



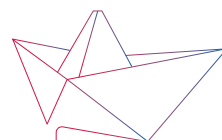
OpenSys (M) Berhad
Registration No.199501040614 (369818-W)

Leading Towards
The Right Course



Contents

2	Corporate Information
3	Profile of Directors
5	Profile of Senior Management
11	Financial Highlights
13	Management Discussion & Analysis
18	Audit Committee Report
21	Corporate Governance Overview Statement
30	Additional Compliance Information
31	Statement on Risk Management and Internal Control
33	Sustainability Statement



Financial Statements

37	Directors' Report
41	Statement by Directors
41	Statutory Declaration
42	Independent Auditors' Report
46	Statements of Profit or Loss and Other Comprehensive Income
47	Statements of Financial Position
49	Consolidated Statement of Changes in Equity
50	Statement of Changes in Equity
51	Statements of Cash Flows
54	Notes to the Financial Statements

Additional Information

93	List of Properties
94	Analysis of Shareholdings



Corporate Information

BOARD OF DIRECTORS

James Henry Stewart

- Chairman, Independent Non-Executive Director

Tan Kee Chung

- Executive Director and Group Chief Executive Officer

Chee Hong Soon

- Executive Director

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.
[Registration No. 198901010682 (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 PLT
[201906002362 (LLP0021174-LCA & 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
[Registration No. 193401000023 (97141-X)]
Malayan Banking Berhad
[Registration No. 196001000142 (3813-K)]
Public Bank Berhad
[Registration No. 196501000672 (6463-H)]

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code: 0040

Profile of Directors



From left to right

Tune Hee Hian
Executive Director

Chee Hong Soon
Executive Director
and Chief Financial
Officer

Datuk Ng Bee Ken
Independent Non-
Executive Director

James Henry Stewart
Independent Non-
Executive Chairman

Tan Kee Chung
Executive Director,
President and
Group Chief
Executive Officer

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

JAMES HENRY STEWART (Canadian, Male, Aged 86)

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 61)

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

Profile of Directors (cont'd)

CHEE HONG SOON

(Malaysian, Male, Aged 60)

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 legal and compliance 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 61)

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 66)

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 63)

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



From left to right

Tune Hee Hian

*(Senior Vice President -
Business Development)*

Winnie Ong Poh Hong

(Acting Chief Financial Officer)

Eric Lim Swee Keah

(Chief Executive Officer)

Luke Sebastian

*(Chief Operating Officer -
OpenSys Technologies)*

Wong Siew Pooi

*(Senior Vice President -
Software Development & Integration/
Cheque Processing Outsourcing)*

Chee Hong Soon

*(Senior Vice President -
Internal Audit, Legal and Compliance)*

Profile of Senior Management (cont'd)

TUNE HEE HIAN

*Senior Vice President - Business Development
Malaysian, Male, Aged 61*

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

WINNIE ONG POH HONG

*Acting Chief Financial Officer
Malaysian, Female, Aged 43*

Winnie Ong holds a Degree in Accounting. She has over 21 years of working experience in the field of accounting. She was promoted to her current position on 1 January 2020.

ERIC LIM SWEE KEAH

*Chief Executive Officer
Malaysian, Male, Aged 55*

He started his career with OpenSys as its Sales Director, Sales & Marketing Director, Senior Vice President of Sales & Marketing and Chief Operating Officer. Prior to joining OpenSys, he was the Sales Director (General Systems Division) of NCR Malaysia.

In his 23 years of working in OpenSys, he is responsible for sales, marketing, business development and strategic business direction of OpenSys. He is also responsible for the Software Development & Integration Divisions, Business Process Outsourcing Divisions and Project Management Office of OpenSys.

He holds a Bachelor of Science (Computer Science) degree as well as a Bachelor of Commerce degree from the Australian National University, Canberra, Australia.

His promotion was announced in Bursa Malaysia on 24 February 2020.

LUKE SEBASTIAN

*Chief Operating Officer - OpenSys Technologies
Malaysian, Male, Aged 41*

Luke Sebastian holds a Bachelor in Computing (Honours) Degree. He has over 19 years of working experience in software application and self-service software design, development and support. He was promoted to his current position on 1 July 2018.

WONG SIEW POOI

*Senior Vice President - Software Development & Integration / Cheque Processing Outsourcing
Malaysian, Female, Aged 45*

Wong Siew Pooi holds a Bachelor of Computer Science Degree. She has over 20 years of working experience in software application design, development and support. She was promoted to her current position in 1 January 2015.

CHEE HONG SOON

*Senior Vice President - Internal Audit, Legal and Compliance
Malaysian, Male, Aged 60*

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

Profile of Senior Management (cont'd)



From left to right

Leong Yoke Wai

*(Senior Vice President -
Research and Development)*

Heng Ken Wei

*(Senior Vice President -
Centre of Technology)*

Ooi Hock Ang

*(Senior Vice President -
Hardware Development & Integration)*

Tham Kok Cheng

*(Senior Vice President -
Business Process Re-engineering)*

Koh Lea Cheong

*(Senior Vice President -
Business Process Outsourcing)*

Profile of Senior Management (cont'd)

LEONG YOKE WAI

*Senior Vice President – Research and Development
Malaysian, Male, Aged 61*

Leong Yoke Wai holds a Bachelor of Computer Science Degree. He has over 35 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 2019.

THAM KOK CHENG

*Senior Vice President - Business Process Re-engineering
Malaysian, Male, Aged 67*

Tham Kok Cheng holds a Master's Certificate in Commercial Project Management. He has 42 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.

HENG KEN WEI

*Senior Vice President - Centre of Technology
Malaysian, Male, Aged 44*

Heng Ken Wei holds a Bachelor of Information Technology Degree. He has over 19 years of working experience in software application design, development and support. He was promoted to his current position on 1 January 2019.

KOH LEA CHEONG

*Senior Vice President - Business Process Outsourcing
Malaysian, Male, Aged 53*

Koh Lea Cheong obtained a First Class Honours Degree in Applied Science. He has over 27 years of working experience in software application design, development and support. He was promoted to his current position on 1 January 2015.

OOI HOCK ANG

*Senior Vice President - Hardware Development & Integration
Malaysian, Male, Aged 49*

Ooi Hock Ang holds a Bachelor of Computer Science (Honours) Degree. He has over 23 years of working experience in software development and support and project management. He was appointed to his current position on 1 January 2019.

Profile of Senior Management (cont'd)



From left to right

Shiyamala Joeganathan

*(Vice President -
Software Development & Integration)*

Chong Boon Ni

*(Vice President -
Cheque Processing Outsourcing)*

Nor Sharizah Mohammed Zawawi

*(Vice President -
Project Management Office)*

Hon Tian Yang

*(Vice President -
Systems & Network Support)*

Denis Koay Kar Hwa

(Vice President - Sales)

Profile of Senior Management (cont'd)

SHIYAMALA JOEGANATHAN

Vice President - Software Development & Integration

Malaysian, Female, Aged 44

Shiyamala Joeganathan holds a Bachelor of Computer Science (Honours) Degree. She has over 19 years of working experience in application software design, development and support. She was promoted to her current position on 1 January 2015.

