HEITECH PADU BERHAD
(310628-D)

HEITECH

ANNUAL REPORT 2015

HeiTech®

TECHNOLOGY CREATING VALUE

For our clients, we strive to be recognised as their partner and expert of choice. Our track record of outstanding delivery, combined with our industry expertise, end-to-end services and innovative solutions, help deliver significant value to clients' mission-critical and transformative work. For our shareholders, our ambitions are to be recognised as a well-managed, financially strong company providing superior returns. For ourselves, the satisfaction in knowing that we've consistently delivered keeps us striving for greater heights during the most challenging of times, because we know that our technology creates sustainable value.

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CHAIRMAN'S STATEMENT

Dear Valued Shareholders and Stakeholders,

As the Chairman of Your Company and together with the members of the Board and Management Team, I am pleased to present the 2015 annual report and consolidated financial statements of HeiTech Padu Berhad (HeiTech or the Group).

In 2013 and 2014, HeiTech's financial performance has been affected by some of our main projects. However, the Group has managed to recuperate in 2015 and put itself back in the black. The Group has recorded a net profit of RM1.2 million in 2015 as opposed to net loss of RM10.4 million in 2014 and RM33.3 million in 2013.

Following that, the Board has declared a single-tier interim dividend of 2% on 101 million shares, amounting to RM2.0 million, which was duly paid on 29 July 2015. A token of appreciation to all HeiTech's valued shareholders for the unwavering support and patience.

BACK IN THE BLACK

In 2015, the Group posted a total revenue of RM376.2 million with maintenance charges as the biggest contributor at 32%, followed by networks services at 20%.

Although the revenue reduced from RM461.5 million in 2014, the profit before tax has increased to RM2.4 million compared to a loss before tax of RM9.9 million in 2014. This signifies a turnaround in performance of about 124%.

THE GROUP'S 2015 ACCOMPLISHMENTS

2015 has been another challenging year for the Group. Issues and challenges confronting Malaysia's economy including the sudden reduction of income from oil and gas had also affected the Group in the forms of delay in awards and prolonged collection period.

Despite these challenges, the Group is still able to secure some noteworthy achievements during the year. The Group continued to gain support and trust from its traditional customers within the public sector with the extension of contracts for maintenance services and new contracts such as disaster recovery services and public sector open data.

The Group continues to expand in the commercial sector through network services, data centre management services and disaster recovery services. Internationally, the Group has secured a contract to develop passport and visa issuance systems for one of the ASEAN country.

2015 also sees a new addition to the Group as it has diversified into new business area. HeiTech has acquired Duta Technic Sdn. Bhd. (Duta Technic), a company that involves in providing engineering, procurement, construction and commissioning services for energy companies. Subsequent to the acquisition, the company had successfully secured contracts worth RM26.2 million. This venture is hoped to benefit the Group by tapping in the vast potential of the energy sector, which looks to expand as the nation's appetite for energy grows in tandem with its economic progress.

CHAIRMAN'S STATEMENT

AWARDS AND RECOGNITION

Our good track record in business growth, product offerings and service delivery in the infrastructure-based managed services industry has been recognised by the reputable research and consulting firm, Frost & Sullivan, at its 2015 Malaysia Excellence Awards, where HeiTech received the Managed Service Provider of the Year award. Our contribution in supporting the national agenda of human capital development was acknowledged with the Exemplary Company of the Year award from Institut Latihan Jabatan Tenaga Manusia, Kementerian Sumber Manusia.

BUSINESS REVIEW

The Group's business environment is expected to remain challenging for 2016. In order to prepare for this challenges, steps were taken to re-align the business operations, focusing on four main pillars namely Public Sector, Commercial, International, and Innovation and New Business.

With our main revenue coming from the public sector, we are strengthening our service delivery capability and cost efficiency through a consolidation exercise.

On the commercial sector front, avenues were taken to strengthen and widen the Group's base in Data Centre (DC) and Disaster Recovery Facility (DRF) business through the launch of a DC Expansion Program. As part of the program, the Group has added 1,470 sq. ft. Tier 2 DC in addition to the current 30,000 sq. ft. Tier 4-ready DC. The objective is to accommodate and provide alternative solutions to customers that require infrastructure with lower-end specifications.

The challenges are expected to continuously be firm on the managed network services especially from the telecommunication companies. Nevertheless, we are confident of growth in this area through constant product innovation and differentiation.

We realise that the future of the Group lies on the ability to keep abreast with the latest technology and having innovative offerings to customers. Therefore, the Group has established a new entity to strategically address wealth creation through commercialisation of intellectual propety, innovation and entrepreneurship. We believe the future of HeiTech depends on the success of the entity in creating new business from this initiative.

GROWING OUR GLOBAL BUSINESS

Our suite of solutions and services for global customers has been enhanced through sustained investments in developing our Identity Management system. This technology helps the governments to address national security concerns, which continue to feature highly in international discourse. We believe that issues like human trafficking, terrorism and exploitation of children can be reduced significantly through sound Identity Management system by the government. We are encouraged by the potential interest coming from several governments of developing nations to acquire and implement this system. Currently, we are working in two countries in this area of interest. We are optimistic as we are now in the process of negotiation with a few other government to implement this system. Through our subsidiaries in Australia and Indonesia, we are moving into new areas such as in automotive and business process outsourcing.

Although current revenue from international business is small, we are confident that, given time, this area will grow to be a significant contributor to HeiTech's top line. We are optimistic in securing new business in 2016 and we remain positive about the future of HeiTech.

CHAIRMAN'S STATEMENT

A WORD OF THANKS

I would like record my deepest appreciation and sincerest thanks to our stakeholders and shareholders for their continuous support and faith in the Group.

I would also like to express my sincere gratitude to my Board members for their wise counsel, support and leadership, and my Management Team for their hard work and keen insights into the business.

Last but not least, I would like extend my thanks to the staff of HeiTech for their hard work and dedication and, who, together with the Board and Management Team, have made HeiTech's success possible. Thank you.

Dato' Sri Mohd Hilmey Mohd Taib
Chairman

CONSULTING FOR A BETTER WORLD

COMPANY OVERVIEW

VISION

To become the technology-based transformational company in Malaysia and beyond

& MISSION

*To be truly **TRANSFORMATIONAL** by:*

- *Providing Total Solutions*
- *Creating Innovative Products*
- *Consulting for a Better World*

We are driven by our passion and perseverance in order to deliver the best to our customers.

OUR COMMITMENT

Our passion unites us in our quest for excellence in offering IT systems and technology services that deliver greater security, added convenience and peace of mind. By listening to what you want, we focus our solutions towards meeting your needs and expectations, in adding even more value to your organisation.

OUR TRACK RECORD

We are global! We have touched the lives of Malaysians and citizens all over the world. By embracing cutting-edge technologies, we have revolutionised the automated systems of numerous customers in both the public and private sectors. From our humble beginning of implementing mega ICT projects in Malaysia, we have gradually progressed to applying our expertise globally, and also helping foreign governments and corporations in transforming complex mission-critical operations and business processes into simplified solutions that work.

STAFF STRENGTH

- More than 1,000 staff
- More than 80% are technical professionals

OUR EDGE

More than 20 years of IT development and implementation experience
Managing complexities in public and private sector projects.

Incumbent solution provider
Collaborating with major world class technology providers to deliver the best of breed solutions.

Mission critical systems
Trusted by organisations across the globe in delivering mission critical projects.

Global presence
Enabled via our resources and partners all over the world.

Value-added technology and business processes
Delivering values to businesses in all industries via improved business process and application.

SOLUTIONS AND SERVICES

As a Global IT System and Technology Services Provider, HeiTech has developed a comprehensive suites of solutions and services that are holistic, integrated and cutting-edge, covering the entire life cycle of systems, infrastructure and product development.

CORE CAPABILITIES

SYSTEM INTEGRATION & APPLICATION DEVELOPMENT

One size does not fit all and that is why we provide end-to-end customised solutions that meet our clients' specific needs. We use a three-pronged approach – formulating strategies that best answer the requirements of our clients, developing application systems, and finally, integrating systems of different platforms.

Being an end-to-end solutions provider, we offer complete project implementation services which includes project management services, systems management services, deployment services, user training, and post implementation support services.

IT INFRASTRUCTURE SOLUTIONS

- MANAGED DATA CENTER SERVICES (*i*-Sentrix)
  We own and manage a Tier-IV ready Data Centre providing world class services of developing, building and managing data centre facilities for our clients.

  The combination of experience and technical certification such as Information Security Management System (ISO/IEC 27001: 2005), Quality Management System (ISO/IEC 9001: 2008) and Information Technology Service Management System (ISO/IEC 20000-1: 2011) has enabled us to provide the high standard of qualities that meets the demand of many organisations in terms of service level, availability, data integrity and security.

  Our suite of Data Centre Services consist of:
  - Data Centre Management Services
  - Infrastructure Development & Management Services
  - Business Recovery Management Services
  - Mainframe Services

- MANAGED NETWORK SERVICES (Padu*Net)
  As Malaysia's largest non-telecommunications service provider, our network services support multi-protocol applications into one secured private network. Our network infrastructure also consists of multiple telecommunications and trunk carriers. This network diversity enables us to offer excellent connectivity and availability to our clients.

SOLUTIONS AND SERVICES

We are committed in providing 99.8% network service availability to our clients, at all times. This commitment is realised through our centralised monitoring and around-the-clock customer service.

We also assist our clients to develop, build and manage network infrastructure and services.

Our set of network services consists of the following technologies:

- ○ Internet Protocol Virtual Private Network (IPVPN)
- ○ IP Broadband (DSL)
- ○ Metro Ethernet
- ○ 3G
- ○ 4G
- ○ VSAT
- ○ Leased Line
- ○ Wireless Leased Line

- CLOUD COMPUTING SERVICES (AwanHeiTech)

  We offer flexible cloud computing services, tailored to our client's specific business requirement – from building a private cloud, hosting cloud infrastructure to managing shared cloud services. Our cloud computing services help streamline clients' budgets as they are economically-friendly on capital expenditure, hardware refresh cycles, hardware-software operations and maintenance expenses.

  Our suite of cloud services consists of:

  - ○ Infrastructure as a Service
  - ○ Storage as Service
  - ○ Disaster Recovery as a Service
  - ○ Data Protection as a Service
  - ○ Desktop as a Service
  - ○ Security Operation Center as a Service
  - ○ Platform as a Service

- ICT MAINTENANCE & DEPLOYMENT (Pro*Services)

  We offer ICT Maintenance and Deployment services nationwide, particularly to organisations that have multiple branches. Our dedicated on-site engineers provide 24x7x365 support to customers in attending to problems and rectifications. With the recent establishment of 20 Universal Service Centre (USC) nationwide, we have extended our services to data recovery services, telco value-added services and IT hardware repair services.

  Our suite of services consist of:

  - ○ ICT Maintenance Services
  - ○ ICT Deployment Services
  - ○ Co-Location & ICT Infrastructure
  - ○ Telco Value-Added Services
  - ○ Universal Service Centre (USC)

INDUSTRY FOCUS

Capitalising on over two decades of experience in both public and private sectors, we have diversified our solutions to include industries such as National Security, Transport, Financial Services, Healthcare, and Defence.

OUR SPECIFIC SOLUTIONS

NATIONAL SECURITY

Pintar ID (ID Management and Travelers)

1. Identity Management comprises of
   - Population Management System
     - i. National ID
     - ii. Civil Registry
   - Electoral System
   - Smartcard/Biometrics (related to registration and enrolment)

2. Travelers Identity Solution comprises of
   - Immigration Border Control Management
   - Immigration Travel Document/Passport Issuance
   - Immigration Visa Issuance

SOLUTIONS AND SERVICES

TRANSPORT

- Road Transport Authority Management System (RTAMS)
- Vehicle Information System Integration (VISI) Solution
- Driver Information System
- Bus Integrated System
- Centralised Taxi Service System
- Automatic Number Plate Recognition
- Vehicle Entry Permit System (Road Charging Solution)
- Automated Road Driving Test and Training System
- Automatic Fare Collection System
- Terminal Operating System
- Single Window Ship Clearance System
- Maritime and Port Logistic Solution
- X-Screen Computer Based Training System
- Passenger Service System
- Aviation Lighting Solution
- Rail Communication System
- Train Signaling Solution

FINANCIAL SERVICES

- Islamic Integrated Computerised Banking System
- Conventional Integrated Computerised Banking System
- Insurance & Reinsurance Integrated System (Life, General, Takaful)
- Credit Management Solutions
- Investment Management System

HEALTHCARE

- Hospital Information System
- GP Clinics Patient Management System

DEFENCE

- Simulated Interactive Maintenance Aids (Sima)
- Integrated Training & Tactical Command Control System
- Security Assessment Services

VALUE-ADDED BUSINESSES

Our expertise goes far beyond our traditional range of products and services. We offer our clients a comprehensive range of value-added services that meet their needs.

ENTERPRISE SOLUTIONS

- SAP Suite of Product
- Identity Authentication & Mobility Solutions
- Electronic Commerce
- Middleware Products

CONTENT DEVELOPMENT

- Web Portal Application Development
- Interactive Product Training
- Mobile Application Solutions

BUSINESS PROCESS OUTSOURCING

- Manual Mail Processing
- Electronic Bill Presentment
- Record Management Services
- Digital Printing Services
- Will Document Management

OTHER e-GOVERNMENT RELATED SOLUTIONS

- Inter-Agency Link-Up System
- Pension Management System
- Hajj Management System
- Postal Management System

MOBILE APPLICATION

- myMMS
- mySMS
- myPAY
- myAPP
- 1GOV AppStore

ENGINEERING

- Construction of power station
- Engineering consulting services

AUTOMOTIVE SOLUTIONS

- Thatcham Parts and Times System
- Thatcham Parts Analysis
- Claims Processing Centre
- Vehicle Data History Reports

GLOBAL REACH

02 Countries
Consultancy Services

03 Countries
Identity Management Solutions

04 Countries
Data Centre Services

12 Countries
System Integration Services

15 Global Services
Marketplace

Australia
• Automotive Industry Solutions

Brunei
• System Integration Services
• Business Continuity
• Consulting Services

Cambodia
• System Integration Services

China
• System Integration Services
• Outsourcing Services

Ghana
• Identity Management Solutions

Indonesia
• System Integration Services
• Business Process Outsourcing Services
• Data Centre Services

Malaysia
• System Integration Services
• Data Centre Services
• Network Services

Myanmar
• System Integration Services

Philippines
• System Integration Services

Saudi Arabia
• System Integration Services
• Data Centre Services
• Consulting Services

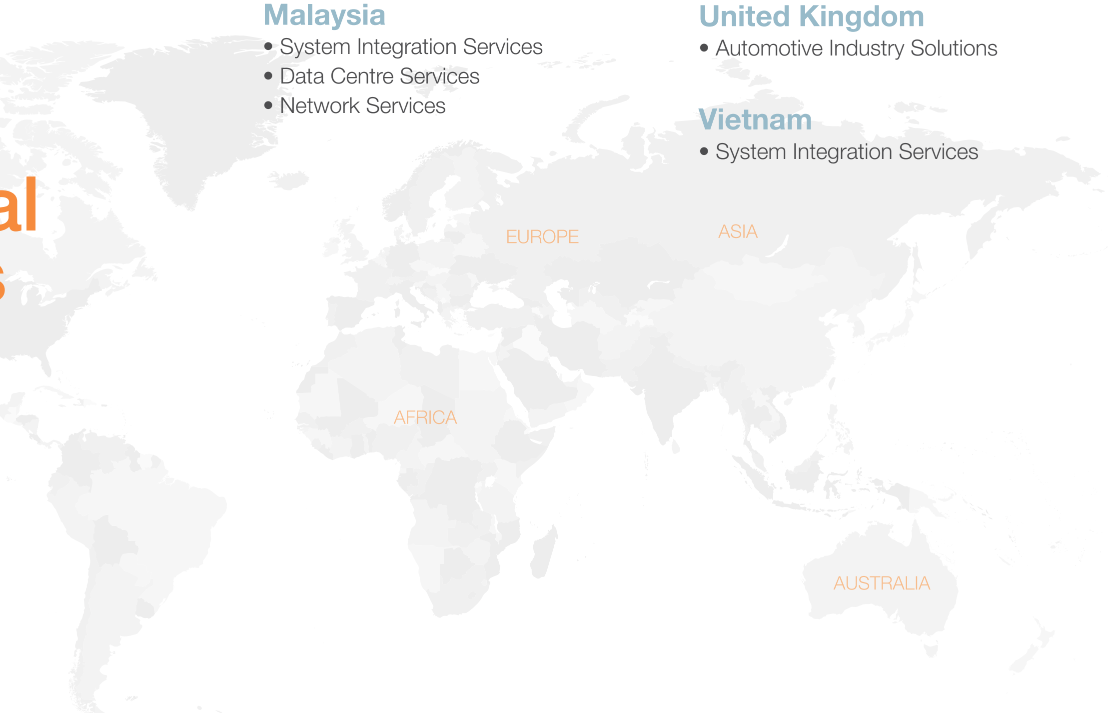
Sri Lanka
• System Integration Services
• Disaster Recovery Services
• Data Centre Services

Thailand
• System Integration Services

United Arab Emirates
• System Integration Services
• Automotive Industry Solutions

United Kingdom
• Automotive Industry Solutions

Vietnam
• System Integration Services



CORPORATE INFORMATION

Board of Directors

Dato' Sri Mohd Hilmey Bin Mohd Taib
Chairman

Dato' Haji Ghazali Bin Awang
Independent Non-Executive Director

Syed Agel Bin Syed Salim
Non-Independent Non-Executive Director

Dato' Mohd Fadzli Bin Yusof
Independent Non-Executive Director

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor
Independent Non-Executive Director

Dato' Dr. Mohamed Ariffin Bin Aton
Non-Independent Non-Executive Director

Sulaiman Hew Bin Abdullah
Independent Non-Executive Director

Wan Ainol Zilan Binti Abdul Rahim
Independent Non-Executive Director

Group Company Secretary

Siti Shahwana Binti Abdul Hamid
MAICSA 7018383

Amir Zahini Bin Sahrim
MAICSA 7034464

Management Team

Harris Bin Ismail
President
Group Chief Executive Officer

Ahmad Nasrul Hakim Bin Mohd Zaini
Executive Vice President, Finance
Chief Financial Officer

Salmi Nadia Binti Mohd Hilmey
Executive Vice President
Risk Management & Corporate Services

Registered Office

Level 15 HeiTech Village
Persiaran Kewajipan
USJ 1 UEP Subang Jaya
47600 Subang Jaya
Selangor Darul Ehsan
Malaysia
Tel : +603-8026 8888
Fax : +603-8024 7997

Incorporated

5 August 1994

Website Address

www.heitech.com.my

Auditor

Messrs. Hanafiah Raslan & Mohamad
Level 23A Menara Millenium
Jalan Damanlela Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Principal Bankers

- Affin Bank Berhad & Affin Islamic Bank Berhad
- RHB Islamic Bank Berhad & RHB Bank Berhad
- Bank Muamalat Malaysia Berhad
- CIMB Bank Berhad
- AmIslamic Bank Berhad
- Malayan Banking Berhad & Maybank Islamic Berhad
- Public Bank Berhad
- Bank Islam Malaysia Berhad
- Emirates Islamic Bank

Principal Solicitors

Messrs. Cheang & Ariff
39 Court@Loke Mansion
273A Jalan Medan Tuanku
50300 Kuala Lumpur

Messrs. Rajes Hisham Rahim & Gopal
15, 6th Floor
Yee Seng Building
Jalan Raja Chulan
50200, Kuala Lumpur

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur Malaysia
Tel : +603-2783 9299
Fax : +603-2783 9222

Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad
(Listed since 20 November 2000)
Stock Code : 5028
Stock Name : HTPADU

14th Floor, Exchange Square
Bukit Kewangan
P.0. Box 11023
50670 Kuala Lumpur
Tel : +603-2034 7000
Fax : +603-2710 2308

AGM Helpdesk

Amir Zahini Bin Sahrim
Tel : +603-8601 3454
Fax : +603-8024 7997

Khyrul Anwaar Bin Mohamed Nor Azizi
Tel : +603-8601 3125
Fax : +603-8024 7997

GROUP STRUCTURE

Wholly Owned Subsidiaries

- HeiTech Managed Services Sdn. Bhd. (**100%**)
- HeiTech e*Business Solution Sdn. Bhd. (**100%**)
- HeiTech *i*-Solutions Sdn. Bhd. (**100%**)
- HeiTech Transbiz Sdn. Bhd. (**100%**)
- HeiTech Global Services Sdn. Bhd. (**100%**)
- Integrated Healthcare Solutions Sdn. Bhd. (**100%**)
- HeiTech Health Services Sdn. Bhd. (**100%**)
- HeiTech Defence System Sdn. Bhd. (**100%**)
- HeiTech Academy Sdn. Bhd. (**100%**)
- Inter-City MPC (M) Sdn. Bhd. (**100%**)
- Cinix 1 Pty. Ltd. (**100%**)
- Pro-Office Solutions Sdn. Bhd. (**100%**)
  (a subsidiary of Inter-City MPC (M) Sdn. Bhd.)

Subsidiary Companies

- Dapat Vista Sdn. Bhd. (**80%**)
- Educational Trend Sdn. Bhd. (**73.72%**)
- P.T. Intercity Kerlipan (**70%**)
  (a subsidiary of Inter-City MPC (M) Sdn. Bhd.)
- Motordata Research Consortium Sdn. Bhd. (**60%**)
- Duta Technic Sdn. Bhd. (**51%**)

Associate and Investment Companies

- InTech Solutions Pvt. Ltd. (**49%**)
- HeiTech International LLC (**40%**)
- E-Komoditi Sdn. Bhd. (**40%**)
- Peladang HeiTech Sdn. Bhd. (**39%**)
- Vantage Point Consulting Sdn. Bhd. (**31.25%**)
- Fask Capital Sdn. Bhd. (**20%**)
- MSCL Holdings Sdn. Bhd. (**19%**)
- Saeed for Traffic Systems LLC (**10%**)
- Tricubes Berhad (**4.89%**)

Notes:

- The companies reflected above are active operating subsidiaries, associate and investment companies.
- Information is accurate as at 31 December 2015.

