

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 2016.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	03 MONTHS ENDED	
	QUARTER	QUARTER	UNAUDITED	UNAUDITED
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	11,134	27,426	11,134	27,426
Cost of revenue	(7,123)	(20,564)	(7,123)	(20,564)
	-----	-----	-----	-----
Gross profit	4,011	6,862	4,011	6,862
Other income	131	81	131	81
Research & development expenses	(553)	(498)	(553)	(498)
Administration and other expenses	(2,102)	(2,014)	(2,102)	(2,014)
Finance costs	(148)	(163)	(148)	(163)
	-----	-----	-----	-----
Profit before tax	1,339	4,268	1,339	4,268
Tax expense	(347)	(1,153)	(347)	(1,153)
	-----	-----	-----	-----
Profit for the period	992	3,115	992	3,115
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Total comprehensive income for the period	992	3,115	992	3,115
	=====	=====	=====	=====
Attributable to:				
Equity holders of the Company	992	3,115	992	3,115
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 31.03.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2015 RM'000	03 MONTHS ENDED UNAUDITED UNAUDITED 31.03.2016 31.03.2015 RM'000 RM'000	

EARNINGS PER SHARE

Ordinary shares of RM0.10 each :-

Basic (sen)	0.33	1.05	0.33	1.05
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 2015 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 31.03.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	30,280	29,468
Development expenditure	701	740
Fixed deposits	5,270	5,228
	-----	-----
	36,251	35,436
	-----	-----
Current assets		
Inventories	10,484	11,827
Trade receivables	8,796	9,067
Other receivables, deposits & prepayments	836	870
Short term investment	9,621	8,147
Cash & bank balances	5,885	4,140
	-----	-----
	35,622	34,051
	-----	-----
Total assets	71,873	69,487
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	29,789	29,789
Retained earnings	14,325	14,822
	-----	-----
Total equity	44,114	44,611
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 31.03.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
Non-current liabilities		
Finance lease payables	3,243	3,961
Term loans	6,416	5,585
Deferred tax liability	2,701	2,821
	-----	-----
	12,360	12,367
	-----	-----
Current liabilities		
Trade payables	369	842
Other payables & accruals	10,285	5,562
Finance lease payables	2,894	2,900
Term loans	766	710
Bankers' acceptance	89	1,442
Income tax liability	751	843
Post-employment benefit obligations	245	210
	-----	-----
	15,399	12,509
	-----	-----
Total liabilities	27,759	24,876
	-----	-----
Total equity and liabilities	71,873	69,487
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	14.81	14.98
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 2016	29,789	-	14,822	44,611
Profit for the year, represents total comprehensive income for the year	-	-	992	992
Dividend	-	-	(1,489)	(1,489)
As at 31 March 2016	----- 29,789 =====	----- - =====	----- 14,325 =====	----- 44,114 =====
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 =====

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,339	4,268
Adjustments for:-		
Amortisation of development expenditure	39	39
Depreciation	1,451	1,396
Interest expenses	145	310
Interest income	(130)	(67)
	-----	-----
Operating profit before working capital changes	2,844	5,946
Changes in working capital:-		
Inventories	405	5,408
Receivables	305	(12,800)
Payables	2,795	2,976
	-----	-----
Cash generated from operations	6,349	1,530
Interest paid	(191)	(351)
Interest received	130	67
Tax paid	(559)	(468)
	-----	-----
Net cash from operating activities	5,729	778
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(114)	(105)
Development expenditure paid	-	(33)
	-----	-----
Net cash used in investing activities	(114)	(138)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from financing activities		
(Placement in)/Proceeds from short term investment	(1,474)	228
Placement of fixed deposits under lien	(42)	(39)
Proceeds from borrowings	89	6,331
Repayment of borrowings	(1,719)	(6,229)
Repayment from finance lease liabilities	(724)	(547)
	-----	-----
Net cash used in financing activities	(3,870)	(256)
	-----	-----
Net changes in cash and cash equivalents	1,745	384
Cash and cash equivalents brought forward	4,140	5,123
	-----	-----
Cash and cash equivalents carried forward	5,885	5,507
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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
	31.03.2016	31.03.2015
	RM'000	RM'000

NOTES TO THE STATEMENTS OF CASH FLOWS

i. Cash and cash equivalents comprise:-

Fixed deposits	5,270	5,101
Cash & bank balances	5,885	5,507
	11,155	10,608
Less : Fixed deposits under lien	(5,270)	(5,101)
	5,885	5,507

ii. Analysis of acquisition of property, plant & equipment :-

Cash	114	105
Borrowings	1,165	388
Capitalisation of borrowing costs	46	41
Finance lease arrangement	-	86
Transfer from inventories	938	680
	2,263	1,300

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 2015 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

The accounting policies and methods of computation adopted by the Group in unaudited condensed financial statements and unaudited interim financial report are consistent with those adopted in the latest audited financial statements for the financial year ended 31 December 2015.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on or after 1 January 2016 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 January 2016

MFRS 14	Regulatory Deferral Accounts
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 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
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: Bearer Plants
Annual Improvements to MFRSs 2012-2014 Cycle	

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

Notes :- (continued)

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board but are not effective for period beginning on 1 January 2016, but will be effective for later periods.

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107	Statements of Cash Flows: Disclosure Initiative
Amendments to MFRS 112	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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Effective date deferred

Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group is in the process of assessing the financial effect of these pronouncements upon their initial application.

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 2015 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 RM1,489,460 was declared on 26 February 2016 and paid on 20 April 2016 in respect of the year ending 31 December 2016.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A8. Segmental Reporting

	Hardware RM'000	Software Solutions and Services RM'000	Eliminations RM'000	Consolidated RM'000
03 months ended 31 March 2016				
External sales	2,271	8,863	-	11,134
Intersegment transactions	-	-	-	-
Total revenue	<u>2,271</u>	<u>8,863</u>	-	<u>11,134</u>
Segment results	62	3,949	-	4,011
Unallocated other income				131
Unallocated operating expenses				<u>(2,803)</u>
Profit before tax				<u>1,339</u>
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>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>

OPENSYS (M) BERHAD (Company No. 369818-W)
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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 2015.

A12. Material Capital Commitments

Group
AS AT 31.03.2016
RM'000

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

Approved and contracted for

1,553

=====

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	PRECEDING YEAR	03 MONTHS ENDED	
	QUARTER	QUARTER	UNAUDITED	UNAUDITED
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	11,134	27,426	11,134	27,426
Profit before tax	1,339	4,268	1,339	4,268
	=====	=====	=====	=====

The Group's revenue was lower at RM11.134 million for the first quarter ended 31 March 2016 as compared to RM27.426 million for the corresponding quarter of the preceding year ended 31 March 2015. As a result, our profit before tax decreased from RM4.268 million to RM1.339 million.

It is pertinent to note that the exceptional revenue and profit before tax for the corresponding quarter last year was due to the expedited delivery of equipment and services in view of the imminent implementation of the Goods and Services Tax before the 1 April 2015 deadline.

Our order book for Cash Recycling Machine (CRM) remains robust. In the first quarter of this year alone, our order book for CRM has exceeded that for the whole of last year. Barring any unforeseen circumstances, this backlog should translate into strong revenue for the remainder of this year. However, it is worth noting that our margins will be subjected to the foreign exchange rate on the ringgit.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2016	31.12.2015
	RM'000	RM'000
Revenue	11,134	17,129
Profit before tax	1,339	2,172
	=====	=====

The lower revenue of RM11.134 million for the current quarter ended 31 March 2016 as compared to RM17.129 million for the preceding quarter ended 31 December 2015 is mainly due to the lower roll-out of the Efficient Service Machine (ESM) and Cash Recycling Machine (CRM). As a result, we recorded a lower profit before tax of RM1.339 million for the quarter ended 31 March 2016 compared to the profit before tax of RM2.172 million for the preceding quarter ended 31 December 2015.

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 2016.

B4. Profit Forecast

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

OPENSYS (M) BERHAD (Company No. 369818-W)
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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	PRECEDING YEAR	03 MONTHS ENDED	
	QUARTER	QUARTER	UNAUDITED	UNAUDITED
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Current year	467	1,273	467	1,273
Deferred tax	(120)	(120)	(120)	(120)
	-----	-----	-----	-----
	347	1,153	347	1,153
	=====	=====	=====	=====

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.

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

Notes :- (continued)

B6. Profit for the period

	Current Quarter 31.03.2016 RM'000	Year to date 31.03.2016 RM'000
Interest income	(130)	(130)
Interest expenses	145	145
Amortisation	39	39
Depreciation	1,451	1,451
Gain on disposal of property, plant & equipments	-	-
Foreign exchange gain	(1)	(1)
	=====	=====

Other than the above items, there were no other income including investment income, write off of receivables, allowance for impairment, 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.

OPENSYS (M) BERHAD (Company No. 369818-W)
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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 31.03.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
Secured short-term borrowings		
Finance lease payables	2,894	2,900
Term loans	766	710
Bankers' acceptance	89	1,442
	----- 3,749 -----	----- 5,052 -----
Secured long-term borrowings		
Finance lease payables	3,243	3,961
Term loans	6,416	5,585
	----- 9,659 -----	----- 9,546 -----
Total borrowings	=====	=====

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 RM1,489,460 was declared on 26 February 2016 and paid on 20 April 2016 in respect of the year ending 31 December 2016.

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		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CORRESPONDING	
	QUARTER	QUARTER	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Profit for the period (RM'000)	992	3,115	992	3,115
Number of ordinary shares ('000)	297,892	297,892	297,892	297,892
Ordinary shares of RM0.10 each :-				
Basic earnings per share (Sen)	0.33	1.05	0.33	1.05

Comparative basic earnings per share and net assets per share have been restated to take into account the effects of the bonus issue of ordinary shares of RM0.10 each on 27 October 2015.

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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 31.03.2016 RM'000	AUDITED AS AT 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	16,966	17,583
- Unrealised	(2,701)	(2,821)
	-----	-----
	14,265	14,762
Consolidation adjustments	60	60
	-----	-----
Total group retained earnings as per consolidated accounts	14,325	14,822
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur