



HEITECH PADU BERHAD

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

**Unaudited Interim Financial Report
For the Quarter and Period Ended 31 March 2022**

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Quarter	
	2022	2021	2022	2021
	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	78,600	70,065	78,600	70,065
Other Income	413	3,387	413	3,387
Total Income	79,013	73,452	79,013	73,452
Employee Benefits Expense	(19,247)	(22,749)	(19,247)	(22,749)
Purchase of Hardware and Software	(32,996)	(23,887)	(32,996)	(23,887)
Telecommunication Costs	(4,536)	(4,877)	(4,536)	(4,877)
Software License and Hardware Maintenance Cost	(4,660)	(2,768)	(4,660)	(2,768)
Bulk Mailing Processing Charges	(2,072)	(2,135)	(2,072)	(2,135)
Depreciation and amortisation	(3,467)	(3,624)	(3,467)	(3,624)
Project Implementation Costs	(5,864)	(7,322)	(5,864)	(7,322)
Other Expenses	(4,694)	(4,946)	(4,694)	(4,946)
Total Expenditure	(77,536)	(72,308)	(77,536)	(72,308)
Profit before Finance Cost	1,477	1,144	1,477	1,144
Finance Cost	(824)	(932)	(824)	(932)
Share of Results of Associated Companies	(43)	(172)	(43)	(172)
Profit before Tax	610	40	610	40
Taxation	(55)	(27)	(55)	(27)
Profit for the period	555	13	555	13
Profit attributable to:				
Equity holders of the Parent	667	145	667	145
Non-controlling interests	(112)	(132)	(112)	(132)
	555	13	555	13
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	0.66	0.14	0.66	0.14
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	555	13	555	13
Foreign currency translation	88	-	88	-
Total comprehensive income	643	13	643	13
Total comprehensive income attributable to:				
Equity holders of the Parent	755	145	755	145
Minority Interest	(112)	(132)	(112)	(132)
	643	13	643	13

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2021. The document forms part of quarterly announcement for quarter ended 31/03/2022.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Unaudited 2022	Audited 2021
	As at 31 March	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	51,021	52,935
Right-of-use assets	6,891	7,605
Intangible assets	14,286	11,220
Investment in associates	1,321	1,364
Investment in joint venture	350	350
Other investments	3,080	3,080
Contract cost assets	31,325	33,557
TOTAL NON-CURRENT ASSETS	108,274	110,111
CURRENT ASSETS		
Inventories	268	294
Trade and other receivables	55,277	42,204
Contract assets	48,209	32,731
Contract costs assets	45,803	49,847
Prepayments	560	559
Tax recoverable	3,893	3,926
Cash and bank balances	60,901	61,292
TOTAL CURRENT ASSETS	214,911	190,853
CURRENT LIABILITIES		
Contract liabilities	7,521	9,341
Loans and borrowings	112,248	87,019
Trade and other payables	64,055	64,934
Tax payable	152	189
Lease liability	3,026	2,987
TOTAL CURRENT LIABILITIES	187,002	164,470
NET CURRENT ASSETS	27,909	26,383
	136,183	136,494
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,151)	(1,239)
Accumulated losses	(18,554)	(19,221)
Shareholders' equity	98,046	97,291
Non-controlling interests	8,771	8,883
Shareholders' Funds	106,817	106,174
<u>Long Term Liabilities</u>		
Deferred tax liabilities	41	41
Long term borrowings	24,393	24,486
Lease liability	4,932	5,793
Non-current liabilities	29,366	30,320
	136,183	136,494
Net asset per share attributable to ordinary equity holders of the parent (RM)	0.83	0.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2021. The document forms part of quarterly announcement for quarter ended 31/03/2022.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022

