

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

	Unaudited 2010 As at 30 September RM'000	Audited 2009 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	70,334	82,966
Intangible assets	15,890	17,816
Investment in associate companies	2,307	2,669
Other investment	7,536	7,737
Trade receivables	124,395	123,136
TOTAL NON-CURRENT ASSETS	220,462	234,324
CURRENT ASSETS		
Inventories	463	1,119
Trade and other receivables	174,603	134,976
Tax recoverable	5,456	5,517
Cash and bank balances	29,633	72,216
TOTAL CURRENT ASSETS	210,155	213,828
CURRENT LIABILITIES		
Trade and other payables	85,733	106,639
Tax payable	370	451
Short term borrowings	45,736	42,932
Hire purchase payables	254	908
TOTAL CURRENT LIABILITIES	132,093	150,930
NET CURRENT ASSETS	78,062	62,898
	298,524	297,222
FINANCED BY:		
Share capital	100,435	100,428
Share premium	16,526	16,526
Share option reserve	231	-
Other reserve	333	463
Retained profits	94,623	91,310
Shareholders' equity	212,148	208,727
Minority interests	9,695	8,995
Shareholders' Funds	221,843	217,722
Long Term Liabilities		
Long term borrowings	74,002	74,943
Hire purchase creditors	1,403	1,456
Deferred tax liabilities	1,276	3,101
Non-current liabilities	76,681	79,500
	298,524	297,222
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.95	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 30/9/2010

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

a) Unaudited Condensed Consolidated Income Statement

	2010		2009	
	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30 Sept	Comparative quarter ended 30 Sept	9 months cumulative to date	Comparative 9 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	134,393	94,680	305,080	266,400
Other Income	1,115	276	2,411	3,987
Total Income	135,508	94,956	307,491	270,387
Staff Cost	(17,030)	(12,838)	(46,939)	(39,476)
Purchase of Hardware and Software	(32,999)	(9,190)	(40,600)	(16,431)
Leaseline Rental	(12,432)	(12,448)	(40,013)	(40,152)
Maintenance Cost	(18,483)	(19,746)	(59,745)	(66,794)
Bulk Mailing Operating Cost	(11,261)	(10,655)	(25,300)	(23,169)
Depreciation	(5,454)	(5,490)	(12,219)	(11,773)
Television Program Production Cost	(1,009)	(1,243)	(4,137)	(6,113)
Professional Fees	(8,021)	(7,282)	(13,355)	(9,614)
Project Implementation Cost	(8,802)	(4,126)	(13,837)	(7,386)
Other Operating Expenses	(14,129)	(11,320)	(39,881)	(38,575)
Total Operating Expenditure	(129,620)	(94,338)	(296,026)	(259,483)
Profit From Operations	5,888	618	11,465	10,904
Finance Cost	(4,059)	(2,233)	(4,435)	(3,403)
Share of Results of Associated Companies	(93)	84	8	(1,186)
Profit Before Taxation	1,736	(1,531)	7,038	6,315
Taxation	(641)	(637)	(2,291)	(3,333)
Profit for the period representing total comprehensive income	1,095	(2,168)	4,747	2,982

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period representing total comprehensive income	1,095	(2,168)	4,747	2,982
Total comprehensive income attributable to:				
Equity holders of the Parent	1,045	(2,138)	4,047	2,217
Minority Interest	50	(30)	700	765
	<u>1,095</u>	<u>(2,168)</u>	<u>4,747</u>	<u>2,982</u>
Number of Ordinary Shares of RM1.00 each	100,435	100,139	100,435	100,139
Earning per share attributable to equity holders of the parent:				
Basic for profit for the period	1.04	(2.14)	4.03	2.21

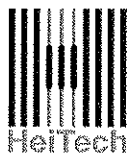
HEITECH PADU BERHAD
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	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 Sept 2010								
At 1 January 2010	100,428	16,526	-	463	91,310	8,995	217,722	
Effect of adopting FRS 139					(381)	-	(381)	
At 1 January 2010 (restated)	100,428	16,526	-	463	90,929	8,995	217,341	
Net profit for the period	-	-	-	-	4,047	700	4,747	
Issuance of ordinary shares pursuant to ESOS	7	-	231	-	-	-	238	
Currency translation	-	-	-	(130)	(353)	-	(483)	
At 30 Sept 2010	100,435	16,526	231	333	94,623	9,695	221,843	
For the period ended 30 Sept 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	-	-	-	-	2,218	765	2,983	
Dividends	-	-	-	-	(12,017)	-	(12,017)	
At 30 Sept 2009	100,138	16,517	1,248	-	72,287	9,102	199,292	

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW
STATEMENTS FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2010

