

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 2011.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.09.2010 RM'000	09 MONTHS ENDED UNAUDITED UNAUDITED 30.09.2011 30.09.2010 RM'000 RM'000	
REVENUE	6,546	6,713	20,684	19,598
COST OF SALES & OPERATING EXPENSES	(5,860)	(5,730)	(18,141)	(16,707)
OTHER OPERATING INCOME	49	31	119	75
FINANCE COSTS	(111)	(185)	(408)	(662)
PROFIT BEFORE TAX	624	829	2,254	2,304
TAX EXPENSE	(4)	(450)	(934)	(1,350)
PROFIT FOR THE PERIOD	620	379	1,320	954
Attributable to :				
Equity holders of the Company	620	379	1,320	954
EARNINGS PER SHARE				
Ordinary shares of RM0.10 each :-				
Basic (sen)	0.27	0.17	0.59	0.43
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.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 30.09.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	20,043	22,196
Development expenditure	8,562	10,336
Fixed deposits	3,806	3,727
	-----	-----
	32,411	36,259
	-----	-----
Current assets		
Inventories	10,461	9,662
Trade receivables	3,894	4,615
Other receivables, deposits & prepayments	538	771
Income tax assets	-	480
Short term investment	1,420	1,119
Cash & bank balances	3,311	664
	-----	-----
	19,624	17,311
	-----	-----
Total assets	52,035	53,570
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	22,342	22,342
Share premium	5,917	5,917
Retained earnings	11,177	10,974
	-----	-----
Total equity	39,436	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.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
– continued

	UNAUDITED AS AT 30.09.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
Non-current liabilities		
Finance lease payables	955	1,432
Term loans	428	1,392
Deferred tax liability	2,730	1,800
	-----	-----
	4,113	4,624
	-----	-----
Current liabilities		
Trade payables	652	516
Other payables & accruals	2,866	2,305
Finance lease payables	911	1,191
Term loans	1,428	2,106
Post-employment benefit obligations	124	108
Bankers' acceptance	2,505	2,110
Bank overdrafts	-	1,377
	-----	-----
	8,486	9,713
	-----	-----
Total liabilities	12,599	14,337
	-----	-----
Total equity and liabilities	52,035	53,570
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	17.65	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.

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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 2011	22,342	5,917	-	10,974	39,233
Profit for the period, represents total comprehensive income for the period	-	-	-	1,320	1,320
Dividend paid	-	-	-	(1,117)	(1,117)
As at 30 September 2011	----- 22,342 =====	----- 5,917 =====	----- - =====	----- 11,177 =====	----- 39,436 =====
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.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2011	30.09.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,254	2,304
Adjustments for :-		
Non-cash & operating items	6,383	6,538
Non-operating items	(116)	(76)
Operating profit before working capital changes	----- 8,521	----- 8,766
Net changes in current assets	155	(1,990)
Net changes in current liabilities	713	455
Interest paid	(408)	(718)
Interest received	116	76
Tax (paid) / refund	477	-
Net cash from operating activities	----- 9,574	----- 6,589
Cash flows from investing activities		
Purchase of property, plant & equipment	(651)	(82)
Development expenditure paid	(1,239)	(931)
Proceeds from the disposal of property, plant & equipment	-	2
Net cash used in investing activities	----- (1,890)	----- (1,011)

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.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW - Continued

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2011	30.09.2010
	RM'000	RM'000
Cash flows from financing activities		
Placement of short term investment	(301)	(312)
Placement of fixed deposits under lien	(79)	(61)
Proceeds from borrowings	3,600	3,127
Repayment of borrowings	(4,847)	(7,732)
Repayment of finance lease payables	(915)	(997)
Dividend paid	(1,117)	-
	-----	-----
Net cash used in financing activities	(3,659)	(5,975)
	-----	-----
Net changes in cash and cash equivalents	4,025	(397)
Cash and cash equivalents brought forward	(714)	(14)
	-----	-----
Cash and cash equivalents carried forward	3,311	(411)
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits	3,806	3,707
Cash & bank balances	3,311	688
Bank overdrafts	-	(1,079)
	-----	-----
	7,117	3,296
Less : Fixed deposits under lien	(3,806)	(3,707)
	-----	-----
	3,311	(411)
	=====	=====

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.

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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 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.

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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.

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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.

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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 YEAR	09 MONTHS ENDED	
	QUARTER	CORRESPONDING	UNAUDITED	UNAUDITED
	UNAUDITED	QUARTER	UNAUDITED	UNAUDITED
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	6,546	6,713	20,684	19,598
Profit before tax	624	829	2,254	2,304
	=====	=====	=====	=====

The Company's revenue was lower at RM6.546 million for the third quarter ended 30 September 2011 as compared to RM6.713 million for the corresponding quarter ended 30 September 2010. This was mainly due to the lower sales of the Efficient Service Machines (ESM) and lower revenue from the Business Process Outsourcing (BPO). The profit before tax decreased from RM0.829 million to RM0.624 million mainly due to the lower margins generated from the sales of the ESM and the Business Process Outsourcing.

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2011	30.06.2011
	RM'000	RM'000
Revenue	6,546	6,998
Profit before tax	624	659
	=====	=====

The lower revenue of RM6.546 million for the current quarter ended 30 September 2011 as compared to RM6.998 million for the preceding quarter ended 30 June 2011 is mainly due to the decrease in sales of the Efficient Service Machines (ESM). As a result, we recorded a lower profit before tax of RM0.624 million for the quarter ended 30 September 2011 compared to the profit before tax of RM0.659 million for the preceding quarter ended 30 June 2011 due to the lower gross margins from the sales of the Efficient Service Machines.

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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 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 30.09.2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.09.2010 RM'000	09 MONTHS ENDED UNAUDITED UNAUDITED 30.09.2011 30.09.2010 RM'000 RM'000	
Malaysian income tax -----				
Tax charge for the				
- Current period	-	-	-	-
- Prior year	4	-	4	-
Deferred tax	-	450	930	1,350
	-----	-----	-----	-----
	4	450	934	1,350
	=====	=====	=====	=====

There was no tax charge for the quarter ended 30 September 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 September 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.

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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 breakdown of the borrowings is set out below:-

	UNAUDITED AS AT 30.09.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
Secured short-term borrowings		
Finance lease payables	911	1,191
Term loans	1,428	2,106
Bankers' acceptance	2,505	2,110
Bank overdrafts	-	1,377
	----- 4,844	----- 6,784
Secured long-term borrowings		
Finance lease payables	955	1,432
Term loans	428	1,392
	----- 1,383	----- 2,824
Total borrowings	----- 6,227 =====	----- 9,608 =====

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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 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 QUARTER UNAUDITED 30.09.2011	CORRESPONDING QUARTER UNAUDITED 30.09.2010	09 MONTHS ENDED UNAUDITED UNAUDITED 30.09.2011 30.09.2010	
Profit for the period (RM'000)	620	379	1,320	954
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)	0.27	0.17	0.59	0.43

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Notes :- (continued)

B13. Group's Earnings Per Share (Continued)

(ii) **Diluted earnings per share**

Not applicable.

B14. Group's Retained Earnings

	UNAUDITED AS AT 30.09.2011 RM'000	AUDITED AS AT 31.12.2010 RM'000
Group's Retained Earnings as per consolidated accounts		
- Realised	13,907	12,774
- Unrealised	(2,730)	(1,800)
	----- 11,177	----- 10,974
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur