

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Unaudited 2015 As at 31 December RM'000	Audited 2014 As at 31 December RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	63,793	73,733
Intangible assets	31,262	27,187
Investment in associates	3,545	4,089
Other investments	4,381	6,812
Lease receivable	40,249	61,200
Deferred tax assets	41	13
TOTAL NON-CURRENT ASSETS	143,271	173,034
CURRENT ASSETS		
Inventories	1,065	1,101
Trade and other receivables	138,007	102,848
Lease receivable	31,989	31,989
Due from customers on contracts	55,204	68,176
Tax recoverable	3,689	3,655
Cash and bank balances	80,791	138,592
TOTAL CURRENT ASSETS	310,745	346,361
CURRENT LIABILITIES		
Trade and other payables	100,368	101,890
Tax payable	242	788
Short term borrowings	131,653	184,553
Hire purchase payables	580	3,076
TOTAL CURRENT LIABILITIES	232,843	290,307
NET CURRENT ASSETS	77,902	56,054
	221,173	229,088
FINANCED BY:		
Share capital	101,225	101,225
Share premium	16,526	16,526
Foreign currency translation reserve	(3,484)	(3,576)
Retained earnings	45,681	46,783
Shareholders' equity	159,948	160,958
Non-controlling interests	7,975	5,671
Shareholders' Funds	167,923	166,629
<u>Long Term Liabilities</u>		
Long term borrowings	51,714	61,128
Hire purchase creditors	204	17
Deferred tax liabilities	1,332	1,314
Non-current liabilities	53,250	62,459
	221,173	229,088
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.27	1.32

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2015

	Individual Quarter		Cumulative Quarter	
	2015	2014	2015	2014
	Current quarter ended 31 December	Comparative quarter ended 31 December	12 months cumulative to date	Comparative 12 months cumulative to date
	RM'000	RM'000	RM'000	RM'000
Revenue	97,338	175,477	375,257	461,459
Other Income	1,605	3,407	8,930	7,247
Total Income	<u>98,943</u>	<u>178,884</u>	<u>384,187</u>	<u>468,706</u>
Employee Benefits Expense	(21,475)	(27,021)	(89,900)	(99,408)
Purchase of Hardware and Software	(18,921)	(65,657)	(45,347)	(97,423)
Telecommunication Costs	(15,965)	(10,865)	(50,625)	(47,024)
Software License and Hardware Maintenance Cost	17,231	(5,182)	(25,187)	(57,885)
Bulk Mailing Processing Charges	(5,704)	(12,616)	(21,068)	(20,359)
Depreciation	(5,104)	(4,275)	(11,333)	(11,514)
Project Implementation Costs	(24,002)	(12,598)	(54,171)	(50,674)
Other Operating Expenses	(26,371)	(35,100)	(73,818)	(86,969)
Total Operating Expenditure	<u>(100,311)</u>	<u>(173,314)</u>	<u>(371,449)</u>	<u>(471,256)</u>
Profit/(Loss) from Operations	(1,368)	5,570	12,738	(2,550)
Finance Cost	(2,457)	(2,413)	(9,344)	(7,389)
Share of Results of Associated Companies	(318)	(110)	(544)	(8)
Profit/(Loss) Before Taxation	<u>(4,143)</u>	<u>3,047</u>	<u>2,850</u>	<u>(9,947)</u>
Taxation	(1,035)	(17)	(1,644)	(476)
Profit/(Loss) for the period/year	<u>(5,178)</u>	<u>3,030</u>	<u>1,206</u>	<u>(10,423)</u>
Profit/(Loss) attributable to:				
Equity holders of the Parent	(4,798)	2,272	923	(10,474)
Non-controlling interests	<u>(380)</u>	<u>758</u>	<u>283</u>	<u>51</u>
	<u>(5,178)</u>	<u>3,030</u>	<u>1,206</u>	<u>(10,423)</u>
Number of Ordinary Shares of RM1.00 each	101,225	101,225	101,225	101,225
Profit/(Loss) per share attributable to equity holders of the parent:				
Basic for profit/(loss) for the period/year	(4.74)	2.24	0.91	(10.35)
b) Unaudited Condensed Consolidated Statement of Comprehensive Income				
Profit/(Loss) for the period/year	(5,178)	3,030	1,206	(10,423)
Foreign currency translation	(609)	(5,448)	2,113	(3,633)
Total comprehensive (loss)/profit	<u>(5,787)</u>	<u>(2,418)</u>	<u>3,319</u>	<u>(14,056)</u>
Total comprehensive (loss)/income attributable to:				
Equity holders of the Parent	(5,407)	(3,233)	1,015	(14,714)
Minority Interest	<u>(380)</u>	<u>815</u>	<u>2,304</u>	<u>658</u>
	<u>(5,787)</u>	<u>(2,418)</u>	<u>3,319</u>	<u>(14,056)</u>

HETTECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Non- distributable</u>				<u>Distributable</u>		Non- Controlling Interests	Total	
	Share capital	Share premium	Share Option Reserve	Foreign Currency Translation Reserve	Fair Value Adjustment Reserve	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
For the period ended 31 December 2015									
At 1 January 2015	101,225	16,526	-	(3,576)	-	46,783	160,958	5,671	166,629
Total comprehensive income for the year	-	-	-	92	-	923	1,015	2,304	3,319
Transaction with owners									
Dividends paid	-	-	-	-	-	(2,025)	(2,025)	-	(2,025)
At 31 December 2015	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>(3,484)</u>	<u>-</u>	<u>45,681</u>	<u>159,948</u>	<u>7,975</u>	<u>167,923</u>
For the year ended 31 December 2014									
At 1 January 2014	101,225	16,526	-	664	-	57,257	175,672	4,384	180,056
Total comprehensive income for the year	-	-	-	(4,240)	-	(10,474)	(14,714)	658	(14,056)
Transaction with owners									
Acquisition of a new subsidiary in prior year	-	-	-	-	-	-	-	629	629
At 31 December 2014	<u>101,225</u>	<u>16,526</u>	<u>-</u>	<u>(3,576)</u>	<u>-</u>	<u>46,783</u>	<u>160,958</u>	<u>5,671</u>	<u>166,629</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Accounts for the year ended 31/12/2014. The document forms part of quarterly announcement for quarter ended 31/12/2015.

HEITECH PADU BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2015

	Year ended 31 December 2015	Year ended 31 December 2014
	RM'000	RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,850	(9,947)
Adjustments for:		
Depreciation	11,333	11,514
Finance costs	9,344	7,389
Impairment loss on:		
- trade receivables	6,306	1,303
- other receivables	-	1,039
Reversal of impairment loss on trade receivables	(425)	(1,703)
Reversal of impairment loss on other receivables	-	(45)
Write off of gross amount due from a customer	-	13,007
Amortisation of intangible assets	694	694
Impairment on goodwill	-	2,188
Provision for diminution in value of investment	2,431	-
Share of results of associates	544	8
Gain on disposal of property, plant and equipment	(1,592)	(23)
Property, plant and equipment written off	-	42
Interest income	(1,332)	(1,382)
Dividend income	(1,457)	(400)
Operating profit before working capital changes	28,696	23,684
Decrease in inventories	36	341
(Increase)/Decrease in receivables	(18,245)	67,419
Decrease/(Increase) in other current assets	12,971	(22,161)
Decrease in payables	(6,292)	(2,290)
Cash (used in)/generated from operations	17,166	66,993
Interest paid	(9,344)	(7,389)
Income taxes paid	(546)	(558)
Net cash generated from operating activities	7,276	59,046
CASHFLOW FROM INVESTING ACTIVITIES		
Software development cost incurred		-
Interest received	1,332	1,382
Net dividends received	1,457	-
Purchase of investments	-	(500)
Purchase of property, plant and equipment	(1,313)	(10,539)
Proceed from disposal of property, plant and equipment	-	53
Software development cost incurred	-	(3,841)
Net cash generated from/(used in) investing activities	1,476	(13,445)
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	-	93,167
Net repayment of loans and borrowings	(62,314)	(20,016)
Repayment of obligations under finance lease	(2,309)	(4,667)
Deposit uplifted/(placed for) from security for bank facilities	48,300	(95,579)
Dividend paid	(2,025)	-
Net cash used in financing activities	(18,348)	(27,095)
NET (DECREASE)/INCREASE IN CASH & CASH		
EQUIVALENTS	(9,596)	18,506
Effect of exchange rate changes on cash and cash equivalents	92	43
CASH AND CASH EQUIVALENTS AT BEGINNING OF		
THE YEAR	(8,224)	(26,773)
CASH AND CASH EQUIVALENTS AT END OF THE		
YEAR	(17,728)	(8,224)
CASH & CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	15,368	17,201
Fixed deposits with licensed banks	65,423	121,391
Bank overdrafts	(33,096)	(25,425)
Deposit pledged as securities for bank borrowings	(65,423)	(121,391)
	(17,728)	(8,224)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Accounts for the year ended 31/12/2014. The document forms part of quarterly announcement for quarter ended 31/12/2015.

**UNAUDITED RESULTS FOR
THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

Notes to The Financial Statements

1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 except for the following new/revised Malaysian Financial Reporting Standards (“MFRS”) that are issued but not yet effective:

Effective for annual periods beginning on or after 1 July 2014.

- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle
- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

Effective for annual periods beginning on or after 1 January 2016.

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- MFRS 14 Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2017.

- MFRS 15 Revenue from Contracts with Customers

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Effective for annual periods beginning on or after 1 January 2018.

- MFRS 9 Financial Instruments

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

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

4. SEASONAL OR CYCLICAL FACTORS

The principal business operations of the Group are not significantly affected by seasonality or cyclical factors.

5. UNUSUAL ITEMS

Other than disclosed in the financial statements, there were no unusual items affecting the financial statements for the financial period under review.

6. CHANGES IN ESTIMATES

There were no significant changes in estimates that materially affect the financial statements for the financial period under review.

7. DEBTS AND EQUITY SECURITIES

There were no repayment and issuance of debt securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares for the financial period under review.

8. DIVIDENDS PAID

No dividend was paid in the financial period under review.

9. VALUATION OF PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

There was no valuation of the property, plant and equipment during the current quarter under review.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes to the composition of the Group, except as per disclosed below.

Acquisition of subsidiary

On 14 August 2015, the Company acquired 2,550,000 ordinary shares of RM1 each, representing 51% of the issued and paid-up share capital of Duta Technic Sdn Bhd for a total consideration of RM5,000,000 via cash.

The acquisition had the following effects on the financial position of the Group as at the end of the period.

The fair values of the identifiable assets and liabilities of Duta Technic Sdn. Bhd. as at the date of acquisition were as follows:

	Fair value RM'000	Carrying amount RM'000
Equipment	102	102
Trade and other receivables	8,815	8,815
Cash and bank balances	4,457	4,457
Trade and other payables	(9,145)	(9,145)
Net identifiable assets	<u>4,229</u>	<u>4,229</u>

The effect of the acquisition on cash flows is as follows:

Total cost of the business combination	5,000
Less: Non-cash consideration	-
Consideration settled in cash	<u>5,000</u>
Less: Cash and cash equivalents of the subsidiary acquired	<u>(4,457)</u>
Net cash outflow on acquisition	<u>543</u>
Goodwill arising on acquisition	
Fair value of net identifiable assets	4,229
Add: Non-controlling interests	<u>(2,072)</u>
Group's interest in fair value of net identifiable assets	2,157
Goodwill on acquisition	<u>2,843</u>
Fair value of consideration	<u>5,000</u>

11. SEGMENTAL REPORTING

The segmental reporting is disclosed separately for the IT related products and services, bulk mailing outsourcing services and engineering works. The segmental reporting by business segment is reflected below:

For the period ended 31 December 2015	IT related products and services	Bulk mailing outsourcing services	Engineering works	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	335,644	32,559	7,055	-	375,257
RESULT					
Profit for the period	(3,588)	12	501	4,281	1,206
For the period ended 31 December 2014	IT related products and services	Bulk mailing outsourcing services	Engineering works	Consolidation Adjustments	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
External	425,420	36,039	-	-	461,459
RESULT					
Loss for the period	(6,970)	(653)	-	(2,800)	(10,423)

12. SUBSEQUENT EVENTS

There was no material event from 31 December 2015 to the date of this announcement, which affects substantially the results of the operations of the Group for the year ended 31 December 2015 in respect of which this announcement is made.

13. CAPITAL COMMITMENTS

The amount of commitments for purchase of property, plant and equipment not provided for in the financial statements for the period ended 31 December 2015 are as follows:

	Unaudited Financial Period 31/12/2015 RM'000
Approved and contracted for	141
Approved but not contracted for	52

14. CONTINGENT LIABILITIES

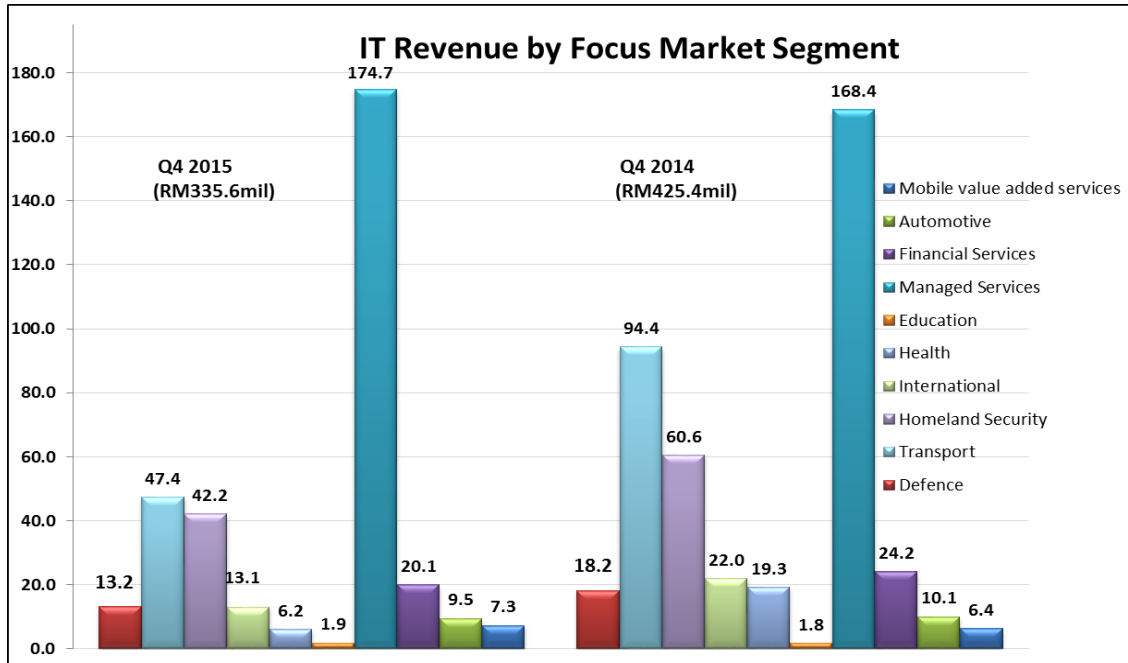
There were no contingent liabilities for the Group as at 22 February 2016 being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

15. REVIEW OF PERFORMANCE

The Group's result has improved by RM11,629,000 from a loss of RM10,423,000 for the period ended 31 December 2014 to a profit of RM1,206,000 for the period ended 31 December 2015.

IT related products and services

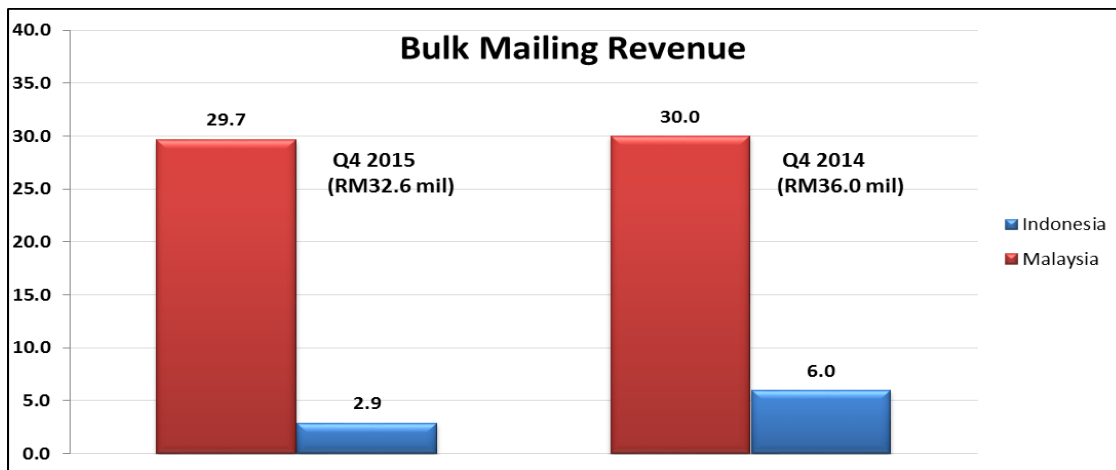
The revenue for the financial period ended 31 December 2015 is RM335,644,000 as compared to RM425,420,000 for the financial period ended 31 December 2014.



- a. Mobile value added services.
- b. Automotive – Database build for industry reference (Malaysia) and software (Australia).
- c. Financial Services – Core banking, takaful, insurance and credit management solutions.
- d. Managed Services – ICT infrastructure solutions.
- e. Education
- f. Health – System integration and product development of healthcare related business.
- g. International – IT relates solution for international business in Middle East.
- h. Homeland Security – IT related solution for homeland security.
- i. Transport – IT Systems covering multi-sectoral (road, rail, air and water).
- j. Defence – Simulation and Training and IT related solution for defence and security.

15. REVIEW OF PERFORMANCE (CONT'D)

Bulk mailing outsourcing services



The segment is contributed by the Group's subsidiaries in Malaysia and Indonesia.

The revenue for the financial period ended 31 December 2015 is RM32,559,000 as compared to RM36,039,000 for the financial period ended 31 December 2014. The reduction is due to lower volume recorded by the subsidiary in Indonesia.

The segment improved from a loss after taxation of RM653,000 for the financial period ended 31 December 2014 compared to profit after taxation of RM12,000 for the financial period ended 31 December 2015.

Engineering works

In the preceding quarter, the Group has acquired a new subsidiary under the engineering works sector. The company is principally engaged in the provision of electrical, mechanical and civil engineering works for the energy supply company.

The company contributed RM7,055,000 in revenue and a profit after tax RM501,000 to the Group's results.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM97,338,000 for the current quarter ended 31 December 2015 as compared to RM83,242,000 in the preceding quarter ended 30 September 2015.

The Group recorded loss before taxation of RM4,143,000 for the current quarter ended 31 December 2015 as compared to profit of RM286,000 for the preceding quarter ended 30 September 2015.

The Group recorded loss after taxation of RM5,178,000 for the current quarter ended 31 December 2015 as compared to profit of RM210,000 for the preceding quarter ended 30 September 2015.

17. COMMENTARY ON PROSPECTS

The Malaysian economy is expected to face a challenging operating environment in the immediate future. Growth will continue to be driven by domestic demand, with some support from net exports. Nevertheless, the pace of domestic demand expansion is projected to moderate. While the growth in income and employment continues to support private consumption, it is expected to moderate as households continue to adjust to the higher cost of living. Meanwhile, private investment is projected to moderate to below its long term trend but will nevertheless be supported by the capital expenditure in the manufacturing and services sectors, as well as the implementation of infrastructure projects. The downside risks to growth will however remain, given the continued uncertainty in the external environment and the on-going reforms in the domestic economy. (Source : Bank Negara Malaysia published on 18 February 2016)

The Group's business environment is expected to remain challenging for 2016. However, the Group will continue to implement relevant strategies to overcome the challenges. These include the following:

IT related products and services

- a. Securing recurring business from existing customers while gaining new business from both existing and new customers.
- b. Continuously exploring new opportunities in the Middle East and ASEAN.

Bulk mailing outsourcing services

- a. Promoting value-added services to existing customer base from public and private sector.

18. VARIANCE ON FORECASTED PROFIT

Not applicable.

19. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter 31/12/2015	Accumulated Current Quarter 31/12/2015
	RM'000	RM'000
Interest income	(760)	(1,332)
Other income (including investment income)	(112)	(1,457)
Interest expense	2,457	9,344
Depreciation of property, plant and equipment	5,104	11,333
Amortisation of prepaid lease payments	-	-
Amortisation of intangible assets	629	694
Impairment loss on trade receivables	4,036	6,306
Reversal loss on trade receivables	(313)	(425)
Bad debts written off	-	-
Inventories written off	-	-
(Gain)/loss on disposal of quoted and unquoted investments	-	-
(Gain)/loss on disposal of property, plant and equipment	(860)	(1,592)
Impairment of goodwill	-	-
Provision for diminution in value of investment	2,431	2,431
Impairment of other assets (software development cost)	-	-
Impairment of property, plant and equipment	-	-
(Gain)/loss on foreign exchange	-	-
(Gain)/loss on fair value changes of derivatives	-	-

20. TAXATION

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

	Current Quarter 31/12/2015	Accumulated Current Quarter 31/12/2015
	RM'000	RM'000
Current taxation	(1,035)	(1,644)

21. CORPORATE DEVELOPMENTS

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

22. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 December 2015, the Group has the following borrowings which are denominated in Ringgit Malaysia from local financial institutions:-

	Total RM'000
Secured:	
<u>Short Term Borrowings</u>	
Hire purchase creditor due within 12 months	580
Other short term borrowings due within 12 months	131,653
	<u>132,233</u>
<u>Long Term Borrowings</u>	
Hire purchase creditor due after 12 months	204
Other long term borrowings due after 12 months	51,714
	<u>51,918</u>
Total	<u><u>184,151</u></u>

23. MATERIAL LITIGATIONS

The Group is not engaged in any material litigations, claims or arbitration either as plaintiff or defendant as at 22 February 2016, being the latest practicable date, which is not earlier than seven days from the date of issuance of this quarterly announcement.

24. PROPOSED DIVIDEND

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

25. REALISED AND UNREALISED PROFITS OR LOSSES DISCLOSURE

The breakdown of the retained profits of the Group as at 31 December 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, 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.

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	63,032	25,645
- Unrealised	1,332	(394)
Total retained profits from associated companies:		
- Realised	3,545	4,089
- Unrealised	-	-
Consolidation adjustments	(22,228)	17,443
Total Group retained profits as per consolidated account	<u>45,681</u>	<u>46,783</u>

26. EARNING PER SHARE

	Current Quarter 31/12/2015	Accumulated Current Quarter 31/12/2015
a) <u>Basic</u>		
Net profit attributable to ordinary equity holders of the parent company (RM'000)	(4,798)	923
Weighted average number of ordinary shares in issue ('000)	101,225	101,225
Basic earning per share (sen)	<u>(4.74)</u>	<u>0.91</u>

b) Diluted

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

27. SIGNIFICANT EVENTS

- a. On 30 November 2015, the Company has accepted a Letter of Award for appointment of HeiTech Padu Berhad by Diamond Palace Co. Ltd to supply, deliver, installation, configuration, testing, commissioning and maintenance of Passport Issuance System (PIS) and Visa Issuance System (VIS) to the Ministry of Foreign Affairs of the Republic of the Union of Myanmar valued at RM39,500,000.00 for period of five years.
- b. On 28 December 2015, a subsidiary of the company, Duta Technic Sdn Bhd has accepted a Letter of Award from Tenaga Nasional Berhad for the construction of Pencawang Masuk Utama 132/33KV at Tunjung, Kelantan valued at RM26,199,874.98 for period of two years.

By Order of the Board

SITI SHAHWANA BINTI ABDUL HAMID (7018383)

Secretary