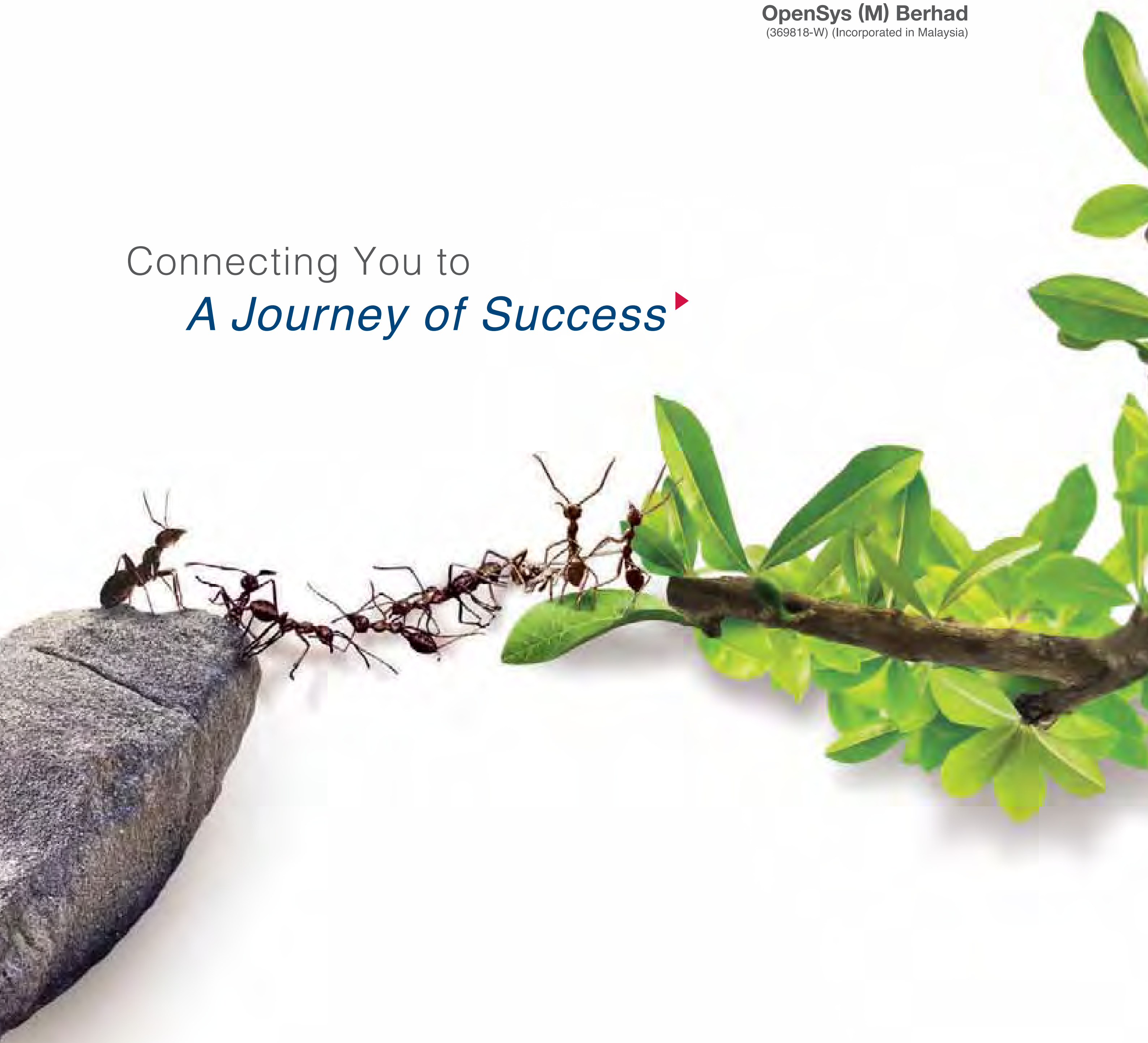
OpenSys

OpenSys (M) Berhad

(369818-W) (Incorporated in Malaysia)

Connecting You to

A Journey of Success



Annual Report 2018

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-third Annual General Meeting of the Company will be held at Latitude 2 & 3, Level 1, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 12 June 2019 at 3.00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and the Auditors thereon. *(Please refer to Note 1.)*

2. To approve the payment of Directors' fees and benefits payable up to RM181,500 for the period from 1 July 2019 until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 1)**

3 To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-

i). Tan Kee Chung — Article 98 — **(Ordinary Resolution 2)**
ii). James Henry Stewart — Article 98 — **(Ordinary Resolution 3)**

4. To re-appoint Messrs. HLB Ler Lum as Auditors and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:-

5 **ORDINARY RESOLUTION**
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT, subject always to the Companies Act 2016 ("the Act"), the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority, and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so allotted." **(Ordinary Resolution 5)**

6. **RETENTION OF MR. JAMES HENRY STEWART AS INDEPENDENT DIRECTOR**

   "THAT subject to the passing of ordinary resolution 3, Mr. James Henry Stewart is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance." **(Ordinary Resolution 6)**

7. **RETENTION OF DATUK NG BEE KEN AS INDEPENDENT DIRECTOR**

   "THAT Datuk Ng Bee Ken is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance." **(Ordinary Resolution 7)**

8. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

   "THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company and in place thereof, the proposed new Constitution of the Company as set out in Appendix A to the Annual Report be and is hereby adopted as the Constitution of the Company, AND THAT the Directors of the Company be and are hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **(Special Resolution 1)**

9. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By Order of the Board

LIM SECK WAH (MAICSA 0799845)
KONG MEI KEE (MAICSA 7039391)
Company Secretaries

Dated this 30th April 2019
Kuala Lumpur

Notes:

1. *The Audited Financial Statements are for discussion only as the Company's Articles of Association provides that the audited financial statements are to be laid in the general meeting.*

2. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 4th June 2019. Only a depositor whose name appears on the Record of Depositors as at 4th June 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote in his/her stead.*

3. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. All voting will be conducted by way of poll.*

4. *(i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.*

   (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5. *Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*

6. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorized.*

7. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

8. *Explanatory notes on Special Business*

   8.1 The proposed Ordinary Resolution 5, if passed, will give the Directors of the Company the flexibility to allot new shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

   The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the allotment of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the allotment of new shares even though the number involved may be less than 10% of the total number of issued shares.

   In order to avoid any delay and costs involved in convening a general meeting to approve such allotment of shares, it is thus considered appropriate that the Directors be empowered to allot shares in the Company, up to any amount not exceeding in total 10% of the total number of issued shares of the Company at the time of submission, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

   No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 14 May 2018.

   8.2 The proposed Ordinary Resolutions 6 and 7, if passed, will allow the Independent Directors, Mr. James Henry Stewart (who has served for a cumulative period of more than 12 years) and Datuk Ng Bee Ken (who have served the Company for a cumulative period of nearly 9 years), to continue to act as Independent Non-Executive Directors of the Company. The Board supports the retention of Mr. James Henry Stewart and Datuk Ng Bee Ken as Independent Directors for:-

   i) They understand the business nature and office culture
   ii) They provide the Board valuable advice and insight
   iii) They actively participate in Board deliberations and decision making in an objective manner
   iv) They uphold independent decision and challenges the management objectively.

   Ordinary Resolution 6 will be on two-tier voting pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance.

   8.3 The proposed Special Resolution 1 is to revoke the Company's existing Articles of Association and to adopt a new Constitution as set out in Appendix A in place thereof, to be in line with the Companies Act 2016 and recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad for ACE Market.

Profile of Directors

James Henry Stewart
Independent Non-Executive Chairman

Tan Kee Chung
Executive Director,
President and Chief Executive Officer

Chee Hong Soon
Executive Director and
Chief Financial Officer

Tune Hee Hian
Executive Director

Datuk Ng Bee Ken
Independent Non-Executive Director

Dato' Abdul Manap Bin Abd Wahab
Independent Non-Executive Director

JAMES HENRY STEWART
(Canadian, Male, Aged 85)

James Henry Stewart was appointed as Independent Non-Executive Director of OpenSys on 6 November 2003. He was appointed as Chairman of the Board on 12 April 2012. He is a member of the Audit Committee and the Chairman of the Nomination Committee and Remuneration Committee.

He has more than 40 years of experience in the IT industry. His management expertise includes sales and marketing, human resource planning, financial management and customer relations. He was the Managing Director of NCR Corporation for South East Asia and responsible for the overall objectives of NCR Corporation subsidiaries in Thailand, Malaysia, Singapore, Philippines, Indonesia and Sri Lanka from 1995 to 1997. He was the Country Manager for NCR Malaysia from 1989 to 1996, Vice President Computer Systems Division for NCR Canada Ltd from 1986 to 1988 and Vice President, Product Development and Marketing for NCR Canada Ltd from 1984 to 1985. Prior to that, he occupied various management positions with NCR Canada Ltd from 1968 to 1984.

TAN KEE CHUNG
(Malaysian, Male, Aged 60)

Tan Kee Chung was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the President and Chief Executive Officer of OpenSys.

He is responsible for the management of the business operations of the Company, business development and strategic planning.

He obtained his Bachelor of Science degree in Computer Science from the University of Brighton, United Kingdom in 1982 and he was also a Johor State Government Scholar. He has more than 30 years' experience, mainly in management, sales and marketing, in the IT industry. Prior to co-founding OpenSys, he was the Marketing Director of AT&T GIS from January 1993 to December 1995, General Systems Division Manager in NCR from January 1991 to December 1992, Financial Systems District Manager in NCR from January 1990 to December 1990, Major Accounts Manager in Digital Equipment Corporation from 1986 to 1989 and Major Accounts Sales Specialist in Rank Xerox Ltd, United Kingdom from 1982 to 1985. He was also a member of the AT&T GIS Leadership Advisory Council from 1993 to 1995.

CHEE HONG SOON
(Malaysian, Male, Aged 59)

Chee Hong Soon was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the Chief Financial Officer of OpenSys. He primarily oversees the finance department of the Company. He obtained his Bachelor of Science degree in Physics from Universiti Malaya in 1983. He has more than 20 years' experience in transaction switching systems implementation, software application, database design, system migration and disaster recovery. Prior to cofounding OpenSys, he worked as a regional Enterprise Systems Consultant in AT&T GIS from 1990 to 1995 and Senior Systems Engineer in NCR from 1983 to 1989.

TUNE HEE HIAN
(Malaysian, Male, Aged 60)

Tune Hee Hian was appointed as Executive Director of OpenSys on 9 January 1996. He is a Senior Vice President of Business Development of OpenSys. He is primarily responsible for the management of product development. He is also involved in providing business development support for the overseas market.

He holds a Bachelor of Science degree in Education and a Postgraduate Diploma in Computer Science from Universiti Malaya in 1984. He also holds a Master's Certificate in Project Management from George Washington University, Washington DC, USA, which he obtained in 1995. He was also a Certified Project Management Professional of the PMI and has more than 25 years of experience in software development, project management and implementation of online financial systems.

Prior to co-founding OpenSys, he worked as a Group Manager for Financial Systems in AT&T GIS from 1995 to 1996, as a Technical Consultant in NCR from 1992 to 1995, Systems Engineer in NCR from 1988 to 1991 and Instructor in Customer Education in NCR from 1984 to 1987.

Note: All the above-named Directors of the Company have no family relationship with any director or major shareholder of the Company; and have not been convicted of any offences within the past five (5) years (other than traffic offences, if any) particularly of any public sanction or penalty imposed by the relevant bodies during the financial year; and do not have any conflict of interest with the Company.

DATUK NG BEE KEN
(Malaysian, Male, Aged 65)

Datuk Ng Bee Ken was appointed as Independent Non-Executive Director of OpenSys on 1 July 2010. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister at- Law from Lincoln's Inn. He also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an Associate of the Association of Costs & Executive Accountants, United Kingdom and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar. He also holds a Doctor of Divinity from the Asia Pacific Seminary.

He is an Advocate and Solicitor of the High Court of Malaya since 1987, and presently is the Managing Partner of the law firm of Azri, Lee Swee Seng & Co. where he specializes in corporate law. Presently, he is the Chairman and an Independent Non-Executive Director of Sinotop Holdings Bhd, an Independent Non-Executive Director of Widetech (Malaysia) Bhd, Talam Transform Bhd and Yong Tai Bhd.

DATO' ABDUL MANAP BIN ABD WAHAB
(Malaysian, Male, Aged 62)

Dato' Abdul Manap Bin Abd Wahab was appointed as Independent Non-Executive Director and Chairman of Audit Committee of OpenSys on 31 October 2013. He is also a member of the Nomination Committee and Remuneration Committee.

He graduated with a Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978. In 1980, he obtained his Bachelor in Business Administration from Ohio University, United States of America. In 1993, he graduated with a Masters in Business Administration (Finance) from the University of Hull, UK.

He started his career in 1980 with Malayan Banking Berhad ("Maybank") and served in various capacities throughout his tenure. He was the Head of Group Retail Marketing of Maybank before he left in 2002. From 2003 to 2004, he gave lectures, training and services as an independent consultant. He joined Bank Muamalat Malaysia Berhad as the Chief Executive Officer from 2005 to 2008. During that same period, he was also the President of the Association of Islamic Banks Malaysia. Throughout his banking tenure, he also served as a Director in Malaysian Electronic Payment System Sdn. Bhd. ("MEPS") and MEPS Currency Management Sdn. Bhd. He also sat on the audit committee of MEPS and served as a member of Program Development Panel in the International Centre for Education in Islamic Finance (INCEIF). He is also an Independent Non-Executive Director of Bermaz Auto Berhad.

Profile of Senior Management

Back row from left to right

Wong Siew Pooi
(Senior Vice President - Software Development & Integration / Cheque Processing Outsourcing)

Koh Lea Cheong
(Senior Vice President - Business Process Outsourcing)

Leong Yoke Wai
(Senior Vice President - Hardware Development & Integration)

Luke Sebastian
(Senior Vice President - Customer Support)

Tham Kok Cheng
(Senior Vice President - Business Process Re-engineering)

Front row from left to right

Tune Hee Hian
(Senior Vice President - Business Development)

Chee Hong Soon
(Chief Financial Officer)

Tan Kee Chung
(President & CEO)

Eric Lim Swee Keah
(Chief Operating Officer)

Profile of Senior Management (cont'd)

TAN KEE CHUNG
President and CEO
Malaysian, Male, Aged 60

As detailed in the Profile of Directors in this Annual Report.

CHEE HONG SOON
Chief Financial Officer
Malaysian, Male, Aged 59

As detailed in the Profile of Directors in this Annual Report.

TUNE HEE HIAN
Senior Vice President - Business Development
Malaysian, Male, Aged 60

As detailed in the Profile of Directors in this Annual Report.

ERIC LIM SWEE KEAH
Chief Operating Officer
Malaysian, Male, Aged 54

Eric Lim holds a Bachelor Degree in Computer Science. He has over 28 years of working experience in sales, marketing and management. He was promoted to his current position on 1 April 2017.

LUKE SEBASTIAN
Senior Vice President - Customer Support
Malaysian, Male, Aged 40

Luke Sebastian holds a Bachelor in Computing (Honours) Degree. He has over 18 years of working experience in software application and self-service software design, development and support. He was promoted to his current position on 1 January 2017.

KOH LEA CHEONG
Senior Vice President - Business Process Outsourcing
Malaysian, Male, Aged 52

Koh Lea Cheong obtained a First Class Honours Degree in Applied Science. He has over 26 years of working experience in software application design, development and support. He was promoted to his current position on 1 January 2015.

LEONG YOKE WAI
Senior Vice President - Hardware Development & Integration
Malaysian, Male, Aged 60

Leong Yoke Wai holds a Bachelor of Computer Science Degree. He has over 34 years of working experience in self-service device software design, development and support and network configuration and support. He was appointed to his current position on 1 January 2015.

THAM KOK CHENG
Senior Vice President - Business Process Re-engineering
Malaysian, Male, Aged 66

Tham Kok Cheng holds a Master's Certificate in Commercial Project Management. He has 41 years of working experience in many areas of Information Technology including application software design, development and support and project management. He was appointed to his current position on 1 January 2018.

WONG SIEW POOI
Senior Vice President - Software Development & Integration/ Cheque Processing Outsourcing
Malaysian, Female, Aged 44

Wong Siew Pooi holds a Bachelor of Computer Science Degree. She has over 19 years of working experience in software application design, development and support. She was promoted to her current position in 1 January 2015.

Profile of Senior Management (cont'd)

Back row from left to right

Chong Boon Ni
(Vice President - Software Development & Integration/ Cheque Processing Outsourcing)

Heng Ken Wei
(Vice President - Centre of Technology)

Ooi Hock Ang
(Vice President - Business Process Re-engineering / Quality Assurance)

Winnie Ong Poh Hong
(Vice President - Finance & Administration)

Front row from left to right

Nor Shahrizah Mohd Zawawi
(Vice President - Project Management Office)

Denis Koay Kar Hwa
(Vice President - Sales)

Hon Tian Yang
(Vice President - Systems & Network Support)

Shiyamala A/P Joeganathan
(Vice President - Software Development & Integration)

DENIS KOAY KAR HWA

Vice President - Sales
Malaysian, Male, Aged 39

Denis Koay Kar Hwa holds a Bachelor of Science in Computing Degree. He has over 15 years of working experience in sales and marketing of Information Technology products. He was appointed to his current position on 1 January 2017.

HENG KEN WEI

Vice President - Centre of Technology
Malaysian, Male, Aged 43

Heng Ken Wei holds a Bachelor of Information Technology Degree. He has over 18 years of working experience in software application design, development and support. He was promoted to his current position on 1 January 2015.

HON TIAN YANG

Vice President - Systems & Network Support
Malaysian, Male, Aged 42

Hon Tian Yang holds a Bachelor of Computer Science Degree. He has over 17 years of working experience in systems design, configuration and support and network design, configuration and support. He was promoted to his current positon on 1 January 2015.

NOR SHARIZAH MOHAMMED ZAWAWI

Vice President - Project Management Office
Malaysian, Female, Aged 45

Nor Shahrizah holds a Bachelor of Science in Information Systems Degree. She has over 18 years of working experience in software development and project management. She was promoted to her current position on 1 January 2015.

OOI HOCK ANG

Vice President - Business Process Re-engineering / Quality Assurance
Malaysian, Male, Aged 48

Ooi Hock Ang holds a Bachelor of Computer Science (Honours) Degree. He has over 22 years of working experience in software development and support and project management. He was appointed to his current position on 1 January 2018.

WINNIE ONG POH HONG

Vice President - Finance & Administration
Malaysian, Female, Aged 42

Winnie Ong holds a Degree in Accounting. She has over 20 years of working experience in the field of accounting. She was promoted to her current position on 1 January 2017.

SHIYAMALA JOEGANATHAN

Vice President - Software Development & Integration
Malaysian, Female, Aged 42

Shiyamala Joeganathan holds a Bachelor of Computer Science (Honours) Degree. She has over 18 years of working experience in application software design, development and support. She was promoted to her current position on 1 January 2015.

CHONG BOON NI

Vice President - Software Development & Integration/ Cheque Processing Outsourcing
Malaysian, Female, Aged 43

Chong Boon Ni holds a Bachelor of Information Technology Degree. She has over 18 years of working experience in application software design, development and support. She was promoted to her current position on 1 July 2018.

Note:
None of the Senior Management staff holds directorship in public companies or public listed companies. None of the Senior Management staff has family relationship with any Director and/or major shareholder of the Company. None of the Senior Management staff has any conflict of interest with the Company. None of the Senior Management staff has been convicted for offences within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year.

Corporate Information

BOARD OF DIRECTORS

James Henry Stewart
- Chairman, Independent Non-Executive Director

Tan Kee Chung
- Executive Director and Chief Executive Officer

Chee Hong Soon
- Executive Director and Chief Financial Officer

Tune Hee Hian
- Executive Director

Datuk Ng Bee Ken
- Independent Non-Executive Director

Dato' Abdul Manap Bin Abd Wahab
- Independent Non-Executive Director

COMPANY SECRETARIES

Lim Seck Wah *(MAICSA 0799845)*

Kong Mei Kee *(MAICSA 7039391)*

AUDIT COMMITTEE

1) Dato' Abdul Manap Bin Abd Wahab (Chairman)
2) James Henry Stewart
3) Datuk Ng Bee Ken

NOMINATION COMMITTEE

1) James Henry Stewart (Chairman)
2) Datuk Ng Bee Ken
3) Dato' Abdul Manap Bin Abd Wahab

REMUNERATION COMMITTEE

1) James Henry Stewart (Chairman)
2) Datuk Ng Bee Ken
3) Dato' Abdul Manap Bin Abd Wahab

REGISTERED OFFICE

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

BUSINESS OFFICE

Level 26, Tower A
Pinnacle PJ
Jalan Utara C
46200 Petaling Jaya, Selangor
Tel: 03-7932 7888
Fax: 03-7932 7878
Web Site: www.myopensys.com

SHARE REGISTRAR

Mega Corporate Services Sdn. Bhd. (187984-H)
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

AUDITORS

HLB Ler Lum (AF0276)
A member of HLB International
B-7-7, 7th Floor
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

PRINCIPAL BANKERS

Hong Leong Bank Berhad (97141-X)
Malayan Banking Berhad (3813-K)
Public Bank Berhad (6463-H)

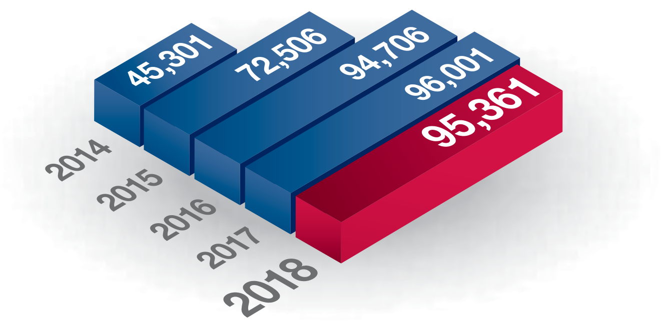
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code: 0040

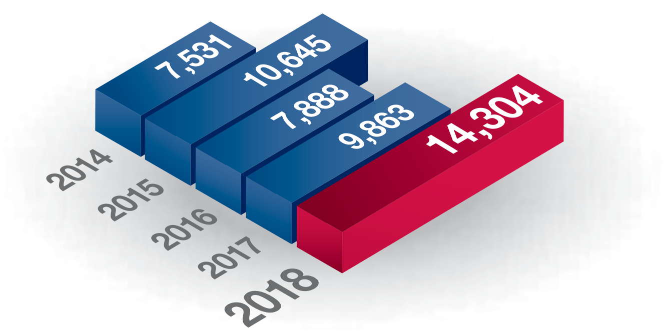
Financial Highlights

Financial Year Ended 31 Dec		2014	2015	2016	2017	2018
Revenue	RM'000	45,301	72,506	94,706	96,001	95,361
Profit Before Tax (PBT)	RM'000	7,531	10,645	7,888	9,863	14,304
Profit After Tax (PAT)	RM'000	5,599	7,373	6,004	6,637	10,188
Shareholders' Equity	RM'000	39,603	44,611	47,636	50,951	57,414
Earnings Per Share	sen	2.51	2.48	2.02	2.23	3.41
Dividend Per Share	sen	1.00	1.00	1.00	1.00	1.25
Total Assets	RM'000	71,515	69,487	84,655	92,096	105,996
Net Assets Per Share	sen	17.73	14.98	15.99	17.10	19.27

Revenue
(RM' 000)

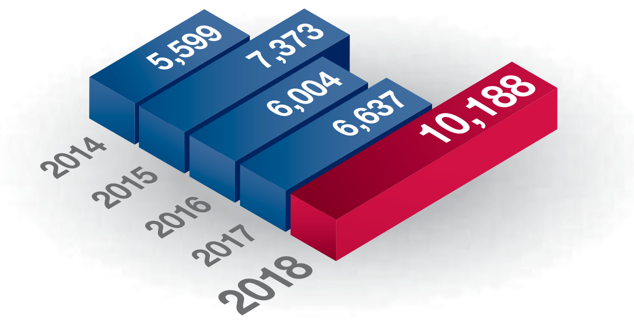


Profit Before Tax (PBT)
(RM' 000)

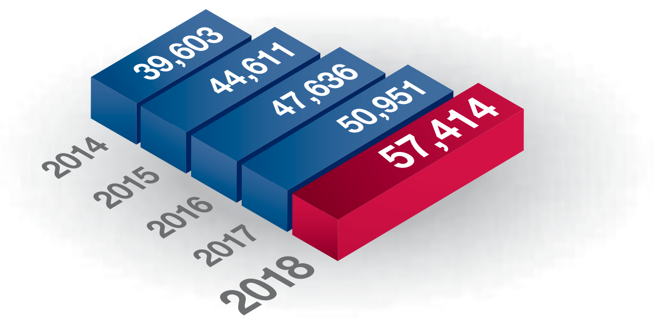


Financial Highlights (cont'd)

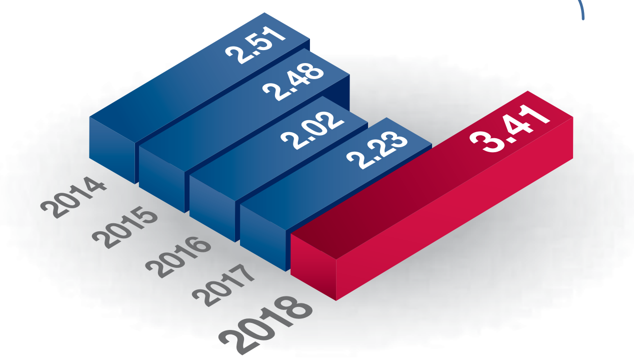
Profit After Tax (PAT)
(RM' 000)



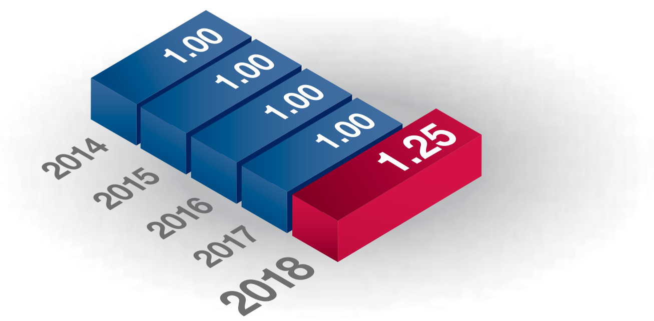
Shareholders' Equity
(RM' 000)



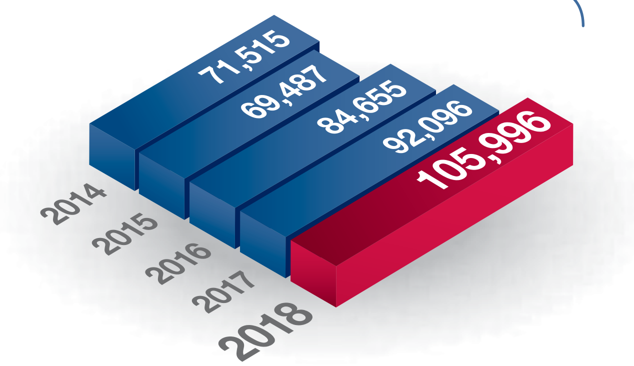
Earnings Per Share
(Sen)



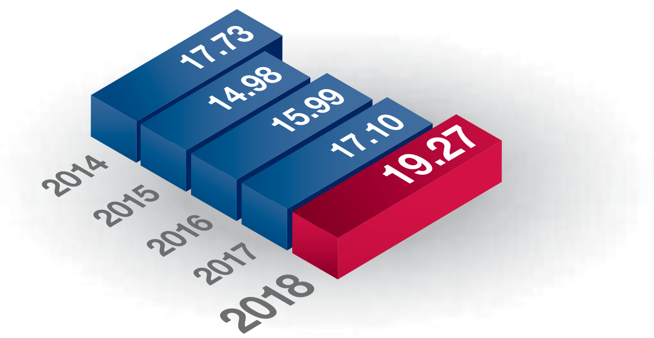
Dividend Per Share
(Sen)



Total Assets
(RM' 000)



Net Assets Per Share
(Sen)



Management Discussion & Analysis

Is cash going the way of the dinosaurs?

In June 2018, Cardtronics [(1)] partnered with Edelman Intelligence, an independent market research company, to conduct a 20-minute, online survey among a nationally representative sample of n=1,000 U.S. adults aged 18 years and above. [(2)]

Respondents were asked about their in-person (not online) payment preferences and habits either in brick-and-mortar stores or with other individuals, with results occasionally being split into groups based on what payment methods were used. Throughout the survey, separate questions were asked about mobile wallets, store-specific apps, bank peer-to-peer (P2P) apps and non-bank P2P apps.

The survey reveals that, in spite of advances in digital and mobile payment technology, cash maintains its place as a pillar of payments and a top choice for consumers. The fact is, cash matters. 73 percent of consumers used cash regularly despite more payment methods being available – which is true among both urban (78 percent) and rural residents (72 percent).

Additionally, 94 percent of urban residents and 93 percent of rural residents like having the ability to use a variety of payment methods that includes cash. 64 percent of respondents feel nervous when they do not have cash on them or in their wallet. 56 percent of respondents are more likely to go to a store that only accepts cash than a store that does not accept cash at all (44 percent). Almost half (45 percent) would likely stop going to a store or restaurant they like if it stopped accepting cash completely.

While new mobile payment options continue to pop up with regularity, mobile payments were never favored by more than 10 percent of respondents for any retail payment situation surveyed. In fact, 90 percent of respondents think cash is safe to use and 95 percent think it is more reliable.

Talking about the reliability of cash, it is worth pondering what happens in scenarios where electronic or digital monies are the only accepted form of payment in the event of computer system downtime or natural disasters.

In October 2018, a cashless restaurant in Hollywood suffered a payment system crash – forcing the store to give away free lunches for everyone in line. Ironically, the lunch queue that day would probably have gone quicker for that crowd had the restaurant accepted cash. Now, imagine a similar crash, but on a bigger scale, if WeChat or Ali Pay went down for several days in China?

In December last year, a strong earthquake in Japan's Hokkaido island triggered a large-scale power outage and Sapporo City instantly became a dark capital. During this period, 1.95 million residents flocked to supermarkets and convenience stores to buy life supplies. Unfortunately, some of the victims who usually use their mobile phones to make payments, could not buy what they needed because they did not carry cash.

Due to the importance of cash in most societies around the world, the ubiquitous automated teller machine (ATM) is still as relevant as ever. It is consistently ranked as the No. 1 self-service channel and interactive touchpoint with a bank, even among millennials and smartphone users. From its inaugural installation at Barclays Bank in North London in June 1967, the ATM can now be found everywhere – from the most modern cities to the loneliest outposts, including a mountaintop in the Himalayas.

As the number of ATM increases, they have also stepped up in sophistication to keep up with modern times. Today's ATMs are a far cry from that first installed ATM at Barclays Bank. In addition to dispensing cash, today's advanced machines can accept cash and cheques; issue prepaid cards, stamps and lottery tickets; grant loans and take payments of almost any kind; calculate and convert one nation's currency into another; remit money to a relative halfway around the world and most impressively, perform these functions with better than 99 percent reliability.

In the foreseeable future, ATMs will continue to evolve and remain relevant by adopting mobile technologies to cater to millenials and Gen Z. There are already ATMs today that allow customers to perform cardless ATM withdrawals using their mobile phones. Soon, customers will be able to sign into ATMs using their fingerprints, pictures of eyes or faces, or voice recognition that are stored on their mobile phones, which will then transmit a code to the ATMs to do the necessary banking transactions.

In 2018, OpenSys pioneered the ATM Smart Client concept with a major bank in Malaysia. ATM Smart Client is a web user interface that mimics the look, feel and usability of an Android or IOS tablet on an ATM screen without making any infrastructural change to the bank's ATM software environment. Our ATM Smart Client allows customers to perform all their frequent transactions within a personalized main screen thus creating an enriched customer experience with a modernized look and feel. Its intuitive user interface enables the bank to engage personalized sales and marketing activities with the customers at the point of transaction, resulting in additional revenue and profit to the bank.

Considering the advances in ATM technology, it would not be inaccurate to view the ATM as the original "Fintech" disruptor. Before ATMs, the banks were very traditional and dependent on a lot of human resource to operate. After the advent of the ATM, the banks could re-deploy their human resources more efficiently to assist and educate customers on the banks' products and services thus increasing the banks' profit. With the implementation of ATM Smart Client, OpenSys has taken the technology a step further by leveraging the ATM as the bridge between the digital and non-digital delivery channels of the banks.

While the ATM provides many upsides to banks as well as their customers, the downside is that it is expensive to set up and operate an ATM infrastructure. In addition to high capital expenditure in hardware, software and network, the cost of cash represents the largest single segment of operating expenses for ATMs.

To mitigate the high cost of cash, the technology trend in recent years is to merge the separate functions of cash-dispensing or cash-deposit into dual-function machines called cash recycling machines (CRM). CRMs can accept cash from depositors and dispense them to withdrawers so that the cash is essentially "recycled" – resulting in lower cost of ownership in the area of unused cash float, cash maintenance, cash handling and space rental. Besides savings of 25-30 percent in capital expenditure and operational cost, CRMs also provide better service levels to the banks' customers because they have higher uptimes due to the automatic replenishment of cash in the machines.

OpenSys technology partner in the CRM market is OKI Electric Japan. OKI invented and pioneered the use of cash recycling technology about thirty-seven years' ago in 1982. Due to its first mover advantage, OKI is currently one of the leading suppliers of CRMs in Japan, China, India, Indonesia, Russia, South Korea, Taiwan and Brazil.

Since we introduced our CRMs into the marketplace in 2014, we have hitherto installed over 3,200 CRMs in Malaysia – making us the industry leader with a market share of approximately 80 percent. Our critical success factors can be attributed to having a superior cash recycling technology, better software applications and more reliable after-sale support vis-à-vis our competitors.

In addition to our CRM success, OpenSys provides business process outsourcing (BPO) for bill payment kiosks to utility, insurance and telecommunication companies in Malaysia. Our bill payment kiosks allow customers to use cash, cheques, credit or debit cards to pay for bills, reload prepaid cards and renew insurance policies.

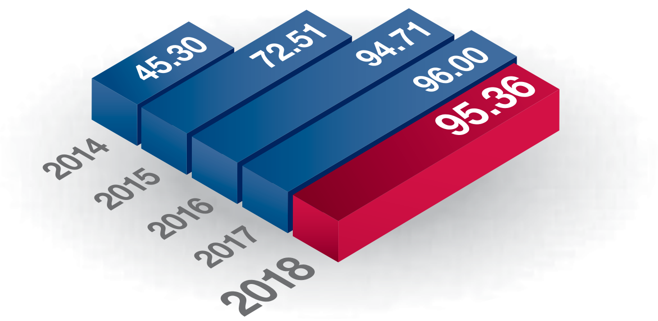
OpenSys is also the leading supplier of cheque-deposit machines and image-based cheque processing systems in Malaysia. Our image-based cheque processing system uses cheque scanners and software applications to capture cheque images and data at bank branches and send them to the central bank for cheque clearing and settlement. This paperless process saves the banking industry hundreds of millions of ringgit per year.

OpenSys has four business revenue models, namely (i) outright sales, (ii) software services, (iii) outsourcing services and (iv) maintenance services. In outright sales, our CRMs and cheque deposit machines are sold directly to the financial institutions. In software services, we provide software development services to our customers when they need modification to their application software due to changes in their business or regulatory requirements. In outsourcing services, we provide bill payment kiosks to utility, insurance and telecommunication companies over a contract period of 3-5 years. The customers pay a rental for the machines plus a click charge for each transaction. In maintenance services, the banks pay us an annual maintenance fee of 10-12 percent based on the selling price of the machines. In return, we service and repair the machines to ensure high availability and optimum uptime.

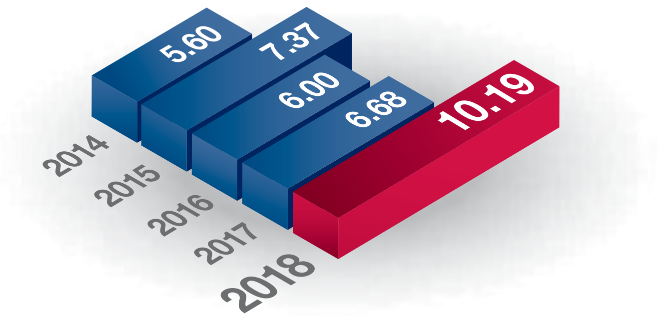
It is important to note that all our customers are blue chip companies. Due to the size of these companies, the default risk for our trade receivables is minimal.

For the financial year ended 31 December 2018, our revenue decreased marginally by 0.7 percent to RM95.36 million from a corresponding period in 2017 due to lower selling price for CRMs. However, our profit after tax soared 53.5 percent to RM10.19 million as compared to 2017 due to better margin from our services business and a favourable foreign exchange rate.

Revenue
(RM' million)



Profit After Tax
(RM' million)



Going forward, there is a huge latent demand for CRMs in Malaysia. Most banks are now fully aware of the technological and cost benefits of CRMs compared with ATMs or cash deposit machines (CDMs). Most of them are planning to replace their ATMs or CDMs with CRMs when their equipment reaches the end of their life-span, which are typically 8 to 10 years. In addition to obsolescence, other factors such as end of vendor support for software operating systems, regulatory changes and compliance to international standards, may shorten the replacement cycle for ATMs and CDMs.

Currently, the total number of self-service kiosks for banks in Malaysia is approximately 15,000 units of ATMs, CDMs and CRMs and 3,000 units of cheque deposit machines. [3] About 5 years' ago, OpenSys catalysed the CRM market in Malaysia by developing proprietary software codes to enable banks that have separate computer mainframes for cash dispensing and cash deposits to use cash recycling technology.

Due to the efforts of OpenSys, the number of CRMs increased dramatically from a small installed base of 200-300 units in 2014 to more than 4,000 units at end 2018. Since then, the CRM installed base continues to grow at the expense of ATMs and CDMs. If the banks in Malaysia keep up the momentum of replacing their older ATMs and CDMs with CRMs, OpenSys is in a prime position to profit from it. Considering that we have an excellent track record in providing the best customer experience, we are optimistic that we will continue to win more market share than our competitors moving forward. [4]

In addition to the growth of CRMs, it is pertinent to note that an increasing number of banks are embarking on a comprehensive branch transformation strategy to modernize their traditional branch banking with digital banking – to cater to the needs of millennials and Gen Z. The transformation of the traditional bank branches into modern branches make use of self-serve privacy stations, digital stations, self-service terminals and advanced technologies such as artificial intelligence to better predict individual customer's need for services and products and to provide them with a better in-branch experience.

OpenSys achieved the first major breakthrough in this branch transformation strategy by successfully implementing a "Branch of the Future" (BOTF) solution that combines the power of CRMs, teller cash recyclers (TCR) and mobile digital tablets in one of the major banks in Malaysia at the end of last year.

With our BOTF solution, the bank's branch staff has the flexibility and freedom to engage customers to promote and increase adoption of digital channel services as well as to cross-sell products and services. Furthermore, the bank recorded significant productivity increase with an overall labour time savings of up to 60 percent as compared with its traditional model. The market potential for our BOTF solution is approximately 2,000 bank branches in Malaysia.

Our outsourcing business in providing bill payment kiosks to utility, insurance and telecommunication companies continues to remain strong. Not unlike banks, these institutions are transforming their branches to be leaner, friendlier and more efficient by pushing mundane tasks to self-service kiosks. In doing so, they can free up their valuable human resources to perform more sales and marketing related activities with their customers. The companies that are currently using our bill payment kiosks are progressively installing more machines as time progresses.

We currently own 12,064 square feet of office property at Pinnacle PJ and a three-storey shop office property at Putra Heights with an estimated value of RM13.0 million and RM3.0 million respectively. The property at Pinnacle PJ is used as our corporate headquarters whereas the property at Putra Heights is mainly used for the staging and assembly of our CRMs, bill payment kiosks and cheque deposit machines.

With regard to creating value for our esteemed shareholders, we have consistently paid semi-annual dividends to our shareholders for 7.5 years from July 2010 to December 2017 and in 2018, we raised our dividend payment to three times per year. In October 2015, we gave a bonus issue of 74.47 million new ordinary shares on the basis of one bonus share for every three existing OpenSys shares to our shareholders. As our cash flow is particularly healthy, we are confident that our dividend plan is sustainable, subject to unforeseen circumstances that might be beyond our control.

The Board of Directors would like take this opportunity to extend our gratitude and appreciation to our shareholders, customers, suppliers and business partners for the invaluable support that you give to OpenSys.

We would also like to thank each and every member of our management and staff for their dedication and commitment to grow with our Company, without which our success would not be possible.

Notes:
(1) Cardtronics Health of Cash Study 2018
(2) The survey has a margin of error of +/-3.1 percent at the 95 percent confidence level.
(3) The Association of Banks in Malaysia (ABM) Annual Report 2017
(4) Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of OpenSys' control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements.

Audit Committee Report

The principal objective of the Audit Committee is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Company.

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises the following members:-

Chairman

Dato' Abdul Manap Bin Abd Wahab - Independent Non-Executive Director

Members

James Henry Stewart	- Independent Non-Executive Director
Datuk Ng Bee Ken	- Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors among themselves and shall be composed of not fewer than 3 members, exclusively non-executive directors with a majority being independent non-executive.

The members of the Audit Committee shall elect a chairman from among their members who is an independent director. The Chairman elected shall be subject to endorsement by the Board.

If a member of the Audit Committee resigns, or for any reason ceases to be a member with the results that the number is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as maybe required to make up the minimum number of 3 members.

No alternate director shall be appointed as a member of the Audit Committee.

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee annually. However, the appointment terminates when a member ceases to be a Director.

The Terms of Reference of the Audit Committee is made publicly available on the Company's website at www.myopensys.com in line with Rule 15.11 of AMLR.

MEETINGS AND ATTENDANCE

The Audit Committee may require the external auditors and any official of the Company to attend any of its meetings as it determined. The external auditors may request a meeting if they consider one is necessary. The quorum for each meeting shall be at least 2 members, both of whom present shall be Independent Non-Executive Directors. The Company Secretary is the Secretary of the Audit Committee.

The Audit Committee shall whenever deemed necessary, to meet the external auditors and internal auditors without the presence of executive board members and management staff to encourage the auditors to voice out any issue of concern arising from their course of audit.

There were four (4) Audit Committee meetings held during the year 2018.

Record of attendance for meetings held during the financial year ended 31 December 2018 is as follows:-

Audit Committee Members	Attendance
Dato' Abdul Manap Bin Abd Wahab (Chairman)	4/4
James Henry Stewart	4/4
Datuk Ng Bee Ken	4/4

The Company Secretary attended all the Audit Committee meetings.

In carrying out its duties, the Audit Committee reported to and updated the Board on any significant issues of concerns and where appropriate, made necessary recommendations to the Board. The Company Secretary was responsible to record all proceedings and minutes of all meetings of the Audit Committee.

SUMMARY WORK OF THE AUDIT COMMITTEE DURING THE YEAR

The work of the Audit Committee during the financial year ended 31 December 2018 is as follows:-

- review the quarterly results;
- review the adequacy of the audit scope and plan of the external auditors;
- review reports of the internal and external auditors;
- assess the integrity, capability and professionalism of the external auditors and review the scope of audit service and their proposed fee;
- review the internal auditors' scope of work;
- to follow up with the internal auditors on any irregularity and findings; and
- review the internal control policy and internal control system.

SUMMARY WORK OF THE AUDIT COMMITTEE DURING THE YEAR (cont'd)

To ensure that the external auditors' independence is not impaired, the Audit Engagement Partner in charge of the Company is rotated every 5 years. Internally, the external auditors conduct an Independent Partner Engagement quality control review in order to preserve their independence and integrity. The external auditors had also provided written assurance to the Audit Committee they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee has reviewed the performance of the external auditors based on the following criteria:-

- quality of engagement team;
- quality of interaction and communication; and
- independence, objectivity and professionalism.

Based on the review, the Audit Committee found that the external auditors have performed professionally and is independent. The Audit Committee recommended the external auditors' reappointment to the Board to be proposed for shareholders' approval at the Annual General Meeting.

INTERNAL AUDIT FUNCTIONS

The Company outsourced its internal audit division to a third party professional firm to assist the Audit Committee in discharging their responsibilities and duties. The role of the internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The fee (inclusive of government tax) paid to the professional firm in respect of the internal audit function for the financial year ended 31 December 2018 was RM32,981.90.

The internal audits cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements.

During the financial year under review, the internal auditors reviewed and audited the following areas:-

i). Sales and Collection System
ii). Human Resource Management
iii). Payroll Management
iv). Employee Claims Processing and Control
v). Follow-up review on Property, Plant and Equipment Management, Manufacturing & Assembly, Purchase System and Payment System

There were no significant issues in the internal control system during the period under review.

Corporate Governance Overview Statement

The Board of Directors of OpenSys (M) Berhad ("the Company") ("the Board") remains committed towards governing, guiding and monitoring the direction of the Company with the objective of enhancing long term sustainable value creation aligned to the interests of shareholders and other stakeholders. The Board strives and advocates good corporate governance and views this as a fundamental part of discharging its roles and responsibilities.

The Board is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG" or "the Code"). This Statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("AMLR") and it is to be read together with the Corporate Governance Report 2018 of the Company which is available on the Company's website at www.myopensys.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:-

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
- overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including the orderly succession of senior management personnel;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Code of Ethics

The Board has formulated the Code of Ethics to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:-

- To establish standard of ethical conduct for directors based on acceptable belief and values that one upholds.
- To uphold the spirit of social responsibility and accountability of the Company in line with the legislations, regulations and guidelines governing it.

Whistle Blowing Policy

The Board has formalised the Whistle Blowing Policy, which provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Roles and Responsibilities of the Board (cont'd)

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board ensures that the Company takes into account of sustainability, the environment, social and governance elements in its business operations.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members furnish comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have unrestricted access to all information of the Company, Company Secretary's advice and from other professional advice to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to the Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties.

The Board is supported by suitably qualified, experienced and competent Company Secretaries. The Company Secretaries are responsible for ensuring that the Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary is also responsible for the secretarial functions such as compliance with all statutory and regulatory requirements, providing corporate advisory to the Board, recording the proceedings of all Board meetings and Board Committee meetings and proper maintenance of secretarial records.

During the financial year under review, the Board consisted of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfils the requirements as set out under the Rule 15.02(1) of the AMcLR which stipulate that at least two (2) Directors or nearest one-third (1/3) of the Board, whichever is higher, must be Independent. In the event of any vacancy in the Board resulting in non-compliance with Rule 15.02(1), the Company must fill the vacancy within 3 months. The profile of each Director is set out in this Annual Report. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; and marketing and operations.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Roles and Responsibilities of the Board (cont'd)

Nomination Committee

A Nomination Committee has been established, with specific terms of reference, by the Board, comprising exclusively Independent Non-Executive Directors as follows:-

Chairman

1. James Henry Stewart	-	Independent Non-Executive Director

Members

2. Datuk Ng Bee Ken	-	Independent Non-Executive Director
3. Dato' Abdul Manap Bin Abd Wahab	-	Independent Non-Executive Director

The Terms of Reference of the Nomination Committee is made publicly available on the Company's website at www.myopensys.com.

The Nomination Committee is primarily responsible for sourcing and recommending the right candidate to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

The final decision on the appointment of a candidate recommended by Nomination Committee rests with the whole Board. The Board is entitled to the services of the Company Secretary who would ensure that the process and procedure on appointments are properly observed and adhered to the Code and AMLR.

Pursuant to the Company's Articles of Association, one-third (1/3) of the Directors including the Managing Director, shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment.

At the forthcoming Annual General Meeting, Mr. Tan Kee Chung and Mr. James Henry Stewart will retire by rotation pursuant to Article 98 being eligible offer themselves for re-election.

During the financial year, the Nomination Committee has assessed the balance composition of Board members based on merits, Directors' contribution and Board effectiveness.

The Nomination Committee concluded that each Board member is competent and committed in discharging his duty and responsibility. Non-Executive Directors are independent in rendering their opinion and decision. All assessments and evaluations carried out by the Nomination Committee were properly documented.

The Board acknowledges the recommendations of the Code on the establishment of a gender diversity policy. There is no plan by the Board to implement a gender diversity policy or target, as the Board adheres to the practice of nondiscrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit.

The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Roles and Responsibilities of the Board (cont'd)

Remuneration Committee

A Remuneration Committee has been established by the Board, comprising entirely of Independent Non-Executive Directors as follows:

1.	James Henry Stewart	Chairman (Independent Non-Executive Director)
2.	Datuk Ng Bee Ken	Member (Independent Non-Executive Director)
3.	Dato' Abdul Manap Bin Abd Wahab	Member (Independent Non-Executive Director)

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met once attended by all members.

Directors' Remuneration

Details of Directors' remuneration for the financial year ended 31 December 2018 are as follows:-

	Fees (RM)	Salaries & Bonus* (RM)	Company Meeting Allowances (RM)	Benefits in-kind (RM)	Total (RM)
Executive Directors		2,389,777		40,207	2,429,984
Non-executive Directors	156,000		6,000		162,000
Total	156,000	2,389,777	6,000	40,207	2,591,984

* The Salaries and Bonus includes employer's contribution to the Employees Provident Fund (EPF).

No fees, salaries, bonuses, allowances, or benefits were paid to the both Executive and Non-Executive Directors in the subsidiaries of the Company.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Independence of the Board

The roles of the Chairman and the Chief Executive Officer are separated with a clear division of responsibilities between them to ensure balance of power and authority. In adherence with corporate governance best practice, the Chairman, Mr. James Henry Stewart is an unrelated non-executive independent director.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Chief Executive Officer, supported by fellow Executive Directors, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors deliberate every pertinent matter objectively. They give independent views, advice and judgment on interests, not only of the Group, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board operates in an open environment in which opinions and information are freely exchanged and in these circumstances any concerns need not be focused on a single director as all members of the Board fulfill this role individually and collectively.

The Company does not have term limits for both Executive Directors and Independent Non-Executive Directors as the Board believes that continued contribution by Directors provides benefits to the Board and the Group as a whole. The integrity of Independent Director is not compromised by the long period of serving.

The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. In accordance with the Code, the Board must justify and seek shareholders' approval in the event it retains an independent director, a person who has served in that capacity for more than nine (9) years.

The Board has reviewed and assessed the independence of the Independent Director, namely, Mr. James Henry Stewart and Datuk Ng Bee Ken, each has served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years and Datuk Ng Bee Ken who has served for a cumulative period of nearly nine (9) years, and recommended them to continue as Independent Non-Executive Directors of the Company based on the following justifications:-

i. They understand the business nature and office culture
ii. They provide the Board valuable advice and insight
iii. They actively participate in Board deliberations and decision making in an objective manner
iv. They uphold independent decision and challenges the management objectively

Following an assessment conducted by the Board through the Nomination Committee, the Board opined that the independence of director cannot be assessed based on the quantitative aspect as stated in AMLR, but the true independence emanates from intellectual honesty, manifested through a genuine commitment to serve the best interests of the Company.

The Independent Directors still can continue to remain objective and independence in expressing their respective view and participate in deliberation and decision making of the Board and the Board Committees. The Board is further of the view that the length of service of the Independent Directors on the Board does not in any way interfere with their independent judgment and ability to act in the best interest of the Group. Hence, based on the recommendation by the Nomination Committee, the Board recommends that Mr. James Henry Stewart and Datuk Ng Bee Ken continue to be designated as Independent Non-Executive Directors of the Company.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Independence of the Board (cont'd)

Mr. James Henry Stewart and Datuk Ng Bee Ken had abstained from deliberation in regards to their continuance of office as Independent Non-Executive Directors respectively.

Board Meetings

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers which are prepared by the Management provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues.

The Chairman of the Audit Committee informs the Directors at each Board meeting of any salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

There were four (4) Board meetings held during the financial year ended 31 December 2018, with details of Directors' attendance set out below:-

Board Of Directors	Attendance
James Henry Stewart	4/4
Tan Kee Chung	4/4
Chee Hong Soon	4/4
Tune Hee Hian	4/4
Datuk Ng Bee Ken	4/4
Dato' Abdul Manap Bin Abd Wahab	4/4

The Directors observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, they must not hold directorships at more than five (5) public listed companies and must be able to commit sufficient time to the Company.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

All the Directors of the Company have attended the Mandatory Accreditation Programme within the stipulated timeframe required in AMLR.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Independence of the Board Board Meetings (cont'd)

Directors' Training

Board Members have attended pertinent training on areas relevant to the Group business management, human resource and tax issue as follows:-

Director	Training attended
(a) Chee Hong Soon	• GST to SST Transition + Income Tax Audit Convergence with GST Audit • GST after 1st June 2018 and SST - Transitional Issues • GST to SST - Mechanism of SST 2.0 and Transitional Issues • 13th Advent MS Tax & Business Management Seminar

The other Directors were unable to attend any formal training during the financial year under review due to their busy schedule. Throughout the year, all Directors regularly received updates and briefings, particularly from the Company Secretary, internal and external auditors on changes in regulatory. They continue to remain updated on industrial practice, business environment, IT products and knowledge.

The external auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Dato' Abdul Manap Bin Abd Wahab as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Malaysia and the annual statutory financial statements.

The Directors are responsible for the preparation of financial statements for each financial year and ensure that the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and of the results of their operations and their cash flows for the year ended then.

The Directors are responsible to ensure that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016, and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring proper accounting records are kept, which disclose with reasonable accuracy, at any time, the financial position of the Group and of the Company. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and other irregularities.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

The Directors are satisfied that in preparing the financial statements of the Group and the Company for financial period ended 31 December 2018, the Group and the Company have used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates and prepared the annual audited financial statements on a going concern basis.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

During the financial year under review, the Management has a process in place to identify and evaluate the related business risks. The issues on risks were discussed by the Management with the Chief Executive Officer who would articulate risks associated with projects and investment, including any risk exposure that the Group faced in its operations. It is a continuous process and the Management meets on ad hoc basis to update the monitoring and risk mitigation process.

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartially, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Incorporated, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. On this basis, the Board will not only comply with the disclosure requirements as stipulated in the AMLR, but also instruct the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The Company also maintains a corporate website, www.myopensys.com to disseminate information and enhance its investor relations. All timely disclosure, material information and announcements made to Bursa Malaysia are published on the website after the same are released by the Company.

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by way of poll and duly passed. The outcome of AGM was announced to Bursa Malaysia on the same meeting day.

With effect from 1 July 2016, Rule 8.31A of AMLR provides that all resolutions set out in the notice of any general meeting shall be voted by poll where every one share has one vote. It also provides that a scrutineer independent of the polling process shall be appointed to validate the votes cast.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa Malaysia, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to create trust and confidence amongst stakeholders.

The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the Code has been applied and obligation are fulfilled under the Code and AMLR of Bursa Securities throughout 2018.

Additional Compliance Information

1. Audit Fee and Non-Audit Fee

Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 31 December 2018 to the external auditors are set out below:-

	Fees paid/payable to HLB LER LUM (RM)		
Description	**Company**	**Subsidiary**	**Total**
Audit Fees	32,000	6,000	38,000
Non-Audit Fees	9,000	-	9,000
Total	**41,000**	**6,000**	**47,000**

2. Utilisation of Proceeds

The Company did not undertake any corporate exercise during the financial year. Hence, no proceeds were raised.

3. Material Contracts

There was no material contracts entered into by the Company and/or its subsidiaries involving the Directors and/or major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2018 or since the end of previous financial year.

Statement on Risk Management and Internal Control

Introduction

Pursuant to Rule 15.26(b) of the AMLR, the Board of Directors is pleased to make a statement on the state of the internal controls and risk management of the Group which has been prepared in accordance with the AMLR and with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Responsibilities of the Board

The Board acknowledges its responsibility for maintaining sound systems of internal control and risk management and for reviewing the effectiveness, adequacy and integrity of the system to ensure shareholders' interests and the Group's assets are safeguarded. The systems of internal control cover financial controls, operational controls, compliance controls, and risk management. The Board also acknowledges that a sound system of internal control reduces, but cannot eliminate, the risk of failure to achieve business objectives. Accordingly, a sound system of internal control therefore provides reasonable, but not absolute, assurance against material misstatement, fraud and loss. Due to the ever changing business environment and conditions, the effectiveness of an internal control system may vary over time.

Risk Management

The Board acknowledged that all areas of the Group's business activities involve some degree of risks that may affect the successful achievement of the Group's business objectives and recognises that effective risk management is part of good business management practice.

The Executive Directors together with the management pursues a continuous process of identifying, assessing and managing key business, operational and financial risks that affect the operations and business objectives of the Group. During the periodic management meetings, issues faced by the Group are discussed and action plans formulated to ensure significant risks are appropriately addressed. Significant risks of the Group are highlighted to the Board during the scheduled meetings.

Key Elements of Internal Control

The Group's Management conducts periodic meetings that are attended by key personnel and senior staff members to discuss the Group's current and future business conditions, and to assess the Group's financial and operational exposure. The respective head of departments and business units heads also participate in such meetings to assist the Group in achieving its business performance, corporate plans and strategies with a structured segregation of duties and reporting responsibilities in monitoring operational issues, procedures and performance in a timely manner. The key elements of the Group's internal control system include the following:-

- Giving authority to the Board's committee members to investigate and report on any areas of improvement;
- Performing in-depth study on major variances and deliberating irregularities in the board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them;
- Arranging regular interactive meetings to identify and rectify any weaknesses in the system of internal control. There would also be informed on the matters brought up in the Audit Committee meetings on a timely basis;
- Delegating necessary authority to the Chief Executive Officer in order for him to play a major role as the link between the Board and Management in implementing the Board's expectation of effective system of internal control;
- Keeping the Management informed on the development of the action plan for enhancing system of internal control allowing various management personnel to have access to important information for better decision-making; and
- Monitoring key commercial, operational and financial risks through reviewing the system of internal control and operational structures.

Internal Audit Function

The internal audit function is presently out-sourced to a third party professional firm who monitors and reports on the system of internal financial, accounting and operational controls. Its main responsibility is to undertake reviews of the system of internal control to ensure that such a system operates satisfactorily and effectively in the Group. It reports to the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profiles of the Group. The fee paid to the professional firm in respect of internal audit functions for the financial year ended 31 December 2018 was RM27,485.80 (inclusive of government tax and disbursements).

Review of statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report of the Group for the financial year ended 31 December 2018, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and integrity of the system of internal control of the Group.

Conclusion

The Board believes that the current system of internal control and risk management incorporated by the Group is adequate and effective. Notwithstanding this, the Board is cognizant of the fact that the Group's system of internal control must continuously be enhanced and evolved to meet the ever changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to enhance the effectiveness and adequacy of the system of internal control.

The Board has received assurance from the CEO and CFO that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. The Board is satisfied that for the financial year under review, there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control.

This Statement was approved by the Board of Directors.

Sustainability Statement

The Group understands that responsible corporate behaviour not only contributes to broad-based future benefits for the community and environment but can also enhance opportunities for business success for the Group as well as our stakeholders including, among others, our shareholders, customers and suppliers.

1. Customer Satisfaction

The Group recognises that customers' satisfaction is one of the key factors underlying the long-term sustainability of our Group's operations. It is the fundamental policy of our Group that all products and services delivered to customers must be of the required quality that meets or exceeds the customers' expectations. We uphold the belief to deliver quality services and products to our customers and conducting business in an ethical manner.

We quickly response to our customers problems and needs and our sales, software and hardware personnel constantly engage with our customers. As such, we provide our customers with excellent service and also build a strong and conducive relationship with them. These also promote a culture of open communication, trust and reliability.

2. Corporate Governance

The Group conducts business responsibly and fairly, adhering to the long-standing business philosophy of providing our customers with the highest quality at the most competitive price. The Group upholds the principles of corporate governance, the code of ethic and compliance and adheres to anti-corruption and antitrust practices. Corporate Governance is incorporated into our Group's working culture to ensure sustainability.

3. Education and Training

The Group is committed to staff development by proving on-the-job training and external training programs for all level of staff in order to improve their skills and knowledge. This will enhance their performance and productivity while at the same time, increase their value and their career advancement. The Group reviews the adequacy and suitability of the training requirements of the staff on a regular basis. The Group accepts interns by providing on job training to students from universities, colleges, polytechnics and other technical / vocational institutional.

The Group will continue to focus on human capital development to nurture our employees to their full potential as they are our greatest asset. Every employee is given equal opportunity to rise up in their careers through hard work and dedication.

4. Employee Welfare

Human capital is pivotal to the Group's continuing success, as our dedicated employees is key to the effective functioning of all the departments within the Group. It is the Group's goal to create a safe and supportive working environment so employees feel empowered and contribute their best.

The Group adopts a non-discriminatory policy for hiring and promoting employees. The Group recognize the efforts and to boost the morale of our employees, the Group holds company trips or annual dinners in appreciation of all of our employees who are have tirelessly worked to meet the demands of their jobs. Employees are also rewarded with our Long Service Awards to recognise their loyalty and dedication to the Group.

The Group also holds regular breakfast functions in which we provide the employees with talks on personal development, finance, and health. Our CEO also briefs the employees on the performance of the Group during these functions. To promote a healthy workforce, the Group has an internal Sports Club that organises various sporting events and social functions such as futsal, badminton, cooking class, movie nights and many other events. During festive seasons such as Hari Raya, Chinese New Year, Deepavali and Christmas, the Sports Club also organises lunches for our employees. All these events foster better interaction and team spirit amongst the staff.

5. Community Care

The Group believe that a responsible organisation should not neglect its social obligations towards the community, as the well-being of the community has a bearing on the long-term sustainability and growth of our business.

In February 2018, the Company contributed RM5,000 to the Rotary Club of Bernam Valley towards their Operation Polio Eradication through Manipal Cycling Campaign event. The aim of this event is to bring awareness to the public on Polio Eradication and to promote Green-&-Healthy Environment.

The Company contributed RM2,200 in April 2018 to the Universiti Tunku Abdul Rahman (UTAR) Alumni Annual Dinner event. The proceeds from this sponsorship were channelled back to the UTAR Education Foundations which in turn provide affordable study fees to the general public.

The Company contributed RM2,000 to United Voice Self-Advocacy Society of Persons with Learning Disabilities Selangor & Kuala Lumpur fund raising event in April 2018. United Voice pioneered self-advocacy movement in Malaysia to reduce the isolation of people with learning disabilities and give them tools and experience to take greater control over their own lives and be integrated in the community. The members of United Voice include persons with Down Syndrome, Autism, Attention Deficit Disorder, Global Developmental Delay and other specific learning disabilities.

The Company provided at sponsorship of RM11,000 in July 2018 to the Malaysian AEON Foundation (MAF) for their Charity Gala Dinner. MAF contributes to various organizations, deserving individuals, schools, education support, medical expenses and disaster relief for the welfare of the underprivileged and the mentally or physically challenged persons.

In 2018, the Company provided scholarships to three deserving students pursuing full time studies in Computer Science and Computer Systems at a local college and two local universities amounting to RM21,400. The scholarships provide the students with financial assistance for their study fees and living expenses.

6. Environment Protection

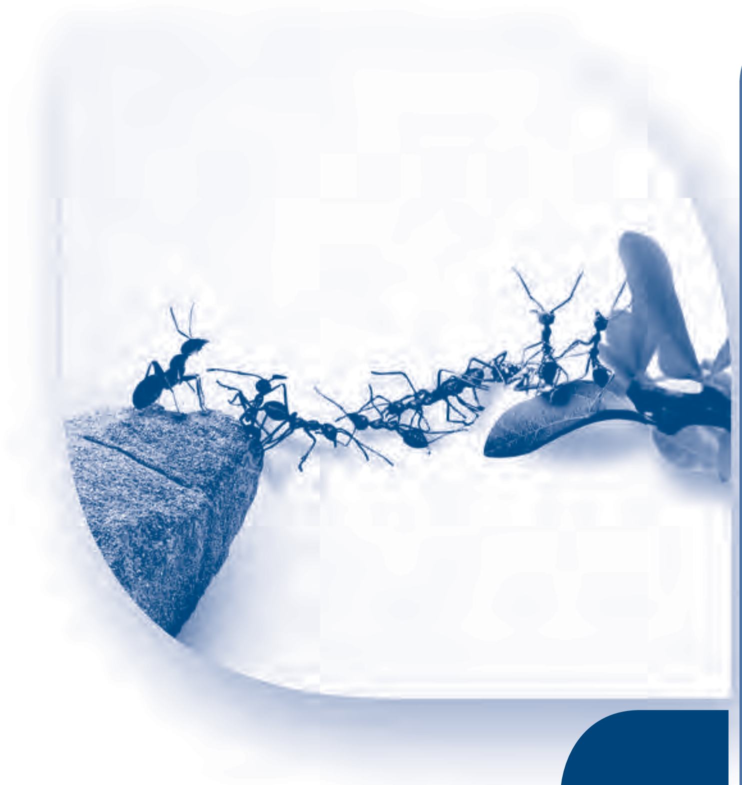
The Group does not operate in an environmentally sensitive business, but we are mindful of the environment that we live and operate in and recognise our duty to minimise our carbon footprint to the environment.

We have identified opportunities to reduce or reuse the resources we consume as we believe that efficient reuse, recycling and efficient utilisation of resources will help reduce our overall carbon footprint. These steps include reducing our energy consumption through the use of LED lighting, switching off unused lights and air conditioning and our paper management initiative to print only where necessary and where possible, recycling of used printed papers. Instead of discarding unwanted documents, we sent these documents for secure shredding after which the shredder papers are sent to be recycled into other paper based products. We also sent used machines and parts to various scrapping companies that crushed and extracted metal components from these used machines. The extracted metal was subsequently used to manufacture new products.

7. Conclusion

The Group is committed and remain steadfast in conducting our operations in a responsible and meaningful manner by upholding good corporate, social and environmental values which will make a difference to our business, societies and the environment.

The Group is continuously looking for new ways to incorporate sustainability practices into its business operations and continues to operate in a responsible manner.



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Directors' Report

The Directors hereby submit their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

DIRECTORS

The Directors who served on the Board of the Company during the financial year and during the period commencing from the end of the financial year and ending on the date of this Report are:-

Tan Kee Chung
Chee Hong Soon
Tune Hee Hian
James Henry Stewart
Datuk Ng Bee Ken
Dato'Abdul Manap Bin Abd Wahab

Tan Kee Chung and Chee Hong Soon both are also directors of subsidiaries.

PRINCIPAL ACTIVITIES

The principal activities of the Company are :-

(a) to provide solutions to the financial services industry in the areas of self-service machines and universal delivery systems and IT services such as systems integration, project management, software development, support services and training;

(b) investment holding; and

(c) to develop, assemble, manufacture, sell, import, export, let out, hire, lease, finance, install, alter, maintain, service, repair or otherwise deal in all kinds of computers, self-service machines, software application solutions and provision of related services.

The principal activities of the subsidiaries are set out in Note 11 to the Financial Statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year	10,187,531	10,087,974
Attributable to:		
Owners of the Company	10,160,469	10,087,974
Non-controlling interests	27,062	-
	10,187,531	10,087,974

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

The Directors holding office at the end of the financial year and their interests in the share capital of the Company during the financial year were as follows :-

	← Number of ordinary shares			→
	Balance at 1.1.2018	Acquired	Disposed	Balance at 31.12.2018
Direct interests				
Tan Kee Chung	63,355,095	-	-	63,355,095
Chee Hong Soon	8,214,960	-	-	8,214,960
Tune Hee Hian	3,976,909	-	-	3,976,909
James Henry Stewart	-	367,100	-	367,100
Indirect interests				
Tune Hee Hian	1,333,333[(1)]	-	-	1,333,333[(1)]

(1) Deemed interests by virtue of interests held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of the Directors' interests in the shares of the Company, Directors having interest in the shares of the Company are also deemed interested in the shares of the subsidiaries of the Company to the extent of the Company's interest in the subsidiaries as disclosed under Note 11 to the Financial Statements.

Other than disclosed above, Directors who held office at the end of the financial year did not have any interests in the shares of the Company or related companies during the financial year.

DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows :-

	RM
In respect of the financial year ended 31 December 2018 :-	
Tax exempt interim dividend of 0.5 sen per ordinary share, paid on 18 April 2018	1,489,465
Tax exempt interim dividend of 0.5 sen per ordinary share, paid on 15 October 2018	1,489,465
An interim dividend of 0.25 sen per ordinary share, paid on 07 January 2019	744,733
	3,723,663

The first interim dividend of 0.5 sen per ordinary share amounting to RM1,489,465 was declared on 25 February 2019 and will be paid on 15 April 2019 in respect of the year ending 31 December 2019.

The Board of Directors does not recommend any final dividend for the current financial year ended 31 December 2018.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company effected Directors' and Officers' Liability insurance for purpose of Section 289 of the Companies Act 2016, which provides appropriate insurance cover for the Directors and officers of the Company to protect the Directors and officers of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium paid for the Directors and officers of the Company was RM7,000.

There were no indemnity given to or insurance effected for the auditors of the Company in accordance with Section 289 of the Companies Act 2016.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 7 to the Financial Statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and

 (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business including the values of current assets have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this Report, the Directors are not aware of any circumstances:-

 (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

 (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

 (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

(c) At the date of this Report, there does not exist:-

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(e) At the date of this Report, they are not aware of any circumstances not otherwise dealt with in this Report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In their opinion,

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 11 to the Financial Statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 6 to the Financial Statements.

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board in accordance with a resolution of the Directors,

Tan Kee Chung

Chee Hong Soon

Dated : 9 April 2019
Kuala Lumpur

Statement by Directors

We, TAN KEE CHUNG and CHEE HONG SOON, being two of the Directors of OPENSYS (M) BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors,

Tan Kee Chung

Dated : 9 April 2019
Kuala Lumpur

Chee Hong Soon

Statutory Declaration

I, TAN KEE CHUNG, being the Director primarily responsible for the financial management of OPENSYS (M) BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Tan Kee Chung

Subscribed and solemnly declared by the
abovenamed TAN KEE CHUNG
at Kuala Lumpur on 9 April 2019

Before me :

Commissioner for Oaths

Independent Auditors' Report to the Members of Opensys (M) Berhad (Company No: 369818-W)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OpenSys (M) Berhad, which comprise the Statements of Financial Position as at 31 December 2018 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 87.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

(Refer to Note 3(p) and 4 to the Financial Statements)

Revenue is recognised when the performance obligations is satisfied. We identified revenue recognition as a key audit matter because there was a risk that revenue might be overstated because of the pressure on the Group and the Company to achieve performance targets. Therefore, we specifically focused our audit efforts to determine the possibility of overstatement of revenue.

How our audit address this matter

We performed the following audit procedures:

- We performed analytical procedures on the trend of revenue recognised to identify any abnormalities.
- Evaluated and tested the internal controls to check the accuracy of revenue recognition, including assessment of key terms and conditions of sale contracts entered.
- We read and understood the key terms and conditions of significant revenue agreements and assessed the management's assessment of the allocation of revenue between various multi element components.
- Cut-off test was performed by inspecting documents which evidenced the delivery of goods to customers, time of services rendered to the customers and the credit notes issued after the year end.
- Examined non-standard journal entries posted to revenue account.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (cont'd) to the Members of Opensys (M) Berhad (Company No: 369818-W)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (cont'd) to the Members of Opensys (M) Berhad (Company No: 369818-W)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HLB LER LUM
AF 0276
Chartered Accountants

LUM TUCK CHEONG
01005/03/2021 J
Chartered Accountant

Dated : 9 April 2019
Kuala Lumpur

Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year ended 31 December 2018

	Note	Group 2018 RM	Group 2017 RM (Restated)	Company 2018 RM	Company 2017 RM (Restated)
Revenue	4	95,361,005	96,001,183	95,361,005	96,001,183
Cost of sales		(67,312,709)	(72,628,291)	(67,754,061)	(72,628,291)
Gross profit		28,048,296	23,372,892	27,606,944	23,372,892
Other operating income		647,699	405,133	676,178	405,133
Selling & distribution costs		(758,819)	(828,098)	(758,369)	(828,098)
Administration expenses		(6,733,040)	(6,189,603)	(6,631,367)	(6,180,017)
Other operating expenses		(3,373,520)	(3,260,151)	(3,235,038)	(3,260,151)
Research & development expenses		(2,530,996)	(2,334,248)	(2,530,996)	(2,334,248)
Finance costs	5	(995,147)	(1,303,132)	(995,147)	(1,303,132)
Profit before tax	6	14,304,473	9,862,793	14,132,205	9,872,379
Income tax expense	8	(4,116,942)	(3,225,992)	(4,044,231)	(3,225,992)
Profit for the year and total comprehensive income for the year		10,187,531	6,636,801	10,087,974	6,646,387
Total comprehensive income attributable to:-					
Owners of the Company		10,160,469	6,636,801	10,087,974	6,646,387
Non-controlling interest		27,062	-	-	-
		10,187,531	6,636,801	10,087,974	6,646,387
Earnings per ordinary share Basic (Sen)	9	3.41	2.23		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
as at 31 December 2018

	Note	Group 2018 RM	Group 2017 RM (Restated)	Company 2018 RM	Company 2017 RM (Restated)
ASSETS					
Non-current assets					
Property, plant & equipment	10	47,522,927	41,849,697	47,522,927	41,849,697
Investment in subsidiaries	11	-	-	85,000	-
Development expenditure	12	26,104	182,730	26,104	182,730
Fixed deposits	13	7,832,827	7,591,008	7,832,827	7,591,008
		55,381,858	49,623,435	55,466,858	49,623,435
Current assets					
Inventories	14	6,994,213	9,017,372	6,994,213	9,017,372
Trade receivables	15	18,579,236	19,841,882	18,579,236	19,841,882
Other receivable, deposits & prepayments	16	4,441,703	1,903,707	4,383,752	1,903,707
Amount due from subsidiary	11	-	-	-	16,261
Short term investment	17	10,911,725	2,992,739	10,911,725	2,992,739
Cash & bank balances		9,687,257	8,716,905	9,338,425	8,709,927
		50,614,134	42,472,605	50,207,351	42,481,888
Total assets		105,995,992	92,096,040	105,674,209	92,105,323

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position (cont'd)
as at 31 December 2018

	Note	Group 2018 RM	Group 2017 RM (Restated)	Company 2018 RM	Company 2017 RM (Restated)
EQUITY AND LIABILITIES					
Equity					
Share capital	18	29,789,202	29,789,202	29,789,202	29,789,202
Retained earnings		27,598,855	21,162,049	27,537,643	21,173,332
Total equity attributable to owners of the Company		57,388,057	50,951,251	57,326,845	50,962,534
Non-controlling interests		25,978	-	-	-
Total equity		57,414,035	50,951,251	57,326,845	50,962,534
Non-current liabilities					
Finance lease liabilities	19	5,217,319	5,238,937	5,217,319	5,238,937
Term loans	20	8,838,102	7,452,660	8,838,102	7,452,660
Deferred tax liabilities	21	3,220,577	2,727,979	3,220,577	2,727,979
		17,275,998	15,419,576	17,275,998	15,419,576
Current liabilities					
Trade payables	22	11,021,683	7,537,849	11,021,683	7,537,849
Other payables & accruals	23	9,514,683	6,875,387	9,003,714	6,873,387
Amount due to subsidiary	11	-	-	266,087	-
Finance lease liabilities	19	5,098,992	4,237,066	5,098,992	4,237,066
Term loans	20	526,685	447,614	526,685	447,614
Bankers' acceptance	24	1,817,972	2,465,836	1,817,972	2,465,836
Contract liability	25	2,817,287	3,939,361	2,817,287	3,939,361
Income tax liabilities		508,657	222,100	518,946	222,100
		31,305,959	25,725,213	31,071,366	25,723,213
Total liabilities		48,581,957	41,144,789	48,347,364	41,142,789
Total equity and liabilities		105,995,992	92,096,040	105,674,209	92,105,323

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
for the Financial Year ended 31 December 2018

	← Attributable to owners →				
		Distributable		Non	
	Share	Retained		controlling	Total
	capital	earnings	Total	interest	equity
	RM	RM	RM	RM	RM
Balance at 31 December 2016	29,789,202	17,847,005	47,636,207	-	47,636,207
MFRS 15 Adjustment	-	(342,826)	(342,826)	-	(342,826)
Restated balance at 1 January 2017	29,789,202	17,504,179	47,293,381	-	47,293,381
MFRS 15 Adjustment	-	(78,408)	(78,408)	-	(78,408)
Profit for the year, representing total comprehensive income for the year	-	6,715,209	6,715,209	-	6,715,209
Dividend paid	-	(2,978,931)	(2,978,931)	-	(2,978,931)
Restated balance at 31 December 2017	29,789,202	21,162,049	50,951,251	-	50,951,251
Profit for the year, representing total comprehensive income for the year	-	10,160,469	10,160,469	27,062	10,187,531
Changes in equity interest in a subsidiary	-	-	-	(1,084)	(1,084)
Dividend paid	-	(3,723,663)	(3,723,663)	-	(3,723,663)
Balance at 31 December 2018	29,789,202	27,598,855	57,388,057	25,978	57,414,035

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity
for the Financial Year ended 31 December 2018

	← Attributable to owners →		
		Distributable	
	Share capital RM	Retained earnings RM	Total equity RM
Balance at 31 December 2016	29,789,202	17,848,702	47,637,904
MFRS 15 Adjustment	-	(342,826)	(342,826)
Restate balance at 1 January 2017	29,789,202	17,505,876	47,295,078
MFRS 15 Adjustment	-	(78,408)	(78,408)
Profit for the year, representing total comprehensive income for the year	-	6,724,795	6,724,795
Dividend paid	-	(2,978,931)	(2,978,931)
Balance at 31 December 2017	29,789,202	21,173,332	50,962,534
Profit for the year, representing total comprehensive income for the year	-	10,087,974	10,087,974
Dividend paid	-	(3,723,663)	(3,723,663)
Balance at 31 December 2018	29,789,202	27,537,643	57,326,845

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
for the Financial Year ended 31 December 2018

	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Cash flows from operating activities				
Profit before tax	14,304,473	9,862,793	14,132,205	9,872,379
Adjustments for :-				
Amortisation	156,626	156,625	156,626	156,625
Depreciation	6,144,425	5,964,904	6,144,425	5,964,904
(Gain)/loss on disposal of property, plant & equipment	(7,886)	14,270	(7,886)	14,270
Gain on disposal of shares in subsidiary	(16,084)	-	-	-
Impairment loss on amount due from subsidiary	-	-	4,793	4,638
Interest expenses	995,147	1,303,132	995,147	1,303,132
Interest income	(510,294)	(335,380)	(500,098)	(335,380)
Used machine from customer written down	1,304,750	2,503,000	1,304,750	2,503,000
Inventories written off	31,366	57,594	31,366	57,594
Unrealised foreign exchange (gain)/loss	(107,735)	84,646	(107,735)	84,646
Fair value gain on short term investment	(2,848)	-	(2,848)	-
Property, plant & equipment written off	299,587	177,684	299,587	177,684
Reversal of impairment loss on investment in subsidiary	-	-	(1,000)	-
Reversal of impairment loss on amount due from subsidiary	-	-	(33,404)	-
Operating profit before working capital changes	22,591,527	19,789,268	22,415,928	19,803,492
Changes in working capital:-				
Inventories	(987,483)	2,813,507	(987,483)	2,813,507
Receivables	(1,275,350)	(31,241)	(1,217,399)	(31,241)
Payables	4,364,058	(3,291,238)	3,855,089	(3,291,239)
Related parties balances	-	-	310,959	(21,201)
Cash generated from operations	24,692,752	19,280,296	24,377,094	19,273,318
Interest paid	(995,147)	(1,303,132)	(995,147)	(1,303,132)
Interest received	510,294	335,380	500,098	335,380
Income tax paid	(3,337,786)	(2,210,000)	(3,254,786)	(2,210,000)
Net cash from operating activities	20,870,113	16,102,544	20,627,259	16,095,566

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the Financial Year ended 31 December 2018

	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Cash flows from investing activities				
Subscription of shares in existing subsidiary	-	-	(99,000)	-
Disposal of equity shares	15,000	-	15,000	-
Placement of short term investment	(7,916,139)	(2,892,089)	(7,916,139)	(2,892,089)
Purchase of property, plant & equipment	(6,053,156)	(6,096,086)	(6,053,156)	(6,096,086)
Proceeds from disposal of property, plant & equipment	15,286	5,697	15,286	5,697
Net cash used in investing activities	(13,939,009)	(8,982,478)	(14,038,009)	(8,982,478)
Cash flows from financing activities				
Dividend paid	(2,978,930)	(2,978,931)	(2,978,930)	(2,978,931)
Placement of fixed deposit	(241,819)	(2,194,176)	(241,819)	(2,194,176)
(Repayment of)/proceeds from bankers' acceptance	(647,864)	1,495,836	(647,864)	1,495,836
Proceeds from/(repayment of) borrowings	1,464,513	(428,652)	1,464,513	(428,652)
Repayment of finance lease liabilities	(3,556,652)	(2,939,395)	(3,556,652)	(2,939,395)
Net cash used in financing activities	(5,960,752)	(7,045,318)	(5,960,752)	(7,045,318)
Net changes in cash and cash equivalents	970,352	74,748	628,498	67,770
Effects of exchange rate changes	-	(84,646)	-	(84,646)
Cash and cash equivalents brought forward	8,716,905	8,726,803	8,709,927	8,726,803
Cash and cash equivalents carried forward	9,687,257	8,716,905	9,338,425	8,709,927

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the Financial Year ended 31 December 2018

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
(a) Cash and cash equivalents comprise :-				
Fixed deposits	7,832,827	7,591,008	7,832,827	7,591,008
Cash & bank balances	9,687,257	8,716,905	9,338,425	8,709,927
	17,520,084	16,307,913	17,171,252	16,300,935
Less : Fixed deposits under lien	(7,832,827)	(7,591,008)	(7,832,827)	(7,591,008)
	9,687,257	8,716,905	9,338,425	8,709,927

	Group/Company 2018 RM	Group/Company 2017 RM
(b) Analysis of acquisition of property, plant & equipment :-		
Cash	6,053,156	6,096,086
Finance lease arrangement	4,396,959	8,454,897
Transfer from inventories	1,674,527	254,091
	12,124,642	14,805,074

(c) Reconciliation of liabilities arising from financing activities:-

	As at 01.01.2018 RM	Principal and interest payments RM	Non-cash changes: Drawdown RM	Non-cash changes: Interest expense RM	As at 31.12.2018 RM
Group/Company					
Bank borrowings					
- Banker acceptance	2,465,836	(4,506,416)	3,811,968	46,584	1,817,972
- Finance lease	9,476,003	(5,105,336)	5,363,066	582,578	10,316,311
- Term loan	7,900,274	(806,596)	1,908,257	362,852	9,364,787
	19,842,113	(10,418,348)	11,083,291	992,014	21,499,070

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The principal activities of the Company are :-

(a) to provide solutions to the financial services industry in the areas of self-service machines and universal delivery systems and IT services such as systems integration, project management, software development, support services and training;

(b) investment holding; and

(c) to develop, assemble, manufacture, sell, import, export, let out, hire, lease, finance, install, alter, maintain, service, repair or otherwise deal in all kinds of computers, self-service machines, software application solutions and provision of related services.

The principal activities of the subsidiaries are set out in Note 11 to the Financial Statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows :-

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

The address of the principal place of business of the Company is as follows :-

Level 26, Tower A
Pinnacle PJ, Jalan Utara C
46200 Petaling Jaya
Selangor Darul Ehsan

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's operations are subject to a variety of financial risks, including credit risk, foreign currency risk, interest rate risk, market risk, liquidity and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's policy to engage in speculative transactions.

(a) Credit risk

The Group is exposed to credit risk mainly from receivables. The Group extends credit to its customers based upon established credit evaluation and monitoring guidelines.

The maximum credit risk exposure in respect of trade receivables is limited to the carrying value of the receivables less allowance for impairment, whereas the maximum exposure for other receivables, and cash and cash equivalents are the reported carrying values in the financial statements. Information regarding trade receivables that are neither past due nor impaired, and either past due or impaired, are disclosed accordingly in Note 15 to the Financial Statements.

As at reporting date, 83.1% (2017: 77.9%) of the Group's trade receivables were due from six (2017: three) major customers.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (cont'd)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures mainly arising from purchases that are denominated in a currency other than the functional currency of Group, primarily RM. The foreign currency in which these transactions are denominated are mainly US Dollar and Euro.

Approximately 83.3% (2017: 77.4%) of the Group's purchases are denominated in the foreign currency of the Group. The currency exposure of trade receivable and trade payable at the reporting date are disclosed in the respective notes to the financial statements.

The Group does not enter into any financial instrument to hedge the movement in the foreign currency exchange rates as at reporting date.

<u>Sensitivity analysis for foreign currency risk</u>

The effect of the foreign currency risk is not significant as the majority of the Group's assets and liabilities are denominated in Ringgit Malaysia. As such, no sensitivity analysis has been conducted as at the reporting date.

(c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market rates. Interest rate exposure arises from the Group's borrowings and deposits with the licensed financial institutions. Both financial instruments are managed through the use of floating rate debt and long term tenure without speculative interest respectively.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. An increase of 5% in interest expense applicable for the Group's entire loans and borrowings would result in approximately 0.49% (2017: 0.97%) variance in the Group's profit for the financial year.

(d) Market risk

The Group manages its exposure to fluctuation in prices of key products purchased used in its operations through floating price levels that the Group considers acceptable and enters into agreements with suppliers in order to establish determinable prices of key products used.

The Group does not face significant exposure to risk from changes in debt and equity prices.

(e) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (cont'd)

(e) Liquidity and cash flow risk (cont'd)

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
31 December 2018				
Financial liabilities:				
Payables	20,536,366	-	-	20,536,366
Borrowings	8,369,177	9,761,167	6,820,023	24,950,367
Total	28,905,543	9,761,167	6,820,023	45,486,733
31 December 2017				
Financial liabilities:				
Payables	14,413,236	-	-	14,413,236
Borrowings	8,003,880	8,674,575	6,592,837	23,271,292
Total	22,417,116	8,674,575	6,592,837	37,684,528
Company				
31 December 2018				
Financial liabilities:				
Payables	20,025,397	-	-	20,025,397
Borrowings	8,369,177	9,761,167	6,820,023	24,950,367
Total	28,394,574	9,761,167	6,820,023	44,975,764
31 December 2017				
Financial liabilities:				
Payables	14,411,236	-	-	14,411,236
Borrowings	8,003,880	8,674,575	6,592,837	23,271,292
Total	22,415,116	8,674,575	6,592,837	37,682,528

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRSs and the Companies Act 2016 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenue and expenses during the reported period actual results could differ from those estimates.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(b) of the Financial Statements.

The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

The financial statements have been prepared on the historical cost basis other than as disclosed in the significant accounting policies below.

MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations

(i) Adoption of new and revised MFRSs

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

The adoption of MFRS 9 does not have material impact on the financial statements of the Group and of the Company.

The adoption of MFRS 15 gives changes to the accounting policies of revenue recognition of the Group and of the Company. The Group and the Company had changed its accounting policies and make certain retrospective adjustments following the adoption as disclosed in Note 32 to the Financial Statements.

(ii) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Amendments to Standards and IC Interpretations have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainly 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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations (cont'd)

(ii) Standards issued but not yet effective (cont'd)

Effective date deferred

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

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

(b) Significant accounting estimates and judgments

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below :-

(i) Impairment of property, plant & equipment

Determining whether the property, plant & equipment are impaired requires an estimation of value-in-use of the property, plant & equipment. The value-in-use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group and the Company follow its accounting policy set out in Note 3(d) in determining when property, plant and equipment are considered impaired.

(ii) Estimated residual values and useful lives of property, plant & equipment

The Group's business is fairly capital intensive. The depreciation charges form a significant component of total costs of profit or loss. The Group reviews the residual values and useful lives of property, plant & equipment at each reporting date in accordance with the accounting policy. The review is based on factors such as expected level of usage, business plans and strategies and future regulatory changes. The estimation of the residual values and useful lives involves significant judgment. A 5% difference in depreciation charge would results in approximately 3.0% (2017: 4.4%) variance in the Group's profit for the financial year.

(iii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Assets under construction are stated at cost and are not depreciated. Upon completion, assets under construction are transferred to categories of property, plant and equipment depending on nature of assets and depreciation commences when they are ready for their intended used.

Depreciation on property, plant & equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates used are as follows :-

Freehold and leasehold building	2%
Computers	33.33%
Furniture & fittings	20%
Motor vehicles	16%
Renovations	10% - 20%
ESM equipment	10% - 12.5%
Office equipment	20%
Reworkable parts	8.33% - 12.5%

Residual value, useful life and depreciation method of assets are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant & equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in profit or loss.

(d) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Impairment of non-financial assets (cont'd)

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:-

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(f) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(g) Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Development expenditure

The cost of development expenditure comprises purchase, direct labour and other direct costs.

Development expenditure incurred is capitalised when it meets certain criteria that indicate it is probable that the costs will give rise to future economic benefits and are amortised over useful life of 5 years once the project is commercialized. They are written down to their recoverable amounts when there is insufficient certainty that future economic benefits will flow to the enterprise.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to be customer, excluding amounts collected on behalf of third party, in the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measures at amortised cost using teh effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured FVOCI are subsequently measures at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit loss. The cumulative gain or loss previously recognised in other comprehensive income in reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

<u>Investments in equity instruments</u>

On initial recognition of an investment in equity instrument that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's and the Company's right to receive payments is established. For investments in equity instruments which the Group and the Company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instrument is recognised in profit or loss.

(j) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 months ECL). For those credit exposures for which there has been a significant losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculation ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience adjusted for forward – looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(l) Leases

(i) Finance leases - the Group as lessee

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

The asset is treated as if they had been purchased and the corresponding capital cost is shown as an obligation. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to profit or loss over the period of the lease in reducing amounts in a constant rate in relation to the outstanding obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Leases (cont'd)

(ii) Operating leases - the Group as lessee

Leases of assets where significant portion of the risks and rewards of ownership retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the lease period.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(n) Share capital

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(o) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentational currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of goods

Revenue from sales of goods is recognised when the Group and the Company has delivered the equipment to the customers, the customers have accepted the equipment and the collectability of the related receivables is reasonably assured.

(ii) Revenue from software solution and service revenue

Revenue from software solution is recognised upon service completion based on the customisation or integration work is performed by referring to the milestone of the contract activity at the end of the reporting period.

Service revenue is recognised when the customer simultaneously consumes and receives the benefits provided by the performance of the service rendered. As such, transfer of control takes place over the period of service provided.

Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Company are as follows:

(i) Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a receipt basis.

(q) Contract asset/liabilities

Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Income tax

Income tax on profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(s) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

<u>Defined contribution plan</u>

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(t) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank overdraft and deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value.

4. REVENUE

	Group/Company	
	2018 RM	2017 RM Restated
<u>Recognised at a point in time:</u>		
Sale of goods	52,587,167	57,632,397
Software solution & services rendered	42,773,838	38,368,786
	95,361,005	96,001,183

5. FINANCE COSTS

	Group/Company	
	2018 RM	2017 RM
Bank overdraft interest	3,133	377
Banker acceptance interest	46,584	244,772
Lease interest	582,578	708,762
Term loan interest	362,852	349,221
	995,147	1,303,132

6. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting) (other than those disclosed in Note 4 & 5) :-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory	38,000	30,500	32,000	28,500
- others	9,000	9,000	9,000	9,000
Impairment loss on amount due from subsidiary	-	-	4,793	4,638
Depreciation	1,980,228	1,604,178	1,980,228	1,604,178
Directors' remuneration				
- emoluments	1,754,828	1,547,200	1,754,828	1,547,200
- fees	156,000	156,000	156,000	156,000
Fair value gain on short term investment	(2,848)	-	(2,848)	-
(Gain)/loss on disposal of property, plant & equipment	(7,886)	14,270	(7,886)	14,270
Gain on disposal of shares in subsidiary	(16,084)	-	-	-
Interest income				
- fixed deposits	(254,290)	(197,564)	(244,094)	(197,564)
- other	(256,004)	(137,816)	(256,004)	(137,816)
Lease rentals	13,720	12,600	13,720	12,600
Property, plant & equipment written off	41,020	39,291	41,020	39,291
Rental of premises	286,041	772,606	286,041	772,606
Realised gain on foreign exchange	(2,876)	(8,433)	(2,876)	(8,433)
Reversal of impairment loss on investment in subsidiary	-	-	(1,000)	-
Reversal of impairment loss on amount due from subsidiary	-	-	(33,404)	-
Unrealised (gain)/loss on foreign exchange	(107,735)	84,646	(107,735)	84,646
Staff costs (excluding Directors' remuneration)				
- Salaries, wages, bonus & others	3,133,268	3,011,591	2,996,769	3,011,591
- Defined contribution plan expense	240,252	248,560	238,269	248,560
Included in the cost of sales are as follows :-				
Cost of inventories	45,207,990	51,240,598	45,207,990	51,240,598
Depreciation	4,164,197	4,360,726	4,164,197	4,360,726
Director's emoluments	640,949	545,501	640,949	545,501
Inventories written off	31,366	57,594	31,366	57,594
Property, plant & equipment written off	123,620	138,393	123,620	138,393
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	10,309,307	9,532,114	7,212,845	9,532,114
- Defined contribution plan expense	1,144,976	1,136,316	794,551	1,136,316
Included in the research & development expenses are as follows :-				
Amortisation of development expenditure	156,626	156,626	156,626	156,626
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	2,112,582	1,961,277	2,112,582	1,961,277
- Defined contribution plan expense	261,788	216,345	261,788	216,345

7. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors of the Group and of the Company categorised into appropriate components for the financial year ended are as follows :-

	Fees RM	Salaries RM	Others RM	BIK* RM	Total RM
2018					
Executive Directors	-	890,184	1,499,593	40,207	2,429,984
Non executive Directors	156,000	-	6,000	-	162,000
2017					
Executive Directors	-	871,128	1,215,573	36,250	2,122,951
Non executive Directors	156,000	-	6,000	-	162,000

*Benefits-in-kind

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended are as follows :-

	2018 Group/Company No. of Directors		2017 Group/Company No. of Directors	
Range of remuneration	**Executive**	**Non executive**	**Executive**	**Non executive**
Below RM50,001	-	2	-	2
RM50,001 – RM100,000	-	1	-	1
RM100,001 – RM500,000	-	-	-	-
RM500,001 – RM550,000	-	-	1	-
RM550,001 – RM600,000	-	-	1	-
RM600,001 – RM650,000	2	-	-	-
RM650,001 – RM950,000	-	-	-	-
RM950,001 – RM1,100,000	-	-	1	-
RM1,100,001 – RM1,150,000	1	-	-	-

Included in the remuneration of Directors of the Group and of the Company is contribution to a defined contribution plan expense amounting to RM381,594 (2017: RM333,203) charged to profit or loss.

8. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Malaysian income tax based on results for the financial year				
- Current tax	3,512,255	2,649,105	3,439,544	2,649,105
- Under-provision in prior financial years	63,687	307,648	63,687	307,648
	3,575,942	2,956,753	3,503,231	2,956,753

8. INCOME TAX EXPENSE (cont'd)

	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Deferred tax (Note 21)				
- Origination and reversal of temporary differences	(39,000)	(201,761)	(39,000)	(201,761)
- Under provision in prior financial years	580,000	471,000	580,000	471,000
	541,000	269,239	541,000	269,239
	4,116,942	3,225,992	4,044,231	3,225,992

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :-

	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Profit before tax	14,304,473	9,862,793	14,132,205	9,872,379
Income tax using Malaysian tax rate of 24% (2017: 24%)	3,433,073	2,367,070	3,391,729	2,369,370
Income not subject to tax	(65,301)	(33,040)	(61,441)	(33,076)
Non-deductible expenses	105,483	113,314	70,256	111,050
Under-provision of income tax in prior years	63,687	307,648	63,687	307,648
Under-provision of deferred tax in prior years	580,000	471,000	580,000	471,000
	4,116,942	3,225,992	4,044,231	3,225,992

Subject to agreement with the Inland Revenue Board, the Company has pioneer exempt income and exempt income pursuant to Section 12 of the Income Tax (Amendment) Act 1999 estimated at NIL (2017: RM3,438,124) and RM50,666 (2017: RM50,666) respectively, from which tax exempt dividends can be declared.

9. EARNINGS PER SHARE ("EPS")

Basic earnings per ordinary share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2018	2017 (Restated)
Basic EPS		
Profit attributable to owners (RM'000)	10,160	6,637
Weighted average number of shares in issue for basic EPS ('000)	297,892	297,892
Basic EPS (sen)	3.41	2.23

10. PROPERTY, PLANT & EQUIPMENT

Group/Company – 2018

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Work in progress RM	Reworkable parts RM	Total RM
Cost										
At 1.1.2018	5,202,081	1,167,589	3,247,145	1,032,446	48,250,206	1,255,094	11,261,567	1,991,800	4,200,947	77,608,875
Additions	876,305	52,419	458,184	37,837	7,832,659	205,807	-	2,348,812	312,620	12,124,643
Disposal	-	-	-	-	(156,729)	(23,032)	-	-	-	(179,761)
Transfer	-	1,212,769	-	1,123,189	-	189,734	-	(2,525,692)	-	-
Written off	(190,431)	(862,416)	-	(503,882)	(10,436,710)	(397,431)	-	-	-	(12,390,870)
At 31.12.2018	5,887,955	1,570,361	3,705,329	1,689,590	45,489,426	1,230,172	11,261,567	1,814,920	4,513,567	77,162,887
Accumulated Depreciation										
At 1.1.2018	4,450,186	1,020,514	1,407,198	688,449	26,352,911	755,961	470,644	-	613,315	35,759,178
Charge for the financial year	558,313	278,607	346,531	162,200	3,852,714	212,018	225,231	-	508,811	6,144,425
Disposals	-	-	-	-	(21,805)	(15,634)	-	-	-	(37,439)
Written off	(190,403)	(856,683)	-	(494,655)	(10,313,089)	(371,374)	-	-	-	(12,226,204)
At 31.12.2018	4,818,096	442,438	1,753,729	355,994	19,870,731	580,971	695,875	-	1,122,126	29,639,960
Net Book Value										
At 31.12.2018	1,069,859	1,127,923	1,951,600	1,333,596	25,618,695	649,201	10,565,692	1,814,920	3,391,441	47,522,927

Group/Company – 2017

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Work in progress RM	Reworkable parts RM	Total RM
Cost										
At 1.1.2017	4,936,766	1,101,160	2,709,509	1,023,018	43,349,397	990,294	11,261,567	-	3,557,284	68,928,995
Additions	451,189	87,467	537,636	91,150	10,587,589	331,977	-	1,991,800	726,266	14,805,074
Disposal	(105,010)	(8,215)	-	-	-	(43,440)	-	-	-	(156,665)
Transfer	-	-	-	-	(88,777)	-	-	-	88,777	-
Transferred to inventories	-	-	-	-	(530,371)	(5,260)	-	-	(171,380)	(707,011)
Written off	(80,864)	(12,823)	-	(81,722)	(5,067,632)	(18,477)	-	-	-	(5,261,518)
At 31.12.2017	5,202,081	1,167,589	3,247,145	1,032,446	48,250,206	1,255,094	11,261,567	1,991,800	4,200,947	77,608,875
Accumulated Depreciation										
At 1.1.2017	3,975,842	979,049	1,070,597	678,924	27,508,452	665,918	245,413	-	168,915	35,293,110
Charge for the financial year	660,196	54,865	336,601	63,345	4,039,734	133,748	225,231	-	451,184	5,964,904
Disposals	(105,000)	(4,980)	-	-	-	(26,718)	-	-	-	(136,698)
Transfer	-	-	-	-	(37,550)	-	-	-	37,550	-
Transferred to inventories	-	-	-	-	(230,486)	(3,484)	-	-	(44,334)	(278,304)
Written off	(80,852)	(8,420)	-	(53,820)	(4,927,239)	(13,503)	-	-	-	(5,083,834)
At 31.12.2017	4,450,186	1,020,514	1,407,198	688,449	26,352,911	755,961	470,644	-	613,315	35,759,178
Net Book Value										
At 31.12.2017	751,895	147,075	1,839,947	343,997	21,897,295	499,133	10,790,923	1,991,800	3,587,632	41,849,697

10. PROPERTY, PLANT & EQUIPMENT (cont'd)

The net book value of the property, plant & equipment of the Group and of the Company held under lease arrangement is as follows :-

	Group/Company	
	2018 RM	2017 RM
Computers	17	79,380
Motor vehicles	1,737,789	1,634,778
Furniture & fittings	990,457	-
Renovations	999,999	-
ESM equipment	10,403,041	10,153,265
Office equipment	154,950	40,285
	14,286,253	11,907,708

Security

The carrying amount of the property, plant & equipment that have been charged to financial institutions for facilities granted to the Group and the Company are as follows :-

	Group/Company	
	2018 RM	2017 RM
Building	10,565,691	10,790,923

11. SUBSIDIARIES

	Company	
	2018 RM	2017 RM
(a) Investment in subsidiaries		
Unquoted shares - at cost	86,000	2,000
Less: Accumulated impairment losses	(1,000)	(2,000)
	85,000	-

The Group had the following subsidiaries at 31 December 2018 and 31 December 2017. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares and incorporated in Malaysia. The country of incorporation is also their place of principal place of business.

		Effective Interest	
Name of Company	**Principal Activities**	**2018**	**2017**
OpenSys Technologies Sdn. Bhd.	Call center operation, hardware maintenance, repair of self service kiosks and computer equipment and software development for Fintech and IoT	85%	100%
OpenSys Engineering Sdn. Bhd.	Dormant	100%	100%

11. SUBSIDIARIES (cont'd)

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the group.

The accumulated non-controlling interests in respect of the subsidiary is not material.

There were no changes in the composition of the Group during the period under review except for the following:

On 24 January 2018, the Company subscribed to 99,000 new ordinary shares in its existing subsidiary-OpenSys Technologies Sdn. Bhd. ("OST") at RM1.00 each and the equity participation remained as a wholly-owned subsidiary.

On 18 May 2018, the Company disposed 15,000 ordinary shares equivalent to 15% of the equity in OpenSys Technologies Sdn. Bhd. ("OST") to Nawahasu Sdn. Bhd. for a total cash consideration of RM15,000.00 ("the Disposal"). Upon the Disposal, Company has changed its equity participation in OST from a wholly-owned subsidiary to an 85% owned subsidiary.

(b) Amount due from subsidiaries

	Company	
	2018 RM	2017 RM
Amount due from subsidiaries	42,864	87,737
Less: Accumulated impairment losses		
At beginning of the financial year	(71,476)	(66,838)
Impairment losses	(4,793)	(4,638)
Reversal of Impairment losses	33,405	-
At end of the financial year	(42,864)	(71,476)
Carrying amount at end of financial year	-	16,261

The amount due from subsidiaries pertained mainly to advances and payments on behalf. The outstanding amounts were unsecured, interest free and payable on demand.

(c) Amount due to subsidiary

	Company	
	2018 RM	2017 RM
Amount due to subsidiary	266,087	-

The amount due to subsidiary pertained mainly to contract services. The outstanding amounts were unsecured, interest free and the credit terms is 30 days.

12. DEVELOPMENT EXPENDITURE

This is mainly in respect of expenditure incurred for the development and design of ESM equipment and software development.

	Group/Company	
	2018 RM	2017 RM
At end of the financial year	783,128	783,128
Cost	783,128	783,128
Less: Accumulated amortisation	(757,024)	(600,398)
Net book value	26,104	182,730

13. FIXED DEPOSITS

The fixed deposits have been pledged to licensed banks for banking facilities granted to the Group and the Company.

The interest rate of deposits of the Group and of the Company as at reporting date ranged from 3.15% to 3.5% (2017: 2.9% to 3.25%) per annum.

Deposits of the Group and the Company have maturity of 365 days (2017: 365 days).

14. INVENTORIES - at cost

	Group/Company	
	2018 RM	2017 RM
Consumables and parts	1,846,513	2,142,606
Assembly components	2,267,750	3,045,214
Finished goods	2,879,950	3,829,552
	6,994,213	9,017,372
Recognised to profit or loss:-		
Used machine written down to net realisable value	1,304,750	2,503,000

15. TRADE RECEIVABLES

The table below is an analysis of trade receivables as at 31 December :-

	Group/Company	
	2018	2017
Not past due and not impaired*	18,420,074	19,403,958
Past due but not impaired (0 – 120 days)	159,162	437,924
Total trade receivables, net	18,579,236	19,841,882

15. TRADE RECEIVABLES (cont'd)

* Included here is contract assets amounting RM2,490,263 (2017: RM2,862,276), being performance obligation satisfied but not yet invoiced.

The normal credit term of the Group and of the Company granted to trade receivables ranged from 30 days to 90 days (2017: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade receivables are non-interest bearing. When a trade receivable is ascertained to be uncollectible, it is written off directly to profit or loss.

The Group's and the Company's historical experience in collection of trade receivable falls within the recorded allowances. Trade receivables that are past due but not impaired are creditworthy receivables with good payment records with the Group and the Company.

The currency exposure profile of trade receivables is as follows :-

	Group/Company	
	2018 RM	2017 RM
Ringgit Malaysia	18,479,410	19,704,400
US Dollar	99,826	137,482
	18,579,236	19,841,882

16. OTHER RECEIVABLE, DEPOSITS & PREPAYMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivable	383,171	493,250	383,171	493,250
Deposits	130,990	265,217	130,990	265,217
Prepayments	3,927,542	1,145,240	3,869,591	1,145,240
	4,441,703	1,903,707	4,383,752	1,903,707

Included in the prepayments are advance payments made for purchase of inventories amounting RM394,836 (2017: RM173,035) and land & building amounting RM2,330,638 (2017: Nil).

17. SHORT TERM INVESTMENTS

	Group/Company	
	2018 RM	2017 RM
Financial assets at fair value through profit or loss - unquoted unit trusts in Malaysia	10,911,725	2,992,739

The fair value of all unit trusts is based on their net assets value as at the end of the reporting period.

18. SHARE CAPITAL

	Group/Company			
	2018		2017	
	Number of share Unit	Amount RM	Number of share Unit	Amount RM
Issued and fully paid :-				
Ordinary shares with no par value				
At the beginning of the year/ At the end of the year	297,892,019	29,789,202	297,892,019	29,789,202

The holders of ordinary share are entitled to receive dividends as and when declared by the Company. All ordinary share carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

19. FINANCE LEASE LIABILITIES

	Group/Company	
	2018 RM	2017 RM
Minimum lease payments :-		
Repayable not later than 1 year	5,598,129	4,742,408
Repayable later than 1 year and not later than 2 years	2,556,578	4,152,009
Repayable later than 2 years and not later than 5 years	3,077,405	1,340,022
	11,232,112	10,234,439
Less : Finance charges	(915,801)	(758,436)
Present value of minimum lease payments	10,316,311	9,476,003
Breakdown of present value of minimum lease payments :-		
Repayable not later than 1 year	5,098,992	4,237,066
Repayable later than 1 year and not later than 2 years	2,338,764	3,929,484
Repayable later than 2 years and not later than 5 years	2,878,555	1,309,453
	10,316,311	9,476,003
Represented by :-		
Current	5,098,992	4,237,066
Non-current	5,217,319	5,238,937
	10,316,311	9,476,003

The finance lease liabilities of the Group and of the Company carried interest at the reporting date which ranged from 4.35% to 8.38% (2017: 4.35% to 8.38%) per annum.

20. TERM LOANS

	Group/Company	
	2018 RM	2017 RM
Repayable not later than 1 year	526,685	447,614
Repayable later than 1 year and not later than 2 years	592,420	468,270
Repayable later than 2 years and not later than 5 years	1,956,272	1,538,506
Repayable later than 5 years	6,289,410	5,445,884
	9,364,787	7,900,274
Represented by :-		
Current	526,685	447,614
Non-current	8,838,102	7,452,660
	9,364,787	7,900,274

The carrying amounts of term loans of the Group and of the Company at the reporting date approximated their fair values.

The effective interest rate of term loans of the Group and of the Company at the reporting date is 4.77% (2017: 4.52%) per annum.

The term loans are secured by :-

(a) a pledge of fixed deposit amounting to RM800,000;
(b) a fixed charge over the buildings; and
(c) the facility agreement for the sum of RM2,524,883

21. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position:-

	Group/Company	
	2018 RM	2017 RM Restated
Deferred tax liabilities		
Property, plant & equipment		
- capital allowances in excess of depreciation	3,395,700	2,817,200
Development expenditure	6,300	43,800
	3,402,000	2,861,000
Deferred tax assets		
Contract liability	(181,423)	(133,021)
	3,220,577	2,727,979

22. TRADE PAYABLES

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 90 days (2017: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

23. OTHER PAYABLES & ACCRUALS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	776,223	871,672	776,223	871,672
Accruals - others	5,147,921	2,907,605	5,037,685	2,905,605
Accruals - staff costs	3,342,678	2,870,864	3,041,272	2,870,864
Defined contribution plan	247,861	225,246	148,534	225,246
	9,514,683	6,875,387	9,003,714	6,873,387

The Group and the Company contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group and the Company have no further payment obligations.

24. BANKERS' ACCEPTANCE

The bankers' acceptance are secured by fixed deposits of RM7,554,500 (2017: RM7,411,482).

The interest charges on the bankers' acceptance of the Group and of the Company during the financial year ranged from 4.76% to 5.80% (2017: 4.49% to 6.89%) per annum.

25. CONTRACT LIABILITY

The transaction price allocated to the unsatisfied performance obligations as at 31 December are as follows:

	Group/Company	
	2018 RM	2017 RM
Deferred revenue	2,817,287	3,939,361
Recognised to profit or loss	3,665,924	1,419,008

The above represents consideration received in respect of unsatisfied performance obligation which is recognised as revenue over the period the services are provided. The remaining performance obligations are recognised within 3 years.

Unsatisfied performance obligation yet to be recognised as revenue:

	2019 RM	2020 RM	2021 RM
As at 31 December 2018			
Revenue to be recognised on services contract	2,474,561	231,690	111,036

25. CONTRACT LIABILITY (cont'd)

	2018 RM	2019 RM	2020 RM
As at 31 December 2017			
Revenue to be recognised on services contract	3,665,924	208,761	64,676

26. OPERATING SEGMENTS

The Group is organised into the following main business segments :-

(i) Hardware

Including sale, assembly and distribution of Cheque Deposit and Cash Recycling Machines.

(ii) Software Solution and Services ("SSS")

Including sale of software, software customisation, maintenance, after sale services and outsourcing of payment kiosks.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") (i.e. the Group's Chief Executive Officer, Chief Financial Officer and Senior VP of Business Development) that are used to make strategic decisions.

The geographical segment information is not presented as the Group's activities are carried out predominantly in Malaysia.

Major customers

There are four (2017: Two) major customers with revenue equal or more than 10 per cent of the Group's total revenue.

Segment assets and segment liabilities

Segment assets and segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Offices. Hence no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant & equipment and development expenditure.

The segment information provided to the CODM for the reportable segments is as follows :-

	Hardware RM	Software Solution and Services RM	Elimination RM	Total RM
2018				
External revenue	52,587,167	42,773,838	-	95,361,005
Intersegment transactions	-	4,619,022	(4,619,022)	-
Total revenue	52,587,167	47,392,860	(4,619,022)	95,361,005
Segment results	7,754,992	20,293,304		28,048,296
Unallocated other income				647,699
Unallocated operating expenses				(14,391,522)
Profit before tax				14,304,473

26. OPERATING SEGMENTS (cont'd)

	Hardware RM	Software Solution and Services RM	Elimination RM	Total RM
2017				
External revenue	57,632,397	38,368,786	-	96,001,183
Intersegment transactions	-	-	-	-
Total revenue	57,632,397	38,368,786	-	96,001,183
Segment results	6,885,819	16,487,073		23,372,892
Unallocated other income				405,133
Unallocated operating expenses				(13,915,232)
Profit before tax				9,862,793

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

a) Related Party Transactions

Entity	Relationship	Type of transactions	2018 RM	2017 RM
OpenSys Technologies Sdn. Bhd.	Subsidiary	Service expenses:		
		- Hardware maintenance	4,317,516	-
		- Call center operations	301,506	-

b) Key management personnel compensation

The key management personnel compensation during the financial year was in respect of the Directors' remuneration of the Group and of the Company as stated in Note 7 to the Financial Statements.

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

28. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manage its capital structure and make adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital. The Group and the Company included within net debt, total financial liabilities less fixed deposits, cash and cash equivalents. Capital includes equity attributable to the owners.

	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Trade payables	11,021,683	7,537,849	11,021,683	7,537,849
Other payables & accruals	9,266,822	6,650,141	8,855,180	6,648,141
Finance lease liabilities	10,316,311	9,476,003	10,316,311	9,476,003
Term loans	9,364,787	7,900,274	9,364,787	7,900,274
Bankers' acceptance	1,817,972	2,465,836	1,817,972	2,465,836
Post-employment benefit obligations	247,861	225,246	148,534	225,246
Less: Fixed deposits	(7,832,827)	(7,591,008)	(7,832,827)	(7,591,008)
Less: Short term investment	(10,911,725)	(2,992,739)	(10,911,725)	(2,992,739)
Less: Cash & bank balances	(9,687,257)	(8,716,905)	(9,338,425)	(8,709,927)
Net debt	13,603,627	14,954,697	13,441,490	14,959,675
Equity attributable to owners	57,388,057	50,951,251	57,326,845	50,962,534
Debt to equity ratio	0.24	0.29	0.23	0.29

Under the requirement of Bursa Malaysia Guidance Notes 3, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital. The Company has complied with this requirement.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Loans and receivables		FVTPL		Total	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Group						
Financial Assets						
Non-current						
Fixed deposits	7,832,827	7,591,008	-	-	7,832,827	7,591,008
Current						
Trade and other receivables	19,093,397	20,600,349	-	-	19,093,397	20,600,349
Short term investments	-	-	10,911,725	2,992,739	10,911,725	2,992,739
Cash and bank balances	9,687,257	8,716,905	-	-	9,687,257	8,716,905
Total	36,613,481	36,908,262	10,911,725	2,992,739	47,525,206	39,901,001

	Loans and receivables		FVTPL		Total	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Company						
Financial Assets						
Non-current						
Fixed deposits	7,832,827	7,591,008	-	-	7,832,827	7,591,008
Current						
Trade and other receivables	19,093,397	20,600,349	-	-	19,093,397	20,600,349
Short term investments	-	-	10,911,725	2,992,739	10,911,725	2,992,739
Cash and bank balances	9,338,425	8,709,927	-	-	9,338,425	8,709,927
Total	36,264,649	36,901,284	10,911,725	2,992,739	47,176,374	39,894,023

29. FINANCIAL INSTRUMENTS (cont'd)

	Financial liabilities at amortised cost			
	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current				
Borrowings	14,055,421	12,691,597	14,055,421	12,691,597
Current				
Borrowings	7,443,649	7,150,516	7,443,649	7,150,516
Trade and other payables	20,536,366	14,413,236	20,025,397	14,411,236
Total	42,035,436	34,255,349	41,524,467	34,253,349

(b) Fair value of financial instruments

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group and the Company held the following financial instruments carried at fair value in the Statements of Financial Position:

	Assets/ (Liabilities)	Level 1 RM	Level 2 RM	Level 3 RM
31 December 2018				
Fair value through profit or loss:				
Short term investments	10,911,725	10,911,725	-	-
31 December 2017				
Fair value through profit or loss:				
Short term investments	2,992,739	2,992,739	-	-

The carrying amounts of the Group's and of the Company's financial instruments are reasonable approximation of fair values due to their short term nature

30. DIVIDENDS

	Group/Company			
	2018		2017	
	Gross dividend per share (sen)	Amount of dividend, net of tax RM	Gross dividend per share (sen)	Amount of dividend, net of tax RM
Dividend paid in respect of :-				
(a) Financial year ended 31 December 2018				
- first interim , tax exempt	0.50	1,489,465	-	-
- second interim , tax exempt	0.50	1,489,465	-	-
- third interim	0.25	744,733	-	-
(b) Financial year ended 31 December 2017				
- first interim, tax exempt	-	-	0.5	1,489,466
- second interim, tax exempt	-	-	0.5	1,489,465
Dividend recognised as distribution to ordinary equity holders of the Company	1.25	3,723,663	1.0	2,978,931

The Board of Directors does not propose any final dividend in respect of the year ended 31 December 2018.

31. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	2018 RM	2017 RM
Contracted but not provided for	639,812	466,148

The above commitments relate to purchase of property, plant and equipment.

(b) Operating lease arrangements

The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are analysed as follows :-

	Group/Company	
	2018 RM	2017 RM
Not later than 1 year	92,129	263,374
Later than 1 year and not later than 5 years	33,300	40,529
	125,429	303,903

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

As stated in Note 3(a) to the Financial Statement, the Group and the Company adopted MFRS 15, Revenue from Contracts with Customer on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards.

Bundled sale of hardware equipment with services

Before the adoption of MFRS 15, the Group and the Company accounted for the hardware equipment ("sale of goods") and after sale services within a bundled sale as a single deliverable.

Under MFRS 15, the Group and the Company assessed that there were two performance obligations in a contract for bundled sale which are satisfied at different point of time and performed an allocation of the transaction price based on their relative stand-alone selling prices. Expected cost plus a margin approach is applied in deriving transaction price for services. The revenue less allocated transaction price for services is the adjusted revenue for sale of goods.

Upon adoption of MFRS 15, the Group and the Company recognised Contract Liabilities related to unfulfilled services as at 1 January 2017, with the corresponding decrease made in retained earnings and deferred tax liabilities. The profit or loss for the year ended 31 December 2017 was also restated to reflect the difference in revenue recognised.

Impacts on financial statements

The following tables summaries the impact arising from the adoption of MFRS 15 on the Group's and the Company's financial statements.

(i) Statement of financial position

	As previously reported RM	MFRS 15 adjustments RM	As restated RM
Group			
1 January 2017			
Retained earnings	17,847,705	(342,826)	17,504,179
Deferred tax liability	2,567,000	(108,261)	2,458,739
Other payables and accruals	6,039,392	(1,147,301)	4,892,091
Contract liability	-	1,598,388	1,598,388
31 December 2017			
Retained earnings	21,240,457	(78,408)	21,162,049
Deferred tax liability	2,752,739	(24,760)	2,727,979
Other payables and accruals	10,260,493	(3,385,106)	6,875,387
Contract liability	1,598,388	2,340,973	3,939,361
Company			
1 January 2017			
Retained earnings	17,848,702	(342,826)	17,505,876
Deferred tax liability	2,567,000	(108,261)	2,458,739
Other payables and accruals	6,039,392	(1,147,301)	4,892,091
Contract liability	-	1,598,388	1,598,388
31 December 2017			
Retained earnings	21,251,740	(78,408)	21,173,332
Deferred tax liability	2,752,739	(24,761)	2,727,979
Other payables and accruals	10,260,493	(3,385,106)	6,875,387
Contract liability	1,598,388	2,340,973	3,939,361

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

(ii) Statement of profit or loss

	As previously reported RM	MFRS 15 adjustments RM	As restated RM
Group			
31 December 2017			
Revenue	96,104,352	(103,169)	96,001,183
Profit before tax	9,965,962	(103,169)	9,862,793
Tax expense	(3,250,753)	24,761	(3,225,992)
Profit after tax	6,715,209	(78,408)	6,636,801
Company			
31 December 2017			
Revenue	96,104,352	(103,169)	96,001,183
Profit before tax	9,975,548	(103,169)	9,872,379
Tax expense	(3,250,753)	24,761	(3,225,992)
Profit after tax	6,724,795	(78,408)	6,646,387

33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 9 April 2019.

LODGER INFORMATION

Name	:	Mega Corporate Services (M) Sdn. Bhd.
Company No.	:	187984-H
Address	:	Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
Phone No.	:	03-26924271
Email	:	info@megacorp.com.my

List of Properties

A summary of the Group's properties as at 31 December 2018 is as follows:

Location	Approximate Built-up Area (square feet)	Brief Description and Existing Use	Tenure/Date of Expiry of Leasehold Land	Date of Acquisition/ Revaluation	Age of Building (years)	Net Book Value as at 31.12.2018 (RM'000)
No. 1, 1-1 & 1-2, Jalan Putra Mahkota 7/7B, Seksyen 7, Putra Heights, 47650 Subang Jaya, Selangor Darul Ehsan.	9,059	3 storey shop-office building for own use	Freehold	26 July 2012	11.5	2,635
Level 26, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	9,235	Office unit for own use	Leasehold for 99 years expiring on 15 January 2102	22 May 2013	2	7,931
Unit A-23-01, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	1,081	Office unit for own use (Received keys on 28 March 2019)	Leasehold for 99 years expiring on 15 January 2102	6 August 2018	2	Cost 1,135 Acc. Dep NIL NBV 1,135
Unit A-23-02, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	558	Office unit for own use (Received keys on 28 March 2019)	Leasehold for 99 years expiring on 15 January 2102	6 August 2018	2	Cost 586 Acc. Dep NIL NBV 586
Unit A-23-08, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	1,190	Office unit for own use (Received keys on 28 March 2019)	Leasehold for 99 years expiring on 15 January 2102	8 August 2018	2	Cost 1,250 Acc. Dep NIL NBV 1,250

Analysis of Shareholdings
as at 29 March 2019

Total Number of Issued Shares	: 297,892,019 ordinary shares.
Class of Shares	: There is only one class of shares in the Company.
Voting Rights	: One vote per share.

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Total Holdings	%
Less Than 100 Shares	502	23,460	0.01
100 To 1,000 Shares	408	224,521	0.07
1,001 To 10,000 Shares	1,566	9,220,443	3.09
10,001 To 100,000 Shares	1,848	62,639,199	21.03
100,001 To Less Than 5% Of Issued Shares	305	162,429,301	54.53
5% And Above Of Issued Shares	1	63,355,095	21.27
Total	**4,630**	**297,892,019**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
No. Shareholder	Shares	%	Shares	%
1. Tan Kee Chung	63,355,095	21.27	-	-

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Deemed Interest	
No. Shareholder	Shares	%	Shares	%
1. Tan Kee Chung	63,355,095	21.27	-	-
2. Chee Hong Soon	8,214,960	2.76	-	-
3. Tune Hee Hian	3,976,909	1.34	1,333,333***	0.45
4. James Henry Stewart	367,100	0.12	-	-

*** Deemed interests by virtue of interests held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1.	Tan Kee Chung	63,355,095	21.27
2.	CIMB Group Nominees (Asing) Sdn Bhd For DBS Bank Ltd (SFS)	10,106,900	3.39
3.	Chee Hong Soon	8,214,960	2.76
4.	HSBC Nominees (Tempatan) Sdn Bhd For RHB Small Cap Opportunity Unit Trust	7,000,000	2.35
5.	Haw Wan Chong	6,113,842	2.05
6.	Tan Gaik Keow	5,310,242	1.78
7.	Koh Lea Cheong	5,145,142	1.73
8.	Lim Swee Keah	4,596,909	1.54
9.	Goh Siew Tee	4,031,857	1.35
10.	Tune Hee Hian	3,976,909	1.34
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd For Kong Kok Choy	2,300,000	0.77
12.	Leong Yoke Wai	2,208,700	0.74
13.	Maybank Nominees (Tempatan) Sdn Bhd For Ooi Boon Chai	2,199,800	0.74
14.	Soong Sor Pow	1,915,000	0.64
15.	Tham Kok Cheng	1,812,765	0.61
16.	Khoo Lee Feng	1,601,000	0.54
17.	Tsen Kui Lan @ Margaret Tsen	1,597,000	0.54
18.	CIMSEC Nominees (Tempatan) Sdn Bhd For Yoong Kah Yin	1,550,000	0.52
19.	Leong Yoke Wai	1,522,509	0.51
20.	Lim Soon Huat	1,500,000	0.50
21.	Ngoi Se Tong	1,497,700	0.50
22.	AllianceGroup Nominees (Tempatan) Sdn Bhd For Wong Tet Fui	1,467,500	0.49
23.	Kenanga Nominees (Tempatan) Sdn Bhd For Soh Chaw Hoe	1,432,000	0.48
24.	Low Suet Cheng	1,428,542	0.48
25.	Alma Rubber Estates Sdn Berhad	1,400,000	0.47
26.	Liew Swee Lian	1,333,333	0.45
27.	Chuah Tai Eu	1,300,000	0.44
28.	Lim Kok Lye	1,260,000	0.42
29.	Public Nominees (Tempatan) Sdn Bhd For Cheong Wai Juen	1,213,700	0.41
30.	Teoh Hun Pin	1,200,000	0.40

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

FORM OF PROXY

(Before completing this form please refer to the notes below)

No. of Shares Held	:	
CDS Account No.	:	

(NRIC No./Passport No./Company No.)

I/We____
(Full name in block letters)

of____
(Full address)

being a member/members of **OPENSYS (M) BERHAD** hereby appoint the following person(s):-

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Twenty-third Annual General Meeting of the Company to be held at Latitude 2 & 3, Level 1, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 12 June 2019 at 3.00 p.m. and at every adjournment thereof to vote as indicated below:-

		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits		
Ordinary Resolution 2	To re-elect the director, Mr. Tan Kee Chung		
Ordinary Resolution 3	To re-elect the director, Mr. James Henry Stewart		
Ordinary Resolution 4	To re-appoint the retiring auditors, Messrs. HLB Ler Lum		
Ordinary Resolution 5	Authority to allot shares		
Ordinary Resolution 6	Retention of Mr. James Henry Stewart as Independent Director		
Ordinary Resolution 7	Retention of Datuk Ng Bee Ken as Independent Director		
Special Resolution 1	Proposed Adoption of new Constitution of the Company		

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

As witness my hand this______________day of____________________________2019.

____
Signature/Common Seal

*** Strike out whichever is not desired.**

Notes:

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 4th June 2019. Only a depositor whose name appears on the Record of Depositors as at 4th June 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote in his/her stead.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. All voting will be conducted by way of poll.*
3. *Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
4. *(i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.*

   (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorized.*
6. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

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AFFIX STAMP

Company Secretary
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here

www.**myopensys**.com

OpenSys (M) Berhad

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