FINANCIAL CALENDAR 2015

2015

FEB 2015

Quarterly rpt on consolidated results for the financial period ended 31 December 2015

DATE: 29 February 2015

AUG 2015

Quarterly rpt on consolidated results for the financial period ended 30 June 2015

DATE: 26 August 2015

MAY 2015

Quarterly rpt on consolidated results for the financial period ended 31 March 2015

DATE: 27 May 2015

NOV 2015

Quarterly rpt on consolidated results for the financial period ended 30 September 2015

DATE: 25 November 2015

2016

SIMPLIFIED SELECTED FIVE (5) YEARS GROUP REVIEW

REVENUE	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Network Services Fees	84,442	92,662	84,672	74,642	**75,930**
System Application and Development	48,355	77,822	65,081	61,987	**40,480**
Sales of Hardware and Software	39,595	63,592	75,018	139,795	**69,188**
Disaster Recovery and Facility Management Services	45,972	47,991	35,330	30,094	**29,465**
Maintenance of Hardware, Software and Application	90,161	83,309	116,120	116,484	**122,188**
Bulk Mailing Charges	28,226	29,152	30,269	33,587	**31,409**
Others	1,373	1,001	7,328	4,870	**7,578**
	338,124	395,529	413,818	461,459	**376,238**

PROFITABILITY	2011	2012	2013	2014	2015
Profit Before Tax (RM'000)	3,357	7,936	(31,438)	(9,947)	**2,430**
Profit Before Tax Margin (%)	1.0%	2.0%	-7.6%	-2.2%	**0.6%**
Profit After Taxation (RM'000)	6,060	4,840	(33,349)	(10,423)	**1,211**
Profit Attributable to Shareholders (RM'000)	4,044	4,563	(32,743)	(10,474)	**933**
Earnings per Share (RM)	0.04*	0.045*	-0.32*	-0.10*	**0.009***

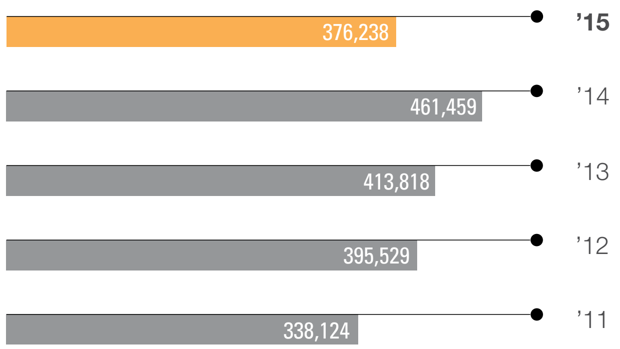
* Based on the weighted average of 101,225,000 ordinary shares of RM1.00 each

ASSETS EMPLOYED	2011	2012	2013	2014	2015
Total Assets (RM'000)	508,791	528,521	480,287	519,395	**455,255**
Fixed Assets (RM'000)	219,472	216,236	193,084	173,034	**143,147**
Net Current Assets (RM'000)	92,334	95,597	96,489	56,054	**78,370**
Current Ratio	1.47	1.44	1.51	1.19	**1.34**
Gearing Ratio	54%	53%	60%	57%	**56%**
Shareholders' Fund (RM'000)	202,855	206,547	175,672	160,958	**161,806**
Net Tangible Assets per Share (RM)	1.79*	1.76*	1.48*	1.32*	**1.30***
Share Capital (RM'000)	101,225	101,225	101,225	101,225	**101,225**

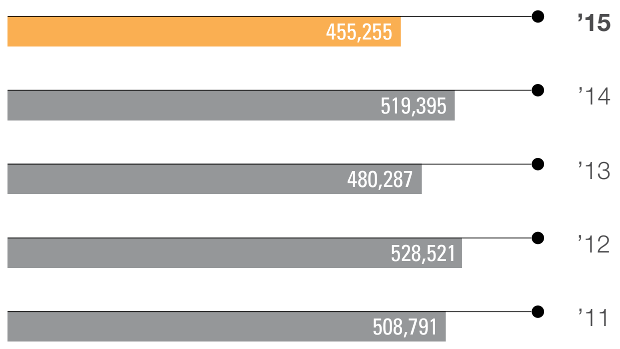
* Based on paid-up capital of RM101,225,000

FIVE (5) YEARS GROUP PERFORMANCE HIGHLIGHTS

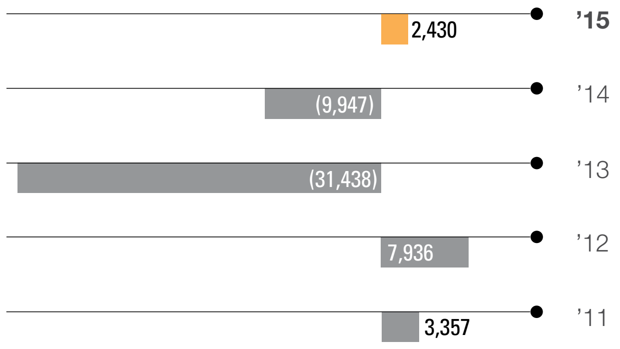
TOTAL REVENUE



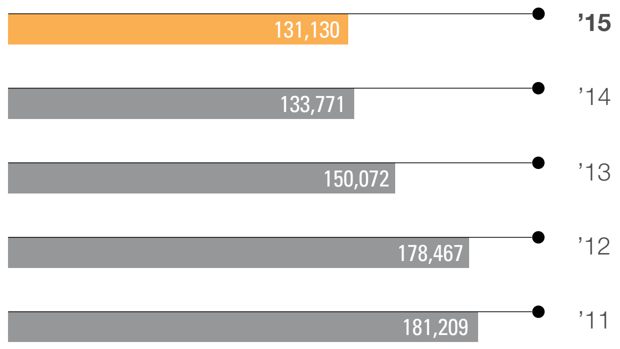
TOTAL ASSETS



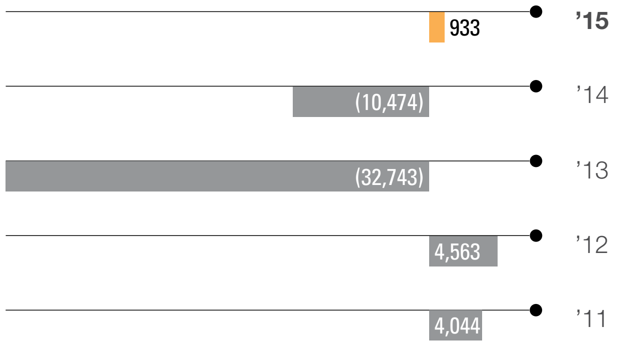
PROFIT BEFORE TAXATION



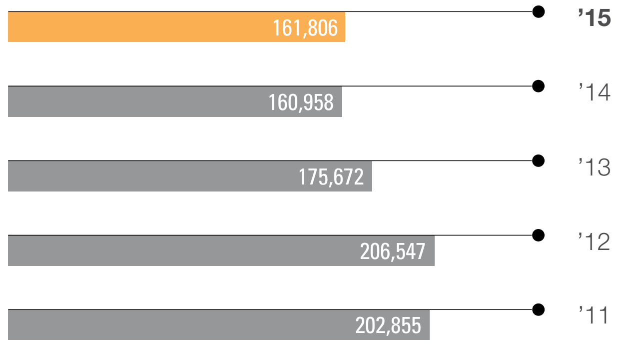
NET TANGIBLE ASSETS



PROFIT ATTRIBUTABLE TO SHAREHOLDERS



SHAREHOLDERS' FUND



REVIEW OF OPERATIONS

HeiTech Padu Berhad ("HeiTech") today is a global IT systems and technology services provider that specialises in developing ICT systems and infrastructure for Government Agencies and Commercial Sectors. Driven by our passionate people, we persevere to overcome our customer's challenges in bringing greater agility and value to their end-users. HeiTech offers complete end-to-end, customised solutions for the ever more dynamic business environment. We are proud of our achievements as not many organisation can share with you the experiences we harbour; the integral role we play in being instrumental in transforming various industries not only nationally but globally; powered by our people who channel their passion for excellence with drive and perseverance and irrevocably change the way the Government serves its people and corporations meet the needs of their customers.

HeiTech has had more than 20 years' experience in delivering mission-critical projects for the Malaysian Government since it first commenced its e-Government initiatives. This has resulted in HeiTech adding one feather in its cap after another, in various industries including National Security, Transport, Financial Services, Healthcare and Defence, across the globe. Being Malaysia's technology based conglomerate, HeiTech today is one of Malaysia's biggest homegrown IT company. HeiTech offers innovative total solutions in transforming businesses from manually driven processes to automated systems and finally towards an effective and comprehensive information systems which allows critical business decisions to be made more precise and timely. We believe our customers' success depends on sound technology support and by synergising energies of our skilled people with innovative solutions; we do a lot more for our customers by expanding our knowledge and insights into customers' needs, integrating solutions, quality delivery of services and accelerating new-product developments. We target to deliver services that will improve communications and allow our customers to realise much greater value from our technology for better growth prospects. When our customers grow, we hope to grow with them.

HeiTech plans, develops, integrates and maintains total IT Solutions for Government agencies such as People Registration & Life Cycle Information Management, Population Information Exchange System, Vehicle Registration & Management System, Immigration Travel Document Production and Issuance, Immigration Border Control Management, Driver Information System, Pension Management System and Hajj Management System. HeiTech developed online inter-agency exchange systems that enable the Government to provide its services at other participating agencies. HeiTech also had successfully developed and maintain the "first in the region" simulator centre for the Royal Malaysian Air Force that provides advanced combat aircraft full mission simulation training in a networked environment. HeiTech developed a more efficient hospital information management system that benefits administrators, doctors, nurses and patients of government hospitals in Malaysia.

Under HeiTech managed services, there are two (2) core offerings ie managed data centre services and managed network services. HeiTech has successfully provided these services to complement the System Integration and Application Development work. Both services provide high level of availability, which enable our clients to run their operations effectively and efficiently, for the benefit of their stakeholders.

REVIEW OF OPERATIONS

2015 proved to be the year of putting HeiTech back into the black and sustain our competitive advantage.

HeiTech has also ventured into other emerging businesses such as content development and distribution, data management and processing and electronic commerce. This complimenting business portfolio allows HeiTech to grow towards large scale outsourcing business and hence positioning HeiTech as a Technology Conglomerate providing end-to-end solutions.

PERFORMANCE REVIEW: FYE 31 December 2015

The HeiTech team were focused on moving the Company back into profitability. The task entails reviewing operations and continuing to excel in what we do well while making the necessary changes in areas where we have fallen short. It means reviving broken spirits and rebuilding morale as well as combating wastage, plugging leakages and strengthening balance sheets. In order for us to remain relevant, we must move away from our comfort zone and create new opportunities for sure continuous growth and long-term sustainability. We pushed growth on the operational side, reinforced by our belief that 'there is a light at the end of the tunnel' for HeiTech. For the past three (3) years, HeiTech was all about managing sustainability within a recuperating economy, saturated market and prudent spending by the Public Sector. Among the many change affecting the ICT industry of Malaysia in particular are the downsizing of new contracts and quantity of development projections but we at HeiTech are always optimistic about the track record we have already built in the markets in which we operate. All efforts were focused on realigning the Group's operations and securing new projects for the years to come.

2015 proved to be the year of putting HeiTech back into the black and sustain our competitive advantage. Strong actions were taken throughout the Group to realign the operational structure and make it more cost-effective, including improving internal processes, ensuring timely project delivery as well as securing a pipeline of new projects for future growth.

In 2015, HeiTech sealed several significant projects, namely the extension of ICT maintenance services for our major traditional customers in public sector, the National Registration Department and the Immigration Department. We also continued to secure several private sector accounts from leading financial and investment institutions mainly for network services.

On the global front, we continued to nurture and engage with the governments in Asia and North Africa on matters pertaining to core system development and enhancement of mission-critical systems on projects related to national interest such as Internal Security, Border Management and Intelligent Transport Administration and Control. Our international business arm, increased its capabilities to cater to the diverse needs of new clients across the globe. HeiTech was also engaged to develop passport and visa issuance systems for Myanmar's Ministry of Foreign Affairs.

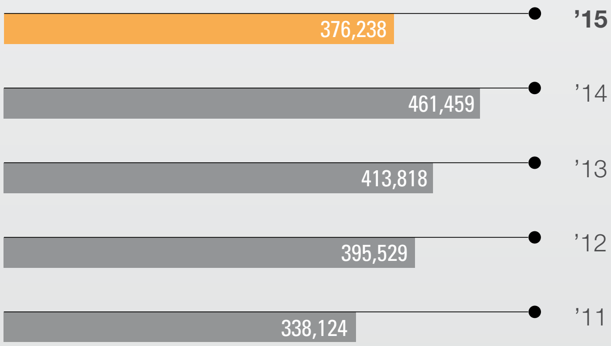
We are however reminded by the many illustrations that the recovery process is a marathon race, not a sprint. Against this

REVIEW OF OPERATIONS

backdrop, HeiTech believes that whilst strengthening and reinforcing its core-competency, it must also strategically diversify its business portfolio.

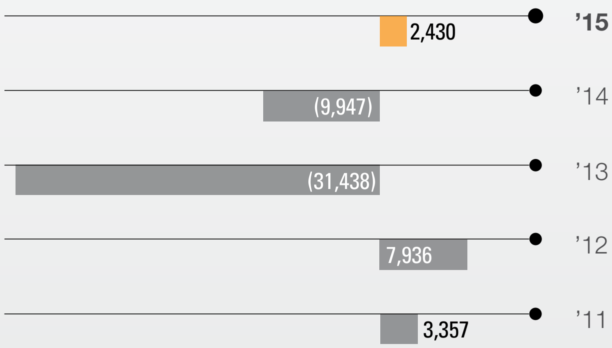
In 2015, the Group's revenue is reported at RM376 million. The revenue stream consists of revenue from network services fees, system application and development, sale of hardware and software, disaster recovery and facility management services, maintenance services, software development, bulkmailing charges, consultancy and IT training.

TOTAL REVENUE



As most of the development of our ICT projects were completed, our major projects were on maintenance mode in 2015. Hence, maintenance of hardware, software and application was the biggest contributor, contributing 32% of total revenue. Network services was the next biggest contributor at 20% of 2015 revenue. Network revenue recorded 2% improvement from RM74 million in 2014 to RM76 million.

PROFIT BEFORE TAXATION



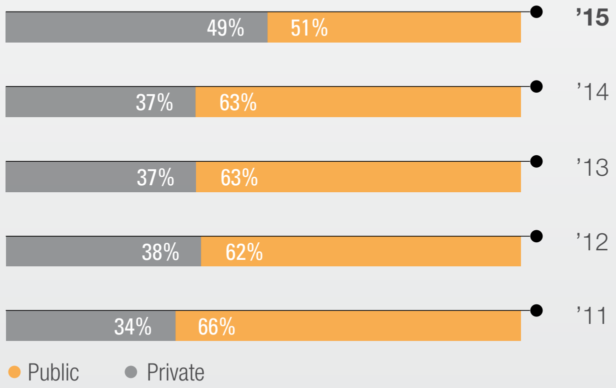
Profit before tax (PBT) for 2015 improved significantly from a loss before tax of RM9.9 million to a PBT of RM2.4 million. This translates into a 124% growth from 2014. The turnaround was mainly due to most of the development works for projects that contributed to the prior year's results have been completed.

In 2015, aggressive steps were taken and to rise above the challenges of fierce competition in the more than ever saturated market of ICT industry is the main focus of HeiTech. Also to mitigate the raising concerns, the Group is seeking out more business opportunities for higher-end specialised implementations such as electronic government products and services in niche markets in hope to further enhance the Group's deliverables. The Group will diversify into niche markets, like that of the Middle East, as well as expand our international collaborations and involvement to generate profits for the years to come. Driven by strategic business expansion decisions, HeiTech actively collaborates with both the commercial sector and government agencies within various countries leveraging on its International Strategic Business Group (ISBG) represented by its partners and investment in Indonesia, Sri Lanka, Australia, Abu Dhabi and Dubai, United Arab Emirates. HeiTech has also stepped up efforts and programs towards further efficiency in operations and working capital management.

REVIEW OF OPERATIONS

SECTORIAL BUSINESS

SECTORIAL REVENUE CONTRIBUTION
Public vs Private Sector Contribution



The revenue proportion between Public and Private sectors in 2015 are almost balanced. Contributing at 51% of revenue, Public sector remains the larger contributor of revenue of total revenues while private sector contribution is 49%. Major contributor for the 2015's public sector percentage was the revenue from the JPJ mainframe upgrade project, maintenance of hardware and software for JPN and maintenance of Sukhoi Simulator.

Efforts to increase contribution from the private sector for the past few years and to reduce dependency on the Public Sector is materialising. 76% of our network services is from the private sector contribution. This is a good progress towards reaching out to the private sector market as the network services is the second major contributor to the Group revenue in 2015.

We remain optimistic for 2016. This optimism is backed by the interest shown by growing enterprise and the public sector in cloud computing and ICT-friendly budget measures. The Malaysian Government has been pursuing a long-term plan with the ambition to achieve high-income status by the end of the decade, with ICT playing a critical role. This underscores the Government's prioritisation of ICT, the importance of ICT to the Government's vision of the future, and the initiatives by the Government to provide online services. These government-led efforts are a significant factor in ICT's transformational impact on the economy and on society at large.

Furthermore, with the growing number of SMEs needing greater access to information and technology, more cost effective Cloud computing software, is seen as having great potentials to help more SMEs to bridge the great digital divide. HeiTech intend to leverage on its expertise and innovative solutions in cloud computing, big data, mobility and social media, to propel the Group further to greater heights.

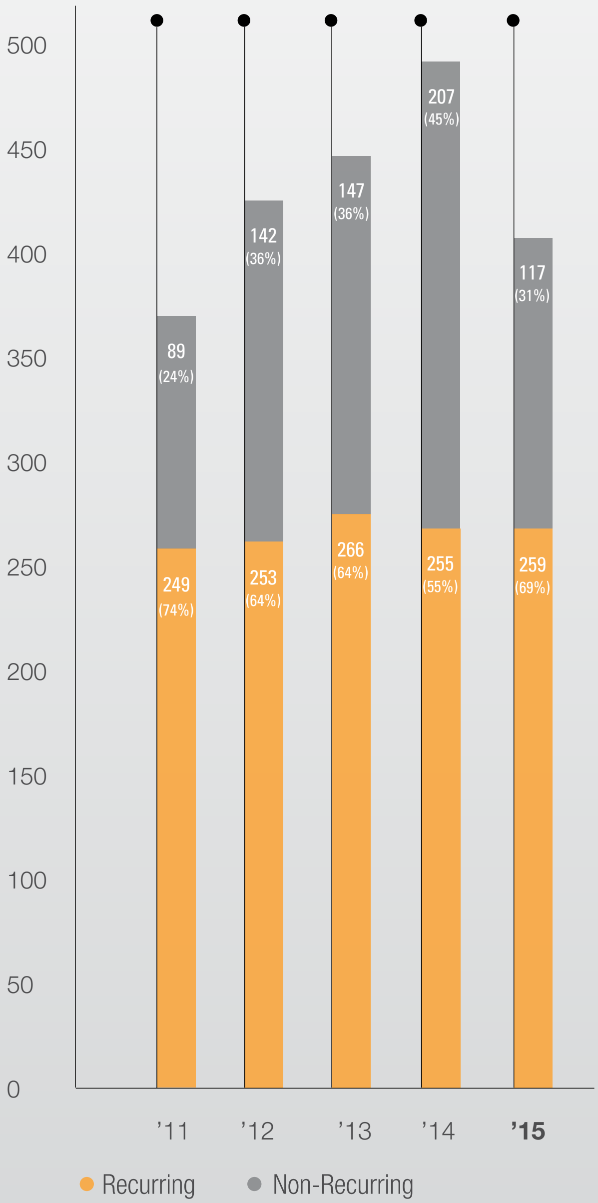
An equitable diversification of business between the public and private sector after taking into consideration the cyclical factors in demands and increasing competition, it was not an easy task. Looking at the development of automation in the Malaysian Public Sector operations, the Public Sector will still be the major driver of earnings growth for HeiTech as long as the Government continues to improve its delivery system via ICT. Continuous efforts are doubled to ensure HeiTech Padu Berhad is still a household name in the ICT scene of Public Sector.

To broaden the earnings base, HeiTech actively collaborates with both the commercial sector and government agencies within various countries to further explore markets outside Malaysia, leveraging on HeiTech's experience on the electronic government transformation projects with the Malaysian Public Sector.

REVIEW OF OPERATIONS

QUALITY OF REVENUE

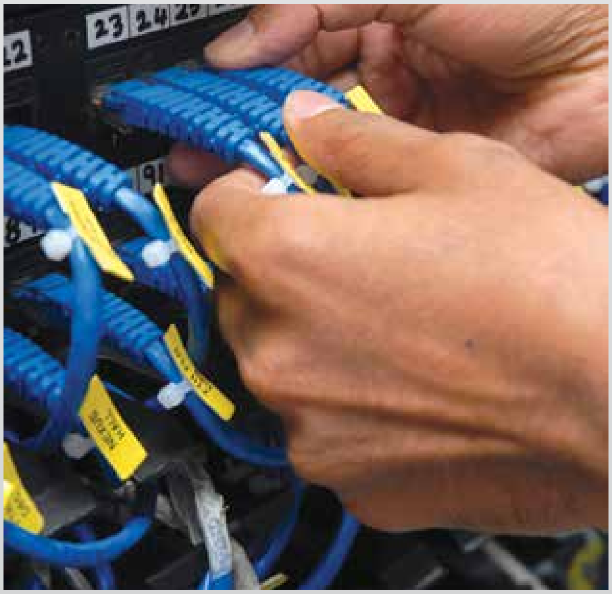
RECURRING VS NON-RECURRING REVENUE CONTRIBUTION (RM MILLION)



The quality of revenue is quantified by its recurring or otherwise nature over a period of more than one year. In essence, it is an indicator for the sustainability of the Group to generate a stable return to the shareholders. An example of recurring revenue would be maintenance services for existing customers that previously employ our system integration services. Non-recurring revenue such as system integration services, which is generally acknowledged as the major contributor in terms of earnings are a few and hard to come by over the years. This is due to stiff competition, cyclical demand and with more off-the-shelf solutions available in the market.

In 2015, proportions of recurring is more than non-recurring revenue. HeiTech has registered recurring revenue of 69% out of total revenue in respect of 2015. The drop in the non-recurring revenue is mainly contributed by the completion of system development of respective projects as most projects hit the maintenance mode in 2015. We are now focusing on obtaining more new non-recurring revenue from project development which would usually be the entry-point for possible opportunities of new non-recurring revenues and may translate into future recurring revenues on the maintenance of the systems delivered.

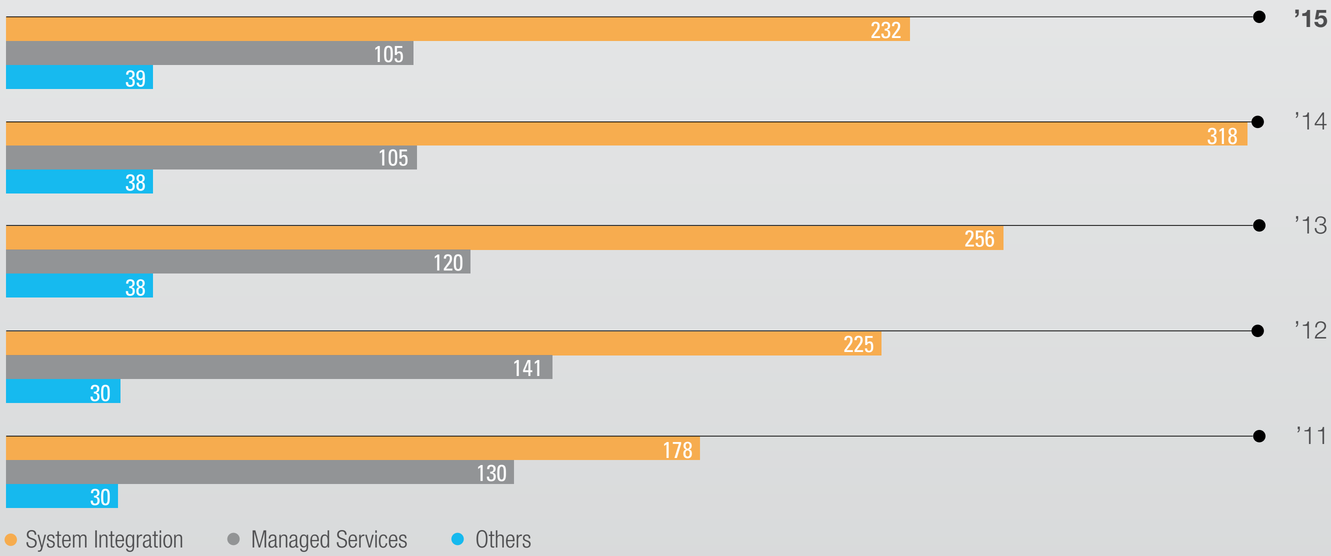
Having a good balance between recurring and non-recurring projects supports continuous growth of the Group where the non-recurring revenues may lead to potential recurring revenues in the years to come.



REVIEW OF OPERATIONS

CONTRIBUTION OF BUSINESS ACTIVITIES

REVENUE CONTRIBUTION BY BUSINESS ACTIVITIES (RM MILLION)



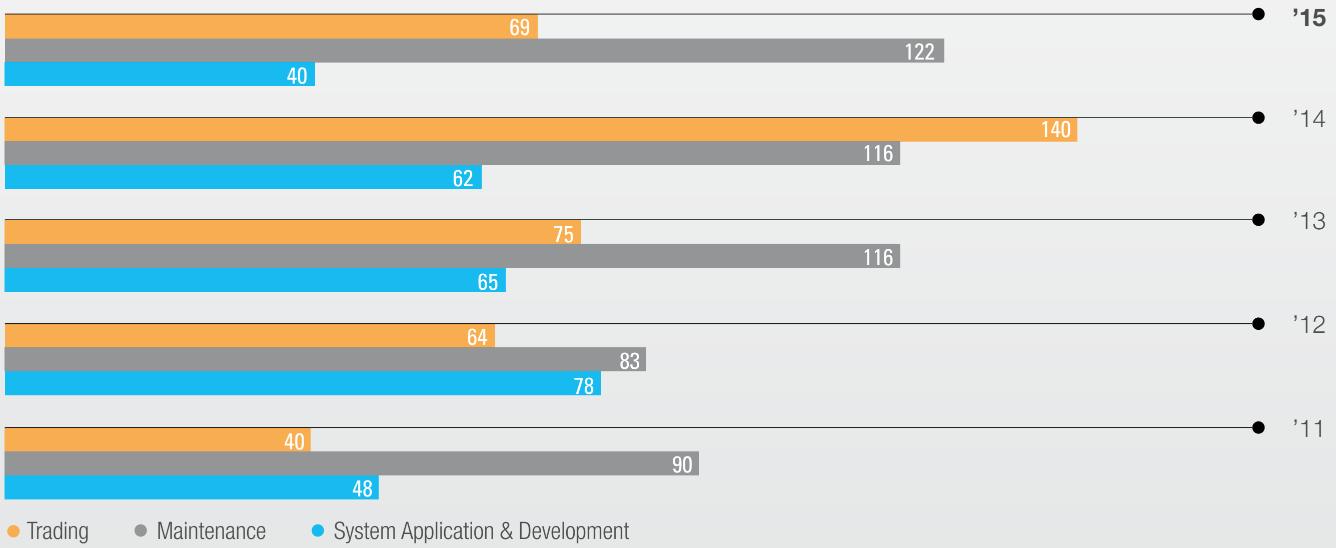
As Malaysia’s leading ICT player, HeiTech has brought to the market many innovative technologies through our holistic, integrated and reliable services. The services and solutions offered cover the entire life cycle of system and products. For simplicity, the business activities can be divided into system integration, managed services and others. Activities are associated through consequential relationship with one another. For example, system maintenance services post completion of system integration and application development (SIAD) are included under system integration.

The main driver of the Group is from systems integration followed by managed services.

REVIEW OF OPERATIONS

SYSTEM INTEGRATION

SYSTEM INTEGRATION REVENUE ANALYSIS (RM MILLION)



HeiTech offers complete end-to-end, customised solutions for the ever more dynamic business environment and maximise the compatibility, interoperability and enterprise-wide information integration to match the most exacting business requirements. Through combination of proven capabilities in systems integration and track record in application development and maintenance, we are able to optimse customers' needs and requirements. HeiTech was built on system integration. Our notable success came from the 3J projects where the Group made its mark as one of the premier system integrator in Malaysia. Arguably, the Group had played a part in opening the door for other home grown. System integrator by establishing market confidence within local players with our track record. On the same note, it has also open up a new level of competition.

The system integration business consists of SIAD, trading of hardware and software ("Trading") and maintenance services. Generally, system integration would entail an upgrade of hardware and software to support the new system. This is packaged together to ensure smooth delivery of the system. Maintenance services are provided post development and implementation. Based on the trend within the last five years, maintenance services is one of the major contributors to this business.

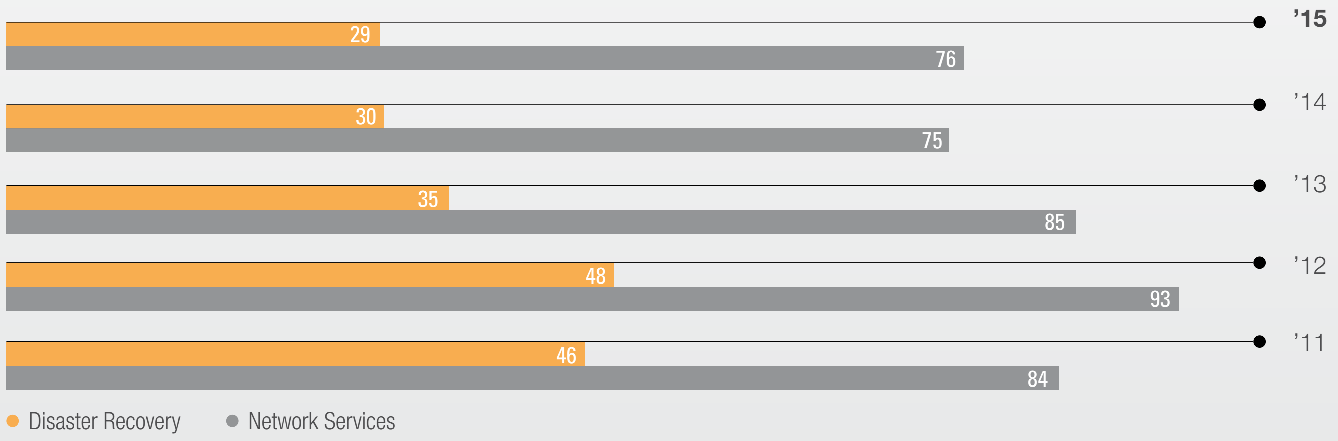
In 2015, system integration services recorded a revenue of RM232 million. Maintenance services contributed RM122 million of the revenue which makes up 53% of system integration segment revenue and 32% of total Group revenue.

Trading is the most volatile revenue stream due to differences in requirements from one system integration project to another. In 2015, sales of hardware and software reduced by 51% as most of the hardware and softwares during development phase have been duly delivered.

REVIEW OF OPERATIONS

MANAGED SERVICES

MANAGED SERVICES REVENUE ANALYSIS (RM MILLION)



Backed by over 15 years of experience in managed network services and data center services, HeiTech offers innovative and integrated ICT infrastructure solutions based on reliable, secure, cost-effective and customer-driven technology. Our ICT infrastructure solutions include Managed Data Center Services, Managed Network and Communications Services, Desktop Management Services, Business Continuity Management, Customer Care/Helpdesk Services, ICT Deployment Services. Managed services is the Group’s main staple for fixed and recurring revenue. Intrinsically, this business provides a defensive earning to the Group against the more high profile and volatile contribution from system integration business.

We own and manage a Tier-IV ready Data Centre facility located in Bukit Jelutong, Selangor, Malaysia. We also offer services to develop, build and manage data centre facilities. The experience of operating Tier-IV ready Data Centre has enabled us to provide world-class service level to our clients. The combination of experience and technical certification such as Information Security Management System (ISO27001), Quality Management System (ISO9001:2001) and Service Management System (ISO20000-1:2011) allows us to provide the high standard of qualities that meets the demand of many organisations in terms of service level, availability, data integrity and security.

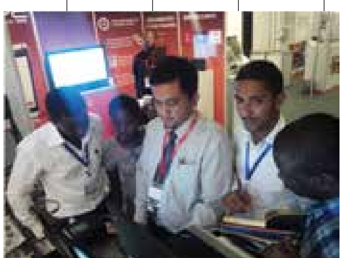
Managed services in 2015 represents 28% of the Group revenue. The main contributor from this revenue stream is Network Services which contributed RM76 million.

SIGNIFICANT EVENTS

mySIKAP PROJECT HANDOVER CEREMONY
26 August 2015

HARI RAYA OPEN HOUSE WITH CUSTOMER
11 August 2015

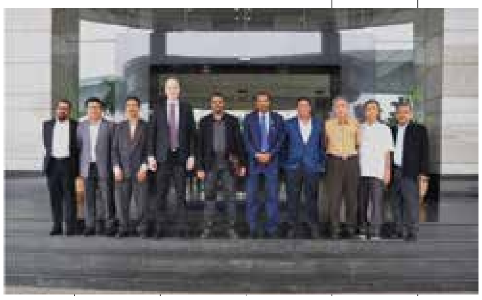
20TH ANNUAL GENERAL MEETING 2015
17 June 2015



HEITECH ID4AFRICA FORUM IN TANZANIA
2 June 2015

HARI RAYA OPEN HOUSE WITH STAFF
14 August 2015

SIGNIFICANT EVENTS



SPECIAL BUSINESS VISIT FROM MINISTER OF PORTS AND MARINE TRANSPORT OF SOMALIA

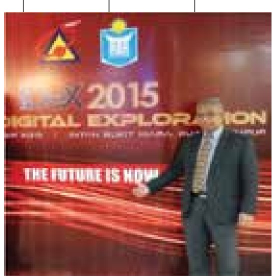
19 October 2015

SUPERHERO READING CONTEST PRIZE GIVING CEREMONY

11 November 2015

HEITECH CLINCHED EXEMPLARY COMPANY OF THE YEAR AWARD

17 November 2015



HEITECH PADU BERHAD IN IDEX 2015

19 November 2015

KICK OFF 2016

12 January 2016

CORPORATE RESPONSIBILITY

Corporate Responsibility (CR) practices have long since been part and parcel of our business processes. For the year under review, we continued to focus and align our CR efforts to our business priorities with special emphasis on our commitment to the community, marketplace, workplace and environment.

COMMUNITY

WORKPLACE

MARKETPLACE

ENVIROMENT

OUR COMMITMENT TO THE COMMUNITY

We believe in making a positive and sustainable impact in the communities we operate in. We continuously build our goodwill by playing a significant role in enhancing the living standards of the community focusing on educational and social development, and philanthropy. Our beneficiaries include students, schools, NGOs, orphanages and other deserving groups.

In 2015, we continued our philanthropic activities through HeiTech Cares program which was launched in January 2015. Basically, objective of HeiTech Cares is to promote volunteerism and spirit of teamwork among HeiTech's staff. Among the notable activities organised were Projek Kasih with Institut Pediatrik Hospital Kuala Lumpur and We Care, HeiTech Cares with Pertubuhan Rumah Safiyyah which were organised in collaboration with Kelab Kakitangan HeiTech and subsidiary companies. To date, HeiTech Cares has attracted more than 100 staff and has touched almost 1,000 people from different demographic and walk of life.

For the year under review, we also continued our flagship programme, 'Empowerment of Youth Generation Programme' by providing scholarship to excellent students and funded 13 primary schools with the objective to improve the educational standard of students from rural areas.

CORPORATE RESPONSIBILITY

OUR COMMITMENT TO THE WORKPLACE

We are committed to build a constructive work culture that is suitable for everyone. With nearly 1,000 employees, whereby 80% are IT specialists, human capital development is vital in strengthening the competencies, ability and knowledge of our people. Therefore, each individual is required to enhance their skills by attending selective training courses that meet the IT industry's standards and best practices.

In our efforts to provide conducive and safe working environments for our employees, we provided training and awareness programmes on occupational health and safety related matters; hazard identification, fire drills and first aid. The formulation and enforcement of HeiTech's established Occupational Health and Safety (OHS) Policy ensures all employees are aware of their roles and responsibilities and strictly adhere to this policy in their work environment.

We advocate a good work-life balance amongst the employees in order to improve morale and productivity. Activities conducted in 2015 includes motivational and religious talks, family programmes as well as sports and recreational programmes. Our flagship programme, HeiTech Cares is also part of the initiative that aimed to promote work-life balance and spirit of volunteerism amongst our employees.

Ensuring effective communication with employees has always been our top priority as we believe that engaging employees at every level of the business results to higher performance and increase employee's loyalty. For the year under review, we have organised various activities to enhance two-way communications with employees which includes Corporate Town Hall session, appraisal and career development programme, Long Service Award ceremony, Chairman's Award ceremony, family day, annual dinner, sports day, internal newsletter, corporate website, and corporate e-mail blast.

CORPORATE RESPONSIBILITY

OUR COMMITMENT TO THE MARKETPLACE

We are committed to being a responsible corporate citizen to our stakeholders; customers, partners, suppliers and Government regulators. Hence, we strived to build long term working relationships based on integrity, respect and fairness. In 2015, we continued to demonstrate our commitment in addressing this through various initiatives such as information update through our investor relations portal, delivering excellent services, and active engagement with stakeholders through activities such as friendly golf tournament, Majlis Semarak Ramadan, and technology update sessions.

OUR COMMITMENT TO THE ENVIRONMENT

We are committed towards the conservation of the environment. For this initiative, we focused on improving the quality of life for all Malaysians by meeting their growing IT demands while reducing the impact on the environment these communities live in. As an IT company, we make use of our innovative solutions and technology to optimise the computing environments in our business operations to tackle problems associated with climate change and biodiversity.

We have positively reduced our paper and electrical consumption for the period of 2013 till 2015 reflecting our gargantuan effort in committing towards our environment and cost saving effort.

Year	Electrical usage (KwH)	A4 paper usage (ream)	A3 paper usage (ream)
2013	2,975,268	3,132	18
2014	2,876,187	2,462	20
2015	2,781,743	1,495	3

CREATING INNOVATIVE PRODUCTS

BOARD OF DIRECTORS

BOARD OF DIRECTORS

PROFILE OF DIRECTORS

DATO' SRI MOHD HILMEY BIN MOHD TAIB

Aged 63
Malaysian

Chairman of HeiTech Padu Berhad.
Chairman of the Voluntary Separation Scheme (VSS) Committee

Dato' Sri Mohd Hilmey Mohd Taib was appointed to the Board of HeiTech since 5 August 1994.

He graduated with a Bachelor of Economics (Hons) in Accounting from University of Malaya, a Master in Business Administration from Cranfield Institute of Technology, United Kingdom and Master of Science in Management & Strategic Entrepreneurship from Nottingham Trent University, United Kingdom. He is a Chartered Accountant and member of Malaysian Institute of Accountants (MIA).

Prior to joining HeiTech, Dato' Sri Mohd Hilmey helmed several leadership positions in Permodalan Nasional Berhad (PNB). In 1995 to 1997, he held his last position in PNB as the Group Chief Executive. Throughout his career, Dato' Sri Mohd Hilmey has also held several directorships in public listed companies such as Malayan Banking Berhad, Kuala Lumpur Kepong Berhad, KFC Holdings (M) Berhad, Maxis Communications Berhad, Pasdec Holdings Berhad and several other private companies of various industries prior to focusing on HeiTech Group.

Currently, he serves as Chairman of the Board of Directors of Universiti Malaysia Pahang (UMP), Chairman of UMP Holdings Sdn. Bhd. and UMP Green Technology Sdn. Bhd. He is also a director in PT Intercity Kerlipan, Cinix1 Pty. Ltd., Motordata Research Consortium Sdn. Bhd. and several other companies within HeiTech Group.

Dato' Sri Mohd Hilmey attended all of the six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

DATO' HAJI GHAZALI BIN AWANG

Aged 69
Malaysian

Chairman of the Audit, Nomination and Remuneration, and Employee Share Option Scheme (ESOS) Committees, Member of Voluntary Separation Scheme (VSS) Committee

Dato' Haji Ghazali Awang was appointed as an Independent Non-Executive Director of HeiTech since 8 March 2005.

He holds a Bachelor of Commerce from University of Newcastle N.S.W. Australia and further pursued his M.A from Institut Agama Islam Negeri, Imam Bonjol, Padang. He is also a member of Malaysian Institute of Accountants (MIA) and Chartered Accountant (Australia).

Dato' Hj Ghazali started his career as an accountant with Messrs. Wilson, Bishop, Bowes & Craig, Chartered Accountants, Australia. He has vast experience in accountancy, financial operations, investment and corporate services, being in both public and commercial sectors. Before his retirement, he had served as the Group Director, Finance and Corporate Services of Kumpulan Guthrie Berhad.

He currently sits on the boards of Prudential BSN Takaful Berhad, BIMB Investment Management Berhad, CCM Duopharma Biotech Berhad, TH Marine Holding (L) Inc. and TH Heavy Engineering Berhad.

Dato' Hj Ghazali attended six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

SYED AGEL BIN SYED SALIM

Aged 70
Malaysian

Member of the Audit Committee

Syed Agel Syed Salim was appointed as Non-Independent Non-Executive Director of HeiTech on 1 January 1995. He is an Associate Member, Institute of Chartered Secretaries and Administrators.

Syed Agel started his career with the Auditor General's Office in 1969. He served Dunlop Malaysian Industries Berhad in 1974 and after nine (9) years of service in various capacities, he then joined Permodalan Nasional Berhad (PNB) in 1983 as the Finance and Management Audit Manager and has served PNB for seventeen (17) years. He subsequently retired as a General Manager of Amanah Saham Nasional Berhad in July 2000. He sits as a Board member of Inter-City MPC (M) Sdn. Bhd., a subsidiary of HeiTech.

He attended all of the six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

DATO' MOHD FADZLI BIN YUSOF

Aged 71
Malaysian

Chairman of the Risk Management Committee

Dato' Mohd Fadzli Yusof was appointed as an Independent Non-Executive Director of HeiTech on 7 October 2005.

He obtained his Diploma in Communications, Advertising and Marketing from the Communication, Advertising and Marketing Foundation, United Kingdom.

Dato' Mohd Fadzli started his career in broadcasting with Radio Malaysia and joined British Broadcasting Corporation, United Kingdom from 1970 to 1976. He was appointed as Head of Marketing for Bank Bumiputra (M) Berhad from 1976 to 1981. He then joined Malaysian National Insurance Sdn. Bhd. as Deputy General Manager and later moved to Bank Islam Malaysia Berhad as General Manager in 1984 specifically to set up the first Malaysian Takaful operation. He left Bank Islam Malaysia Berhad to spearhead Syarikat Takaful Malaysia Berhad as the Chief Executive Officer and Director until September 2005.

He is currently a member of the Board of Trustees, Sultan Mizan Royal Foundation, and a member of the Board of Directors, Mains Zakat Sdn. Bhd. He is also a director of Amana Takaful Sri Lanka PLC, Amana Takaful Maldives PLC, Perbadanan Kemajuan Iktisad Negeri Kelantan and several companies within HeiTech Group.

Dato' Mohd Fadzli attended all of the six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR

Aged 67
Malaysian

Member of the Nomination and Remuneration, and Employee Share Option Scheme (ESOS) Committee

Tan Sri Dato' Sri Abi Musa Asa'ari Mohamed Nor was appointed as an Independent Non-Executive Director of HeiTech on 17 October 2006.

He holds a Bachelor of Economics (Hons) from University of Malaya and D.D.A from University of Birmingham, United Kingdom. He obtained a Master in Business Administration from University of Birmingham, United Kingdom.

He started his career in the Malaysian Civil Service as Assistant Director in Public Service Department in 1973. He then served in the National Bureau of Investigation, National Institute of Public Administration and Petroleum Development Unit of the Prime Minister's Department before being appointed as the Deputy Budget Director in the Ministry of Finance in 1995. In 1998, he joined Federal Agriculture Marketing Authority (FAMA) as the Director General and subsequently as the Secretary General of the Ministry of Agriculture and Agrobased Industry from 2001 before retiring in 2006.

He currently serves as Chairman of the Board of Directors of Universiti Pendidikan Sultan Idris, Chairman of Pelikan International Corporation Bhd., Graphene Nanochem PLC., Herlitz AG Germany and MCT Berhad.

Tan Sri Dato' Abi Musa Asa'ari attended all of the six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

DATO' DR. MOHAMED ARIFFIN BIN ATON

Aged 70
Malaysian

Member of the Risk Management Committee

Dato' Dr. Mohamed Ariffin Aton was appointed as Non-Independent Non-Executive Director of HeiTech on 5 September 2011.

He holds a Doctorate in Chemical Engineering from University of Leeds, United Kingdom and graduated with Bachelor of Science (Hons) in Chemical Engineering from University of Surrey, United Kingdom. He is a chartered chemist, a member of the Institute of Engineers Malaysia as well as a fellow of Academy of Sciences Malaysia.

He started his career with ESSO Refinery as a Process Engineer from 1970 until 1972. He then served at the Institute Technology Mara in 1971 as a Part-Time Lecturer and later joined University Kebangsaan Malaysia for almost 18 years. In 1989, he joined Petronas Research & Scientific Services Sdn. Bhd. and was the Managing Director from 1993 to 1996 before joining Standards and Industrial Research Institute of Malaysia (SIRIM) Berhad as the President and Chief Executive from 1996 to 2007.

He currently sits on the boards of Kumpulan Perangsang Selangor Berhad, Perisai Petroleum Teknologi Berhad, Malaysian Technology Development Corp. Sdn. Bhd., Malaysian Industry Government Group for High Technology (MIGHT), and National Metrology Center.

Dato' Dr. Mohamed Ariffin attended five (5) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

SULAIMAN HEW BIN ABDULLAH

Aged 66
Malaysian

Member of the Nomination and Remuneration Committee

Sulaiman Hew Abdullah was appointed as an Independent Non-Executive Director of HeiTech on 30 July 2013.

He is a Barrister-at-Law of the Honourable Society of Lincoln's Inn, London.

He was called to the Bar in 1975 and commenced practice in the same year. He is currently the Managing Partner and also the Founder Partner of Hamzah, Sulaiman & Partners. Prior to joining HeiTech, he served as an independent director on the board of several public listed companies including Trinity Corporation Berhad, Ganad Corporation Berhad and Europlus Berhad.

Sulaiman Hew attended all of the six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF DIRECTORS

WAN AINOL ZILAN BINTI ABDUL RAHIM

Aged 61
Malaysian

Member of the Audit Committee

Wan Ainol Zilan Abdul Rahim, was appointed as an Independent Non-Executive Director of HeiTech on 6 August 2013.

She holds a Bachelor of Accounting (Hons) from University of Malaya, Malaysia and Master of Commerce from University of New South Wales, Australia. She also obtained a Diploma in Islamic Studies from International Islamic University Malaysia. She is also a Certified Trainer for Food Handler Training Course under Ministry of Health Malaysia. She is a member of Malaysian Institute of Accountants and a life member of Pertubuhan Perkumpulan Perempuan Negeri Perlis (commonly known as W.I-Perlis).

Wan Ainol Zilan joined Permodalan Nasional Berhad as a system accountant and her last position was as the Head of Finance and Administration. She then joined Cycle & Carriage Group of Companies as the Group Internal Auditor covering four listed companies in Malaysia and Singapore and its subsidiaries. Prior to joining PNB, she was with PriceWaterhouse (now known as PriceWaterhouseCoopers- PwC).

Wan Ainol Zilan attended all of the six (6) Board Meetings held during the financial year ended 31 December 2015.

PROFILE OF GCEO

HARRIS BIN ISMAIL

Aged 55
Malaysian

President and Group Chief Executive Officer of HeiTech Padu Berhad

Harris Ismail, aged 55, Malaysian, is the Group Chief Executive Officer of HeiTech Padu Berhad. He holds a Master in Business Administration from Southern California University, USA.

Prior to joining HeiTech Group in 2000, Harris was involved in various industries including finance and securities, manufacturing, construction and educational services. He started his career in HeiTech Group as Business Strategist in Padusoft, previously a wholly-owned subsidiary of HeiTech. He was later appointed as Senior Vice President for Corporate Development of HeiTech in 2005 and was later in charge of the non-core IT business in 2006. After successfully transforming the Group and improving profit contribution, he was appointed as CEO of HeiTech e*Business Solution Sdn. Bhd. in 2009, focusing on the development of Homeland Security, Defence, Healthcare and Education sectors.

At the end of 2011, Harris was appointed as Group CEO of HeiTech to oversee the development of HeiTech Group especially on the development of the overseas market.

PROFILE OF COMPANY SECRETARIES

SITI SHAHWANA BINTI ABDUL HAMID

Aged 45
Malaysian

Company Secretary of HeiTech Padu Berhad

Siti Shahwana, is the Joint Company Secretary of HeiTech Padu Berhad and was appointed on 29 August 2014. She has over twenty (20) years of experience and had served both the public and private sectors in the areas of corporate finance, project valuation and feasibility, venture capital, market intelligence, business performance and company secretary ship.

Shahwana graduated with a double degree in Business Administration (majoring in Finance) from the International Islamic University Malaysia and The Institute of Chartered Secretaries & Administration (UK) in 1994.

AMIR ZAHINI BIN SAHRIM

Aged 40
Malaysian

Company Secretary of HeiTech Padu Berhad

Amir Zahini is the Joint Company Secretary of HeiTech Padu Berhad and was appointed on 1 March 2016. He has over 15 years of experience in the private sector as company secretary, project valuation and feasibility studies, IP and grants, Government privatisation projects and venture capital.

Amir graduated from The Institute of Chartered Secretaries and Administrators (UK) in 1999.

MANAGEMENT TEAM

SALMI NADIA BINTI MOHD HILMEY
Executive Vice President
Risk Management &
Corporate Services

AHMAD NASRUL HAKIM BIN MOHD ZAINI
Executive Vice President, Finance
Chief Financial Officer

DATO' SRI MOHD HILMEY BIN MOHD TAIB
Chairman

HARRIS BIN ISMAIL
President
Group Chief Executive Officer

PROVIDING TOTAL SOLUTIONS

CHAIRMAN'S STATEMENT OF CORPORATE GOVERNANCE

"We are committed to achieving high standards of corporate governance which best fit the Group."

The Board has overall responsibility for corporate governance and is accountable to the Company's shareholders for good governance.

We are committed to achieving high standards of corporate governance which best fit the Group. The Board recognises that through effective structure of systems and controls which define authority and accountability throughout the Group, risks are appropriately managed and controlled whilst still promoting entrepreneurial behaviour and ensuring a successful business.

Corporate Governance is a key driver to the success of a listed company, but no two businesses are the same and no two boards are the same. Whilst some might say that the Chairman of a listed company should not hold executive powers, and be "independent upon appointment", as Chairman and founding shareholder, my interests are strongly aligned with all other stakeholders, which help to ensure that the Group succeeds in its business strategy and continues to look to the future with optimism.

It continues to be my belief that an effective Board should include members who have detailed knowledge of the Company's business environment it operates. We believe that the composition of the Board has resulted in the best practice of governance in the Company. We continue to strive for improvement especially on the collective effort in sustaining corporate governance values.

Dato' Sri Mohd Hilmey Mohd Taib
Chairman

STATEMENT OF CORPORATE GOVERNANCE

INTRODUCTION

The Board is pleased to present the application of the Principles and Best Practices of Corporate Governance for the financial year ended 31 December 2015, as set out under Part I and II of the Malaysian Code of Corporate Governance ("the Code") and Paragraph 15.25 of Bursa Malaysia Securities Berhad Listing Requirements.

THE BOARD OF DIRECTORS

The Board

The Board of Directors is entrusted with the responsibility to exercise reasonable and proper care of the Company's resources for the best interests of its shareholders and to safeguard the Company's assets.

