

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 2013.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED	06 MONTHS ENDED UNAUDITED UNAUDITED	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Revenue	9,380	7,571	16,776	17,994
Cost of revenue	(5,313)	(4,891)	(9,250)	(11,662)
Gross profit	4,067	2,680	7,526	6,332
Other income	85	96	152	132
Research & development expenses	(425)	(460)	(859)	(990)
Administration and other expenses	(1,763)	(1,466)	(3,319)	(2,745)
Finance costs	(158)	(48)	(289)	(101)
Profit before tax	1,806	802	3,211	2,628
Tax expense	(460)	(252)	(845)	(694)
Profit for the period/year	1,346	550	2,366	1,934
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income for the period/year	1,346	550	2,366	1,934
Attributable to:				
Equity holders of the Company	1,346	550	2,366	1,934

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 COMPREHENSIVE INCOME –
(continued)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED	06 MONTHS ENDED UNAUDITED	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000

EARNINGS PER SHARE

Ordinary shares of RM0.10 each :-

Basic (sen)	0.60	0.25	1.06	0.87
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 2012 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 AS AT 30.06.2013 RM'000	AUDITED AS AT 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	29,313	27,370
Development expenditure	498	318
Fixed deposits	4,835	4,761
	-----	-----
	34,646	32,449
	-----	-----
Current assets		
Inventories	9,031	10,293
Trade receivables	5,906	4,934
Other receivables, deposits & prepayments	836	728
Short term investment	4,242	1,504
Cash & bank balances	4,017	2,836
	-----	-----
	24,032	20,295
	-----	-----
Total assets	58,678	52,744
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	22,342	22,342
Share premium	5,917	5,917
Retained earnings	6,801	5,552
	-----	-----
Total equity	35,060	33,811
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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
– (Continued)

	UNAUDITED AS AT 30.06.2013 RM'000	AUDITED AS AT 31.12.2012 RM'000
Non-current liabilities		
Finance lease payables	812	1,090
Term loans	5,990	4,028
Deferred tax liability	3,715	2,970
	-----	-----
	10,517	8,088
	-----	-----
Current liabilities		
Trade payables	827	1,965
Other payables & accruals	5,675	3,513
Finance lease payables	686	709
Term loans	2,045	822
Bankers' acceptance	3,710	3,690
Post-employment benefit obligations	158	146
	-----	-----
	13,101	10,845
	-----	-----
Total liabilities	23,618	18,933
	-----	-----
Total equity and liabilities	58,678	52,744
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	15.69	15.13
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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
	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	
As at 1 January 2013	22,342	5,917	5,552	33,811
Profit for the year, represents total comprehensive income for the year	-	-	2,366	2,366
Dividend paid	-	-	(1,117)	(1,117)
As at 30 June 2013	----- 22,342 =====	----- 5,917 =====	----- 6,801 =====	----- 35,060 =====
As at 1 January 2012	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 =====

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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

	06 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.06.2013	30.06.2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	3,211	2,628
Adjustments for:-		
Depreciation	2,303	1,992
Gain on disposal of property, plant & equipment	(13)	(42)
Interest expenses	418	221
Interest income	(142)	(91)
	-----	-----
Operating profit before working capital changes	5,777	4,708
Inventories	197	1,390
Receivables, deposits and prepayments	(1,080)	(1,502)
Payables	1,036	2,501
	-----	-----
Cash generated from operations	5,930	7,097
Interest paid	(418)	(221)
Interest received	142	91
Tax paid	(100)	(4)
	-----	-----
Net cash from operating activities	5,554	6,963
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(3,117)	(4,823)
Development expenditure paid	(179)	(83)
Proceeds from disposal of property, plant & equipment	13	42
	-----	-----
Net cash used in investing activities	(3,283)	(4,864)
	-----	-----

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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
	30.06.2013	30.06.2012
	RM'000	RM'000
Cash flows from financing activities		
Placement of short term investment	(2,738)	(1,472)
Placement of fixed deposits under lien	(74)	(59)
Proceeds from borrowings	8,458	5,255
Repayment of borrowings	(5,252)	(3,939)
Repayment of finance lease payables	(367)	(561)
Dividend paid	(1,117)	(1,117)
	-----	-----
Net cash used in financing activities	(1,090)	(1,893)
	-----	-----
Net changes in cash and cash equivalents	1,181	206
Cash and cash equivalents brought forward	2,836	1,560
	-----	-----
Cash and cash equivalents carried forward	4,017	1,766
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits	4,835	3,893
Cash & bank balances	4,017	1,766
Bank overdrafts	-	-
	-----	-----
	8,852	5,659
Less : Fixed deposits under lien	(4,835)	(3,893)
	-----	-----
	4,017	1,766
	=====	=====

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :-

Disclosure requirements per FRS 134 - paragraph 16

A1. Accounting Policies and Methods of Computation

The quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the audited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2012.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

MFRS 10	Consolidated Financial Statements (effective from 1 January 2013)
MFRS 12	Disclosure of Interests in Other Entities (effective from 1 January 2013)
MFRS 13	Fair Value Measurement (effective from 1 January 2013)
MFRS 119	Employee Benefits (effective from 1 January 2013)
MFRS 127	Separate Financial Statements (effective from 1 January 2013)
Amendments to MFRS 7	Financial Instruments: Disclosures (effective from 1 January 2013)
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
Annual Improvements to MFRS 2009 – 2011 Cycle	(effective from 1 January 2013)
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective from 1 January 2013)

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board as these are effective for financial period beginning on or after 1 January 2014:

MFRS 9	Financial Instruments (effective from 1 January 2015)
Amendments to MFRS 132	Financial Instruments: Presentation (effective from 1 January 2014)

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 2012 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 12 April 2013 and paid on 23 May 2013 in respect of the year ending 31 December 2013.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (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 13				
External sales	3,105	6,275	-	9,380
Intersegment transactions	-	-	-	-
Total revenue	<u>3,105</u>	<u>6,275</u>	<u>-</u>	<u>9,380</u>
Segment results	1,040	3,027	-	4,067
Unallocated other income				85
Unallocated operating expenses				<u>(2,346)</u>
Profit before tax				<u>1,806</u>
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>-</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>
06 months ended 30 June 13				
External sales	4,001	12,775	-	16,776
Intersegment transactions	-	-	-	-
Total revenue	<u>4,001</u>	<u>12,775</u>	<u>-</u>	<u>16,776</u>
Segment results	1,143	6,383	-	7,526
Unallocated other income				152
Unallocated operating expenses				<u>(4,467)</u>
Profit before tax				<u>3,211</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>-</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>

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A9. 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.

A10. 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.

A11. Changes in Contingent Liabilities or Contingent Assets

There was no significant change in the contingent liabilities of the Group since the last financial year ended 31 December 2012.

A12. Material Capital Commitments

Group
AS AT 30.6.2013
RM'000

**Capital expenditure in respect of property, plant & equipment
not provided for :-**

Approved and contracted for

6,600

=====

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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	PRECEDING YEAR	06 MONTHS ENDED	
	QUARTER	QUARTER	UNAUDITED	UNAUDITED
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	9,380	7,571	16,776	17,994
Profit before tax	1,806	802	3,211	2,628
	=====	=====	=====	=====

The Group's revenue was higher at RM9.380 million for the second quarter ended 30 June 2013 as compared to RM7.571 million for the corresponding quarter of the preceding year ended 30 June 2012. This was mainly due to the higher revenue from the higher sales of the Efficient Services Machines (ESM) and the higher revenue achieved from the Business Process Outsourcing (BPO). As a result, the profit before tax increased from RM0.802 million to RM1.806 million.

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.06.2013	31.03.2013
	RM'000	RM'000
Revenue	9,380	7,396
Profit before tax	1,806	1,406
	=====	=====

The higher revenue of RM9.380 million for the current quarter ended 30 June 2013 as compared to RM7.396 million for the preceding quarter ended 31 March 2013 is mainly due to the increase in sales of the Efficient Service Machines (ESM). We recorded a higher profit before tax of RM1.806 million for the quarter ended 30 June 2013 compared to the profit before tax of RM1.406 million for the preceding quarter ended 31 March 2013 due to the higher gross margins from the sales of the ESM.

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

Notes :- (continued)

B3. Prospects

OpenSys expects that, barring any unforeseen circumstances, the performance of the Group will continue to be satisfactory in the financial year ending 31 December 2013.

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 30.06.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.06.2012 RM'000	06 MONTHS ENDED UNAUDITED AUDITED 30.06.2013 30.06.2012 RM'000 RM'000	
Income tax charge for the current period	60	2	100	4
Deferred tax	400	250	745	690
	-----	-----	-----	-----
	460	252	845	694
	=====	=====	=====	=====

The higher effective tax rate of the Group as compared to the Malaysia statutory income tax rate for the current financial quarter and financial year to date is mainly due to non tax deductibility of certain expenses incurred by the Group.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B6. Profit for the period

	Current Quarter 30.06.2013 RM'000	Year to date 30.06.2013 RM'000
Interest income	(77)	(142)
Interest expenses	215	418
Depreciation	1,191	2,303
(Gain)/loss on disposal of property, plant & equipments	(10)	(13)
Foreign exchange (gain)/loss	3	3
	=====	=====

Other than the above items, there were no other income including investment income, write off of receivables, allowance for impairment and write off of inventories, gain or loss on disposal of quoted or unquoted investment properties, impairment of assets, gain or loss on derivatives and exceptional items for the current financial quarterly and financial year to date.

B7. Corporate Proposals

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

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B8. Group's Borrowings

The breakdown of the borrowings is set out below:-

	UNAUDITED AS AT 30.06.2013 RM'000	AUDITED AS AT 31.12.2012 RM'000
Secured short-term borrowings		
Finance lease payables	686	709
Term loans	2,045	822
Bankers' acceptance	3,710	3,690
	-----	-----
	6,441	5,221
	-----	-----
Secured long-term borrowings		
Finance lease payables	812	1,090
Term loans	5,990	4,028
	-----	-----
	6,802	5,118
	-----	-----
Total borrowings	13,243	10,339
	=====	=====

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B9. Material Litigation

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

B10. Dividend

The first interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 12 April 2013 and paid on 23 May 2013 in respect of the year ending 31 December 2013.

The second interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 23 August 2013 and will be paid on 23 October 2013 in respect of the year ending 31 December 2013.

B11. 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 30.06.2013	CORRESPONDING QUARTER UNAUDITED 30.06.2012	06 MONTHS ENDED UNAUDITED UNAUDITED 30.06.2013 30.06.2012	
Profit for the period/year (RM'000)	1,346	550	2,366	1,934
Number of ordinary shares ('000)	223,420	223,420	223,420	223,420
Ordinary shares of RM0.10 each :-				
Basic earnings per share (Sen)	0.60	0.25	1.06	0.87

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B11. Group's Earnings Per Share (Continued)

(ii) Diluted earnings per share

Not applicable.

B12. Group's Retained Earnings

	UNAUDITED AS AT 30.06.2013 RM'000	AUDITED AS AT 31.12.2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	10,479	8,485
- Unrealised	(3,715)	(2,970)
	-----	-----
	6,764	5,515
Less: Consolidation adjustments	37	37
	-----	-----
Total group retained earnings as per consolidated accounts	6,801	5,552
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur