

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	Individual Quarter		Cumulative Quarter	
	2020	2019	2020	2019
	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	80,959	69,529	155,699	139,602
Other Income	11,169	329	11,878	736
Total Income	92,128	69,858	167,577	140,338
Employee Benefits Expense	(22,483)	(22,367)	(44,981)	(43,737)
Purchase of Hardware and Software	(42,976)	(18,878)	(55,143)	(24,625)
Telecommunication Costs	(7,973)	(4,227)	(10,879)	(14,211)
Software License and Hardware Maintenance Cost	901	(1,546)	(14,865)	(14,748)
Bulk Mailing Processing Charges	(1,649)	(1,233)	(3,262)	(3,581)
Depreciation and amortisation	(4,260)	(3,694)	(8,236)	(7,182)
Project Implementation Costs	(3,811)	(6,664)	(10,269)	(15,796)
Other Expenses	(4,000)	(7,843)	(11,151)	(12,517)
Total Expenditure	(86,251)	(66,452)	(158,786)	(136,397)
Profit before Finance Cost	5,877	3,406	8,791	3,941
Finance Cost	(780)	(1,516)	(1,928)	(2,808)
Share of Results of Associated Companies	(598)	(121)	(1,073)	(242)
Profit Before Taxation	4,499	1,769	5,790	891
Taxation	(568)	(154)	(670)	(286)
Profit for the period	3,931	1,615	5,120	605
Profit attributable to:				
Equity holders of the Parent	4,496	2,053	5,806	1,151
Non-controlling interests	(565)	(438)	(686)	(546)
	3,931	1,615	5,120	605
Number of Ordinary Shares	101,225	101,225	101,225	101,225
Profit per share attributable to equity holders of the parents:				
Basic earning for the period	4.44	2.03	5.74	1.14
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	3,931	1,615	5,120	605
Foreign currency translation	(762)	888	(255)	1,455
Total comprehensive income	3,169	2,503	4,865	2,060
Total comprehensive income attributable to:				
Equity holders of the Parent	3,735	2,941	5,551	2,684
Minority Interest	(566)	(438)	(686)	(624)
	3,169	2,503	4,865	2,060

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 30/06/2020.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Unaudited 2020	Audited 2019
	As at 30 June	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	64,502	56,602
Right-of-use assets	12,803	13,640
Intangible assets	7,762	7,363
Investment in associates	126	1,199
Investment in joint venture	350	350
Other investments	1,334	1,334
Deferred tax assets	-	21
TOTAL NON-CURRENT ASSETS	86,877	80,509
CURRENT ASSETS		
Inventories	499	363
Trade and other receivables	128,074	79,022
Contract assets	96,516	108,467
Prepayments	949	838
Tax recoverable	2,617	3,051
Cash and bank balances	62,461	47,133
Assets of disposal group classified as held for sale	-	2,382
TOTAL CURRENT ASSETS	291,116	241,256
CURRENT LIABILITIES		
Loans and borrowings	143,574	108,876
Trade and other payables	104,483	84,639
Tax payable	324	357
Liabilities directly associated with disposal group classified as held for sale	-	2,055
TOTAL CURRENT LIABILITIES	248,381	195,927
NET CURRENT ASSETS	42,735	45,329
	129,612	125,838
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,120)	(865)
Retained earnings/(Accumulated losses)	2,135	(3,671)
Shareholders' equity	118,766	113,215
Non-controlling interests	(5,928)	(5,242)
Shareholders' Funds	112,838	107,973
Long Term Liabilities		
Deferred tax liabilities	242	262
Long term borrowings	2,588	3,209
Lease liability	13,944	14,394
Non-current liabilities	16,774	17,865
	129,612	125,838
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.10	1.05

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 30/06/2020.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020

	<u>Non -Distributable</u>		<u>Distributable</u>		Non- Controlling Interests RM'000	<u>Total</u> RM'000
	Share capital RM'000	Foreign Currency Translation Reserve RM'000	Retained earnings/(Accumulated losses) RM'000	Total RM'000		
For the period ended 30 June 2020						
At 1 January 2020	117,751	(865)	(3,671)	113,215	(5,242)	107,973
Total comprehensive income for the period	-	(255)	5,806	5,551	(686)	4,865
At 30 June 2020	<u>117,751</u>	<u>(1,120)</u>	<u>2,135</u>	<u>118,766</u>	<u>(5,928)</u>	<u>112,838</u>
For the period ended 30 June 2019						
At 1 January 2019	117,751	(1,023)	(10,773)	105,955	(3,432)	102,523
Total comprehensive income for the period	-	1,455	1,151	2,606	(545)	2,061
At 30 June 2019	<u>117,751</u>	<u>432</u>	<u>(9,622)</u>	<u>108,561</u>	<u>(3,977)</u>	<u>104,584</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 30/06/2020.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED 30 JUNE 2020

