

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

UNAUDITED INTERIM FINANCIAL REPORT

Interim financial report on results for the quarter ended 30 June 2011.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.06.2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.06.2010 RM'000	06 MONTHS ENDED UNAUDITED UNAUDITED 30.06.2011 30.06.2010 RM'000 RM'000	
REVENUE	6,998	6,525	14,138	12,885
COST OF SALES & OPERATING EXPENSES	(6,236)	(5,542)	(12,281)	(10,975)
OTHER OPERATING INCOME	40	19	69	44
FINANCE COSTS	(143)	(217)	(296)	(477)
PROFIT BEFORE TAX	659	785	1,630	1,477
TAX EXPENSE	(465)	(450)	(930)	(900)
PROFIT FOR THE PERIOD	194	335	700	577
Attributable to :				
Equity holders of the Company	194	335	700	577
EARNINGS PER SHARE				
Ordinary shares of RM0.10 each :-				
Basic (sen)	0.09	0.15	0.31	0.26
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 financial year ended 31 December 2010.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 30.06.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	20,988	22,196
Development expenditure	9,108	10,336
Fixed deposits	3,778	3,727
	-----	-----
	33,874	36,259
	-----	-----
Current assets		
Inventories	9,961	9,662
Trade receivables	5,699	4,615
Other receivables, deposits & prepayments	625	771
Income tax assets	480	480
Short term investment	813	1,119
Cash & bank balances	1,632	664
	-----	-----
	19,210	17,311
	-----	-----
Total assets	53,084	53,570
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	22,342	22,342
Share premium	5,917	5,917
Retained earnings	10,557	10,974
	-----	-----
Total equity	38,816	39,233
	-----	-----

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
– continued

	UNAUDITED AS AT 30.06.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
Non-current liabilities		
Finance lease payables	1,085	1,432
Term loans	749	1,392
Deferred tax liability	2,730	1,800
	-----	-----
	4,564	4,624
	-----	-----
Current liabilities		
Trade payables	874	516
Other payables & accruals	3,300	2,305
Finance lease payables	1,086	1,191
Term loans	1,643	2,106
Post-employment benefit obligations	125	108
Bankers' acceptance	2,165	2,110
Bank overdrafts	511	1,377
	-----	-----
	9,704	9,713
	-----	-----
Total liabilities	14,268	14,337
	-----	-----
Total equity and liabilities	53,084	53,570
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	17.37	17.56
	=====	=====

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

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 2011	22,342	5,917	-	10,974	39,233
Profit for the period, represents total comprehensive income for the period	-	-	-	700	700
Dividend paid	-	-	-	(1,117)	(1,117)
As at 30 June 2011	22,342	5,917	-	10,557	38,816
As at 1 January 2010	22,342	5,917	-	10,846	39,105
Profit for the period, represents total comprehensive income for the period	-	-	-	1,245	1,245
Dividend paid	-	-	-	(1,117)	(1,117)
As at 31 December 2010	22,342	5,917	-	10,974	39,233

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	06 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.06.2011	30.06.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,630	1,477
Adjustments for :-		
Non-cash & operating items	4,275	4,436
Non-operating items	(71)	(52)
Operating profit before working capital changes	----- 5,834	----- 5,861
Net changes in current assets	(1,237)	(38)
Net changes in current liabilities	1,370	1,232
Interest paid	(297)	(514)
Interest received	71	52
Net cash from operating activities	----- 5,741	----- 6,593
Cash flows from investing activities		
Purchase of property, plant & equipment	(599)	(38)
Development expenditure paid	(784)	(530)
Proceeds from the disposal of property, plant & equipment	-	1
Net cash used in investing activities	----- (1,383)	----- (567)

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW - Continued

	06 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.06.2011	30.06.2010
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from short term investment	306	(1,108)
Placement of fixed deposits under lien	(50)	(42)
Proceeds from borrowings	2,375	2,078
Repayment of borrowings	(3,426)	(5,300)
Repayment of finance lease payables	(611)	(644)
Dividend Paid	(1,117)	-
	-----	-----
Net cash used in financing activities	(2,523)	(5,016)
	-----	-----
Net changes in cash and cash equivalents	1,835	1,010
Cash and cash equivalents brought forward	(714)	(14)
	-----	-----
Cash and cash equivalents carried forward	1,121	996
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits	3,778	3,688
Cash & bank balances	1,632	1,622
Bank overdrafts	(511)	(625)
	-----	-----
	4,899	4,684
Less : Fixed deposits under lien	(3,778)	(3,688)
	-----	-----
	1,121	996
	=====	=====

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010.

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

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 2010.

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 2010, except for the adoption of following Financial Reporting Standards ("FRS"), Issues Committee ("IC") Interpretations and Amendments to FRS:

	Effective Date
● Amendments to FRS 132, <i>Financial Instruments: Presentation - Classification of Rights Issues</i>	1 March 2010
● FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010
● FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
● FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
● Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
● Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
● Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
● IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
● IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
● IC Interpretation 17, <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
● Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
● Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exemptions for First-time Adopters</i>	1 January 2011
● Amendments to FRS 2, <i>Group Cash-settled Share Based Payment Transactions</i>	1 January 2011
● Amendments to FRS 7, <i>Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments</i>	1 January 2011
● IC Interpretation 4, <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
● IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 January 2011
● Improvements to FRSs (2010)	1 January 2011

The adoption of the above FRSs, IC Interpretations and Amendments do not have any material impact on the financial statements of the Group.

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

UNAUDITED INTERIM FINANCIAL REPORT

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 2010.

A2. Qualification of Financial Statements

The Auditors' Report on the financial statements of the Group for the financial year ended 31 December 2010 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.

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 21 February 2011 and paid on 29 April 2011 in respect of the financial ending 31 December 2011.

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.

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

UNAUDITED INTERIM FINANCIAL REPORT

Notes :- (continued)

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.

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

UNAUDITED INTERIM FINANCIAL REPORT

Notes :- (continued)

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

B1. Group's Review of Performance

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING	06 MONTHS ENDED	
		YEAR	UNAUDITED	
		CORRESPONDING	UNAUDITED	UNAUDITED
	QUARTER	QUARTER	30.06.2011	30.06.2010
	UNAUDITED	UNAUDITED	RM'000	RM'000
	30.06.2011	30.06.2010		
	RM'000	RM'000		
Revenue	6,998	6,525	14,138	12,885
Profit before tax	659	785	1,630	1,477
	=====	=====	=====	=====

The Company's revenue was higher at RM6.998 million for the second quarter ended 30 June 2011 as compared to RM6.525 million for the corresponding quarter ended 30 June 2010. This was mainly due to the higher sales of the Efficient Service Machines (ESM) and the maintenance of the ESM. The profit before tax decreased from RM0.785 million to RM0.659 million mainly due to the lower margins generated from the Business Process Outsourcing.

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.06.2011	31.03.2011
	RM'000	RM'000
Revenue	6,998	7,140
Profit before tax	659	971
	=====	=====

The lower revenue of RM6.998 million for the current quarter ended 30 June 2011 as compared to RM7.140 million for the preceding quarter ended 31 March 2011 is mainly due to the decrease in sales of the Total Cheque Processing Solution. As a result, we recorded a lower profit before tax of RM0.659 million for the quarter ended 30 June 2011 compared to the profit before tax of RM0.971 million for the preceding quarter ended 31 March 2011 due to the lower gross margins from the Total Cheque Processing Solution.

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

UNAUDITED INTERIM FINANCIAL REPORT

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 is no comparison between actual results and forecast.

B5. Group's Tax Expense

Tax expense comprises the following :-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.06.2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.06.2010 RM'000	06 MONTHS ENDED UNAUDITED UNAUDITED 30.06.2011 30.06.2010 RM'000 RM'000	
Malaysian income tax -----				
Tax charge for the current period	-	-	-	-
Deferred tax	465	450	930	900
	-----	-----	-----	-----
	465	450	930	900
	=====	=====	=====	=====

There was no tax charge for the quarter ended 30 June 2011 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 RM930,000 as at 30 June 2011 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.

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

UNAUDITED INTERIM FINANCIAL REPORT

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 breakdown of the borrowings is set out below:-

	UNAUDITED AS AT 30.06.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
Secured short-term borrowings		
Finance lease payables	1,086	1,191
Term loans	1,643	2,106
Bankers' acceptance	2,165	2,110
Bank overdrafts	511	1,377
	----- 5,405 -----	----- 6,784 -----
Secured long-term borrowings		
Finance lease payables	1,085	1,432
Term loans	749	1,392
	----- 1,834 -----	----- 2,824 -----
Total borrowings	7,239 =====	9,608 =====

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

UNAUDITED INTERIM FINANCIAL REPORT

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 21 February 2011 and paid on 29 April 2011 in respect of the financial year ending 31 December 2011. 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 of RM0.10 each in issue during the period.

	INDIVIDUAL PERIOD PRECEDING YEAR	CUMULATIVE PERIOD		
	CURRENT YEAR	CORRESPONDING		
	QUARTER	QUARTER	06 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Profit for the period (RM'000)	194	335	700	577
	=====	=====	=====	=====
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)	0.09	0.15	0.31	0.26
	=====	=====	=====	=====

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

UNAUDITED INTERIM FINANCIAL REPORT

Notes :- (continued)

B13. Group's Earnings Per Share (Continued)

(ii) **Diluted earnings per share**

Not applicable.

B14. Group's Retained Earnings

	UNAUDITED AS AT 30.06.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
Group's Retained Earnings as per consolidated accounts		
- Realised	13,287	12,774
- Unrealised	(2,730)	(1,800)
	----- 10,557 =====	----- 10,974 =====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur