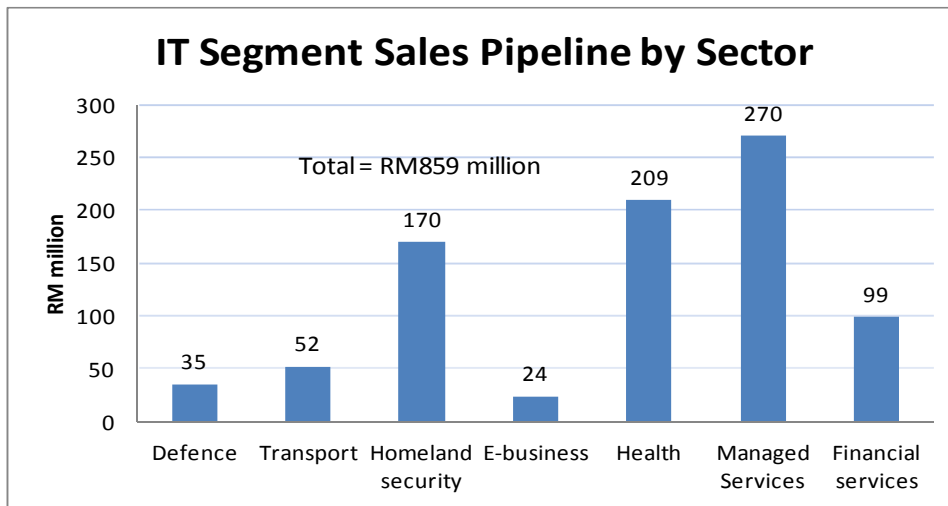
This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/06/2012.



HEITECH PADU BERHAD
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While the Group's business environment is expected to remain challenging, the Group believes that the strategies implemented will continue to contribute to a positive performance. These include the following:

IT related products and services



- Targeted completion and delivery of major contracts under system integration business in transport sector.
- Securing recurring business from existing customers while gaining new business from both existing and new customers.
- Continuously exploring new opportunities in the Middle East.

Bulk mailing outsourcing services

- Capacity expansion in order to secure new customers.
- Promoting value-added services to existing customer base from public and private sector.

Television content services

- Continuously pitching television contents to major television networks.
- Joint movie production partnership with a reputable production company.

Overall, the Group is positive on the outlook for the remaining part of FY2012.

18. VARIANCE ON FORECASTED PROFIT

Not applicable.



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19. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter <u>30/06/2012</u> RM'000	Accumulated Current Year <u>30/06/2012</u> RM'000
Interest income	(281)	(300)
Other income (including investment income)	-	(2,158)
Interest expense	972	2,624
Depreciation of property, plant and equipment	3,092	5,524
Amortisation of prepaid lease payments	-	-
Amortisation of intangible assets	-	-
Impairment loss on trade receivables	-	-
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	-	-
Impairment of goodwill	-	-
Impairment of other assets	-	-
Impairment of property, plant and equipment	-	-
(Gain)/loss on foreign exchange	-	-
(Gain)/loss on fair value changes of derivatives	-	-
	<u>-</u>	<u>-</u>

20. TAXATION

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

	Current Quarter <u>30/06/2012</u> RM'000	Accumulated Current Year <u>30/06/2012</u> RM'000
Current Taxation	<u>135</u>	<u>742</u>



HEITECH PADU BERHAD
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21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 June 2012, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

	<u>Total</u> <u>RM'000</u>
Secured:	
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	64
Other short term borrowings due within 12 months	<u>106,460</u>
	<u>106,524</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	1,557
Other long term borrowings due after 12 months	<u>83,043</u>
	<u>84,600</u>
Total	<u>191,124</u>



HEITECH PADU BERHAD

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23. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

The breakdown of the retained profits of the Group as at 30 June 2012 and 31 December 2011 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 30/06/2012 RM'000	As at 31/12/2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	87,369	88,789
- Unrealised	358	358
Total retained profits from associated companies:		
- Realised	4,356	4,073
- Unrealised	-	-
Consolidation adjustments	(6,924)	(8,958)
Total Group retained profits as per consolidated account	<u>85,159</u>	<u>84,222</u>

24. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 7 August 2012, being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

25. PROPOSED DIVIDEND

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



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26. EARNINGS/(LOSS) PER SHARE

	Current Quarter <u>30/06/2012</u>	Accumulated Current Year <u>30/06/2012</u>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	86	937
Weighted average number of ordinary shares in Issue ('000)	101,225	101,225
Basic earnings per share (sen)	<u>0.08</u>	<u>0.93</u>
<u>b) Diluted</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	86	937
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>0.08</u>	<u>0.89</u>



HEITECH PADU BERHAD

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27. SIGNIFICANT EVENTS

- a. On 2 May 2012, the Company has accepted a Letter of Award for the Extension of Maintenance Services of the Wide Area Network (WAN) for Jabatan Pendaftaran Negara (“National Registration Department”) valued at RM15,200,000.
- b. On 18 May 2012, the Company has accepted a Letter of Award for the Provision of the Replacement and Maintenance Services for Computer Softwares for the Mainframe Computer System at the Main and Secondary Data Center for Lembaga Hasil Dalam Negeri (LHDN) (“Inland Revenue Board of Malaysia”) valued at RM34,488,888.

By Order of the Board

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

Secretary