HON TIAN YANG

Vice President - Systems & Network Support

Malaysian, Male, Aged 43

Hon Tian Yang holds a Bachelor of Computer Science Degree. He has over 18 years of working experience in systems design, configuration and support and network design, configuration and support. He was promoted to his current position on 1 January 2015.

CHONG BOON NI

Vice President - Cheque Processing Outsourcing

Malaysian, Female, Aged 44

Chong Boon Ni holds a Bachelor of Information Technology Degree. She has over 19 years of working experience in application software design, development and support. She was promoted to her current position on 1 July 2018.

DENIS KOAY KAR HWA

Vice President - Sales

Malaysian, Male, Aged 40

Denis Koay Kar Hwa holds a Bachelor of Science in Computing Degree. He has over 16 years of working experience in sales and marketing of Information Technology products. He was appointed to his current position on 1 January 2017.

NOR SHARIZAH MOHAMMED ZAWAWI

Vice President - Project Management Office

Malaysian, Female, Aged 46

Nor Shahrizah holds a Bachelor of Science in Information Systems Degree. She has over 19 years of working experience in software development and project management. She was promoted to her current position on 1 January 2015.

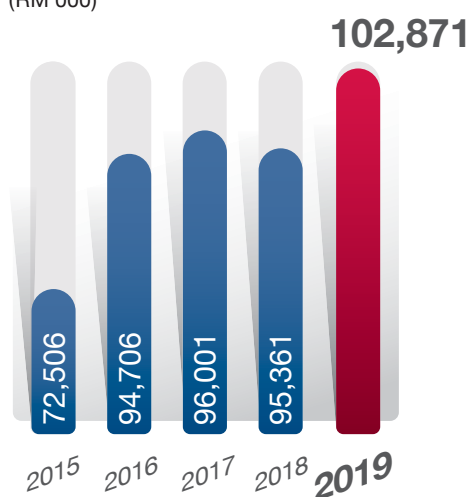
Note:

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.

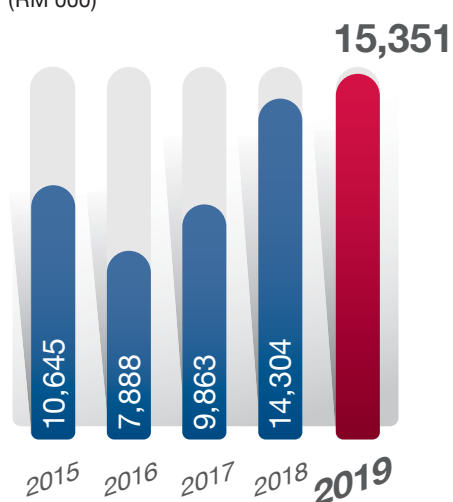
Financial Highlights

Financial Year Ended 31 Dec		2015	2016	2017	2018	2019
Revenue	RM'000	72,506	94,706	96,001	95,361	102,871
Profit Before Tax (PBT)	RM'000	10,645	7,888	9,863	14,304	15,351
Profit After Tax (PAT)	RM'000	7,373	6,004	6,637	10,188	11,138
Shareholders' Equity	RM'000	44,611	47,636	50,951	57,414	64,080
Earnings Per Share	sen	2.48	2.02	2.23	3.41	3.73
Dividend Per Share	sen	1.00	1.00	1.00	1.25	1.50
Total Assets	RM'000	69,487	84,655	92,096	105,996	104,676
Net Assets Per Share	sen	14.98	15.99	17.10	19.27	21.51

Revenue
(RM'000)



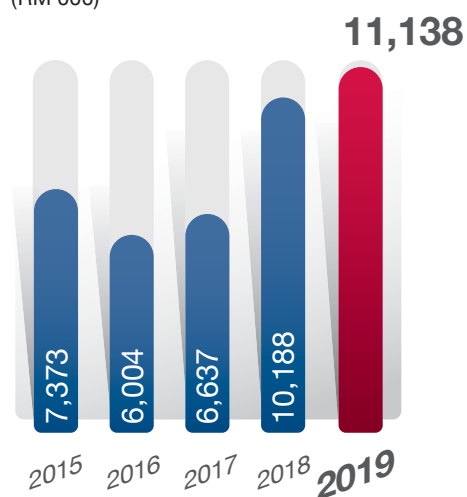
Profit Before Tax (PBT)
(RM'000)



Financial Highlights (cont'd)

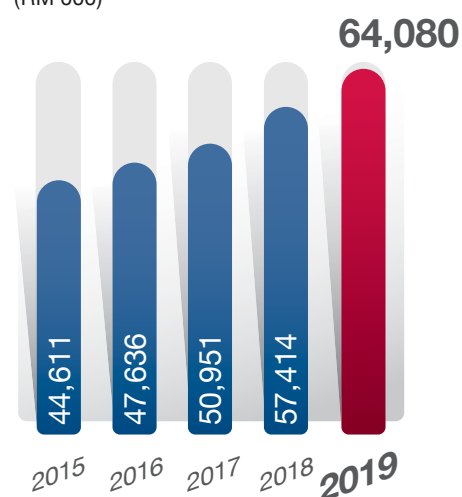
Profit After Tax (PAT)

(RM'000)



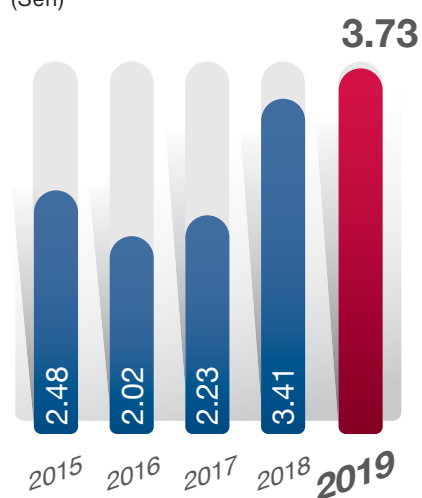
Shareholders' Equity

(RM'000)



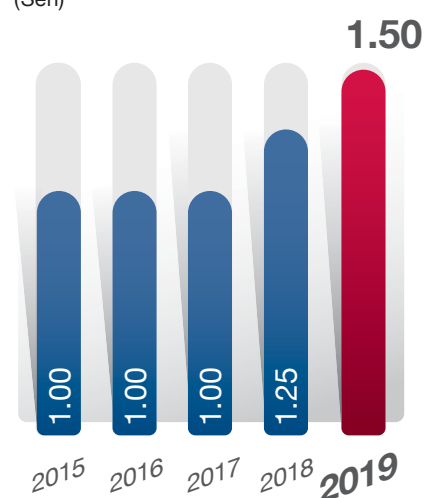
Earnings Per Share

(Sen)



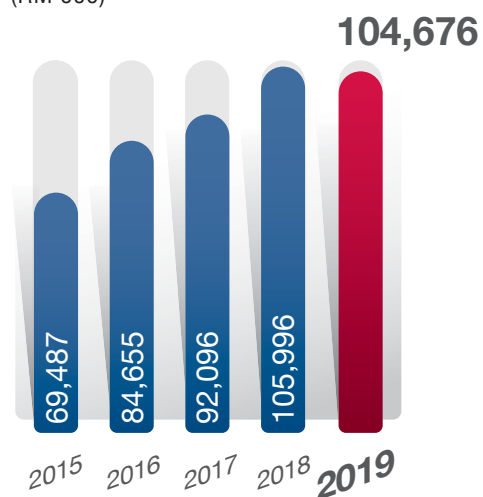
Dividend Per Share

(Sen)



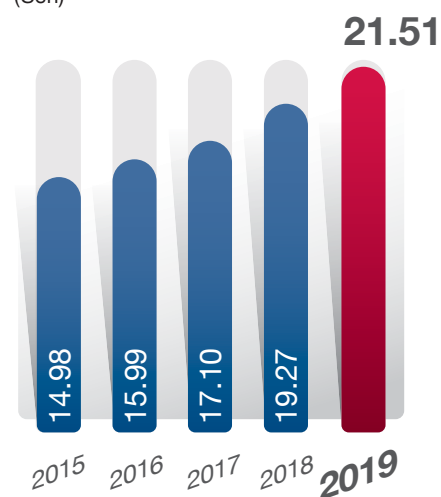
Total Assets

(RM'000)



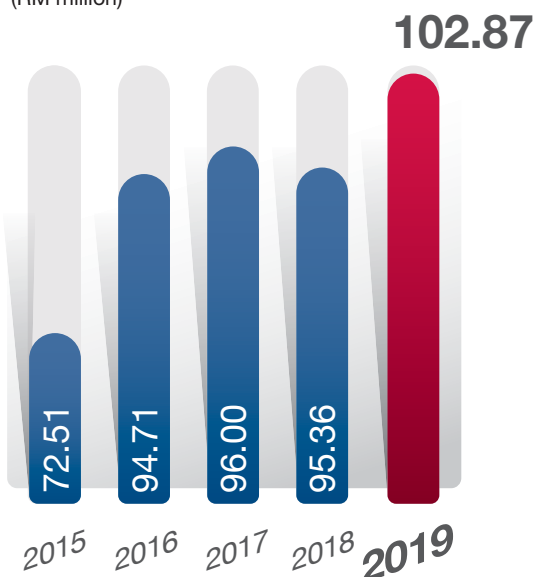
Net Assets Per Share

(Sen)

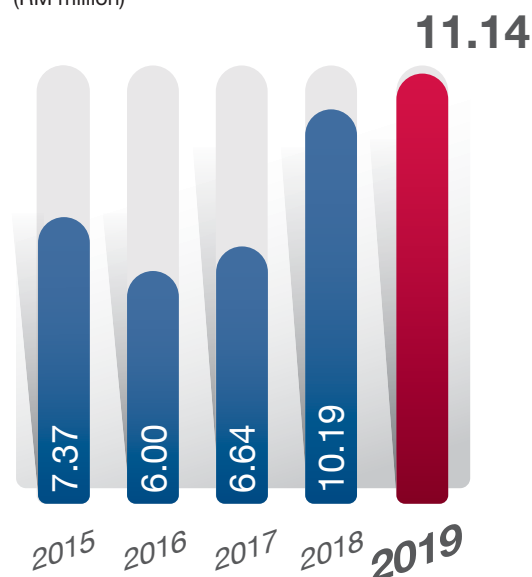


Management Discussion & Analysis

Revenue
(RM'million)



Profit After Tax
(RM'million)



Physical vs Digital. Who's Winning The War?

Well, the short answer is, the jury is still out!

For almost 30 years, the notion of a “cashless society” has been advocated by various industry interest groups, financial institutions, e-payment services providers and governments. It started in the 1990s when electronic banking became common and the use of debit and credit cards were increasingly popular. After the turn of the century, we started to see proliferation of online payment and banking. Paypal was launched in 2000 and banks began to implement e-Banking (now Internet Banking). From the 2010s to the present day, the advancement of technologies in 4G (soon 5G) mobile network, Near Field Communication (NFC) and smartphone has made contactless, mobile and e-money payments easy, fast and convenient.

Despite the onslaughts from cards, Internet Banking, mobile payment and e-Wallets, cash is still holding its ground. There are many factors and statistics to support that cash is not going away anytime soon.

In Japan, a survey conducted by a central bank-affiliated research institute between June and July of 2019 showed that 84 percent of respondents still use notes and coins for small purchases less than ¥1,000 ⁽¹⁾. In the USA, consumers prefer to use cash for purchases of less than \$10, despite other more convenient options, according to a new CreditCards.com poll in July 2019. 49 percent of U.S. adults usually pay with cash, 35 percent with debit cards and 16 percent with credit cards ⁽²⁾. A research commissioned by the Payment Systems Regulator of UK in July 2019 revealed that most (83 percent) consumers in UK made a payment with cash on a weekly basis. In May 2019, the UK government established the Joint Authorities Cash Strategy Group to safeguard the future of cash and ensure its availability for years to come ⁽³⁾.

Sweden, one of the world's most advanced countries in terms of digital payments has advised citizens to store hard cash at home in case of emergencies. Sweden's Civil Contingencies Agency believes that hackers or terrorist groups could target the country's digital payments infrastructure in a bid to cause disruption. Citizens have therefore been encouraged to keep cash at home and not to depend entirely on electronic payments ⁽⁴⁾. In September 2019, Amazon launched Amazon PayCode in the US to make it easier for customers to pay with cash. PayCode allows customers to checkout on Amazon e-commerce portal and pay in cash from one of 15,000 Western Union locations ⁽⁵⁾.

Management Discussion & Analysis (cont'd)

Many has also predicted the demise of branch banking and digital is the only way of the future. The truth is customers still want the option of a physical branch. A consumer survey carried out by Celent in 2018 found that 55 percent of US adults still prefer face-to-face conversations with the bank and 93 percent of Millennials want some in-person interaction with their bank. Another study in 2019 by Adobe Analytics shared on CNN Business found that all age groups agree that physical branches are an important part of banking experience. Though that importance is most evident in older age groups (70 percent of GenX, 83 percent of boomers and 92 percent of traditionalists), 66 percent of GenZ and 68 percent of Millennials said branch banking is important to them as well ⁽⁶⁾.

While it is true that banks have been consolidating their branch footprint and closing some branches in the last ten years, there's no question that branch network will remain a key service delivery for banks to maintain customer loyalty. Banks are now beginning to reinvent their branch network with new branch of the future concept that are fully digitalized yet customer centric using cash recycling, digital signage, interactive teller machine and tablet technology solutions.

In OpenSys, we believe the 'physical' and the 'digital' are complementary elements that should co-exist to maximize the best of both worlds. Digital doesn't eclipse the use of cash completely or rule out the brick-and-mortar branch. The sweet spot is delivering both experiences and provide that versatility that customers desire and demand. OpenSys is in a very unique position to make that co-existence of physical and digital happen with our CRM and "Branch of the Future" (BOTF) solutions.

Due to the complementary relationship between cash and digital payments, 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.

In the foreseeable future, ATMs will continue to evolve and remain relevant by adopting mobile technologies to cater to Millennials 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.

Management Discussion & Analysis (cont'd)

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 3,900 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-sales support vis-à-vis our competitors.

Besides 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 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 2019, our revenue increased 7.9 percent to RM102.87 million from a corresponding period in 2018 due to robust sales of CRMs and Microsoft Windows 10 upgrades on CRMs and cheque deposit machines. Meanwhile, our profit after tax increased by 9.3 percent to RM11.14 million as compared to 2018.

Moving forward ⁽⁷⁾, 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 all banks in Malaysia is approximately 17,000 units ⁽⁸⁾ of ATMs, CDMs and CRMs and 3,000 units of cheque deposit machines. About 6 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 5,000 units at end 2019. The total installed base of CRMs now only constitutes about 30 percent of total machine population of 17,000 units. The CRM installed base will continue to grow at the expense of ATMs and CDMs. If this migration rate reaches 90 – 100 percent like in matured countries such as Japan, Korea and China, 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.

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.

Management Discussion & Analysis (cont'd)

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 2018. This momentum has been carried forward into 2019 and more banks are now evaluating our BOTF solution. We expect to begin a live trial with another major bank in 2020.

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 transforming and digitalizing their service centres. They want our kiosks to be turned into a digital hub to support not only payments but digital contents and services, sales of SIM plans, sales lead generation and product sales. OpenSys responded by designing a new Digital Kiosk with large touch screen, compact SIM card dispenser, facial recognition, and all-in-one payment module that supports cards, contactless and e-Wallet payments to meet the new requirements. Our new Digital Kiosk has been on trial with two major telecommunication companies and we expect more Digital Kiosks will be installed as time progresses.

In line with the fast adoption of e-Wallet payments in Malaysia, we are currently working on enabling e-Wallet payments on our bill payment kiosks. This will allow current users of our bill payment kiosks to use e-Wallets such as TNGo, Boost, GrabPay, AliPay and WeChatPay to pay for their bills or prepaid reload with their smartphones. According to Bank Negara Malaysia data, e-Wallet transactions amounted to 1.4 million in volume and RM10.6 billion in value from January to August 2019. It is projected that the value will grow to RM83.8 billion by 2024. OpenSys intends to ride on this e-Wallet payment wave and we are upbeat that it will eventually become the payment mode of choice by the Millennials and GenZ on our bill payment kiosks.

As an expansion to our existing bill payment kiosk business, we shall be launching our own White Label bill payment kiosks in 2020. Our White Label kiosks are new, compact and cost effective Digital Kiosks that allow our customers to pay various types of bills, prepaid reloads, sales of SIM cards and digital services using e-payment (cards and e-Wallets). We'll deploy these kiosks at shopping malls, large residential condos and apartments, universities and colleges, LRT/MRT stations and etc. In addition to charging our usual transaction fee to the billers, we shall be acquiring the e-payment transactions to earn a merchant fee from the billers. The merchant fee is subject to OpenSys obtaining an approval from Bank Negara Malaysia (BNM) to carry out Merchant Acquiring Services under Section 17 of Financial Services Act (2013).

Our research and development on FinTech and Internet Of Things (IoT) is starting to bear fruits. In February 2020, we launched buySolar, a one-stop online solar marketplace that enables both residential and commercial customers to purchase solar panels with the best financing options. buySolar is the first of its kind in Malaysia. It brings together customers, solar installers, TNB, financiers, insurers and the regulator SEDA (Sustainable Energy Development Authority) in the solar ecosystem onto an online marketplace platform to make purchasing and owning of solar panels easy and seamless. Our buySolar platform provides end-to-end solar installation services, which include online application, cost estimation, selection of solar installer, standardized quotation, financing, online monitoring and after-sales maintenance. Customers can reap the benefits of energy savings that could potentially range from 54 percent to 87 percent, depending on the amount of energy used and the size of the rooftop.

Our secure logistic solution, SmartCIT is also making headways. SmartCIT revolutionizes the way Cash-In-Transit is currently implemented. It combines traditional CIT services with cutting edge secure logistics solution (based on IoT) developed by OpenSys to lower the cost of CIT and improve efficiency. Initially targeting our bill payment kiosk customers (and banking and retail customers later on), our SmartCIT solution provides a single point of cash collection and kiosk service management. SmartCIT streamlines the processes of cash collection and kiosk service management to gain efficiency. It provides a real time view of critical management information on job scheduling, balancing and reconciliation which is crucial to our customer's cash collection operation. Coupled with ink-staining technology, SmartCIT will reduce armed-guards and save cost for our customers. SmartCIT is currently going through customer trials and we are confident that SmartCIT will be well-accepted in the secure logistic market.

Management Discussion & Analysis (cont'd)

The Covid-19 pandemic has been wreaking health and economic havoc throughout the world since its rapid spread in late January 2020. As OpenSys' customers are all part of essential services (banking, telecommunications and utilities), OpenSys' business is also deemed essential to support the operations of these vital services. In OpenSys, we have been keeping abreast and at times thinking ahead of this pandemic. Seven weeks before the first Movement Control Order (MCO) was implemented on 18 March 2020, we have already started to plan for our company wide Pandemic Business Continuity Plan. When the Covid-19 situation worsened in February and March, we segregated our working teams into four separate office locations to minimize exposure risk. We implemented temperature checks for all visitors and made hand sanitizer available throughout our offices. Despite the scarcity of Personal Protection Equipment (PPE), we continue to procure sufficient face masks and gloves especially for our front liners whom are more exposed when discharging their duties. We took all the necessary steps to ensure that our services to the customers are not hampered by this virus outbreak.

Even though the Covid-19 pandemic is unprecedented and no experts can tell us when it is going to end, it is pertinent to note that OpenSys' business remains intact due to the recurring income that we derived from the maintenance of cash recycling ATMs, bill payment kiosks and related software.

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 properties 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 been consistently paying dividends to our shareholders for almost 10 years now. We paid semi-annual dividends to our shareholders from July 2010 to December 2017 while in 2018, we raised our dividend payment to three times per year with an additional 0.25 sen per share for a total of 1.25 sen per share. In 2019, we raised our dividend payment further to four times per year with an additional 0.25 sen per share for a total of 1.5 sen per share. 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. In particular, with respect to the Covid-19 pandemic, we would like to express our utmost appreciation to our heroic front line staff whom have been working as usual during the MCO period to support our customers. Their professionalism and courage have contributed immensely to the reputation of our Company. Once again, thank you.

