

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 2017.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2016 RM'000	03 MONTHS ENDED UNAUDITED 31.03.2017 31.03.2016 RM'000 RM'000	
Revenue	29,615	11,134	29,615	11,134
Cost of revenue	(25,045)	(7,123)	(25,045)	(7,123)
Gross profit	4,570	4,011	4,570	4,011
Other income	5	131	5	131
Research & development expenses	(589)	(553)	(589)	(553)
Administration and other expenses	(2,313)	(2,102)	(2,313)	(2,102)
Finance costs	(219)	(148)	(219)	(148)
Profit before tax	1,454	1,339	1,454	1,339
Tax expense	(381)	(347)	(381)	(347)
Profit for the period	1,073	992	1,073	992
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,073	992	1,073	992
Attributable to:				
Equity holders of the Company	1,073	992	1,073	992

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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	PRECEDING	03 MONTHS ENDED		
		YEAR	UNAUDITED	UNAUDITED	UNAUDITED
		CORRESPONDING	QUARTER	QUARTER	QUARTER
	QUARTER	QUARTER	31.03.2017	31.03.2016	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	
	31.03.2017	31.03.2016	RM'000	RM'000	
	RM'000	RM'000	RM'000	RM'000	
EARNINGS PER SHARE					
Basic earnings per share (sen)	0.36	0.33	0.36	0.33	
Diluted earnings per share (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 2016 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 31.03.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	41,760	33,636
Development expenditure	300	339
Fixed deposits	5,439	5,397
	-----	-----
	47,499	39,372
	-----	-----
Current assets		
Inventories	13,306	14,217
Trade receivables	21,282	15,828
Other receivables, deposits & prepayments	1,211	5,886
Income tax assets	756	525
Short term investment	102	100
Cash & bank balances	15,171	8,727
	-----	-----
	51,828	45,283
	-----	-----
Total assets	99,327	84,655
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	29,789	29,789
Retained earnings	17,431	17,847
	-----	-----
Total equity	47,220	47,636
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 31.03.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
Non-current liabilities		
Finance lease payables	4,486	1,571
Term loans	7,791	7,901
Deferred tax liability	2,627	2,567
	-----	-----
	14,904	12,039
	-----	-----
Current liabilities		
Trade payables	12,541	15,154
Other payables & accruals	12,090	5,819
Finance lease payables	3,465	2,389
Term loans	433	428
Bankers' acceptance	8,423	970
Post-employment benefit obligations	251	220
	-----	-----
	37,203	24,980
	-----	-----
Total liabilities	52,107	37,019
	-----	-----
Total equity and liabilities	99,327	84,655
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	15.85	15.99
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 2017	29,789	-	17,847	47,636
Profit for the year, represents total comprehensive income for the year	-	-	1,073	1,073
Dividend	-	-	(1,489)	(1,489)
As at 31 March 2017	29,789	-	17,431	47,220
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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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
	31.03.2017	31.03.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,454	1,339
Adjustments for:-		
Amortisation of development expenditure	39	39
Depreciation	1,415	1,451
Property, plant & equipment written off	54	-
Interest expenses	370	145
Interest income	(50)	(130)
	-----	-----
Operating profit before working capital changes	3,282	2,844
Changes in working capital:-		
Inventories	883	405
Receivables	(779)	305
Payables	2,200	2,795
	-----	-----
Cash generated from operations	5,586	6,349
Interest paid	(370)	(191)
Interest received	50	130
Tax paid	(552)	(559)
	-----	-----
Net cash from operating activities	4,714	5,729
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(6,022)	(114)
Development expenditure paid	-	-
Proceeds from disposal of property, plant & equipment	-	-
	-----	-----
Net cash used in investing activities	(6,022)	(114)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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
	31.03.2017	31.03.2016
	RM'000	RM'000
Cash flows from financing activities		
Placement of short term investment	(1)	(1,474)
Placement of fixed deposits under lien	(42)	(42)
Proceeds from borrowings	8,423	89
Repayment of borrowings	(1,075)	(1,719)
Proceeds from finance lease liabilities	1,316	-
Repayment from finance lease liabilities	(869)	(724)
	-----	-----
Net cash from/(used in) financing activities	7,752	(3,870)
	-----	-----
Net changes in cash and cash equivalents	6,444	1,745
Cash and cash equivalents brought forward	8,727	4,140
	-----	-----
Cash and cash equivalents carried forward	15,171	5,885
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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	03 MONTHS ENDED
	UNAUDITED	UNAUDITED
	31.03.2017	31.03.2016
	RM'000	RM'000

NOTES TO THE STATEMENTS OF CASH FLOWS

i. Cash and cash equivalents comprise:-

Fixed deposits	5,439	5,270
Cash & bank balances	15,171	5,885
	-----	-----
	20,610	11,155
Less : Fixed deposits under lien	(5,439)	(5,270)
	-----	-----
	15,171	5,885
	=====	=====

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

Cash	6,022	114
Borrowings	-	1,165
Capitalisation of borrowing costs	-	46
Finance lease arrangement	3,544	-
Transfer from inventories	27	938
	-----	-----
	9,593	2,263
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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)

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 2016 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 2016.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on or after 1 January 2017 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 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
Annual Improvements to MFRSs 2014-2016 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 2017, but will be effective for later periods.

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
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 2016 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 0.5 sen per ordinary share amounting to RM1,489,460 was declared on 24 February 2017 and paid on 19 April 2017 in respect of the year ending 31 December 2017.

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 2017				
External sales	20,253	9,362	-	29,615
Intersegment transactions	-	-	-	-
Total revenue	<u>20,253</u>	<u>9,362</u>	<u>-</u>	<u>29,615</u>
Segment results	1,018	3,552	-	4,570
Unallocated other income				5
Unallocated operating expenses				<u>(3,121)</u>
Profit before tax				<u>1,454</u>
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>-</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>

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 2016.

A12. Material Capital Commitments

There are no material capital commitments provided for in the financial statements at the end of the current reporting quarter.

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	03 MONTHS ENDED	
		YEAR	UNAUDITED	
		CORRESPONDING	UNAUDITED	UNAUDITED
QUARTER	QUARTER	31.03.2017	31.03.2016	
UNAUDITED	UNAUDITED	RM'000	RM'000	
31.03.2017	31.03.2016			
RM'000	RM'000			
Revenue	29,615	11,134	29,615	11,134
Profit before tax	1,454	1,339	1,454	1,339
	=====	=====	=====	=====

The Group's revenue was higher at RM29.615 million for the first quarter ended 31 March 2017 as compared to RM11.134 million for the corresponding quarter of the preceding year ended 31 March 2016. This was mainly due to the higher revenue achieved from the roll-out of the Cash Recycling Machine (CRM). Our profit before tax increased from RM1.339 million to RM1.454 million.

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

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2017	31.12.2016
	RM'000	RM'000
Revenue	29,615	30,971
Profit before tax	1,454	1,728
	=====	=====

The lower revenue of RM29.615 million for the current quarter ended 31 March 2017 as compared to RM30.971 million for the preceding quarter ended 31 December 2016 is due to the lower roll-out of the Cash Recycling Machine (CRM). As a result, we recorded a lower profit before tax of RM1.454 million for the quarter ended 31 March 2017 compared to the profit before tax of RM1.728 million for the preceding quarter ended 31 December 2016.

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 2018.

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 QUARTER UNAUDITED 31.03.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2016 RM'000	03 MONTHS ENDED UNAUDITED AUDITED 31.03.2017 31.03.2016 RM'000 RM'000	
Current year	321	467	321	467
Deferred tax	60	(120)	60	(120)
	-----	-----	-----	-----
	381	347	381	347
	=====	=====	=====	=====

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 31.03.2017 RM'000	Year to date 31.03.2017 RM'000
Interest income	(50)	(50)
Interest expenses	370	370
Amortisation	39	39
Depreciation	1,415	1,415
Property, plant & equipment written off	54	54
Foreign exchange (gain)/loss	(9)	(9)
	=====	=====

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.

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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 31.03.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
Secured short-term borrowings		
Finance lease payables	3,465	2,389
Term loans	433	428
Bankers' acceptance	8,423	970
	----- 12,321 -----	----- 3,787 -----
Secured long-term borrowings		
Finance lease payables	4,486	1,571
Term loans	7,791	7,901
	----- 12,277 -----	----- 9,472 -----
Total borrowings	----- 24,598 =====	----- 13,259 =====

B9. Material Litigation

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

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B10. Dividend

The first interim tax-exempt dividend of 0.5 sen per ordinary share amounting to RM1,489,460 was declared on 24 February 2017 and paid on 19 April 2017 in respect of the year ending 31 December 2017.

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 in issue during the period.

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	PRECEDING YEAR	
	QUARTER	CORRESPONDING	03 MONTHS ENDED	
	UNAUDITED	QUARTER	UNAUDITED	UNAUDITED
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Profit for the period (RM'000)	1,073	992	1,073	992
	=====	=====	=====	=====
Number of ordinary shares ('000)	297,892	297,892	297,892	297,892
	=====	=====	=====	=====
Basic earnings per share (sen)	0.36	0.33	0.36	0.33
	=====	=====	=====	=====

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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 31.03.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	19,989	20,345
- Unrealised	(2,627)	(2,567)
	-----	-----
	17,362	17,778
Consolidation adjustments	69	69
	-----	-----
Total group retained earnings as per consolidated accounts	17,431	17,847
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur