

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

UNAUDITED INTERIM FINANCIAL REPORT

Interim financial report on results for the quarter ended 31 March 2015.

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	03 MONTHS ENDED UNAUDITED UNAUDITED	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Revenue	27,426	9,301	27,426	9,301
Cost of revenue	(20,564)	(4,699)	(20,564)	(4,699)
Gross profit	6,862	4,602	6,862	4,602
Other income	81	138	81	138
Research & development expenses	(498)	(370)	(498)	(370)
Administration and other expenses	(2,014)	(1,717)	(2,014)	(1,717)
Finance costs	(163)	(157)	(163)	(157)
Profit before tax	4,268	2,496	4,268	2,496
Tax expense	(1,153)	(636)	(1,153)	(636)
Profit for the period	3,115	1,860	3,115	1,860
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,115	1,860	3,115	1,860
Attributable to:				
Equity holders of the Company	3,115	1,860	3,115	1,860

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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	03 MONTHS ENDED UNAUDITED UNAUDITED	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000

EARNINGS PER SHARE

Ordinary shares of RM0.10 each :-

Basic (sen)	1.39	0.83	1.39	0.83
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 2014 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 31.03.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	30,582	30,882
Development expenditure	873	879
Fixed deposits	5,101	5,062
	-----	-----
	36,556	36,823
	-----	-----
Current assets		
Inventories	12,787	18,874
Trade receivables	20,130	7,348
Other receivables, deposits & prepayments	1,044	822
Short term investment	2,296	2,525
Cash & bank balances	5,507	5,123
	-----	-----
	41,764	34,692
	-----	-----
Total assets	78,320	71,515
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	22,342	22,342
Share premium	5,917	5,917
Retained earnings	13,340	11,342
	-----	-----
Total equity	41,599	39,601
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 FINANCIAL POSITION
– (Continued)

	UNAUDITED AS AT 31.03.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
Non-current liabilities		
Finance lease payables	3,596	4,098
Term loans	6,133	5,943
Deferred tax liability	2,915	3,035
	-----	-----
	12,644	13,076
	-----	-----
Current liabilities		
Trade payables	4,769	1,235
Other payables & accruals	5,254	4,728
Finance lease payables	2,243	2,202
Term loans	792	791
Bankers' acceptance	9,665	9,367
Income tax liability	1,127	322
Post-employment benefit obligations	227	193
	-----	-----
	24,077	18,838
	-----	-----
Total liabilities	36,721	31,914
	-----	-----
Total equity and liabilities	78,320	71,515
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	18.62	17.72
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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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 2015	22,342	5,917	11,342	39,601
Profit for the year, represents total comprehensive income for the year	-	-	3,115	3,115
Dividend	-	-	(1,117)	(1,117)
As at 31 March 2015	----- 22,342 =====	----- 5,917 =====	----- 13,340 =====	----- 41,599 =====
As at 1 January 2014	22,342	5,917	7,978	36,237
Profit for the year, represents total comprehensive income for the year	-	-	1,860	1,860
Dividend	-	-	(1,117)	(1,117)
As at 31 March 2014	----- 22,342 =====	----- 5,917 =====	----- 8,721 =====	----- 36,980 =====

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 FLOWS

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2015	31.03.2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,268	2,496
Adjustments for:-		
Amortisation of development expenditure	39	13
Depreciation	1,396	1,341
Gain on disposal of property, plant & equipment	-	(65)
Interest expenses	310	201
Interest income	(67)	(73)
	-----	-----
Operating profit before working capital changes	5,946	3,913
Inventories	6,088	(1,594)
Receivables, deposits and prepayments	(12,800)	(2,499)
Payables	2,976	1,493
	-----	-----
Cash generated from operations	2,210	1,313
Interest paid	(310)	(201)
Interest received	67	73
Tax paid	(468)	(146)
	-----	-----
Net cash from operating activities	1,499	1,039
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(826)	(274)
Development expenditure paid	(33)	(72)
Proceeds from disposal of property, plant & equipment	-	65
	-----	-----
Net cash used in investing activities	(859)	(281)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 – (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2015	31.03.2014
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from short term investment	228	1,172
Placement of fixed deposits under lien	(39)	(37)
Proceeds from borrowings	6,331	2,239
Repayment of borrowings	(6,229)	(2,243)
Proceeds from/(repayment of) finance lease payables	(547)	2,038
	-----	-----
Net cash from/(used in) financing activities	(256)	3,169
	-----	-----
Net changes in cash and cash equivalents	384	3,927
Cash and cash equivalents brought forward	5,123	3,594
	-----	-----
Cash and cash equivalents carried forward	5,507	7,521
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits	5,101	4,947
Cash & bank balances	5,507	7,521
Bank overdrafts	-	-
	-----	-----
	10,608	12,468
Less : Fixed deposits under lien	(5,101)	(4,947)
	-----	-----
	5,507	7,521
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :-

Disclosure requirements per MFRS 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 Standards (“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 2014 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 2014.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on or after 1 July 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

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 April 2015:

Effective for financial periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment: Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 138	Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 141	Agriculture : Agriculture: Bearer Plants
Annual Improvements to MFRSs 2012-2014 Cycle	

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

Effective for financial periods beginning on or after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments

Amendments to MFRS 7 Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures

Amendments to MFRS 9 Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures

A2. Qualification of Financial Statements

The Auditors' Report on the financial statements of the Group for the year ended 31 December 2014 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 27 February 2015 and paid on 22 April 2015 in respect of the year ending 31 December 2015.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A8. Segmental Reporting

	Hardware RM'000	Software Solution and Services RM'000	Eliminations RM'000	Consolidated RM'000
03 months ended 31 March 2015				
External sales	18,967	8,459	-	27,426
Intersegment transactions	-	-	-	-
Total revenue	<u>18,967</u>	<u>8,459</u>	<u>-</u>	<u>27,426</u>
Segment results	2,796	4,066	-	6,862
Unallocated other income				81
Unallocated operating expenses				<u>(2,675)</u>
Profit before tax				<u>4,268</u>
03 months ended 31 March 2014				
External sales	1,783	7,518	-	9,301
Intersegment transactions	-	-	-	-
Total revenue	<u>1,783</u>	<u>7,518</u>	<u>-</u>	<u>9,301</u>
Segment results	490	4,112	-	4,602
Unallocated other income				138
Unallocated operating expenses				<u>(2,244)</u>
Profit before tax				<u>2,496</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 2014.

A12. Material Capital Commitments

Group
AS AT 31.03.2015
RM'000

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

Approved and contracted for

2,718
=====

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 31.03.2015 RM'000	PRECEDING YEAR	03 MONTHS ENDED	
		CORRESPONDING	UNAUDITED	UNAUDITED
		QUARTER UNAUDITED 31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Revenue	27,426	9,301	27,426	9,301
Profit before tax	4,268	2,496	4,268	2,496
	=====	=====	=====	=====

The Group's revenue was higher at RM27.426 million for the first quarter ended 31 March 2015 as compared to RM9.301 million for the corresponding quarter of the preceding year ended 31 March 2014. This was mainly due to the higher revenue achieved from the sales of the Cash Recycling Machine (CRM) and the Business Process Outsourcing (BPO). As a result, the profit before tax increased from RM2.496 million to RM4.268 million.

For the quarter ended 31 March 2015, the Group's revenue increased by 195% as compared to the quarter ended 31 March 2014. This is due to the higher revenue achieved from the roll-out of the Cash Recycling Machine (CRM) and the Business Process Outsourcing (BPO). As a result, the profit before tax increased by 71%.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2015	31.12.2014
	RM'000	RM'000
Revenue	27,426	13,136
Profit before tax	4,268	1,504
	=====	=====

The higher revenue of RM27.426 million for the current quarter ended 31 March 2015 as compared to RM13.136 million for the preceding quarter ended 31 December 2014 is mainly due to the increase in sales of the Cash Recycling Machine (CRM). We recorded a higher profit before tax of RM4.268 million for the quarter ended 31 March 2015 compared to the profit before tax of RM1.504 million for the preceding quarter ended 31 December 2014.

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 2015.

B4. Profit Forecast

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

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B5. Group's Tax Expense

Tax expense comprises the following:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2014 RM'000	03 MONTHS ENDED UNAUDITED UNAUDITED 31.03.2015 31.03.2014 RM'000 RM'000	
Income tax charge for the current period				
Tax paid	468	146	468	146
Deferred tax	(120)	(201)	(120)	(201)
Tax liability	805	691	805	691
	-----	-----	-----	-----
	1,153	636	1,153	636
	=====	=====	=====	=====

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 31.03.2015 RM'000	Year to date 31.03.2015 RM'000
Interest income	(67)	(67)
Interest expenses	310	310
Amortisation	39	39
Depreciation	1,396	1,396
Gain on disposal of property, plant & equipments	-	-
Foreign exchange gain	(15)	(15)
	=====	=====

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 31.03.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
Secured short-term borrowings		
Finance lease payables	2,243	2,202
Term loans	792	791
Bankers' acceptance	9,665	9,367
	----- 12,700 -----	----- 12,360 -----
Secured long-term borrowings		
Finance lease payables	3,596	4,098
Term loans	6,133	5,943
	----- 9,729 -----	----- 10,041 -----
Total borrowings	----- 22,429 =====	----- 22,401 =====

OPENSYS (M) BERHAD (Company No. 369818-W)
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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 27 February 2015 and paid on 22 April 2015 in respect of the year ending 31 December 2015.

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	CORRESPONDING	
	QUARTER	QUARTER	03 MONTHS ENDED
	UNAUDITED	UNAUDITED	UNAUDITED UNAUDITED
	31.03.2015	31.03.2014	31.03.2015 31.03.2014
Profit for the period (RM'000)	3,115	1,860	3,115 1,860
	=====	=====	=====
Number of ordinary shares ('000)	223,420	223,420	223,420 223,420
	=====	=====	=====
Ordinary shares of RM0.10 each :-			
Basic earnings per share (Sen)	1.39	0.83	1.39 0.83
	=====	=====	=====

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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 31.03.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	16,204	14,326
- Unrealised	(2,915)	(3,035)
	-----	-----
	13,289	11,291
Consolidation adjustments	51	51
	-----	-----
Total group retained earnings as per consolidated accounts	13,340	11,342
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur