



HEITECH PADU BERHAD

[Registration No. 199401024950 (310628-D)]

(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter and Period Ended 30 June 2022**

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022

	Individual Quarter		Cumulative Quarter	
	2022	2021	2022	2021
	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	68,948	61,856	147,548	131,921
Other Income	386	2,407	799	5,794
Total Income	69,334	64,263	148,347	137,715
Employee Benefits Expense	(22,766)	(21,635)	(42,013)	(44,384)
Purchase of Hardware and Software	(18,013)	(17,388)	(51,009)	(41,275)
Telecommunication Costs	(3,909)	(5,645)	(8,445)	(10,522)
Software License and Hardware Maintenance Cost	(3,772)	(2,593)	(8,432)	(5,361)
Bulk Mailing Processing Charges	(1,392)	(2,023)	(3,464)	(4,158)
Depreciation and amortisation	(3,143)	(3,790)	(6,610)	(7,414)
Project Implementation Costs	(9,766)	(4,713)	(15,630)	(12,035)
Other Expenses	(5,691)	(4,040)	(10,385)	(8,986)
Total Expenditure	(68,452)	(61,827)	(145,988)	(134,135)
Profit before Finance Cost	882	2,436	2,359	3,580
Finance Cost	(979)	(1,062)	(1,803)	(1,994)
Share of Results of Associated Companies	(79)	469	(122)	297
(Loss)/profit before tax	(176)	1,843	434	1,883
Taxation	(144)	(71)	(199)	(98)
(Loss)/profit for the period	(320)	1,772	235	1,785
(Loss)/profit attributable to:				
Equity holders of the Parent	(231)	457	436	602
Non-controlling interests	(89)	1,315	(201)	1,183
	(320)	1,772	235	1,785
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	(0.23)	0.45	0.43	0.59
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	(320)	1,772	235	1,785
Foreign currency translation	130	11	218	11
Total comprehensive (loss)/income	(190)	1,783	453	1,796
Total comprehensive (loss)/income attributable to:				
Equity holders of the Parent	(101)	467	654	613
Minority Interest	(89)	1,316	(201)	1,183
	(190)	1,783	453	1,796

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 30/06/2022.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Unaudited 2022	Audited 2021
	As at 30 June	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	49,298	52,935
Right-of-use assets	6,222	7,605
Intangible assets	14,737	11,220
Investment in associates	1,242	1,364
Investment in joint venture	350	350
Other investments	3,080	3,080
Contract cost assets	29,574	33,557
TOTAL NON-CURRENT ASSETS	104,503	110,111
CURRENT ASSETS		
Inventories	267	294
Trade and other receivables	55,532	42,204
Contract assets	44,855	32,731
Contract costs assets	38,799	49,847
Prepayments	558	559
Tax recoverable	3,953	3,926
Cash and bank balances	52,956	61,292
TOTAL CURRENT ASSETS	196,920	190,853
CURRENT LIABILITIES		
Contract liabilities	6,083	9,341
Loans and borrowings	100,098	87,019
Trade and other payables	56,331	64,934
Tax payable	108	189
Lease liability	2,776	2,987
TOTAL CURRENT LIABILITIES	165,396	164,470
NET CURRENT ASSETS	31,524	26,383
	136,027	136,494
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,021)	(1,239)
Accumulated losses	(18,785)	(19,221)
Shareholders' equity	97,945	97,291
Non-controlling interests	8,682	8,883
Shareholders' Funds	106,627	106,174
<u>Long Term Liabilities</u>		
Deferred tax liabilities	41	41
Long term borrowings	24,838	24,486
Lease liability	4,521	5,793
Non-current liabilities	29,400	30,320
	136,027	136,494
Net asset per share attributable to ordinary equity holders of the parent (RM)	0.82	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 30/06/2022.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

	<u>Non -Distributable</u>		<u>Distributable</u>		Non- Controlling Interests	Total
	Share capital	Foreign Currency Translation Reserve	(Accumulated losses)/ Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 June 2022						
At 1 January 2022	117,751	(1,239)	(19,221)	97,291	8,883	106,174
Total comprehensive income for the period	-	218	436	654	(201)	453
At 30 June 2022	<u>117,751</u>	<u>(1,021)</u>	<u>(18,785)</u>	<u>97,945</u>	<u>8,682</u>	<u>106,627</u>
For the period ended 30 June 2021						
At 1 January 2021	117,751	(1,422)	7,305	123,634	(1,028)	122,606
Total comprehensive income for the period	-	11	602	613	1,183	1,796
At 30 June 2021	<u>117,751</u>	<u>(1,411)</u>	<u>7,907</u>	<u>124,247</u>	<u>155</u>	<u>124,402</u>

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 30/06/2022.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED 30 JUNE 2022

