

OPENSYS (M) BERHAD - Company No: 199501040614 (369818-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

Interim financial report on results for the quarter ended 31 March 2020.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2019 RM'000	03 MONTHS ENDED UNAUDITED UNAUDITED 31.03.2020 31.03.2019 RM'000 RM'000	
Revenue	17,229	14,740	17,229	14,740
Cost of revenue	(11,305)	(9,278)	(11,305)	(9,278)
Gross profit	5,924	5,462	5,924	5,462
Other income	190	225	190	225
Research & development expenses	(671)	(672)	(671)	(672)
Administration and other expenses	(2,859)	(2,547)	(2,859)	(2,547)
Finance costs	(218)	(282)	(218)	(282)
Profit before tax	2,366	2,186	2,366	2,186
Tax expense	(694)	(642)	(694)	(642)
Total comprehensive income for the period	1,672	1,544	1,672	1,544
Attributable to:				
Equity holders of the Company	1,666	1,529	1,666	1,529
Non-controlling interest	6	15	6	15
	1,672	1,544	1,672	1,544

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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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
		CORRESPONDING	QUARTER	QUARTER	QUARTER
	QUARTER	QUARTER	31.03.2020	31.03.2019	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	
	RM'000	RM'000	RM'000	RM'000	
EARNINGS PER SHARE					
Basic earnings per share (sen)	0.56	0.51	0.56	0.51	
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 2019 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD - Company No: 199501040614 (369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31.03.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	46,075	46,784
Fixed deposits	8,144	8,083
	-----	-----
	54,219	54,867
	-----	-----
Current assets		
Inventories	8,629	8,400
Trade receivables	27,082	19,527
Other receivables, deposits & prepayments	1,972	2,555
Short term investment	12,527	13,457
Cash & bank balances	4,397	5,869
	-----	-----
	54,607	49,808
	-----	-----
Total assets	108,826	104,675
	=====	=====
EQUITY AND LIABILITIES		
Share capital	29,789	29,789
Retained earnings	34,404	34,226
	-----	-----
Equity attributable to equity holders	64,193	64,015
Non-controlling interest	71	65
	-----	-----
Total equity	64,264	64,080
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
– (Continued)

	UNAUDITED AS AT 31.03.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
Non-current liabilities		
Lease liabilities	3,877	4,382
Term loans	8,659	8,845
Deferred tax liabilities	3,648	3,631
	-----	-----
	16,184	16,858
	-----	-----
Current liabilities		
Trade payables	3,102	7,109
Other payables & accruals	8,325	9,167
Lease liabilities	2,107	2,837
Term loans	647	616
Bankers' acceptance	530	2,048
Contract liability	13,592	1,850
Income tax liabilities	75	110
	-----	-----
	28,378	23,737
	-----	-----
Total liabilities	44,562	40,595
	-----	-----
Total equity and liabilities	108,826	104,675
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.22	0.21
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD - Company No: 199501040614 (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 2019	29,789	34,227	64,016	65	64,081
Profit for the period, represents total comprehensive income for the period	-	1,666	1,666	6	1,672
Dividend	-	(1,489)	(1,489)	-	(1,489)
As at 31 March 2020	<u>29,789</u>	<u>34,404</u>	<u>64,193</u>	<u>71</u>	<u>64,264</u>
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	<u>29,789</u>	<u>27,639</u>	<u>57,428</u>	<u>41</u>	<u>57,469</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD - Company No: 199501040614 (369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,366	2,186
Adjustments for:-		
Amortisation of development expenditure	-	26
Depreciation	1,859	1,696
Interest expenses	218	282
Interest income	(152)	(164)
Used machine written down	163	-
Loss on disposal of property, plant & equipment	-	14
Fair value gain on short term investment	-	(4)
	-----	-----
Operating profit before working capital changes	4,454	4,036
Changes in working capital:-		
Inventories	(418)	(3,021)
Receivables	(6,971)	7,533
Payables	5,404	(3,411)
	-----	-----
Cash generated from operations	2,469	5,137
Interest paid	(218)	(282)
Interest received	152	164
Income tax paid	(711)	(649)
	-----	-----
Net cash from operating activities	1,692	4,370
	-----	-----
Cash flows from investing activities		
Withdrawn/(Placement) of short term investment	929	(4,501)
Purchase of property, plant & equipment ("PPE")	(1,083)	(1,525)
Proceeds from disposal of property, plant & equipment	-	24
	-----	-----
Net cash used in investing activities	(154)	(6,002)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 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 - Continued

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flows from financing activities		
Placement of fixed deposits under lien	(61)	(62)
(Repayment to)/Proceeds from:		
- banker acceptance	(1,518)	(568)
- finance lease liabilities	(1,276)	114
- term loan	(155)	(1,995)
Dividend paid	-	(745)
	-----	-----
Net cash used in financing activities	(3,010)	(3,256)
	-----	-----
Net changes in cash and cash equivalents	(1,472)	(4,888)
Cash and cash equivalents brought forward	5,869	9,687
	-----	-----
Cash and cash equivalents carried forward	4,397	4,799
	=====	=====

NOTES TO THE STATEMENTS OF CASH FLOWS

i. Cash and cash equivalents comprise: -

Fixed deposits	8,144	7,895
Cash & bank balances	4,397	4,799
	-----	-----
	12,541	12,694
Less : Fixed deposits under lien	(8,144)	(7,895)
	-----	-----
	4,397	4,799
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

03 MONTHS ENDED
UNAUDITED UNAUDITED
31.03.2020 31.03.2019
RM'000 RM'000

NOTES TO THE STATEMENTS OF CASH FLOWS- (Continued)

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

Cash	1,083	1,525
Lease arrangement	41	290
Term loan	-	2,525
Transfer from inventories	26	86
	1,150	4,426
	1,150	4,426

iii. Reconciliation of liabilities arising from financing activities: -

	As at 01.01.2020 RM'000	Principle and interest payments RM'000	Proceeds RM'000	Non-cash changes		As at 31.03.2020 RM'000
				Acquisition of PPE RM'000	Interest expense RM'000	
Bank borrowings						
- Banker acceptance	2,048	(2,069)	530	-	21	530
- Lease liabilities	7,219	(1,371)	-	41	95	5,984
- Term loan	9,461	(257)	-	-	102	9,306
	18,728	(3,697)	530	41	218	15,820
	18,728	(3,697)	530	41	218	15,820

	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
- Lease liabilities	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
	21,499	(4,857)	2,126	2,815	282	21,865

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements. 8

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :-

Disclosure requirements per MFRS 134 - paragraph 16

A1. (a) 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 2019 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 2019.

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Revised Conceptual Framework for Financial Reporting	

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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Effective date deferred

Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
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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 2019 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 dividend of 0.5 sen per ordinary share amounting to RM1,489,465 was declared on 24 February 2020 and paid on 13 April 2020 in respect of the year ending 31 December 2020.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A8. Segmental Reporting

	Hardware	Solutions and Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
03 months ended 31 March 2020				
External sales	6,286	10,943	-	17,229
Intersegment transactions	-	2,725	(2,725)	-
Total revenue	<u>6,286</u>	<u>13,668</u>	<u>(2,725)</u>	<u>17,229</u>
Segment results	1,317	4,607		5,924
Unallocated other income				190
Unallocated operating expenses				<u>(3,748)</u>
Profit before tax				<u>2,366</u>
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>

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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 2019.

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 31.03.2020 RM'000	Preceding Year Corresponding Quarter Unaudited 31.03.2019 RM'000	Change %	03 Months Ended Unaudited 31.03.2020 RM'000	03 Months Ended Unaudited 31.03.2019 RM'000	Change %
Revenue	17,229	14,740	16.9	17,229	14,740	16.9
Profit before tax	2,366	2,186	8.2	2,366	2,186	8.2

For the current quarter under review, our Group recorded a revenue of RM17.229 million, an increase of 17% from RM14.74 million for the corresponding quarter of the preceding year, primarily due to the higher revenue achieved from the roll-out of the Cash Recycling Machine (CRM) and Windows 10 platform upgrade. As a result, our profit before tax increased marginally to RM2.366 million as compared to the corresponding quarter of the preceding year.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED		
	UNAUDITED	UNAUDITED	
	31.03.2020	31.12.2019	CHANGE
	RM'000	RM'000	%
Revenue	17,229	40,158	(57.1)
Profit before tax	2,366	7,014	(66.3)

The lower revenue of RM17.229 million for the current quarter ended 31 March 2020 as compared to RM40.158 million for the preceding quarter ended 31 December 2019 was mainly attributed to lower revenue from the roll-out of the Cash Recycling Machine (CRM) and Windows 10 platform upgrade. As a result, our Group posted a lower profit before tax of RM2.366 million for current quarter as compared to the profit before tax of RM7.014 million in the preceding quarter.

It is pertinent to note that the roll-out of machines at the end of the calendar year (our fourth quarter) is typically higher vis-à-vis the other periods of the year due to the budgetary cycle of the financial institutions.

B3. Prospects

Due to the Covid-19 pandemic, the government has announced the imposition of Movement Control Order (MCO) effective 18 March to 31 March 2020 and subsequently extended thrice to 12 May 2020 to curb the spread of Covid-19. Our Group has received permission from the authorities to continue its operations on a 50% reduced staffing level throughout the MCO period as our business is designated as essential services to the financial institutions and utility companies.

Our management team has been closely monitoring and assessing the impact of Covid-19, prioritising the health and safety of our frontline employees, customers and the communities ensuring the continuity of essential services in this challenging period.

To date, our Group has not witnessed any significant disruption to the business due to the MCO. Our Group will continue to monitor the Covid-19 crisis closely and take the necessary steps to mitigate any risks related to the crisis. If this unprecedented health and economic crisis is not prolonged, OpenSys expects that the performance of our Group will continue to be satisfactory for the financial year ending 31 December 2020 due to the recurring nature of our revenue stream.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

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	PRECEDING YEAR	03 MONTHS ENDED	UNAUDITED
	QUARTER	CORRESPONDING	UNAUDITED	UNAUDITED
	UNAUDITED	QUARTER	UNAUDITED	UNAUDITED
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Current year	677	549	677	549
Deferred tax	17	93	17	93
	-----	-----	-----	-----
	694	642	694	642
	=====	=====	=====	=====

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	Year to date
	31.03.2020	31.03.2020
	RM'000	RM'000
Interest income	(152)	(152)
Interest expenses	218	218
Depreciation	1,859	1,859
Used machines written down	(163)	(163)
	=====	=====

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 31.03.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
Secured short-term borrowings		
Lease liabilities	2,107	2,837
Term loans	647	616
Bankers' acceptance	530	2,048
	----- 3,284 -----	----- 5,501 -----
Secured long-term borrowings		
Lease liabilities	3,877	4,382
Term loans	8,659	8,845
	----- 12,536 -----	----- 13,227 -----
Total borrowings	=====	=====

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 24 February 2020 and paid on 13 April 2020 in respect of the year ending 31 December 2020.

The second interim dividend of 0.25 sen per ordinary share amounting to RM744,732 was declared on 18 May 2020 and will be paid on 13 July 2020 in respect of the year ending 31 December 2020.

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	
	QUARTER	CORRESPONDING	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to owners	1,666	1,529	1,666	1,529
Number of ordinary shares ('000)	297,892	297,892	297,892	297,892
Basic earnings per share (sen)	0.56	0.51	0.56	0.51

(ii) Diluted earnings per share

Not applicable.

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur