



HEITECH PADU BERHAD

[Registration No. 199401024950 (310628-D)]
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter and Period Ended 31 December 2021**

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Individual Quarter		Cumulative Quarter	
	2021	2020	2021	2020
	Current quarter ended 31 December	Comparative quarter ended 31 December	12 months cumulative to date	Comparative 12 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	68,688	67,709	269,502	325,368
Other Income	3,237	(2,334)	14,124	14,554
Total Income	71,925	65,375	283,626	339,922
Employee Benefits Expense	(22,258)	(16,888)	(88,479)	(86,807)
Purchase of Hardware and Software	(19,593)	(9,143)	(79,947)	(103,248)
Telecommunication Costs	(9,313)	(7,127)	(26,809)	(25,137)
Software License and Hardware Maintenance Cost	(2,430)	(4,837)	(9,639)	(21,752)
Bulk Mailing Processing Charges	(1,779)	(1,615)	(7,698)	(6,199)
Depreciation and amortisation	(3,489)	(4,765)	(14,584)	(17,427)
Project Implementation Costs	(24,479)	(9,329)	(47,942)	(29,522)
Other Expenses	(5,445)	(8,530)	(20,501)	(30,399)
Total Expenditure	(88,786)	(62,234)	(295,599)	(320,491)
(Loss)/Profit before Finance Cost	(16,861)	3,141	(11,973)	19,431
Finance Cost	(923)	(2,034)	(3,868)	(4,623)
Share of Results of Associated Companies	(32)	293	194	(1,487)
(Loss)/Profit before Tax	(17,816)	1,400	(15,647)	13,321
Taxation	(201)	89	(326)	(194)
(Loss)/Profit for the period	(18,017)	1,489	(15,973)	13,127
(Loss)/Profit attributable to:				
Equity holders of the Parent	(16,801)	1,973	(15,345)	10,976
Non-controlling interests	(1,216)	(484)	(628)	2,151
	(18,017)	1,489	(15,973)	13,127
Number of Ordinary Shares	101,225	101,225	101,225	101,225
(Loss)/Profit per share attributable to equity holders of the parents:				
Basic (loss)/earning for the period	(16.60)	1.95	(15.16)	10.84
Unaudited Condensed Consolidated Statement of Comprehensive (Loss)/Income				
Shareholders' Funds	(18,017)	1,489	(15,973)	13,127
Foreign currency translation	(99)	(304)	183	(557)
Total comprehensive (loss)/income	(18,116)	1,185	(15,790)	12,570
Total comprehensive (loss)/income attributable to:				
Equity holders of the Parent	(16,900)	1,669	(15,162)	10,419
Minority Interest	(1,216)	(484)	(628)	2,151
	(18,116)	1,185	(15,790)	12,570

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2020. The document forms part of quarterly announcement for quarter ended 31/12/2021.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Unaudited 2021	Audited 2020
	As at 31 December	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	52,935	59,335
Right-of-use assets	7,605	11,243
Intangible assets	11,220	10,601
Investment in associates	2,537	3,471
Investment in joint venture	350	350
Other investments	2,141	2,065
Contract cost assets	33,557	-
TOTAL NON-CURRENT ASSETS	110,345	87,065
CURRENT ASSETS		
Inventories	294	387
Trade and other receivables	41,355	72,528
Contract assets	32,731	55,275
Contract costs assets	49,847	98,577
Prepayments	509	534
Tax recoverable	3,925	3,346
Cash and bank balances	53,379	59,599
TOTAL CURRENT ASSETS	182,040	290,246
CURRENT LIABILITIES		
Contract liabilities	9,067	2,430
Loans and borrowings	78,883	128,630
Trade and other payables	63,743	108,643
Tax payable	189	23
Lease liability	3,304	3,001
TOTAL CURRENT LIABILITIES	155,186	242,727
NET CURRENT ASSETS	26,854	47,519
	137,199	134,584
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,239)	(1,422)
Retained earnings	(8,040)	7,305
Shareholders' equity	108,472	123,634
Non-controlling interests	(1,656)	(1,028)
Shareholders' Funds	106,816	122,606
<u>Long Term Liabilities</u>		
Deferred tax liabilities	113	138
Long term borrowings	24,793	2,414
Lease liability	5,477	9,426
Non-current liabilities	30,383	11,978
	137,199	134,584
Net asset per share attributable to ordinary equity holders of the parent (RM)	0.96	1.12