Members of the Board have been selected based on their character, calibre, extensive experience and expertise in a wide range of related and unrelated industries, as well as their ability to add strength to the stewardship of the Company. Further, the Board acknowledges the recommendation of the Code in Malaysian Code on Corporate Governance 2012 ("MCCG 2012") on gender diversity and expresses a strong preference for suitable candidate of the female gender where and when such candidates become available.

The Board selects, after recommendation from the Nomination Committee and in conformity with the Code, individuals from business, legal, financial, taxation, accounting, insurance and information technology to guide the Company in achieving its business objectives.

At present, the Board consists of eight (8) members, five (5) independent and three (3) Non-Independent Non-Executive Directors.

Chairman and Chief Executive Officer

There is a clear division of responsibility between the Chairman and the CEO thus ensuring a balance of power and authority. The Chairman's role is to provide leadership and ensure the effectiveness of the Board's governance processes, whilst the CEO manages the commercial and operational aspects of the business.

Roles and Responsibilities of the Board

The Board has established clear functions reserved for the Board and those delegated to the Management. There is a formal schedule of matters reserved for the Board's deliberation and decision to ensure the direction and control of the Company are in its hands. The delineation of the Board's roles and responsibilities are also clearly set out in the Board Charter which serves as a reference point for all Board's activities and reinforces the supervisory role of the Board.

STATEMENT OF CORPORATE GOVERNANCE

The Board is bestowed with duties and responsibilities to ensure the interest of shareholders are protected. The Board's roles and responsibilities are clearly set out in the Board Charter which spells out as follows:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the performance of the management;
- Monitoring and managing principal risks in the business;
- Ensuring implementation of appropriate internal controls and mitigation measures;
- Succession planning for senior management;
- Overseeing the development and implementation of a stakeholder communication policy for the Group; and
- Reviewing the adequacy and the integrity of the management information and internal control system of the Group.

Code of Conduct

The Directors are expected to adhere to the Code of Business Conduct and Ethics which was designed to promote the principles of integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the Group's standard of corporate governance and behaviour. The Directors are obliged to follow the code as it is a manifest to their commitment towards professionalism and integrity.

Whistleblowing Policy

A whistleblowing policy has been adopted in order to ensure that concerns or wrongdoings in relation to the Group may be raised. The Audit Committee has been tasked to facilitate the investigation and proposed for appropriate action to be taken.

Sustainability

The Group is committed towards sustainability in its developement. The sustainability objective of the Group is to balance shareholders' value, employees welfare, community and environment in which it operates. Employees' welfare and community services were carried out and organised in several occasions during the financial year.

Sustainability is paramount to the Group. Sustainability creates business value by building reputation, enhancing the morale of the employees and strengthening competitiveness. The Group adopts and implements sustainable practices which identify new initiatives and potential areas for improvement. Such practices would facilitate the minimisation of negative impacts on business activities and be consistent with the business objective.

STATEMENT OF CORPORATE GOVERNANCE

Board of Directors Meeting

The Board meets on a regular and scheduled basis, at least four (4) times a year, once every quarter, to review corporate strategies, operations and the performance of the Strategic Business Group as well as the Operating Companies within the Group. Additional meetings are held as and when required or the urgency of the matter warrants such an action to be taken. During the financial year under review, the Board met six (6) times and the details of the attendance of the Board members are set out as follows:

No.	Name of Directors	Designation	78th 24 Feb	79th 27 May	80th 26 Aug	81st 25 Nov	SP1 09 Apr	SP2 18 Sep	Attendance
1	Dato' Sri Mohd Hilmey bin Mohd. Taib	Chairman	√	√	√	√	√	√	6/6
2	Dato' Haji Ghazali bin Awang	Independent Non-Excecutive Director	√	√	√	√	√	√	6/6
3	Dato' Mohd. Fadzli bin Yusof	Independent Non-Executive Director	√	√	√	√	√	√	6/6
4	Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	Independent Non-Executive Director	√	√	√	√	√	√	6/6
5	Tuan Syed Agel bin Syed Salim	Non-Independent Non-Executive Director	√	√	√	√	√	√	6/6
6	Dato' Dr. Mohamed Ariffin bin Aton	Non-Independent Non-Executive Director	√	√	√	√	×	√	5/6
7	Sulaiman Hew bin Abdullah	Independent Non-Executive Director	√	√	√	√	√	√	6/6
8	Wan Ainol Zilan binti Abdul Rahim	Independent Non-Executive Director	√	√	√	√	√	√	6/6

Conduct of Meetings (Board Agenda)

The Chairman of the Board and chairpersons of the Board's committees outline the agenda for the Board and committee meetings. The Chairman and chairpersons of the respective committees review the Board and committees' agenda respectively. Members of the board will suggest additional items for the agenda, and raise any issues and concerns during the Board meeting.

STATEMENT OF CORPORATE GOVERNANCE

Access to Information and Advices

The Company takes necessary steps to ensure that quality and useful information be delivered to its Board members to facilitate their decision-making.

Relevant Board papers are disseminated to all the Directors prior to the meetings in a timely manner, allowing the Directors ample time to review the materials and obtain additional information or clarification prior to the meetings. Directors have access to the information within the Group, both financial and operational, in which officers and employees of the Group may brief and present details to the Board.

Group Company Secretary

Every Director has unrestricted access to the advice and the services of the Company Secretaries in keeping an effective function of the Board. The Company Secretaries ensure that Board policies and procedures are both followed and reviewed regularly. The Directors were also regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements issued by regulatory authorities in relation to their duties and responsibilities. The Company Secretaries also ensure that the Group complies with the relevant statutory and regulatory requirements.

Board Charter

The Board's roles and responsibilities, as stated earlier are set forth in the Terms of Reference ("TOR" or "Charter") for the year under review. This documents remain as the main reference in establishing clear functions, roles and responsibilities of the Board and the management of the Company.

The charter contains key values, principles and ethos of the Group. Some of the salient features of the Charter would be the protocol for appointing new director, the division of responsibilities and powers between the Board and the management. The Charter is periodically reviewed by the Board and may be accessed on the Group's corporate website.

Re-election and Re-appointment

The responsibility of identifying candidates for directorship and the re-election rests with the Nomination and Remuneration Committee, in accordance with its terms of reference. Potential candidates are screened for the ideal mix of capabilities, experience and expertise. Inputs from other directors are also taken into consideration in examining eligibility.

Directors' Retirement

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the conclusion of the next Annual General Meeting.

On Directors retirement and re-election, the Company Secretaries shall advice Directors who fall within these provisions at the coming AGM. The details of Directors who are due for retirement and eligible for re-election are set out in the Notice of the AGM form page 165 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

Review of Performance and Independence of the Board

The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, Board Committee and as well as the Management performance.

The Board also reviews the independence of its members to ensure that all of the independent members are able to bring their objective and independent judgement to the Board.

The results of the assessment would be reported by the Nomination and Remuneration Committee to the Board and essential for the Board to form the basis of recommending relevant Director for re-election at the Annual General Meeting. The Board is cognisance of the MCCG 2012's recommendations on the tenure of an independent director that should not exceed a cumulative term of nine (9) years. For the year under review, three (3) directors have reached cumulative terms of nine (9) years.

The Board has proposed for the retention of the following two (2) Independent Non-Executive Directors who will be reaching the eleven (11) year-term:-

1. Dato' Haji Ghazali bin Awang; and
2. Dato' Mohd Fadzli bin Yusof

In addition, the Board also proposed for the retention of the Independent Non-Executive Director who recently will be reaching the nine (9) year-term as follows:-

1. Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor

Directors Training

Due to the ever increasing complexities in doing business, Directors are expected to upgrade their skill sets and keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness in serving the interest of the Group.

During the financial year 2015, the Directors had attended various training programmes relevant to their duties and responsibilities. Among the trainings that they had attended are:-

- Bursa Breakfast Series – Corporate Governance Seminar
- Federation of Public Listed Companies (FPLC) – National Seminar on Directors' Duties and Corporate Governance
- Bursa Breakfast Series – Risk and Audit Seminar
- Goods and Services Tax (GST) for Tax Agents organised by the Customs Department, together with Malaysian Institute of Accountant (MIA).

STATEMENT OF CORPORATE GOVERNANCE

DIRECTORS REMUNERATION

In complying with Paragraph 7.23 of the LR of Bursa Malaysia Berhad, the details of the Directors' remuneration for the financial year ended 31 December 2015, are as follows:-

Fees (RM)	Fees (RM)	Bonus (RM)	Benefits in Kind (RM)	Other Emoluments (RM)	Total (RM)
Executive Directors	-	-	-	-	-
Non-Executive Directors	407,000	-	-	1,089,000	1,496,000

Range of Remuneration (RM)	Executive	Non-Executive
0-100,000	-	7
100,001-300,000	-	-
300,001-1,000,000	-	1

Board Committees

The Board has established the following Board Committees to assist the Board in discharging its duties:
- Audit Committee;
- Nomination Committee and Remuneration Committee;
- Employee Share Option Scheme ("ESOS") Committee;
- Voluntary Separation Scheme ("VSS") Committee; and
- Risk Management Committee.

Committee members complied with the criteria for independence under the Listing Requirement of Bursa Malaysia. Every Committee has a written charter and terms of reference which have been approved by the Board. The charter clearly defines the Committee's authority and responsibility. Immediate action will be taken upon any matter brought up to the Committee which is within it's purview.

All Directors are provided with sufficient meeting notice. Board materials for deliberation and review are uploaded to the Company's awandatabod for fast and easy access. The Board materials uploaded consists of minutes of previous meetings, quarterly and annual financial results, directors resolution to be passed and summary of directors dealings in securities during the relevant financial period. The information will be stored and deliberations discussed are minuted and documented by the Company Secrectary.

a) Audit Committee

Members	Status	Attendance
Dato' Haji Ghazali bin Awang (Chairman)	Independent-Non Executive	7/7
Tuan Syed Agel bin Syed Salim	Non-Independent-Non Executive	7/7
Wan Ainol Zilan binti Abdul Rahim (F)	Independent Non-Executive	7/7

STATEMENT OF CORPORATE GOVERNANCE

Details of the composition, terms of reference, and the Audit Committee Report are set out on pages 55 to 59 of this Annual Report.

b) Nomination Committee and Remuneration Committee

Members	Status	Attendance
Dato' Haji Ghazali bin Awang (Chairman)	Independent Non-Executive	2/2
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	Independent Non-Executive	2/2
Sulaiman Hew bin Abdullah	Independent Non-Executive	2/2

The Nomination and Remuneration Committee ("NCRC") is empowered to review and make recommendations to the Board in identifying suitable candidates for Directorship. The NCRC considers various aspects which include the competencies, commitment, contribution and performance of candidates. On top of that, the NC also facilitates with the Board's induction of new members and training programmes for the Directors.

By referring to the MCCG 2012, in relation to gender diversity, the NCRC will review and select candidates that would be able to fulfil the criteria of integrity and competency, regardless of gender. As for the selection criteria with regards to diversity, the Committee strictly adhere to the selection process which emphasises on the qualification, background and the capabilities of the candidates.

The other role of the NCRC is to consider and recommend to the Board the remuneration schemes for the Directors and the CEO. The NCRC will regularly review and compare the scheme which is benchmarked against the industry. Independent directors may not receive, directly or indirectly, any consulting, advisory or other compensatory fees from the Company.

c) Employee Share Option Scheme ("ESOS") Committee

Members	Status
Dato' Haji Ghazali bin Awang (Chairman)	Independent Non-Executive
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	Independent Non-Executive

This Committee was set up to assist the Board in the proper implementation of the ESOS scheme under its By-Laws and Guidelines. This is undertaken with the proper execution of the ESOS, within the defined terms of reference and also with the establishment, amendment and resolution of rules and regulations relating to the scheme and its administration.

STATEMENT OF CORPORATE GOVERNANCE

d) Voluntary Separation Scheme ("VSS") Committee

Members	Status
Dato' Sri Mohd Hilmey bin Mohd Taib (Chairman)	Chairman
Dato' Haji Ghazali bin Awang	Independent Non-Executive
Dato' Dr. Mohamed Ariffin bin Aton	Non-Independent Non-Executive

The Committee assists the Board in the administration and execution of the VSS scheme for the Group, if such a need arises.

e) Risk Management Committee ("RMC")

Members	Status	No of Attendance
Dato' Mohd Fadzli bin Yusof (Chairman)	Independent Non-Executive	4/4
Dato' Dr. Mohamed Ariffin bin Aton	Non-Independent Non-Executive	3/4
Harris bin Ismail	Group Chief Executive Officer	4/4

The RMC works closely with the Central Risk Review Committee (CRRC) to deliberate on the corporate and operational risks of the Group. The Chief Risk Officers ("CRO") implements the Risk Management Framework and Policy for the Group, assesses potential risks and monitors the risk register and reports the summary of risk management issues and initiatives to the RMC. The quartely report is then shared with the Board Members for further deliberation and action to be taken.

Gender Diversity Policy

The Board acknowledged the importance of boardroom diversity and is supportive with the recommendation from MCCG 2012 to the establishment of boardroom and workforce gender diversity policy. The Board currently has one female director which the Board is of the view, is in line with the gender diversity recommended by MCCG 2012 and also taken into consideration, the background and qualifications of the director.

The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.

The Group believed in equal opportunity and does not discriminate in any form, regardless of age, gender, race and religion, throughout the organisation.

STATEMENT OF CORPORATE GOVERNANCE

SHAREHOLDERS

Corporate Disclosure

Along with good corporate governance practices, the Group is committed to provide investors and the public with comprehensive, accurate and material information on a timely basis. In line with this commitment, the company is guided by the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad.

The Group through its field of expertise leverages on the use of information technology for effective dissemination of information by maintaining an official website at www.heitech.com.my which shareholders or the public may access information and updates on the Group, including public announcements, quarterly results, the Annual Report and any updates including policies, shareholders rights, board charter and code of conduct in line with its commitment to the code.

Annual General Meeting

The Group recognises the importance of having effective communication with its shareholders at Annual General Meeting. Therefore, the Board allocates time and welcome questions and feedback regarding directions, operations, financials from the shareholders at the Annual General Meeting.

The Board has taken initiatives for the Group to publish all relevant information to enable the shareholders to exercise their rights through the Company's website.

Investors Relations

The shareholders and the public may address their queries regarding the Group to the following persons:-

i) Amir Zahini bin Sahrim (Company Secretary)
 - Tel: 03-8601 3000 or amirzahini@heitech.com.my
ii) Rosman Mustafa Kamar (for Investor Relation and Shareholders Communication)
 - Tel: 03-8601 3000 or rosmanmk@heitech.com.my

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible to report and present a balanced, clear and fair view of the Group's financial performance and prospect through the quarterly and annual financial reporting to the shareholders. The Audit Committee reviewed and scrutinised the report to ensure it complied with the requirement set under the Malaysian Approved Accounting Standard. The report will be recommended to be tabled and deliberated at the Board meeting for approval.

External Auditors

The management maintains a close and transparent relationship with the External Auditors in seeking professional advice and ensuring compliance with the applicable approved accounting standards.

The role of the Audit Committee in relation to the External Auditors is found in the Audit Committee Report is on page 55 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

Risk Management and Internal Control

The Board of Directors recognises the importance of having sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and risk management, and for reviewing the adequacy and effectiveness of the same from time to time. It is to be noted that such systems is designed to identify, evaluate and manage significant risk of the Group.

The Board is assisted by Risk Management Committee in ensuring the implementation of risk management processes within the Group. A Central Risk Review Committee is set up at management level and entrusted with the role of identifying business and operational risks and also enforcing the appropriate mitigation plan.

The statement of the Company on risk management and internal control is set out in the Statement of Risk Management and Internal Control on pages 60 to 64 in this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with paragraph 9.25 of Bursa Malaysia LR.

i) **Options, Warrants or Convertible Securities**

The Group did not issue any options, warrants or convertible securities during the financial year under review.

ii) **Imposition of Sanction/ Penalties**

There were no sanctions and/or penalties imposed on the Group and/or its subsidiary companies, Directors or management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies during the financial year ended 31 December 2015.

iii) **Material Contracts**

Neither Group and/or its subsidiary companies had entered into any material contracts which involved Directors' and major shareholders' interest during the financial year ended 31 December 2015, save as disclosed under Disclosure to BMSB on page 65 of the Annual Report.

iv) **Non-Audit Fees**

The amount of non-audit fees paid to the external auditors by the Group is set out in Note 9 to the financial statements for the year ended 31 December 2015 on page 114 of this Annual Report.

v) **Profit Guarantee**

There was no profit guarantee given by the Group during the financial year ended 31 December 2015.

vi) **Revaluation Policy on Landed Properties**

There was no revaluation of properties of the Group done during the financial year ended 31 December 2015.

vii) **Share Buy Back**

There was no share buy back exercise done during the financial year ended 31 December 2015.

viii) **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") programme**

The Group did not sponsor any ADR or GDR program during the financial year ended 31 December 2015.

The statement was duly reviewed and approved by the Board of Directors of HeiTech Padu Bhd on 7 April 2016.

AUDIT COMMITTEE REPORT

The Board of Directors of HeiTech Padu Berhad is pleased to present the Report of the Audit Committee ("Committee") for the financial year ended 31 December 2015.

COMPOSITION OF MEMBERS

The Committee comprises of Non-Executive Directors of the Company, the majority of whom are Independent. The composition of the Committee includes members of the Malaysian Institute of Accountants (MIA) as prescribed in the Accountants Act 1967.

The Committee comprises of the following members:

Name Of Committee Members	Status Of Directorship
Dato' Haji Ghazali bin Awang *Chairman of the Committee*	Independent Non-Executive Director
Tuan Syed Agel bin Syed Salim	Non-Independent Non-Executive Director
Puan Wan Ainol Zilan binti Abdul Rahim	Independent Non-Executive Director

TERMS OF REFERENCE OF THE COMMITTEE

1. Objectives

The Primary function of the Committee is to assist the Board of Directors in fulfilling the following objectives:

a. Financial transparency and operational efficiency of the Group;

b. Integrity of the financial and operational reporting processes and procedures of the Group; and

c. Compliance with:
- Listing Requirement of the Bursa Malaysia Securities Berhad (BMSB);
- Securities Commission Policies and Guidelines on Issue/Offer of Securities; and
- Accountability and audit requirements of the Malaysian Code on Corporate Governance.

2. Functions and Responsibilities

The functions and responsibilities of the Committee are:

a. Financial Reporting

Review of the Group's quarterly and year-end financial statements prior to deliberation and approval by the Board, focusing on:
- The nature and impact of any changes in accounting policies and practices;
- Significant adjustments;
- The going concern assumptions; and
- Compliance with Financial Reporting Standards, the Listing Requirements of BMSB and other legal requirements.

AUDIT COMMITTEE REPORT

b. **Internal Audit**
   - Review the Internal Audit program and results of the Internal Audit activities, and ensure that the recommendation by the Internal Auditors are taken into action;
   - Review the adequacy of the Internal Audit function, plan, scope, competency and resources, and that it has necessary authority to carry out its work;
   - Review the performance of the Internal Audit function;
   - Approve the appointment and termination of Head of the Internal Audit; and
   - Provide opportunity for Internal Audit staff members who have resigned to submit their reason.

c. **External Audit**
   - Discuss the nature and scope of the audit with the External Auditor prior to the commencement of audit;
   - Discuss issues and observations arising from the interim and final audits, and any matters the auditors may wish to discuss without the attendance of management, whenever deemed necessary;
   - Review the External Auditor's Management Letter and management response; and
   - Recommend the nomination or reappointment of the External Auditors, the audit fee and termination.

d. **Related Party Transaction**
   Review related party transactions that may arise within the Company or the Group on a quarterly basis.

e. **Other Matters**
   Consider other function as defined by the Board of Directors.

3. Rights and Authorities

The Board of Directors has empowered the Committee, at the cost of the company, to:

i. Investigate any matters within its terms of reference;
ii. Obtain the resources which are required to discharge its duties;
iii. Secure full and unrestricted access to any information pertaining to the Company;
iv. Direct communication channels with the External Auditors, Internal Auditors and Senior Management of the company and its subsidiaries;
v. Obtain independent professional or other advice; and
vi. Convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the company, whenever deemed necessary.

4. Reporting of Breaches to the Listing Requirement

The Committee shall promptly report to the BMSB, if the Committee is of the view that matters reported to the Board of Directors of the Company have not been satisfactorily resolved resulting to a breach of Listing Requirement.

5. Conduct and Attendance of Meeting

Meetings are conducted on a minimum, four (4) times annually and also as and when required during the financial year. The quorum for a meeting requires at least two (2) Independent Non-Executive Directors to be present.

The Company Secretary serves as the Secretary to the Committee and provide the necessary administrative and advisory services for the effective functioning of the Committee. Prior to each meeting, the Secretary will ensure the agenda, minutes of meeting, audit reports, financial reports and supporting papers are distributed to members with sufficient notification.

AUDIT COMMITTEE REPORT

The Director of Audit & Assurance and Chief Financial Officer shall attend meetings. Other Board Members, Senior Management and employees may attend the meetings upon invitation of the Committee.

During the financial year ended 31 December 2015, the Committee met seven (7) times. The attendance of the Committee members are as follows:

Members	Status	Attendance
Dato' Haji Ghazali bin Awang *Chairman of the Committee*	Independent Non-Executive Director	7/7
Tuan Syed Agel bin Syed Salim	Non-Independent Non-Executive Director	7/7
Puan Wan Ainol Zilan binti Abdul Rahim	Independent Non-Executive Director	7/7

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2015, the Committee carried its duties as set out in its terms of reference, as follows:

a. Internal Audit

i. Review and approve the Annual Internal Audit Plan;

ii. Review the Internal Audit Reports on significant issues and audit findings, recommendations and management responses;

iii. Discuss on action taken to improve the effectiveness of the Internal Control System in the audit areas;

iv. Monitor the implementation of audit recommendations to ensure that all key risks and controls issues are being addressed;

v. Review the Audit Committee Report, Statement on Risk Management and Internal Control and Statement of Corporate Governance for each financial year to be set out in the Annual Report; and

vi. Review Internal Audit performance reports for each financial year to ensure adequacy, performance, progress, achievement and coverage of the Internal Audit function.

b. External Audit

i. Review and discuss the External Auditor's audit plan, nature, approach and scope of the audit; and

ii. Review and discuss issues arising from External Auditors' Management Letter to the Management, Management response and External Auditors' evaluation of the Internal Control System.

c. Financial Reporting

i. Review quarterly financial reports prior to recommending for the consideration and approval by the Board of Directors; and

ii. Review the annual financial reports and ensure compliance to the accounting standards and other requirements of relevant authorities.

d. Related Party Transactions

i. Review related party transactions within the Company and Group, including any transactions, procedure or course of conduct that may raise questions of integrity.

AUDIT COMMITTEE REPORT

STATE OF INTERNAL CONTROL

The Statement on Risk Management and Internal Control furnished on pages 60 to 64 of the Annual Report provides the overview of the state of internal controls within the Group.

RELATIONSHIP WITH THE EXTERNAL AUDITOR

The Group through the Committee has established transparent and appropriate relationship with the External Auditors, to meet their professional requirements. Key features underlying the relationship of the Committee with the External Auditors are included in the Audit Committee's Terms of Reference. Meetings are held during and after the year end to discuss the findings of the External Auditors and to finalise the results of the Financial Statements.

INTERNAL AUDIT FUNCTION

HeiTech has an in-house Internal Audit Function carried throughout by the Audit & Assurance Department (AA). It provides the Board of Directors with assurance it requires regarding the adequacy, integrity and effectiveness of the system of internal control.

AA is headed by the Director of Audit & Assurance, Encik Ahmad Kamal Bin Mohd Kassim reporting to the Committee. The activities of AA are guided by the Audit Charter that defines the roles, responsibilities, accountability and scope of work of the Department.

Internal audit is carried out throughout the Group to ensure consistency in the application of policies and procedures within the Company and the Group. AA independently reviews the control processes (financial and operational controls) implemented by the management.

A detailed Annual Internal Audit Plan is presented to the Committee for approval. The Internal Audit function adopts risks-based approach following COSO (Committee of Sponsoring Organisation of The Treadway Commission) as the Control Framework for business activity, and CoBIT (Control Objectives for Information and Related Technology) for IT related audit and prepares its audit strategy and plan based on the risk profiles of the major business units and support functions of the Group.

AUDIT COMMITTEE REPORT

For the financial year ended 31 December 2015, the main activities of AA include the following:

a. Prepare Annual Internal Audit Performance Report and Annual Internal Audit Plan for the approval of the Committee;
b. Implement the approved Annual Internal Audit Plan;
c. Assess the adequacy and effectiveness of internal control systems within the Company and the Group;
d. Examine and evaluate the adequacy, effectiveness and efficiency of all financial and operational control within the Company and the Group;
e. Ascertain the adequacy of controls for safeguarding the assets of the Company and where applicable, verify the existence of the assets owned by the Company and the Group;
f. Review the Related Party Transactions (RPT) arise within the Company or the Group on a quarterly basis;
g. Provide reporting and recommendations to the Management of the Company and/or the Committee and the Board of Directors on the outcome of the audits;
h. Conduct follow up audit to ensure effective and timely resolution of audit issues;
i. Conduct ad-hoc audits upon request by the Committee and Management of the Company;
j. Organise internal audit training programs for Internal Auditors to enhance their audit skills and knowledge; and
k. Keep the Committee informed of the progress of audit activities.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 7 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Principle 6 of the Malaysian Code on Corporate Governance 2012 ("Code") states that the Board should establish a sound risk management framework and internal control system. In compliance with the provision of Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements Paragraph 15.26 (b) and Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers ("Risk Management and Internal Control Guidance"), the Board of Directors ("the Board") is committed to establish a sound risk management framework and internal control system, and is pleased to present the following Statement on Risk Management and Internal Control ("SORMIC"), which illustrates the risk management framework and scope of the internal control structure during the year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. The Board is overall responsible for the key elements needed in maintaining a sound system of risk management and internal control in HeiTech Padu Berhad ("HeiTech"). The system is being reviewed regularly to ensure it remains relevant, effective and applicable to the changes in the Group's structure, processes and dynamic business environment. The risk management framework and internal control systems cover, inter alia, financial, organisational, operational, project and compliance controls. As there are limitations that are inherent in any risk management and internal control systems, these systems are designed to manage rather than eliminate risks of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

HeiTech's risk management and internal control systems do not apply to its associated companies and joint controlled entities, which fall within the control of their majority shareholders. The interests of HeiTech are served through representation on the board of the respective companies. These representations provide the Board with information for strategic decision making in view of the continuity of the Group's investment.

RISK MANAGEMENT

The Board is responsible to ensure the implementation of appropriate systems to manage risks. The Board ensures that HeiTech's risks are identified, evaluated, and managed by on-going systems and continuous processes. HeiTech's risk management framework, comprised of the following three main components.

a) Enterprise Risk Management (ERM) Process

The Group's key risk profile was developed by the Management. Risks identified were assessed in terms of the possibility of occurrence and the impact to the Group if the risk materialise. The Group's key risk profile is reviewed by the Central Risk Review Committee ("CRRC") on regular basis to verify and confirm the identified risk. Risk mitigation plan will be developed based on the input by the corporate officers such as Finance, Project Management, Corporate Services and Audit. The mitigation plan will be escalated to all levels in HeiTech and will be monitored on a regular basis.

The management of risks in the daily business operation is assigned to the management team and significant risks are identified and related mitigating responses as well as the corresponding internal controls are discussed at the Risk Management Committee ("RMC") and/or board meetings.

The above-mentioned practices serve as the ongoing process adopted by Management to identify, evaluate and manage significant risks faced by the Group in achieving the business objectives and strategies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

b) Risk Management Committee ("RMC")

RMC was established by the Board to signify the Group's commitment in further enhancing our risk management system. RMC is responsible for the overall oversight, implementation and monitoring of the group-wide Enterprise Risk Management (ERM) Framework. Details of the members of the Committee are furnished in the Statement on Corporate Governance at page 45 of the Annual Report.

c) Business Continuity Management ("BCM")

The Management has embedded BCM into organisational culture which reflects our commitment in:

- ensuring the survivability of the organisation and continuity of core business functions during disaster.
- protecting corporate assets and controlling financial loss.
- minimising the loss of customers.
- facilitating the resumption of operations.
- improving the ability to salvage damaged equipment and operations.
- providing safety of employee and the public before, during, and after a disaster.

For the financial year ended 31 December 2015, the main activities of the BCM include the followings:

a) Refresher BCM training for internal HeiTech BCM team on 12 October 2015.
b) PNB Business Continuity Plan (BCP) / Disaster Recovery (DR) awareness session 2015 on 6 May 2015 held in G-Tower Kuala Lumpur.

We are committed to provide extensive trainings to ensure continuous improvement in employee's knowledge and skill set in BCP. Training on the principles of BCM was attended from 15 to 17 September 2015.

INTERNAL CONTROL

The Board is committed in maintaining an effective control structure and environment for the proper conduct of business operations. The following key Internal Control Structures were implemented to ensure effective control environment and provide key elements needed in maintaining a sound internal control that compliments the ERM framework.

a) Organisation Structure

- Various Board Committees that are administered by defined terms of reference:
  i. The Audit Committee;
  ii. The Risk Management Committee;
  iii. The Nomination Committee; and
  iv. The Remuneration Committee.
- Group organisational structure that reflects defined Key Result Area and Key Performance Indicators ("KRA/KPIs").

b) Board and Management Meetings

- Board Meetings that monitors and deliberates the whole spectrum of the Group's strategic business targets, directions, challenges and financial statements.
- Management Committee Meetings that reviews the overall group operation, business and financial performance, execution of group strategic decision, implementation of quality and business processes in ensuring that overall group operation are effectively managed and operated.
- Project Steering Committee Meetings that monitors the projects' performance and implementation.
- Central Review Committee Meetings that reviews and evaluate business proposals to ensure that strategic solution, strategic pricing and strategic partnership (with customers and various types of partners) are appropriately considered.
- Procurement Committee Meetings that administers sand manage the procurement acquisition processes and approval.
- Business Review that appraises HeiTech's business and operational achievements against the business objectives and targets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

c) Audit Committee

- Audit Committee, a majority of whom comprises Independent Non-Executive Directors duly execute its duties as defined in the Terms of Reference. The Audit Committee regularly reviews, on behalf of the Board, internal control issues reported by the Internal Auditors and External Auditors, including any significant internal control issues affecting the financial statements.
- Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report.

d) Internal Audit (Audit & Assurance)

- Defined KRA/KPIs for the Internal Audit function to manage and oversee the Group operational, strategic and compliance auditing activities during the year under review.
- The Internal Audit function of HeiTech is carried out by the Audit & Assurance Department. The Audit & Assurance Department operates independently and reports directly to the Audit Committee. In providing independent and impartial appraisal, the internal auditors are given full, free and unrestricted access to all records, information, property, personnel and other relevant resources within the Group.
- Internal Audit provides independent assessment on HeiTech's internal control systems and attends ad-hoc audit review as and when requested by the Audit Committee and Management. All the result of the audit exercise including follow up audit report will be tabled and deliberated at the Audit Committee Meeting.

e) Limits of Authority

- Limits of Authority that outlines the authorised signatories' authority in contractual, financial and procurement approvals and execution.

f) Policies and Procedures

- Centralised Policies and Procedures of various Divisions, Departments, Units and Projects Teams of the Group through the central repository of process management.

g) Quality Management Systems, Certification and Standards

- Achieved and complied with the MS ISO 9001:2008 Quality Management System ("QMS") certifications since 1998. The scope of certification covers:
  - Provision of management and corporate services to the business groups/operating divisions/companies of HeiTech Padu Berhad which include Legal Services, Human Resources Management, Competency Development & Training, Procurement Services, Audit & Assurance and Corporate Communication.
  - Provision of Network Services (front end and back end):WAN Installation and Maintenance Services and LAN Installation and Maintenance Services
  - Finance and Procurement of HeiTech Managed Services Sdn Bhd
  - Account Management of HeiTech Managed Services Sdn Bhd
  - Provision of Help Desk Support Services
  - Provision of Data Centre Operations for PNB
  - Design, development and maintenance of application software for PNB
- Achieved and conform to the ISO/IEC 27001:2013 Information Security Management System ("ISMS") certification since 2006 for services provided by HeiTech Managed Services. The scope of certification covers:
  - Padu*Net Nodes Infrastructure
  - Business Recovery Management Services
  - Internet Data Center Services
  - Desktop Management Services
  - Call Center Operations Services

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Achieved and conform to the ISO/IEC 20000:2011 Service Management System ("SMS") certification since 2010. The scope of certification covers:
  - Wide Area Network (WAN)
  - Local Area Network/Desktop Management Services
  - Data Center Services
  - Helpdesk Support Services
- Internal Quality audits and follow up audits were performed on all QMS, ISMS and SMS scopes by the pools of certified internal auditors. An annual Surveillance Audit and a Re-certification Audit in every 3 years will be carried out by SIRIM QAS International on these certifications.
- The Capability Maturity Model Integration (CMMI®) is currently assessed at Maturity Level 3. CMMI is a "process model framework" for process-improvement developed by Software Engineering Institute (SEI). It is a structured and systematic collection of best practices for improving processes that paves the way for better operations and performance. The adoption of structured methodologies for IT Projects, which includes Project Management Information System ("PROMISE") and Application Development Information System ("ADVISE") provides guidance for improving the organization's processes and ability to manage the development, acquisition and maintenance of products and services. Process compliance assessment are being carried out on a monthly basis to assess the compliance level and necessary action(s) for improvement. The maturity level of the organization is assessed once every three (3) years to evaluate the compliance and measure the effectiveness of specific practices of process areas as specified in CMMI Process Model Framework.
- The Data Center in HeiTech Village 2 (HTV 2) is designed and maintained in accordance to Uptime Institute Standards on mechanical and electrical (M&E) component and Tier IV ready under the Telecommunication Industry Association – Telecommunications Infrastructure Standards for Data Centers (TIA942) on 4 components i.e. Mechanical (cooling system), Electrical (based on Uptime), Architectural (civil & structures) and Network (connectivity for WAN & LAN).

h) Strategic Planning

- Prepare Business Plan of HeiTech and consolidates Business Plan for all HeiTech Group of Companies. The business plan will be presented, deliberated and approved by the Board of HeiTech.
- Review and consolidates the Operational Masterplan for all HeiTech Group of Companies in order to monitor and review the Company's performance to ensure that they will meet the target.
- Conduct Knowledge Sharing Session within HeiTech Group of Companies to create synergy among the Companies including Chief Executive Officers (CEO) Forum.
- Conduct Mid-Year Review and Business Planning Session to review the Companies' performance and strategic direction.

i) Defined Business Process & Improvement

- Process Improvements and Compliance Assessment initiatives are continuously instituted throughout the HeiTech Group as part of the internal control framework. They are designed to manage risks that may affect the achievement of business objectives and review the changes in the business environment or regulatory guidelines from time to time.
- Defined business processes of HeiTech are made available online through https://walet.heitech.com.my

j) Human Capital Development and Training

A Performance Management mechanism is established based on both Balanced Scorecard System (BSC) and Competency Assessment & Development (CAD). The BSC is defined from top-down where business objectives are clearly defined and targets are set for individual staff. Staff are also appraised through CAD system where individual competencies are evaluated against the required job skill, hence identifying the gap on skill of the staff. Formal training programs are planned annually to ensure the Board, Management and staff are adequately trained and competent. Relevant policies and procedures are in place as proper guideline to the process.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

k) Legal and Regulatory Compliance

- Defined processes, procedures and monitoring mechanism govern the practice and performance of contractual formulation and review.
- Keeping vigilance of any domestic and international legal and regulatory compliance matters that may affect HeiTech's business operations.

l) Communication Management and Corporate Communications Policy

- Communication has always been an integral part of the Group in order to provide a clear direction for the staff to deliver high quality service and exceptional values to stakeholders. The Group has established and conducted various communication channels to effectively disseminate key messages in a timely manner and to the right audience. Among the channels established are staff portal, town halls, and internal newsletter for internal communications, as well as annual report, corporate website, print and electronic media for external communications.
- A Corporate Communication Policy is in place to ensure that communications across the Group is effectively managed and controlled to fulfil the needs of the organisation and stakeholders.

ASSURANCE FROM MANAGEMENT

In accordance with the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the Group Chief Executive Officer and Group Chief Financial Officer that to the best of their knowledge the risk management and internal control of the HeiTech Group are operating effectively and adequately, in all material respects, based on the risk management and internal control structure adopted by the HeiTech Group.

For the financial year under review, the Board is satisfied that there were no material losses, contingencies or uncertainties incurred as a result of weaknesses in the systems of internal control. The Management continues to take measures to strengthen the risk management and internal control structure.

As required by Paragraph 15.23 of Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors, Messrs. Hanafiah Raslan & Mohamad have reviewed this SORMIC and based on the review performed, nothing has come to their attention that causes them to believe that the SORMIC intended to be included in the annual report is not prepared in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers nor is the SORMIC factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors dated 7 April 2016.

DISCLOSURE TO BURSA MALAYSIA

NO.	DATE/TARIKH	ANNOUNCEMENT/PENGUMUMAN
1.	11 Apr 2016	Extension of the Contract and Additional Ceiling For Application System Maintenance Services at The Immigration Department of Malaysia (Jabatan Imigresen Malaysia (JIM))
2.	11 Apr 2016	Proposed Renewal of Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
3.	14 Mar 2016	Acceptance of Letter of Award for the Appointment of HeiTech Padu Berhad by Kementerian Kesihatan Malaysia (Health Ministry) for the Supply, Delivery, Installation, Configuration, Testing, Commissioning, Hardware, Software and Equipment as well as Develop and Implement a Pilot Module for Clinical Document (CD) in Patient Management System (Sistem Pengurussan Pesakit) (SPP)
4.	01 Mar 2016	Appointment of joint Company Secretary – Amir Zahini bin Sahrim
5.	29 Feb 2016	Quarterly rpt on consolidated results for the financial period ended 31/12/2015
6.	14 Jan 2016	Contract (Agreement) between Permodalan Nasional Berhad and HeiTech Padu Berhad for Outsourcing of IT Services
7.	29 Dec 2015	(Amended Announcement) Contract (Agreement) Between Tenaga Nasional Berhad and Duta Technic Sdn Bhd (Subsidiary Of HeiTech Padu Berhad) for The Establishment of PMU 132/33kv Tunjung (2x45mva), Kelantan
8.	28 Dec 2015	Contract (Agreement) Between Tenaga Nasional Berhad and Duta Technic Sdn Bhd (Subsidiary Of HeiTech Padu Berhad) for The Establishment of PMU 132/33kv Tunjung (2x45mva), Kelantan
9.	01 Dec 2015	(Amended Announcement) Agreement Between Diamond Palace Co. Ltd and HeiTech Padu Berhad (HeiTech) for The Supply, Deliver, Installation, Configuration, Testing, Commissioning and Maintenance of The Passport Issuance System (PIS) and Visa Issuance System (VIS) to The Ministry of Foreign Affairs of The Republic of The Union of Myanmar
10.	30 Nov 2015	Agreement Between Diamond Palace Co. Ltd and HeiTech Padu Berhad (HeiTech) for The Supply, Deliver, Installation, Configuration, Testing, Commissioning and Maintenance of The Passport Issuance System (PIS) and Visa Issuance System (VIS) to The Ministry of Foreign Affairs of The Republic of The Union of Myanmar
11.	25 Nov 2015	Quarterly rpt on consolidated results for the financial period ended 30/09/2015

DISCLOSURE TO BURSA MALAYSIA

NO.	DATE/TARIKH	ANNOUNCEMENT/PENGUMUMAN
12.	23 Sep 2015	Acceptance of Letter of Award For The Appointment of HeiTech Padu Berhad by Kementerian Dalam Negeri (Ministry of Home Affairs) for The Maintenance of Equipment and Software Computer System for The Jabatan Imigresen Malaysia (Malaysian Immigration Department)
13.	18 Sep 2015	see table below

Change description	REGISTRAR
Old address	Level 17, The Gardens North Tower Mid Valley City, Lingkaran Syed Putra 59200 KUALA LUMPUR Wilayah Persekutuan Malaysia
New address	Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 KUALA LUMPUR Wilayah Persekutuan Malaysia
Name of Registrar	TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Telephone No	03 - 2783 9299
Facsimile No	03 - 2783 9222
E-mail address	is.enquiry@my.tricorglobal.com
Effective date	21 Sep 2015

NO.	DATE/TARIKH	ANNOUNCEMENT/PENGUMUMAN
14.	02 Sep 2015	Acceptance of The Letter of Award for The Maintenance Services on The Main ICT Business System of Jabatan Pendaftaran Negara (National Registration Department)
15.	26 Aug 2015	Quarterly rpt on consolidated results for the financial period ended 30/06/2015
16.	14 Aug 2015	Acquisition of 2,550,000 ordinary shares in Duta Technic Sdn Bhd ("DTSB") representing 51% of the total issued and paid-up share capital.
17.	13 Jul 2015	Acceptance of Letter of Award for The Appointment of HeiTech Padu Berhad by Koperasi Angkatan Tentera Malaysia Berhad for The Proposed Disaster Recovery Center (DRC) and Wide Area Network (WAN) Managed Services
18.	17 Jun 2015	General Meetings: Outcome of Meeting The Board of Directors of HeiTech Padu Berhad is pleased to announce that at the 20th Annual General Meeting ("20th AGM") of HeiTech Padu Berhad held on 17th June 2015, all the resolutions as stated in the Notice of 20th AGM dated 22 May 2015 have been approved by the shareholders.

DISCLOSURE TO BURSA MALAYSIA

NO.	DATE/TARIKH	ANNOUNCEMENT/PENGUMUMAN
19.	17 Jun 2015	HTPADU – Notice of Book Closure
20.	15 Jun 2015	Interim Dividend
21.	08 Jun 2015	Acceptance of The Letter of Award for The Procurement of Maintenance Services and Spare Parts for Radar Arthur WLS for The Army (Ministry Of Defence)
22.	27 May 2015	Quarterly rpt on consolidated results for the financial period ended 31/03/2015
23.	22 May 2015	Annual Report – 2014
24.	22 May 2015	Circular to Shareholders
25.	22 May 2015	General Meetings: Notice of Meeting

FINANCIAL STATEMENTS

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Under the Companies Act 1965, the Directors are required to prepare financial statements, which disclose a true and fair view of the state of affairs of the Group at the end of each financial year and of their results and cashflow for the year then ended.

The Directors consider that in preparing the financial statements:

- the Group applied appropriate and consistent accounting policies;
- reasonable and prudent judgments and estimates were made; and
- all applicable MASB Approved Accounting Standards in Malaysia For Entities Other Than Private Entities have been adhered with.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services. Under the Communications and Multimedia Act (CMA) 1998 Framework, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (i)) and Application Service Provider Class License (ASP (c)) respectively.

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year	1,211	(1,298)
Profit/(Loss) attributable to:		
Owners of the parent	933	(1,298)
Non-controlling interests	278	-
	1,211	(1,298)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2014 were as follows:

	RM'000
In respect of the financial year ended 31 December 2015:	
Single-tier interim dividend of 2% on 101,225,300 ordinary shares declared on 15 June 2015 and paid on 29 July 2015	2,025

The director do not recommend any payment of final dividend in respect of the financial year ended 31 December 2015.

DIRECTORS' REPORT

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Sri Mohd Hilmey bin Mohd Taib
Dato' Haji Ghazali bin Awang
Dato' Mohd Fadzli bin Yusof
Tan Sri Abi Musa Asa'ari bin Mohamed Nor
Dato' Dr. Mohamed Ariffin bin Aton
Tuan Syed Agel bin Syed Salim
Sulaiman Hew bin Abdullah
Wan Ainol Zilan binti Abdul Rahim

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in ordinary shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
	1 January 2015	Bought	Sold	31 December 2015
The Company				
Direct interest				
Dato' Sri Mohd Hilmey bin Mohd Taib	7,820,184	-	-	7,820,184
Tuan Syed Agel bin Syed Salim	12,500	-	-	12,500
Indirect interest *				
Dato' Sri Mohd Hilmey bin Mohd Taib	30,521,028	-	-	30,521,028

** Held through Padujade Corporation Sdn. Bhd.*

HeiTech Academy Sdn. Bhd. - a fellow subsidiary

	Number of ordinary shares of RM1.00 each			
	1 January 2015	Bought	Sold	31 December 2015
Direct interest				
Dato' Sri Mohd Hilmey bin Mohd Taib	1	-	-	1

Dato' Sri Mohd Hilmey bin Mohd Taib by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in ordinary shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2016.

Dato' Sri Mohd Hilmey bin Mohd Taib

Dato' Haji Ghazali bin Awang

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT 1965

We, Dato' Sri Mohd Hilmey bin Mohd Taib and Dato' Haji Ghazali bin Awang, being two of the directors of HeiTech Padu Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 78 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2016.

Dato' Sri Mohd Hilmey bin Mohd Taib

Dato' Haji Ghazali bin Awang

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT 1965

I, Ahmad Nasrul Hakim bin Mohd Zaini, being the officer primarily responsible for the financial management of HeiTech Padu Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 78 to 161 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Ahmad Nasrul Hakim bin Mohd Zaini
at Kuala Lumpur in the Federal Territory
on 12 April 2016

Ahmad Nasrul Hakim bin Mohd Zaini

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of HeiTech Padu Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 78 to 160.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA) (CONT'D.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D.)

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the consolidated preparation of the financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 on page 161 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/18(J)
Chartered Accountant

Kuala Lumpur
12 April 2016

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	**376,238**	461,459	**318,794**	408,573
Other income	5	**8,151**	7,247	**12,612**	12,209
Employee benefits expense	6	**(90,994)**	(99,408)	**(28,785)**	(24,217)
Purchase of hardware and software		**(45,347)**	(97,423)	**(15,103)**	(86,407)
Lease line rental		**(49,990)**	(47,024)	**(73,914)**	(73,968)
Maintenance costs		**(32,420)**	(57,885)	**(107,347)**	(106,631)
Bulk mailing processing charges		**(17,786)**	(20,359)	**-**	-
Project implementation costs		**(42,147)**	(50,674)	**(41,169)**	(74,065)
Depreciation	9	**(12,226)**	(11,514)	**(9,472)**	(8,559)
Other expenses		**(81,526)**	(86,969)	**(48,267)**	(47,792)
Finance costs	8	**(9,328)**	(7,389)	**(8,381)**	(6,601)
Share of results of associates		**(195)**	(8)	**-**	-
Profit/(Loss) before tax	9	**2,430**	(9,947)	**(1,032)**	(7,458)
Income tax expense	10	**(1,219)**	(476)	**(266)**	(584)
Profit/(Loss) for the year		**1,211**	(10,423)	**(1,298)**	(8,042)
Profit/(Loss) attributable to:					
Owners of the parent		**933**	(10,474)	**(1,298)**	(8,042)
Non-controlling interests		**278**	51	**-**	-
		1,211	(10,423)	**(1,298)**	(8,042)
Profit/(Loss) per share attributable to owners of the parent (sen per share):					
Basic / diluted	12	0.92	(10.35)		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the year		**1,211**	(10,423)	**(1,298)**	(8,042)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation, net of income tax of nil		**2,135**	(3,633)	**-**	-
Total comprehensive income/(loss) for the year		**3,346**	(14,056)	**(1,298)**	(8,042)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**2,873**	(14,714)	**(1,298)**	(8,042)
Non-controlling interests		**473**	658	**-**	-
		3,346	(14,056)	**(1,298)**	(8,042)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	**63,902**	73,733	**47,791**	55,950
Intangible assets	14	**30,676**	27,187	**66**	153
Investments in subsidiaries	15	**-**	-	**47,883**	42,932
Investments in associates	16	**3,894**	4,089	**-**	-
Available-for-sale financial assets	17	**4,381**	6,812	**3,717**	6,148
Lease receivable	18	**40,249**	61,200	**40,249**	61,200
Deferred tax assets	19	**45**	13	**-**	-
		143,147	173,034	**139,706**	166,383
Current assets					
Inventories	20	**819**	1,101	**-**	-
Trade and other receivables	21	**137,594**	102,848	**154,578**	118,298
Other current assets	22	**86,813**	100,165	**85,941**	100,165
Cash and bank balances	24	**83,095**	138,592	**55,927**	129,235
Tax recoverable		**3,787**	3,655	**2,401**	2,973
		312,108	346,361	**298,847**	350,671
Total assets		**455,255**	519,395	**438,553**	517,054
Equity and liabilities					
Current liabilities					
Loans and borrowings	25	**119,695**	187,629	**118,619**	185,102
Trade and other payables	26	**113,898**	101,890	**132,684**	131,905
Tax payable		**145**	788	**-**	-
		233,738	290,307	**251,303**	317,007
Net current assets		**78,370**	56,054	**47,544**	33,664

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015 (CONT'D.)

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Deferred tax liabilities	19	**1,314**	1,314	**-**	-
Loans and borrowings	25	**52,253**	61,145	**44,840**	54,314
		53,567	62,459	**44,840**	54,314
Total liabilities		**287,305**	352,766	**296,143**	371,321
Net assets		**167,950**	166,629	**142,410**	145,733
Equity attributable to owners of the parent					
Share capital	27	**101,225**	101,225	**101,225**	101,225
Share premium	27	**16,526**	16,526	**16,526**	16,526
Retained earnings	28	**45,691**	46,783	**24,659**	27,982
Foreign currency translation reserve	29	**(1,636)**	(3,576)	**-**	-
		161,806	160,958	**142,410**	145,733
Non-controlling interests		**6,144**	5,671	**-**	-
Total equity		**167,950**	166,629	**142,410**	145,733
Total equity and liabilities		**455,255**	519,395	**438,553**	517,054

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	<---Attributable to owners of the parent---						
	<---Non-distributable--->		Distributable	Non - <-Distributable->			
	Share capital (Note 27) RM'000	Share premium (Note 27) RM'000	Retained earnings (Note 28) RM'000	Foreign currency translation reserve (Note 29) RM'000	Total equity attributable to owners of the parent RM'000	Non-controlling Interests RM'000	Total equity RM'000
Group							
At 1 January 2015	**101,225**	**16,526**	**46,783**	**(3,576)**	**160,958**	**5,671**	**166,629**
Profit for the year	**-**	**-**	**933**	**-**	**933**	**278**	**1,211**
Other comprehensive income	**-**	**-**	**-**	**1,940**	**1,940**	**195**	**2,135**
Total comprehensive income	**-**	**-**	**933**	**1,940**	**2,873**	**473**	**3,346**
Transactions with owners							
Dividend paid (Note 11)	**-**	**-**	**(2,025)**	**-**	**(2,025)**	**-**	**(2,025)**
Total transactions with owners	**-**	**-**	**(2,025)**	**-**	**(2,025)**	**-**	**(2,025)**
As at 31 December 2015	**101,225**	**16,526**	**45,691**	**(1,636)**	**161,806**	**6,144**	**167,950**
At 1 January 2014	101,225	16,526	57,257	664	175,672	4,384	180,056
(Loss)/income for the year	-	-	(10,474)	-	(10,474)	51	(10,423)
Other comprehensive (loss)/income	-	-	-	(4,240)	(4,240)	607	(3,633)
Total comprehensive (loss)/income	-	-	(10,474)	(4,240)	(14,714)	658	(14,056)
Transactions with owners							
Acquisition of a new subsidiary (Note 15)	-	-	-	-	-	629	629
Total transactions with owners	-	-	-	-	-	629	629
At 31 December 2014	101,225	16,526	46,783	(3,576)	160,958	5,671	166,629

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	<------- Non-distributable	------->	Distributable	
	Share capital (Note 27)	Share premium (Note 27)	Retained earnings (Note 28)	Total equity
	RM'000	RM'000	RM'000	RM'000
Company				
At 1 January 2015	**101,225**	**16,526**	**27,982**	**145,733**
Total comprehensive loss for the year	**-**	**-**	**(1,298)**	**(1,298)**
Transactions with owners				
Dividend paid (Note 11)	**-**	**-**	**(2,025)**	**(2,025)**
Total transactions with owners	**-**	**-**	**(2,025)**	**(2,025)**
At 31 December 2015	**101,225**	**16,526**	**24,659**	**142,410**
At 1 January 2014	101,225	16,526	36,024	153,775
Total comprehensive loss for the year	-	-	(8,042)	(8,042)
At 31 December 2014	101,225	16,526	27,982	145,733

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from operating activities					
Profit/(loss) before tax		**2,430**	(9,947)	**(1,032)**	(7,458)
Adjustments to reconcile profit/(loss) before tax to net cash flows:					
Gain on disposal of property, plant and equipment	9	**(1,414)**	(23)	**-**	-
Property, plant and equipment written off	9	**1,011**	42	**-**	-
Interest income	5	**(1,253)**	(1,382)	**(1,063)**	(1,341)
Dividend income	5	**(1,457)**	(400)	**(1,457)**	(400)
Finance costs	8	**9,328**	7,389	**8,381**	6,601
Gross amount due from a customer written off	9	**-**	13,007	**-**	-
Depreciation	9	**12,226**	11,514	**9,472**	8,559
Reversal of impairment loss on:					
- Trade receivables	9	**(200)**	(1,703)	**(162)**	(1,261)
- Other receivables	9	**(799)**	(45)	**(656)**	(40)
Impairment loss on:					
- Trade receivables	9	**3,875**	1,303	**8,094**	1,032
- Other receivables	9	**2,110**	1,039	**2,110**	1,039
- Available-for-sale financial assets	9	**2,431**	-	**2,431**	-
- Goodwill	9	**831**	2,188	**-**	-
- Bad debts written off	9	**59**	-	**-**	-
Amortisation of intangible assets	9	**747**	694	**87**	87
Share of results of associates		**195**	8	**-**	-
Total adjustments		**27,690**	33,631	**27,237**	14,276

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D.)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Operating profit before working capital changes carried forward		**30,120**	23,684	**26,205**	6,818
Changes in working capital					
Decrease in inventories		**282**	341	**-**	-
(Increase)/Decrease in trade and other receivables		**(34,746)**	67,419	**(36,280)**	43,517
Decrease/(Increase) in other current assets		**13,352**	(22,162)	**14,224**	(4,804)
Increase/(Decrease) in trade and other payables		**12,008**	(2,290)	**779**	11,861
Total changes in working capital		**(9,104)**	43,308	**(21,277)**	50,574
Cash generated from operations		**21,016**	66,992	**4,928**	57,392
Interest paid	8	**(9,328)**	(7,389)	**(8,381)**	(6,601)
Taxes paid		**(2,026)**	(558)	**(1,451)**	(1,545)
Net cash flows generated from/(used in) operating activities		**9,662**	59,045	**(4,904)**	49,246
Investing activities					
Purchase of property, plant and equipment	13	**(4,705)**	(10,539)	**(1,313)**	(9,409)
Interest received		**1,253**	1,382	**1,063**	1,341
Proceeds from disposal of property, plant and equipment		**-**	53	**-**	-
Software and deferred development costs incurred	14	**(2,224)**	(3,840)	**-**	-
Net cash outflow on acquisition of subsidiaries	15	**(543)**	-	**-**	-
Purchase of available-for-sale financial assets		**-**	(500)	**-**	-
Net cash flows used in investing activities		**(6,219)**	(13,444)	**(250)**	(8,068)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Financing activities					
Net (repayments)/proceeds of loans and borrowings		**(96,959)**	(73,151)	**(96,316)**	74,467
Net repayments of obligations under finance leases		**(2,309)**	(4,667)	**(2,278)**	(3,947)
Deposits uplifted/(placed for) from security for banking facilities		**73,189**	(95,579)	**77,972**	(93,542)
Net cash flows used in financing activities		**(26,079)**	(27,095)	**(20,617)**	(23,022)
Net (decrease)/increase in cash and cash equivalents		**(22,636)**	18,506	**(25,771)**	18,156
Effect of exchange rate changes on cash and cash equivalents		**1,991**	43	**-**	-
Cash and cash equivalents at 1 January		**(8,224)**	(26,773)	**(14,543)**	(32,699)
Cash and cash equivalents at 31 December	24	**(28,869)**	(8,224)	**(40,314)**	(14,543)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company is located at Level 15, HeiTech Village, Persiaran Kewajipan, USJ 1, UEP Subang Jaya, 47600 Selangor Darul Ehsan.

The principal activities of the Company are the provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services. Under the Communications and Multimedia Act (CMA) 1998 Framework, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (i)) and Application Service Provider Class License (ASP (c)) respectively.

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Company adopted the following new and amended MFRS and Interpretations Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The adoption of the above standards and interpretation will have no material effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

The adoption of the above will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) of the business rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors expect that the adoption of the above standards and interpretations will have no impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if, and only if, the Company has of all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether it has power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.8.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction work in progress is not depreciated as the asset is not yet ready for its intended purposes. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Building	2% - 10%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Computers and network equipment	25% - 33 ⅓%
Renovation	15%
Machinery	6% - 13%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the assets begin when the development is complete and the asset is available for used. Development costs have a finite useful life and are amortised over the period of expected future benefit.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Subsidiaries

A subsidiary is an entity over which the Group has:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.10 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to its investment in the associate. At each reporting date, the Group determines whether there is objective evidence that an investment in associate is impaired. If there is such evidence, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of assets by comparing its recoverable amount (higher of value in use and fair value less costs to sell) and its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Investments in associates (cont'd.)

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets of CGU's amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company did not have any financial assets at fair value through profit or loss during the year ended 31 December 2015.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

(c) Held-to-maturity investments (cont'd.)

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company did not have any held-to-maturity investments during the year ended 31 December 2015.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in equity instruments (unquoted) whose fair value cannot be reliably measured is measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when the Group or the Company has transferred its rights to receive cash flows from the financial asset and substantially all the risk and rewards of the financial asset to a third party. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial assets (cont'd.)

Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Impairment of financial assets (cont'd.)

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management, if any.

2.15 Inventories

Inventories comprising consumables are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Due from/(to) customers on contracts

Where the outcome of a contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Financial liabilities (cont'd.)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.21 Leases

(a) As lessee

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(f).

Leases where the Group passes substantially all the risk and rewards of ownership to the lessee are classified as finance leases. Lessor is required to recognise the assets held under a finance lease as a lease receivable at an amount equal to the net investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Long term fixed price contracts

Revenue on long term fixed price contracts is recognised based on the stage of completion method determined on the proportion of costs incurred to date against total estimated costs for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. All anticipated losses on contracts are fully provided for.

(b) Short term contracts

Revenue is recognised upon rendering of services and transfer of significant risks. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due or associated costs.

(c) Sale of goods

Revenue relates to sale of software and hardware is recognised upon the transfer of risks and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) Information technology professional services

Revenue is recognised based on net billings to customers for services where no fixed contract sum is agreed up front.

Revenue is recognised based on percentage of completion method over the period of the contract where a fixed sum has been agreed up front. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses are fully provided.

(e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(f) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

(g) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.23 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax and Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of sales tax and GST except:

- Where the sales tax and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax and GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax and GST included.

The net amount of sales tax and GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.27 Fair value measurements

The Group measures its financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.28 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Finance leases – As lessor

The Group and the Company have entered into a build and lease arrangement with Government of Malaysia. The Group and the Company have determined, based on an evaluation of the terms and conditions of the arrangements, whether the property was clearly operating lease or finance lease. The management judged that the arrangement does not retain the significant risks and rewards of ownership of this property, thus accounted for the contract as finance lease.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

The value in use calculations is based on discounted cash flow model. Management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of goodwill, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are further explained in Note 14.

(b) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Information on income taxes is disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Deferred tax assets

Deferred tax assets are recognised for unrecognised tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The aggregate unrecognised tax losses, capital allowances and other temporary differences of the Group and the Company were RM41,480,000 (2014: RM51,488,000) and RM1,506,000 (2014: RM12,606,000) as disclosed in Note 19.

(d) Recognition of revenue from long term contracts

The Group and the Company recognise long term fixed price contracts revenue and expenses in the income statements by using the stage of completion method. The stage of completion method is determined by the proportion of actual contracts costs incurred for work performed to date against the estimated total contract costs for each contract. Significant judgement is required in determining the stage of completion, the extent of contract costs incurred as well as the estimated total contract revenue and costs. In making the judgement, the Group and the Company regularly updated project budgets based on their knowledge and experience on the projects.

(e) Development cost

The Group capitalises project development costs incurred as part of requirement in bidding for projects which are considered high in value and strategic to the Group's business. Significant judgement is required in determining the extent of costs incurred and the recoverability of the development costs. In making the judgement, the Group evaluates based on past experiences, current external economic factors and the progress and development of the contract.

(f) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 21.

(g) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. REVENUE

Revenue of the Group and of the Company consist of the following:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities				
Network related services	**75,259**	73,996	**75,259**	73,996
Internet data centre services	**671**	646	**-**	-
	75,930	74,642	**75,259**	73,996
Other activities				
Sale of hardware and software	**69,188**	139,795	**45,237**	123,394
Maintenance charges	**122,188**	116,484	**122,188**	116,484
System application and development	**40,480**	61,987	**40,480**	61,987
Disaster recovery and facility management services	**29,465**	30,094	**30,136**	30,740
Bulk mailing charges	**31,409**	33,587	**-**	-
Others	**7,578**	4,870	**5,494**	1,972
	300,308	386,817	**243,535**	334,577
Total revenue	**376,238**	461,459	**318,794**	408,573

Revenue pertaining to the MCMC Licensable Activities refers to those attributable revenue prescribed under the Communication and Multimedia Act (CMA) 1998 Framework. Under the CMA, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (i)) and Application Service Provider Class License (ASP (c)) respectively.

5. OTHER INCOME

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- Fixed deposits from license banks	**1,253**	1,382	**1,063**	1,341
Dividend income				
- Available-for-sale financial assets	**1,457**	400	**1,457**	400
Gain on disposal of property, plant and equipment	**1,414**	23	**-**	-
Rental income	**2,859**	3,389	**9,569**	9,167
Reversal of impairment loss on of trade and other receivables	**425**	1,748	**169**	1,301
Training	**323**	-	**323**	-
Others	**420**	305	**31**	-
	8,151	7,247	**12,612**	12,209

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	**74,109**	85,447	**23,563**	19,951
Defined contributions plans and social security contributions	**9,971**	10,229	**2,912**	2,466
Other benefits	**6,914**	3,732	**2,310**	1,800
	90,994	99,408	**28,785**	24,217

Included in employee benefits expense of the Group and of the Company are non-executive directors' remuneration amounting to RM1,496,000 (2014: RM1,261,000) and RM1,282,000 (2014: RM1,189,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-executive/Director's remuneration				
Fees	**407**	339	**353**	283
Other emoluments	**1,089**	922	**929**	906
Total Directors' remuneration (Note 31)	**1,496**	1,261	**1,282**	1,189

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2015	2014
Non-executive Directors:		
Up to RM50,000	**7**	7
RM50,001 - RM100,000	**-**	-
RM850,001 - RM900,000	**-**	-
RM900,001 - RM950,000	**1**	1

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

8. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Term loans	**818**	1,506	**339**	1,082
Revolving credits	**3,152**	1,421	**3,152**	1,421
Obligations under finance leases	**236**	367	**191**	367
Bank overdrafts	**3,022**	3,566	**3,022**	3,464
Due to directors of a subsidiary	**99**	99	**-**	-
Others	**2,001**	430	**1,677**	267
	9,328	7,389	**8,381**	6,601

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

9. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amortisation of intangible assets (Note 14)	**747**	694	**87**	87
Auditors' remuneration				
- Statutory audit	**401**	330	**231**	231
- Other services	**61**	56	**61**	56
Office rental	**5,966**	5,235	**4,650**	4,415
Gross amount due from a customer written off	**-**	13,007	**-**	-
Impairment loss on:				
- Trade receivables (Note 21)	**3,875**	1,303	**8,094**	1,032
- Other receivables (Note 21)	**2,110**	1,039	**2,110**	1,039
- Investment in subsidiaries (Note15)	**-**	-	**49**	-
- Available-for-sale financial assets (Note17)	**2,431**	-	**2,431**	-
- Goodwill (Note 14)	**831**	2,188	**-**	-
Reversal of impairment loss on:				
- Trade receivables (Note 21)	**(200)**	(1,703)	**(162)**	(1,261)
- Others receivables (Note 21)	**(799)**	(45)	**(656)**	(40)
Property, plant and equipment written off	**1,011**	42	**-**	-
Gain on disposal of property, plant and equipment	**(1,414)**	(23)	**-**	-
Depreciation of property, plant and equipment (Note 13)	**12,226**	11,514	**9,472**	8,559
Bad debts written off	**59**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	**1,219**	1,789	**266**	-
Foreign tax	**(436)**	(799)	**-**	-
Over provision in prior years	**-**	(908)	**-**	-
	783	82	**266**	-
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	**616**	(378)	**-**	-
Relating to change in tax rates	**-**	(60)	**-**	-
(Over)/Under provision in prior years	**(180)**	832	**-**	584
	436	394	**-**	584
Income tax expense recognised in profit or loss	**1,219**	476	**266**	584

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

10. INCOME TAX EXPENSE (CONT'D.)

Reconciliations between tax expense and accounting profit/(loss)

The reconciliations between tax expense and the accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	**2,430**	(9,947)	**(1,032)**	(7,458)
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	**608**	(2,487)	**(258)**	(1,865)
Different tax rate in other countries	**53**	62	**-**	-
Effect of changes in tax rates on opening deferred tax	**-**	(60)	**-**	-
Effect of income not subject to tax	**(283)**	-	**(283)**	-
Effect of expenses not deductible for tax purposes	**3,523**	2,790	**3,582**	2,550
Utilisation of group relief	**-**	(3,737)	**-**	-
Deferred tax assets recognised during the year	**(892)**	(282)	**(892)**	(1,952)
Deferred tax assets not recognised during the year	**273**	6,940	**-**	3,455
Utilisation of previously unrecognised tax losses	**(1,883)**	(2,674)	**(1,883)**	(2,188)
(Over)/under provision of deferred tax in prior years	**(180)**	832	**-**	584
Over provision of income tax in prior years	**-**	(908)	**-**	-
Income tax expense recognised in profit or loss	**1,219**	476	**266**	584

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

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11. DIVIDEND

	Dividend in respect of Year		Dividend Recognised in Year	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Group and Company				
Interim dividend for 2015:				
2% single-tier dividend on 101,225,300 ordinary shares (2 sen per ordinary share)	**2,025**	-	**2,025**	-

The directors do not recommend any payment of final dividend in respect of the financial year ended 31 December 2015.

12. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share are calculated by dividing the profit/(loss) for the year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted profit/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

There are no potential dilution effects on ordinary shares of the Group for the current financial year. Accordingly, the diluted profit/(loss) per share for the current year is equal to basic profit/(loss) per share.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

12. PROFIT/(LOSS) PER SHARE (CONT'D.)

The following tables reflect the profit/(loss) and share data used in the computation of basic and diluted profit/(loss) per share for the years ended 31 December:

	Group	
	2015	2014
	RM'000	RM'000
Profit/(Loss) attributable to owners of the parent:	**933**	(10,474)

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue for diluted profit/(loss) per share computation	**101,225**	101,225

	Group	
	2015	2014
Basic/diluted profit/(loss) per share (sen per share)	**0.92**	(10.35)

NOTES TO THE FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Machinery, office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Construction work in progress RM'000	Total RM'000
Cost								
At 1 January 2014	11,506	44,054	2,863	43,563	163,989	21,017	16,355	303,347
Additions	-	198	198	1,363	8,537	243	-	10,539
Write off	-	-	(121)	(146)	(1,172)	-	-	(1,439)
Transfer	-	500	-	15,855	-	-	(16,355)	-
Disposals	-	-	(84)	(377)	-	-	-	(461)
Exchange differences	-	164	5	174	-	-	-	343
At 31 December 2014 and 1 January 2015	11,506	44,916	2,861	60,432	171,354	21,260	-	312,329
Acquisition of new subsidiary	-	-	-	16	22	9	-	47
Additions	-	253	457	2,355	1,556	84	-	4,705
Write off	-	-	-	(3,133)	(455)	-	-	(3,588)
Disposals	-	(1,714)	(162)	(1,970)	(3,253)	-	-	(7,099)
Exchange differences	-	283	93	587	-	-	-	963
At 31 December 2015	11,506	43,738	3,249	58,287	169,224	21,353	-	307,357

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Machinery, office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Construction work in progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2014	-	20,052	2,293	28,895	158,808	18,750	-	228,798
Charge for the year	-	2,364	277	3,789	3,677	1,407	-	11,514
Write off	-	-	(121)	(107)	(1,169)	-	-	(1,397)
Disposals	-	-	(57)	(374)	-	-	-	(431)
Exchange differences	-	26	6	80	-	-	-	112
At 31 December 2014 and 1 January 2015	-	22,442	2,398	32,283	161,316	20,157	-	238,596
Acquisition of new subsidiary	-	-	-	-	-	-	-	-
Charge for the year	-	5,420	223	2,278	3,203	1,102	-	12,226
Write off	-	-	-	(2,122)	(455)	-	-	(2,577)
Disposals	-	(163)	(162)	(2,849)	(1,995)	-	-	(5,169)
Exchange differences	-	36	49	294	-	-	-	379
At 31 December 2015	-	27,735	2,508	29,884	162,069	21,259	-	243,455
Net carrying amount								
At 31 December 2014	11,506	22,474	463	28,149	10,038	1,103	-	73,733
At 31 December 2015	11,506	16,003	741	28,403	7,155	94	-	63,902

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Construction work in progress RM'000	Total RM'000
Cost								
At 1 January 2014	9,895	39,019	1,206	14,601	154,935	21,396	16,355	257,407
Additions	-	194	95	580	8,351	189	-	9,409
Transfer	-	500	-	15,855	-	-	(16,355)	-
At 31 December 2014 and 1 January 2015	9,895	39,713	1,301	31,036	163,286	21,585	-	266,816
Additions	-	-	-	588	641	84	-	1,313
At 31 December 2015	9,895	39,713	1,301	31,624	163,927	21,669	-	268,129

NOTES TO THE FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Construction work in progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2014	-	19,013	1,205	11,053	152,265	18,771	-	202,307
Charge for the year	-	2,201	19	1,863	3,074	1,402	-	8,559
At 31 December 2014 and 1 January 2015	-	21,214	1,224	12,916	155,339	20,173	-	210,866
Charge for the year	-	5,128	19	454	2,780	1,091	-	9,472
At 31 December 2015	-	26,342	1,243	13,370	158,119	21,264	-	220,338
Net carrying amount								
At 31 December 2014	9,895	18,499	77	18,120	7,947	1,412	-	55,950
At 31 December 2015	9,895	13,371	58	18,254	5,808	405	-	47,791

Assets held under finance leases

The net carrying amount of property, plant and equipment of the Group and of the Company held under finance lease were RM12,781,000 (2014: RM13,797,000) and RM9,689,000 (2014: RM10,730,000) respectively.

Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of property, plant and equipment pledged as securities for loans and borrowings (Note 25) are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Freehold land	**9,895**	9,895	**9,895**	9,895
Building	**2,644**	2,712	**-**	-
	12,539	12,607	**9,895**	9,895

NOTES TO THE FINANCIAL STATEMENTS

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14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Secured contract RM'000	Software development costs RM'000	Total RM'000
Cost				
At 1 January 2014	21,910	-	4,458	26,368
Adjustments to the provisional amount on the acquisition of subsidiaries	(3,144)	780	2,364	-
Additions	629	-	3,840	4,469
At 31 December 2014 and 1 January 2015	19,395	780	10,662	30,837
Acquisition of a subsidiary	2,843	-	-	2,843
Additions	-	-	2,224	2,224
At 31 December 2015	22,238	780	12,886	35,904

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14. INTANGIBLE ASSETS (CONT'D.)

Group	Goodwill RM'000	Secured contract RM'000	Software development costs RM'000	Total RM'000
Accumulated amortisation and impairment				
At 1 January 2014	-	-	768	768
Impairment	2,188	-	-	2,188
Amortisation	-	213	481	694
At 31 December 2014 and 1 January 2015	2,188	213	1,249	3,650
Impairment	831	-	-	831
Amortisation	-	213	534	747
At 31 December 2015	3,019	426	1,783	5,228
Net carrying amount				
At 31 December 2014	17,207	567	9,413	27,187
At 31 December 2015	19,219	354	11,103	30,676

Company	Software development costs RM'000
Cost	
At 1 January 2014, 31 December 2014, 1 January 2015, 31 December 2015	1,054

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14. INTANGIBLE ASSETS (CONT'D.)

Company	Software development costs RM'000
Accumulated amortisation	
At 1 January 2014	814
Amortisation	87
At 31 December 2014 and 1 January 2015	901
Amortisation	87
At 31 December 2015	988
Net carrying amount	
At 31 December 2014	153
At 31 December 2015	66

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to four individual cash-generating units ("CGUs") for impairment testing as follows:

	Group	
	2015 RM'000	2014 RM'000
Computer software development, sales and support	**5,532**	5,532
Mailing and document processing services	**6,589**	7,420
Mobile value added services	**4,255**	4,255
Engineering works	**2,843**	-
	19,219	17,207

Due to the weakening economic performance of one of the CGUs in the mailing and document processing services segment, management has recognised an impairment loss of RM831,000 in the current year against goodwill with a carrying amount of RM831,000 as at 31 December 2014. The impairment charge of RM831,000 (2014: RM2,188,000) is recorded within other expenses in the statements of comprehensive income.

14. INTANGIBLE ASSETS (CONT'D.)

Key assumptions used in value in use calculations

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a three to five years period.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(a) Gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average margin achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(b) Growth rate

The management believes that the average growth rates used as follows are consistent with the long term average growth rate of the economy.

	Group	
	2015	**2014**
Computer software development, sales and support	**0% - 1%**	0% - 1%
Mailing and document processing services	**0% - 2%**	0% - 2%
Mobile value added services	**1% - 2%**	1% - 2%
Engineering works	**5%**	-

(c) Discount rates

The discount rates used as follows are pre-tax and reflect specific risks relating to the relevant segments.

	Group	
	2015	**2014**
Computer software development, sales and support	**9.09%**	10% - 13%
Mailing and document processing services	**9.09%**	11% - 16%
Mobile value added services	**9.09%**	11% - 13%
Engineering works	**9.09%**	-

Sensitivity to changes in assumptions

A reduction of 1% in the growth rate or a rise of 1% in the discount rate for the CGU of computer software development, sales and support would result in impairment of goodwill. A reduction of 1% in the growth rate or a rise of 1% in the discount rate for the CGU of mailing and document processing services would result in impairment of goodwill. For CGU of mobile value added services, a reduction of 2% in the growth rate or a rise of 2% in the discount rate would result in impairment of goodwill.

For engineering services, the stability in the demand for energy sector makes the segment more stable. Minor movement in the discount rate would not result in any significant impact on the goodwill.

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15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Unquoted ordinary shares, at cost	**56,758**	51,758
Redeemable convertible preference shares of RM1.00 each	**2,140**	2,140
	58,898	53,898
Less: Accumulated impairment losses	**(11,015)**	(10,966)
	47,883	42,932

Name	Country of incorporation	Principal activities	Effective equity interest (%) 2015	Effective equity interest (%) 2014
Held by the Company:				
Motordata Research Consortium Sdn. Bhd.	Malaysia	Development and provision of a centralised parts pricing database for Malaysian insurance industry.	**60**	60
Educational Trend Sdn. Bhd.	Malaysia	Development and marketing of computer aided educational software.	**77**	77
Dapat Vista (M) Sdn. Bhd.^	Malaysia	Business related to providing mobile value added services.	**80**	80
Inter-City MPC (M) Sdn. Bhd.	Malaysia	Provision of mail processing and its related services.	**100**	100
HeiTech *i*-Solution Sdn. Bhd.	Malaysia	Computer software development and marketing of software, contract programming services and product systems integration and other computer related services.	**100**	100
Integrated Healthcare Solutions Sdn. Bhd.	Malaysia	Provision of a one-stop customer support service centre and consultancy service desks.	**100**	100
HeiTech E*Business Solutions Sdn. Bhd.	Malaysia	Provision of research and development in developing, installing and supporting software for small and medium sized industries.	**100**	100
HeiTech Defence System Sdn.Bhd.	Malaysia	Provision for information and communication technology products and services for the defence industry.	**100**	100
HeiTech Health Services Sdn. Bhd.	Malaysia	Provision for information and communication technology products and services for the health industry.	**100**	100

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Principal activities	Effective equity interest (%) 2015	2014
Held by the Company (cont'd.):				
HeiTech Managed Services Sdn. Bhd.	Malaysia	Provision of consultancy services, network management, local area network design and installation services.	**100**	100
HeiTech Academy Sdn. Bhd.	Malaysia	Software development, consultancy services and related marketing.	**100**	100
Vante Sdn. Bhd.	Malaysia	Dormant	**100**	100
Megacenter System Sdn. Bhd.	Malaysia	Dormant	**100**	100
Domainedge Sdn. Bhd.	Malaysia	Dormant	**100**	100
Cinix 1 Pty. Ltd. ^	Australia	Computer software development, sales and support for the motor body industry.	**100**	100
Duta Technic Sdn. Bhd. ^	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPCC") services.	**51**	-
Pro Office Solutions Sdn. Bhd.	Malaysia	Provision of mail processing and its related services.	**100**	100
PT. Intercity Kerlipan ^	Indonesia	Provision of mail processing and its related services.	**70**	70

^ Audited by firms other than Hanafiah Raslan & Mohamad

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Material partly-owned subsidiary

Financial information of a subsidiary that has material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation	2015	2014
Motordata Research Consortium Sdn. Bhd.	Malaysia	**60%**	60%

	2015 RM'000	2014 RM'000
Accumulated balances of material non-controlling interest:		
Motordata Research Consortium Sdn. Bhd.	**1,691**	1,462
Profit allocated to material non-controlling interest:		
Motordata Research Consortium Sdn. Bhd.	**229**	55

The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	2015 RM'000	2014 RM'000
Summarised statement of comprehensive income for 2015 and 2014:		
Revenue	**5,100**	5,443
Cost of sales	**(1,357)**	(1,487)
Other income	**109**	185
Administrative expenses	**(3,206)**	(4,732)
Finance costs	**(4)**	-
Profit/(Loss) before tax	**642**	(591)
Income tax (expense)/benefit	**(70)**	728
Profit for the year	**572**	137
Total comprehensive income	**572**	137
Attributable to non-controlling interests	**229**	55

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(a) Material partly-owned subsidiary (cont'd.)

	2015 RM'000	2014 RM'000
Summarised statement of financial position as at 31 December 2015 and 31 December 2014:		
Inventories, receivables and cash and bank balances (current)	**6,554**	6,384
Property, plant and equipment and other non-current financial assets (non-current)	**578**	246
Trade and other payables (current)	**(2,509)**	(2,550)
Total equity	**4,623**	4,080
Attributable to:		
Owners of the parent	**2,932**	2,618
Non-controlling interests	**1,691**	1,462

	2015 RM'000	2014 RM'000
Summarised cash flow information for year ending 31 December 2015 and 31 December 2014:		
Operating	**2,316**	2,079
Investing	**(429)**	(18)
Net increase in cash and cash equivalents	**1,887**	2,061

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Acquisition of a subsidiary

Acquisition in 2015

The Group acquired 51% equity interest in Duta Technic Sdn. Bhd. on 14 August 2015. The fair value of the identifiable assets and liabilities of Duta Technic Sdn. Bhd. as at the date of acquisition were as follows:

	RM'000
Plant and equipment	102
Trade and other receivables	8,815
Cash and bank balances	4,457
Trade and other payables	(9,145)
Total identifiable net assets at fair value	4,229
Non-controlling interest	(2,072)
Goodwill arising on acquisition	2,843
Purchase consideration	5,000
Net cash acquired with the subsidiary	4,457
Cash paid	(5,000)
Net cash flow on acquisition	(543)

The net assets recognised in the 31 December 2015 financial statements were based on a provisional assessment of their fair value while the Group carries out valuations of the assets owned by Duta Technic Sdn. Bhd.

16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	3,075	3,075	2,900	2,900
Share of post-acquisition reserves	3,894	4,089	-	-
	6,969	7,164	2,900	2,900
Less: Accumulated impairment losses	(3,075)	(3,075)	(2,900)	(2,900)
	3,894	4,089	-	-

NOTES TO THE FINANCIAL STATEMENTS

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16. INVESTMENTS IN ASSOCIATES (CONT'D.)

Name	Country of incorporation	Principal activities	Effective equity interest (%) 2015	2014
Held by the Company:				
East Coast Multimedia Academy Sdn. Bhd. ^	Malaysia	Dormant.	**40**	40
E-Komoditi Sdn. Bhd. ^	Malaysia	Business to business e-commerce solution provider.	**40**	40
Held through subsidiaries:				
Vantage Point Consulting Sdn. Bhd.	Malaysia	Provision of System Application and Products Consulting ("SAP") contract programming consultancy and turnkey project services.	**29**	31
Held through associate:				
Vantage Point Consulting (Sg) Pte. Ltd. ^	Singapore	Provision of System Application and Products Consulting ("SAP") services in the ASEAN region.	**29**	31

^ Audited by firms of chartered accountants other than Hanafiah Raslan & Mohamad.

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16. INVESTMENTS IN ASSOCIATES (CONT'D.)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2015		2014	
	Vantage Point Consulting Sdn. Bhd. RM'000	E-Komoditi Sdn. Bhd. RM'000	Vantage Point Consulting Sdn. Bhd. RM'000	E-Komoditi Sdn. Bhd. RM'000
Assets and liabilities				
Current assets	**30,100**	**7,631**	28,547	8,134
Non-current assets	**1,247**	**611**	95	192
Current liabilities	**(10,720)**	**(9,646)**	(15,767)	(7,923)
Non-current liabilities	**(4,278)**	**(95)**	(1,106)	(95)
Equity	**16,349**	**(1,499)**	11,769	308
Group's carrying amount of the investment	**3,894**	**-**	3,715	374
Revenue	**31,463**	**7,521**	35,513	6,689
Other income	**273**	**86**	3,897	77
Administrative expenses	**(30,737)**	**(9,414)**	(38,170)	(7,287)
Finance costs	**(308)**	**-**	(276)	-
Profit/(loss) before tax	**691**	**(1,807)**	964	(521)
Income tax expense	**(110)**	**-**	(319)	-
Profit/(loss) for the year	**581**	**(1,807)**	645	(521)
Total comprehensive income/(loss) for the year	**581**	**(1,807)**	645	(521)
Group's share of profit/(loss) for the year	**179**	**(374)**	200	(208)

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17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Movemement in available-for-sale in financial assets is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets:				
Equity instruments (unquoted), at cost	**4,381**	6,812	**3,717**	6,148
At 1 January	**6,812**	6,312	**6,148**	6,148
Addition	**-**	500	**-**	-
Impairment loss	**(2,431)**	-	**(2,431)**	-
At 31 December	**4,381**	6,812	**3,717**	6,148

The fair value information has not been disclosed for these financial instruments as their fair value cannot be measured reliably due to the lack of quoted market price in an active market and assumption required for valuing these financial instruments.

18. LEASE RECEIVABLE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current				
Lease receivable (Note 22)	**31,989**	31,989	**31,989**	31,989
Non-current				
Lease receivable	**40,249**	61,200	**40,249**	61,200
	72,238	93,189	**72,238**	93,189

The lease receivable represents the present value of payments receivable from the Government of Malaysia in relation to a build and lease arrangement. The lease to the Government has been ascertained to be a finance lease. In determining the present value, a discount rate of 7.5% has been utilised.

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18. LEASE RECEIVABLE (CONT'D.)

Future minimum lease receivable under finance lease together with the present value of the net minimum lease receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total minimum lease receivable	**186,019**	206,970	**186,019**	206,970
Less: Amount representing unwinding discount	**(113,781)**	(113,781)	**(113,781)**	(113,781)
Present value of minimum lease receivable	**72,238**	93,189	**72,238**	93,189
Present value of receivables:				
Not later than 1 year	**31,989**	31,989	**31,989**	31,989
Later than 1 year but not later than 2 years	**40,249**	61,200	**40,249**	61,200
Present value of minimum lease receivable	**72,238**	93,189	**72,238**	93,189
Less: Amount due within 12 months	**(31,989)**	(31,989)	**(31,989)**	(31,989)
Amount due after 12 months	**40,249**	61,200	**40,249**	61,200

19. DEFERRED TAXATION

Deferred tax (assets)/liabilities of the Group and of the Company relate to the following:

Group	Accelerated capital allowances RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2014	(2,299)	3,206	907
Recognised in profit or loss	394	-	394
At 31 December 2014 and 1 January 2015	(1,905)	3,206	1,301
Recognised in profit or loss	(32)	-	(32)
At 31 December 2015	(1,937)	3,206	1,269

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	**11,301**	907	**-**	-
Recognised in (loss)/profit	**(30)**	394	**-**	-
At 31 December	**11,271**	1,301	**-**	-
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	**1,314**	1,314	**-**	-
Deferred tax assets	**(45)**	(13)	**-**	-
	1,269	1,301	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

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19. DEFERRED TAXATION (CONT'D.)

Deferred tax assets of the Group and of the Company have not been recognised in respect of the following items:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed capital allowances	**1,638**	5,508	**1,506**	5,073
Unrecognised tax losses	**39,842**	43,897	**-**	7,533
Other temporary differences	**-**	2,083	**-**	-
	41,480	51,488	**1,506**	12,606

The availability of the unrecognised tax losses, unabsorbed capital allowances and other temporary differences for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

20. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Cost		
Consumables	**819**	1,101

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables				
Third parties	**158,638**	118,211	**132,452**	98,036
Amounts due from subsidiaries	**-**	-	**41,326**	31,939
Amounts due from associates	**176**	1,521	**176**	1,521
	158,814	119,732	**173,954**	131,496
Less: Allowance for impairment				
- Third parties	**(27,245)**	(23,570)	**(18,450)**	(15,991)
- Amounts due from subsidiaries	**-**	-	**(7,476)**	(2,003)
- Amounts due from associates	**(601)**	(601)	**(601)**	(601)
	130,968	95,561	**147,427**	112,901

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21. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other receivables				
Deposits	**2,747**	3,596	**2,102**	2,271
Sundry receivables	**26,050**	24,551	**26,594**	23,217
	28,797	28,147	**28,696**	25,488
Less: Allowance for impairment				
- Sundry receivables	**(22,171)**	(20,860)	**(21,545)**	(20,091)
	6,626	7,287	**7,151**	5,397
Total trade and other receivables	**137,594**	102,848	**154,578**	118,298
Add: Cash and bank balances (Note 24)	**83,095**	138,592	**55,927**	129,235
Total loans and receivables	**220,689**	241,440	**210,505**	247,533

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (2014: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	**44,542**	61,125	**72,626**	87,308
1 to 30 days past due not impaired	**11,581**	9,160	**8,279**	8,246
31 to 60 days past due not impaired	**8,936**	6,721	**7,752**	5,848
More than 61 days past due not impaired	**65,909**	18,555	**58,770**	11,499
	86,426	34,436	**74,801**	25,593
Impaired	**27,846**	24,171	**26,527**	18,595
	158,814	119,732	**173,954**	131,496

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21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM86,426,000 (2014: RM34,436,000) and RM74,801,000 (2014: RM25,593,000) respectively that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group and the Company mainly the ministries and agencies related to Government of Malaysia. Based on past experience and no adverse information to date, the directors of the Group and of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality of the customers and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement in the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables - nominal amounts	**27,846**	24,171	**26,527**	18,595
Less: Allowance for doubtful debts	**(27,846)**	(24,171)	**(26,527)**	(18,595)
	-	-	**-**	-
Movement in allowance accounts:				
At 1 January	**24,171**	24,571	**18,595**	18,824
Charge for the year (Note 9)	**3,875**	1,303	**8,094**	1,032
Reversal of impairment loss (Note 9)	**(200)**	(1,703)	**(162)**	(1,261)
At 31 December	**27,846**	24,171	**26,527**	18,595

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade in nature, non-interest bearing, unsecured and are repayable on demand.

(c) Sundry receivables

Sundry receivables that are impaired

The Group's sundry receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sundry receivables				
- nominal amounts	**22,171**	20,860	**21,545**	20,091
Less: Allowance for impairment	**(22,171)**	(20,860)	**(21,545)**	(20,091)
	-	-	**-**	-

Movement in allowance accounts:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	**20,860**	19,866	**20,091**	19,092
Charge for the year (Note 9)	**2,110**	1,039	**2,110**	1,039
Reversal of impairment loss (Note 9)	**(799)**	(45)	**(656)**	(40)
At 31 December	**22,171**	20,860	**21,545**	20,091

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22. OTHER CURRENT ASSETS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Due from customers on contracts (Note 23)	**54,824**	68,176	**53,952**	68,176
Lease receivable (Note 18)	**31,989**	31,989	**31,989**	31,989
	86,813	100,165	**85,941**	100,165

23. DUE FROM CUSTOMERS ON CONTRACTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Contract costs incurred to date	**400,477**	376,972	**399,605**	376,972
Attributable profits	**54,733**	39,956	**54,733**	39,956
	455,210	416,928	**454,338**	416,928
Less: Progress billings	**(400,386)**	(348,752)	**(400,386)**	(348,752)
	54,824	68,176	**53,952**	68,176

Included in the amount due from customers on contracts are:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Contract costs incurred during the year	**23,505**	114,371	**22,633**	110,840

The contract costs incurred during the year are the system development costs for the projects.

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24. CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash at banks and in hand	**19,428**	17,201	**6,747**	9,881
Short term deposits with licensed banks	**63,667**	121,391	**49,180**	119,354
Cash and bank balances	**83,095**	138,592	**55,927**	129,235
Less: Pledged deposits	**(64,097)**	(121,391)	**(49,180)**	(119,354)
	18,998	17,201	**6,747**	9,881

Short term deposits with licensed banks of the Group and of the Company amounting to RM64,097,000 (2014: RM121,391,000) and RM49,180,000 (2014: RM119,354,000) respectively are pledged as securities for loans and borrowings (Note 25).

Deposits with licensed banks earn interests at the respective deposit rates. The weighted average effective interest rate as at 31 December 2015 for the Group and the Company was 2.32% (2014: 2.99%) per annum and 2.32% (2014: 2.99% per annum). The maturity period of deposits as at 31 December 2015 for the Group and the Company was 75 days (2014: 103 days) and 85 days (2014: 103 days).

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and short term deposits	**83,095**	138,592	**55,927**	129,235
Less: Bank overdrafts (Note 25)	**(47,867)**	(25,425)	**(47,061)**	(24,424)
	35,228	113,167	**8,866**	104,811
Deposits pledged as securities for bank borrowings	**(64,097)**	(121,391)	**(49,180)**	(119,354)
Cash and cash equivalents	**(28,869)**	(8,224)	**(40,314)**	(14,543)

NOTES TO THE FINANCIAL STATEMENTS

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25. LOANS AND BORROWINGS

		Group		Company	
		2015	2014	2015	2014
	Maturity	RM'000	RM'000	RM'000	RM'000
Current					
Secured:					
Term loans	2015	**13,415**	21,224	**13,415**	20,498
Bank overdrafts	On demand	**47,867**	25,425	**47,061**	24,424
Revolving credits	2015	**58,143**	137,904	**58,143**	137,902
Obligations under finance leases (Note 30(c))	2015	**270**	3,076	**-**	2,278
		119,695	187,629	**118,619**	185,102
Non-current					
Secured:					
Term loans	2016 - 2018	**51,739**	61,128	**44,840**	54,314
Obligations under finance leases (Note 30(c))	2016 - 2018	**514**	17	**-**	-
		52,253	61,145	**44,840**	54,314
Total loans and borrowings		**171,948**	248,774	**163,459**	239,416

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

25. LOANS AND BORROWINGS (CONT'D.)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Maturity of loans and borrowings:				
Within one year	**119,695**	187,629	**118,619**	185,102
More than 1 year and less than 2 years	**37,025**	40,294	**29,635**	33,441
More than 2 years and less than 5 years	**15,228**	20,851	**15,205**	20,873
	171,948	248,774	**163,459**	239,416

Term loans

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Term loan 1	a	**53,917**	65,110	**53,917**	65,110
Term loan 2	b	**4,361**	9,702	**4,338**	9,702
Term loan 3	c	**6,876**	7,540	**-**	-
		65,154	82,352	**58,255**	74,812

(a) Term loan 1 is drawndown by the Company in relation to the design, build, supply, install, commission and maintain the Tactical Operational Flight Trainer, the building facilities and the Computer Based Trainer on the contract awarded by the Ministry of Defense of Malaysia.

Term loan 1 is secured by the following:

- Assignment of all contract proceeds of the Company with the exception of the Government-related contracts.

(b) Term loan 2 is drawndown by the Company in relation to the construction of a data centre.

Term loan 2 is secured by the following:

- First, second and third legal charge over the freehold land of the Company as disclosed in Note 13;
- Assignment of all contract proceeds of the Company with the exception of the Government-related contracts.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

25. LOANS AND BORROWINGS (CONT'D.)

(c) Term loan 3 is drawndown by Inter-City MPC (M) Sdn. Bhd. in relation to the acquisition of Pro Office Solutions Sdn. Bhd..

Term loan 3 is secured by the following:

- First legal charge over a building of the subsidiary as disclosed in Note 13 to the financial statements;
- Joint and several guarantee by certain directors.

Term loans bear interest at respective term loan's rates. The weighted average effective interest rate of term loans of the Group were 6.06% (2014: 5.95%) per annum. The repayment of the Group's term loans are due from 2012 to 2018.

Bank overdrafts

Bank overdrafts are secured by negative pledge on all present and future unencumbered assets of the Company. The weighted average effective interest rate of bank overdrafts was 7.59% (2014: 7.55%) per annum.

Revolving credits

Revolving credits are secured by negative pledge on all present and future unencumbered assets of the Company. The weighted average effective interest rate of revolving credits was 6.24% (2014: 6.92%) per annum.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	000	000	RM'000	RM'000
Trade payables				
Third parties	**70,312**	76,199	**53,717**	66,736
Amount due to subsidiaries	**-**	-	**50,598**	48,385
	70,312	76,199	**104,315**	115,121
Other payables				
Amount due to directors of a subsidiary	**4,882**	3,051	**-**	-
Deposits	**1,359**	360	**1,359**	360
Accruals	**10,590**	8,477	**9,011**	7,065
Sundry payables	**26,755**	13,803	**17,999**	9,359
	43,586	25,691	**28,369**	16,784
Total trade and other payables	**113,898**	101,890	**132,684**	131,905
Add: Loans and borrowings (Note 25)	**171,948**	248,774	**163,459**	239,416
Total financial liabilities carried at amortised cost	**285,846**	350,664	**296,143**	371,321

NOTES TO THE FINANCIAL STATEMENTS

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26. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2014: 30 to 90 day) terms.

(b) Amount due to directors of a subsidiary

The amount due to directors of a subsidiary is unsecured, bears interest at 10% per annum and is repayable on demand.

27. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015	2014
	'000	'000	RM'000	RM'000
Authorised:				
At 1 January/31 December	**200,000**	200,000	**200,000**	200,000

	Group and Company			
	Number of ordinary shares of RM1 each	<---------------------- Amount ---------------------->		
	Share capital (Issued and fully paid) RM'000	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000
At 1 January 2014, 1 January 2015, 31 December 2014 and 31 December 2015	101,225	101,225	16,526	117,751

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

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28. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 31 December 2014 under the single-tier system.

29. FOREIGN CURRENCY TRANSLATION RESERVE

	2015 RM'000	2014 RM'000
Group		
At 1 January	**(3,576)**	664
Other comprehensive income:		
Foreign currency translation	**1,940**	(4,240)
At 31 December	**(1,636)**	(3,576)

The foreign currency translation reserve represents exchange differences arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group and Company	
	2015 RM'000	2014 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	**141**	626
Approved but not contracted for:		
Property, plant and equipment	**52**	-

(b) Operating lease commitments - as lessee

The Group has entered into non-cancellable operating lease agreements for the use of buildings. These leases have average life of between 2 to 10 years with renewal options and right of first refusal included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future aggregate minimum rentals payable under non-cancellable operating leases contracted for (excluding land use rights) as at the reporting date but not recognised as liabilities are as follows:

NOTES TO THE FINANCIAL STATEMENTS

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30. COMMITMENTS (CONT'D.)

(b) Operating lease commitments - as lessee (cont'd.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Future minimum lease payments:				
Not later than 1 year	**4,680**	4,442	**4,680**	4,442
Later than 1 year and not later than 5 years	**8,970**	13,888	**8,970**	13,888
	13,650	18,330	**13,650**	18,330

(c) Finance lease commitments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
Not later than 1 year	**270**	3,076	**-**	2,278
Later than 1 year and not later than 2 years	**514**	17	**-**	-
Total minimum lease payments	**784**	3,093	**-**	2,278
Less: Future finance charges	**-**	-	**-**	-
Present value of hire purchase liabilities	**784**	3,093	**-**	2,278
Analysis of present value of finance lease liabilities:				
Not later than 1 year	**270**	3,076	**-**	2,278
Later than 1 year and not later than 2 years	**514**	17	**-**	-
	784	3,093	**-**	2,278
Less: Amount due within 12 months	**(270)**	(3,076)	**-**	(2,278)
Amount due after 12 months	**514**	17	**-**	-

The Group have entered into hire purchase agreements for motor vehicles and equipment as disclosed in Note 13. The hire purchase payable bore effective interest rate of 3.15% (2014: 3.15%) per annum.

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31. RELATED PARTY DISCLOSURES

(a) Transaction with related parties

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2015 RM'000	2014 RM'000
Group		
Services provided to Permodalan Nasional Berhad (PNB), a corporate shareholder of the Company:		
- Network related services	**(6,170)**	(5,525)
Services provided to Amanah Saham Nasional Berhad, a fund manager of PNB	**(20,729)**	(16,918)
Rental income of office space by PNB	**(649)**	(828)
Rental expenses of building to PNB	**4,911**	4,466
Company		
Office rental receivable from subsidiaries	**(193)**	(218)
Rental income of office space by PNB	**(649)**	(828)
Rental expenses of building to PNB	**4,911**	4,466

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly, including any director of the entity.

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	**2,709**	3,864	**2,495**	3,792
Defined contribution plan	**131**	281	**131**	281
	2,840	4,145	**2,626**	4,073

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

31. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel (cont'd.)

Included in the total key management personnel is:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration (Note 7)	**1,496**	1,261	**1,282**	1,189

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Executive Officer and management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For the financial assets (including investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Credit risk concentration

At the reporting date, approximately 64% (2014: 68%) of the Group's trade receivables were due from public sector agencies in Malaysia.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's overall liquidity risk management is to maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise funding from shareholders, capital markets and financial institutions and balance their portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contracted undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
31 December 2015			
Financial liabilities:			
Trade and other payables (Note 26)	**113,898**	**-**	**113,898**
Loans and borrowings (Note 25)	**119,695**	**52,253**	**171,948**
Total undiscounted financial liabilities	**233,593**	**52,253**	**285,846**
31 December 2014			
Financial liabilities:			
Trade and other payables (Note 26)	101,890	-	101,890
Loans and borrowings (Note 25)	187,629	61,145	248,774
Total undiscounted financial liabilities	289,519	61,145	350,664
Company			
31 December 2015			
Financial liabilities:			
Trade and other payables (Note 26)	**132,684**	**-**	**132,684**
Loans and borrowings (Note 25)	**118,619**	**44,840**	**163,459**
Total undiscounted financial liabilities	**251,303**	**44,840**	**296,143**
31 December 2014			
Financial liabilities:			
Trade and other payables (Note 26)	131,905	-	131,905
Loans and borrowings (Note 25)	185,102	54,314	239,416
Total undiscounted financial liabilities	317,007	54,314	371,321

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's and the Company's policy is to manage interest cost using a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM148,000 (2014: RM110,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, higher/lower interest income from floating rate loans to related parties, and lower/higher positive fair value of an interest rate swap. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, RM. The foreign currencies in which these transactions are denominated are mainly and Australian Dollars ("AUD") and Indonesian Rupiah ("IDR").

The Group operates mainly in Malaysia and transacts predominantly in RM. As such, it is not materially exposed to foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group Carrying amount RM'000	Group Fair value Level 2 RM'000	Company Carrying amount RM'000	Company Fair value Level 2 RM'000
2015					
Financial asset					
Available-for-sale financial assets (non-current)					
- Unquoted shares, at costs	17	**4,381**	*	**3,717**	*
Financial liability					
Loans and borrowings (non-current)					
- Term loans	25	**51,739**	**45,060**	**44,840**	**38,897**
2014					
Financial asset					
Available-for-sale financial assets (non-current)					
- Unquoted shares, at costs	17	6,812	*	6,148	*
Financial liability					
Loans and borrowings (non-current)					
- Term loans	25	61,128	54,449	54,314	48,371

* Available-for-sale financial assets (unquoted shares) carried at cost (Note 17)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments mainly represent ordinary shares in companies that are not quoted in any market. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is insignificant. The Group does not intend to dispose of this investment in the foreseeable future.

The fair value of the Group's long term financial instruments are categorised as level 2 in the fair value hierarchy as they are estimated by discounting the future contractual cash flows at the current market rate available for similar instruments.

NOTES TO THE FINANCIAL STATEMENTS

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are the classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Loans and borrowings (current)	25
Trade and other payables	26
Obligations under finance lease (current)	30(c)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to the relatively short-term nature.

The carrying amounts of loans and borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at a reasonable level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

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34. CAPITAL MANAGEMENT (CONT'D.)

The gearing ratios as at 31 December 2015 and 31 December 2014 are as follows:

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	25	**171,948**	248,774	**163,459**	239,416
Trade and other payables	26	**113,898**	101,890	**132,684**	131,905
Less: Cash and bank balances	24	**(83,095)**	(138,592)	**(55,927)**	(129,235)
Net debt		**202,751**	212,072	**240,216**	242,086
Equity attributable to owners of the parent, represents total capital		**161,806**	160,958	**142,410**	145,733
Capital and net debt		**364,557**	373,030	**382,626**	387,819
Gearing ratio		**56%**	57%	**63%**	62%

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

I. Information technology
II. Mailing and document processing services
III. Engineering works

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are allocated to operating segments accordingly.

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35. SEGMENT INFORMATION (CONT'D.)

Transfer prices between operating segments are at terms agreed between the parties during the financial year.

Geographical information

Revenue information based on the geographical location of the operations of the Group are as follows:

	Group			
	2015		2014	
	RM'000	%	RM'000	%
By country:				
Malaysia	**368,810**	**98%**	450,785	98%
Australia	**4,537**	**1%**	4,722	1%
Indonesia	**2,891**	**1%**	5,952	1%
	376,238	**100%**	461,459	100%

NOTES TO THE FINANCIAL STATEMENTS

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35. SEGMENT INFORMATION (CONT'D.)

	Information technology		Mailing and document processing services		Engineering works		Total segments		Adjustments and eliminations		Notes	Consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:													
External sales	**335,690**	425,419	**33,493**	36,040	**7,055**	-	**376,238**	461,459	**-**	-		**376,238**	461,459
Other income	**6,062**	7,057	**2,089**	190	**-**	-	**8,151**	7,247	**-**	-		**8,151**	7,247
Inter-segment	**226,293**	278,623	**-**	-	**-**	-	**226,293**	278,623	**(226,293)**	(278,623)	**A**	**-**	-
Total	**568,045**	711,099	**35,582**	36,230	**7,055**	-	**610,682**	747,329	**(226,293)**	(278,623)		**384,389**	468,706
Results:													
Finance costs	**(8,529)**	(6,751)	**(721)**	(638)	**(78)**	-	**(9,328)**	(7,389)	**-**	-		**(9,328)**	(7,389)
Interest income	**1,090**	1,364	**163**	18	**-**	-	**1,253**	1,382	**-**	-		**1,253**	1,382
Depreciation and amortisation	**(10,604)**	(9,734)	**(2,350)**	(2,474)	**(19)**	-	**(12,973)**	(12,208)	**-**	-		**(12,973)**	(12,208)
Other non-cash expenses	**(8,069)**	(13,601)	**(179)**	(2,188)	**-**	-	**(8,248)**	(15,789)	**-**	-	**B**	**(8,248)**	(15,789)
Share of results of associates	**-**	-	**-**	-	**-**	-	**-**	-	**(195)**	(8)		**(195)**	(8)
Profit/(loss) before tax	**(2,756)**	(12,273)	**(34)**	(469)	**501**	-	**(2,289)**	(12,742)	**4,719**	2,795	**C**	**2,430**	(9,947)

35. SEGMENT INFORMATION (CONT'D.)

	Information technology		Mailing and document processing services		Engineering works		Total segments		Adjustments and eliminations		Notes	Consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Assets:													
Investment in associates	**3,894**	4,089	**-**	-	**-**	-	**3,894**	4,089	**-**	-		**3,894**	4,089
Additions to non-current assets	**4,267**	13,633	**2,472**	1,375	**-**	-	**6,739**	15,008	**190**	-	D	**6,929**	15,008
Segment assets	**515,872**	586,156	**54,766**	58,134	**17,550**	-	**588,188**	644,290	**(132,933)**	(124,895)	E	**455,255**	519,395
Liabilities:													
Segment liabilities	**348,466**	414,202	**19,321**	24,225	**13,513**	-	**381,300**	438,427	**(93,995)**	(85,661)	F	**287,305**	352,766

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

35. SEGMENT INFORMATION (CONT'D.)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.
A	Inter-segment revenues are eliminated on consolidation.
B	Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2015 RM'000	2014 RM'000
Impairment loss on goodwill	9	**831**	2,188
Gross amount due from a customer written off	9	**-**	13,007
Impairment loss on available-for-sale financial assets	9	**2,431**	-
Impairment loss on trade and other receivables	9	**5,985**	2,342
Reversal of impairment loss on receivables	9	**(999)**	(1,748)
		8,248	15,789

C The following items are added to/(deducted from) segment profit to arrive at "profit/(loss) before tax from continuing operations" presented in the consolidated statement of comprehensive income:

	2015 RM'000	2014 RM'000
Revenue from intersegment	**-**	(5,794)
Expenses from intersegment	**4,914**	8,597
Share of results of associates	**(195)**	(8)
	4,719	2,795

D Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	**4,705**	10,539
Intangible assets	**2,224**	4,469
	6,929	15,008

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

35. SEGMENT INFORMATION (CONT'D.)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.
E	The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Inter-segment assets	**(132,933)**	(124,895)

F	The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Inter-segment liabilities	**(93,995)**	(85,661)

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 12 April 2016.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

37. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	**64,548**	25,645	**24,659**	27,982
- Unrealised	**(1,301)**	(394)	**-**	-
	63,247	25,251	**24,659**	27,982
Total share of retained earnings from associate				
- Realised	**3,894**	4,089	**-**	-
	67,141	29,340	**24,659**	27,982
Less: Consolidation adjustments	**(21,450)**	17,443	**-**	-
Retained earnings as per financial statements	**45,691**	46,783	**24,659**	27,982

LIST OF PROPERTIES

AS AT 31 DECEMBER 2015

Location	Description	Land/ Build-up Area	Current Usage	Land/ Tenure	Carrying Amount as at 31.12.2015	Date of Revaluation
No. 1 Jalan U8/81, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.	HS (D) 142708, P.T. No. 17653, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan.	210,830.4 Sq. Ft.	HeiTech Village 2 World Class Data Center and business premise	Freehold	RM7.38 Million	17 August 2015
Cyberjaya	HS (D) 7091 P.T. No. 12105,Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	0.4815 hectares	Vacant Land	Freehold	RM2.52 Million	31 July 2015

SHAREHOLDER ANALYSIS

Directors' Shareholding as at 12 April 2016

NO.	NAME OF DIRECTORS	TOTAL SHAREHOLDINGS
1.	DATO' SRI MOHD HILMEY BIN MOHD TAIB REGISTERED WITH: ABB Nominee (Tempatan) Sdn Bhd	7,820,184
2.	SYED AGEL BIN SYED SALIM	12,500
3.	DATO' MOHD FADZLI BIN YUSOF	-
4.	DATO' HAJI GHAZALI BIN AWANG	-
5.	TAN SRI DATO SRI ABI MUSA ASA'ARI BIN MOHAMED NOR	-
6.	DATO' DR. MOHAMED ARIFFIN BIN ATON	-
7.	SULAIMAN HEW BIN ABDULLAH	-
8.	WAN AINOL ZILAN BINTI ABDUL RAHIM	-
	Total	**7,832,684**

Substantial Shareholders as at 12 April 2016

NO.	NAME / NAMA	ID NUMBER	NO OF SHARES/ SECURITIES	HOLDING PERCENTAGE
1.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PADUJADE CORPORATION SDN BHD	37645P	30,330,000	29.962
2.	PERMODALAN NASIONAL BERHAD	038218X	27,879,500	27.542
	Total		**58,209,500**	**57.504**

Analysis by Size of Holdings as at 12 April 2016

SIZE OF SHAREHOLDINGS			NO. OF SHAREHOLDERS/ DEPOSITORS	HOLDER PERCENTAGE	NO. OF SHARES/ SECURITIES	HOLDING PERCENTAGE
1	–	99	220	7.936	9,679	0.009
100	–	1,000	420	15.151	305,907	0.302
1,001	–	10,000	1,633	58.910	6,356,904	6.279
10,001	–	100,000	435	15.692	13,446,532	13.283
100,001	–	5,061,259	62	2.236	22,896,678	22.619
5,061,260	and above		2	0.072	58,209,500	57.504
Total			**2,772**	**100**	**101,225,200**	**100**

SHAREHOLDER ANALYSIS

Thirty (30) Largest Shareholdings as at 12 April 2016

NO.	NAME	SHARES	PERCENTAGE
1.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PADUJADE CORPORATION SDN BHD	30,330,000	29.962
2.	PERMODALAN NASIONAL BERHAD	27,879,500	27.542
3.	ABB NOMINEE (TEMPATAN) SDN BHD ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD HILMEY MOHD TAIB	4,465,400	4.411
4.	MOHD HILMEY BIN MOHD TAIB	1,700,300	1.679
5.	ONG LEONG HUAT	1,388,300	1.371
6.	MOHD HILMEY BIN MOHD TAIB	1,334,484	1.318
7.	SAFIEE BIN MOHAMMAD	1,012,045	0.999
8.	PERBADANAN USAHAWAN NASIONAL BERHAD	894,889	0.884
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH HUI PENG	535,900	0.529
10.	WAN ZAIDI BIN WAN JAAFAR	500,795	0.494
11.	NOR IZZAH BINTI ISMAIL	500,000	0.493
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG FOCK WAH	410,000	0.405
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD KOO TAI PING @ KOH KIAN TEE	376,800	0.372
14.	KAMSIAH BINTI ABU	360,190	0.355
15.	CHE NGAH BIN IBRAHIM	339,681	0.335
16.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAFIDAH BINTI PAWANCHIK (SMT)	325,500	0.321
17.	MOHD HILMEY BIN MOHD TAIB	320,000	0.316
18.	JASMI BIN MOHD ISMAIL	304,300	0.300
19.	ZULKEFLI BIN MOHD ZAIN	296,500	0.292
20.	LEONG WAI HONG	292,100	0.288
21.	IZANEE BIN ISMAIL	284,500	0.281
22.	GOH SIANG GIANG	262,700	0.259
23.	MARIAM BINTI HARON	252,405	0.249
24.	LEONG WAI HONG	248,000	0.244
25.	AMANAHRAYA TRUSTEES BERHAD KUMIPA BALANCE FUND	247,400	0.244
26.	LIM YOON CHE	246.174	0.243
27.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUA LEE PING	244,800	0.241
28.	LIEW SWEE MIO @ LIEW HOI FOO	239,800	0.236
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO TAI PING @ KOH KIAN TEE	230,600	0.227
30.	LIN YEEN LUM	220,000	0.217
	Total	**76,043,063**	**75.122**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST (21ST) ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT BALLROOM SELANGOR 1, GRAND DORSETT SUBANG HOTEL, JALAN SS 12/1, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON TUESDAY, 21 JUNE 2016, AT 10:30 A.M. FOR THE FOLLOWING PURPOSES:

1 To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Reports of Directors and Auditors. **Resolution 1**

2 To re-elect YBhg. Dato' Haji Ghazali bin Awang retiring under Article 82 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **Resolution 2**

3 To re-elect YBhg. Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor retiring under Article 82 of the Company's Articles Association and who, being eligible, offers himself for re-election. **Resolution 3**

4 To re-elect YBhg. Dato' Mohd Fadzli bin Yusof retiring under Article 82 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **Resolution 4**

5 To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965. **Resolution 5**

"That Y.Bhg Dato Mohd Fadzli bin Yusof who has attained the age of 72, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

6 To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965. **Resolution 6**

"That Tuan Syed Agel bin Syed Salim who has attained the age of 71, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

7 To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965. **Resolution 7**

"That Y.Bhg Dato' Dr. Mohamed Ariffin bin Aton who has attained the age of 71, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

8 That YBhg Dato' Haji Ghazali bin Awang, having served as Independent Non-Executive Director for a cumulative term of 11 years, continue to act as Independent Non-Executive Director of the Company. **Resolution 8**

9 That YBhg Dato' Mohd Fadzli bin Yusof having served as Independent Non-Executive Director for a cumulative term of 11 years, continue to act as Independent Non-Executive Director of the Company. **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING

10 That YBhg Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor having served as Independent Non-Executive Director for a cumulative term of 9 years, continue to act as Independent Non-Executive Director of the Company. **Resolution 10**

11 To approve the payment of Directors' Fees for the financial year ended 31 December, 2015. **Resolution 11**

12 To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors for the ensuing year and to authorise the Directors to fix the remuneration of the Auditors. **Resolution 12**

13 To consider and, of thought fit, to pass the following resolution as Ordinary Resolution:- **Resolution 13**

Proposed Authority to Issue Shares

"THAT pursuant to Section 132D of the Companies Act 1965, the Directors be and are hereby authorized to issue shares of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such issue and allotment."

14 To consider and, if thought fit to pass the following Ordinary Resolution:- **Resolution 14**

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate for the Company and its subsidiaries ("HeiTech Group") to enter into recurrent transactions of a revenue or trading nature which is necessary for HeiTech Group's day to day operations, as set out in the Circular to shareholders dated 14th April 2016 with the related parties mentioned therein provided that the transactions are in the ordinary course of business and/or normal commercial terms that are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next AGM of HeiTech following the forthcoming AGM at which such proposed Shareholders' Mandate is passed, or at which time it will lapse, or the authority is renewed; or

(ii) revoked or varied by resolution passed by the shareholders in an AGM or EGM; or

(iii) the expiration of the contract;

Whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING

OTHER ORDINARY BUSINESS

To transact any other business of the Company of which due notice has been received.

By Order of the Board
HEITECH PADU BERHAD

SITI SHAHWANA BINTI ABDUL HAMID
Company Secretary
MAICSA 7018383

AMIR ZAHINI SAHRIM
Company Secretary
MAICSA 7034464

Subang Jaya
23 May 2016

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and where there are two (2) (or more) proxies, the number of shares to be represented by each proxy must be stated.

2. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting except where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the Securities Account.

   Where a Member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. Where the appointment is executed by a corporation, it must be either under its Common Seal or the hand of its officer or attorney duly authorised.

4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is guided or notarially certified copy of such power or authority, must be deposited at the office of the Company's Registrar: Tricor Investor & Issuing House Services Sdn Bhd (11324-H), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.

5. Only members registered in the Record of Depositors as at 10 June 2016 shall be eligible to attend the Annual General Meeting or appoint proxy to attend and vote on their behalf.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes to the Agenda:

(i) Explanatory note on Resolution 8, 9, and 10 of the Agenda:

The proposed resolutions if passed, will allow YBhg. Dato' Haji Ghazali bin Awang, YBhg. Dato' Mohd Fadzli bin Yusof, and YBhg. Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor to be retained and continue acting as Independent Directors to fulfill the requirement of Paragraph 3.04 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

YBhg. Dato' Haji Ghazali bin Awang, YBhg. Dato' Mohd Fadzli bin Yusof, and YBhg Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor were appointed as Independent Non-Executive Directors of the Company on 8 March 2005, 7 October 2005, and 17 October 2006 respectively and will or have reached cumulative nine (9) years term limit recommended by the MCCG 2012.

In accordance with Recommendation 3.3 of the MCCG 2012, the Board of Directors of the Company, after having assessed the independence of YBhg. Dato' Haji Ghazali bin Awang, YBhg. Dato' Mohd Fadzli bin Yusof, and YBhg Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor regarded them to be independent based amongst others, the following justifications and recommends that they be retained as Independent Non-Executive Directors of the Company.

i. The Board of Directors is of the opinion that they are important Independent Non-Executive Directors of the Board in view of their many years on the Board with incumbent knowledge of the Company, proven commitment, experience and competence to effectively advice and oversee management in their role as Independent Non-Executive Directors.
ii. They actively participate in Board deliberations and decision making in an objective manner.
iii. They do not have any conflict of interest with the Company and have not entered into contract(s) especially material contract(s) with the Company and/or its subsidiary companies.

(ii) Explanatory note on Resolution 13 of the Agenda:

The Company has not issued any new shares under the general mandate for issuance and allotment of shares up to an aggregate amount not exceeding 10% of the issued and paid-up capital of the Company, which was approved at the 20th Annual General Meeting held on 17 June 2015 and which will lapse at the conclusion of the 21st Annual General Meeting to be held on 21 June 2016. A renewal of this mandate is sought at the 21st AGM under proposed Ordinary Resolution 13.

The proposed Ordinary Resolution 13 if passed, is primarily to give flexibility to the Board of Directors to issue and allot ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being, at any time in their absolute discretion in the interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The purpose of the general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(iii) Explanatory note on Resolution 14 of the Agenda:

For further information on Ordinary Resolution 14, please refer to Circular to Shareholders dated 14 April 2016 accompanying the Company's Annual Report for the year ended 31 December 2015.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. The profile of the Directors who are standing for re-appointment and re-election are set out on pages 32 to 39 of the Annual Report.

2. The details of the Directors' shareholdings in the Company, are set out on page 163 of the Annual Report.

3. None of the Company Directors hold any interest in the Company's subsidiaries.

ADMINISTRATIVE GUIDELINES & NOTES

21st ANNUAL GENERAL MEETING

To Valued Shareholders,

Administrative guidelines and notes for HeiTech Padu Berhad 21st Annual General Meeting ("AGM")

Date	:	21 June 2016, Tuesday
Time	:	10.30 a.m.
Venue	:	BALLROOM SELANGOR 1, GRAND DORSETT SUBANG HOTEL, JALAN SS 12/1, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN

REGISTRATION

- Registration starts at 8.45 a.m., at the entrance of **BALLROOM SELANGOR 1** and will close at 10.30 a.m.
- Our AGM working team will assist you to ascertain which registration table you should approach for the purpose of registration. Please furnish us your original Identity Card (ID) to our AGM working team and ensure you collect your ID subsequently.
- Once verified, please write and sign up on our Attendance List.
- Once registered please proceed to **BALLROOM SELANGOR 1**.
- You are not allowed to register on behalf another person even with the original ID of the other person.
- Our AGM working team handles verification and registration only. Please proceed to our AGM HELPDESK for your queries.

AGM HELPDESK

- Our AGM HELPDESK is located alongside the registration tables.
- In any event, our AGM working team will channel your queries to our respective AGM HELPDESK Personnel: Khyrul Anwaar Mohamed Nor Azizi.

PROXY AND CORPORATE MEMBER

- A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and where there are two (2) (or more) proxies, the number of shares to be represented by each proxy must be stated.
- To proceed with proxy appointment, the original Proxy Form which is attached together with the Company's 2015 Annual Report must be completed, signed, sent and delivered to the Company's Registrar: **Tricor Investor & Issuing House Services Sdn Bhd (11324-H), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur by Monday, 19 June 2016 at 11.00 a.m.**
- In the case of member which is a company, the completed Proxy Form must be executed under its seal or under the hand of any officer or duly authorised attorney.

AGM ENQUIRY

- If you have any general AGM queries prior to the meeting, please do not hesitate to contact: HeiTech Padu Berhad, Group Company's Secretary Office at +60(3) 8601 3125 or the following person during office hours:-

Name	: SUZANA BINTI ABDUL RAHIM
Share Registrar	: TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Tel	: +60(3) 2783 9299
E-mail	: suzana@my.tricorglobal.com

FORM OF PROXY

Number of shares held	CDS Account No.

I/We, ...
(FULL NAME IN BLOCK CAPITALS)
of ....
(FULL ADDRESS)
being a member of of HEITECH PADU BERHAD (310628-D), hereby appoint(s)..

....

of..

or failing him..

of..

As my/our proxy to attend and vote for me/us on my/our behalf at the Twenty First (21st) Annual General Meeting of the Company to be held at Ballroom Selangor 1, Grand Dorsett Subang Hotel, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 21 June 2016, at 10.30 a.m. or any adjournment thereof.

The proxy is to vote on the resolutions set in the Notice of Meeting as indicated with an 'X' in the appropriate space below. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Resolutions		**For**	**Against**
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December, 2015 together with the Reports of Directors and Auditors.		
Resolution 2	To re-elect Y.Bhg. Dato' Haji Ghazali bin Awang, retiring under Article 82 of Company's Articles of Association, as Director		
Resolution 3	To re-elect Y.Bhg. Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor, retiring under Article 82 of Company's Articles of Association, as Director		
Resolution 4	To re-elect Y.Bhg. Dato' Mohd Fadzli bin Yusof, retiring under Article 82 of Company's Articles of Association, as Director.		
Resolution 5	To re-appoint Y.Bhg. Dato' Mohd Fadzli bin Yusof, retiring pursuant to section 129(6) of Companies Act 1965, as Director.		
Resolution 6	To re-appoint Tuan Syed Agel bin Syed Salim, retiring pursuant to section 129(6) of Companies Act 1965, as Director.		
Resolution 7	To re-appoint Y.Bhg. Dato' Dr. Mohamed Ariffin bin Aton, retiring pursuant to section 129(6) of Companies Act 1965, as Director.		
Resolution 8	To retain YBhg. Dato' Haji Ghazali bin Awang as Independent Director.		
Resolution 9	To retain YBhg. Dato' Mohd Fadzli bin Yusof as Independent Director.		
Resolution 10	To retain YBhg. Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor as Independent Director.		
Resolution 11	To approve the payment of Directors' Fees for the financial year ended 31 December, 2015.		
Resolution 12	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors for the ensuing year and to authorise the Directors to fix the remuneration of the Auditors.		
Resolution 13	Proposed authority to issue shares.		
Resolution 14	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this ...., 2016.

....
Signature of Shareholder or
Common Seal of Shareholder

Notes:-

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that where a member is an authorized nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the Securities Account.

   Where a Member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his shareholdings to be represented by each proxy.

3. Where the appointment is executed by a corporation, it must be either under its Common Seal or the hand of its officer or attorney duly authorized.

4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is guided or notarially certified copy of such power or authority, must be deposited at the office of the Company's Registrar: Tricor Investor & Issuing House Services Sdn Bhd (11324-H), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 17, not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.

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AFFIX STAMP

Share Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur Malaysia

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www.heitech.com.my

HeiTech Padu Berhad (310628-D)
Level 15, HeiTech Village, Persiaran Kewajipan, USJ 1
UEP Subang Jaya, 47600 Subang Jaya
Selangor Darul Ehsan, Malaysia

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