



HEITECH PADU BERHAD

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

**Unaudited Interim Financial Report
For the Quarter and Period Ended 31 March 2024**

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2024

	Individual Quarter		Cumulative Quarter	
	2024	2023	2024	2023
	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	61,633	71,546	61,633	71,546
Other Income	340	170	340	170
Total Income	61,973	71,716	61,973	71,716
Employee Benefits Expense	(20,104)	(22,843)	(20,104)	(22,843)
Purchase of Hardware and Software	(10,116)	(22,281)	(10,116)	(22,281)
Lease Line Rental	(4,980)	(5,577)	(4,980)	(5,577)
Maintenance Costs	(3,382)	(1,090)	(3,382)	(1,090)
Bulk Mailing Processing Charges	(3,064)	(1,996)	(3,064)	(1,996)
Depreciation and amortisation	(3,578)	(3,370)	(3,578)	(3,370)
Project Implementation Costs	(9,763)	(9,450)	(9,763)	(9,450)
Other Expenses	(5,478)	(7,052)	(5,478)	(7,052)
Total Expenditure	(60,465)	(73,659)	(60,465)	(73,659)
Profit/(loss) before Finance Cost	1,508	(1,943)	1,508	(1,943)
Finance Cost	(1,007)	(1,172)	(1,007)	(1,172)
Share of Results of Associated Companies	-	(53)	-	(53)
Profit/(loss) before tax	501	(3,168)	501	(3,168)
Taxation	(270)	(176)	(270)	(176)
Profit/(loss) for the year	231	(3,344)	231	(3,344)
Profit/(loss) attributable to:				
Equity holders of the Parent	132	(3,264)	132	(3,264)
Non-controlling interests	99	(80)	99	(80)
	231	(3,344)	231	(3,344)
Number of Ordinary Shares	101,225	101,225	101,225	101,225
Profit/(loss) per share attributable to equity holders of the parents:				
Basic profit/(loss) for the period	0.13	(3.22)	0.13	(3.22)
Unaudited Condensed Consolidated Statement of Comprehensive Income				
Shareholders' Funds	231	(3,344)	231	(3,344)
Foreign currency translation	15	(155)	15	(155)
Total comprehensive profit/(loss)	246	(3,499)	246	(3,499)
Total comprehensive profit/(loss)				
Equity holders of the Parent	147	(3,419)	147	(3,419)
Minority Interest	99	(80)	99	(80)
	246	(3,499)	246	(3,499)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Accounts for the year ended 31/12/2023. The document forms part of quarterly announcement for quarter ended 31/03/2024.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Unaudited 2024	Audited 2023
	As at 31 March	As at 31 December
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	99,866	101,385
Right-of-use assets	6,205	7,190
Intangible assets	18,697	18,711
Investment in associates	1,141	1,141
Investment in joint venture	350	350
Other investments	3,080	3,080
Contract cost assets	6,544	6,544
Finance lease receivables	53,232	53,232
TOTAL NON-CURRENT ASSETS	189,115	191,633
CURRENT ASSETS		
Inventories	383	224
Trade and other receivables	61,029	42,469
Contract assets	38,020	35,263
Contract costs assets	89,757	81,479
Prepayments	860	1,137
Tax recoverable	4,052	3,992
Cash and bank balances	45,007	54,259
Finance lease receivables	16,825	18,803
	255,933	237,626
Asset classified as held for sale	3,785	3,785
TOTAL CURRENT ASSETS	259,718	241,411
CURRENT LIABILITIES		
Contract liabilities	11,060	11,642
Loans and borrowings	131,882	110,451
Trade and other payables	86,573	87,228
Tax payable	146	10
Lease liability	13,662	17,823
TOTAL CURRENT LIABILITIES	243,323	227,154
NET CURRENT ASSETS	16,395	14,257
	205,510	205,890
FINANCED BY:		
Share capital	117,751	117,751
Foreign currency translation reserve	(1,189)	(1,204)
Revaluation reserve	50,236	50,236
Accumulated losses	(21,798)	(21,930)
Shareholders' equity	145,000	144,853
Non-controlling interests	8,770	8,671
Shareholders' Funds	153,770	153,524
<u>Long Term Liabilities</u>		
Deferred tax liabilities	5,677	5,677
Long term borrowings	6,883	6,869
Lease liability	39,180	39,820
Non-current liabilities	51,740	52,366
	205,510	205,890
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.25	1.25

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Accounts for the year ended 31/12/2023. The document forms part of quarterly announcement for quarter ended 31/03/2024.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2024

	Non-Distributable			Distributable		Non-Controlling Interests	Total
	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 March 2024							
At 1 January 2024	117,751	(1,204)	50,236	(21,930)	144,853	8,671	153,524
Total comprehensive income for the period	-	15	-	132	147	99	246
At 31 March 2024	<u>117,751</u>	<u>(1,189)</u>	<u>50,236</u>	<u>(21,798)</u>	<u>145,000</u>	<u>8,770</u>	<u>153,770</u>
For the period ended 31 March 2023							
At 1 January 2023	117,751	(893)	-	(29,090)	87,768	9,063	96,831
Total comprehensive loss for the period	-	(155)	-	(3,264)	(3,419)	(80)	(3,499)
At 31 March 2023	<u>117,751</u>	<u>(1,048)</u>	<u>-</u>	<u>(32,354)</u>	<u>84,349</u>	<u>8,983</u>	<u>93,332</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2023. The document forms part of quarterly announcement for quarter ended 31/03/2024.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD
ENDED 31 MARCH 2024

	Year ended 31 March 2024	Year ended 31 December 2023
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	501	8,567
Adjustments for:		
Depreciation of property, plant and equipment	2,309	9,443
Depreciation of right-of-use assets	985	3,558
Finance costs on:		
- loans and borrowing	833	3,721
- lease liability	174	594
Impairment loss on:		
- trade receivables	90	915
- other receivables	-	89
- intangible assets	-	23
- contract cost assets	-	778
Reversal of impairment loss on:		
- trade receivables	-	(609)
Inventories written down	-	21
Amortisation of intangible assets	290	1,218
Share of results of associates	-	39
Gain on disposal of property, plant and equipment	-	(278)
Gain on disposal asset held for sale	-	(770)
Hibah income	(155)	(603)
Gain on lease modification	-	(41)
Gain on net investment in sublease	-	(24,299)
Finance income on lease receivables	-	(121)
Written off on:		
- property, plant and equipment	-	1
Operating cash flows before changes in working capital	5,027	2,246
Changes in working capital		
Inventories	(159)	(10)
Trade and other receivables	(18,650)	(11,190)
Contract assets	(2,757)	19,743
Contract costs assets	(8,278)	(958)
Prepayments	277	(514)
Contract liabilities	(582)	5,774
Trade and other payables	(655)	14,977
Cash flows (used in)/generated from operations	(25,777)	30,068
Interest received	57	121
Interest paid	(174)	(594)
Tax refund	136	33
Tax paid	-	(1,578)
Net cash flows (used in)/generated from operating activities	(25,758)	28,050
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(790)	(9,212)
Hibah received	155	603
Proceeds from disposal of property, plant and equipment	-	2,609
Software development costs incurred	(276)	(5,961)
Net cash flows used in investing activities	(911)	(11,961)
FINANCING ACTIVITIES		
Net proceeds/(repayment) from loans and borrowings	9,503	(851)
Net deposit placement to securities for bank borrowings	(2,918)	(3,367)
Payment of lease liabilities	(4,801)	(8,587)
Dividend paid to non-controlling interest	-	(400)
Lease payment received	1,921	6,823
Interest paid	(833)	(3,721)
Net cash flows generated from/(used in) financing activities	2,872	(10,103)
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	(23,796)	5,986
Effect of exchange rate changes on cash and cash equivalents	(453)	(220)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	10,079	4,313
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(14,170)	10,079
CASH & CASH EQUIVALENTS COMPRISE:		
Cash at banks and on hand	19,343	31,513
Deposits with licensed banks	25,664	22,746
Bank overdrafts	(33,513)	(21,434)
Deposit pledged as securities for bank borrowings	(25,664)	(22,746)
	(14,170)	10,079

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2023. The document forms part of quarterly announcement for quarter ended 31/3/2024.

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

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 2023. 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 2023.

2. CHANGES IN ACCOUNTING POLICIES

2.1 Adoption of Amendments to Standards

The accounting standards adopted in the preparation of the Condensed Report are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2023, 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 to the Group's financial statements for the current financial year.

- Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments:
Disclosure - Supplier Finance Arrangements

2.2 Standards issued but not yet effective

As at the date of authorisation of this Condensed Report, 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.

Effective for financial periods beginning on or after 1 January 2025.

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

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 2023 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

The Group has not carried out any valuation on its property, plant and equipment in the current financial period under review.

10. CONTINGENT LIABILITIES

There were no contingent liabilities for the Group as at 21 May 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 March 2024 are as follows:

	RM'000
Approved and contracted for	<u>55</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 business pillars of the Group has been segmented into Market Group.

1. Technology Market Group (TMG)

TMG business offerings are mainly focusing on system integration, application development and infrastructure managed services for the Public, Private and Government Link Agencies Sector.

2. Investment Market Group (IMG)

IMG offerings ranges from various sectors focusing on products other than system integration. It represents various offerings in different sectors like commercials, small and medium enterprises, local councils and state governments by the Group's subsidiaries. The offerings range from bulk mailing and outsourcing services, automotive/insurance claims platform services, mobile application, cooperative and smart council systems and smart parking services.

3. Niche Market Group (NMG)

NMG carries the uniqueness of the Group's business activities as opposed to the Group's IT related sectors. This groups have been strategically position under the Health sector, Defence sector, Renewable Energy and e-Driving.

For the period ended 31 March 2024	TMG	IMG	NMG	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	41,728	14,306	6,056	(457)	61,633
RESULT					
Profit/(loss) profit after tax	197	885	(455)	(396)	231
Non-controlling interest	-	99	-	-	99
Profit/(loss) attributable to equity holders of the Parent (PATAMI)	197	786	(455)	(396)	132

For the period ended 31 March 2023	TMG	IMG	NMG	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	53,851	15,032	2,763	(100)	71,546
RESULT					
(Loss)/profit after tax	(2,288)	1,870	(2,926)	-	(3,344)
Non-controlling interest	-	(80)	-	-	(80)
(Loss)/profit attributable to equity holders of the Parent (PATAMI)	(2,288)	1,950	(2,926)	-	(3,264)

14. REVIEW OF PERFORMANCE

The Group recorded lower revenue of RM61,633,000 for the period ended 31 March 2024, a decrease by RM9,913,000 from a revenue of RM71,546,000 for the period ended 31 March 2023.

However, better margin have resulted in the Group recording profit before taxation and profit after taxation of RM501,000 and RM231,000 respectively for the period ended 31 March 2024, compared to loss before taxation and loss after taxation of RM3,168,000 and RM3,344,000 for the period ended 31 March 2023.

15. COMPARISONS WITH PRECEDING QUARTER'S RESULTS

The Group recorded lower revenue at RM61,633,000 for the current quarter ended 31 March 2024 as compared to RM86,924,000 in the preceding quarter ended 31 December 2023.

As a result, the Group recorded lower profit before taxation of RM501,000 and profit after taxation RM231,000 for the quarter ended 31 March 2024, compared to profit before taxation of RM16,924,000 and profit after taxation of RM16,208,000 for the quarter ended 31 December 2023.

16. COMMENTARY ON PROSPECTS

According to Bank Negara Malaysia Economic and Financial Developments in Malaysia in the First Quarter of 2024, growth in 2024 will be driven by resilient domestic expenditure with additional support from the recovery in external demand. Investment activities will be driven by progress in multi-year projects across private and public sectors, alongside catalytic initiatives announced in national master plans, as well as the higher realisation of approved investments. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand, further escalation in geopolitical conflicts and larger declines in commodity production domestically. Nonetheless, there are upside risks from greater spillover from the tech upcycle and faster implementation of existing and new investment projects. Inflation are projected to remain moderate, while the outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

All these will impact the Group's business. 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 31/3/2024 RM'000	Accumulated Current Quarter 31/3/2024 RM'000
Current expenses on taxation	(270)	(270)

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 March 2024, 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	131,882
	<u>131,882</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	-
Other long term borrowings due after 12 months	6,883
	<u>6,883</u>
Total	<u>138,765</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").

21. MATERIAL LITIGATION (CONT'D.)

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

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 11 June 2024.

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. Subsequent to the Hearing of the Appeal on 22 April 2024, the Court of Appeal decided in favour of Defendant.

22. PROPOSED DIVIDEND

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

23. PROFIT PER SHARE

	Current Quarter 31/3/2024	Accumulated Current Quarter 31/3/2024
<u>a) Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	132	132
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic profit per share (sen)	0.13	0.13
<u>b) Diluted</u>		

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 31/3/2024 RM'000	Accumulated Current Quarter 31/3/2024 RM'000
Interest income	(155)	(155)
Interest expense	1,007	1,007
Depreciation of property, plant and equipment	3,294	3,294
Amortisation of intangible assets	290	290
Impairment loss on :		
- Trade receivables	90	90
- Other receivables	-	-
Reversal of impairment loss on:		
- Trade receivables	-	-
- Other receivables	-	-

25. SIGNIFICANT EVENTS

- a. On 2 January 2024, the Company has accepted and signed the Letter of Award from Lembaga Hasil Dalam Negeri ("LHDNM") for Kontrak LHDNM IP (ICT) Bil 31/2023: Perkhidmatan Next Generation Network commencing from 1 January 2024 to 30 June 2027. The Contract Value is RM58,888,888.00.
- b. On 7 March 2024, the Company has accepted and signed the Letter of Award from Jabatan Imigresen Malaysia ("JIM") for the Perkhidmatan Penyelenggaraan Sistem Aplikasi MYIMMS commencing from 18 February 2024 to 17 February 2025. The Contract Value is RM13,108,066.00.

26. SUBSEQUENT EVENTS

- a. On 15 April 2024, the Company has accepted and signed the Letter of Award from Road Transport Department Malaysia ("JPJ") for Tender Perkhidmatan Penyelenggaraan dan Sokongan Teknikal bagi Infrastructure ICT serta Sistem Informasi Kenderaan dan Pemandu (MySIKAP) dipusat Data dan semua pejabat JPJ commencing from 1 May 2024 to 30 April 2027. The Contract Value is RM190,012,284.00.
- b. On 17 April 2024, the Company proposes to undertake a proposed private placement placement of up to 10,122,520 new ordinary shares in the Company ("HeiTech Shares" or "Shares"), representing 10% of the total number of issued shares of HeiTech to third party investor(s) to be identified at a later date ("Proposed Private Placement"). The Proposed Private Placement shall be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act").

On 22 April 2024, the listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing application was subsequently approved by Bursa Securities on 7 May 2024.

By Order of the Board

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

Company Secretaries