Notes:

- (1) *Nearly 20% Of Japan Households Using e-Money But Cash Is Still King - The Sun Daily, 19 November 2019*
- (2) *Most Americans Are Still Using Cash Or Debit Cards To Pay For Small Purchases - CreditCards.com, 15 August 2019*
- (3) *Majority Of Brits Still Paying For Things With Cash - ATM MarketPlace, 24 July 2019*
- (4) *Sweden Advises Citizens To Stockpile Cash In Case Of Emergencies - Computing, 7 May 2019*
- (5) *Amazon PayCode Launches In US For People Who Pay In Cash - ATM MarketPlace, 18 September 2019*
- (6) *Why Millennials and GenZers Love Going To The Bank - CNN Business, 20 November 2019*
- (7) *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.*
- (8) *The Association of Banks in Malaysia (ABM) Annual Report 2018. Total no of units of ATMs, CDMs and CRMs as reported in the ABM Annual Report 2018 is 12,811 units. ABM only reports on behalf of commercial banks in Malaysia. Islamic banks, PayNet and other non-commercial banks have an estimated 4,200 units of ATMs, CDM and CRMs. Therefore, the total number of units is about 17,000 units.*

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.

Audit Committee Report (cont'd)

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 2019.

Record of attendance for meetings held during the financial year ended 31 December 2019 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	3/4

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 2019 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.

Audit Committee Report (cont'd)

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 2019 was RM27,552.58.

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). Cash and Bank Management
- ii). Account Receivables
- iii). Payment System
- iv). Account Payables
- v). Inventories Control Management

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 2019 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.

The Board Charter

The Board has established a Board Charter to provide clarity and guidance in the roles and responsibilities to the Board members. The Board Charter was reviewed by the Board on 24 February 2020 and is made publicly available on the Company’s website at www.myopensys.com.

The Board Charter will be reviewed and updated periodically to ensure their relevance and compliance.

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.

Corporate Governance Overview Statement (cont'd)

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

Roles and Responsibilities of the Board (cont'd)

Whistleblowing Policy

The Board has formalised the Whistleblowing 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.

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 AMLR 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.

Corporate Governance Overview Statement (cont'd)

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 Constitution, 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. Chee Hong Soon and Dato' Abdul Manap bin Abd Wahab will retire by rotation pursuant to Clause 78 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 non-discrimination 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.

Corporate Governance Overview Statement (cont'd)

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:

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 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 2019 are as follows:-

	Fees (RM)	Salaries & Bonus* (RM)	Company Meeting Allowances (RM)	Benefits in-kind (RM)	Total (RM)
<i>Executive Directors</i>		2,163,022		41,875	2,204,897
<i>Non-executive Directors</i>	165,000		7,000	5,000	177,000
Total	165,000	2,163,022	7,000	46,875	2,381,897

* 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.

Corporate Governance Overview Statement (cont'd)

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 Group 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 fulfil 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 Directors, 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 more than 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.

Corporate Governance Overview Statement (cont'd)

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 2019, 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	3/4
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.

Corporate Governance Overview Statement (cont'd)

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

Independence of the Board (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) James Henry Stewart	• Bursa Malaysia's Thought Leadership - Sustainability-Inspired Innovations: Enablers of the 21st Century
(b) Tan Kee Chung	• Session on Corporate Governance & Anti-Corruption
(c) Chee Hong Soon	• The Role of the Board in Talent Management & Succession Planning
(d) Dato' Abdul Manap Bin Abd Wahab	• 14th Advent MS Tax & Business Management Seminar
(e) Tune Hee Hian	• Securities Commission Malaysia's Audit Oversight Board ("AOB") Conversation with Audit Committees
	• The Role of the Board in Talent Management & Succession Planning

Datuk Ng Bee Ken was unable to attend any formal training during the financial year under review due to his 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 2019 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.

Corporate Governance Overview Statement (cont'd)

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

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.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for financial period ended 31 December 2019, 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 impartiality, 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.

Corporate Governance Overview Statement (cont'd)

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

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.

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 2019.

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 2019 to the external auditors are set out below:-

Fees paid/payable to HLB LER LUM PLT (RM)			
Description	Company	Subsidiary	Total
Audit Fees	33,000	6,000	39,000
Non-Audit Fees	6,000	-	6,000
Total	39,000	6,000	45,000

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 2019 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.

Statement on Risk Management and Internal Control (cont'd)

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 2019 was RM27,552.58 (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 2019, 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 providing 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 are 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.

Sustainability Statement (cont'd)

4. Employee Welfare (cont'd)

Employee safety and health is of great importance to the Group. When the COVID-19 pandemic struck, the Group had started to plan for the Group wide Pandemic Business Continuity Plan seven weeks before the first Movement Control Order (MCO) was implemented on 18 March 2020 by the Malaysian Government. This Business Continuity Plan ensures that the Group operations continues to function during the COVID-19 pandemic as the Group provides vital support services to its customers who are providing essential services such as banking, telecommunications and utilities. Some of the measures taken in the Business Continuity Plan are:-

- i). Segregating the Group working teams into four separate locations to minimize the risk of exposure;
- ii). Temperature checks on staff and visitors coming to the various office locations;
- iii). Placing hand sanitisers throughout various locations in the offices; and
- iv). Equipping all employees working in the field with face masks, gloves and hand sanitisers.

In line with the MCO, the Group have facilitated voice and video meetings among employees and customers and the have also facilitated work from home for the employees.

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.

The Company provided at sponsorship of RM3,000 in November 2019 to the Malaysian AEON Foundation (MAF) for their Malam Mesra AEON. 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 2019, the Company provided scholarships to two deserving students pursuing full time studies in Computer Science at two local universities amounting to RM17,820. 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.

The Group created buySolar, the first Malaysian one-stop online solar marketplace, to promote Environmental Sustainability and launched it for public access in February 2020. This platform aims to increase the usage of sustainable energy amongst Malaysian in the coming years. This marketplace enables residential, commercial and industrial customers to purchase solar panels with the best financing options. BuySolar brings together customers, solar installers, TNB, financiers, insurers and the regulator SEDA (Sustainable Energy Development Authority) in the solar ecosystem onto an online marketplace platform to make purchasing, owning and operating solar panels simple and seamless.

Sustainability Statement (cont'd)

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.

Contents

37	Directors' Report
41	Statement by Directors
41	Statutory Declaration
42	Independent Auditors' Report
46	Statements of Profit or Loss and Other Comprehensive Income
47	Statements of Financial Position
49	Consolidated Statement of Changes in Equity
50	Statement of Changes in Equity
51	Statements of Cash Flows
54	Notes to the Financial Statements



Directors' Report

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

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	11,138,373	10,878,966
Attributable to:		
Owners of the Company	11,099,462	10,878,966
Non-controlling interests	38,911	-
	11,138,373	10,878,966

RESERVES AND PROVISIONS

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

Directors' Report (cont'd)

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 1.1.2019	Acquired	Disposed
<i>Direct interests</i>			
Tan Kee Chung	63,355,095	-	-
Chee Hong Soon	8,214,960	-	-
Tune Hee Hian	3,976,909	-	-
James Henry Stewart	367,100	-	-
<i>Indirect interests</i>			
Tune Hee Hian	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.

