



HEITECH PADU BERHAD

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

**Unaudited Interim Financial Report
For the Quarter and Year Ended 31 December 2023**

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Individual Quarter		Cumulative Quarter	
	2023	2022	2023	2022
	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	86,924	74,265	277,862	293,853
Other Income	3,945	1,363	5,096	3,432
Total Income	90,869	75,628	282,958	297,285
Employee Benefits Expense	(21,311)	(22,541)	(87,816)	(86,588)
Purchase of Hardware and Software	(15,379)	(25,342)	(51,096)	(99,726)
Lease Line Rental	(6,768)	(7,653)	(23,635)	(24,472)
Maintenance Costs	(7,092)	(972)	(14,495)	(9,286)
Bulk Mailing Processing Charges	(2,464)	(1,479)	(7,454)	(6,044)
Depreciation and amortisation	(3,978)	(3,341)	(14,220)	(13,095)
Project Implementation Costs	(8,353)	(11,520)	(43,549)	(36,698)
Other Expenses	(7,417)	(7,876)	(27,388)	(26,608)
Total Expenditure	(72,762)	(80,724)	(269,653)	(302,517)
Profit/(loss) before Finance Cost	18,107	(5,096)	13,305	(5,232)
Finance Cost	(1,017)	(1,049)	(4,462)	(3,906)
Share of Results of Associated Companies	(104)	(62)	(214)	(184)
Profit/(loss) before tax	16,986	(6,207)	8,629	(9,322)
Taxation	(716)	(362)	(1,399)	(717)
Profit/(loss) for the year	16,270	(6,569)	7,230	(10,039)
Profit/(loss) attributable to:				
Equity holders of the Parent	16,415	(6,686)	7,222	(9,869)
Non-controlling interests	(145)	117	8	(170)
	16,270	(6,569)	7,230	(10,039)
Number of Ordinary Shares	101,225	101,225	101,225	101,225
Profit/(loss) per share attributable to equity holders of the parents:				
Basic loss for the period	16.22	(6.61)	7.13	(9.75)
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	16,270	(6,569)	7,230	(10,039)
Foreign currency translation	(505)	68	(311)	346
Total comprehensive profit/(loss)	15,765	(6,501)	6,919	(9,693)
Total comprehensive profit/(loss)				
Equity holders of the Parent	15,911	(6,618)	6,912	(9,524)
Minority Interest	(146)	117	7	(170)
	15,765	(6,501)	6,919	(9,693)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2022. The document forms part of quarterly announcement for quarter ended 31/12/2023.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Unaudited 2023	Audited 2022
	As at 31 December	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	101,386	49,744
Right-of-use assets	7,190	7,131
Intangible assets	18,711	14,289
Investment in associates	966	1,180
Investment in joint venture	350	350
Other investments	3,080	3,080
Contract cost assets	14,985	33,883
Finance lease receivables	53,232	-
Deferred tax assets	53	-
TOTAL NON-CURRENT ASSETS	199,953	109,657
CURRENT ASSETS		
Inventories	224	235
Trade and other receivables	42,303	31,674
Contract assets	35,263	55,006
Contract costs assets	73,038	53,662
Prepayments	1,137	623
Tax recoverable	3,992	4,016
Cash and bank balances	53,860	40,605
Finance lease receivables	18,803	-
	228,620	185,821
Asset classified as held for sale	3,785	1,492
TOTAL CURRENT ASSETS	232,405	187,313
CURRENT LIABILITIES		
Contract liabilities	11,642	5,868
Loans and borrowings	109,730	97,124
Trade and other payables	86,428	72,251
Tax payable	10	200
Lease liability	17,411	3,876
TOTAL CURRENT LIABILITIES	225,221	179,319
NET CURRENT ASSETS	7,184	7,994
	207,137	117,651
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,204)	(893)
Revaluation reserve	50,236	-
Accumulated losses	(21,868)	(29,090)
Shareholders' equity	144,915	87,768
Non-controlling interests	8,671	9,063
Shareholders' Funds	153,586	96,831
Long Term Liabilities		
Deferred tax liabilities	5,730	75
Long term borrowings	7,589	16,526
Lease liability	40,232	4,219
Non-current liabilities	53,551	20,820
	207,137	117,651
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.25	0.73

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2022. The document forms part of quarterly announcement for quarter ended 31/12/2023.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2023

	<u>Non -Distributable</u>			<u>Distributable</u>		Non- Controlling Interests RM'000	Total RM'000
	Share capital	Foreign Currency Translation Reserve	Revaluation Reserve	Accumulated losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000		
For the period ended 31 December 2023							
At 1 January 2023	117,751	(893)	-	(29,090)	87,768	9,063	96,831
Total comprehensive income for the period	-	(311)		7,222	6,911	8	6,919
Transaction with owners							
Revaluation reserve	-	-	50,236	-	50,236	-	50,236
Dividend paid to minority interest	-	-	-	-	-	(400)	(400)
At 31 December 2023	<u>117,751</u>	<u>(1,204)</u>	<u>50,236</u>	<u>(21,868)</u>	<u>144,915</u>	<u>8,671</u>	<u>153,586</u>
For the period ended 31 December 2022							
At 1 January 2022	117,751	(1,239)	-	(19,221)	97,291	8,883	106,174
Total comprehensive loss for the period	-	346		(9,869)	(9,523)	(170)	(9,693)
Increase in stake in a subsidiary	-	-	-	-	-	350	350
At 31 December 2022	<u>117,751</u>	<u>(893)</u>	<u>-</u>	<u>(29,090)</u>	<u>87,768</u>	<u>9,063</u>	<u>96,831</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2022. The document forms part of quarterly announcement for quarter ended 31/12/2023.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD ENDED 31 DECEMBER 2023

	Year ended 31 December 2023 RM'000	Year ended 31 December 2022 RM'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	8,629	(9,322)
Adjustments for:		
Gain on disposal of property, plant and equipment	(1,778)	(238)
Hibah income	(603)	(616)
Finance costs	3,900	3,195
Finance costs on lease liabilities	562	711
Amortisation of intangible assets	1,174	1,032
Depreciation of property, plant and equipment	9,489	9,140
Depreciation of right-of-use assets	3,558	2,923
Reversal of impairment loss on trade receivables	(608)	(172)
Impairment loss on:		
- trade receivables	1,842	438
- other receivables	245	7
- intangible assets	23	-
Share of results of associates	214	184
Operating cash flows before changes in working capital	26,647	7,282
<u>Changes in working capital</u>		
Inventories	11	59
Trade and other receivables	(12,108)	9,837
Contract assets	38,641	(22,275)
Contract costs assets	(19,376)	(3,815)
Prepayments	(514)	(64)
Contract liabilities	5,774	(3,473)
Trade and other payables	14,178	8,798
Cash flows generated from/(used in) operations	53,253	(3,651)
Profit paid	(3,900)	(1,391)
Income taxes paid	(1,618)	(762)
Net cash flows generated from/(used in) operating activities	47,735	(5,804)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,210)	(7,379)
Hibah received	603	616
Proceeds from disposal of property, plant and equipment	3,155	238
Software development costs incurred	(5,619)	(4,352)
Net cash flows used in investing activities	(11,071)	(10,877)
FINANCING ACTIVITIES		
(Repayment)/proceeds from loans and borrowings	(853)	3,521
Repayment of obligations under finance leases	-	(32)
Deposit (placement)/upliftment to securities for bank borrowings	(3,367)	24,262
Repayment of lease liabilities	(26,666)	(3,845)
Dividend paid to non-controlling interest	(400)	-
Profit paid	-	(1,804)
Net cash flows (used in)/generated from financing activities	(31,286)	22,102
NET INCREASE IN CASH & CASH EQUIVALENTS	5,378	5,421
Effect of exchange rate changes on cash and cash equivalents	(11)	(502)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	4,313	(606)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,680	4,313
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	31,114	21,226
Deposits with licensed banks	22,746	19,379
Bank overdrafts	(21,434)	(16,913)
Deposit pledged as securities for bank borrowings	(22,746)	(19,379)
	9,680	4,313

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2022. The document forms part of quarterly announcement for quarter ended 31/12/2023.

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

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 2022. 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 2022.

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 2022, 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.

- MFRS 17 Insurance Contracts and Amendments to MFRS 17
- 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*

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 2024.

- Amendment to MFRS 16 Leases - *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 Presentation of Financial Statements - *Non-current Liabilities with Covenants*

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.

During the financial year 2023, the Group elected to change the method of accounting for land and building, from "Cost Model" to "Revaluation Model", as the Group believes that the "Revaluation Model" more effectively demonstrates the carrying value of the land and building.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2022 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.

Properties of the Group were revalued by independent professional valuers during the financial period under review.

10. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 21 February 2024 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 December 2023 are as follows:

	RM'000
Approved and contracted for	<u>4</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 December 2023	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	86,736	49,135	146,117	(4,126)	277,862
RESULT					
(Loss)/profit after tax	(11,574)	(13,298)	27,684	4,418	7,230
Non-controlling interests	-	8	-	-	8
(Loss)/profit attributable to equity holders of the Parent (PATAMI)	(11,574)	(13,306)	27,684	4,418	7,222
For the period ended 31 December 2022					
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	120,645	33,374	141,659	(1,825)	293,853
RESULT					
Loss after tax	(3,102)	(4,516)	(2,421)	-	(10,039)
Non-controlling interests	-	(170)	-	-	(170)
Loss attributable to equity holders of the Parent (PATAMI)	(3,102)	(4,346)	(2,421)	-	(9,869)

14. REVIEW OF PERFORMANCE

The Group recorded lower revenue of RM277,862,000 for the year ended 31 December 2023, a decrease by RM15,991,000 from a revenue of RM293,853,000 for the year ended 31 December 2022.

However, better margin have resulted in the Group recording profit before taxation and profit after taxation of RM8,629,000 and RM7,230,000 respectively for the year ended 31 December 2023, compared to loss before taxation and loss after taxation of RM9,322,000 and RM10,039,000 in the previous year.

15. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded higher revenue at RM86,924,000 for the current quarter ended 31 December 2023 as compared to RM63,436,000 in the preceding quarter ended 30 September 2023.

The higher revenue has resulted in the Group recording profit before taxation and profit after taxation of RM16,986,000 and RM16,270,000 respectively for the year ended 31 December 2023, compared to loss before taxation and loss after taxation of RM899,000 and RM1,236,000 for the quarter ended 30 September 2023.

16. COMMENTARY ON PROSPECTS

According to Bank Negara Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, growth in 2024 will be driven by resilient domestic expenditure and improvement in external demand. Investment activity will be underpinned by further progress of multi-year projects, by both the private and public sectors, as well as the implementation of catalytic initiatives under the various national master plans.

The growth outlook remains subject to downside risk stemming from weaker-than-expected external demand, while there are upside risks to growth emanating from greater spillover from the tech upcycle and faster implementation of existing and new projects. In 2024, inflation is expected to remain modest, broadly reflecting stable cost and demand conditions. However, inflation outlook remains highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

All these, in addition to escalation of geopolitical tensions and climate-related risks and opportunities will impact the Group's business. However, most businesses are expected to be able to withstand potential new shocks amid improvements in business leverage, healthy cash buffers, and more agile business models. The Group shall continue to implement relevant strategies which 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 31/12/2023 RM'000	Accumulated Current Quarter 31/12/2023 RM'000
Current expenses on taxation	(716)	(1,399)

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 31 December 2023, 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	109,730
	<u>109,730</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	7,589
	<u>7,589</u>
Total	<u>117,319</u>

21. MATERIAL LITIGATION

a. Pertubuhan Keselamatan Sosial ("Plaintiff") vs HeiTech Padu Berhad ("Defendant")

On 28 February 2023, the Defendant received a Writ of Summons and Statement of Claim both dated 23 February 2023, filed by the Plaintiff at the High Court. Plaintiff is claiming that the Defendant in breach of the contract for services rendered to the Plaintiff in respect of the "Merekabentuk, Membangun, Membekal, Menghantar, Memasang, Mengintegrasikan, Menguji, Melatih, Deploy, Mentauliah Dan Waranti Bagi Sistem Aplikasi Scheme Management" (Designing, Developing, Supplying, Delivering, Installing, Integrating, Testing, Training, Deploying, Commissioning and Warranties for the Scheme Management Application System) ("Agreement").

The reliefs sought by Plaintiff in the action are as follows:

1. The sum of RM8,491,377.12 being payments previously made by the Plaintiff to the Defendant under the Agreement;
2. The sum of RM984,783.33 being the Liquidated Ascertained Damages ("LAD") imposed under the Agreement;
3. The sum of RM16,887,208.58 being loss of expenses for the existing system until August 2021;
4. Interest on all sums ordered to be paid by the Defendant to the Plaintiff at the rate of 5% per annum calculated from the date of judgement until the date of full settlement;
5. Costs; and
6. Such further relief and/or orders as the Honorable Court deems fit.

The Defendant in their Defence and Counterclaim seeks the following relief:-

1. The sum of RM6,615,157.61 for work done until the Plaintiff's unilateral termination on 25 June 2021;
2. The sum of RM6,539,141.39 being expectation loss as a result the said termination;
3. The sum of RM1,726,258.61 for the additional works done and supply of Hardware, Software and Services;
4. General damages to be assessed by this Honourable Court, where applicable;
5. Pre-judgment interest on all sum ordered to be paid by the Plaintiff to the Defendant at the rate of 5% per annum calculated from the date of termination of 25 June 2021 until the date of judgement;
6. Post-judgment interest on all sum ordered to be paid by the Plaintiff to the Defendant at the rate of 5% per annum calculated from the date of judgement until full settlement;
7. Costs; and
8. Any other reliefs that this Honourable Court deems fit and proper.

A Hearing was held on 9 August 2023 in relation to Defendant's application under Order 14A and Order 33 Rules of Court 2012: To Summarily Determine the Plaintiff's Claim ("Application"). The decision for the Application is fixed on 20 March 2024.

21. MATERIAL LITIGATION (CONT'D.)

b. ESDC Technology Sdn Bhd ("Plaintiff") vs HeiTech Padu Berhad ("Defendant")

The Plaintiff is claiming against the Defendant for a purported outstanding payment of RM2,730,000 for services allegedly rendered by the Plaintiff to the customer. The full trial proceeded on the 21 November 2022 and 22 November 2022 respectively. On 28 March 2023, the High Court has dismissed the Plaintiff's claim. On 19 April 2023, the Plaintiff has filed a Notice of Appeal to the Court of Appeal. The Court of Appeal has fixed the Hearing of the Appeal on 22 April 2024.

22. PROPOSED DIVIDEND

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

23. PROFIT PER SHARE

	Current Quarter 31/12/2023	Accumulated Current Quarter 31/12/2023
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'00)	16,415	7,222
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic profit per share (sen)	16.22	7.13

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 31/12/2023	Accumulated Current Quarter 31/12/2023
	RM'000	RM'000
Interest income	(187)	(603)
Interest expense	1,017	4,462
Depreciation of property, plant and equipment	3,419	13,047
Amortisation of intangible assets	390	1,174
Impairment loss on :		
- Trade receivables	1,597	1,842
- Other receivables	245	245
Reversal of impairment loss on:		
- Trade receivables	(364)	(608)
- Other receivables	-	-

25. SIGNIFICANT EVENT

- a. On 6 December 2023, the Company has accepted and signed the Letter of Award from Ministry of Health, Malaysia (“MOH”) for Tender untuk Membekal, Menghantar, Memasang, Membangun, Mengkonfigurasi, Mengintegrasikan, Migrasi, Menguji dan Mentauliah Guna Perkakasan, Perisian dan Sistem HIS@KKM di Hospital Sultan Ismail, Johor Bahru commencing from 18th December 2023 to 17th December 2026. The Contract Value is RM37,017,920.00.

26. SUBSEQUENT EVENT

- a. On 2 January 2024, the Company has accepted and signed the Letter of Award from Lembaga Hasil Dalam Negeri Malaysia (“LHDNM”) for Perkhidmatan Next Generation Network di Lembaga Hasil Dalam Negeri Malaysia commencing from 1 January 2024 to 30 June 2027. The Contract Value is RM58,888,888.00.

By Order of the Board

ZAINAL AMIR BIN AHMAD (LS0010080)
AMIR ZAHINI BIN SAHRIM (MAICSA 7034464)

Company Secretaries