	Period ended 30 June 2020 RM'000	Year ended 31 December 2019 RM'000
OPERATING ACTIVITIES		
Profit before taxation	5,790	6,636
Adjustments for:		
Gain on disposal of property, plant and equipment	-	(1)
Gain on disposal of subsidiary	(3,656)	-
Interest income	(341)	(1,206)
Finance costs	1,928	11,788
Finance costs on right-of-use assets	583	1,299
Amortisation of intangible assets	510	1,092
Depreciation of property, plant and equipment	6,188	11,964
Depreciation of right-of-use assets	1,538	3,009
Property, plant and equipment written off	539	1,123
Reversal of impairment loss on:		
- trade receivables	(81)	(6,079)
- other receivables	(1,082)	(267)
- property, plant and equipment	(596)	-
Impairment loss on:		
- trade receivables	121	2,440
- other receivables	69	34
- intangible assets	-	1,620
Unrealised foreign exchange gain	-	(168)
Share of results of associates	1,073	939
Operating cash flows before changes in working capital	12,583	34,223
Changes in working capital		
Inventories	(136)	276
Trade and other receivables	(48,079)	(14,884)
Contract assets	11,952	(10,355)
Prepayments	(111)	77
Contract liabilities	-	(19,746)
Trade and other payables	19,844	(8,646)
Cash flows used in operations	(3,948)	(19,055)
Profit paid	(1,928)	(2,036)
Income taxes paid	(267)	(1,199)
Net cash flows used in operating activities	(6,143)	(22,290)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,067)	(5,675)
Interest received	341	1,206
Proceeds from disposal of property, plant and equipment	-	316
Software development cost incurred	(295)	(1,216)
Increase in investment in an associate	-	(470)
Proceeds from disposal of a subsidiary	7,575	-
Net cash flows used in investing activities	(6,447)	(5,839)
FINANCING ACTIVITIES		
Drawdown of loans and borrowings	25,174	19,396
Repayment of obligations under finance leases	(542)	(541)
Dividend paid	-	(600)
Deposits (placed for)/uplifted from securities for bank borrowings	(8,619)	12,360
Interest paid	-	(9,752)
Net cash flows generated from financing activities	16,013	20,863
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	3,424	(7,266)
Effect of exchange rate changes on cash and cash equivalents	(239)	359
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(1,057)	5,850
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,128	(1,057)
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	19,326	12,617
Deposits with licensed banks	43,135	34,516
Bank overdrafts	(17,198)	(13,674)
Deposit pledged as securities for bank borrowings	(43,135)	(34,516)
	2,128	(1,057)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 30/06/2020.

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

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 MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. 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 2019.

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 2019 except for the following new/revised Malaysian Financial Reporting Standards (“MFRS”) that are issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2020.

- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

The adoption of the above standards, interpretations or amendments are not expected to have material financial impacts to the financial statements of the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

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.

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

There was no dividend paid in the financial period under review.

9. 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.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change to the composition of the Group for the current quarter under review.

11. SUBSEQUENT EVENTS

There was no subsequent event for the current quarter under review.

12. CAPITAL COMMITMENT

There is no capital commitment to purchase property, plant and equipment for the period ended 30 June 2020.

13. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 21 August 2020 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

14. SEGMENTAL REPORTING

The Group segments are reported as the following core businesses.

1. Core 1

Core 1 essentially consolidates HeiTech's brands in the information technology sectors. Activities focus on in serving the public and private sectors with the range of services and products portfolio from system integration and application development, maintenance, managed services, financial and business solutions.

2. Core 2

Core 2 represents various offerings in different sectors by the Group's subsidiaries. The offerings range from engineering works for energy sector, bulk mailing and outsourcing services, automotive/insurance claims platform services, mobile application, cooperative and smart council systems, simulation and training to various customers.

3. Core 3

In light of constant changes and volatility in the social, economic and political climates, the Group understand the needs for a dedicated team to explore and discover new potentials and possibilities. As such, during the quarter under review, the Group has carried out some reclassification to include transport sector under Core 3 as the Group believed the sector has great potentials that require a focus of its own.

14. SEGMENTAL REPORTING (CONT'D)

For the period ended 30 June 2020	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	134,286	20,084	1,329	-	155,699
RESULT					
Profit/(loss) after tax	9,439	(3,521)	(1,726)	928	5,120
Non-controlling interests	-	(686)	-	-	(686)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	9,439	(2,835)	(1,726)	928	5,806
For the period ended 30 June 2019	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	111,391	25,802	2,408	-	139,602
RESULT					
Profit/(loss) after tax	2,220	(1,155)	(218)	(243)	605
Non-controlling interests	-	(547)	-	-	(547)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	2,220	(608)	(218)	(243)	1,151

15. REVIEW OF PERFORMANCE

The Group has recorded higher cumulative revenue at RM155,699,000 in Q2 2020 against RM139,602,000 in Q2 2019 mainly due to progress from the contracts that were secured from prior year till to date.

16. COMMENTARY ON PROSPECTS

The Group's business environment is expected to remain challenging for 2020 especially due to the Covid-19 pandemic. However, the Group will continue to implement relevant strategies to overcome the challenges. These include securing recurring business from existing customers while gaining new business from both existing and new markets.

Core 1

Over the years, IT sector has becoming more competitive with the entrance of more players. Nevertheless, counting on the year of success as the incumbent in system integration and managed services, the Group is confident in establishing market confidence from both public and private sectors.

16. COMMENTARY ON PROSPECTS (CONT'D)

Core 2

Core 2 leverages on the various sectors within the Group. Core 2 is focusing towards green and renewable energy and provision on e-licensing for local councils and provision of cooperative system under the new joint venture initiative with an Indonesia party. Core 2 is also moving towards consumer and concession based initiatives and explore new offerings and potential under the industrial revolutions.

Core 3

Initially, Core 3 was poised to be the exploration arm for the Group. However, as the plan progress, it was identified that there was more focus required by the Group within the transport sector as the Group believes that the sectors possess great potentials. As such, Core 3 has been recalibrated to undertake the tasks of exploring more opportunities under the transport sector.

17. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded higher revenue at RM80,959,000 for the current quarter ended 30 June 2020 as compared to RM74,740,000 in the preceding quarter ended 31 March 2020.

The Group's also recorded higher pre and post tax-profit of RM4,499,000 and RM3,931,000 respectively for the quarter ended 30 June 2020 as opposed to pre-tax profit of RM1,291,000 and post-tax profit of RM1,189,000 for the quarter ended 31 March 2020.

18. VARIANCE ON FORECASTED PROFIT

Not applicable

19. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter 30/06/2020 RM'000	Accumulated Current Quarter 30/06/2020 RM'000
Interest income	(248)	(341)
Interest expense	780	1,928
Depreciation of property, plant and equipment	3,226	6,188
Amortisation of intangible assets	164	510
Impairment loss on :		
- Trade receivables	76	121
- Other receivables	69	69
Reversal of impairment loss on:		
- Trade receivables	(50)	(81)
- Other receivables	(600)	(1,082)

20. TAXATION

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

	Current Quarter 30/06/2020 RM'000	Accumulated Current Quarter 30/06/2020 RM'000
Current taxation	(568)	(670)

21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 June 2020, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

22. GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

	Total RM'000
Secured:	
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	137
Other short term borrowings due within 12 months	<u>143,437</u>
	<u>143,574</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	<u>2,588</u>
	<u>2,588</u>
Total	<u>146,162</u>

23. MATERIAL LITIGATIONS

ESDC Technology Sdn Bhd ("Plaintiff") vs HeiTech Padu Berhad ("Defendant")

The Plaintiff is claiming RM2,730,000 for extended services to a customer from the Defendant. The Defendant will defend the case through its appointed legal counsel. The Court has fixed the matter for full trial on the 9th to 13 November 2020.

24. PROPOSED DIVIDEND

There was no dividend proposed for the financial period under review.

25. EARNING PER SHARE

	Current Quarter 30/06/2020	Accumulated Current Quarter 30/06/2020
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	4,496	5,806
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic earning per share (sen)	4.44	5.74

b) Diluted

There is no transaction undertaken by the Group during the period that has a potential dilutive effect.

26. SIGNIFICANT EVENTS

There is no significant events by the Group during the period.

By Order of the Board

AMIR ZAHINI BIN SAHRIM (7034464)
SITI SHAHWANA BINTI ABDUL HAMID (7018383)

Secretary