

HEITECH PADU BERHAD
 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE PERIOD ENDED 31 MARCH 2010

	Unaudited 2010 As at 31 March RM'000	Audited 2009 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	82,072	82,966
Intangible assets	19,237	17,816
Investment in associate companies	2,344	2,669
Other investment	7,585	7,737
Trade receivables	123,626	123,136
TOTAL NON-CURRENT ASSETS	234,864	234,324
CURRENT ASSETS		
Inventories	446	1,119
Trade and other receivables	141,743	134,976
Tax recoverable	5,456	5,517
Cash and bank balances	70,943	72,216
TOTAL CURRENT ASSETS	218,588	213,828
CURRENT LIABILITIES		
Trade and other payables	110,241	106,639
Tax payable	586	451
Short term borrowings	35,006	42,932
Hire purchase payables	203	908
TOTAL CURRENT LIABILITIES	146,036	150,930
NET CURRENT ASSETS	72,552	62,898
	307,416	297,222
FINANCED BY:		
Share capital	100,428	100,428
Share premium	16,526	16,526
Other reserve	326	463
Retained profits	92,636	91,310
Shareholders' equity	209,916	208,727
Minority interests	9,663	8,995
Shareholders' Funds	219,579	217,722
Long Term Liabilities		
Long term borrowings	83,251	74,943
Hire purchase creditors	1,820	1,456
Deferred tax liabilities	2,766	3,101
Non-current liabilities	87,837	79,500
	307,416	297,222
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.90	1.90

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Accounts for the year ended 31/12/2009. The document forms part of quarterly announcement for quarter ended 31/3/2010

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2010

a) Unaudited Condensed Consolidated Income Statement

	2010		2009	
	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	84,231	87,840	84,231	87,840
Other Income	442	870	442	870
Total Income	84,673	88,709	84,673	88,709
Staff Costs	(12,708)	(13,567)	(12,708)	(13,567)
Purchase of Hardware and Software	(4,481)	(5,287)	(4,481)	(5,287)
Leaseline Rental	(13,980)	(13,968)	(13,980)	(13,969)
Maintenance cost	(20,690)	(24,123)	(20,690)	(24,122)
Bulk mailing operating costs	(7,712)	(6,568)	(7,712)	(6,568)
Depreciation	(2,838)	(2,930)	(2,838)	(2,930)
Television program production cost	(2,178)	(2,693)	(2,178)	(2,693)
Professional fees	(882)	(356)	(882)	(356)
Project implementation cost	(2,101)	(1,690)	(2,101)	(1,690)
Other Operating Expenses	(12,802)	(13,411)	(12,802)	(13,411)
Total Operating Expenditure	(80,372)	(84,594)	(80,372)	(84,594)
Profit From Operations	4,301	4,115	4,301	4,115
Finance Costs	(344)	(522)	(344)	(522)
Share of Results of Associated Companies	45	(1,270)	45	(1,270)
Profit Before Taxation	4,001	2,324	4,001	2,324
Taxation	(1,437)	(1,267)	(1,437)	(1,267)
Profit for the period representing total comprehensive income	2,564	1,057	2,564	1,057

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period representing total comprehensive income	2,564	1,057	2,564	1,057
Total comprehensive income attributable to:				
Equity holders of the Parent	1,896	815	1,896	815
Minority Interest	668	242	668	242
	2,564	1,057	2,564	1,057
Number of Ordinary Shares of RM1.00 each	100,428	100,139	100,428	100,139
Earning per share attributable to equity of the parent:				
Basic for profit for the period	1.89	0.81	1.89	0.81

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Accounts for the year ended 31/12/2009. The documents forms part of quarterly announcement for quarter ended 31/3/2010

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010

	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Share Option reserves RM'000	Other Reserve RM'000	Retained profits RM'000	Total RM'000	Minority Interest RM'000	
For the period ended 31 March 2010								
At 1 January 2010	100,428	16,526	-	463	91,310	208,727	8,995	217,722
Effect of adopting FRS 139	-	-	-	-	(381)	(381)	-	(381)
At 1 January 2010 (restated)	100,428	16,526	-	463	90,929	208,346	8,995	217,341
Net profit for the period	-	-	-	(157)	1,896	1,896	668	2,564
Currency translation	-	-	-	(189)	(189)	(326)	-	(326)
At 31 March 2010	100,428	16,526	-	326	92,636	209,916	9,663	219,579

For the period ended 31 March 2009

At 1 January 2009	100,011	16,517	1,248	-	82,098	199,874	7,129	207,003
Issuance of ordinary shares pursuant to ESOS	127	-	-	-	-	127	-	127
Additional acquisition of shares in a subsidiary	-	-	-	-	-	-	251	251
Total comprehensive income for the period	-	-	-	-	815	815	242	1,057
At 31 March 2009	100,138	16,517	1,248	-	82,913	200,816	7,622	208,438

HEITECH PADU BERHAD
 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW
 STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH

	2010 Period ended 31 March RM'000	2009 Year ended 31 December RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,001	17,295
Adjustment for:		
Depreciation	2,838	14,343
Interest expense	344	5,680
Provision for doubtful debt	-	3,307
Writedown of inventories	-	204
Amortisation of deferred expenditure/ intangibles	427	3,206
Share of (profit)/ loss from associated companies	(45)	(370)
(Gain)/loss on disposal of property, plant and equipment	-	(2,796)
Interest income	(28)	(101)
Unrealised foreign exchange net	(137)	61
Operating profit before working capital changes	<u>7,401</u>	<u>40,829</u>
(Increase)/Decrease in inventories	674	(704)
(Increase)/Decrease in receivables	1,051	(9,586)
Increase/ (Decrease) in payables	<u>3,603</u>	<u>-3959</u>
Cash generated from operations	12,729	26,580
Interest paid	(344)	(5,680)
Taxation paid	<u>(1,437)</u>	<u>(8,626)</u>
Net cash generated from operating activities	<u>10,947</u>	<u>12,274</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred	(233)	(1,134)
Interest received	28	101
Purchase of property, plant and equipment	(1,943)	(17,384)
Proceed from disposal of property, plant and equipment	-	11,473
Net cash used in investing activities	<u>(2,148)</u>	<u>(6,944)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	426
Drawdown of term loans	-	10,254
Drawdown/(repayment) of revolving credit	379	5,491
Repayment of hire purchase payables	(343)	(858)
Dividend paid to Minority Interest	-	(255)
Dividend paid	-	(2,020)
Net cash generated from / (used in) financing activities	<u>36</u>	<u>13,038</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	8,835	18,368
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	50,440	32,072
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>59,275</u>	<u>50,440</u>
CASH & CASH EQUIVALENT COMPRISE:		
Cash and bank balances	67,491	58,737
Fixed deposits with licensed banks	3,452	13,479
Bank overdrafts	<u>(11,668)</u>	<u>(21,776)</u>
	<u>59,275</u>	<u>50,440</u>

*The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Accounts for the year ended 31/12/2009.
 The document forms part of quarterly announcement for period ended 31/3/2010*



**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

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. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. 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 2009.

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 2009, except the followings:

On 1 January 2010, 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 2010.

i) FRSs, Amendments to FRSs and Interpretations

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate



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- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

ii) Changes in Accounting Policies

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications. This standard requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures have been made in these interim financial statements.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major

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customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. As this is a disclosure standard, there will be no impact on the financial position or results of the Group and Company for the period.

FRS 101 *Presentation of Financial Statements (Revised)*

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and Company.

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.



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The following are effects arising from the above changes in accounting policies:

Increase/(decrease)	
As at 1 Jan 2010	As at 31 March 2010
RM'000	RM'000

Statement of financial position

Group

Trade receivables	(381)	13
Retained earnings	-	(13)
Reserve - fair value adjustment	381	-

Company

Trade receivables	(304)	10
Retained earnings	-	(10)
Reserve - fair value adjustment	304	-

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 year under review.

6. CHANGES IN ESTIMATES

There were no significant changes in estimates that materially affect the financial statements for the financial year under review.

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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. 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:

As at 31 March 2010	IT related products and services	Bulk mailing outsourcing services	Television content services	Consolidation Adjustments	Consolidated
REVENUE	RM '000	RM '000	RM '000	RM '000	RM '000
External	68,681	10,746	4,804	-	84,231
RESULT					
Profit for the year	1,511	137	1,732	(815)	2,564
ASSETS					
Segment assets	448,167	33,006	12,886	(40,607)	453,452

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. SUBSEQUENT EVENTS

There was no material event from 31 March 2010 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 31 March 2010 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 year under review.

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 2010 are as follows:

	Unaudited Financial Year <u>31/3/10</u> RM'000
Approved and contracted for	<u>2,644</u>
Approved but not contracted for	<u>1,783</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 13 May 2010 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 RM84,231,000 for the financial period ended 31 March 2010, a decrease of RM3,609,000 or 4% relative to the previous financial period ended 31 March 2009. The decrease in revenue was mainly attributable to the decline in trading of hardware and software from the System Integration business for the current period.

The Group recorded profit before taxation of RM4,001,000 for the financial period ended 31 March 2010, an increase of RM1,677,000 or 72% relative to the financial period ended 31 March 2009. The increase was mainly due to turn around performance of associated



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company from loss of RM1,270,000 during the period ended 31 March 2009, to profit of RM45,000 in the period ended 31 March 2010.

The Group further recorded a profit after taxation of RM2,564,000 for the financial period ended 31 March 2010. This represents an increase of RM1,507,000 compared to the previous financial period ended 31 March 2009 as a result of increase in profit before taxation as mentioned above.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded revenue of RM84,231,000 for the current quarter ended 31 March 2010, a decrease of RM 72,348,000 or 46% relative to the preceding quarter ended 31 December 2009.

The Group recorded profit before taxation of RM4,001,000 for the current quarter ended 31 March 2010, a decrease of RM7,242,000 relative to the preceding quarter ended 31 December 2009.

The decrease in revenue and profit before tax was mainly attributed to the significant completion of System Integration business, additional maintenance services and trading of hardware and software for the preceding period.

17. PROSPECTS IN THE CURRENT FINANCIAL YEAR

The Group expects 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 year under review is as follows:-

	Current Quarter <u>31/3/2010</u> RM'000	Accumulated Current Year <u>31/3/2010</u> RM'000
Current Taxation	1,437	1,437

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20. PROFIT ON SALE OF INVESTMENTS

There were no profits 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 year under review.

22. CORPORATE DEVELOPMENTS

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

23. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 March 2010, the Group has the following borrowings which are denominated in Ringgit Malaysia from a local financial institution:-

Secured:	Total RM'000
<u>Short Term Borrowings</u>	
Hire Purchase Creditor due within 12 months	203
Other short term borrowings due within 12 months	35,006
	<u>35,209</u>
<u>Long Term Borrowings</u>	
Hire Purchase Creditor due after 12 months	1,820
Other long term borrowings due after 12 months	83,251
	<u>85,071</u>
Total	<u>120,280</u>

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheet risk as at 13 May 2010 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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25. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 13 May 2010, being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

26. PROPOSED DIVIDEND

At the forthcoming Annual General Meeting, a final dividend of 12% less 25% taxation on 100,428,400 ordinary shares in respect of the financial year ended 31 December 2009, amounting to dividend payable of RM 9,039,000 (9 cents 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.

27. EARNINGS PER SHARE

	Current Quarter <u>31/3/2010</u>	Accumulated Current Year <u>31/3/2010</u>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,896	1,896
Weighted average number of ordinary shares in Issue ('000)	100,428	100,428
Basic earnings per share (sen)	<u>1.89</u>	<u>1.89</u>
<u>b) Diluted</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,896	1,896
Weighted average number of ordinary shares in Issue ('000)	100,428	100,428
Adjusted for :		
Assume shares issued from exercise of options ('000)	-	-
Effect of the dilution of share option ('000)	100,428	100,428
	<u>1.89</u>	<u>1.89</u>

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28. SIGNIFICANT EVENTS

On 9th February 2010 , the Company has accepted the Letter of Award for the Supply, Deliver and Renewal of CA GEN Software, Access Gen (TSO) and Composer Report for the Mainframe System for Lembaga Hasil Dalam Negeri Malaysia ("LHDNM")

By Order of the Board

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

Secretary