Directors' Report (cont'd)

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 2019 :-

The first interim dividend of 0.5 sen per ordinary share, paid on 15 April 2019

1,489,465

The second interim dividend of 0.25 sen per ordinary share, paid on 15 July 2019

744,732

The third interim dividend of 0.5 sen per ordinary share, paid on 30 September 2019

1,489,465

The fourth interim dividend of 0.25 sen per ordinary share, paid on 30 December 2019

744,733

4,468,395

The Board of Directors does not recommend any final dividend for the current financial year ended 31 December 2019.

The first interim dividend of 0.5 sen per ordinary share amounting to RM1,489,465 was declared on 24 February 2020 and will be paid on 13 April 2020 in respect of the year ending 31 December 2020.

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.

Directors' Report (cont'd)

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, HLB Ler Lum PLT (LLP0021174-LCA & AF 0276), have expressed their willingness to continue in office.

HLB Ler Lum PLT (LLP0021174-LCA & AF 0276) was registered on 9 August 2019 and with effect from the date, HLB Ler Lum (AF 0276), a conventional partnership was converted to a limited liability partnership.

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

Tan Kee Chung

Dated : 13 March 2020
Kuala Lumpur

Chee Hong Soon

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 at 31 December 2019 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 : 13 March 2020
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 13 March 2020

Before me :

Commissioner for Oaths

Independent Auditors' Report to the Members of Opensys (M) Berhad (Company No: 199501040614 (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 2019 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 92.

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 2019, 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.

Independent Auditors' Report (cont'd) to the Members of Opensys (M) Berhad (Company No: 199501040614 (369818-W))

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: 199501040614 (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: 199501040614 (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 PLT
LLP0021174-LCA & AF 0276
Chartered Accountants

WONG CHEE HONG
03160/09/2020 J
Chartered Accountants

Dated: 13 March 2020
Kuala Lumpur

Statements of Profit or Loss and Other Comprehensive Income for the Financial Year ended 31 December 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	4	102,871,288	95,361,005	102,871,288	95,361,005
Cost of sales		(73,604,622)	(67,312,709)	(74,364,648)	(67,754,061)
Gross profit		29,266,666	28,048,296	28,506,640	27,606,944
Other operating income		1,121,441	647,699	1,121,439	676,178
Selling & distribution costs		(868,575)	(758,819)	(860,412)	(758,369)
Administration expenses		(6,761,652)	(6,733,040)	(6,664,188)	(6,631,367)
Other operating expenses		(3,755,462)	(3,373,520)	(3,460,413)	(3,235,038)
Research & development expenses		(2,596,199)	(2,530,996)	(2,596,199)	(2,530,996)
Finance costs	5	(1,055,603)	(995,147)	(1,055,603)	(995,147)
Profit before tax	6	15,350,616	14,304,473	14,991,264	14,132,205
Income tax expense	8	(4,212,243)	(4,116,942)	(4,112,298)	(4,044,231)
Profit for the year and total comprehensive income for the year		11,138,373	10,187,531	10,878,966	10,087,974
Total comprehensive income attributable to:-					
Owners of the Company		11,099,462	10,160,469	10,878,966	10,087,974
Non-controlling interest		38,911	27,062	-	-
		11,138,373	10,187,531	10,878,966	10,087,974
Earnings per ordinary share Basic (Sen)	9	3.73	3.41		

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

Statements of Financial Position

as at 31 December 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-current assets					
Property, plant & equipment	10	46,784,028	47,522,927	46,643,505	47,522,927
Investment in subsidiaries	11	-	-	85,000	85,000
Development expenditure	12	-	26,104	-	26,104
Fixed deposits	13	8,083,250	7,832,827	8,083,250	7,832,827
		54,867,278	55,381,858	54,811,755	55,466,858
Current assets					
Inventories	14	8,399,843	6,994,213	8,399,843	6,994,213
Trade receivables	15	19,527,009	18,579,236	19,527,009	18,579,236
Other receivables, deposits & prepayments	16	2,555,320	4,441,703	2,453,936	4,383,752
Amount due from subsidiaries	11	-	-	-	-
Short term investment	17	13,456,726	10,911,725	13,456,726	10,911,725
Cash & bank balances		5,869,412	9,687,257	5,184,138	9,338,425
		49,808,310	50,614,134	49,021,652	50,207,351
Total assets		104,675,588	105,995,992	103,833,407	105,674,209

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 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	29,789,202	29,789,202	29,789,202	29,789,202
Retained earnings		34,226,262	27,598,855	33,944,554	27,537,643
Total equity attributable to owners of the Company		64,015,464	57,388,057	63,733,756	57,326,845
Non-controlling interests		64,889	25,978	-	-
Total equity		64,080,353	57,414,035	63,733,756	57,326,845
Non-current liabilities					
Lease liabilities	19	4,382,112	5,217,319	4,382,112	5,217,319
Term loans	20	8,845,070	8,838,102	8,845,070	8,838,102
Deferred tax liabilities	21	3,630,897	3,220,577	3,622,805	3,220,577
		16,858,079	17,275,998	16,849,987	17,275,998
Current liabilities					
Trade payables	22	7,109,188	11,021,683	6,972,178	11,021,683
Other payables & accruals	23	9,166,158	9,514,683	8,227,421	9,003,714
Amount due to subsidiary	11	-	-	580,371	266,087
Lease liabilities	19	2,836,983	5,098,992	2,836,983	5,098,992
Term loans	20	616,325	526,685	616,325	526,685
Bankers' acceptance	24	2,048,010	1,817,972	2,048,010	1,817,972
Contract liability	25	1,850,283	2,817,287	1,850,283	2,817,287
Income tax liabilities		110,209	508,657	118,093	518,946
		23,737,156	31,305,959	23,249,664	31,071,366
Total liabilities		40,595,235	48,581,957	40,099,651	48,347,364
Total equity and liabilities		104,675,588	105,995,992	103,833,407	105,674,209

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 2019

	← Attributable to owners →			Non controlling interest	Total equity
	Share capital RM	Distributable Retained earnings RM	Total RM	RM	RM
Balance at 1 January 2018	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
MFRS 16 Adjustment	-	(3,660)	(3,660)	-	(3,660)
Profit for the year, representing total comprehensive income for the year	-	11,099,462	11,099,462	38,911	11,138,373
Dividend paid	-	(4,468,395)	(4,468,395)	-	(4,468,395)
Balance at 31 December 2019	29,789,202	34,226,262	64,015,464	64,889	64,080,353

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 2019

	← Attributable to owners →		
	Distributable		
	Share capital RM	Retained earnings RM	Total equity RM
Balance at 1 January 2018	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
MFRS 16 Adjustment		(3,660)	(3,660)
Profit for the year, representing total comprehensive income for the year	-	10,878,966	10,878,966
Dividend paid	-	(4,468,395)	(4,468,395)
Balance at 31 December 2019	29,789,202	33,944,554	63,733,756

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 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from operating activities				
Profit before tax	15,350,616	14,304,473	14,991,264	14,132,205
Adjustments for :-				
Amortisation	26,104	156,626	26,104	156,626
Depreciation	7,182,665	6,144,425	7,160,336	6,144,425
Loss on disposal of property, plant & equipment	22,938	127,036	22,938	127,036
Gain on disposal of shares in subsidiary	-	(16,084)	-	-
Impairment loss on amount due from subsidiary	-	-	5,142	4,793
Interest expenses	1,055,603	995,147	1,055,603	995,147
Interest income	(722,435)	(510,294)	(722,435)	(500,098)
Used machine written down	796,350	1,304,750	796,350	1,304,750
Inventories written off	109,905	31,366	109,905	31,366
Unrealised foreign exchange gain	(89,509)	(107,735)	(89,509)	(107,735)
Fair value gain on short term investment	-	(2,848)	-	(2,848)
Property, plant & equipment written off	136,657	164,666	136,657	164,666
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	23,868,894	22,591,528	23,492,355	22,415,929
Changes in working capital:-				
Inventories	(2,824,289)	(987,483)	(2,824,289)	(987,483)
Receivables	938,610	(1,275,350)	982,043	(1,217,399)
Payables	(4,393,781)	4,364,057	(4,958,560)	3,855,088
Related parties balances	-	-	309,142	310,959
Cash generated from operations	17,589,434	24,692,752	17,000,691	24,377,094
Interest paid	(1,055,603)	(995,147)	(1,055,603)	(995,147)
Interest received	722,435	510,294	722,435	500,098
Income tax paid	(4,200,372)	(3,337,786)	(4,110,923)	(3,254,786)
Net cash from operating activities	13,055,894	20,870,113	12,556,600	20,627,259

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 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
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	(2,545,001)	(7,916,139)	(2,545,001)	(7,916,139)
Purchase of property, plant & equipment	(2,775,506)	(6,053,156)	(2,612,654)	(6,053,156)
Proceeds from disposal of property, plant & equipment	289,167	15,286	289,167	15,286
Net cash used in investing activities	(5,031,340)	(13,939,009)	(4,868,488)	(14,038,009)
Cash flows from financing activities				
Dividend paid	(5,213,128)	(2,978,930)	(5,213,128)	(2,978,930)
Placement of fixed deposit	(250,423)	(241,819)	(250,423)	(241,819)
Proceeds from/(Repayment of) bankers' acceptance	230,038	(647,864)	230,038	(647,864)
Proceeds from/(repayment of) borrowings	(2,428,275)	1,464,513	(2,428,275)	1,464,513
Repayment of lease liabilities	(4,180,611)	(3,556,652)	(4,180,611)	(3,556,652)
Net cash used in financing activities	(11,842,399)	(5,960,752)	(11,842,399)	(5,960,752)
Net changes in cash and cash equivalents	(3,817,845)	970,352	(4,154,287)	628,498
Cash and cash equivalents brought forward	9,687,257	8,716,905	9,338,425	8,709,927
Cash and cash equivalents carried forward	5,869,412	9,687,257	5,184,138	9,338,425

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(a) Cash and cash equivalents comprise :-				
Fixed deposits	8,083,250	7,832,827	8,083,250	7,832,827
Cash & bank balances	5,869,412	9,687,257	5,184,138	9,338,425
	13,952,662	17,520,084	13,267,388	17,171,252
Less : Fixed deposits under lien	(8,083,250)	(7,832,827)	(8,083,250)	(7,832,827)
	5,869,412	9,687,257	5,184,138	9,338,425

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 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(b) Analysis of acquisition of property, plant & equipment :-				
Cash	2,775,506	6,053,156	2,612,654	6,053,156
Lease arrangement	943,163	4,396,959	943,163	4,396,959
Term loan	2,524,883	-	2,524,883	-
Transfer from inventories	512,404	1,674,528	512,404	1,674,528
	6,755,956	12,124,643	6,593,104	12,124,643

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

	Non-cash changes						
	As at 1.1.2019 RM	Principal and interest payments RM	Proceeds RM	Acquisition of PPE RM	Adoption of MFRS 16 RM	Interest expense RM	As at 31.12.2019 RM
Group/Company							
Bank borrowings							
- Banker acceptance	1,817,972	(3,873,455)	4,045,960	-	-	57,533	2,048,010
- Lease liabilities	10,316,311	(6,136,635)	1,374,743	943,163	140,232	581,281	7,219,095
- Term loan	9,364,787	(2,845,064)	-	2,524,883	-	416,789	9,461,395
	21,499,070	(12,855,154)	5,420,703	3,468,046	140,232	1,055,603	18,728,500

	Non-cash changes				
	As at 1.1.2018 RM	Principal and interest payments RM	Proceeds RM	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

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least an 'A' rating by external credit rating companies.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Company level by the Head of Credit Control.

As at reporting date, 87.9% (2018: 83.1%) of the Group's trade receivables were due from nine (2018: six) major customers.

Notes to the Financial Statements (cont'd)

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

(a) Credit risk (cont'd)

As the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the Statements of Financial Position.

Information regarding expected credit loss allowance for trade receivables are disclosed in Note 15.

Trade and other receivables, fixed deposits and cash and bank balances are subject to immaterial credit loss.

(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 76.4% (2018: 83.3%) 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.

Sensitivity analysis for foreign currency risk

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 0.47% (2018: 0.49%) 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.

Notes to the Financial Statements (cont'd)

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

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
31 December 2019				
Financial liabilities:				
Payables	16,275,346	-	-	16,275,346
Borrowings	6,146,155	8,853,283	7,259,228	22,258,666
Total	22,421,501	8,853,283	7,259,228	38,534,012
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
Company				
31 December 2019				
Financial liabilities:				
Payables	15,199,599	-	-	15,199,599
Borrowings	6,146,155	8,831,683	7,259,228	22,237,066
Total	21,345,754	8,831,683	7,259,228	37,436,665
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

Notes to the Financial Statements (cont'd)

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

Annual improvement to MFRS Standards 2015-2017 Cycle

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and of the Company, except MFRS 16.

The adoption of MFRS 16 gives changes to the accounting policies of lessee recognition of the Group and of the Company. The Group and the Company had changed its accounting policies and make certain prospective adjustments following the adoption as disclosed in Note 32 to the Financial Statements.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

(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 2020

Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

Revised Conceptual Framework for Financial Reporting

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
---------	---------------------

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 judgements

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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Significant accounting estimates and judgements (cont'd)

(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 judgement. A 5% difference in depreciation charge would result in approximately 3.2% (2018: 3.0%) variance in the Group's profit for the financial year.

(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 use.

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% - 20%
Office equipment	20%
Reworkable parts	8.33% - 20%

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Basis of consolidation (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of finished goods (cash recycling machines) is determined on a first in first out basis and cost of other inventories is determined on weighted average basis and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

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 measured at amortised cost using the 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.

(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 measured 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 or loss. The cumulative gain or loss previously recognised in other comprehensive income is 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 instrument 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.

