



# **HEITECH PADU BERHAD**

[Registration No. 199401024950 (310628-D)]

(Incorporated in Malaysia)

**Unaudited Interim Financial Report  
For the Quarter and Year Ended 31 December 2022**

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Individual Quarter		Cumulative Quarter	
	2022	2021	2022	2021
	Current quarter ended 31 December	Comparative quarter ended 31 December	12 months cumulative to date	Comparative 12 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	73,908	68,688	293,496	269,502
Other Income	1,122	8,044	3,191	18,931
Total Income	<u>75,030</u>	<u>76,732</u>	<u>296,687</u>	<u>288,433</u>
Employee Benefits Expense	(22,541)	(22,266)	(86,588)	(88,487)
Purchase of Hardware and Software	(24,982)	(19,593)	(99,366)	(79,947)
Telecommunication Costs	(7,653)	(9,313)	(24,472)	(26,809)
Software License and Hardware Maintenance Cost	(972)	(2,565)	(9,286)	(9,774)
Bulk Mailing Processing Charges	(1,479)	(1,779)	(6,044)	(7,698)
Depreciation and amortisation	(3,274)	(3,495)	(13,028)	(14,590)
Project Implementation Costs	(11,520)	(24,666)	(36,698)	(48,129)
Other Expenses	(7,951)	(10,556)	(26,684)	(25,612)
Total Expenditure	<u>(80,372)</u>	<u>(94,233)</u>	<u>(302,166)</u>	<u>(301,046)</u>
Loss before Finance Cost	(5,342)	(17,501)	(5,479)	(12,613)
Finance Cost	(1,053)	(764)	(3,909)	(3,709)
Share of Results of Associated Companies	(62)	(32)	(184)	194
Loss before tax	<u>(6,457)</u>	<u>(18,297)</u>	<u>(9,572)</u>	<u>(16,128)</u>
Taxation	(388)	(128)	(743)	(253)
Loss for the period	<u>(6,845)</u>	<u>(18,425)</u>	<u>(10,315)</u>	<u>(16,381)</u>
Loss attributable to:				
Equity holders of the Parent	(7,034)	(17,234)	(10,217)	(15,778)
Non-controlling interests	189	(1,191)	(98)	(603)
	<u>(6,845)</u>	<u>(18,425)</u>	<u>(10,315)</u>	<u>(16,381)</u>
Number of Ordinary Shares	101,225	101,225	101,225	101,225
Loss per share attributable to equity holders of the parents:				
Basic loss for the period	(6.95)	(17.03)	(10.09)	(15.59)
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	(6,845)	(18,425)	(10,315)	(16,381)
Foreign currency translation	(72)	(99)	206	183
Total comprehensive loss	<u>(6,917)</u>	<u>(18,524)</u>	<u>(10,109)</u>	<u>(16,198)</u>
Total comprehensive loss attributable to:				
Equity holders of the Parent	(7,106)	(17,333)	(10,011)	(15,595)
Minority Interest	189	(1,191)	(98)	(603)
	<u>(6,917)</u>	<u>(18,524)</u>	<u>(10,109)</u>	<u>(16,198)</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 31/12/2022.

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	<b>Unaudited 2022</b>	<b>Audited 2021</b>
	<b>As at 31 December</b>	<b>As at 31 December</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	51,217	52,935
Right-of-use assets	5,041	7,605
Intangible assets	14,540	11,220
Investment in associates	1,180	1,364
Investment in joint venture	350	350
Other investments	3,080	3,080
Contract cost assets	33,632	33,557
<b>TOTAL NON-CURRENT ASSETS</b>	<b>109,040</b>	<b>110,111</b>
<b>CURRENT ASSETS</b>		
Inventories	235	294
Trade and other receivables	32,019	42,204
Contract assets	54,652	32,731
Contract costs assets	53,662	49,847
Prepayments	623	559
Tax recoverable	3,937	3,926
Cash and bank balances	40,604	61,292
<b>TOTAL CURRENT ASSETS</b>	<b>185,732</b>	<b>190,853</b>
<b>CURRENT LIABILITIES</b>		
Contract liabilities	5,950	9,341
Loans and borrowings	97,120	87,019
Trade and other payables	72,534	64,934
Tax payable	183	189
Lease liability	2,910	2,987
<b>TOTAL CURRENT LIABILITIES</b>	<b>178,697</b>	<b>164,470</b>
<b>NET CURRENT ASSETS</b>	<b>7,035</b>	<b>26,383</b>
	<b>116,075</b>	<b>136,494</b>
<b>FINANCED BY:</b>		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,033)	(1,239)
Accumulated losses	(29,438)	(19,221)
Shareholders' equity	87,280	97,291
Non-controlling interests	9,135	8,883
Shareholders' Funds	96,415	106,174
<u>Long Term Liabilities</u>		
Deferred tax liabilities	41	41
Long term borrowings	16,526	24,486
Lease liability	3,093	5,793
Non-current liabilities	19,660	30,320
	<b>116,075</b>	<b>136,494</b>
Net asset per share attributable to ordinary equity holders of the parent (RM)	0.72	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 31/12/2022.

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 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
<b>For the year ended 31 December 2022</b>						
At 1 January 2022	117,751	(1,239)	(19,221)	97,291	8,883	106,174
<b>Total comprehensive loss for the year</b>	-	206	(10,217)	(10,011)	(98)	(10,109)
Increase in stake in a subsidiary	-	-	-	-	350	350
At 31 December 2022	<u>117,751</u>	<u>(1,033)</u>	<u>(29,438)</u>	<u>87,280</u>	<u>9,135</u>	<u>96,415</u>
<b>For the year ended 31 December 2021</b>						
At 1 January 2021	117,751	(1,422)	7,305	123,634	(1,028)	122,606
<b>Total comprehensive loss for the year</b>	-	183	(15,778)	(15,595)	(603)	(16,198)
Disposal of an associate	-	-	(234)	(234)	-	(234)
Increase in stake in a subsidiary	-	-	(10,514)	(10,514)	10,514	-
At 31 December 2021	<u>117,751</u>	<u>(1,239)</u>	<u>(19,221)</u>	<u>97,291</u>	<u>8,883</u>	<u>106,174</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 31/12/2022.

**HEITECH PADU BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE**  
**YEAR ENDED 31 DECEMBER 2022**

	Year ended 31 December 2022	Year ended 31 December 2021
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(9,572)	(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	(616)	(578)
Finance costs	3,195	2,769
Finance costs on right-of-use assets	714	940
Amortisation of intangible assets	1,032	1,044
Depreciation of property, plant and equipment	9,134	10,646
Depreciation of right-of-use assets	2,862	2,900
Written off on:		
- property, plant and equipment	-	131
Reversal of impairment loss on:		
- trade receivables	(84)	(317)
- other receivables	-	(261)
- investment in associate	-	(6,088)
- investment in other investment	-	(809)
- property, plant and equipment	-	(99)
Impairment loss on:		
- trade receivables	438	1,423
- other receivables	8	-
Share of results of associates	184	(194)
<b>Operating cash flows before changes in working capital</b>	<b>7,295</b>	<b>(2,747)</b>
<b>Changes in working capital</b>		
Inventories	59	93
Trade and other receivables	9,823	28,631
Contract assets	(21,996)	22,544
Contract costs assets	(3,815)	15,173
Prepayments	(64)	(25)
Contract liabilities	(3,391)	6,911
Trade and other payables	7,600	(43,657)
<b>Cash flows (used in)/generated from operations</b>	<b>(4,489)</b>	<b>26,923</b>
Profit paid	(3,195)	(1,161)
Income taxes paid	(760)	(764)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(8,444)</b>	<b>24,998</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,416)	(4,258)
Purchase of rights of use assets	(298)	-
Hibah received	616	578
Software development costs incurred	(4,352)	(1,663)
Net proceeds from disposal of a subsidiary, associate and an other investment	-	6,075
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(11,450)</b>	<b>732</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of loans and borrowings	4,272	(23,474)
Repayment of obligations under finance leases	(436)	(138)
Deposit placed for security for bank facilities	24,262	(3,009)
Repayment of lease liabilities	(3,491)	(3,670)
Profit paid	-	(1,608)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>24,607</b>	<b>(31,899)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>4,713</b>	<b>(6,169)</b>
Effect of exchange rate changes on cash and cash equivalents	206	(828)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>(606)</b>	<b>6,391</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>4,313</b>	<b>(606)</b>
<b>CASH &amp; CASH EQUIVALENTS COMPRISE:</b>		
Cash at banks and on hand	21,225	17,651
Deposits with licensed banks	19,379	43,641
Bank overdrafts	(16,912)	(18,257)
Deposit pledged as securities for bank borrowings	(19,379)	(43,641)
	<b>4,313</b>	<b>(606)</b>

**UNAUDITED RESULTS FOR  
THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 20 February 2023 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 2022 are as follows:

