

HELI ELECTRONICS CORP.  
Form 10-Q  
November 08, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended **September 30, 2010**

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **000-53692**

**HELI ELECTRONICS CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or  
organization)

**N/A**

(IRS Employer Identification No.)

**No. 50 Fengxiang South Road, Jinaggao Town, Baiyun District, Guangzhou, P.R. China**

(Address of principal executive offices) (Zip Code)

**(86) 020-36356928**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting  
company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)  
 YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES  NO

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

YES  NO

**APPLICABLE ONLY TO CORPORATE ISSUERS**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 272,000,000 common shares issued and outstanding as of November 5, 2010

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Heli Electronics Corp. and Subsidiaries  
Consolidated Balance Sheets**

	<b>September 30, 2010 (Unaudited)</b>	<b>December 31, 2009</b>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,121,625	\$ 270,775
Accounts receivable, net	16,724,185	3,335,423
VAT receivable	64,360	-
Inventories, net	3,083,314	1,084,061
Advance to suppliers	1,116,455	183,661
<b>Total current assets</b>	<b>22,109,939</b>	<b>4,873,920</b>
Property and equipment, net	25,087	15,338
<b>Total Assets</b>	<b>\$ 22,135,026</b>	<b>\$ 4,889,258</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable	\$ 9,495,574	\$ 1,782,663
Accrued liabilities	268,840	62,868
Income tax payable	859,122	742,959
<b>Total current liabilities</b>	<b>10,623,536</b>	<b>2,588,490</b>
Due to related parties	2,905,631	-
<b>Total Liabilities</b>	<b>13,529,167</b>	<b>2,588,490</b>
<b>Shareholders' Equity</b>		
Preferred Stock, \$0.00001 par value, 100,000,000 shares authorized, 0 shares outstanding at September 30, 2010 and December 31, 2009, respectively	-	-
Common Stock \$0.0001 par value, 12,000,000,000 shares authorized, 272,000,000 shares issued and outstanding at September 30, 2010 and 144,280,000 shares issued and outstanding at December 31, 2009, respectively	2,720	1,443
Additional paid-in capital	347,305	70,632
Accumulated other comprehensive income (loss)	216,253	(4,129)
Statutory reserve fund	223,421	223,421
Retained earnings	7,816,160	2,009,401
<b>Total shareholders' equity</b>	<b>8,605,859</b>	<b>2,300,768</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 22,135,026</b>	<b>\$ 4,889,258</b>

The accompanying notes are an integral part of these consolidated financial statements



**Heli Electronics Corp. and Subsidiaries**  
**Consolidated Statements of Operations and Comprehensive Income**

	Three Months ended September 30,		Nine Months ended September 30,	
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)
<b>Revenue</b>	\$ 32,066,034	\$ 7,987,833	\$ 75,759,613	\$ 22,011,133
<b>Cost of Goods Sold</b>	(28,097,447)	(7,005,046)	(66,327,417)	(19,251,868)
<b>Gross Profit</b>	3,968,587	982,787	9,432,196	2,759,265
<b>General and administrative</b>				
Selling Expenses	295,788	81,792	699,539	234,712
General and administrative	526,589	115,123	900,006	326,558
Depreciation	1,253	890	3,289	1,878
Total operating expenses	823,630	197,805	1,602,834	563,148
<b>Income before income taxes</b>	3,144,957	784,982	7,829,362	2,196,117
Income taxes	(847,485)	(196,246)	(2,022,603)	(551,283)
<b>Net income</b>	\$ 2,297,472	\$ 588,736	\$ 5,806,759	\$ 1,644,834
<b>Other Comprehensive Income</b>				
Foreign currency translation adjustment	197,591	4,722	220,382	1,447
<b>Comprehensive Income</b>	\$ 2,495,063	\$ 593,458	\$ 6,027,141	\$ 1,646,281
<b>Earnings per share - basic and diluted</b>	\$ 0.01	\$ 0.00	\$ 0.03	\$ 0.01
<b>Weighted-average shares outstanding - basic and diluted</b>	268,901,099	144,280,000	200,087,912	144,280,000

The accompanying notes are an integral part of these consolidated financial statements

