

OPENSYS (M) BERHAD (Company No. 369818-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

Interim financial report on results for the quarter ended 30 September 2010.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.09.2009 RM'000	09 MONTHS ENDED UNAUDITED 30.09.2010 RM'000	
			30.09.2010 RM'000	30.09.2009 RM'000
REVENUE	6,713	8,044	19,598	23,423
COST OF SALES & OPERATING EXPENSES	(5,730)	(6,825)	(16,707)	(19,443)
OTHER OPERATING INCOME	31	23	75	84
FINANCE COSTS	(185)	(285)	(662)	(920)
PROFIT BEFORE TAX	829	957	2,304	3,144
TAX EXPENSE	(450)	-	(1,350)	-
PROFIT FOR THE PERIOD	379	957	954	3,144
Attributable to :				
Equity holders of the Company	379	957	954	3,144
EARNINGS PER SHARE				
Ordinary shares of RM0.10 each :-				
Basic (sen)	0.17	0.43	0.43	1.41
Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

OPENSYS (M) BERHAD (Company No. 369818-W)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 30.09.2010 RM'000	AUDITED AS AT 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	23,068	25,985
Development expenditure	10,902	12,793
Fixed deposits	3,708	3,646
	-----	-----
	37,678	42,424
	-----	-----
Current assets		
Inventories	9,722	8,414
Trade receivables	5,852	4,965
Other receivables, deposits & prepayments	1,065	1,270
Income tax assets	480	480
Short term investment	714	402
Cash & bank balances	668	572
	-----	-----
	18,501	16,103
	-----	-----
Total assets	56,179	58,527
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	22,342	22,342
Share premium	5,917	5,917
Retained earnings	10,683	10,846
	-----	-----
Total equity	38,942	39,105
	-----	-----

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
– continued

	UNAUDITED AS AT 30.09.2010 RM'000	AUDITED AS AT 31.12.2009 RM'000
Non-current liabilities		
Finance lease payables	1,737	2,486
Term loans	1,857	3,499
Deferred tax liability	1,350	-
	-----	-----
	4,944	5,985
	-----	-----
Current liabilities		
Trade payables	579	908
Other payables & accruals	4,151	2,252
Finance lease payables	1,202	1,449
Term loans	3,120	6,938
Post-employment benefit obligations	112	109
Bankers' acceptance	2,050	1,195
Bank overdrafts	1,079	586
	-----	-----
	12,293	13,437
	-----	-----
Total liabilities	17,237	19,422
	-----	-----
Total equity and liabilities	56,179	58,527
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	17.42	17.50
	=====	=====

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity ----- Holders of the Company -----				Total Equity RM'000
	Share Capital RM'000	Non-distributable Share Premium RM'000	Capital Reserve RM'000	Distributable Retained Earnings RM'000	
As at 1 January 2010	22,342	5,917	-	10,846	39,105
Profit for the period, represents total comprehensive income for the period	-	-	-	954	954
Dividend declared	-	-	-	(1,117)	(1,117)
As at 30 September 2010	<u>22,342</u>	<u>5,917</u>	<u>-</u>	<u>10,683</u>	<u>38,942</u>
As at 1 January 2009	22,342	5,917	303	7,281	35,843
Profit for the period, represents total comprehensive income for the period	-	-	-	3,262	3,262
Transfer from capital reserve	-	-	(303)	303	-
As at 31 December 2009	<u>22,342</u>	<u>5,917</u>	<u>-</u>	<u>10,846</u>	<u>39,105</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2010	30.09.2009
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,304	3,144
Adjustments for :-		
Non-cash & operating items	6,538	7,921
Non-operating items	(76)	(76)
	-----	-----
Operating profit before working capital changes	8,766	10,989
Net changes in current assets	(1,990)	1,899
Net changes in current liabilities	455	(1,742)
Interest paid	(718)	(904)
Interest received	76	76
Tax (paid)/ refund	-	(480)
	-----	-----
Net cash from operating activities	6,589	9,838
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(82)	(854)
Development expenditure paid	(931)	(1,120)
Proceeds from the disposal of property, plant & equipment	2	-
	-----	-----
Net cash used in investing activities	(1,011)	(1,974)
	-----	-----