	<u>Non -Distributable</u>		<u>Distributable</u>	Total	Non- Controlling Interests	Total
	Share capital	Foreign Currency Translation Reserve	(Accumulated losses)/ Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 March 2022						
At 1 January 2022	117,751	(1,239)	(19,221)	97,291	8,883	106,174
Total comprehensive income for the period	-	88	667	755	(112)	643
At 31 March 2022	117,751	(1,151)	(18,554)	98,046	8,771	106,817
For the period ended 31 March 2021						
At 1 January 2021	117,751	(1,422)	7,305	123,634	(1,028)	122,606
Total comprehensive income for the period	-	-	145	145	(132)	13
At 31 March 2021	117,751	(1,422)	7,450	123,779	(1,160)	122,619

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2021. The document forms part of quarterly announcement for quarter ended 31/03/2022.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED 31 MARCH 2022

	Period ended 31 March 2022 RM'000	Year ended 31 December 2021 RM'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	610	(16,128)
Adjustments for:		
Gain on disposal of a subsidiary and an associate	-	(3,085)
Loss on disposal of an associate and an other investment	-	4,959
Hibah income	(142)	(578)
Finance costs	644	2,769
Finance costs on right-of-use assets	180	940
Amortisation of intangible assets	247	1,044
Depreciation of property, plant and equipment	2,506	10,646
Depreciation of right-of-use assets	714	2,900
Written off on:		
- property, plant and equipment	-	131
Reversal of impairment loss on:		
- trade receivables	(18)	(317)
- other receivables	(11)	(261)
- investment in associate	-	(6,088)
- investment in other investment	-	(809)
- property, plant and equipment	-	(99)
Impairment loss on:		
- trade receivables	122	1,423
- other receivables	3	-
Share of results of associates	43	(194)
Operating cash flows before changes in working capital	4,898	(2,747)
<u>Changes in working capital</u>		
Inventories	26	93
Trade and other receivables	(13,169)	28,631
Contract assets	(46,802)	22,544
Contract costs assets	4,044	15,173
Prepayments	(1)	(25)
Contract liabilities	(1,820)	6,911
Trade and other payables	(879)	(43,657)
Cash flows (used in)/generated from operations	(53,703)	26,923
Profit paid	(644)	(1,161)
Income taxes paid	(59)	(764)
Net cash flows (used in)/generated from operating activities	(54,406)	24,998
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(592)	(4,258)
Hibah received	142	578
Software development costs incurred	(3,313)	(1,663)
Net proceeds from disposal of a subsidiary, associate and an other investment	-	6,075
Net cash flows (used in)/generated from investing activities	(3,763)	732
FINANCING ACTIVITIES		
Proceeds/(repayment) of loans and borrowings	53,454	(23,474)
Repayment of obligations under finance leases	(436)	(138)
Deposits placed for securities for bank borrowings	(2,677)	(3,009)
Repayment of lease liabilities	(1,002)	(3,670)
Profit paid	-	(1,608)
Net cash flows generated from/(used in) financing activities	49,339	(31,899)
NET DECREASE IN CASH & CASH EQUIVALENTS	(8,830)	(6,169)
Effect of exchange rate changes on cash and cash equivalents	88	(828)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(606)	6,391
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(9,348)	(606)
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	14,583	17,651
Deposits with licensed banks	46,318	43,641
Bank overdrafts	(23,931)	(18,257)
Deposit pledged as securities for bank borrowings	(46,318)	(43,641)
	(9,348)	(606)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2021. The document forms part of quarterly announcement for quarter ended 31/03/2022.

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

Notes to The Financial Statements

1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting, the International Accounting Standard ("IAS") 34 Interim Financial Reporting and the requirements of the Companies Act 2016 in Malaysia, where applicable. The interim financial statements have also been prepared in accordance with paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

2. CHANGES IN ACCOUNTING POLICIES

Adoption of Amendments to Standards

The accounting standards adopted in the preparation of the interim financial statements are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2021, except for the following which were adopted at the beginning of the current financial year. These pronouncements are either not relevant or do not have any material impact on the Group's financial statements for the current financial year.

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

Standards issued but not yet effective

As at the date of authorisation of the interim financial statements, the following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective to the Group's financial period.

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

- MFRS 17 Insurance Contracts and Amendments to MFRS 17
- 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*
- Amendments to MFRS 112 Income Taxes - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 above pronouncements are either not relevant or do not have any material impact on the Group's financial statements.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2021 was unmodified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The principal business operations of the Group are not significantly affected by seasonality or cyclical factors.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Other than disclosed in the financial statements, there were no unusual items affecting the financial statements for the financial period under review.

6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that materially affect the financial statements for the financial period under review.

7. DEBTS AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during 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. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 24 May 2022 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

11. CAPITAL COMMITMENT

The amount of commitments for purchase of property, plant & equipment not provided for in the financial statements for the period ended 31 March 2022 are as follows:

	RM'000
Approved and contracted for	<u>121</u>

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

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.

For the period ended 31 March 2022	Core 1 RM '000	Core 2 RM '000	Core 3 RM '000	Consolidation Adjustments RM '000	Consolidated RM '000
REVENUE					
External	29,414	6,166	43,139	(119)	78,600
RESULT					
Profit/(loss) after tax	108	(2,136)	2,583	-	555
Non-controlling interests	-	(112)	-	-	(112)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	108	(2,024)	2,583	-	667
For the period ended 31 March 2021	Core 1 RM '000	Core 2 RM '000	Core 3 RM '000	Consolidation Adjustments RM '000	Consolidated RM '000
REVENUE					
External	22,295	7,089	40,929	(248)	70,065
RESULT					
Profit/(loss) after tax	2,954	(337)	(2,604)	-	13
Non-controlling interests	-	(132)	-	-	(132)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	2,954	(205)	(2,604)	-	145

14. REVIEW OF PERFORMANCE

The Group recorded higher revenue of RM78,600,000 for the period ended 31 March 2022, an increase by RM8,535,000 from a revenue of RM70,065,000 for the period ended 31 March 2021.

As a result, the Group recorded higher profit before taxation and profit after taxation of RM610,000 and RM555,000 respectively for the period ended 31 March 2022 compared to profit before taxation and profit after taxation of RM40,000 and RM13,000 for the period ended 31 March 2021.

15. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded higher revenue at RM78,600,000 for the current quarter ended 31 March 2022 as compared to RM68,688,000 in the preceding quarter ended 31 December 2021.

As a result, the Group recorded profit before taxation and profit after taxation of RM610,000 and RM555,000 respectively for the quarter ended 31 March 2022, which is in contrast to loss before taxation of RM18,297,000 and loss after taxation of RM18,245,000 for the quarter ended 31 December 2021.

16. COMMENTARY ON PROSPECTS

The Group's business environment is expected to remain challenging in 2022 despite the reopening of economic sectors under the Transition to Endemic Phase starting 1 April 2022. Commodity price increases arising mainly from the military conflict in Ukraine, inflation, supply chain disruption, and ringgit weakening against US dollar 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.

17. VARIANCE ON FORECASTED PROFIT

Not applicable.

18. TAXATION

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

	Current Quarter 31/03/2022 RM'000	Accumulated Current Quarter 31/03/2022 RM'000
Current expenses on taxation	(55)	(55)

19. 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.

20. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 March 2022, 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	-
Other short term borrowings due within 12 months	112,248
	<u>112,248</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	24,393
	<u>24,393</u>
Total	<u>136,641</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. PROFIT PER SHARE

	Current Quarter 31/03/2022	Accumulated Current Quarter 31/03/2022
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	667	667
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic profit per share (sen)	0.66	0.66

b) Diluted

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

24. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter 31/03/2022 RM'000	Accumulated Current Quarter 31/03/2022 RM'000
Interest income	(142)	(142)
Interest expense	824	824
Depreciation of property, plant and equipment	2,506	2,506
Amortisation of intangible assets	247	247
Impairment loss on :		
- Trade receivables	122	122
- Other receivables	3	3
Reversal of impairment loss on:		
- Trade receivables	(18)	(18)
- Other receivables	(11)	(11)

25. SIGNIFICANT EVENT

There was no significant event for the current quarter under review, other than as per disclosed in Corporate Proposal.

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