



# **HEITECH PADU BERHAD**

[Registration No. 19401024950 (310628-D)]

(Incorporated in Malaysia)

**Unaudited Interim Financial Report  
For the Quarter and Period Ended 31 December 2020**

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Individual Quarter		Cumulative Quarter	
	2020	2019	2020	2019
	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	67,352	80,916	325,011	360,823
Other Income	(2,436)	2,607	14,452	7,886
Total Income	64,916	83,523	339,463	368,709
Employee Benefits Expense	(16,858)	(17,538)	(87,724)	(83,819)
Purchase of Hardware and Software	(9,166)	(6,331)	(103,271)	(108,106)
Telecommunication Costs	(6,163)	(13,729)	(24,173)	(36,242)
Software License and Hardware Maintenance Cost	(5,492)	(6,573)	(22,407)	(28,129)
Bulk Mailing Processing Charges	(1,339)	(1,726)	(5,923)	(7,137)
Depreciation and amortisation	(4,810)	(4,994)	(17,471)	(16,066)
Project Implementation Costs	(9,441)	(6,636)	(29,634)	(31,768)
Other Expenses	(8,515)	(11,532)	(29,103)	(36,780)
Total Expenditure	(61,784)	(69,059)	(319,706)	(348,047)
Profit before Finance Cost	3,132	14,464	19,757	20,662
Finance Cost	(2,065)	(8,554)	(4,990)	(13,087)
Share of Results of Associated Companies	293	(344)	(1,487)	(939)
Profit Before Taxation	1,360	5,566	13,280	6,636
Taxation	118	46	(165)	(417)
Profit for the period	1,478	5,612	13,115	6,219
Profit attributable to:				
Equity holders of the Parent	1,962	5,621	10,964	7,429
Non-controlling interests	(484)	(9)	2,151	(1,210)
	1,478	5,612	13,115	6,219
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	1.94	5.55	10.83	7.34
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	1,478	5,612	13,115	6,219
Foreign currency translation	(304)	(1,295)	(557)	158
Total comprehensive income	1,174	4,317	12,558	6,377
Total comprehensive income attributable to:				
Equity holders of the Parent	1,658	(270)	10,407	7,587
Minority Interest	(484)	(586)	2,151	(1,210)
	1,174	4,317	12,558	6,377

*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 31/12/2020.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	<b>Unaudited 2020</b>	<b>Audited 2019</b>
	<b>As at 31 December</b>	<b>As at 31 December</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	59,467	56,602
Right-of-use assets	11,547	13,640
Intangible assets	10,468	7,363
Investment in associates	4,202	1,199
Investment in joint venture	350	350
Other investments	1,334	1,334
Deferred tax assets	-	21
<b>TOTAL NON-CURRENT ASSETS</b>	<b>87,368</b>	<b>80,509</b>
<b>CURRENT ASSETS</b>		
Inventories	387	363
Trade and other receivables	72,030	79,022
Contract assets	151,423	108,467
Prepayments	854	838
Tax recoverable	3,237	3,051
Cash and bank balances	59,610	47,133
Assets of disposal group classified as held for sale	-	2,382
<b>TOTAL CURRENT ASSETS</b>	<b>287,541</b>	<b>241,256</b>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	128,663	108,876
Trade and other payables	108,474	84,639
Tax payable	(88)	357
Liabilities directly associated with disposal group classified as held for sale	-	2,055
<b>TOTAL CURRENT LIABILITIES</b>	<b>237,049</b>	<b>195,927</b>
<b>NET CURRENT ASSETS</b>	<b>50,492</b>	<b>45,329</b>
	<b>137,860</b>	<b>125,838</b>
<b>FINANCED BY:</b>		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,422)	(865)
Retained earnings/(Accumulated losses)	7,293	(3,671)
Shareholders' equity	123,622	113,215
Non-controlling interests	(1,028)	(5,242)
Shareholders' Funds	122,594	107,973
<u>Long Term Liabilities</u>		
Deferred tax liabilities	139	262
Long term borrowings	2,382	3,209
Lease liability	12,745	14,394
Non-current liabilities	15,266	17,865
	<b>137,860</b>	<b>125,838</b>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.12	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 31/12/2020.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

	<u>Non -Distributable</u>		<u>Distributable</u>			
	Share capital	Foreign Currency Translation Reserve	Retained earnings/(Accumulated losses)	Total	Non-Controlling Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the period ended 31 December 2020</b>						
At 1 January 2020	117,751	(865)	(3,671)	113,215	(5,242)	107,973
<b>Total comprehensive income for the period</b>	-	(557)	10,964	10,407	2,151	12,558
<b>Transaction with owners</b>						
Disposal of a subsidiary	-	-	-	-	2,063	2,063
At 31 December 2020	117,751	(1,422)	7,293	123,622	(1,028)	122,594
<b>For the period ended 31 December 2019</b>						
At 1 January 2019	117,751	(1,023)	(10,773)	105,955	(3,432)	102,523
Effects of adoption of MFRS 16	-	-	(327)	(327)	-	(327)
	117,751	(1,023)	(11,100)	105,628	(3,432)	102,196
<b>Total comprehensive income for the period</b>	-	158	7,429	7,587	(1,210)	6,377
<b>Transaction with owners</b>						
Dividends paid to minority interest	-	-	-	-	(600)	(600)
At 31 December 2019	117,751	(865)	(3,671)	113,215	(5,242)	107,973

*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 31/12/2020.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE**  
**PERIOD ENDED 31 DECEMBER 2020**

	Period ended 31 Dec 2020 RM'000	Year ended 31 December 2019 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	13,280	6,636
Adjustments for:		
Loss/(gain) on disposal of property, plant and equipment	29	(1)
Gain on disposal of subsidiary	(8,849)	-
Interest income	(760)	(1,206)
Dividend income	-	-
Finance costs	4,990	11,788
Finance costs on right-of-use assets	881	1,299
Amortisation of intangible assets	1,429	1,092
Depreciation of property, plant and equipment	12,933	11,964
Depreciation of right-of-use assets	3,109	3,009
Property, plant and equipment written off	596	1,123
Reversal of impairment loss on:		
- trade receivables	(108)	(6,079)
- other receivables	(1,035)	(267)
Impairment loss on:		
- trade receivables	1,785	2,440
- other receivables	559	34
- intangible assets	-	1,620
Unrealised foreign exchange gain	-	(168)
Share of results of associates	1,487	939
<b>Operating cash flows before changes in working capital</b>	<b>30,326</b>	<b>34,223</b>
<b><u>Changes in working capital</u></b>		
Inventories	(24)	276
Trade and other receivables	5,791	(14,884)
Contract assets	(42,955)	(10,355)
Prepayments	(16)	77
Contract liabilities	-	(19,746)
Trade and other payables	25,898	(8,646)
<b>Cash flows from/(used in) operations</b>	<b>19,020</b>	<b>(19,055)</b>
Interest paid	(4,990)	(2,036)
Income taxes paid	(898)	(1,199)
<b>Net cash flows from/(used in) operating activities</b>	<b>13,132</b>	<b>(22,290)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(16,345)	(5,675)
Interest received	760	1,206
Proceeds from disposal of property, plant and equipment	-	316
Software development cost incurred	(5,297)	(1,216)
Increase in investment in an associate	-	(470)
Proceeds from disposal of a subsidiary	8,093	-
<b>Net cash flows used in investing activities</b>	<b>(12,790)</b>	<b>(5,839)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of loans and borrowings	6,673	19,396
Repayment of obligations under finance leases	(542)	(541)
Dividend paid to non-controlling interest	-	(600)
Deposits (placed for)/uplifted from securities for bank borrowings	(6,194)	12,360
Interest paid	-	(9,752)
<b>Net cash flows (used in)/from financing activities</b>	<b>(63)</b>	<b>20,863</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>280</b>	<b>(7,266)</b>
Effect of exchange rate changes on cash and cash equivalents	(619)	359
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>(1,057)</b>	<b>5,850</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(1,397)</b>	<b>(1,057)</b>
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash at banks and on hand	18,899	12,617
Deposits with licensed banks	40,711	34,516
Bank overdrafts	(20,296)	(13,674)
Deposit pledged as securities for bank borrowings	(40,711)	(34,516)
	<b>(1,397)</b>	<b>(1,057)</b>

*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 31/12/2020.*

**UNAUDITED RESULTS FOR  
THE FINANCIAL PERIOD ENDED 31 DECEMBER 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. CAPITAL COMMITMENT**

There was no capital commitment to purchase property, plant and equipment for the period ended 31 December 2020.

## **12. CONTINGENT LIABILITIES**

There were no contingent liabilities for the Group as at 18 March 2021 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 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.



### 13. SEGMENTAL REPORTING (CONT'D)

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
<b>REVENUE</b>					
External	270,912	45,973	8,573	(447)	325,011
<b>RESULT</b>					
Profit after tax	4,688	12,212	1,155	(4,940)	13,115
Non-controlling interests	-	2,151	-	-	2,151
Profit attributable to equity holders of the Parent (PATAMI)	4,688	10,061	1,155	(4,940)	10,964
For the period ended 31 December 2019	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>					
External	303,520	57,303	-	-	360,823
<b>RESULT</b>					
Profit/(loss) after tax	10,818	(4,149)	-	(450)	6,219
Non-controlling interests	-	(1,210)	-	-	(1,210)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	10,818	(2,939)	-	(450)	7,429

### 14. REVIEW OF PERFORMANCE

The Group recorded lower revenue of RM325,011,000 for the period ended 31 December 2020, a decrease by RM35,812,000 from a revenue of RM360,823,000 for the period ended 31 December 2019. The lower revenue was attributed by the conclusion of some contracts in 2020.