**Heli Electronics Corp. and Subsidiaries**  
**Consolidated Statements of Changes in Shareholders' Equity**  
For the nine months ended September 30, 2010

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Statutory Reserve Fund	Accumulated Other Comprehensive Income	Retained Earnings (Unrestricted)	Total Shareholders' Equity
<b>Balances, December 31, 2009</b>	144,280,000	1,443	70,632	223,421	(4,129)	2,009,401	2,300,768
Retain of 121,720,000 shares by original Dong Fang shareholders	121,720,000	1,217	(23,292)	-	-	-	(22,075)
Issuance of 6,000,000 shares at \$0.05 per share	6,000,000	60	299,965	-	-	-	300,025
Foreign currency translation adjustment	-	-	-	-	220,382	-	220,382
Net income for the nine months ended September 30, 2010 (unaudited)	-	-	-	-	-	5,806,759	5,806,759
<b>Balance at September 30, 2010 (Unaudited)</b>	272,000,000	\$ 2,720	\$ 347,305	\$ 223,421	\$ 216,253	\$ 7,816,160	\$ 8,605,859

The accompanying notes are an integral part of these consolidated financial statements

**Heli Electronics Corp. and Subsidiaries**  
**Consolidated Statements of Cash Flows**

	<b>Nine Months ended September 30,</b>	
	<b>2010 (Unaudited)</b>	<b>2009 (Unaudited)</b>
<b>Cash Flows From Operating Activities</b>		
Net Income	\$ 5,806,759	\$ 1,644,834
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	3,323	1,878
Changes in operating assets and liabilities:		
Accounts receivable, net	(13,310,314)	(3,682,415)
VAT receivable	(64,360)	95,649
Advance to suppliers	(928,474)	-
Inventories, net	(1,973,756)	(371,567)
Accounts payable and accrued liabilities	7,875,476	2,776,465
Customer deposit	-	(125,892)
Corporate tax payable	98,689	551,621
Net cash provided by (used in) operating activities	(2,492,657)	890,573
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(12,476)	(12,013)
Net cash used in investing activities	(12,476)	(12,013)
<b>Cash Flows From Financing Activities</b>		
Net proceeds of share issuance	277,950	-
Due to related parties	2,905,631	-
Net cash provided by financing activities	3,183,581	-
<b>Effect of exchange rate changes on cash</b>	172,402	1,327
<b>Net increase in cash and cash equivalents</b>	850,850	879,887
<b>Cash and cash equivalents, beginning of period</b>	270,775	60,753
<b>Cash and cash equivalents, end of period</b>	\$ 1,121,625	\$ 940,640
<b>Supplemental disclosure information:</b>		
Income taxes paid	\$ 1,906,440	\$ 338
Interest paid	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements



**Heli Electronics Corp.**

Notes to Financial Statements and disclosures

For nine months ended September 30, 2010

**NOTE 1. DESCRIPTION OF BUSINESS AND ORGANIZATION**

On June 14, 2010, the Heli and Heli BVI entered into a Share Exchange Agreement whereby, Heli agreed to acquire all of the share capital in Heli BVI in exchange for 144,280,000 shares of Heli's common stock. The transaction was accounted for as a reverse merger and recapitalization whereby the Heli BVI was considered the accounting acquirer.

Prior to the consummation of the share exchange and the issuances and cancellations contemplated therein, Heli Electronics had 720,720,000 shares common stock issued and outstanding following a 120 for 1 forward split. Upon the closing of the transactions contemplated by the Share Exchange Agreement Heli Electronics issued 144,280,000 shares of common stock to the Heli Shareholders and cancelled an aggregate of 599,000,000 shares of common stock held by its former director and officers. Upon completion, Heli Electronics had 266,000,000 shares of common stock issued and outstanding. Of the 266,000,000 shares issued and outstanding as of the closing of the share exchange, 121,720,000 were held by the former shareholders of Heli Electronics, 144,280,000 shares were held by the equity owners of Heli Guangzhou. Upon closing, liabilities of Heli Electronics assumed by the Company were less than \$10,000.

The Company became a wholly owned subsidiary of Heli Electronics upon the closing of the share exchange on June 15, 2010.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of preparation**

The accounting policies and methods followed in preparing these unaudited condensed consolidated financial statements are those used by Company as described in Note 2 of the notes to consolidated financial statements included in the Annual Report on Form 8K. The unaudited condensed consolidated financial statements for the three- and nine-month periods ended September 30, 2010 and 2009 have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission and do not conform in all respects to the disclosure and information that is required for annual consolidated financial statements. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These interim condensed consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements of the Company.

In the opinion of management, all adjustments, all of which are of a normal recurring nature, considered necessary for fair statement have been included in these interim condensed consolidated financial statements. Operating results for the three- and nine-month periods ended September 30, 2010 are not indicative of the results that may be expected for the full year ending December 31, 2010.

**b. Basis of consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries Heli Guangzhou, Xinde, Heli Hong Kong and Heli BVI. All significant inter-company transactions and balance have been eliminated upon consolidation.



**Heli Electronics Corp.**

Notes to Financial Statements and disclosures

For nine months ended September 30, 2010

**c. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

**d. Foreign currency translation**

The exchange rates used for foreign currency translation were as follows (USD\$1 = HKD):

Period Covered	Balance Sheet Date Rates	Average Rates
Year ended December 31, 2009	7.7551	7.7522
Nine months ended September 30, 2009	7.7569	7.7524
Nine months ended September 30, 2010	7.7582	7.77172

The exchange rates used for foreign currency translation were as follows (USD\$1 = RMB):

Period Covered	Balance Sheet Date Rates	Average Rates
Year ended December 31, 2009	6.8540	6.9372
Nine months ended September 30, 2009	6.8176	6.8217
Nine months ended September 30, 2010	6.6800	6.7981

**e. Recently issued accounting pronouncements**

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

**NOTE 3. INCOME TAX**

Heli Information Tech. (Guangzhou) Co., Ltd. was established in Guangzhou, PRC and was entitled to a preferential Enterprise Income Tax (EIT) rate. Heli Information Tech. (Guangzhou) Co., Ltd. is governed by the Income Tax Law of the PRC concerning the private-run enterprises, which are generally subject to tax at a statutory rate of 25% on income reported in the statutory financial statements after appropriate tax adjustments in 2010 and 2009. As of September 30, 2010 and December 31, 2009, the Company had tax payable of \$859,122 and \$742,959, respectively.

The provision for taxes on earnings consisted of:

	Nine months ended September 30,	
	2010	2009
Current income taxes expenses:		
PRC Enterprises Income Taxes:	\$ 2,022,603	\$ 551,283
United States Federal Income Taxes	-	-
Total	\$ 2,022,603	\$ 551,283

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**Heli Electronics Corp.**

Notes to Financial Statements and disclosures

For nine months ended September 30, 2010

A reconciliation between the income tax computed at the U.S. statutory rate and the Group's provision for income tax is as follows:

	Nine months ended	
	September 30, 2010	September 30, 2009
U.S. statutory rate	34%	34%
Foreign income not recognized in the U.S.	-34%	-34%
PRC preferential enterprise income tax rate	25%	25%
Permanent differences related to other expenses	0.8%	0.1%
Provision for income tax	26.0%	25.0%
<u>Accounting for Uncertainty in Income Taxes</u>		

The Company accounts for uncertainty in income taxes in accordance with applicable accounting standards, which prescribe a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These accounting standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Based on the Company's evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Company may from time to time be assessed interest or penalties by major tax jurisdictions. In the event it receives an assessment for interest and/or penalties, it will be classified in the financial statements as tax expense.

**NOTE 4. RELATED PARTY BALANCE AND TRANSACTION**

On 9th May of 2010, Mr. Xin Qiu, President, Chief Executive Officer and Director of the Company loaned approximately \$2.9 million to the Company. This loan is non-interest bearing and has no maturity date.

**NOTE 5. SALES OF EQUITY**

On August 17, 2010, we issued 6,000,000 common shares of our common stock at \$0.05 per share, raising gross proceeds of \$300,025.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations****Forward Looking Statements**

This quarterly report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology including "could", "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" and the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this report.

**Results of Operations Three months Ended September 30, 2010 and 2009**

The following summary of our results of operations should be read in conjunction with our financial statements for the three months period ended September 30, 2010 which are included herein.

Our operating results for the three months ended September, 2010, for the three months ended September 30, 2009 and the changes between those periods for the respective items are summarized as follows:

	<b>Three months Ended September 30, 2010</b> \$	<b>Three months Ended September 30, 2009</b> \$	<b>Change Between Three Month Period Ended September 30, 2010 and September 30, 2009</b> \$
Revenue	32,066,034	7,987,833	24,078,201
Cost of Goods Sold	(28,097,447)	(7,005,046)	(21,092,401)
Selling expenses	295,788	81,792	213,996
General and administrative	526,589	115,123	411,466
Depreciation	1,253	890	363
Net income for the period	2,297,472	588,736	1,708,736

*Revenues*

We had revenues of \$32,066,034 during the three months ended September 30, 2010 as compared to revenues of \$7,987,833 during the three months ended September 30, 2009. Our revenues increased significantly during the nine month period ended September 30, 2010 compared to our nine month period ended September 30, 2009. The increase is attributed to several factors, including, an increase in product categories, customers and an improvement in the overall economy.

*Cost of Sales*

Our cost of sales for the three months ended September 30, 2010 were (\$28,097,447) compared to (\$7,005,046) for the three months ended September 30, 2009. The increase in our cost of sales is mainly due to the increase in sales and

our gross margin was relatively consistent with the prior year.

*Selling Expenses*

We had selling expenses of \$295,788 during the three months ended September 30, 2010 as compared to selling expenses of \$81,792 during the three months ended September 30, 2009. The increase is mainly due to an expansion of sales personnel, an increase in transportation expenses and quarterly bonuses.

*General and Administrative*

We had general and administrative expenses of \$526,589 during the three months ended September 30, 2010 compared to general and administrative expenses of \$115,123 during the three months ended September 30, 2009. The increase is mainly due to the Company paid audit fees, legal fees and transfer agent after Sales of 6,000,000 shares.

**Results of Operations    Nine months Ended September 30, 2010 and 2009**

The following summary of our results of operations should be read in conjunction with our financial statements for the nine month period ended September 30, 2010 which are included herein.

Our operating results for the nine months ended September 30, 2010, for the nine months ended September 30, 2009 and the changes between those periods for the respective items are summarized as follows:

	<b>Nine months Ended September 30, 2010</b> \$	<b>Nine months Ended September 30, 2009</b> \$	<b>Change Between Nine Month Period Ended September 30, 2010 and September 30, 2009</b> \$
Revenue	75,759,613	22,011,133	53,748,480
Cost of Goods Sold	(66,327,417)	(19,251,868)	(47,075,549)
Selling expenses	699,539	234,712	464,827
General and administrative	900,006	326,558	573,448
Depreciation	3,289	1,878	1,411
Net income for the period	5,806,759	1,644,834	4,161,925

*Revenues*

We had revenues of \$75,759,613 during the nine months ended September 30, 2010 as compared to revenues of \$22,011,133 during the nine months ended September 30, 2009. Our revenues increased significantly during the nine month period ended September 30, 2010 compared to our nine month period ended September 30, 2009. The increase is attributed to several factors, including, an increase in product categories, customers and an improvement in the overall economy. We experienced an increase of 40 product categories during our nine month period ended September 30, 2010 compared to our nine month period ended September 30, 2009. We also obtained 14 new customers during the period in 2010.

*Cost of Sales*

Our cost of sales for the nine months ended September 30, 2010 were (\$66,327,417), compared to our cost of sales for the nine months ended September 30, 2009, which were (\$19,251,868). The increase in our cost of sales is mainly due to the increase in sales and our gross margin was relatively consistent with the prior year.





*Selling Expenses*

We had selling expenses of \$699,539 during the nine months ended September 30, 2010 as compared to selling expenses of \$234,712 during the nine months ended September 30, 2009. The increase is a result of: 1) more sales persons were hired thus more wages and benefit costs; 2) more sales results in more cost for carrier and delivery; 3) higher commission expenses were paid to sales persons due to rapid growth of sales revenue.

*General and Administrative*

We had general and administrative expenses of \$900,006 during the nine months ended September 30, 2010 compared to general and administrative expenses of \$326,558 during the nine months ended September 30, 2009. The increase is mainly due to the expansion of our business to keep up with the increased demand of our products. In addition, we incurred additional administrative expenses, such as embankment protection cost and stamp tax, due to the increase in sales. In addition, the Company paid audit fees, legal fees and transfer agent after sales of 6,000,000 shares, the total of which amounted to nearly \$250,000.

**Liquidity and Financial Condition***Working Capital*

	At September 30, 2010	At December 31, 2009
Current assets	\$ 22,109,939	\$ 4,873,920
Current liabilities	10,623,536	2,588,490
Working capital	\$ 11,486,403	\$ 2,285,430

*Cash Flows*

	Nine months Ended September 30	
	2010	2009
Cash flows provided by (used in) operating activities	\$ (2,492,657)	\$ 890,573
Cash flows provided by (used in) investing activities	(12,476)	(12,013)
Cash flows provided by (used in) financing activities	3,183,581	Nil
Increase (decrease) in cash and cash equivalents	\$ 850,850	\$ 879,887

*Working Capital*

As at September 30, 2010 we had working capital of \$11,486,403 compared to \$2,285,430 as at December 31, 2009; an increase of \$9,200,973. The reason for the increase is mainly attributed to an increase of \$17,236,019 in total current assets which consisted mainly of an increase of \$13,388,762 in accounts receivable due to increased sales activity during the period in 2010 compared to 2009, offset by an increase of \$8,035,046 in total current liabilities which consisted mainly of an increase of \$7,712,911 in accounts payable due to increased purchases.

*Operating Activities*

Net cash used by operating activities was (2,492,657) for the nine months ended September 30, 2010 compared with cash provided by operating activities of \$890,573 in the same period in 2009. The increase in cash used on operating activities is mainly due to an approximately \$13 million increase in accounts receivable, an approximately \$2 million increase in inventory and an approximately \$1 million increase in advances to suppliers, partially offset by an approximately \$8 million increase in accounts payable.



### *Investing Activities*

Net cash used in investing activities was (\$12,476) for the nine months ended September 30, 2010 compared to net cash used in investing activities of (\$12,013) in the same period in 2009.

### *Financing Activities*

Net cash provided by financing activities for the nine months ended September 30, 2010 was \$3,183,581 compared to \$Nil for the nine months ended September 30, 2009. The difference was mainly attributable to a \$2,883,556 loan from shareholder during 2010.

### **Off-Balance Sheet Arrangements**

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### Critical Accounting Policies

#### *Revenue Recognition*

Our company generates revenues from the sales of audio and video electronic products. Sales are recognized when the following four revenue criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the selling price is fixed or determinable, and collectability is reasonably assured. Sales are presented net of value added tax (VAT). No return allowance is made as product returns are insignificant based on historical experience.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **Item 4. Controls and Procedures**

#### ***Management's Report on Disclosure Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president (also our principal executive officer, principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure.

As of September 30, 2010, the end of the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (also our principal executive officer, principal financial officer and principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (also our principal executive officer, principal financial officer and principal accounting officer) concluded that our disclosure controls and procedures were effective in providing reasonable assurance in the reliability of our financial reports as of the end of the period covered by this quarterly report.

#### ***Changes in Internal Control over Financial Reporting***

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2010 that have materially or are reasonably likely to materially affect, our internal controls over

financial reporting.

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

We are not aware of any legal proceedings to which we are a party or of which our property is the subject. None of our directors, officers, affiliates, any owner of record or beneficially of more than 5% of our voting securities, or any associate of any such director, officer, affiliate or security holder are (i) a party adverse to us in any legal proceedings, or (ii) have a material interest adverse to us in any legal proceedings. We are not aware of any other legal proceedings that have been threatened against us.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On August 17, 2010, we issued 6,000,000 common shares of our common stock at \$0.05 per share, raising gross proceeds of \$300,025. We have issued all of the securities to one (1) non-US person (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. [Removed and Reserved]**

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
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<u>31.1</u>	<u>Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
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<u>32.1</u>	<u>Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
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**SIGNATURES**

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**HELI ELECTRONICS CORP.**

(Registrant)

*/s/ Xin Qiu*

**Xin Qiu**

President, Chief Executive Officer and Director  
(Principal Executive Officer, Principal Financial Officer  
and Principal Accounting Officer)

Date: November \_\_\_\_, 2010