

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 2012.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.06.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.06.2011 RM'000	06 MONTHS ENDED UNAUDITED UNAUDITED 30.06.2012 30.06.2011 RM'000 RM'000	
Revenue	7,571	6,998	17,994	14,138
Cost of revenue	(4,891)	(3,998)	(11,662)	(7,852)
Gross profit	2,680	3,000	6,332	6,286
Other income	96	40	132	69
Research & development expenses	(460)	(458)	(990)	(840)
Administration and other expenses	(1,466)	(1,242)	(2,745)	(2,423)
Finance costs	(48)	(105)	(101)	(234)
Profit before tax	802	1,235	2,628	2,858
Tax expense	(252)	(165)	(694)	152
Profit for the period/year	550	1,070	1,934	3,010
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income for the period/year	550	1,070	1,934	3,010
Attributable to:				
Equity holders of the Company	550	1,070	1,934	3,010

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME –
(continued)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.06.2012 RM'000	PRECEDING	06 MONTHS ENDED	
		YEAR	UNAUDITED	
		CORRESPONDING	UNAUDITED	UNAUDITED
	QUARTER UNAUDITED 30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000	

EARNINGS PER SHARE

Ordinary shares of RM0.10 each :-

Basic (sen)	0.25	0.48	0.87	1.35
	=====	=====	=====	=====
Diluted (sen)	N/A	N/A	N/A	N/A
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED	AUDITED
	AS AT	(Restated)	(Restated)
	30.06.2012	AS AT	AS AT
	RM'000	31.12.2011	01.01.2011
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant & equipment	22,836	19,295	22,196
Development expenditure	160	-	-
Fixed deposits	3,893	3,834	3,728
	-----	-----	-----
	26,889	23,129	25,924
	-----	-----	-----
Current assets			
Inventories	10,431	11,821	9,662
Trade receivables	7,208	5,883	4,615
Other receivables, deposits & prepayments	1,181	1,005	771
Income tax assets	-	-	480
Short term investment	2,703	1,231	1,119
Cash & bank balances	1,766	1,560	664
	-----	-----	-----
	23,289	21,500	17,311
	-----	-----	-----
Total assets	50,178	44,629	43,235
	=====	=====	=====
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	22,342	22,342	22,342
Share premium	5,917	5,917	5,917
Retained earnings	5,238	4,421	638
	-----	-----	-----
Total equity	33,497	32,680	28,897
	-----	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
– (Continued)

	UNAUDITED	AUDITED	AUDITED
	AS AT	(Restated)	(Restated)
	30.06.2012	AS AT	AS AT
	RM'000	31.12.2011	01.01.2011
		RM'000	RM'000
Non-current liabilities			
Finance lease payables	1,130	823	1,432
Term loans	-	268	1,392
Deferred tax liability	2,220	1,530	1,800
	-----	-----	-----
	3,350	2,621	4,624
	-----	-----	-----
Current liabilities			
Trade payables	2,281	2,107	516
Other payables & accruals	4,820	2,517	2,305
Finance lease payables	651	732	1,191
Term loans	749	1,053	2,106
Post-employment benefit obligations	146	123	108
Bankers' acceptance	4,684	2,796	2,110
Bank overdrafts	-	-	1,378
	-----	-----	-----
	13,331	9,328	9,714
	-----	-----	-----
Total liabilities	16,681	11,949	14,338
	-----	-----	-----
Total equity and liabilities	50,178	44,629	43,235
	=====	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	15.00	14.63	12.93
	=====	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT 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 2012					
- as previously stated	22,342	5,917	-	10,905	39,164
- effect of change in accounting policy	-	-	-	(6,484)	(6,484)
	-----	-----	-----	-----	-----
As at 1 January 2012, As restated	22,342	5,917	-	4,421	32,680
Profit for the year, represents total comprehensive income for the year	-	-	-	1,934	1,934
Dividend paid	-	-	-	(1,117)	(1,117)
	-----	-----	-----	-----	-----
As at 30 June 2012	22,342	5,917	-	5,238	33,497
	=====	=====	=====	=====	=====
As at 1 January 2011					
- as previously stated	22,342	5,917	-	10,974	39,233
- effect of change in accounting policy	-	-	-	(10,336)	(10,336)
	-----	-----	-----	-----	-----
As at 1 January 2011, As restated	22,342	5,917	-	638	28,897
Profit for the period, represents total comprehensive income income for the year	-	-	-	3,010	3,010
Dividend paid	-	-	-	(1,117)	(1,117)
	-----	-----	-----	-----	-----
As at 30 June 2011	22,342	5,917	-	2,531	30,790
	=====	=====	=====	=====	=====

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	06 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.06.2012	30.06.2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,628	2,858
Adjustments for:-		
Depreciation	1,992	1,966
Gain on disposal of property, plant & equipment	(42)	-
Interest expenses	221	297
Interest income	(91)	(71)
	-----	-----
Operating profit before working capital changes	4,708	5,050
Inventories	1,390	(299)
Receivables, deposits and prepayments	(1,502)	(938)
Payables	2,501	1,370
	-----	-----
Cash generated from operations	7,097	5,183
Interest paid	(221)	(297)
Interest received	91	71
Tax paid	(4)	-
	-----	-----
Net cash from operating activities	6,963	4,957
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(4,823)	(599)
Development expenditure paid	(83)	-
Proceeds from disposal of property, plant & equipment	42	-
	-----	-----
Net cash used in investing activities	(4,864)	(599)
	-----	-----

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW - Continued

	06 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.06.2012	30.06.2011
	RM'000	RM'000
Cash flows from financing activities		
Proceeds/(Placement) of short term investment	(1,472)	306
Placement of fixed deposits under lien	(59)	(50)
Proceeds from borrowings	5,255	2,375
Repayment of borrowings	(3,939)	(3,426)
Repayment of finance lease payables	(561)	(611)
Dividend paid	(1,117)	(1,117)
	-----	-----
Net cash used in financing activities	(1,893)	(2,523)
	-----	-----
Net changes in cash and cash equivalents	206	1,835
Cash and cash equivalents brought forward	1,560	(714)
	-----	-----
Cash and cash equivalents carried forward	1,766	1,121
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits	3,893	3,778
Cash & bank balances	1,766	1,632
Bank overdrafts	-	(511)
	-----	-----
	5,659	4,899
Less : Fixed deposits under lien	(3,893)	(3,778)
	-----	-----
	1,766	1,121
	=====	=====

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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 MFRS 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 interim financial report is the Group’s first MFRS compliant interim financial report and hence MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in below.

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below :-

Development expenditure and Deferred tax liabilities

Under FRS, the Group capitalised all the software development costs which meets certain criteria that indicate it is probable that the costs will give rise to future economic benefits.

Upon transition to MFRS, the Group redefined the capitalised development expenditures policy to capitalised development expenditure related to the new development products which meets certain criteria that indicate it is probable that the costs will give rise to future economic benefits.

The change in the above accounting policy will impact the deferred tax liabilities.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:-

FRS as at 1.1.2011 RM’000	Effect of transition RM’000	MFRS as at 1.1.2011 RM’000
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Statement of Financial Position

Reconciliation of equity as at 1 January 2011

Development expenditure	10,336	(10,336)	-
Retained earnings	10,974	(10,336)	638

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :-

Reconciliation of equity as at 31 December 2011

Development expenditure	7,983	(7,983)	-
Retained earnings	10,905	(6,483)	4,422
Deferred tax liabilities	3,030	(1,500)	1,530

Statement of Comprehensive Income

Financial impact for the period 30 June 2011

	FRS	Effect of transition	MFRS
	RM'000	RM'000	RM'000
Cost of sales	9,920	(2,068)	7,852
Research & development expenses	-	840	840
Profit before tax	1,630	1,228	2,858
Income tax expenses	930	(1,082)	(152)
Profit for the year	700	2,310	3,010
	=====	=====	=====

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A2. Qualification of Financial Statements

The Auditors' Report on the financial statements of the Group for the year ended 31 December 2011 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% amounting to RM1,117,100 was declared on 12 April 2012 and paid on 25 May 2012 in respect of the year ending 31 December 2012.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

A8. Segmental Reporting

	Efficient Service Machine (ESM) RM'000	Software Solution and Services RM'000	Eliminations RM'000	Consolidated RM'000
2nd quarter ended 30 June 12				
External sales	2,076	5,495	-	7,571
Intersegment transactions	-	-	-	-
Total revenue	<u>2,076</u>	<u>5,495</u>	-	<u>7,571</u>
Segment results	344	2,336	-	2,680
Unallocated other income				96
Unallocated operating expenses				<u>(1,974)</u>
Profit before tax				<u>802</u>
2nd quarter ended 30 June 11				
External sales	2,265	4,733	-	6,998
Intersegment transactions	-	-	-	-
Total revenue	<u>2,265</u>	<u>4,733</u>	-	<u>6,998</u>
Segment results	787	2,213	-	3,000
Unallocated other income				40
Unallocated operating expenses				<u>(1,805)</u>
Profit before tax				<u>1,235</u>
06 months ended 30 June 12				
External sales	7,631	10,363	-	17,994
Intersegment transactions	-	-	-	-
Total revenue	<u>7,631</u>	<u>10,363</u>	-	<u>17,994</u>
Segment results	2,132	4,200	-	6,332
Unallocated other income				132
Unallocated operating expenses				<u>(3,836)</u>
Profit before tax				<u>2,628</u>
06 months ended 30 June 11				
External sales	3,865	10,273	-	14,138
Intersegment transactions	-	-	-	-
Total revenue	<u>3,865</u>	<u>10,273</u>	-	<u>14,138</u>
Segment results	1,044	5,242	-	6,286
Unallocated other income				69
Unallocated operating expenses				<u>(3,497)</u>
Profit before tax				<u>2,858</u>

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

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.

