



HEITECH PADU BERHAD

[Registration No. 199401024950 (310628-D)]

(Incorporated in Malaysia)

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

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

	Individual Quarter		Cumulative Quarter	
	2022	2021	2022	2021
	Current quarter ended 30 September	Comparative quarter ended 30 September	9 months cumulative to date	Comparative 9 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	72,040	68,893	219,588	200,814
Other Income	1,270	5,093	2,069	10,887
Total Income	<u>73,310</u>	<u>73,986</u>	<u>221,657</u>	<u>211,701</u>
Employee Benefits Expense	(22,034)	(21,837)	(64,047)	(66,221)
Purchase of Hardware and Software	(23,375)	(19,079)	(74,384)	(60,354)
Telecommunication Costs	(8,374)	(6,974)	(16,819)	(17,496)
Software License and Hardware Maintenance Cost	118	(1,848)	(8,314)	(7,209)
Bulk Mailing Processing Charges	(1,101)	(1,761)	(4,565)	(5,919)
Depreciation and amortisation	(3,144)	(3,681)	(9,754)	(11,095)
Project Implementation Costs	(9,548)	(11,428)	(25,178)	(23,463)
Other Expenses	(8,348)	(6,070)	(18,733)	(15,056)
Total Expenditure	<u>(75,806)</u>	<u>(72,678)</u>	<u>(221,794)</u>	<u>(206,813)</u>
(Loss)/profit before Finance Cost	(2,496)	1,308	(137)	4,888
Finance Cost	(1,053)	(951)	(2,856)	(2,945)
Share of Results of Associated Companies	-	(71)	(122)	226
(Loss)/profit before tax	<u>(3,549)</u>	<u>286</u>	<u>(3,115)</u>	<u>2,169</u>
Taxation	(156)	(27)	(355)	(125)
(Loss)/profit for the period	<u>(3,705)</u>	<u>259</u>	<u>(3,470)</u>	<u>2,044</u>
(Loss)/profit attributable to:				
Equity holders of the Parent	(3,530)	854	(3,183)	1,456
Non-controlling interests	(175)	(595)	(287)	588
	<u>(3,705)</u>	<u>259</u>	<u>(3,470)</u>	<u>2,044</u>
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	(3.49)	0.84	(3.14)	1.44
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	(3,705)	259	(3,470)	2,044
Foreign currency translation	60	271	278	282
Total comprehensive (loss)/income	<u>(3,645)</u>	<u>530</u>	<u>(3,192)</u>	<u>2,326</u>
Total comprehensive (loss)/income attributable to:				
Equity holders of the Parent	(3,559)	1,125	(2,905)	1,738
Minority Interest	(86)	(595)	(287)	588
	<u>(3,645)</u>	<u>530</u>	<u>(3,192)</u>	<u>2,326</u>

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 30/09/2022.