### 15. COMMENTARY ON PROSPECTS

The Group's business environment is expected to remain challenging in 2021 as the Covid-19 pandemic is still plaguing our nation. 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

Core 1 is essentially the core business of the Group. Over the years, the IT sector has been increasingly competitive with the entrance of more players into the market. Nevertheless, based on the track records, the Group is confident that it will continue to be relevant and remain as one the nation's major player for IT services.

## **15. COMMENTARY ON PROSPECTS (CONT'D)**

### **Core 2**

Core 2 leverages on the various sectors within the Group and moving towards offering e-solutions for businesses and public at large. Among the focus within Core 2 are electronic licensing and billing services for local councils, financial system for cooperatives in Indonesia and automotive parts database together with automotive related training activities. On top of that, Core 2 is also exploring into green and renewable energy sector as part of the diversification plan.

### **Core 3**

Initially, Core 3 was planned as the exploration arm of new technology for the Group. However, as the business progresses, it was identified that the transportation sector may have good potentials for the Group. As such, Core 3 has been recalibrated to explore the opportunities within the transportations sector.

## **16. COMPARISONS WITH PRECEDING QUARTER'S RESULTS**

The Group recorded lower revenue at RM67,352,000 for the current quarter ended 31 December 2020 as compared to RM101,960,000 in the preceding quarter ended 30 September 2020.

The Group also recorded lower pre and post tax-profit of RM1,360,000 and RM1,478,000 respectively for the quarter ended 31 December 2020 as opposed to pre-tax profit of RM6,130,000 and post-tax profit of RM6,517,000 for the quarter ended 30 September 2020.

## **17. VARIANCE ON FORECASTED PROFIT**

Not applicable

## 18. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter 31/12/2020 RM'000	Accumulated Current Quarter 31/12/2020 RM'000
Interest income	(183)	(760)
Interest expense	2,065	4,990
Depreciation of property, plant and equipment	3,353	12,933
Amortisation of intangible assets	678	1,429
Impairment loss on :		
- Trade receivables	257	1,785
- Other receivables	489	559
Reversal of impairment loss on:		
- Trade receivables	(42)	(108)
- Other receivables	47	(1,035)

## 19. TAXATION

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

	Current Quarter 31/12/2020 RM'000	Accumulated Current Quarter 31/12/2020 RM'000
Current reversal/(expenses) on taxation	118	(165)

## 20. CORPORATE DEVELOPMENTS

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

## 21. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 December 2020, 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	39
Other short term borrowings due within 12 months	128,624
	<u>128,663</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	2,382
	<u>2,382</u>
<b>Total</b>	<u>131,045</u>

## 22. 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 has fixed the matter for full trial on 1 September 2021 till 3 September 2021.

## 23. PROPOSED DIVIDEND

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

## 24. EARNING PER SHARE

	Current Quarter 31/12/2020	Accumulated Current Quarter 31/12/2020
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,962	10,964
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic earning per share (sen)</b>	<b>1.94</b>	<b>10.83</b>

### b) Diluted

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

## 25. SIGNIFICANT EVENTS

- a. On 26 November 2020, the Company entered into a non-legally binding Memorandum of Understanding with Regal Orion Sdn. Bhd. to explore all possible business collaboration to unlock any potential business synergy and seek to enhance the data centre related business activities in Malaysia.

## 26. SUBSEQUENT EVENTS

- a. On 13 January 2021, the Company has signed the acceptance on Letter of Award for the Renewal of CA GEN (TSO) and Report Composer System License Mainframe, for Lembaga Hasil Dalam Negeri. The contract value is RM35,200,000.00 for a period of 3 years commencing from 1 February 2021 to 31 January 2024.
- b. On 1 March 2021, the Company has signed the acceptance on Letter of Award for "Perkhidmatan Penyelenggaraan Sistem Aplikasi MYIMMS Secara Komprehensif" at Jabatan Imigresen Malaysia. The contract value is RM33,920,000.00 for a period of 36 months commencing from 18 February 2021 to 17 February 2024.
- c. On 5 March 2021, the Company has entered into an unincorporated joint venture agreement with Regal Orion Sdn. Bhd. for the construction of a Tier IV, next generation green data centre at the unused portion of land owned by the Company at Lot 64221, Jalan Astaka U8/81, Shah Alam.

By Order of the Board

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

Secretary