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW - Continued

	069 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2010	30.09.2009
	RM'000	RM'000
Cash flows from financing activities		
Placement of short term investment	(312)	-
Placement of fixed deposits under lien	(61)	(73)
Proceeds from borrowings	3,127	8,872
Repayment of borrowings	(7,732)	(16,205)
Repayment of finance lease payables	(997)	(2,359)
	-----	-----
Net cash used in financing activities	(5,975)	(9,765)
	-----	-----
Net changes in cash and cash equivalents	(397)	(1,901)
Cash and cash equivalents brought forward	(14)	2,783
	-----	-----
Cash and cash equivalents carried forward	(411)	882
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits	3,707	3,623
Cash & bank balances	668	1,841
Bank overdrafts	(1,079)	(959)
	-----	-----
	3,296	4,505
Less : Fixed deposits under lien	(3,707)	(3,623)
	-----	-----
	(411)	882
	=====	=====

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

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UNAUDITED INTERIM FINANCIAL REPORT

Notes :-

Disclosure requirements per FRS 134 - paragraph 16

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with FRS 134: "Interim Financial Reporting" and Chapter 9, Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The Condensed Consolidated Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

The accounting policies and methods of computation adopted by the Group in this unaudited interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2009, except for the adoption of FRS 7 Financial Instruments: Disclosures, FRS 8 Operating Segments, FRS 101 Presentation of Financial Statements (revised) and FRS 139 Financial Instruments: Recognition and Measurement effective from the financial period beginning 1 January 2010.

The following notes explain the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

A2. Qualification of Financial Statements

The Auditors' Report on the financial statements of the Group for the financial year ended 31 December 2009 was not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4. Exceptional or Unusual Items

During the current financial quarter, there was no item of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A5. Changes in Estimates of Amounts Reported

There was no change in estimate of amount reported that has a material effect in the current financial quarter under review.

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UNAUDITED INTERIM FINANCIAL REPORT

Notes :- (continued)

A6. Changes in Debt Securities and Equity Securities

During the current financial quarter, there were no issuances, cancellation, repurchase, resale and repayment of debt securities and equity securities.

A7. Dividend paid

The first interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 27 May 2010 and paid on 28 July 2010 in respect of the financial year ending 31 December 2010.

A8. Segmental Reporting

No segment information is prepared as the Group's activities are predominantly in one industry segment.

A9. Valuation of Property, Plant & Equipment

The Group did not carry out any valuation on its property, plant & equipment.

A10. Material Events Subsequent to the End of the Current Quarter

There were no other material events subsequent to the end of the current financial quarter up to the date of this announcement.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group subsequent to the end of the current financial quarter up to the date of this announcement.

A12. Changes in Contingent Liabilities or Contingent Assets

Not applicable.

A13. Material Capital Commitments

Not applicable.

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UNAUDITED INTERIM FINANCIAL REPORT

Notes :- (continued)

Disclosure requirements required by the Listing Requirements of Bursa Securities for the MESDAQ Market

B1. Group's Review of Performance

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2010 RM'000	PRECEDING YEAR	09 MONTHS ENDED	
		CORRESPONDING	UNAUDITED	UNAUDITED
		QUARTER UNAUDITED 30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Revenue	6,713	8,044	19,598	23,423
Profit before tax	829	957	2,304	3,144
	=====	=====	=====	=====

The Company's revenue was lower at RM6.713 million for the third quarter ended 30 September 2010 as compared to RM8.044 million for the corresponding quarter ended 30 September 2009. This was mainly due to the lower sales of the Cheque Processing Software and Business Process Outsourcing. The profit before tax decreased from RM0.957 million to RM0.829 million.

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2010 RM'000	30.06.2010 RM'000
Revenue	6,713	6,525
Profit before tax	829	785
	=====	=====

The higher revenue of RM6.713 million for the current quarter ended 30 September 2010 as compared to RM6.525 million for the preceding quarter ended 30 June 2010 is mainly due to the increase in sales of the Efficient Service Machine. We recorded a higher profit before tax of RM0.829 million for the quarter ended 30 September 2010 compared to the profit before tax of RM0.785 million for the preceding quarter ended 30 June 2010.

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Notes :- (continued)

B3. Prospects

OpenSys expects further growth in outright sales of ESM and image-based cheque processing solution in this financial year.

B4. Profit Forecast

No profit forecast was announced; hence there are no comparison between actual results and forecast.

B5. Group's Tax Expense

Tax expense comprises the following :-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	09 MONTHS ENDED	
	QUARTER	CORRESPONDING	UNAUDITED	UNAUDITED
	UNAUDITED	QUARTER	UNAUDITED	UNAUDITED
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				

Tax charged for the current period	-	-	-	-
Deferred tax	450	-	1,350	-
	-----	-----	-----	-----
	450	-	1,350	-
	=====	=====	=====	=====

There was no tax charged for the quarter ended 30 September 2010 due to the utilisation of unabsorbed capital allowances brought forward. This is, however, subject to confirmation by the Inland Revenue Board.

The recognition of the deferred tax liability of RM450,000 for the quarter ended 30 September 2010 was due to the adoption of FRS 112 (Income Taxes). This deferred tax liability is recognised in respect of capital allowances in excess of depreciation charges of property, plant & equipment.

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Notes :- (continued)

B6. Sales of Unquoted Investment and/or Properties

Not applicable.

B7. Quoted Securities

During the current financial quarter, there was no purchase or disposal of quoted securities. The Group does not have any quoted securities at the end of the current financial quarter.

B8. Corporate Proposals

There are no corporate proposals announced by the Group as at the date of this announcement.

B9. Group's Borrowings

The breakdowns of the borrowings are set out below :-

	UNAUDITED AS AT 30.09.2010 RM'000	AUDITED AS AT 31.12.2009 RM'000
Secured short-term borrowings		
Finance lease payables	1,202	1,449
Term loans	3,120	6,938
Bankers' acceptance	2,050	1,195
Bank overdrafts	1,079	586
	----- 7,451 -----	----- 10,168 -----
Secured long-term borrowings		
Finance lease payables	1,737	2,486
Term loans	1,857	3,499
	----- 3,594 -----	----- 5,985 -----
Total borrowings	=====	=====

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Notes :- (continued)

B10. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised for the current financial quarter.

B11. Material Litigation

There was no material litigation pending as at the date of this announcement.

B12. Dividend

The first interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 27 May 2010 and paid on 28 July 2010 in respect of the financial year ending 31 December 2010. No further dividend has been declared or paid for the current financial quarter.

B13. Group's Earnings Per Share

(i) Basic earnings per share

The basic earnings per share of the Group have been computed by dividing the profit for the period by the weighted average number of ordinary shares in issue of RM0.10 each issued in the three months ended 30 September 2010 where relevant.

	INDIVIDUAL PERIOD PRECEDING YEAR		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2010	CORRESPONDING QUARTER UNAUDITED 30.09.2009	09 MONTHS ENDED UNAUDITED 30.09.2010	UNAUDITED 30.09.2009
Profit for the period (RM'000)	379	957	954	3,144
Weighted average number of ordinary shares ('000)	223,420	223,420	223,420	223,420
Ordinary shares of RM0.10 each :-				
Basic earnings per share (Sen)	0.17	0.43	0.43	1.41

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Notes :- (continued)

B13. Group's Earnings Per Share (Continued)

(ii) Diluted earnings per share

Not applicable.

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur