

HEITECH PADU BERHAD
 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE PERIOD ENDED 30 JUNE 2010

	Unaudited 2010 As at 30 June <u>RM'000</u>	Audited 2009 As at 31 December <u>RM'000</u>
NON-CURRENT ASSETS		
Property, plant & equipment	77,801	82,966
Intangible assets	16,500	17,816
Investment in associate companies	2,400	2,669
Other investment	7,585	7,737
Trade receivables	124,395	123,136
TOTAL NON-CURRENT ASSETS	<u>228,681</u>	<u>234,324</u>
CURRENT ASSETS		
Inventories	482	1,119
Trade and other receivables	179,375	134,976
Tax recoverable	5,456	5,517
Cash and bank balances	36,839	72,216
TOTAL CURRENT ASSETS	<u>222,151</u>	<u>213,828</u>
CURRENT LIABILITIES		
Trade and other payables	101,508	106,639
Tax payable	331	451
Short term borrowings	50,817	42,932
Hire purchase payables	849	908
TOTAL CURRENT LIABILITIES	<u>153,505</u>	<u>150,930</u>
NET CURRENT ASSETS	<u>68,646</u>	<u>62,898</u>
	<u>297,328</u>	<u>297,222</u>
FINANCED BY:		
Share capital	100,435	100,428
Share premium	16,526	16,526
Other reserve	404	463
Retained profits	93,740	91,310
Shareholders' equity	<u>211,105</u>	<u>208,727</u>
Minority interests	9,715	8,995
Shareholders' Funds	<u>220,820</u>	<u>217,722</u>
Long Term Liabilities		
Long term borrowings	74,002	74,943
Hire purchase creditors	1,388	1,456
Deferred tax liabilities	1,118	3,101
Non-current liabilities	<u>76,508</u>	<u>79,500</u>
	<u>297,328</u>	<u>297,222</u>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.94	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 30/6/2010

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2010

a) Unaudited Condensed Consolidated Income Statement

	2010		2009	
	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	86,456	83,880	170,687	171,720
Other Income	853	2,840	1,295	3,710
Total Income	<u>87,309</u>	<u>86,719</u>	<u>171,982</u>	<u>175,430</u>
Staff Costs	(17,201)	(13,071)	(29,909)	(26,638)
Purchase of Hardware and Software	(3,120)	(1,954)	(7,601)	(7,241)
Leaseline Rental	(15,601)	(13,736)	(29,582)	(27,704)
Maintenance cost	(20,572)	(25,425)	(41,262)	(49,548)
Bulk mailing operating costs	(6,326)	(5,946)	(14,038)	(12,514)
Depreciation	(3,927)	(3,353)	(6,764)	(6,283)
Television program production cost	(950)	(2,176)	(3,128)	(4,870)
Professional fees	(2,452)	(1,450)	(3,334)	(1,332)
Project implementation cost	(2,935)	(1,570)	(5,036)	(3,260)
Other Operating Expenses	(12,950)	(11,918)	(25,752)	(26,255)
Total Operating Expenditure	<u>(86,033)</u>	<u>(80,599)</u>	<u>(166,405)</u>	<u>(165,645)</u>
Profit From Operations	1,276	6,121	5,577	9,786
Finance Costs	(32)	(148)	(376)	(670)
Share of Results of Associated Companies	56	(450)	101	(1,270)
Profit Before Taxation	1,300	5,523	5,302	7,846
Taxation	(213)	(1,430)	(1,650)	(2,696)
Profit for the period representing total comprehensive income	<u>1,088</u>	<u>4,093</u>	<u>3,652</u>	<u>5,150</u>

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period representing total comprehensive income	<u>1,088</u>	<u>4,093</u>	<u>3,652</u>	<u>5,150</u>
Total comprehensive income attributable to:				
Equity holders of the Parent	1,037	3,540	2,932	4,355
Minority Interest	51	553	719	795
	<u>1,088</u>	<u>4,093</u>	<u>3,652</u>	<u>5,150</u>
Number of Ordinary Shares of RM1.00 each	100,435	100,139	100,435	100,139
Earning per share attributable to equity of the parent:				
Basic for profit for the period	1.03	3.54	2.92	4.35

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 30/6/2010

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 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	Minority Interest RM'000	Total RM'000	
For the period ended 30 June 2010								
At 1 January 2010	100,428	16,526	-	463	91,310	8,995	217,722	
Effect of adopting FRS 139	-	-	-	-	(322)	-	(322)	
At 1 January 2010 (restated)	100,428	16,526	-	463	90,988	8,995	217,400	
Net profit for the period	-	-	-	-	2,932	720	3,652	
Issuance of ordinary shares pursuant to ESOS	7	-	-	-	-	-	7	
Currency translation	-	-	-	(59)	(180)	-	(239)	
At 30 June 2010	100,435	16,526	-	404	93,740	9,715	220,820	
For the period ended 30 June 2009								
At 1 January 2009	100,011	16,517	1,248	-	82,086	7,129	206,991	
Issuance of ordinary shares pursuant to ESOS	127	-	-	-	-	-	127	
Additional acquisition of shares in a subsidiary	-	-	-	-	-	1,208	1,208	
Total comprehensive income for the period	-	-	-	-	4,355	794	5,149	
Dividends	-	-	-	-	(10,011)	-	(10,011)	
At 30 June 2009	100,138	16,517	1,248	-	76,430	9,131	203,464	

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW
STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE

	2010 Period ended 30 June RM'000	2009 Year ended 31 December RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,302	17,295
Adjustment for:		
Depreciation	6,764	14,343
Interest expense	376	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	(101)	(370)
(Gain)/loss on disposal of property, plant and equipment	-	(2,796)
Interest income	(44)	(101)
Unrealised foreign exchange net	-	61
Operating profit before working capital changes	<u>12,724</u>	<u>40,829</u>
(Increase)/Decrease in inventories	638	(704)
(Increase)/Decrease in receivables	(38,712)	(9,586)
Increase/ (Decrease) in payables	<u>(3,423)</u>	<u>(3,959)</u>
Cash generated from operations	(28,274)	26,580
Interest paid	(876)	(5,680)
Taxation paid	(1,650)	(8,626)
Net cash generated from operating activities	<u>(30,299)</u>	<u>12,274</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred	(233)	(1,134)
Interest received	44	101
Purchase of property, plant and equipment	(1,598)	(17,384)
Proceed from disposal of property, plant and equipment	-	11,473
Net cash used in investing activities	<u>(1,787)</u>	<u>(6,944)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	7	426
Drawdown of term loans	-	10,254
Drawdown/(repayment) of revolving credit	6,941	5,491
Repayment of hire purchase payables	(131)	(858)
Dividend paid to Minority Interest	-	(255)
Dividend paid	-	(2,020)
Net cash generated from / (used in) financing activities	<u>6,817</u>	<u>13,038</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(25,269)	18,368
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	50,440	32,072
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>25,171</u>	<u>50,440</u>
CASH & CASH EQUIVALENT COMPRISE:		
Cash and bank balances	23,686	58,737
Fixed deposits with licensed banks	13,153	13,479
Bank overdrafts	<u>(11,668)</u>	<u>(21,776)</u>
	<u>25,171</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 30/6/2010*



**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 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

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial year ended 30/6/2010.



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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 30 June 2010
RM'000	RM'000

Statement of financial position

Group

Trade receivables	(381)	59
Retained earnings	-	(59)
Reserve - fair value adjustment	381	-

Company

Trade receivables	(304)	9
Retained earnings	-	(9)
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.

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial year ended 30/6/2010.



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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:

For the period ended 30 June 2010	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	143,016	21,560	6,112	-	170,687
RESULT					
Profit for the period	1,871	975	1,758	(951)	3,652

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 30 June 2010 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 30 June 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 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 30 June 2010 is as follows:

	Unaudited Financial Period <u>30/6/10</u> RM'000
Approved and contracted for	<u>2,890</u>
Approved but not contracted for	<u>1,783</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 17 August 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 RM170,687,000 for the 6 months period ended 30 June 2010, a decrease of RM1,033,000 or 1% relative to the corresponding period ended 30 June 2009. The decrease in revenue was due to decline in trading of hardware and software from the system integration business.

