

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

	Individual Quarter		Cumulative Quarter	
	2020	2019	2020	2019
	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	74,740	70,073	74,740	70,073
Other Income	709	407	709	407
<b>Total Income</b>	<b>75,449</b>	<b>70,480</b>	<b>75,449</b>	<b>70,480</b>
Employee Benefits Expense	(22,498)	(21,370)	(22,498)	(21,370)
Purchase of Hardware and Software	(12,167)	(5,747)	(12,167)	(5,747)
Telecommunication Costs	(2,906)	(9,984)	(2,906)	(9,984)
Software License and Hardware Maintenance Cost	(15,766)	(13,202)	(15,766)	(13,202)
Bulk Mailing Processing Charges	(1,613)	(2,348)	(1,613)	(2,348)
Depreciation and amortisation	(3,976)	(3,488)	(3,976)	(3,488)
Project Implementation Costs	(6,458)	(9,132)	(6,458)	(9,132)
Other Expenses	(7,151)	(4,674)	(7,151)	(4,674)
<b>Total Expenditure</b>	<b>(72,535)</b>	<b>(69,945)</b>	<b>(72,535)</b>	<b>(69,945)</b>
Profit before Finance Cost	2,914	535	2,914	535
Finance Cost	(1,148)	(1,292)	(1,148)	(1,292)
Share of Results of Associated Companies	(475)	(121)	(475)	(121)
Profit/(loss) Before Taxation	1,291	(878)	1,291	(878)
Taxation	(102)	(132)	(102)	(132)
<b>Profit/(loss) for the period</b>	<b>1,189</b>	<b>(1,010)</b>	<b>1,189</b>	<b>(1,010)</b>
Profit/(loss) attributable to:				
Equity holders of the Parent	1,310	(902)	1,310	(902)
Non-controlling interests	(121)	(108)	(121)	(108)
	<b>1,189</b>	<b>(1,010)</b>	<b>1,189</b>	<b>(1,010)</b>
Number of Ordinary Shares	101,225	101,225	101,225	101,225
Profit/(loss) per share attributable to equity holders of the parents:				
Basic earning for the period	1.29	(0.89)	1.29	(0.89)
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	1,189	(1,010)	1,189	(1,010)
Foreign currency translation	507	567	507	567
<b>Total comprehensive income</b>	<b>1,696</b>	<b>(443)</b>	<b>1,696</b>	<b>(443)</b>
Total comprehensive income attributable to:				
Equity holders of the Parent	1,817	(257)	1,817	(257)
Minority Interest	(121)	(186)	(121)	(186)
	<b>1,696</b>	<b>(443)</b>	<b>1,696</b>	<b>(443)</b>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 31/03/2020.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	<b>Unaudited 2020</b>	<b>Audited 2019</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	55,236	56,602
Right-of-use assets	13,588	13,640
Intangible assets	7,122	7,363
Investment in associates	724	1,199
Investment in joint venture	350	350
Other investments	1,334	1,334
Deferred tax assets	-	21
<b>TOTAL NON-CURRENT ASSETS</b>	<b>78,354</b>	<b>80,509</b>
<b>CURRENT ASSETS</b>		
Inventories	341	363
Trade and other receivables	71,504	79,022
Contract assets	149,471	108,467
Prepayments	705	838
Tax recoverable	3,070	3,051
Cash and bank balances	59,976	47,133
Assets of disposal group classified as held for sale	2,287	2,382
<b>TOTAL CURRENT ASSETS</b>	<b>287,354</b>	<b>241,256</b>
<b>CURRENT LIABILITIES</b>		
Loans and borrowings	158,344	108,876
Trade and other payables	78,299	84,639
Tax payable	287	357
Liabilities directly associated with disposal group classified as held for sale	1,887	2,055
<b>TOTAL CURRENT LIABILITIES</b>	<b>238,817</b>	<b>195,927</b>
<b>NET CURRENT ASSETS</b>	<b>48,537</b>	<b>45,329</b>
	<b>126,891</b>	<b>125,838</b>
<b>FINANCED BY:</b>		
Share capital	117,751	117,751
Foreign currency translation reserve	(358)	(865)
Accumulated losses	(2,361)	(3,671)
Shareholders' equity	115,032	113,215
Non-controlling interests	(5,363)	(5,242)
<b>Shareholders' Funds</b>	<b>109,669</b>	<b>107,973</b>
<u>Long Term Liabilities</u>		
Deferred tax liabilities	242	262
Long term borrowings	2,550	3,209
Lease liability	14,430	14,394
Non-current liabilities	17,222	17,865
	<b>126,891</b>	<b>125,838</b>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.07	1.05

