

HEITECH PADU BERHAD
 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED 31 DECEMBER 2010

	Unaudited 2010 As at 31 December RM'000	Audited 2009 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	72,769	82,966
Intangible assets	15,101	17,816
Investment in associate companies	3,020	2,669
Other investment	8,155	7,737
Trade receivables	144,220	123,136
TOTAL NON-CURRENT ASSETS	243,265	234,324
CURRENT ASSETS		
Inventories	373	1,119
Trade and other receivables	151,168	134,976
Tax recoverable	6,156	5,517
Cash and bank balances	103,283	72,216
TOTAL CURRENT ASSETS	260,980	213,828
CURRENT LIABILITIES		
Trade and other payables	140,324	106,639
Tax payable	593	451
Short term borrowings	5,353	42,932
Hire purchase payables	826	908
TOTAL CURRENT LIABILITIES	147,096	150,930
NET CURRENT ASSETS	113,884	62,898
	357,150	297,222
FINANCED BY:		
Share capital	100,717	100,428
Share premium	16,526	16,526
Share option reserve	594	-
Other reserve	133	463
Retained profits	86,144	91,310
Shareholders' equity	204,114	208,727
Minority interests	8,580	8,995
Shareholders' Funds	212,693	217,722
Long Term Liabilities		
Long term borrowings	140,105	74,943
Hire purchase creditors	501	1,456
Deferred tax liabilities	3,851	3,101
Non-current liabilities	144,457	79,500
	357,150	297,222
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.88	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 31/12/2010

HEITECH PADU BERHAD
 UNAUDITED CONDENSED CONSOLIDATED OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2010

a) Unaudited Condensed Consolidated Income Statement

	2010		2009	
	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31 Dec	Comparative quarter ended 31 Dec	12 months cumulative to date	Comparative 12 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	134,572	156,579	439,652	406,968
Other Income	3,311	2,427	5,721	6,398
Total Income	137,882	159,006	445,373	413,366
Staff Cost	(19,106)	(19,266)	(66,046)	(59,881)
Purchase of Hardware and Software	(38,910)	(15,525)	(109,510)	(31,544)
Leaseline Rental	(15,347)	(15,131)	(55,360)	(55,300)
Maintenance Cost	(13,313)	(10,492)	(48,057)	(79,840)
Bulk Mailing Operating Cost	(4,231)	(6,510)	(14,531)	(14,780)
Depreciation	(2,490)	(2,792)	(11,709)	(14,343)
Television Program Production Cost	(1,355)	(1,047)	(8,492)	(7,160)
Project Implementation Cost	(18,838)	(60,190)	(56,030)	(69,353)
Other Operating Expenses	(12,305)	(12,715)	(52,186)	(58,560)
Total Operating Expenditure	(125,894)	(143,668)	(421,921)	(390,761)
Profit From Operations	11,988	15,338	23,452	22,605
Finance Cost	(1,424)	(5,146)	(5,860)	(5,680)
Share of Results of Associated Companies	344	1,051	352	370
Profit Before Taxation	10,908	11,243	17,944	17,295
Taxation	(5,542)	(3,443)	(7,833)	(6,479)
Profit for the period representing total comprehensive income	5,366	7,800	10,112	10,816

b) Unaudited Condensed Consolidated Statement of Comprehensive Income

Profit for the period representing total comprehensive income	5,366	7,800	10,112	10,816
Total comprehensive income attributable to:				
Equity holders of the Parent	4,673	7,840	8,722	9,969
Minority Interest	694	(40)	1,390	847
	<u>5,367</u>	<u>7,800</u>	<u>10,112</u>	<u>10,816</u>
Number of Ordinary Shares of RM1.00 each	100,717	100,428	100,717	100,428
Earning per share attributable to equity holders of the parent:				
Basic for profit for the period	4.64	7.81	8.66	9.93