The Group recorded profit before taxation of RM5,302,000 for the 6 months period ended 30 June 2010, a decrease of RM2,545,000 or 32% relative to the corresponding period ended 30 June 2009. The decrease was due to one time gain from sale and leaseback of IT equipment amounting to RM2,700,000 in the corresponding period ended 30 June 2009.



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The Group further recorded a profit after taxation of RM3,652,000 for the 6 months period ended 30 June 2010. This represents a decrease of RM1,498,000 compared to the corresponding period ended 30 June 2009 as a result of decrease in profit before taxation.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded revenue of RM86,456,000 for the current quarter ended 30 June 2010, an increase of RM 2,225,000 or 3% relative to the preceding quarter ended 31 March 2010.

The Group recorded profit before taxation of RM1,300,000 for the current quarter ended 30 June 2010, a decrease of RM2,700,000 relative to the preceding quarter ended 31 March 2010.

The increase in revenue was mainly attributed to trading of hardware and software for the current period under review. However, profit before tax recorded a decrease due to expiry of a maintenance contract, which pending finalization of the contract renewal.

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 30/6/2010	Accumulated Current Year 30/6/2010
	RM'000	RM'000
Current Taxation	213	1,650

20. PROFIT ON SALE OF INVESTMENTS

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



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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 30 June 2010, the Group has the following borrowings which are denominated in Ringgit Malaysia from a local financial institution:-

	Total <u>RM'000</u>
Secured:	
<u>Short Term Borrowings</u>	
Hire Purchase Creditor due within 12 months	849
Other short term borrowings due within 12 months	<u>50,817</u>
	<u>51,666</u>
<u>Long Term Borrowings</u>	
Hire Purchase Creditor due after 12 months	1,388
Other long term borrowings due after 12 months	<u>74,002</u>
	<u>75,390</u>
Total	<u><u>127,056</u></u>

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheet risk as at 17 August 2010 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

25. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 17 August 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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26. 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>30/6/2010</u>	Accumulated Current Year <u>30/6/2010</u>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,037	2,932
Weighted average number of ordinary shares in Issue ('000)	100,435	100,435
Basic earnings per share (sen)	<u>1.03</u>	<u>2.92</u>
<u>b) Diluted</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,037	2,932
Weighted average number of ordinary shares in Issue ('000)	100,435	100,435
Adjusted for :		
Assume shares issued from exercise of options ('000)	2,096	2,096
Effect of the dilution of share option ('000)	102,531	102,531
	<u>1.01</u>	<u>2.86</u>



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28. SIGNIFICANT EVENTS

On 17th May 2010, the Company has accepted a Letter of Award from the Government of Malaysia for “Pelaksanaan Peralihan Sistem Imigresen Malaysia (SIM) di Jabatan Imigresen Malaysia”.

On 2nd June 2010, the Company has accepted a Letter of Award from the Government of Malaysia for the Supply, Install, Design, Built, Integrate, Testing and Commissioning, and Maintenance of Hardware, Software and the Application System for the CRS, for MAMPU.

On 26th July 2010 , the Company has accepted a Letter of Award from the Government of Malaysia for “The Supply, Analysis, Design, Development, Installation and Configuration, Testing, Training, Commissioning, Deployment, Maintenance and Support within Warranty Period of an Integrated Solution for Road Transport Department of Malaysia”.

On 5th August 2010 , the Company has accepted the a Letter of Award from the Government of Malaysia for the “Maintenance Services of the Main Business ICT System for the National Registration Department”.

On 13th August 2010 , the Company has accepted the Letter of Award from the Government of Malaysia for the sixth extension of the contract for the Maintenance Services of WAN and LAN Network System for Jabatan Imigresen Malaysia ("JIM") and the expansion of the scope of services to 48 domestic branches and 16 branches abroad.

By Order of the Board

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

Secretary