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2020. The document forms part of quarterly announcement for quarter ended 31/12/2021.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	<u>Non -Distributable</u>		<u>Distributable</u>		Non- Controlling Interests	Total
	Share capital	Foreign Currency Translation Reserve	Retained earnings/ (Accumulated losses)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 December 2021						
At 1 January 2021	117,751	(1,422)	7,305	123,634	(1,028)	122,606
Total comprehensive loss for the period	-	183	(15,345)	(15,162)	(628)	(15,790)
At 31 December 2021	<u>117,751</u>	<u>(1,239)</u>	<u>(8,040)</u>	<u>108,472</u>	<u>(1,656)</u>	<u>106,816</u>
For the period ended 31 December 2020						
At 1 January 2020	117,751	(865)	(3,671)	113,215	(5,242)	107,973
Total comprehensive income for the period	-	(557)	10,976	10,419	2,151	12,570
Transaction with owners						
Disposal of a subsidiary	-	-	-	-	2,063	2,063
At 31 December 2020	<u>117,751</u>	<u>(1,422)</u>	<u>7,305</u>	<u>123,634</u>	<u>(1,028)</u>	<u>122,606</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2020. The document forms part of quarterly announcement for quarter ended 31/12/2021.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED 31 DECEMBER 2021

	Period ended 31 December 2021	Year ended 31 December 2020
	RM'000	RM'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	(15,647)	13,321
Adjustments for:		
Gain on disposal of a subsidiary and an associate	(4,873)	(7,882)
Hibah income	(563)	(760)
Finance costs	2,928	3,465
Finance costs on right-of-use assets	940	1,158
Amortisation of intangible assets	1,044	1,429
Depreciation of property, plant and equipment	10,641	12,967
Depreciation of right-of-use assets	2,900	3,031
Written off on:		
- property, plant and equipment	99	625
- trade receivables	-	3,500
- contract cost assets	-	516
Reversal of impairment loss on:		
- trade receivables	(317)	(108)
- other receivables	(256)	(1,035)
- property, plant and equipment	-	(589)
Impairment loss on:		
- trade receivables	1,422	1,785
- other receivables	1	559
- investment in associates	-	801
Unrealised foreign exchange gain	-	(18)
Provision for onerous contract cost assets	-	3,282
Share of results of associates	(194)	1,487
Operating cash flows before changes in working capital	(1,875)	37,534
Changes in working capital		
Inventories	93	(24)
Trade and other receivables	30,323	1,010
Contract assets	(11,012)	17,307
Contract costs assets	48,730	(59,668)
Prepayments	25	304
Contract liabilities	6,637	(594)
Trade and other payables	(44,976)	22,096
Cash flows generated from operations	27,945	17,965
Profit paid	(2,928)	(999)
Income taxes paid	(764)	(926)
Net cash flows generated from operating activities	24,253	16,040
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,340)	(15,907)
Hibah received	563	760
Proceeds from disposal of property, plant and equipment	-	37
Software development cost incurred	(1,663)	(5,610)
Net proceeds from disposal of a subsidiary and an associate	5,925	8,093
Net cash flows generated from/(used in) investing activities	485	(12,627)
FINANCING ACTIVITIES		
(Repayment)/drawdown of loans and borrowings	(25,032)	18,404
Repayment of obligations under finance leases	(395)	(542)
Repayment of lease liabilities	(3,497)	(3,747)
Deposits placed for securities for bank borrowings	(2,994)	(6,116)
Profit paid	-	(2,466)
Net cash flows (used in)/generated from financing activities	(31,918)	5,533
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	(7,180)	8,946
Effect of exchange rate changes on cash and cash equivalents	183	(1,498)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	6,391	(1,057)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(606)	6,391
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	9,753	18,967
Deposits with licensed banks	43,626	40,632
Bank overdrafts	(10,359)	(12,576)
Deposit pledged as securities for bank borrowings	(43,626)	(40,632)
	(606)	6,391

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

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 2020. 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 2020.

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 2020 except for the following new/revised Malaysian Financial Reporting Standards ("MFRS") that are issued but not yet effective:

Effective for financial periods beginning on or after 1 April 2021.

- Amendment to MFRS 16 Leases - *Covid-19 - Related Rent Concessions beyond 30 June 2021*

Effective for financial periods beginning on or after 1 January 2022.

- Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*
- Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contracts - Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018 - 2020:
 - Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Amendment to MFRS 9 Financial Instruments
 - Amendment to MFRS 141 Agriculture

Effective for financial periods beginning on or after 1 January 2023.

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Accounting Estimates*

Effective date of these Amendments to Standards has been deferred, and yet to be announced

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 2020 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. CAPITAL COMMITMENT

There was no capital commitment to purchase property, plant and equipment for the period ended 31 December 2021.

12. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 21 February 2022 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

13. SEGMENTAL REPORTING

The Group segments are reported as the following core businesses.

1. Core 1

Core 1 business offerings are mainly system integration and application development focusing on business acquisition for largely the Public Sector market namely, Health sector, Internal Security sector, government-linked companies and agencies, and developing smart solutions and smart city specifically for local councils. It also focuses on ancillary products surrounding financial solutions serving all market segments.

2. Core 2

Core 2 offerings ranges from various sectors focusing on products other than system integration. It 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 for various customers.

3. Core 3

Core 3 carries the offerings for business acquisition mainly for the transport sector, financial services sector and concession business segment.

13. SEGMENTAL REPORTING (CONT'D)

For the period ended 31 December 2021	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	168,265	28,116	75,437	(2,316)	269,502
RESULT					
(Loss)/profit after tax	(12,152)	1,694	(3,689)	(1,826)	(15,973)
Non-controlling interests	-	(628)	-	-	(628)
(Loss)/profit attributable to equity holders of the Parent (PATAMI)	(12,152)	2,322	(3,689)	(1,826)	(15,345)
For the period ended 31 December 2020	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	204,800	46,330	74,685	(447)	325,368
RESULT					
(Loss)/profit after tax	(1,882)	12,113	7,839	(4,943)	13,127
Non-controlling interests	-	2,151	-	-	2,151
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	(1,882)	9,962	7,839	(4,943)	10,976

14. REVIEW OF PERFORMANCE

The Group recorded lower revenue of RM269,502,000 for the period ended 31 December 2021, a decrease by RM55,866,000 from a revenue of RM325,368,000 for the period ended 31 December 2020. The lower revenue was attributed by:

- the conclusion of some contracts in 2021;
- revenue unable to be recognised as a result of lockdowns-related project; and
- delay in contract award.

The lower revenue has resulted in loss before taxation and loss after taxation of RM15,647,000 and RM15,973,000 respectively for the period ended 31 December 2021. This is in contrast of profit before taxation and profit after taxation of RM13,321,000 and RM13,127,000 for the period ended 31 December 2020.

15. COMMENTARY ON PROSPECTS

The Group's business environment is expected to remain challenging in 2022 despite the continued normalisation of economic activities as the Covid-19 pandemic is still plaguing our nation. In addition, prolonged supply chain disruptions and inflation will affect the Group's expenses in the near term. However, the Group is cautiously optimistic by continuing 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.

16. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded lower revenue at RM68,688,000 for the current quarter ended 31 December 2021 as compared to RM68,893,000 in the preceding quarter ended 30 September 2021.

Despite that, the Group recorded a loss before taxation and loss after taxation of RM17,816,000 and RM18,017,000 respectively for the quarter ended 31 December 2021 as opposed to profit before taxation of RM286,000 and profit after taxation of RM259,000 for the quarter ended 30 September 2021.

17. VARIANCE ON FORECASTED PROFIT

Not applicable.

18. LOSS BEFORE TAX

Included in the loss before tax are the following items:

	Current Quarter 31/12/2021 RM'000	Accumulated Current Quarter 31/12/2021 RM'000
Interest income	(142)	(563)
Interest expense	923	3,868
Depreciation of property, plant and equipment	2,517	10,641
Amortisation of intangible assets	265	1,044
Impairment loss on :		
- Trade receivables	(54)	1,422
- Other receivables	(6)	1
Reversal of impairment loss on:		
- Trade receivables	(172)	(317)
- Other receivables	(3)	(256)

19. TAXATION

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

	Current Quarter 31/12/2021 RM'000	Accumulated Current Quarter 31/12/2021 RM'000
Current expenses on taxation	(201)	(326)

20. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 December 2021, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

Secured:	RM'000
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	41
Other short term borrowings due within 12 months	78,842
	<u>78,883</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	24,793
	<u>24,793</u>
Total	<u>103,676</u>

21. MATERIAL LITIGATION

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 had fixed the matter for full trial on 8 August 2022 till 10 August 2022.

22. PROPOSED DIVIDEND

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

23. LOSS PER SHARE

	Current Quarter 31/12/2021	Accumulated Current Quarter 31/12/2021
<u>a) Basic</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	(16,801)	(15,345)
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic loss per share (sen)	<u>(16.60)</u>	<u>(15.16)</u>

b) Diluted

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

24. CORPORATE PROPOSAL

There was no corporate proposal announced that is not completed as at the reporting date, other than disclosed below.

On 24 June 2021, the Company proposes to undertake a proposed placement of 10,000,000 new ordinary shares in the Company to Regal Orion Sdn Bhd at an issue price to be determined later in accordance with the general mandate pursuant to Section 75 and 76 of the Companies Act 2016 ("Proposed Placement").

On 30 June 2021, the Company announced that the listing application in relation to the Proposed Placement has been submitted to Bursa Securities. The listing application was subsequently approved by Bursa Securities on 19 July 2021.

On 17 January 2022, the Company announced that an application for an extension of time of 1 month from 19 January 2022 to 18 February 2022 has been submitted to Bursa Securities. The extension of time application was approved by Bursa Securities on 28 January 2022.

On 18 February 2022, the Company has decided to defer the Proposed Placement. The Proposed Placement is deemed aborted as the Company did not seek further extension of time from Bursa Securities beyond 18 February 2022.

25. SIGNIFICANT EVENT

- a. On 17 December 2021, the Company signed the letter of award for The Supply, Delivery, Installation, Testing, Commissioning, Operations and Management of Network Infrastructure for the New Office of Permodalan Nasional Berhad (PNB) at Merdeka 118. The contract value is RM21,700,000 for a period of 42 months, commencing at a date to be determined by PNB.

26. SUBSEQUENT EVENT

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

By Order of the Board

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

Secretary