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 31/03/2020.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

	<u>Non -Distributable</u>		<u>Distributable</u>		Non- Controlling Interests RM'000	<u>Total</u> RM'000
	Share capital RM'000	Foreign Currency	Accumulated losses RM'000	Total RM'000		
		Translation Reserve RM'000				
<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>
<b>For the period ended 31 March 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>	-	567	(902)	(335)	(108)	(443)
At 31 March 2019	<u>117,751</u>	<u>(456)</u>	<u>(11,675)</u>	<u>105,620</u>	<u>(3,540)</u>	<u>102,080</u>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 31/03/2020.*

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE**  
**PERIOD ENDED 31 MARCH 2020**

	Period ended 31 March 2020 RM'000	Year ended 31 December 2019 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	1,291	6,636
Adjustments for:		
Loss/(gain) on disposal of property, plant and equipment	-	(1)
Interest income	(93)	(1,206)
Finance costs	1,148	11,788
Finance costs on right-of-use assets	292	1,299
Amortisation of intangible assets	346	1,092
Depreciation of property, plant and equipment	2,962	11,964
Depreciation of right-of-use assets	764	3,009
Property, plant and equipment written off	539	1,123
Reversal of impairment loss on:		
- trade receivables	(32)	(6,079)
- other receivables	(482)	(267)
- property, plant and equipment	(347)	-
Impairment loss on:		
- trade receivables	1,574	2,440
- other receivables	-	34
- intangible assets	-	1,620
Unrealised foreign exchange gain	-	(168)
Share of results of associates	475	939
<b>Operating cash flows before changes in working capital</b>	<b>8,438</b>	<b>34,223</b>
<b>Changes in working capital</b>		
Inventories	22	276
Trade and other receivables	8,653	(14,884)
Contract assets	(41,003)	(10,355)
Prepayments	133	77
Contract liabilities	-	(19,746)
Trade and other payables	(10,221)	(8,646)
<b>Cash flows from operations</b>	<b>(33,979)</b>	<b>(19,055)</b>
Profit paid	(1,440)	(2,036)
Income taxes paid	(1,798)	(1,199)
<b>Net cash flows used in operating activities</b>	<b>(37,217)</b>	<b>(22,290)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,788)	(5,675)
Interest received	93	1,206
Proceeds from disposal of property, plant and equipment	-	316
Software development cost incurred	(104)	(1,216)
Increase in investment in an associate	-	(470)
<b>Net cash flows used in investing activities</b>	<b>(1,799)</b>	<b>(5,839)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of loans and borrowings	49,351	19,396
Repayment of obligations under finance leases	(542)	(541)
Dividend paid	-	(600)
Deposits (placed for)/uplifted from securities for bank borrowings	(11,737)	12,360
Interest paid	-	(9,752)
<b>Net cash flows generated from financing activities</b>	<b>37,072</b>	<b>20,863</b>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(1,944)</b>	<b>(7,266)</b>
Effect of exchange rate changes on cash and cash equivalents	507	359
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>(1,057)</b>	<b>5,850</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(2,494)</b>	<b>(1,057)</b>
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash at banks and on hand	13,722	12,617
Deposits with licensed banks	46,254	34,516
Bank overdrafts	(16,216)	(13,674)
Deposit pledged as securities for bank borrowings	(46,254)	(34,516)
	<b>(2,494)</b>	<b>(1,057)</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2019. The document forms part of quarterly announcement for quarter ended 31/03/2020.*

**UNAUDITED RESULTS FOR  
THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**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 2019. 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 2019.

**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 2019 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 2020.

- 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.

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

The auditors' report on the financial statements for the year ended 31 December 2019 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**

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

## **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 31 March 2020.

## **13. CONTINGENT LIABILITIES**

There were no contingent liabilities for the Group as at 24 June 2020 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 application, cooperative and smart council systems, 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.

#### 14. SEGMENTAL REPORTING (CONT'D)

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	63,260	11,480	-	-	74,740
<b>RESULT</b>					
Profit/(loss) after tax	3,659	(1,996)	-	(475)	1,189
Non-controlling interests	-	(121)	-	-	(121)
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	3,659	(1,875)	-	(475)	1,310
<b>For the period ended 31 March 2019</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	54,151	14,479	1,444	-	70,073
<b>RESULT</b>					
(Loss)/profit after tax	(260)	(630)	1	(121)	(1,010)
Non-controlling interests	-	(108)	-	-	(108)
(Loss)/profit attributable to equity holders of the Parent (PATAMI)	(260)	(522)	1	(121)	(902)

#### 15. REVIEW OF PERFORMANCE

The Group has recorded higher revenue at RM74,740,000 in Q1 2020 against RM70,073,000 in Q1 2019 mainly due to new contracts.

#### 16. COMMENTARY ON PROSPECTS

The Group's business environment is expected to remain challenging for 2020 especially due to the Covid-19 pandemic. 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

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.



## **16. COMMENTARY ON PROSPECTS (CONT'D)**

### **Core 2**

Core 2 leverages on the various sectors within the Group. Core 2 is focusing towards green and renewable energy and provision on e-licensing for local councils and provision of cooperative system under the new joint venture initiative with an Indonesia party. Core 2 is also moving towards consumer and concession based initiatives.

### **Core 3**

Core 3 is poised to be the Group's exploration arm with regards to new offerings and new technology under the Industrial Revolution 4.0.

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

The Group recorded lower revenue at RM74,740,000 for the current quarter ended 31 March 2020 as compared to RM80,916,000 in the preceding quarter ended 31 December 2019.

The Group's also recorded lower pre and post tax-profit of RM1,291,000 and RM1,189,000 respectively for the quarter ended 31 March 2020 as opposed to pre-tax profit of RM5,566,000 and post-tax profit of RM5,612,000 for the quarter ended 31 December 2019.

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

Not applicable

## 19. PROFIT/(LOSS) BEFORE TAX

Included in the profit/(loss) before tax are the following items:

	Current Quarter 31/3/2020 <hr/> RM'000	Accumulated Current Quarter 31/3/2020 <hr/> RM'000
Interest income	(93)	(93)
Interest expense	1,148	1,148
Depreciation of property, plant and equipment	2,962	2,962
Amortisation of intangible assets	346	346
Impairment loss on :		
- Trade receivables	1,574	1,574
- Other receivables	-	-
Reversal of impairment loss on:		
- Trade receivables	(32)	(32)
- Other receivables	(482)	(482)

## 20. TAXATION

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

	Current Quarter 31/3/2020 <hr/> RM'000	Accumulated Current Quarter 31/3/2020 <hr/> RM'000
Current taxation	(102)	(102)

## 21. CORPORATE DEVELOPMENTS

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

## 22. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 March 2020, 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	120
Other short term borrowings due within 12 months	158,224
	<u>158,344</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	2,550
	<u>2,550</u>
<b>Total</b>	<u>160,894</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 case management which was fixed on 15 June 2020 has been vacated and rescheduled to 21 July 2020.

## 24. PROPOSED DIVIDEND

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

## 25. EARNING PER SHARE

	<b>Current Quarter 31/3/2020</b>	<b>Accumulated Current Quarter 31/3/2020</b>
a) <u>Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	1,310	1,310
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic earning per share (sen)</b>	<u>1.29</u>	<u>1.29</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 EVENTS

- a. On 22 April 2020, the Company secured a contract for supplying, delivering, installing, testing, integrating and commissioning of hardware and software upgrade of National Registration Department ("JPN"). The contract value is RM19,900,000 for period of 24 months commencing from 1 May 2020 to 30 April 2022.
- b. On 21 May 2020, the Company secured a contract for maintenance and technical support services for hardware and software of mainframe systems for the Road Transport Department of Malaysia ("JPJ"). The contract value is RM126,021,280.00 for period of 29 months commencing from 1 May 2020 to 30 September 2022.

By Order of the Board

**AMIR ZAHINI BIN SAHRIM (7034464)**

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

Secretary