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

	Non-distributable			Distributable			Total RM'000
	Share capital RM'000	Share premium RM'000	Share Option reserves RM'000	Foreign Exchange Reserve RM'000	Retained profits RM'000	Total RM'000	
For the year ended 31 Dec 2010							
At 1 January 2010	100,428	16,526	-	463	91,310	208,727	8,995
Effect of adopting FRS 139				-	(381)	(381)	-
At 1 January 2010 (restated)	100,428	16,526	-	463	90,929	208,346	8,995
Net profit for the period	-	-	-	-	8,722	8,722	1,390
Issuance of ordinary shares pursuant to ESOS	289	-	594	-	-	883	-
Disposal of a subsidiary	-	-	-	-	-	-	(245)
Currency translation	-	-	-	(330)	654	324	-
Dividends	-	-	-	-	(14,161)	(14,161)	(1,560)
At 31 Dec 2010	100,717	16,526	594	133	86,144	204,114	8,580
For the year ended 31 Dec 2009							
At 1 January 2009	100,011	16,517	1,248	-	82,098	199,874	7,129
Issuance of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-
Additional acquisition of shares in a subsidiary	-	-	-	-	-	-	1,274
Currency translation	-	-	-	463	-	463	-
Total comprehensive income for the period	-	-	-	-	9,969	9,969	847
Issuance of shares for cash	417	9	-	-	-	426	-
Share option expired	-	-	(1,248)	-	1,248	-	-
Dividends	-	-	-	-	(2,005)	(2,005)	(255)
At 31 Dec 2009	100,428	16,526	-	463	91,310	208,727	8,995

The Condensed Consolidated Statement of Changes in Equity 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 31/12/2010

HEITECH PADU BERHAD
 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW
 STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	Period ended 31 December RM'000	Year ended 31 December RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	17,944	17,295
Adjustment for:		
Depreciation	11,709	14,343
Interest expense	5,860	5,680
Provision for doubtful debt	725	3,307
Provision for diminution in value of investment	236	-
Writedown of inventories	-	204
Amortisation of deferred expenditure/ intangibles	3,206	3,206
Share of (profit)/ loss from associated companies	(352)	(370)
(Gain)/loss on disposal of property, plant and equipment	-	(2,796)
Interest income	(182)	(101)
Unrealised foreign exchange net	-	61
Operating profit before working capital changes	<u>39,146</u>	<u>40,829</u>
(Increase)/Decrease in inventories	747	(704)
(Increase)/Decrease in receivables	(28,501)	(9,586)
Increase/ (Decrease) in payables	35,307	(3,959)
Cash generated from operations	<u>46,699</u>	<u>26,580</u>
Interest paid	(5,860)	(5,680)
Taxation paid	(7,833)	(8,626)
Net cash generated from operating activities	<u>33,006</u>	<u>12,274</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred	(491)	(1,134)
Interest received	182	101
Purchase of investments	(1,170)	-
Purchase of property, plant and equipment	(2,453)	(17,384)
Proceed from disposal of property, plant and equipment	942	11,473
Proceed from disposal of investment	51	-
Net cash used in investing activities	<u>(2,939)</u>	<u>(6,944)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	288	426
Drawdown of term loans	57,000	10,254
Drawdown/(repayment) of revolving credit	(17,752)	5,491
Repayment of hire purchase payables	(1,039)	(858)
Dividend paid to Minority Interest	(1,560)	(255)
Dividend paid	(14,161)	(2,020)
Net cash generated from / (used in) financing activities	<u>22,776</u>	<u>13,038</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	52,843	18,368
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	50,440	32,072
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>103,283</u>	<u>50,440</u>
CASH & CASH EQUIVALENT COMPRISE:		
Cash and bank balances	55,703	58,737
Fixed deposits with licensed banks	47,580	13,479
Bank overdrafts	-	(21,776)
	<u>103,283</u>	<u>50,440</u>



**UNAUDITED RESULTS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 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 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 31 Dec 2010
	RM'000	RM'000	RM'000
Statement of financial position			
Group			
Trade receivables	(381)	248	(133)
Retained earnings	-	(248)	(248)
Reserve - fair value adjustment	381	-	381
Company			
Trade receivables	(304)	59	(245)
Retained earnings	-	(59)	(59)
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.



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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 year ended 31 December 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	403,842	23,029	14,781	(2,000)	439,652
RESULT					
Profit for the year	9,686	833	3,474	(3,919)	10,074

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 31 December 2010 to the date of this announcement, which affects substantially the results of the operations of the Group for the year ended 31 December 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 year ended 31 December 2010 is as follows:

	Unaudited Financial Year <u>31/12/10</u> RM'000
Approved and contracted for	<u>2,551</u>
Approved but not contracted for	<u>702</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 17 February 2011 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

The Group recorded revenue of RM439,652,000 for the financial year ended 31 December 2010, an increase of RM31,672,000 or 8% relative to the previous financial year ended 31 December 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 RM17,944,000 for the financial year ended 31 December 2010, an increase of RM649,000 or 4% relative to the financial year ended 31 December 2009. The increase in profit before taxation was due to increase in trading of hardware and software from the system integration business.

The Group further recorded a profit after taxation of RM10,112,000 for the financial year ended 31 December 2010. This represents a decrease of RM704,000 compared to the previous financial year ended 31 December 2009 as a result of increase in taxation.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The group recorded revenue of RM134,571,000 for the current quarter ended 31 December 2010, an increase of RM 179,000 or 1% relative to the preceding quarter ended 30 September 2010.

The Group recorded profit before taxation of RM10,908,000 for the current quarter ended 31 December 2010, an increase of RM9,172,000 relative to the preceding quarter ended 30 September 2010.

The increase in revenue and profit before tax 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.



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19. TAXATION

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

	Current Quarter	Accumulated Current Year Todate
	<u>31/12/2010</u>	<u>31/12/2010</u>
	RM'000	RM'000
Current Taxation	5,580	7,870

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 31 December 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	826
Other short term borrowings due within 12 months	<u>5,353</u>
	<u>6,179</u>
<u>Long Term Borrowings</u>	
Hire Purchase Creditor due after 12 months	501
Other long term borrowings due after 12 months	<u>140,105</u>
	<u>140,606</u>
Total	<u>146,785</u>



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24. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

Pursuant to Bursa Malaysia directive dated 20th December 2010, a listed issuer is required to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of reporting period on a group basis into realized and unrealized profits or losses. As stated in the Directive, the Realised and Unrealised Profits and Losses Disclosure is applicable to quarterly reports and annual audited accounts for the financial period ending on or after 30th September 2010. The comparative figures are not required in the first financial year of complying with this disclosure.

	Current financial period RM'000	As at end of financial year RM'000
Total (losses)/retained profits of the Company and its subsidiaries:		
- Realised	8,316	85,621
- Unrealised	1,712	3,850
Total profit/retained profits from associated companies:		
- Realised	352	3,020
- Unrealised	-	-
Less: Consolidated adjustments	(5,707)	(6,347)
Total Group (losses)/retained profits as per consolidated account	4,673	86,144

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off balance sheet risk as at 17 February 2011 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. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 17 February 2011, being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

27. PROPOSED DIVIDEND

The company has declared an interim dividend of 6.7% less 25% taxation in respect of financial year ended 31 December 2010 on 100,716,500 ordinary shares. The total dividend paid is RM5,061,009.00 (5.03 sen net per ordinary share) and was paid on 31 January 2011.

There were no other dividends proposed in respect of the current financial year under review.

28. EARNINGS PER SHARE

	Current Quarter	Accumulated Current Year To date
	<u>31/12/2010</u>	<u>31/12/2010</u>
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	4,673	8,722
Weighted average number of ordinary shares in Issue ('000)	100,717	100,717
Basic earnings per share (sen)	4.64	8.66
<u>b) Diluted</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	4,673	8,722
Weighted average number of ordinary shares in Issue ('000)	100,717	100,717
Adjusted for :		
Assume shares issued from exercise of options ('000)	2,096	2,096
Effect of the dilution of share option ('000)	102,813	102,813
	4.54	8.48



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29. SIGNIFICANT EVENTS

On 14th December 2010, the Company has accepted a Letter of Award from the Government of Malaysia for the maintenance of the computer system of the Road Transport Department of Malaysia amounting to RM36,795,419.00.

By Order of the Board

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

Secretary