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

	Unaudited 2022	Audited 2021
	As at 30 September	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	50,548	52,935
Right-of-use assets	5,534	7,605
Intangible assets	14,672	11,220
Investment in associates	1,242	1,364
Investment in joint venture	350	350
Other investments	3,080	3,080
Contract cost assets	34,419	33,557
TOTAL NON-CURRENT ASSETS	109,845	110,111
CURRENT ASSETS		
Inventories	305	294
Trade and other receivables	31,246	42,204
Contract assets	50,764	32,731
Contract costs assets	26,593	49,847
Prepayments	561	559
Tax recoverable	3,982	3,926
Cash and bank balances	53,349	61,292
TOTAL CURRENT ASSETS	166,800	190,853
CURRENT LIABILITIES		
Contract liabilities	6,785	9,341
Loans and borrowings	83,650	87,019
Trade and other payables	51,697	64,934
Tax payable	63	189
Lease liability	2,874	2,987
TOTAL CURRENT LIABILITIES	145,069	164,470
NET CURRENT ASSETS	21,731	26,383
	131,576	136,494
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	(961)	(1,239)
Accumulated losses	(22,404)	(19,221)
Shareholders' equity	94,386	97,291
Non-controlling interests	8,596	8,883
Shareholders' Funds	102,982	106,174
<u>Long Term Liabilities</u>		
Deferred tax liabilities	41	41
Long term borrowings	24,858	24,486
Lease liability	3,695	5,793
Non-current liabilities	28,594	30,320
	131,576	136,494
Net asset per share attributable to ordinary equity holders of the parent (RM)	0.79	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 30/09/2022.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022						
At 1 January 2022	117,751	(1,239)	(19,221)	97,291	8,883	106,174
Total comprehensive income for the period	-	278	(3,183)	(2,905)	(287)	(3,192)
At 30 September 2022	<u>117,751</u>	<u>(961)</u>	<u>(22,404)</u>	<u>94,386</u>	<u>8,596</u>	<u>102,982</u>
For the period ended 30 September 2021						
At 1 January 2021	117,751	(1,422)	7,305	123,634	(1,028)	122,606
Total comprehensive income for the period	-	282	1,456	1,738	588	2,326
At 30 September 2021	<u>117,751</u>	<u>(1,140)</u>	<u>8,761</u>	<u>125,372</u>	<u>(440)</u>	<u>124,932</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 30/09/2022.

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

	Period ended 30 September 2022	Year ended 31 December 2021
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(3,115)	(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	(467)	(578)
Finance costs	2,299	2,769
Finance costs on right-of-use assets	557	940
Amortisation of intangible assets	727	1,044
Depreciation of property, plant and equipment	6,875	10,646
Depreciation of right-of-use assets	2,152	2,900
Written off on:		
- property, plant and equipment	-	131
Reversal of impairment loss on:		
- trade receivables	(334)	(317)
- other receivables	-	(261)
- investment in associate	-	(6,088)
- investment in other investment	-	(809)
- property, plant and equipment	-	(99)
Impairment loss on:		
- trade receivables	174	1,423
- other receivables	8	-
Share of results of associates	122	(194)
Operating cash flows before changes in working capital	8,998	(2,747)
Changes in working capital		
Inventories	(11)	93
Trade and other receivables	11,110	28,631
Contract assets	(18,895)	22,544
Contract costs assets	23,254	15,173
Prepayments	(2)	(25)
Contract liabilities	(2,556)	6,911
Trade and other payables	(13,237)	(43,657)
Cash flows generated from operations	8,661	26,923
Profit paid	(2,299)	(1,161)
Income taxes paid	(537)	(764)
Net cash flows generated from operating activities	5,825	24,998
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,488)	(4,258)
Purchase of rights of use assets	(81)	-
Hibah received	467	578
Software development costs incurred	(4,179)	(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	(8,281)	732
FINANCING ACTIVITIES		
Repayment of loans and borrowings	(7,206)	(23,474)
Repayment of obligations under finance leases	(436)	(138)
Deposit placed for security for bank facilities	(5,362)	(3,009)
Repayment of lease liabilities	(2,768)	(3,670)
Profit paid	-	(1,608)
Net cash flows used in financing activities	(15,772)	(31,899)
NET DECREASE IN CASH & CASH EQUIVALENTS	(18,228)	(6,169)
Effect of exchange rate changes on cash and cash equivalents	278	(828)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(606)	6,391
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(18,556)	(606)
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	4,346	17,651
Deposits with licensed banks	49,003	43,641
Bank overdrafts	(22,902)	(18,257)
Deposit pledged as securities for bank borrowings	(49,003)	(43,641)
	(18,556)	(606)

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

- Amendment to MFRS 16 Leases - *Lease Liability in a Sale and Leaseback*
- 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 November 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 September 2022 are as follows:

	RM'000
Approved and contracted for	<u>153</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 September 2022	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	91,799	22,216	107,339	(1,766)	219,588
RESULT					
(Loss)/profit after tax	(1,613)	(4,994)	3,137	-	(3,470)
Non-controlling interests	-	(287)	-	-	(287)
(Loss)/profit attributable to equity holders of the Parent (PATAMI)	(1,613)	(4,707)	3,137	-	(3,183)
For the period ended 30 September 2021	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	70,520	18,964	112,452	(1,122)	200,814
RESULT					
Profit/(loss) after tax	4,268	2,558	(2,955)	(1,827)	2,044
Non-controlling interests	-	588	-	-	588
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	4,268	1,970	(2,955)	(1,827)	1,456

14. REVIEW OF PERFORMANCE

The Group recorded higher revenue of RM219,588,000 for the period ended 30 September 2022, an increase by RM18,774,000 from a revenue of RM200,814,000 for the period ended 30 September 2021.

However, lower margin has resulted in the Group recording loss before taxation and loss after taxation of RM3,115,000 and RM3,470,000 respectively for the period ended 30 September 2022 compared to profit before taxation and profit after taxation of RM2,169,000 and RM2,044,000 for the period ended 30 September 2021.

15. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded higher revenue at RM72,040,000 for the current quarter ended 30 September 2022 as compared to RM68,948,000 in the preceding quarter ended 30 June 2022.

However, the Group recorded loss before taxation and loss after taxation of RM3,549,000 and RM3,705,000 respectively for the quarter ended 30 September 2022, which is in contrast to loss before taxation of RM176,000 and loss after taxation of RM320,000 for the quarter ended 30 June 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 30/09/2022	Accumulated Current Quarter 30/09/2022
	RM'000	RM'000
Current expenses on taxation	(156)	(355)

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 September 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	83,650
	<u>83,650</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	24,858
	<u>24,858</u>
Total	<u>108,508</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 full trial proceeded on the 21 November 2022 and 22 November 2022 respectively. The judgment is expected to be delivered next year.

22. PROPOSED DIVIDEND

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

23. LOSS PER SHARE

	Current Quarter 30/09/2022	Accumulated Current Quarter 30/09/2022
<u>a) Basic</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	(3,530)	(3,183)
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic loss per share (sen)	(3.49)	(3.14)

b) Diluted

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

24. LOSS BEFORE TAX

Included in the loss before tax are the following items:

	Current Quarter 30/09/2022	Accumulated Current Quarter 30/09/2022
	RM'000	RM'000
Interest income	(173)	(467)
Interest expense	1,053	2,856
Depreciation of property, plant and equipment	2,189	6,875
Amortisation of intangible assets	239	727
Impairment loss on :		
- Trade receivables	52	174
- Other receivables	5	8
Reversal of impairment loss on:		
- Trade receivables	(316)	(334)
- Other receivables	11	-

25. SIGNIFICANT 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.
- b. On 8 September 2022 signed the LOA from Ministry of Defence, Malaysia ("Mindef") for "Kontrak Senggaraan Tactical Operational Flight Trainer, Computer Based Training, Fasilitas Dan Enhance Training Aid System Di Bangunan Simulator Sukhoi 30-MKM, Air Defence Simulator System Serta Peningkatan Sistem Sedia Ada for 5 years. The contract value is RM66,842,847.82.

26. SUBSEQUENT EVENT

- a. On 18 October 2022 accepted an Extension of the Contract for Maintenance and Technical Support Services for Hardware and Software of Mainframe Systems for Road Transport Department of Malaysia (JPJ) for 4 months. The contract value is RM13,228,633.12.
- b. On 18 October 2022 accepted an Extension of the Contract for Perkhidmatan Penyelenggaraan dan Sokongan Teknikal bagi Infrastruktur ICT serta Sistem Informasi Kenderaan dan Pemandu (mySIKAP) di semua Pejabat JPJ for 4 months. The contract value is RM10,489,683.39.

By Order of the Board

AMIR ZAHINI BIN SAHRIM (7034464)
SITI SHAHWANA BINTI ABDUL HAMID (7018383)

Secretary