

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 2019.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2018 RM'000	03 MONTHS ENDED UNAUDITED 31.03.2019 31.03.2018 RM'000 RM'000	
Revenue	14,740	17,228	14,740	17,228
Cost of revenue	(9,278)	(11,104)	(9,278)	(11,104)
Gross profit	5,462	6,124	5,462	6,124
Other income	225	153	225	153
Research & development expenses	(672)	(662)	(672)	(662)
Administration and other expenses	(2,547)	(2,658)	(2,547)	(2,658)
Finance costs	(282)	(286)	(282)	(286)
Profit before tax	2,186	2,671	2,186	2,671
Tax expense	(642)	(776)	(642)	(776)
Total comprehensive income for the period	1,544	1,895	1,544	1,895
Attributable to:				
Equity holders of the Company	1,529	1,895	1,529	1,895
Non-controlling interest	15	-	15	-
	1,544	1,895	1,544	1,895

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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	PRECEDING	03 MONTHS ENDED		
		YEAR	UNAUDITED	UNAUDITED	UNAUDITED
		QUARTER	QUARTER	31.03.2019	31.03.2018
	UNAUDITED	UNAUDITED	RM'000	RM'000	
	31.03.2019	31.03.2018			
	RM'000	RM'000			
EARNINGS PER SHARE					
Basic earnings per share (sen)	0.51	0.64	0.51	0.64	
	=====	=====	=====	=====	
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 2018 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

	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 31.12.2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	50,213	47,523
Development expenditure	-	26
Fixed deposits	7,895	7,833
	-----	-----
	58,108	55,382
	-----	-----
Current assets		
Inventories	9,929	6,994
Trade receivables	13,582	18,579
Other receivables, deposits & prepayments	1,909	4,442
Short term investment	15,417	10,912
Cash & bank balances	4,799	9,687
	-----	-----
	45,636	50,614
	-----	-----
Total assets	103,744	105,996
	=====	=====
EQUITY AND LIABILITIES		
Share capital	29,789	29,789
Retained earnings	27,639	27,599
	-----	-----
Equity attributable to equity holders	57,428	57,388
Non-controlling interest	41	26
	-----	-----
Total equity	57,469	57,414
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
– (Continued)

	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 31.12.2018 RM'000
Non-current liabilities		
Finance lease liabilities	5,498	5,217
Term loans	9,333	8,838
Deferred tax liabilities	3,313	3,221
	-----	-----
	18,144	17,276
	-----	-----
Current liabilities		
Trade payables	4,004	11,022
Other payables & accruals	8,272	9,514
Finance lease liabilities	5,222	5,099
Term loans	562	527
Bankers' acceptance	1,250	1,818
Contract liability	8,412	2,817
Income tax liabilities	409	509
	-----	-----
	28,131	31,306
	-----	-----
Total liabilities	46,275	48,582
	-----	-----
Total equity and liabilities	103,744	105,996
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.19	0.19
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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 RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Non-distributable	Distributable			
	Share Capital RM'000	Retained Earnings RM'000			
As at 31 December 2018	29,789	27,599	57,388	26	57,414
Profit for the period, represents total comprehensive income for the period	-	1,529	1,529	15	1,544
Dividend	-	(1,489)	(1,489)	-	(1,489)
As at 31 March 2019	29,789	27,639	57,428	41	57,469

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
– (Continued)

	Attributable to Equity -----Holders of the Company-----		Total Equity RM'000
	Non-distributable Share Capital RM'000	Distributable Retained Earnings RM'000	
As at 31 December 2017, as previously reported	29,789	21,583	51,372
Adjustment from adoption of MFRS 15	-	(421)	(421)
Restated balance as at 1 January 2018	29,789	21,162	50,951
Profit for the period, represents total comprehensive income for the period	-	1,895	1,895
Dividend	-	(1,489)	(1,489)
As at 31 March 2018	29,789	21,568	51,357

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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
	31.03.2019	31.03.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,186	2,671
Adjustments for:-		
Amortisation of development expenditure	26	39
Depreciation	1,696	1,457
Loss on disposal of property, plant & equipment	14	-
Property, plant & equipment written off	-	164
Interest expenses	282	271
Interest income	(164)	(98)
Fair value gain on short term investment	(4)	-
	-----	-----
Operating profit before working capital changes	4,036	4,504
Changes in working capital:-		
Inventories	(3,021)	(569)
Receivables	7,533	9,223
Payables	(3,411)	485
	-----	-----
Cash generated from operations	5,137	13,643
Interest paid	(282)	(271)
Interest received	164	98
Income tax paid	(649)	(313)
	-----	-----
Net cash from operating activities	4,370	13,157
	-----	-----
Cash flows from investing activities		
Placement of short term investment	(4,501)	(12,919)
Purchase of property, plant & equipment ("PPE")	(1,525)	(1,027)
Proceeds from disposal of property, plant & equipment	24	-
	-----	-----
Net cash used in investing activities	(6,002)	(13,946)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2019	31.03.2018
	RM'000	RM'000
Cash flows from financing activities		
Placement of fixed deposits under lien	(62)	(2,057)
(Repayment to)/Proceeds from:		
- banker acceptance	(568)	(37)
- finance lease liabilities	114	(1,142)
- term loan	(1,995)	(108)
Dividend paid	(745)	-
	-----	-----
Net cash used in financing activities	(3,256)	(3,344)
	-----	-----
Net changes in cash and cash equivalents	(4,888)	(4,133)
Cash and cash equivalents brought forward	9,687	8,717
	-----	-----
Cash and cash equivalents carried forward	4,799	4,584
	=====	=====

NOTES TO THE STATEMENTS OF CASH FLOWS

i. Cash and cash equivalents comprise:-

Fixed deposits	7,895	9,648
Cash & bank balances	4,799	4,584
	-----	-----
	12,694	14,232
Less : Fixed deposits under lien	(7,895)	(9,648)
	-----	-----
	4,799	4,584
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements. 8

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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

03 MONTHS ENDED
UNAUDITED UNAUDITED
31.03.2019 31.03.2018
RM'000 RM'000

NOTES TO THE STATEMENTS OF CASH FLOWS- (Continued)

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

Cash	1,525	1,027
Finance lease arrangement	290	-
Term loan	2,525	-
Transfer from inventories	86	21
	-----	-----
	4,426	1,048
	=====	=====

iii. Reconciliation of liabilities arising from financing activities: -

	As at 01.01.2019 RM'000	Principle and interest payments RM'000	Proceeds RM'000	Non-cash changes		As at 31.03.2019 RM'000
				Acquisition of PPE RM'000	Interest expense RM'000	
Bank borrowings						
- Banker acceptance	1,818	(1,340)	752	-	20	1,250
- Finance lease	10,316	(1,419)	1,374	290	159	10,720
- Term loan	9,365	(2,098)	-	2,525	103	9,895
	21,499	(4,857)	2,126	2,815	282	21,865

	As at 01.01.2018 RM'000	Principle and interest payments RM'000	Proceeds RM'000	Non-cash changes		As at 31.03.2018 RM'000
				Acquisition of PPE RM'000	Interest expense RM'000	
Bank borrowings						
- Banker acceptance	2,466	(1,100)	1,039	-	23	2,428
- Finance lease	9,476	(1,298)	-	-	156	8,334
- Term loan	7,901	(200)	-	-	92	7,793
	19,843	(2,598)	1,039	-	271	18,555

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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 2018 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 2018.

The Group has also adopted the following amendments to Malaysian Accounting Standards Board and Issues Committee (“IC”) Interpretation that came into effect on 1 January 2019 which 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 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interest in Associates and Joint Ventures

Annual improvement to MFRS Standards 2015-2017 Cycle

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UNAUDITED INTERIM FINANCIAL REPORT – (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 2019, but will be effective for later periods.

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 3	Business combination
Amendments to MFRS 101	Presentation of financial statements
Amendments to MFRS 108	Accounting policies, changes in accounting estimates and errors

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 2018 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 third interim dividend of 0.25 sen per ordinary share amounting to RM744,732 was declared on 26 November 2018 and paid on 07 January 2019 in respect of the year ended 31 December 2018.

The first interim dividend of 0.5 sen per ordinary share amounting to RM1,489,465 was declared on 25 February 2019 and paid on 25 April 2019 in respect of the year ending 31 December 2019.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A8. Segmental Reporting

	Hardware RM'000	Software Solutions and Services RM'000	Elimination RM'000	Consolidated RM'000
03 months ended 31 March 2019				
External sales	3,723	11,017	-	14,740
Intersegment transactions	-	2,419	(2,419)	-
Total revenue	<u>3,723</u>	<u>13,436</u>	<u>(2,419)</u>	<u>14,740</u>
Segment results	341	5,121		5,462
Unallocated other income				225
Unallocated operating expenses				<u>(3,501)</u>
Profit before tax				<u>2,186</u>
03 months ended 31 March 2018				
External sales	7,325	9,903	-	17,228
Intersegment transactions	-	-	-	-
Total revenue	<u>7,325</u>	<u>9,903</u>	<u>-</u>	<u>17,228</u>
Segment results	1,527	4,597		6,124
Unallocated other income				153
Unallocated operating expenses				<u>(3,606)</u>
Profit before tax				<u>2,671</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 2018.

A12. Material Capital Commitments

There are no material capital commitments at the end of the current reporting quarter.

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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 31.03.2019 RM'000	Preceding Year Corresponding Quarter Unaudited 31.03.2018 RM'000	Change %	03 Months Ended		
				Unaudited 31.03.2019 RM'000	Unaudited 31.03.2018 RM'000	Change %
Revenue	14,740	17,228	(14.4)	14,740	17,228	(14.4)
Profit before tax	2,186	2,671	(18.2)	2,186	2,671	(18.2)

For the current quarter under review, the Group's revenue was lower at 14.74 million for the first quarter ended 31 March 2019 as compared to RM17.23 million for the corresponding quarter of the preceding year. This was mainly due to the lower revenue achieved for the roll-out of the Cash Recycling Machine (CRM). As a result, our profit before tax decreased from RM2.67 million to RM2.19 million.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED		
	UNAUDITED	UNAUDITED	CHANGE
	31.03.2019	31.12.2018	
	RM'000	RM'000	%
Revenue	14,740	45,899	(68.0)
Profit before tax	2,186	5,413	(59.6)
	=====	=====	=====

The lower revenue of RM14.74 million for the current quarter ended 31 March 2019 as compared to RM45.9 million in the preceding quarter was mainly attributed to lower sales from Cash Recycling Machine (CRM). The higher revenue achieved in the preceding quarter was mainly due to most banks requiring their orders backlog for CRM to be fulfilled before the end of the calendar year 2018. The Group posted a lower profit before tax of RM2.19 million for the current quarter as compared to the profit before tax of RM5.41 million in the immediate preceding quarter.

For the current quarter under review, the group achieved a profit margin improvement to 14.8% from 11.8% in the immediate preceding quarter.

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 2019.

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 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2018 RM'000	03 MONTHS ENDED UNAUDITED 31.03.2019 RM'000	
			UNAUDITED	UNAUDITED
			31.03.2019	31.03.2018
			RM'000	RM'000
Current year	549	808	549	808
Deferred tax	93	(32)	93	(32)
	-----	-----	-----	-----
	642	776	642	776
	=====	=====	=====	=====

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.

B6. Profit for the period

	Current Quarter 31.03.2019 RM'000	Year to date 31.03.2019 RM'000
Interest income	(164)	(164)
Interest expenses	282	282
Amortisation	26	26
Depreciation	1,696	1,696
Loss on disposal of property, plant & equipment	14	14
Fair value gain on short term investment	(4)	(4)
	=====	=====

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, impairment of assets, gain or loss on derivatives and exceptional items for the current financial quarter and financial year to date.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B7. Corporate Proposals

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

B8. Group's Borrowings

The breakdown of the borrowings is set out below:-

	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 31.12.2018 RM'000
Secured short-term borrowings		
Finance lease liabilities	5,222	5,099
Term loans	562	527
Bankers' acceptance	1,250	1,818
	----- 7,034 -----	----- 7,444 -----
Secured long-term borrowings		
Finance lease liabilities	5,498	5,217
Term loans	9,333	8,838
	----- 14,831 -----	----- 14,055 -----
Total borrowings	21,865 =====	21,499 =====

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 dividend of 0.5 sen per ordinary share amounting to RM1,489,465 was declared on 25 February 2019 and paid on 25 April 2019 in respect of the year ending 31 December 2019.

The second interim dividend of 0.25 sen per ordinary share amounting to RM744,732 was declared on 27 May 2019 and will be paid on 15 July 2019 in respect of the year ending 31 December 2019.

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 PRECEDING YEAR		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2019	CORRESPONDING QUARTER UNAUDITED 31.03.2018	03 MONTHS ENDED UNAUDITED 31.03.2019	UNAUDITED 31.03.2018
Profit attributable to owners	1,529	1,895	1,529	1,895
Number of ordinary shares ('000)	297,892	297,892	297,892	297,892
Basic earnings per share (sen)	0.51	0.64	0.51	0.64

(ii) Diluted earnings per share

Not applicable.

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur