
4. DETAILS OF THE PUBLIC ISSUE

4.1 SHARE CAPITAL

<i>Authorised</i>	RM
500,000,000 ordinary shares of RM0.10 each	<u>50,000,000</u>
<i>Issued and fully paid-up</i>	
168,800,000 ordinary shares of RM0.10 each	16,880,000
<i>To be issued and credited as fully paid-up pursuant to the Public Issue</i>	
53,000,000 ordinary shares of RM0.10 each	5,300,000
<i>Enlarged issued and paid-up capital upon listing</i>	
221,800,000 ordinary shares of RM0.10 each	<u>22,180,000</u>
<i>To be issued and credited as fully paid-up pursuant to full exercise of ESOS⁽ⁱ⁾</i>	
66,540,000 ordinary shares of RM0.10 each	6,654,000
<i>Enlarged issued and paid-up capital upon full exercise of ESOS</i>	
288,340,000 ordinary shares of RM0.10 each	<u>28,834,000</u>

Note:

- (i) *The Options will only be granted to eligible Directors and employees of the Company one (1) month after the Listing date and will only be exercisable after one (1) year has lapsed from the Listing date.*

The issue price of RM0.24 for each Issue Share is payable in full on Application.

There is only one (1) class of shares in OpenSys, being ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Issue Shares shall upon issue and allotment rank pari passu in all respects with one another and the other existing issued and fully paid-up OpenSys Shares including voting rights and shall be entitled to all rights and dividends and other distributions the entitlement date of which is subsequent to the date of allotment of the Issue Shares.

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or a representative or proxy or attorney of a shareholder shall have one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each OpenSys Share. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the holders of OpenSys Shares shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

4. DETAILS OF THE PUBLIC ISSUE (Cont'd)

4.2 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 8 January 2004 and will close at 5.00 p.m. on 16 January 2004 or such other later time and date or dates as the Directors of OpenSys and the Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

4.3 INDICATIVE TIMETABLE

The indicative timing of events leading up to the Listing is set out below:

Event	Indicative Date
Opening of Application	8 January 2004
Closing of Application	16 January 2004*
Tentative allotment date	20 January 2004
Tentative listing date	29 January 2004

Note:

- * *The Directors of OpenSys and the Underwriter may in their absolute discretion mutually decide to extend the closing date of the Application to a future date or dates. Should the closing date of the Application be extended, the dates for the allotment of the Issue Shares and the Listing would be extended accordingly. In the event that the Directors and the Underwriter decide to extend the closing date of the Application, appropriate press release will be made to the local news agencies and an advertisement will be placed in one (1) Bahasa Malaysia and one (1) English widely circulated newspapers.*

4.4 DETAILS OF THE PUBLIC ISSUE

The Public Issue is an invitation by OpenSys to pre-identified individuals, companies, societies, co-operatives and institutions to subscribe for the Issue Shares at the Issue Price by way of private placement subject to the terms and conditions in this Prospectus.

Two (2) pools of shares will be created and the breakdown of the Public Issue is set out below:

		No. of OpenSys Shares
(i)	Pool A ⁽ⁱ⁾ - Retail Investors	500,000
(ii)	Pool B ⁽ⁱⁱ⁾ - Institutional/High net worth investors	52,500,000
		<u>53,000,000</u>

Notes:

- (i) *Investors who apply for 10,000 shares or less.*
(ii) *Investors who apply for more than 10,000 shares.*

The 500,000 Issue Shares (under Pool A) have been fully underwritten by the Underwriter. As at 31 October 2003, CIMB has fully placed out the remaining 52,500,000 Issue Shares (under Pool B) to pre-identified individuals, companies, societies, co-operatives and institutions.

Details on the underwriting commission and placement fees relating to the Public Issue are set out in Section 4.8 of this Prospectus.

The minimum number of OpenSys Shares to be subscribed pursuant to the Public Issue is 53,000,000 OpenSys Shares being 100% of the shares available under the Public Issue.

4. DETAILS OF THE PUBLIC ISSUE (Cont'd)**4.5 PRICING OF THE ISSUE SHARES**

The Issue Price of RM0.24 per ordinary share was determined and agreed upon by the Company and the Underwriter, after taking into account, inter-alia, the following factors:

- (i) The Company's financial and operating history and conditions as described in Sections 6 and 10 of this Prospectus;
- (ii) The qualitative and quantitative factors as set out in Section 7 of this Prospectus including the future plans and prospects of OpenSys as set out in Section 9 of this Prospectus; and
- (iii) The Company's proforma NTA per share after deducting the estimated listing expenses upon listing (but before the exercise of any Options arising from the ESOS) of approximately 8.88 sen as at 31 July 2003.

However, investors should also note that the market price of OpenSys Shares upon Listing are subject to the vagaries of market forces and other uncertainties, which may affect the price of OpenSys Shares being traded. Investors should form their own views on the valuation of the Issue Shares before deciding to invest in the Issue Shares.

4.6 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (i) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of OpenSys on the MESDAQ Market;
- (ii) To provide OpenSys with access to the capital market to raise funds for future expansion and growth of the Company and to enhance the stature of the Company in marketing its products; and
- (iii) To raise funds for the Company's continued operations and expansion, details of which are elaborated in Section 7 of the Prospectus.

4.7 UTILISATION OF PROCEEDS

The gross proceeds from the Public Issue amounting to RM12,720,000 will accrue entirely to the Company and will be utilised for the following purposes:

	Note	RM 000
Working capital		
- Financing of inventory of components for Touch ESM		5,600
- R&D activities		4,920
- Sales and marketing expenses		700
		<u>11,220</u>
Estimated listing expenses	(i)	1,500
		<u>12,720</u>

4. DETAILS OF THE PUBLIC ISSUE (Cont'd)

Note:

- (i) *Kindly refer to Section 4.9 of this Prospectus for further details.*

It is intended that the gross proceeds will be utilised within 24 months from the listing date.

4.8 UNDERWRITING COMMISSION AND PLACEMENT FEES

The Underwriter has agreed to underwrite the 500,000 Issue Shares (under Pool A) to be offered to pre-identified individuals, companies, societies, co-operatives and institutions. The underwriting commission is payable by the Company at the rate of 2.5% of the Issue Price for each Issue Share being underwritten.

The Placement Agent has agreed to place out the 53,000,000 Issue Shares (under Pool A and Pool B) to pre-identified individuals, companies, societies, co-operatives and institutions. Placement fees shall be payable by the Company to the Placement Agent at the rate of up to 2% of the Issue Price.

4.9 ESTIMATED LISTING EXPENSES

The breakdown of the estimated listing expenses are set out below:

	RM 000
Professional fees	660
Printing, publicity and advertising	150
Authorities' processing fee	63
Placement/underwriting	382
Contingencies	245
Total	<u>1,500</u>

The estimated listing expenses will be borne by the Company and will be utilised as and when the expenses are incurred.

4.10 SALIENT PROVISIONS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 20 November 2003 entered into between the Company and the Underwriters are set out below:

- (i) Under the provisions of the Underwriting Agreement, the obligations of the Underwriter is conditional upon, amongst others :
- (a) the listing of and quotation for the entire issued and paid-up capital of the Company on the MESDAQ Market having been approved in principle by the KLSE and the SC;
 - (b) the registration with the SC and the lodgement with the Registrar of Companies, Malaysia, of the Prospectus in its final form in accordance with the requirements of the Companies Act, 1965 and the Securities Commission Act, 1993;

4. DETAILS OF THE PUBLIC ISSUE (Cont'd)

- (c) the Public Issue not being prohibited by any statute, order, rule, regulation or directive or guideline promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia (including the KLSE and the SC);
- (d) the offering of the Issue Shares and the listing of and quotation for the entire issued and paid-up capital of the Company on the MESDAQ Market having been approved by the KLSE and the SC;
- (e) all necessary approvals and consents required from the relevant authorities in relation to the Public Issue having been obtained; and
- (f) the KLSE composite index trading above 580 for the period from the date of the Underwriting Agreement to the last date for the receipt of applications for the Public Issue, which is within fourteen (14) business days from the date of this Prospectus or such other date as may be extended by the Company, provided that such extended date shall not exceed a period of three (3) months from the date of the Underwriting Agreement (“Closing Date”).

If any of the conditions stated above are not satisfied on or before the Closing Date, and if after the Closing Date it becomes apparent to the Underwriter that the public shareholding spread has not been met, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company. However, the Company shall still be liable to pay the underwriting commission referred to in Section 4.8 of this Prospectus as well as all other costs and expenses of the Underwriter incurred in connection with the underwriting of the Underwritten Shares.

- (ii) Notwithstanding anything contained in the Underwriting Agreement, the Underwriter is entitled to terminate the Underwriting Agreement at any time with notice in writing to the Company upon the occurrence of all or any of the following events on or before the Closing Date if the success of the Public Issue is, in the opinion of the Underwriter, seriously jeopardised by:
 - (a) any Government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriter seriously affects or will seriously affect the business and/or financial position of the Company;
 - (b) any change or any development involving a prospective change in national or international monetary, financial (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of the Underwriter prejudice materially the success of the Public Issue and its distribution or sale (whether in the primary or in respect of dealings on the secondary market);
 - (c) any breach by the Company of any of its representations, warranties and undertakings in the Underwriting Agreement or withholding by the Company of information of a material nature from the Underwriter or any failure by the Company to perform any of its obligations under the Underwriting Agreement;

4. DETAILS OF THE PUBLIC ISSUE (Cont'd)

- (d) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Underwriter have or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company;
- (e) any event or series of events beyond the reasonable control of the Underwriter (including without limitation acts of government, strikes, lockouts, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the Public Issue or pursuant to the underwriting hereof;
- (f) the imposition of any moratorium, suspension or material restriction on trading in securities generally in the KLSE due to exceptional financial circumstances or otherwise;
- (g) a drop in the composite index of the KLSE to below 580 points for the period from the date of the Underwriting Agreement to the Closing Date; or
- (h) in the event the Company is not listed on the MESDAQ Market within six (6) months of the date of the Underwriting Agreement for any reason.

4.11 FUTURE FINANCIAL INFORMATION

No future financial information is included in this Prospectus as it is difficult to forecast due to the uncertain nature and inherent risks of the business of the Company. Kindly refer to Section 5 of this Prospectus for further details.

5. RISK FACTORS

An investment in shares listed or to be listed on the MESDAQ Market involves a number of risks. Therefore, notwithstanding the prospects of the Company as outlined in this Prospectus, investors should rely on their own evaluations and carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on the future performance of the Company in addition to other information contained elsewhere in this Prospectus, before applying for any of the Issue Shares, which are the subject of this Prospectus.

5.1 NO PRIOR MARKET FOR OPENSYS SHARES

Prior to the Listing, there was no public market for OpenSys Shares. Therefore, there can be no assurance that an active market for OpenSys Shares will develop upon the Listing or, if developed, that such market will be sustained. The Issue Price was determined after taking into consideration a number of factors, including but not limited to those set out in Section 4.5 of this Prospectus. The price at which OpenSys Shares will trade on the MESDAQ Market upon or subsequent to the Listing will be dependent upon market forces which are beyond the control of the Company. Therefore, there can be no assurance that the Issue Price will correspond to the price at which OpenSys Shares will trade upon or subsequent to the Listing.

5.2 DELAY IN OR ABORTION OF THE LISTING

The occurrence of any one (1) or more of the following events may cause a delay in or abortion of the Listing:

- (i) the identified investors fail to subscribe for the portion of Issue Shares to be placed to them; and
- (ii) the Company is unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the issued and paid-up share capital of the Company be held by a minimum number of 200 public shareholders (including employees).

Although the Directors of OpenSys will endeavour to ensure compliance by OpenSys of the various listing requirements, including, inter-alia, the public spread requirement imposed by the KLSE for the successful Listing, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of the Listing.

5.3 DEPENDENCE ON KEY PERSONNEL

OpenSys' success depends upon the continued efforts of the Company's ability to hire and retain skilled professionals with the required skills. Such skilled professionals are required in the Company's training and development efforts and the delivery of the Company's professional services to the clients. The dynamic and rapid changes in the IT industry requires skilled professionals to keep abreast of evolving industry standards, persistently enhance and upgrade the Company's products to adapt to the changing requirements and business environment in which OpenSys' clients operate. Competition to attract such skilled professionals has proven to be intense and there is no guarantee that OpenSys will be successful in attracting and retaining them in which case, the loss of their services may significantly affect the Company's operations and revenue.

5. RISK FACTORS (Cont'd)

The Company's success also depends on the continued efforts of the Company's key management team to pursue and execute OpenSys' growth strategy within its main business activities. They have the relevant experience in the business undertaken by OpenSys and have been instrumental in the Company's growth and expansion. The loss of the services of these key personnel without adequate replacement could have an adverse impact on the business, financial condition and results of operations. Although most of the key personnel of the Company are also the shareholders of the Company which in effect mitigates the risk of losing these key personnel, to a certain extent, no assurance can be given that these personnel will choose to continue their employment with the Company.

Measures and succession plans including hands-on training, job rotations and attachments are being implemented to groom younger members of the management team in key areas to ensure that they will be provided with the necessary experience and exposure to gradually assume senior positions.

5.4 MANAGEMENT OF GROWTH

The Company is currently experiencing a period of growth, which has placed and can continue to place a strain on the Company's available management, technical and financial resources. The Company's ability to manage its growth will depend on its ability to improve its operational, financial and other internal systems and to train, recruit, motivate and manage its employees. If the Company is not able to manage its growth effectively, the quality of its services and products, and ultimately its revenues and profitability may be adversely affected.

To mitigate this risk, the Company will continue to recruit highly qualified employees and train existing staff by giving them the opportunity to handle more responsibilities. The ESS and ESOS for its eligible employees as set out in Sections 10.4 and 10.5 of this Prospectus are expected to encourage them to continue employment with the Company.

5.5 FOREIGN EXCHANGE FLUCTUATION

The Company's revenue, purchases and expenses are mainly denominated in USD, RM and SGD. The percentages of the Company's total revenue and purchases denominated in the various currencies for the last three (3) financial years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003 are as follows:

	2000	2001	2002	Seven (7) months period ended 31 July 2003
	%	%	%	%
Sales				
USD	60.7	33.2	47.7	3.2
RM	39.3	66.8	52.3	96.8
Total	100.00	100.0	100.0	100.0
Purchases				
USD	49.5	50.8	5.8	-
Euro	-	-	-	5.2
RM	50.5	43.0	94.2	94.8
SGD	-	6.2	-	-
Total	100.0	100.0	100.0	100.0

The Company is therefore subject to the effects of exchange rate fluctuations with respect to these foreign currencies. In particular the re-pegging or lifting of the fixed exchange rate between the RM and the USD may have a material adverse effect on the business, prospects, financial condition and results.

5. RISK FACTORS (Cont'd)

OpenSys currently do not have specific policy to hedge its foreign currency exposure. However, should the need arise, OpenSys may enter into forward contracts to hedge its foreign currencies exposure. In such event, as hedging costs can be substantial, the profitability of OpenSys may be adversely affected.

5.6 DEPENDENCE ON FINANCIAL SERVICES SECTOR

A substantial part of the Company's revenue comes from customers in the financial services sector. The Company's continued growth is dependent on such customers having IT capital expenditures and budgets and continued demand for IT services and software applications from this sector. There is no assurance that demand in this sector will be maintained or increased. Furthermore, the consolidation of the financial institutions world-wide will result in a reduction in the number of such institutions, and a corresponding reduction in the number of potential customers. This reduction in the customer pool may result in price competition between service providers and a reduction in profit margins. The ability of the Company to increase its market share and retain existing customers may also be adversely affected. However, the Company believes that its proven track record by providing reliable and quality products and services to the financial services sector will give the Company the competitive advantage. OpenSys' track record has also resulted in its existing customers from various local and overseas financial institutions making repeat orders and/or upgrades of the hardware and/or software from the Company.

5.7 DEPENDENCE ON MAJOR CUSTOMERS

The Company is awarded various contracts to provide services and install its products for its customers on a contractual/project to project basis. Once a contract has been performed, the customers are not contractually bound to award further contracts to the Company in the future. In addition, the Company has also appointed various companies as its distributors and support partners for its products. CSA (an appointed distributor), Malayan Banking Berhad and EON Bank Berhad are the Company's major distributors/customers contributing 59.9%, 12.9% and 10.5% of its turnover respectively for the seven (7) months financial period ended 31 July 2003.

There can be no assurance that these companies will continue to use the Company's products in the future or will continue to maintain their relationships with the Company. The failure to maintain its existing relationships, or to establish new relationships in the future for any reason, could have a material adverse effect on the Company's business and financial condition. In this regard, the Company endeavors to provide good customer service and after sales services to its customers. In addition, the Company has consistently been successful in securing new customers in previous years and the Directors believe that OpenSys will continue to achieve the same in the future as OpenSys intends to penetrate overseas markets such as China, the United States of America, the United Kingdom and India.

5. RISK FACTORS (Cont'd)

5.8 DEPENDENCE ON KEY PRODUCTS

Currently the Company has a limited range of products. The failure of any one or more of such products to generate sufficient sales will materially and adversely affect its revenues.

The Touch ESM and eSys suite of software products are the key products developed and currently being marketed by OpenSys. As at 30 November 2003, being the latest practicable date prior to the printing of the Prospectus, the Company recorded sales of approximately RM17.61 million for its Touch ESM which includes sales of RM8.21 million to its appointed distributors and sales of approximately RM0.48 million for two modules of eSys. No assurance can be given that the sales of these two products will continue to grow in the future. If such sales fail to materialise or the sale of these products fails to grow in the future, the Company's revenues and profits will be materially and adversely affected.

To mitigate this risk, the Company has devoted substantial resources to R&D to continue the development of other functionality/components/models of Touch ESM and eSys and to work closely with its appointed distributors to market its products to the end-users. However, no assurance can be given that the Company will not be adversely affected should the sales of any of its major products deteriorate in the future.

5.9 NEGATIVE PUBLICITY DUE TO PRODUCT FAILURE

The Company is involved with new product development whereby a substantial amount of pre-launch testing is normally conducted before a new product is officially marketed. However, as with all software packages, the true outcome as to whether or not it is bug-free is uncertain until after being actually applied in the field. The software may suffer from various unforeseen problems which may disrupt the customers' operations in which event, unless immediately rectified, will result in negative exposure which will affect the Company's reputation and financial position. In an industry where product branding and awareness are crucial, the Company may stand to see its market share being eroded due to negative publicity.

To minimise exposure to such risk, the Company believes in strengthening its R&D by recruiting and training more skilled personnel and investing further in R&D activities. The Company also has a Quality Assurance Policy which documents the Company's standards, practices, conventions, requirements and specifications to ensure that the products and services offered by the Company are reliable. Further information on the Quality Assurance Policy is highlighted in Section 7.9 of this Prospectus.

5.10 INTELLECTUAL PROPERTY INFRINGEMENT

The Company has applied for the registration of its intellectual property in Malaysia. Several of its trademarks have been registered and/or approved for registration in Malaysia. In addition, the Company has registered the design of the cabinet of its Touch 3050 on 20 March 2002 as an industrial design under the Industrial Designs Act, 1996. As part of OpenSys' overseas market penetration plan, the Company may register its trademarks and industrial designs in other countries. Apart from that, OpenSys also owns the copyright in all software developed for its current eSys and eSoho modules. There is however no assurance that the rights of the Company may be successfully enforced if the intellectual property rights of the Company are infringed.

5. RISK FACTORS (Cont'd)

Most of the products of the Company are also protected by copyright, which is not registrable. However, copyright only protects the expression of an idea (but not the idea itself) in material form. There can be no assurance that any action taken to enforce its copyright in the event of any copying of ideas by adoption by other parties of a similar idea in producing products or parts of products bearing the same or similar configurations or designs would be successful. Accordingly, the Company may not be able to institute any legal proceeding to enforce OpenSys' copyright in the event of any copying of a similar idea by a third party.

The Company also cannot be certain that the software applications and services as well as the customised software that the Company delivers or materials provided to the Company by its clients for use in the customised software do not or will not infringe valid patents, copyrights or other intellectual property rights held by third parties.

The Company may be subjected to legal proceedings and claims from time to time relating to the infringement of the intellectual property rights of others or the Company's claims against third parties. Intellectual property litigation is expensive and time consuming and successful infringement claims against the Company may result in substantial monetary damages or may materially disrupt the conduct of OpenSys' business.

To mitigate this risk, the Company will emphasise on originality of its products in its R&D functions to avoid duplication of ideas and infringement of third party intellectual property rights.

5.11 RAPID TECHNOLOGICAL/PRODUCT CHANGES

The IT industry is extremely dynamic, characterised by rapid changes in technology and frequent introduction of new and more advanced products. The Company is subject to the risks, uncertainties and problems frequently encountered by companies in the IT industry. These risks, uncertainties and problems include, among others, the following:

- any failure to anticipate and adapt to developing market trends;
- any failure on the Company's part to identify, respond quickly to, develop and market OpenSys' software and services to keep up with the changing technological standards in the industry and market demands;
- any inability to maintain, upgrade and develop the Company's products and attract new skilled personnel in a timely and effective manner; and
- any failure to develop and manage rapidly expanding operations.

The occurrence of any of the above may have a material and adverse impact on the revenue and profits of the Company. To minimise exposure to such risk, the Company will continuously engage in R&D activities to keep up with technological trends. Further information on the R&D activities is highlighted in Section 7.7 of this Prospectus.

5. RISK FACTORS (Cont'd)

5.12 COMPETITION

The market in each of the Company's core areas of business is very competitive and characterised by rapid technological innovation. The Company has experienced and expects to continue to experience intense competition from current competitors (as mentioned in Section 7.10 of this Prospectus) and future competitors. Some of the Company's competitors may have significantly greater resources than the Company, in terms of finance, technical, human resources and others. In addition, emerging companies could enter the market and introduce new products and technologies. Increased competition could result in price reductions, reduced revenue and margins and loss of market share, any one of which could materially and adversely affect the Company's business, operating results and financial condition.

The Company believes that its ability to compete depends upon many factors both within and outside its control, including the timing and market acceptance of new products and services, its ability to provide a high level of service commensurate with the expectations of customers, product and service functionality and performance, price and reliability, sales and marketing efforts, customer service and support and product and service distribution channels. The Company has sought to insulate itself against the threat of increased competition through focusing on R&D activities to develop new and innovative products or services to stay ahead of its competitors, establishing close business relationship with its hardware and software suppliers and establishing a strong business relationship with its existing clientele. In addition, the products and services provided/ to be provided by the Company is technical in nature and requires specialised skills and experience, which poses a barrier for new competitors to gain entry into the market where OpenSys operates.

However, there can be no assurance that the Company will be able to maintain its competitiveness against current and future competitors or that competitive pressures will not materially and adversely affect the Company's business, operating results and financial condition.

5.13 MARKET ACCEPTANCE OF PRODUCTS

The Company's current products consist of three models of the Touch ESM, seven modules of the eSys suite of software products and one module of the eSoho suite of software products (particulars of which are more fully described in Section 7.6 of this Prospectus). The eSys, eSoho and Touch ESM were launched in 1999, 2000 and 2001 respectively. These products are new in the local and overseas market and they may or may not eventually find sufficient market acceptance for them to be commercially viable. Non-acceptances of products could arise as a result of changes in technology, industry standards or customer requirements, or due to the availability of competing products at lower costs and/or with superior capabilities. In such an event, the Company's revenues and profitability will be adversely affected.

To minimise exposure to such risk, the Company will continue to provide road shows and training sessions to its customers, along with enhancements and improvements of features to ensure continuous acceptance and development of the Company's products.

5. RISK FACTORS (Cont'd)

5.14 PRODUCT LIABILITY CLAIMS

The development and sale of the Company's software and ESMs expose it to the risk of product liability claims (including warranty) in the event that such products fail to perform in accordance with their specifications. In the event of a widespread product failure, the Company may have to recall such products. In particular, its software may contain errors or defects that require rectification. Errors or defects in its products could result in delays in installation and project cost overruns, disputes with customers and additional costs incurred in rectification works, and would adversely affect the Company's revenues, profitability and reputation.

The Company does not maintain any product liability insurance, nor has it taken out any third party liability insurance. However, there has been no product claims by customers in the past. As a mitigating factor, the Company has experienced Directors and management, who are able to develop products that are of reliable and of high quality complemented by OpenSys' quality assurance and operating process as mentioned in Section 7.9 of this Prospectus.

5.15 CAPITALISATION OF DEVELOPMENT EXPENDITURE

The Company has capitalised a portion of the remuneration of its employees engaged in product development and other directly related overheads such as rental costs and depreciation as development expenditure. These capitalised costs are amortised on a straight line basis over five (5) years commencing from the date of completion of the product or the date of billings to customers, whichever comes earlier. In compliance with the applicable approved accounting standards in Malaysia, if, in the opinion of the Directors, such newly developed products fail to generate revenue whether because of impairment, obsolescence or a failure to gain market acceptance, the unamortised balance of such capitalised costs will be written off to the profit and loss account and such write-off(s) may materially affect the profitability of the Company. As at 30 November 2003, being the latest practicable date prior to the printing of the Prospectus, the total capitalised development expenditure amounted to approximately RM15.0 million of which approximately RM5.7 million has been amortised.

5.16 MSC AND PIONEER STATUS

OpenSys was awarded interim MSC status on 18 November 1998, which was confirmed on 9 August 2001. OpenSys is subject to certain conditions applicable to MSC status companies. While it is usual for MSC status to be conferred so long as such conditions are met, the possibility remains that such status could be revoked at the discretion of the MDC. In addition, OpenSys was granted pioneer status by MITI on 16 December 1999 for a period of five years commencing 1 December 1998 by virtue of its MSC status. Pursuant to this, OpenSys enjoys certain financial incentives accorded to it under Section 4A of the Promotion of Investments Act, 1986, which is intended to promote the development of activities which are deemed to be of national and strategic importance to Malaysia. As a pioneer status company, OpenSys is exempted from income taxation on profits generated from its MSC-qualifying activities for a period of five (5) years from 1 December 1998 to 30 November 2003. OpenSys has on 12 September 2003 applied for the extension of its pioneer status for a further period of five (5) years and as at 29 December 2003, being the latest practicable date prior to the printing of this Prospectus, the Company is awaiting the confirmation of the MDC in respect of the same. If OpenSys ceases to be an MSC status company, it may lose its pioneer status and as a result will not have the benefit of the tax exemption.

There can be no assurance that the Company will continue to retain its MSC status, or that it will have its pioneer status renewed, or that the Company will continue to enjoy or not experience delays in enjoying its MSC incentives, all of which could materially and adversely affect the Company's profitability.

5. RISK FACTORS (Cont'd)

5.17 GLOBAL EXPANSION ISSUES

As a proportion of the Company's revenue is derived from various countries in Europe and South-East Asia, it faces country risks including those relating to exchange rate fluctuations and controls, political and economic instability, differing regulatory requirements, diverse business cultures and operating environments. OpenSys may be adversely affected by changes in the laws, regulations and government policies in the countries in which it sells and markets its products. In particular, the Company may be affected by exchange control restrictions which may affect its ability to remit funds (from the sales of its products and services overseas) into or out of such countries, taxation and import and export restrictions. As such, any adverse change in government policies, laws or regulations in the foreign countries where it sells and markets its products may materially affect its revenue and profitability.

The laws and regulations in the various countries relating to electronic commerce and banking transactions where the Company carries on business or intend to carry on business may be relatively new, non-existent or inadequate. This could result in uncertainty as to the validity and enforceability of electronic transactions. This uncertainty could curtail demand for the Company's products and services in these countries, and reduce its revenues and profits from such countries.

It is part of OpenSys' strategy to establish its presence in new locations outside Malaysia where the Company intends to devote adequate financial and management resources to create market awareness of its range of products. In order to mitigate risks related to the said strategy, the Company has appointed strategic partners as its dealers/distributors for certain overseas markets.

5.18 POLITICAL, ECONOMIC AND SOCIAL CONSIDERATIONS

Like all other business entities, changes in political, economic and social conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of OpenSys. Amongst the political, economic, social uncertainties include, but not limited to the changes in political leadership, war, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in rates of interest, methods of taxation and currency exchange rules.

The Company could also be affected by laws, regulations and guidelines which regulate the financial services industry in so far as such laws, regulations and guidelines regulate the manner or extent which companies in the financial services industry can use its products and services. If such laws, regulations or guidelines are adopted, the said companies' compliance with these laws, regulations and guidelines could adversely affect its business.

5.19 FINANCIAL CONSTRAINTS

The Company may lack the financial and operational resources needed to increase its market share and to compete effectively with more established companies. As the Company increases the variety of services it can offer, it may face competition from larger and more capable companies which may be able to provide higher levels of support on a more cost-effective basis than the Company.

However, the Directors believe that with its listing on the MESDAQ Market, the Company will be in a better position to readily access the capital market to raise funds for its expansion, if required.

5. RISK FACTORS (Cont'd)

5.20 INFLUENCE BY SUBSTANTIAL SHAREHOLDERS AND/OR PROMOTERS

Following the ESS and Public Issue (but before any exercise of Options arising from the ESOS), the Substantial Shareholders and/or Promoters, namely Tan Kee Chung, Azlan Bin Abdullah, CTV, Omtiara, Chee Hong Soon, Tune Hee Hian, Leong Yoke Wai, Lim Swee Keah, Koh Lea Cheong, Tan Gaik Keow and Low Suet Cheng, collectively hold 65.31% of the Company's enlarged issued and paid-up share capital. The aforesaid shareholders, if they act together, may be able to influence the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

5.21 USAGE OF INTERNET BANKING

As the use of Internet continues to expand, more financial institutions may use the Internet to offer products and services to consumers. One of the products and services of the financial institutions is Internet banking, which is a convenient way for users to perform their banking transactions. As such, these consumers may choose to perform more of their banking needs via the internet. The success of OpenSys' non-cash self-service strategy may be affected if users continue to use Internet banking as the preferred way of paying bills. As the online global commerce and the exchange of information is fast evolving, it is difficult to predict with any certainty that the OpenSys' non-cash self-service strategy will be viable in the long term.

However, the success of Internet banking will depend on the continued development and maintenance of the infrastructure of the Internet. In addition, the Internet has experienced and may continue to experience increased number of users and frequency of use and the Internet may not be able to support demands placed upon it by this growth resulting its performance and reliability to deteriorate. Any delay could affect the level of Internet banking usage. The Directors of OpenSys also believe that different users prefer different modes of payments i.e. OpenSys' self-service machines complement other channels such as Internet banking, bank giro, standing instructions, auto-debit using credit or debit cards. In addition, OpenSys' self-service machines are currently deployed by banks, insurance and telecommunication companies not just to collect payments but also to market and sell other products and services offered by these companies.

5.22 FORWARD-LOOKING STATEMENTS

This Prospectus contains several forward-looking statements, that is, those other than statements of historical facts. There can be no assurance that the expectations underlying the forward-looking statements will prove to be correct or continue to hold in the future. Whether such statements will ultimately prove to be accurate depends on a variety of known and unknown factors that may cause the business and operations of the Company to be materially different from any future results, plans, performance and achievements, expressed or implied, by such prospective statements.

In the light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded that the plans and objectives of the Company will be achieved.

6. FINANCIAL INFORMATION

6.1 HISTORICAL FINANCIAL INFORMATION

The following is the summary of the audited financial results of the Company based on the audited financial statements of the Company for the past five (5) financial years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003 which have been restated^(x) to conform with the applicable newly approved accounting standards in Malaysia and the correction of fundamental errors in respect of capitalised development expenditure. The results of the Company have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus.

	←———— Financial Year Ended 31 December ———→					Seven (7) months period ended
	1998 RM 000	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	31 July 2003 RM 000
Revenue	4,775	7,336	11,246	20,036	21,989	13,544
EBITDA	1,126	2,069	3,289	6,025	3,382	1,476
Depreciation and amortisation	(133)	(268)	(431)	(2,924)	(1,808)	(1,253)
Interest expense	(24)	(9)	(31)	(70)	(335)	(259)
Interest income	64	51	71	60	108	63
PBT	1,033	1,843	2,898	3,091	1,347	27
Taxation ^(vii)	(282)	29	(20)	(17)	(76)	(20)
PAT	751	1,872	2,878	3,074	1,271	7
Weighted average number of ordinary shares of RM0.10 each in issue (000)*	134,070 ⁽ⁱ⁾	134,070 ⁽ⁱⁱ⁾	137,616 ⁽ⁱⁱⁱ⁾	152,303 ^(iv)	168,800 ^(v)	168,800 ^(vi)
Gross EPS ^(viii) (sen)	0.77	1.37	2.11	2.03	0.80	0.02
Net EPS ^(viii) (sen)	0.56	1.40	2.09	2.02	0.75	-**

Notes:

* For illustrative purpose, it is assumed that the shares split of RM1.00 per share to RM0.10 per share has been effected since the date of incorporation of OpenSys.

** Negligible.

(i) The weighted average number of shares for the financial year ended 31 December 1998 represents the weighted average number of shares in issue after adjustments for the bonus shares arising from the 4 for 1 bonus issue in the financial year ended 31 December 1999, the bonus shares arising from the 5 for 1 bonus issue and the bonus shares arising from the 1.18 for 1 bonus issue in the financial year ended 31 December 2000, the issuance of 10,000,000 OpenSys Shares in the financial year ended 31 December 2001 and the bonus shares arising from the 1.05 for 1 bonus issue in the financial year ending 31 December 2003.

(ii) The weighted average number of shares for the financial year ended 31 December 1999 represents the weighted average number of shares in issue after adjustments for the bonus shares arising from the 5 for 1 bonus issue and the bonus shares arising from the 1.18 for 1 bonus issue in the financial year ended 31 December 2000, the issuance of 10,000,000 OpenSys Shares in the financial year ended 31 December 2001 and the bonus shares arising from the 1.05 for 1 bonus issue in the financial year ending 31 December 2003.

6. FINANCIAL INFORMATION (Cont'd)

- (iii) *The weighted average number of shares for the financial year ended 31 December 2000 represents the weighted average number of shares in issue after adjustments for the issuance of 10,000,000 OpenSys Shares in the financial year ended 31 December 2001 and the bonus shares arising from the 1.05 for 1 bonus issue in the financial year ending 31 December 2003.*
- (iv) *The weighted average number of shares for the financial year ended 31 December 2001 represents the weighted average number of shares in issue after adjustments for the bonus shares arising from the 1.05 for 1 bonus issue in the financial year ending 31 December 2003.*
- (v) *The weighted average number of shares for the financial year ended 31 December 2002 represents the weighted average number of shares in issue after adjustments for the bonus shares arising from the 1.05 for 1 bonus issue in the financial year ending 31 December 2003.*
- (vi) *The weighted average number of shares for the seven (7) months financial period ended 31 July 2003 represents the weighted average number of shares in issue after adjustments for the bonus shares arising from the 1.05 for 1 bonus issue in the financial year ending 31 December 2003.*
- (vii) *OpenSys is granted pioneer status and is exempted from income tax on its qualifying activities. The provision for taxation is in respect of interest income only.*
- (viii) *The gross EPS and net EPS have been calculated by dividing the PBT and PAT respectively for the financial years/ period by the weighted average number of ordinary shares in issue.*
- (ix) *There were no extraordinary items or exceptional items in respect of all the financial years/ period under review.*
- (x) *The restatement comprises the prior year adjustments as set out below:*
- *Increase of approximately RM613,000 for revenue, increase of approximately RM550,000 for cost of sales and operating expenses and increase of approximately RM63,000 each for PBT and PAT for the financial year ended 31 December 1999;*
 - *Increase of approximately RM695,000 for revenue, increase of approximately RM1,359,000 for cost of sales and operating expenses and decrease of approximately RM664,000 each for PBT and PAT for the financial year ended 31 December 2000; and*
 - *Increase of approximately RM2,036,000 for cost of sales, administration and operating expenses and decrease of approximately RM2,036,000 each for PBT and PAT for the financial year ended 31 December 2001.*

The audited financial statements of the Company for the past five (5) financial years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003 have not been subjected to any audit qualifications.

6.2 ANALYSIS AND COMMENTARY ON FINANCIAL INFORMATION

The following analysis and commentary should be read in conjunction with the Company's financial highlights included in Section 6.1 of this Prospectus.

6.2.1 Segmental Analysis of Revenue

The table below set out the segmental analysis of revenue by types of products of the Company for the five (5) financial years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003 which is based on the financial results as mentioned in Section 6.1 above:

Types of Product	Financial Year Ended 31 December										Seven (7) months financial period ended 31 July 2003	
	1998		1999		2000		2001		2002		July 2003	
	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Sale of ESM	-	-	-	-	-	-	9,800	48.9	13,864	63.0	11,838	87.4
Sale of software	146	3.1	171	2.3	972	8.6	3,054	15.2	2,443	11.1	564	4.2
Provision of services	4,629	96.9	7,165	97.7	10,274	91.4	7,182	35.9	5,682	25.9	1,142	8.4
Total	4,775	100.0	7,336	100.0	11,246	100.0	20,036	100.0	21,989	100.0	13,544	100.0

6. FINANCIAL INFORMATION (Cont'd)

6.2.2 Commentary on the financial information**(a) Financial year ended 31 December 1998**

The revenue of the Company for the financial year ended 31 December 1998 was recorded at RM4.78 million mainly from the provision of the support services and system integration services. The increase in revenue and profit after tax from RM2.83 million and RM0.34 million in the financial year ended 1997 to RM4.78 million and RM0.75 million in the financial year ended 1998 respectively were mainly due to the Company having successfully secured several service contracts from both local and overseas customers.

In November 1998, the Company was awarded MSC status by MDC. Subsequently, the Company had been awarded pioneer status by the MITI for an initial period of 5 years commencing from 1 December 1998. The pioneer status, which is renewable for another 5-year period, had granted the Company 100% tax exemption for income arising from the pioneer business activities.

(b) Financial year ended 31 December 1999

The revenue of the Company increased substantially from RM4.78 million in the financial year ended 1998 to RM7.34 million in the financial year ended 1999, representing an increase of RM2.56 million or 53.6%, which was mainly attributed to the increased contribution from the provision of services from RM4.63 million in the financial year ended 1998 to RM7.17 million in the financial year ended 1999.

The business income of the Company was non-taxable as the Company is a pioneer status company. No provision for taxation had also been made in respect of interest income earned in accordance with the waiver granted under the Income Tax (Amendment) Act, 1999.

Included in the financial year ended 1999 was an over-provision for taxation for the financial year ended 1998 amounting to RM0.02 million which was due to tax exemption granted on the pioneer business income as a result of the pioneer status being obtained.

(c) Financial year ended 31 December 2000

Following the increase in revenue derived from the provision of system implementation services, the total revenue of the Company increased substantially from RM7.34 million in the financial year ended 1999 to RM11.25 million in the financial year ended 2000. This represents a growth of 53.3% in revenue. Consequently, the profit before tax had also registered a growth of 57.6% from RM1.84 million in the financial year ended 1999 to RM2.90 million in the financial year ended 2000.

The provision for taxation had been made in respect of interest income earned.

6. FINANCIAL INFORMATION (Cont'd)

(d) Financial year ended 31 December 2001

The substantial increase in revenue from RM11.25 million in the financial year ended 2000 to RM20.04 million in the financial year ended 2001 was mainly due to the commencement of the sale of ESMs (which includes sales of ESMs to its appointed distributors amounting to RM5.0 million) which had contributed revenue of RM9.80 million representing 48.9% of the total revenue for the the financial year ended 2001 and the increase in revenue derived from software licences of RM2.08 million in tandem with the increase in sale of ESMs. As the Company had successfully developed the ESMs, the focus of business had moved on to the marketing and selling of ESMs and consequently the revenue generated from provision of services declined by 30% in the financial year ended 2001.

The commencement of sale of ESM in the financial year ended 2001 also resulted in the increase in administrative expenses such as rental and staff cost.

(e) Financial year ended 31 December 2002

The Company achieved a moderate growth in revenue of approximately 10% in the financial year ended 2002. This was attributed to the increase in sale of ESMs (which includes sales of ESMs to its appointed distributors amounting to RM11.84 million) by RM4.06 million mitigated by the drop in sale of software licences and provision of services of RM0.61 million and RM1.50 million respectively mainly due to the focus of OpenSys to sell ESMs.

The sale of ESMs to its appointed overseas distributors amounting to RM7.23 million had largely contributed to the increase in the sale of ESMs representing 52.2% of the total sale of ESMs while the remaining RM4.61 million representing 33.3% of the total sale of ESMs were sold to its appointed local distributors.

Despite the increase of revenue from RM20.036 million in the financial year ended 2001 to RM21.989 million in the financial year ended 2002, PBT decreased from RM3.091 million in the financial year ended 2001 to RM1.347 million in the financial year ended 2002. This is mainly due to the reworking activities carried out by the Company to improve the quality of ESMs which had resulted in higher cost of sales being incurred. However, the Company does not expect any reworking activities to be carried out in the subsequent years.

Included in the taxation for the financial year ended 2002 was an under-provision for taxation for the financial year ended 1998 mainly due to certain expenses which were not allowable for tax purposes.

6. FINANCIAL INFORMATION (Cont'd)

(f) Seven (7) months financial period ended 31 July 2003

Sale of ESMs represented 87.4% of the total revenue of the Company. However, revenue from overseas has been adversely affected in the first five (5) months of the financial year ending 2003 by the global travel restrictions imposed arising from the Severe Acute Respiratory Syndrome ("SARS") outbreak and the aftermath of the Middle-East conflict whereby many employees of OpenSys were unable to travel overseas while some travelling plans to perform pre-sale work involving customisation, integration and testing were either cancelled or postponed which inadvertently delayed the conclusion of sales.

The profit for the seven (7) months ended 30 July 2003 decreased as the Company continue to focus on Touch ESM resulting in lower contribution from other products/services which carry a higher profit margin. However, the Directors believe that the results for the financial year ending 2003 will be satisfactory with the sales of Touch ESM back on track.

6.2.3 Impact of Foreign Exchange Difference and Interest Rates

The impact of realised gains and losses on foreign exchange and interest rates on the PBT of the Company for the five (5) financial years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003 is minimal.

6.2.4 Taxation

OpenSys is granted pioneer status and is exempted from income tax on its qualifying activities. The provision for taxation is in respect of interest income only.

6.2.5 Extraordinary and Exceptional Items

There were no extraordinary items or exceptional items for the five (5) financial years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003.

6.2.6 Directors' Declaration on Financial Performance

Save as disclosed in Sections 5, 6 and 9 of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Company is not affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that the Company reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Company;
- (b) Material capital expenditure commitments;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company; and
- (d) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

6. FINANCIAL INFORMATION (Cont'd)

6.3 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEETS

(Prepared for inclusion in this Prospectus)

LER LUM & CO. AF 0276
Chartered Accountants
2nd & 3rd Floor, Bangunan Yeoh,
35 & 37 Jalan Kamunting, 50300 Kuala Lumpur, Malaysia
Tel: 03-26915737 Fax: 03-26913227



29 DEC 2003

The Board of Directors
OpenSys (M) Berhad
Level 23, Tower 2
PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur

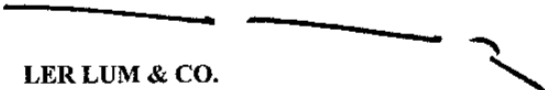
Dear Sirs,


**OPENSYS (M) BERHAD ("OPENSYS" OR THE "COMPANY")
(FORMERLY KNOWN AS OPENSYS (M) SDN BHD)
PROFORMA BALANCE SHEETS AS AT 31 JULY 2003**

We have reviewed the presentation of the proforma balance sheets of OpenSys as at 31 July 2003 for which the Directors are solely responsible, together with the notes thereon, as set out in the Prospectus to be dated 08 JAN 2004 in connection with the Public Issue of 53,000,000 new ordinary shares of RM0.10 each in OpenSys by way of private placement at an issue price of RM0.24 per share in conjunction with the listing of and quotation for the entire issued and paid-up share capital of OpenSys on the MESDAQ Market of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma balance sheets of OpenSys as at 31 July 2003 together with the accompanying notes thereon which have been prepared for illustrative purposes only, have been properly prepared on the bases stated and such bases are consistent with the accounting policies adopted by OpenSys and the adjustments made are appropriate for the purposes of the proforma balance sheets.

Yours faithfully,


LER LUM & CO.
(Firm Number : AF 0276)
Chartered Accountants


LUM TUCK CHEONG
100573705(JPH)
Partner of the Firm

6. FINANCIAL INFORMATION (Cont'd)

**OPENSYS (M) BERHAD (COMPANY NO. 369818-W)
PROFORMA BALANCE SHEETS AS AT 31 JULY 2003**

The proforma balance sheets of OpenSys as at 31 July 2003 are prepared for illustration purposes only to show the effects of the Bonus Issue, Public Issue and full exercise of ESOS on the assumption that the transactions were completed on 31 July 2003 and should be read in conjunction with the accompanying notes and assumptions included in the proforma balance sheets as set out below:

	Audited Balance Sheet As At 31 July 2003 RM 000	Proforma (I) After Bonus Issue RM 000	Proforma (II) After Proforma (I) and Public Issue RM 000	Proforma (III) After Proforma (II) and ESOS RM 000
PROPERTY, PLANT AND EQUIPMENT	1,558	1,558	1,558	1,558
DEVELOPMENT EXPENDITURE	8,412	8,412	8,412	8,412
CURRENT ASSETS				
Inventories	3,153	3,153	3,153	3,153
Trade debtors	22,372	22,372	22,372	22,372
Other debtors, deposits and prepayments	1,220	1,220	1,220	1,220
Fixed deposits	3,546	3,546	3,546	3,546
Cash and bank balances	196	196	9,079	25,049
	30,487	30,487	39,370	55,340
LESS : CURRENT LIABILITIES				
Trade creditors	11,130	11,130	11,130	11,130
Other creditors and accruals	4,216	4,216	4,216	4,216
Hire purchase creditors	40	40	40	40
Amount due to director	2,544	2,544	2,544	2,544
Bankers acceptance	3,217	3,217	3,217	3,217
Bank overdrafts	2,337	2,337	-	-
Provision for taxation	2	2	2	2
	23,486	23,486	21,149	21,149
NET CURRENT ASSETS	7,001	7,001	18,221	34,191
	16,971	16,971	28,191	44,161

6. FINANCIAL INFORMATION (Cont'd)

	Audited Balance Sheet As At 31 July 2003 RM 000	Proforma (I) After Bonus Issue RM 000	Proforma (II) After Proforma (I) and Public Issue RM 000	Proforma (III) After Proforma (II) and ESOS RM 000
FINANCED BY:				
SHARE CAPITAL	8,227	16,880	22,180	28,834
SHARE PREMIUM	3,397	-	5,920	15,236
RETAINED PROFIT	5,274	18	18	18
SHAREHOLDERS' FUNDS	<u>16,898</u>	<u>16,898</u>	<u>28,118</u>	<u>44,088</u>
LONG TERM LIABILITIES				
Hire purchase creditors	73	73	73	73
	<u>16,971</u>	<u>16,971</u>	<u>28,191</u>	<u>44,161</u>
Net tangible assets (RM 000)	8,486	8,486	19,706	35,676
Number of shares assumed in issue (000)	82,270	168,800	221,800	288,340
Net tangible assets per share (sen)	10.31	5.03	8.88	12.37

6. FINANCIAL INFORMATION (Cont'd)

OPENSYS (M) BERHAD (COMPANY NO. 369818-W)
NOTES TO THE PROFORMA BALANCE SHEETS AS AT 31 JULY 2003

- The proforma balance sheets have been prepared for illustrative purposes only and are based on the audited financial statements as at 31 July 2003 and on accounting policies consistent with those previously adopted in the preparation of the audited financial statements.
- The proforma balance sheets incorporates the following transactions as though they were effected on 31 July 2003:

Proforma (I)

Proforma I incorporates the effects of the Bonus Issue of 86,533,350 ordinary shares of RM0.10 each by way of capitalisation of RM5,256,514 from the retained profits and RM3,396,821 from the share premium account.

Proforma (II)

Proforma II incorporates the effects of Proforma I and the Public Issue of 53,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.24 per share. Estimated listing expenses of approximately RM1,500,000 have been written off against the share premium account.

Proforma (III)

Proforma III incorporates the effects of Proforma II and the issue of 66,540,000 new ordinary share of RM0.10 each at an issue price of RM0.24 per share pursuant to the exercises of options granted pursuant to the ESOS.

3. The movement in share capital	RM 000
As at 31 July 2003	8,227
Add: Bonus Issue	8,653

	16,880
Add: Public Issue	5,300

	22,180
Add: Upon full exercise of the ESOS options	6,654

	28,834
	=====

6. FINANCIAL INFORMATION (Cont'd)

4. The movement in share premium	RM 000
As at 31 July 2003	3,397
Less: Bonus Issue	(3,397)

	-
Add: Public Issue	7,420
Less: Estimated listing expenses	(1,500)

	5,920
Add: Upon full exercise of the ESOS options	9,316

	<u>15,236</u>

6. FINANCIAL INFORMATION (Cont'd)

6.4 MATERIAL LITIGATION, CAPITAL COMMITMENTS, CONTINGENT LIABILITIES, BORROWINGS AND WORKING CAPITAL
6.4.1 Material litigation

As at 29 December 2003, being the latest practicable date prior to the printing of this Prospectus, OpenSys is not engaged in any material litigation or arbitration either as plaintiff or defendant, which has a material and adverse effect on the financial position of OpenSys, and the Directors of OpenSys do not know of any proceeding pending or threatened against the OpenSys or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company.

6.4.2 Capital commitments and contingent liabilities

As at 29 December 2003, being the latest practicable date prior to the printing of this Prospectus, the Company does not have any capital commitment or contingent liabilities which may have a material impact on the financial position of the Company.

6.4.3 Borrowings

As at 30 November 2003, being the latest practicable date prior to the printing of this Prospectus, the total outstanding interest-bearing borrowings of the Company is as follows:

Facilities	Payable within 12 months RM 000	Payable after 12 months RM 000	Total Outstanding RM 000
Overdraft	491	-	491
Hire purchase creditor	46	50	96
Bankers' acceptance	1,691	-	1,691
Loan from Malaysia Debt Ventures Berhad ⁽ⁱ⁾	3,775	323	4,098
	6,003	373	6,376

Note:

- (i) *The loan from Malaysia Debt Ventures Sdn Bhd ("MDV") is in respect of a facilities agreement dated 30 July 2003 entered into between the Company and MDV for a term loan of the principal amount of RM7,400,000 and related security documents which carries an interest rate of 6.3% per annum. As at 30 November 2003, being the latest practicable date prior to the printing of this Prospectus, a total amount of RM6,473,137 has been drawn down while RM2,375,000 has been repaid. The purpose of the loan was to finance the purchase of the components of Touch ESMs of the Company and also for its working capital.*

There has not been any default on payments of either interest and/or principal sums in respect of any borrowings throughout the financial year ended 31 December 2002 up to 29 December 2003, being the latest practicable date prior to the printing of this Prospectus.

6.4.4 Working capital

The Directors are of the opinion that after taking into account the cashflow generated from its existing operations, banking facilities and amount to be raised from the Public Issue, the Company will have sufficient working capital for a period of 12 months from the date of this Prospectus for its foreseeable requirements.