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

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 QUARTER UNAUDITED 30.06.2012 RM'000	PRECEDING YEAR	06 MONTHS ENDED	
		CORRESPONDING	UNAUDITED	UNAUDITED
		QUARTER UNAUDITED 30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Revenue	7,571	6,998	17,994	14,138
Profit before tax	802	1,235	2,628	2,858

The Company's revenue was higher at RM7.571 million for the second quarter ended 30 June 2012 as compared to RM6.998 million for the corresponding quarter ended 30 June 2011. This was mainly due to the higher revenue from the Business Process Outsourcing (BPO) and the higher sales of the Cheque Processing Software. The profit before tax decreased from RM1.235 million to RM0.802 million mainly due to the lower margins generated from the sales of the Efficient Services Machines (ESM) and maintenance of the ESM.

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED 30.06.2012 RM'000	UNAUDITED 31.03.2012 RM'000
Revenue	7,571	10,423
Profit before tax	802	1,826

The lower revenue of RM7.571 million for the current quarter ended 30 June 2012 as compared to RM10.423 million for the preceding quarter ended 31 March 2012 is mainly due to the decrease in sales of the Efficient Service Machines (ESM). We recorded a lower profit before tax of RM0.802 million for the quarter ended 30 June 2012 compared to the profit before tax of RM1.826 million for the preceding quarter ended 31 March 2012 due to the lower gross margins from the sales of the ESM.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B3. Prospects

OpenSys expects further growth in outright sales of ESM and image-based cheque processing solution in the financial year ending 31 December 2012.

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 30.06.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.06.2011 RM'000	06 MONTHS ENDED UNAUDITED AUDITED 30.06.2012 30.06.2011 RM'000 RM'000	
Malaysian income tax -----				
Tax charge for				
Current period				
- Other income	2	-	4	-
- Business income	-	-	-	-
Deferred tax	250	165	690	(152)
	-----	-----	-----	-----
	252	165	694	(152)
	=====	=====	=====	=====

The tax provision of RM2,000 was mainly due to the tax provision on fixed deposit income. There was no tax charge for business income for the quarter ended 30 June 2012 due to the utilisation of unabsorbed capital allowances brought forward. This is, however, subject to confirmation by the Inland Revenue Board.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

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 30.06.2012 RM'000	AUDITED AS AT 31.12.2011 RM'000
Secured short-term borrowings		
Finance lease payables	651	732
Term loans	749	1,053
Bankers' acceptance	4,684	2,796
	----- 6,084	----- 4,581
Secured long-term borrowings		
Finance lease payables	1,130	823
Term loans	-	268
	----- 1,130	----- 1,091
Total borrowings	----- 7,214 =====	----- 5,672 =====

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

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% amounting to RM1,117,100 was declared on 12 April 2012 and paid on 25 May 2012 in respect of the year ending 31 December 2012.

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 number of ordinary shares of RM0.10 each in issue during the period.

	INDIVIDUAL PERIOD PRECEDING YEAR	CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER UNAUDITED 30.06.2012	CORRESPONDING QUARTER UNAUDITED 30.06.2011	06 MONTHS ENDED UNAUDITED 30.06.2012	UNAUDITED 30.06.2011
Profit for the period/year (RM'000)	550 =====	1,070 =====	1,934 =====	3,010 =====
Number of ordinary shares ('000)	223,420 =====	223,420 =====	223,420 =====	223,420 =====
Ordinary shares of RM0.10 each :-				
Basic earnings per share (Sen)	0.25 =====	0.48 =====	0.87 =====	1.35 =====

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

Notes :- (continued)

B13. Group's Earnings Per Share (Continued)

(ii) Diluted earnings per share

Not applicable.

B14. Group's Retained Earnings

	UNAUDITED	AUDITED
	AS AT 30.06.2012	(Restated)
	RM'000	AS AT 31.12.2011
		RM'000
Group's Retained Earnings as per consolidated accounts		
- Realised	7,458	5,951
- Unrealised	(2,220)	(1,530)
	-----	-----
	5,238	4,421
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur