

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

**Appendix 1A**

	<b>Unaudited 2019 As at 30 September RM'000</b>	<b>Audited 2018 As at 31 December RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	72,026	64,655
Intangible assets	10,397	10,155
Investment in associates	1,072	1,667
Investment in joint venture	350	350
Other investments	1,334	1,170
Contract assets	20,227	20,227
Deferred tax assets	21	21
<b>TOTAL NON-CURRENT ASSETS</b>	<b>105,427</b>	<b>98,245</b>
<b>CURRENT ASSETS</b>		
Inventories	370	639
Trade and other receivables	125,529	63,098
Contract assets and costs	84,774	80,909
Prepayments	-	915
Tax recoverable	3,239	2,564
Cash and bank balances	66,190	67,192
<b>TOTAL CURRENT ASSETS</b>	<b>280,102</b>	<b>215,317</b>
<b>CURRENT LIABILITIES</b>		
Contract liabilities	3,848	22,770
Loans and borrowings	119,239	89,425
Trade and other payables	140,345	93,285
Tax payable	299	628
<b>TOTAL CURRENT LIABILITIES</b>	<b>263,731</b>	<b>206,108</b>
<b>NET CURRENT ASSETS</b>	<b>16,371</b>	<b>9,209</b>
	<b>121,798</b>	<b>107,454</b>
<b>FINANCED BY:</b>		
Share capital	117,751	117,751
Foreign currency translation reserve	(493)	(1,023)
Accumulated losses	(8,965)	(10,773)
Shareholders' equity	108,293	105,955
Non-controlling interests	(4,931)	(3,432)
<b>Shareholders' Funds</b>	<b>103,362</b>	<b>102,523</b>
<b>Long Term Liabilities</b>		
Deferred tax liabilities	150	286
Long term borrowings	4,074	4,645
Lease	14,212	-
<b>Non-current liabilities</b>	<b>18,436</b>	<b>4,931</b>
	<b>121,798</b>	<b>107,454</b>
<b>Net asset per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.97</b>	<b>0.95</b>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/09/2019.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

Appendix 1B

	Individual Quarter		Cumulative Quarter	
	2019	2018	2019	2018
	Current quarter ended 30 Sept	Comparative quarter ended 30 Sept	9 months cumulative to date	Comparative 9 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	140,305	89,298	279,907	304,574
Other Income	4,543	8,665	5,279	14,723
<b>Total Income</b>	<b>144,848</b>	<b>97,963</b>	<b>285,186</b>	<b>319,297</b>
Employee Benefits Expense	(22,544)	(23,210)	(66,281)	(67,916)
Purchase of Hardware and Software	(77,150)	(4,523)	(101,775)	(20,979)
Telecommunication Costs	(8,302)	(7,283)	(22,513)	(21,742)
Software License and Hardware Maintenance Cost	(6,808)	(12,369)	(21,556)	(34,185)
Bulk Mailing Processing Charges	(1,830)	(2,995)	(5,411)	(12,802)
Depreciation	(3,890)	(1,755)	(11,072)	(6,296)
Project Implementation Costs	(9,336)	(38,058)	(25,132)	(128,542)
Other Expenses	(12,731)	(6,667)	(25,248)	(21,230)
<b>Total Expenditure</b>	<b>(142,591)</b>	<b>(96,860)</b>	<b>(278,988)</b>	<b>(313,692)</b>
Profit before Finance Cost	2,257	1,103	6,198	5,605
Finance Cost	(1,725)	(1,599)	(4,533)	(3,699)
Share of Results of Associated Companies	(353)	543	(595)	198
Profit Before Taxation	179	47	1,070	2,104
Taxation	(177)	(129)	(463)	(1,094)
<b>Profit/(loss) for the period</b>	<b>2</b>	<b>(82)</b>	<b>607</b>	<b>1,010</b>
Profit attributable to:				
Equity holders of the Parent	657	2,159	1,808	3,404
Non-controlling interests	(655)	(2,241)	(1,201)	(2,394)
	<b>2</b>	<b>(82)</b>	<b>607</b>	<b>1,010</b>
Number of Ordinary Shares	101,225	101,225	101,225	101,225
Profit per share attributable to equity holders of the parent:				
Basic earning for the period	0.65	2.13	1.79	3.36
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	2	(82)	607	1,010
Foreign currency translation	(925)	(79)	530	(301)
<b>Total comprehensive income</b>	<b>(923)</b>	<b>(161)</b>	<b>1,137</b>	<b>709</b>
Total comprehensive income attributable to:				
Equity holders of the Parent	(270)	2,080	2,414	3,103
Minority Interest	(653)	(2,241)	(1,277)	(2,394)
	<b>(923)</b>	<b>(161)</b>	<b>1,137</b>	<b>709</b>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/09/2019.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**Appendix 1C**

	<u>Non -Distributable</u>		<u>Distributable</u>		Non- Controlling Interests RM'000	Total RM'000
	Share capital RM'000	Foreign Currency Translation Reserve RM'000	Retained profits/(Accumulated losses) RM'000	Total RM'000		
<b>For the period ended 30 September 2019</b>						
At 1 January 2019	117,751	(1,023)	(10,773)	105,955	(3,432)	102,523
<b>Total comprehensive income for the period</b>	-	530	1,808	2,338	(1,199)	1,139
<b>Transaction with owners</b>						
Dividends paid to minority interest	-	-	-	-	(300)	(300)
At 30 September 2019	<u>117,751</u>	<u>(493)</u>	<u>(8,965)</u>	<u>108,293</u>	<u>(4,931)</u>	<u>103,362</u>
<b>For the period ended 30 September 2018</b>						
At 1 January 2018	117,751	(331)	33,802	151,222	5,030	156,252
<b>Total comprehensive income for the period</b>	-	(301)	3,404	3,103	(2,394)	709
At 30 September 2018	<u>117,751</u>	<u>(632)</u>	<u>37,206</u>	<u>154,325</u>	<u>2,636</u>	<u>156,961</u>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/09/2019.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE**  
**PERIOD ENDED 30 SEPTEMBER 2019**

**Appendix 1D**

	<b>Period ended 30 September 2019 RM'000</b>	<b>Year ended 31 December 2018 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,070	(36,431)
Adjustments for:		
Loss/(gain) on disposal of property, plant and equipment	6	(10)
Gain on disposal of other investments	-	(7,543)
Interest income	(974)	(1,769)
Dividend income	-	(3,670)
Finance costs	4,533	11,242
Amortisation of intangible assets	730	1,037
Depreciation of property, plant and equipment	11,072	18,178
Property, plant and equipment written off	-	408
Reversal of impairment loss on:		
- trade receivables	(3,838)	(14)
- contract assets	-	(2,015)
Impairment loss on:		
- trade receivables	1,420	1,483
- other receivables	49	1,708
- investment in associates	-	55
- property, plant and equipment	-	736
- intangible assets	-	13,556
Unrealised foreign exchange gain	-	(149)
Fair value loss on other investments	-	100
Provision for onerous contract	-	845
Share of results of associates	595	2,697
<b>Operating cash flows before changes in working capital</b>	<b>14,663</b>	<b>444</b>
<b>Changes in working capital</b>		
Inventories	269	119
Trade and other receivables	(60,062)	35,535
Contract assets	(3,864)	41,328
Prepayments	915	(255)
Contract liabilities	(18,922)	14,275
Trade and other payables	46,870	(26,130)
<b>Cash flows (used in)/from operations</b>	<b>(20,131)</b>	<b>65,316</b>
Interest paid	(4,533)	(2,089)
Income taxes paid	(1,711)	(3,190)
<b>Net cash flows (used in)/generated from from operating activities</b>	<b>(26,375)</b>	<b>60,037</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,237)	(33,538)
Interest received	974	1,769
Proceeds from disposal of property, plant and equipment	-	89
Software development cost incurred	(972)	(2,300)
Investment in a joint venture	-	(350)
Net proceed from disposal of other investment	-	9,287
Increase in investment in other investments	(164)	(100)
Dividend received	-	3,670
<b>Net cash flows used in investing activities</b>	<b>(4,399)</b>	<b>(21,473)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown/(repayment) of loans and borrowings	10,026	(57,529)
Repayment of obligations under finance leases	(1,150)	(538)
Placement of deposits with licensed banks	-	4,629
Deposits uplifted from securities for bank borrowings	9,660	21,244
Interest paid	-	(9,153)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>18,536</b>	<b>(41,347)</b>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(12,238)</b>	<b>(2,783)</b>
Effect of exchange rate changes on cash and cash equivalents	530	(583)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>5,850</b>	<b>9,216</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(5,858)</b>	<b>5,850</b>
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash at banks and on hand	9,654	20,316
Deposits with licensed banks	56,536	46,876
Bank overdrafts	(15,512)	(14,466)
Deposit pledged as securities for bank borrowings	(56,536)	(46,876)
	<b>(5,858)</b>	<b>5,850</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2018. The document forms part of quarterly announcement for quarter ended 30/09/2019.*

**UNAUDITED RESULTS FOR  
THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**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 2018. 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 2018.

**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 2018 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 2019.

- MFRS 16, Leases
- 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 except as mentioned below:

## **2. CHANGES IN ACCOUNTING POLICIES (CONT'D)**

### MFRS 16, Leases

MFRS 16 - Leases supersedes MFRS 117 - Leases and its related interpretations. MFRS 16 requires lessee to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessee – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessee will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessee and lessor to make more extensive disclosures than under MFRS 117.

The changes in accounting policies have been applied retrospectively from 1 January 2019. The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. In accordance with the transition requirements, comparatives are not restated.

The Group has performed a detailed impact assessment of MFRS 16 and has recognised right-of-use assets and lease liabilities of RM14,378,000 upon adoption of MFRS 16 for leases that previously classified as operating lease.

## **3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2018 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 Company has established a joint venture with PT Kirana Investama to form a company in Indonesia named PT Desa Tech Nusantara. HeiTech owns 49% of the company's paid-up capital.

## **11. SUBSEQUENT EVENTS**

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

## **12. CAPITAL COMMITMENT**

There is no capital commitment to purchase property, plant and equipment for the period ended 30 September 2019.

## **13. CONTINGENT LIABILITIES**

There were no contingent liabilities for the Group as at 22 November 2019 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

## 14. 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 applications, simulation and training to various customers.

### 3. Core 3

Core 3 is set-up to pave the way for the Group with potential new business either within the existing or new market. 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.

For the period ended 30 September 2019	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>					
External	239,450	40,456	-	-	279,907
<b>RESULT</b>					
(Loss)/Profit after tax	6,013	(4,361)	-	(1,045)	607
Non-controlling interests	-	(1,201)	-	-	(1,201)
Profit/(loss) attributable to equity holders of the Parent	6,013	(3,160)	-	(1,045)	1,808
<b>For the period ended 30 September 2018</b>	<b>Core 1</b>	<b>Core 2</b>	<b>Core 3</b>	<b>Consolidation Adjustments</b>	<b>Consolidated</b>
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>					
External	167,765	130,666	6,143	-	304,574
<b>RESULT</b>					
Profit/(loss) after tax	5,109	(4,178)	424	(345)	1,010
Non-controlling interests	-	(2,394)	-	-	(2,394)
Profit/(loss) attributable to equity holders of the Parent	5,109	(1,784)	424	(345)	3,404



## **15. REVIEW OF PERFORMANCE**

The Group has recorded lower revenue at RM279,907,000 in Q3 2019 against RM304,574,000 in Q3 2018 mainly due to completion and expiration of some contracts during the period.

## **16. COMMENTARY ON PROSPECTS**

The Group's business environment is expected to remain challenging for 2019. 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 customers.

### **Core 1**

Over the years, IT sector has becoming more competitive with the entrance of more players. Nevertheless, counting on the year of success as the incumbent in system integration and managed services, the Group is confident in establishing market confidence from both public and private sectors.

### **Core 2**

Core 2 leverages on the various sectors within the Group. For 2019, Core 2 is focusing towards green and renewable energy and mobile payment for e-government services. The Group will also pursue new market area in providing cooperative system under new the joint venture initiative with an Indonesia party.

### **Core 3**

Core 3 is focusing on consumer and concession based initiatives, especially the e-testing for driving license within the transport sector.

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

The Group recorded higher revenue at RM140,305,000 for the current quarter ended 30 September 2019 as compared to RM69,529,000 in the preceding quarter ended 30 June 2019.

However, the Group's net results have dropped by RM1,613,000.00 from post-tax profit of RM1,615,000 for the preceding quarter ended 30 June 2019 to post-tax profit of RM2,000.00 for the current quarter ended 30 September 2019.

## **18. VARIANCE ON FORECASTED PROFIT**

Not applicable

## 19. LOSS BEFORE TAX

Included in the loss before tax are the following items:

	<b>Current Quarter 30/09/2019</b>	<b>Accumulated Current Quarter 30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	(309)	(974)
Interest expense	1,727	4,533
Depreciation of property, plant and equipment	3,890	11,072
Amortisation of intangible assets	251	730
Impairment loss on :		
- Trade receivables	470	1,420
- Other receivables	49	49
Reversal gain on trade receivables	-	(3,838)

## 20. TAXATION

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

	<b>Current Quarter 30/09/2019</b>	<b>Accumulated Current Quarter 30/09/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Current taxation	(177)	(463)

## 21. CORPORATE DEVELOPMENTS

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

## 22. GROUP BORROWINGS AND DEBT SECURITIES

As at 30 September 2019, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

## 22. GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

	<b>Total RM'000</b>
<b>Secured:</b>	
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	236
Other short term borrowings due within 12 months	119,003
	<u>119,239</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	4,074
	<u>4,074</u>
<b>Total</b>	<u>123,313</u>

## 23. MATERIAL LITIGATIONS

### 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 Judge maintained the trial date on 20 April 2020 until 24 April 2020.

## 24. PROPOSED DIVIDEND

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

## 25. EARNING PER SHARE

	<b>Current Quarter 30/09/2019</b>	<b>Accumulated Current Quarter 30/09/2019</b>
a) <u>Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	657	1,808
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic earning per share (sen)</b>	<u>0.65</u>	<u>1.79</u>

## 25. EARNING PER SHARE (CONT'D)

### b) Diluted

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

## 26. SIGNIFICANT EVENT

On 15 November 2019, the Company appointed Messrs. Afrizan Tarmili Khairul Azhar having its address at Aftaas, 2, Jalan Rampai Niaga 2, Rampai Business Park, 53300, Kuala Lumpur as the new Auditors of the Company to conduct the Statutory Audit for the financial year ending 31 December 2019.

On 26 November 2019, the Company announced that Messrs. Afrizan Tarmili Khairul Azhar ("AFTAAS") given a notice in writing to the Board of Directors on their resignation as auditors of the Company, following the sanction imposed by Audit Oversight Board dated 25 November 2019.

By Order of the Board

**AMIR ZAHINI BIN SAHRIM (7034464)**

**SITI SHAHWANA BINTI ABDUL HAMID (7018383)**

Secretary