	Period ended 30 June 2022	Year ended 31 December 2021
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	433	(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	(294)	(578)
Finance costs	1,432	2,769
Finance costs on right-of-use assets	371	940
Amortisation of intangible assets	488	1,044
Depreciation of property, plant and equipment	4,686	10,646
Depreciation of right-of-use assets	1,436	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	122	(194)
Operating cash flows before changes in working capital	8,770	(2,747)
Changes in working capital		
Inventories	27	93
Trade and other receivables	(13,423)	28,631
Contract assets	(8,141)	22,544
Contract costs assets	11,048	15,173
Prepayments	1	(25)
Contract liabilities	(3,258)	6,911
Trade and other payables	(8,603)	(43,657)
Cash flows (used in)/generated from operations	(13,579)	26,923
Profit paid	(1,432)	(1,161)
Income taxes paid	(306)	(764)
Net cash flows (used in)/generated from operating activities	(15,317)	24,998
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,049)	(4,258)
Hibah received	294	578
Software development costs incurred	(4,005)	(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	(4,760)	732
FINANCING ACTIVITIES		
Proceeds/(repayment) of loans and borrowings	8,139	(23,474)
Repayment of obligations under finance leases	(436)	(138)
Deposit uplifted from/(placed for) security for bank facilities	1,136	(3,009)
Repayment of lease liabilities	(1,854)	(3,670)
Profit paid	-	(1,608)
Net cash flows generated from/(used in) financing activities	6,985	(31,899)
NET DECREASE IN CASH & CASH EQUIVALENTS	(13,092)	(6,169)
Effect of exchange rate changes on cash and cash equivalents	218	(828)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(606)	6,391
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(13,480)	(606)
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	10,451	17,651
Deposits with licensed banks	42,505	43,641
Bank overdrafts	(23,931)	(18,257)
Deposit pledged as securities for bank borrowings	(42,505)	(43,641)
	(13,480)	(606)

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 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 22 August 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 30 June 2022 are as follows:

	RM'000
Approved and contracted for	<u>247</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 30 June 2022	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	60,703	12,859	74,507	(521)	147,548
RESULT					
Profit/(loss) after tax	781	(4,343)	3,797	-	235
Non-controlling interests	-	(201)	-	-	(201)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	781	(4,142)	3,797	-	436
For the period ended 30 June 2021	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	46,902	13,023	72,353	(357)	131,921
RESULT					
Profit after tax	1,140	1,068	1,480	(1,903)	1,785
Non-controlling interests	-	1,183	-	-	1,183
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	1,140	(115)	1,480	(1,903)	602

14. REVIEW OF PERFORMANCE

The Group recorded higher revenue of RM147,548,000 for the period ended 30 June 2022, an increase by RM15,627,000 from a revenue of RM131,921,000 for the period ended 30 June 2021.

However, lower margin has resulted in the Group recording profit before taxation and profit after taxation of RM434,000 and RM235,000 respectively for the period ended 30 June 2022 compared to profit before taxation and profit after taxation of RM1,883,000 and RM1,785,000 for the period ended 30 June 2021.

15. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded lower revenue at RM68,948,000 for the current quarter ended 30 June 2022 as compared to RM78,600,000 in the preceding quarter ended 31 March 2022.

As a result, the Group recorded loss before taxation and loss after taxation of RM176,000 and RM320,000 respectively for the quarter ended 30 June 2022, which is in contrast to profit before taxation of RM610,000 and profit after taxation of RM555,000 for the quarter ended 31 March 2022.

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 30/06/2022 RM'000	Accumulated Current Quarter 30/06/2022 RM'000
Current expenses on taxation	(144)	(199)

19. CORPORATE PROPOSAL

There was no corporate proposal announced that is not completed as at the reporting date.

20. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 June 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	100,098
	<u>100,098</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	24,838
	<u>24,838</u>
Total	<u>124,936</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 final case management on 13 September 2022 and full trial on 21 November 2022 till 23 November 2022.

22. PROPOSED DIVIDEND

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

23. PROFIT PER SHARE

	Current Quarter 30/06/2022	Accumulated Current Quarter 30/06/2022
<u>a) Basic</u>		
Net (loss)/profit attributable to ordinary equity holders of the parent company (RM'000)	(231)	436
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic (loss)/profit per share (sen)	(0.23)	0.43

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 30/06/2022	Accumulated Current Quarter 30/06/2022
	RM'000	RM'000
Interest income	(152)	(294)
Interest expense	979	1,803
Depreciation of property, plant and equipment	2,180	4,686
Amortisation of intangible assets	241	488
Impairment loss on :		
- Trade receivables	-	122
- Other receivables	-	3
Reversal of impairment loss on:		
- Trade receivables	-	(18)
- Other receivables	-	(11)

25. SIGNIFICANT EVENT

- a. On 10 May 2022, DomainEdge Sdn Bhd ("DSB"), a 65%-owned subsidiary of HeiTech Padu Berhad had on 10 May 2022, been selected as one of the successful bidders under the feed-in tariff ("FIT") e-bidding exercise conducted by Sustainable Energy Development Authority ("SEDA") for the development of small hydro power in Malaysia. Under the e-bidding exercise, DSB shall develop small hydro power plants with a total capacity of 2.85 MW in Sg La, Terengganu with a basic FIT rate of RM0.2445 per kilowatt-hour ("Project"). The feed-in approval certificate ("Approval Certificate") has been issued by SEDA on 10 June 2022.

26. SUBSEQUENT EVENT

- a. On 1 July 2022, the Company has received and signed the Letter of Award to supply, delivery, installation, testing, commissioning, operations and maintenance of managed wide area networks infrastructure services for Permodalan Nasional Berhad and Amanah Saham Nasional Berhad ("ASNB") for five (5) years. The contract value is RM43,800,000.

By Order of the Board

AMIR ZAHINI BIN SAHRIM (7034464)

SITI SHAHWANA BINTI ABDUL HAMID (7018383)

Secretary