	<b>RM'000</b>
Approved and contracted for	<u>48</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 2022	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>					
External	120,645	33,116	141,560	(1,825)	293,496
<b>RESULT</b>					
Loss after tax	(3,367)	(4,475)	(2,473)	-	(10,315)
Non-controlling interests	-	(98)	-	-	(98)
Loss attributable to equity holders of the Parent (PATAMI)	(3,367)	(4,377)	(2,473)	-	(10,217)
For the period ended 31 December 2021	Core 1	Core 2	Core 3	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>					
External	101,622	28,116	142,080	(2,316)	269,502
<b>RESULT</b>					
(Loss)/profit after tax	(15,085)	1,821	(6,556)	3,439	(16,381)
Non-controlling interests	-	(603)	-	-	(603)
(Loss)/profit attributable to equity holders of the Parent (PATAMI)	(15,085)	2,424	(6,556)	3,439	(15,778)



#### 14. REVIEW OF PERFORMANCE

The Group recorded higher revenue of RM293,496,000 for the year ended 31 December 2022, an increase by RM23,994,000 from a revenue of RM269,502,000 for the year ended 31 December 2021.

However, lower margin has resulted in the Group recording loss before taxation and loss after taxation of RM9,572,000 and RM10,315,000 respectively for the year ended 31 December 2022, an improvement compared to loss before taxation of RM16,128,000 and loss after taxation of RM16,381,000 for the year ended 31 December 2021.

#### 15. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded higher revenue at RM73,908,000 for the current quarter ended 31 December 2022 as compared to RM72,040,000 in the preceding quarter ended 30 September 2022.

However, the Group recorded higher loss before taxation of RM6,457,000 and loss after taxation RM6,845,000 for the quarter ended 31 December 2022, compared to loss before taxation of RM3,549,000 and loss after taxation of RM3,705,000 for the quarter ended 30 September 2022.

#### 16. COMMENTARY ON PROSPECTS

The Group's business environment is expected to remain challenging in 2023. According to Bank Negara Malaysia, the Malaysian economy in 2023 is expected to expand at a more moderate pace amid a challenging external environment while inflation is expected to moderate but remain elevated amid lingering cost and demand pressures. Tighter financial conditions, re-escalation of geopolitical conflicts, supply chain disruptions and inflation 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 31/12/2022 RM'000	Accumulated Current Quarter 31/12/2022 RM'000
Current expenses on taxation	(388)	(743)

## 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 2022, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

<b>Secured:</b>	<b>RM'000</b>
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	-
Other short term borrowings due within 12 months	97,120
	<u>97,120</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	16,526
	<u>16,526</u>
<b>Total</b>	<u>113,646</u>

## 21. MATERIAL LITIGATION

### 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. The Court had further fixed another date on 27 February 2023 for clarification and the judgment will be delivered by the judge in due course.

## 22. PROPOSED DIVIDEND

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

## 23. LOSS PER SHARE

	<b>Current Quarter 31/12/2022</b>	<b>Accumulated Current Quarter 31/12/2022</b>
<u>a) Basic</u>		
Net loss attributable to ordinary equity holders of the parent company (RM'000)	(7,034)	(10,217)
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
<b>Basic loss per share (sen)</b>	<u>(6.95)</u>	<u>(10.09)</u>

### 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:

	<b>Current Quarter 31/12/2022</b>	<b>Accumulated Current Quarter 31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	(149)	(616)
Interest expense	1,053	3,909
Depreciation of property, plant and equipment	2,259	9,134
Amortisation of intangible assets	305	1,032
Impairment loss on :		
- Trade receivables	264	438
- Other receivables	-	8
Reversal of impairment loss on:		
- Trade receivables	250	(84)
- Other receivables	-	-

## 25. SIGNIFICANT EVENT

- a. On 18 October 2022, the Company 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, the Company 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* (Maintenance and Technical Support Services for ICT Infrastructure as well as Vehicle and Driver Information System (mySIKAP) in all JPJ Offices) for 4 months. The contract value is RM10,489,683.39.

## 26. SUBSEQUENT EVENT

- a. On 27 January 2023 the Company accepted and signed the Letter of Award from Ministry of Higher Education ("MOHE"), Malaysia for *Perkhidmatan Sewaan Berpusat Peralatan ICT Secara Sewa Guna Di Lima (5) Buah Zon Untuk Kegunaan Kementerian Pengajian Tinggi Bagi Zon 1: Johor, Melaka Dan Negeri Sembilan* (Centralized Rental Service of ICT Equipment for Use in Five (5) Zones for the Use of the Ministry of Higher Education for Zone 1: Johor, Melaka and Negeri Sembilan) commencing from 1 February 2023 till 31 May 2027. The Contract Value is RM38,581,048.32.

By Order of the Board

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

Secretary