	2010 Period ended 30 Sept RM'000	2009 Year ended 31 December RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,038	17,295
Adjustment for:		
Depreciation	12,219	14,343
Interest expense	4,435	5,680
Provision for doubtful debt	(100)	3,307
Writedown of inventories	-	204
Amortisation of deferred expenditure/ intangibles	427	3,206
Share of (profit)/ loss from associated companies	(8)	(370)
(Gain)/loss on disposal of property, plant and equipment	-	(2,796)
Interest income	(161)	(101)
Unrealised foreign exchange net	-	61
Operating profit before working capital changes	<u>23,850</u>	<u>40,829</u>
(Increase)/Decrease in inventories	657	(704)
(Increase)/Decrease in receivables	(32,472)	(9,586)
Increase/ (Decrease) in payables	<u>(19,281)</u>	<u>(3,959)</u>
Decrease in amount due to related companies	-	-
Cash generated from operations	(27,246)	26,580
Interest paid	(4,435)	(5,680)
Taxation paid	<u>(2,291)</u>	<u>(8,626)</u>
Net cash generated from operating activities	<u>(33,972)</u>	<u>12,274</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred	(233)	(1,134)
Interest received	161	101
Purchase of property, plant and equipment	414	(17,384)
Proceed from disposal of property, plant and equipment	-	11,473
Net cash used in investing activities	<u>342</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	1,859	5,491
Repayment of hire purchase payables	(711)	(858)
Dividend paid to Minority Interest	-	(255)
Dividend paid	-	(2,020)
Net cash generated from / (used in) financing activities	<u>1,155</u>	<u>13,038</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(32,475)	18,368
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE		
YEAR	50,440	32,072
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>17,965</u>	<u>50,440</u>
CASH & CASH EQUIVALENT COMPRISE:		
Cash and bank balances	13,434	58,737
Fixed deposits with licensed banks	16,199	13,479
Bank overdrafts	<u>(11,668)</u>	<u>(21,776)</u>
	<u>17,965</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 30/9/2010



**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/9/2010.



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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 has 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.

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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 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:

As at 1 Jan 2010	Increase/ (decrease)	As at 30 Sept. 2010
RM'000	RM'000	RM'000

Statement of financial position

Group

Trade receivables	(381)	48	(333)
Retained earnings	-	(48)	(48)
Reserve - fair value adjustment	381	-	381

Company

Trade receivables	(304)	15	(289)
Retained earnings	-	(15)	(15)
Reserve - fair value adjustment	304	-	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 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.

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/9/2010.



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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 September 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	263,611	35,782	7,492	(1,805)	305,080
RESULT					
Profit for the period	3,098	1,182	1,704	(1,237)	4,747

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 period under review.



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11. SUBSEQUENT EVENTS

There was no material event from 30 September 2010 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 30 September 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 period 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 September 2010 is as follows:

	Unaudited Financial Period <u>30/9/10</u> RM'000
Approved and contracted for	<u>2,450</u>
Approved but not contracted for	<u>1,243</u>

14. CONTINGENT LIABILITIES

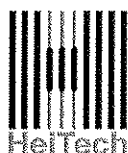
There were no contingent liabilities for the Group as at 23 November 2010 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

15. REVIEW OF PERFORMANCE

The Group recorded revenue of RM305,080,000 for the financial period ended 30 September 2010, an increase of RM38,680,000 or 15% relative to the previous financial period ended 30 September 2009. The increase in revenue was due to increase in trading of hardware and software from the system integration business.

The Group recorded profit before taxation of RM7,038,000 for the financial period ended 30 September 2010, an increase of RM723,000 or 12% relative to the financial period ended 30 September 2009. The increase in revenue was due to increase in trading of hardware and software from the system integration business.

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/9/2010.



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The Group further recorded a profit after taxation of RM4,747,000 for the financial period ended 30 September 2010. This represents an increase of RM1,765,000 compared to the previous financial period ended 30 September 2009 as a result of increase in profit before taxation.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded revenue of RM134,393,000 for the current quarter ended 30 September 2010, an increase of RM 47,937,000 or 56% relative to the preceding quarter ended 30 June 2010.

The Group recorded profit before taxation of RM1,736,000 for the current quarter ended 30 September 2010, an increase of RM436,000 relative to the preceding quarter ended 30 June 2010.

The increase in revenue mainly attributed from trading of hardware and software for the current period under review.

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 period under review is as follows:-

	Current Quarter	Accumulated Current Year To date
	<u>30/9/2010</u>	<u>30/9/2010</u>
	RM'000	RM'000
Current Taxation	641	2,291

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/9/2010.



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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

There were no acquisitions or disposal of quoted securities for the financial period under review.

22. CORPORATE DEVELOPMENTS

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

23. GROUP BORROWINGS AND DEBT SECURITIES

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

	Total RM'000
Secured:	
<u>Short Term Borrowings</u>	
Hire Purchase Creditor due within 12 months	254
Other short term borrowings due within 12 months	45,736
	<u>45,990</u>
<u>Long Term Borrowings</u>	
Hire Purchase Creditor due after 12 months	1,403
Other long term borrowings due after 12 months	74,002
	<u>75,405</u>
Total	<u>121,395</u>

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheet risk as at 23 November 2010 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/9/2010.



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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 23 November 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

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

27. EARNINGS PER SHARE

	Current Quarter	Accumulated Current Year To date
	<u>30/9/2010</u>	<u>30/9/2010</u>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,045	4,047
Weighted average number of ordinary shares in Issue ('000)	100,435	100,435
Basic earnings per share (sen)	1.04	4.03
<u>b) Diluted</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,045	4,047
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
	1.02	3.95

This document forms part of the unaudited quarterly announcement of HeiTech Group for the financial period ended 30/9/2010.



HEITECH PADU BERHAD

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28. SIGNIFICANT EVENTS

1. On 13th August 2010, the Company has accepted the Letter of Award from the Government of Malaysia amounting to RM7.2 million 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.
2. On 5th August 2010, the Company has accepted the Letter of Award from the Government of Malaysia amounting to RM74.9 million for the "Maintenance Services of the Main Business ICT System for the National Registration Department".
3. On 27th July 2010, the Company has accepted a Letter of Award from the Government of Malaysia amounting to RM282 million 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".

By Order of the Board

KHAERUDDIN BIN SUDHARMIN (LS007037)

NORISWADI BIN HAJI ISMAIL (LS0008892)

Secretary