



# **HEITECH PADU BERHAD**

[Registration No. 19401024950 (310628-D)]  
(Incorporated in Malaysia)

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

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

	Individual Quarter		Cumulative Quarter	
	2021	2020	2021	2020
	Current quarter ended 31 March	Comparative quarter ended 31 March	3 months cumulative to date	Comparative 3 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	70,065	74,740	70,065	74,740
Other Income	3,387	709	3,387	709
Total Income	<u>73,452</u>	<u>75,449</u>	<u>73,452</u>	<u>75,449</u>
Employee Benefits Expense	(22,749)	(22,498)	(22,749)	(22,498)
Purchase of Hardware and Software	(23,887)	(12,167)	(23,887)	(12,167)
Telecommunication Costs	(4,877)	(2,906)	(4,877)	(2,906)
Software License and Hardware Maintenance Cost	(2,768)	(15,766)	(2,768)	(15,766)
Bulk Mailing Processing Charges	(2,135)	(1,613)	(2,135)	(1,613)
Depreciation and amortisation	(3,624)	(3,976)	(3,624)	(3,976)
Project Implementation Costs	(7,322)	(6,458)	(7,322)	(6,458)
Other Expenses	(4,946)	(7,151)	(4,946)	(7,151)
Total Expenditure	<u>(72,308)</u>	<u>(72,535)</u>	<u>(72,308)</u>	<u>(72,535)</u>
Profit before Finance Cost	1,144	2,914	1,144	2,914
Finance Cost	(932)	(1,148)	(932)	(1,148)
Share of Results of Associated Companies	(172)	(475)	(172)	(475)
Profit before Tax	40	1,291	40	1,291
Taxation	(27)	(102)	(27)	(102)
Profit for the period	<u>13</u>	<u>1,189</u>	<u>13</u>	<u>1,189</u>
Profit attributable to:				
Equity holders of the Parent	145	1,310	145	1,310
Non-controlling interests	(132)	(121)	(132)	(121)
	<u>13</u>	<u>1,189</u>	<u>13</u>	<u>1,189</u>
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	0.14	1.29	0.14	1.29
Unaudited Condensed Consolidated Statement of Comprehensive (Loss)/Income				
Shareholders' Funds	13	1,189	13	1,189
Foreign currency translation	-	507	-	507
Total comprehensive income	<u>13</u>	<u>1,696</u>	<u>13</u>	<u>1,696</u>
Total comprehensive income attributable to:				
Equity holders of the Parent	145	1,817	145	1,817
Minority Interest	(132)	(121)	(132)	(121)
	<u>13</u>	<u>1,696</u>	<u>13</u>	<u>1,696</u>

*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 31/03/2021.*

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

	<b>Unaudited 2021</b>	<b>Audited 2020</b>
	<b>As at 31 March</b>	<b>As at 31 December</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	58,698	59,335
Right-of-use assets	10,462	11,243
Intangible assets	10,393	10,601
Investment in associates	3,299	3,471
Investment in joint venture	350	350
Other investments	2,065	2,065
Contract cost assets	20,895	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>106,162</b>	<b>87,065</b>
<b>CURRENT ASSETS</b>		
Inventories	364	387
Trade and other receivables	70,939	72,528
Contract assets	75,777	55,275
Contract costs assets	70,629	98,577
Prepayments	532	534
Tax recoverable	3,509	3,346
Cash and bank balances	53,880	59,599
<b>TOTAL CURRENT ASSETS</b>	<b>275,630</b>	<b>290,246</b>
<b>CURRENT LIABILITIES</b>		
Contract liabilities	2,713	2,430
Loans and borrowings	153,809	128,630
Trade and other payables	75,194	108,643
Tax payable	39	23
Lease liability	3,001	3,001
<b>TOTAL CURRENT LIABILITIES</b>	<b>234,756</b>	<b>242,727</b>
<b>NET CURRENT ASSETS</b>	<b>40,874</b>	<b>47,519</b>
	<b>147,036</b>	<b>134,584</b>
<b>FINANCED BY:</b>		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,422)	(1,422)
Retained earnings	7,450	7,305
Shareholders' equity	123,779	123,634
Non-controlling interests	(1,160)	(1,028)
Shareholders' Funds	122,619	122,606
<u>Long Term Liabilities</u>		
Deferred tax liabilities	138	138
Long term borrowings	15,619	2,414
Lease liability	8,660	9,426
Non-current liabilities	24,417	11,978
	<b>147,036</b>	<b>134,584</b>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.12	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 31/03/2021.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 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
<b>For the period ended 31 March 2021</b>						
At 1 January 2021	117,751	(1,422)	7,305	123,634	(1,028)	122,606
<b>Total comprehensive income for the period</b>	-	-	145	145	(132)	13
At 31 March 2021	<u>117,751</u>	<u>(1,422)</u>	<u>7,450</u>	<u>123,779</u>	<u>(1,160)</u>	<u>122,619</u>
<b>For the period ended 31 March 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>	-	507	1,310	1,817	(121)	1,696
At 31 March 2020	<u>117,751</u>	<u>(358)</u>	<u>(2,361)</u>	<u>115,032</u>	<u>(5,363)</u>	<u>109,669</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 31/03/2021.*

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

	Period ended 31 March 2021 RM'000	Year ended 31 December 2020 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	40	13,321
Adjustments for:		
Gain on disposal of a subsidiary and an associate	-	(7,882)
Hibah income	(106)	(760)
Finance costs	679	3,465
Finance costs on right-of-use assets	253	1,158
Amortisation of intangible assets	131	1,429
Depreciation of property, plant and equipment	2,712	12,967
Depreciation of right-of-use assets	781	3,031
Written off on:		
- property, plant and equipment	-	625
- trade receivables	-	3,500
- contract cost assets	-	516
Reversal of impairment loss on:		
- trade receivables	(286)	(108)
- other receivables	-	(1,035)
- property, plant and equipment	-	(589)
Impairment loss on:		
- trade receivables	1,493	1,785
- other receivables	-	559
- investment in associates	-	801
Unrealised foreign exchange gain	-	(18)
Provision for onerous contract cost assets	-	3,282
Share of results of associates	172	1,487
<b>Operating cash flows before changes in working capital</b>	<b>5,869</b>	<b>37,534</b>
<u>Changes in working capital</u>		
Inventories	23	(24)
Trade and other receivables	382	1,010
Contract assets	(41,396)	17,307
Contract costs assets	27,948	(59,668)
Prepayments	2	304
Contract liabilities	283	(594)
Trade and other payables	(33,372)	22,096
<b>Cash flows (used in)/ generated from operations</b>	<b>(40,261)</b>	<b>17,965</b>
Profit paid	(679)	(999)
Income taxes paid	(174)	(926)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(41,114)</b>	<b>16,040</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,075)	(15,907)
Hibah received	106	760
Proceeds from disposal of property, plant and equipment	-	37
Software development cost incurred	-	(5,610)
Net proceeds from disposal of a subsidiary and an associate	-	8,093
<b>Net cash flows used in investing activities</b>	<b>(1,969)</b>	<b>(12,627)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of loans and borrowings	38,534	18,404
Repayment of obligations under finance leases	(119)	(542)
Repayment of lease liabilities	(1,019)	(3,747)
Dividend paid to non-controlling interest	-	-
Deposits (placed for)/uplifted from securities for bank borrowings	99	(6,116)
Profit paid	-	(2,466)
<b>Net cash flows generated from financing activities</b>	<b>37,495</b>	<b>5,533</b>
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(5,588)</b>	<b>8,946</b>
Effect of exchange rate changes on cash and cash equivalents	(63)	(1,498)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>6,391</b>	<b>(1,057)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>740</b>	<b>6,391</b>
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash at banks and on hand	13,347	18,967
Deposits with licensed banks	40,533	40,632
Bank overdrafts	(12,607)	(12,576)
Deposit pledged as securities for bank borrowings	(40,533)	(40,632)
	740	6,391

**UNAUDITED RESULTS FOR  
THE FINANCIAL PERIOD ENDED 31 MARCH 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**

The Group has incorporated a new subsidiary on 19 January 2021 named Tekkis Sdn. Bhd. ("Tekkis"). Tekkis' paid-up capital is RM10,000 with 100,000 ordinary share capital. Tekkis is 70% hold by Pro Office Solutions Sdn Bhd, a fully owned subsidiary of HeiTech Padu Berhad. Tekkis will be principally involved in the online related transactions, activities and services.

## **11. CAPITAL COMMITMENT**

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

## **12. CONTINGENT LIABILITIES**

There were no contingent liabilities for the Group as at 22 June 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 March 2021	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>					
External	59,680	7,089	3,543	(247)	70,065
<b>RESULT</b>					
Profit/(loss) after tax	370	(151)	(34)	(172)	13
Non-controlling interests	-	(132)	-	-	(132)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	370	(19)	(34)	(172)	145
For the period ended 31 March 2020	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>					
External	59,260	14,955	525	-	74,740
<b>RESULT</b>					
(Loss)/profit after tax	(341)	2,813	(809)	(474)	1,189
Non-controlling interests	-	(121)	-	-	(121)
(Loss)/profit attributable to equity holders of the Parent (PATAMI)	(341)	2,934	(809)	(474)	1,310

### 14. REVIEW OF PERFORMANCE

The Group recorded lower revenue of RM70,065,000 for the period ended 31 March 2021, a decrease by RM4,675,000 from a revenue of RM74,740,000 for the period ended 31 March 2020. The lower revenue was attributed by the conclusion of some contracts in 2021.

### 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 higher revenue at RM70,065,000 for the current quarter ended 31 March 2021 as compared to RM67,709,000 in the preceding quarter ended 31 December 2020.

However, the Group recorded lower pre and post tax-profit of RM40,000 and RM13,000 respectively for the quarter ended 31 March 2021 as opposed to pre-tax profit of RM1,400,000 and post-tax profit of RM1,498,000 for the quarter ended 31 December 2020.

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

Not applicable

## 18. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	<b>Current Quarter 31/03/2021</b>	<b>Accumulated Current Quarter 31/03/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	(106)	(106)
Interest expense	932	932
Depreciation of property, plant and equipment	2,712	2,712
Amortisation of intangible assets	131	131
Impairment loss on :		
- Trade receivables	1,493	1,493
- Other receivables	-	-
Reversal of impairment loss on:		
- Trade receivables	(286)	(286)
- Other receivables	-	-

## 19. TAXATION

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

	<b>Current Quarter 31/03/2021</b>	<b>Accumulated Current Quarter 31/03/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Current expenses on taxation	(27)	(27)

## 20. CORPORATE DEVELOPMENTS

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

## 21. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 March 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	285
Other short term borrowings due within 12 months	153,524
	<u>153,809</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	32
Other long term borrowings due after 12 months	15,587
	<u>15,619</u>
<b>Total</b>	<u>169,428</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 31/03/2021	Accumulated Current Quarter 31/03/2021
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	145	145
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic earning per share (sen)</b>	<b>0.14</b>	<b>0.14</b>

### b) Diluted

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

## 25. SIGNIFICANT EVENTS

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

## 26. SUBSEQUENT EVENTS

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.

By Order of the Board

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

Secretary