Investments in equity instruments

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) 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).

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 and the Company evaluate 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.

(l) 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.

(m) 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Leases

(a) The accounting policy for leases before 1 January 2019 are as follow:

(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.

(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.

(b) The accounting policy for leases from 1 January 2019 as follow:

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) The accounting policy for leases from 1 January 2019 as follow (cont'd):

(i) When the Group is the lessee (cont'd):

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 26.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) 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.

(p) Contract assets/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.

(q) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Revenue recognition (cont'd)

(i) Sale of hardware

Revenue from sales of cash recycling machines, cheque deposit machines and other hardware equipments are 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 that is performed by referring to the milestones of the contract activity at the end of the reporting period.

Support and Maintenance, after sale services, cheque processing outsourcing and outsourcing of payment kiosks are 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.

(r) 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

Defined contribution plan

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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Employee benefits (cont'd)

(ii) Post-employment benefits (cont'd)

Defined contribution plan (cont'd)

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.

(s) 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.

(t) 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.

(u) 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(u) Foreign currencies (cont'd)****(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.

4. REVENUE

		Group/Company	
		2019 RM	2018 RM
Revenue from contract with customers			
Sale of hardware		57,273,056	52,587,167
Software solution & services rendered		45,598,232	42,773,838
		102,871,288	95,361,005

	Software solution		Total RM
	Hardware RM	and services RM	
2019			
Sale of hardware	57,273,056	-	57,273,056
Software solution & services rendered	-	45,598,232	45,598,232
	57,273,056	45,598,232	102,871,288
Timing of revenue recognition:			
At a point in time	57,273,056	-	57,273,056
At over time	-	45,598,232	45,598,232
	57,273,056	45,598,232	102,871,288
2018			
Sale of hardware	52,587,167	-	52,587,167
Software solution & services rendered	-	42,773,838	42,773,838
	52,587,167	42,773,838	95,361,005
Timing of revenue recognition:			
At a point in time	52,587,167	-	52,587,167
At over time	-	42,773,838	42,773,838
	52,587,167	42,773,838	95,361,005

Notes to the Financial Statements (cont'd)

5. FINANCE COSTS

	Group/Company	
	2019 RM	2018 RM
Bank overdraft interest	-	3,133
Banker acceptance interest	57,533	46,584
Lease interest	581,281	582,578
Term loan interest	416,789	362,852
	1,055,603	995,147

6. PROFIT BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- statutory	39,000	38,000	33,000	32,000
- others	6,000	9,000	6,000	9,000
Impairment loss on amount due from subsidiary	-	-	5,142	4,793
Depreciation	2,387,814	1,980,228	2,365,485	1,980,228
Directors' remuneration				
- emoluments	1,555,392	1,754,828	1,555,392	1,754,828
- fees	165,000	156,000	165,000	156,000
Fair value gain on short term investment	-	(2,848)	-	(2,848)
Loss on disposal of property, plant & equipment	22,938	127,036	22,938	127,036
Gain on disposal of shares in subsidiary	-	(16,084)	-	-
Interest income				
- fixed deposits	(252,410)	(254,290)	(252,410)	(244,094)
- short term investments	(470,025)	(256,004)	(470,025)	(256,004)
Lease expenses not capitalised in lease liabilities				
- low value leases	12,835	13,720	12,835	13,720
Property, plant & equipment written off	1,945	41,020	1,945	41,020
Rental of premises	-	286,041	-	286,041
Realised gain on foreign exchange	(299,068)	(2,876)	(299,068)	(2,876)
Reversal of impairment loss on investment in subsidiary	-	-	-	(1,000)
Reversal of impairment loss on amount due from subsidiary	-	-	-	(33,404)
Unrealised gain on foreign exchange	(89,509)	(107,735)	(89,509)	(107,735)
Staff costs (excluding Directors' remuneration)				
- Salaries, wages, bonus & others	3,473,934	3,133,268	3,184,110	2,996,769
- Defined contribution plan expense	281,526	240,252	276,303	238,269

Notes to the Financial Statements (cont'd)

6. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Included in the cost of sales are as follows :-				
Cost of inventories	48,370,425	45,207,990	48,370,425	45,207,990
Depreciation	4,794,851	4,164,197	4,794,851	4,164,197
Director's emoluments	614,630	640,949	614,630	640,949
Inventories written off	109,905	31,366	109,905	31,366
Property, plant & equipment written off	134,712	123,646	134,712	123,646
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	11,771,438	10,309,307	4,985,375	7,212,845
- Defined contribution plan expense	1,299,364	1,144,976	522,557	794,551
Included in the research & development expenses are as follows :-				
Amortisation of development expenditure	26,104	156,626	26,104	156,626
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	2,288,891	2,112,582	2,288,891	2,112,582
- Defined contribution plan expense	281,204	261,788	281,204	261,788

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 :-

Group/Company

	Fees RM	Salaries RM	Others RM	BIK* RM	Total RM
2019					
Executive Directors	-	905,748	1,257,274	41,875	2,204,897
Non executive Directors	165,000	-	7,000	5,000	177,000
2018					
Executive Directors	-	890,184	1,499,593	40,207	2,429,984
Non executive Directors	156,000	-	6,000	-	162,000

* Benefits-in-kind

Notes to the Financial Statements (cont'd)

7. DIRECTORS' REMUNERATION (cont'd)

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 :-

Range of remuneration	2019 Group/Company No. of Directors		2018 Group/Company No. of Directors	
	Executive	Non executive	Executive	Non executive
Below RM50,001	-	-	-	2
RM50,001 – RM100,000	-	3	-	1
RM100,001 – RM500,000	-	-	-	-
RM500,001 – RM550,000	-	-	-	-
RM550,001 – RM600,000	-	-	-	-
RM600,001 – RM650,000	2	-	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 RM335,665 (2018: RM381,594) charged to profit or loss.

8. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysian income tax based on results for the financial year				
- Current tax	3,408,415	3,512,255	3,318,300	3,439,544
- (Over)/Under provision in prior financial years	393,508	63,687	391,770	63,687
	3,801,923	3,575,942	3,710,070	3,503,231
Deferred tax (Note 21)				
- Origination and reversal of temporary differences	410,320	(39,000)	402,228	(39,000)
- Under provision in prior financial years	-	580,000	-	580,000
	410,320	541,000	402,228	541,000
	4,212,243	4,116,942	4,112,298	4,044,231

Notes to the Financial Statements (cont'd)

8. INCOME TAX EXPENSE (cont'd)

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	15,350,616	14,304,473	14,991,264	14,132,205
Income tax using Malaysian tax rate of 24%	3,684,148	3,433,073	3,597,903	3,391,729
Income not subject to tax	(112,806)	(65,301)	(112,806)	(61,441)
Non-deductible expenses	247,393	105,483	235,431	70,256
(Over)/Under-provision of income tax in prior years	393,508	63,687	391,770	63,687
Under-provision of deferred tax in prior years	-	580,000	-	580,000
	4,212,243	4,116,942	4,112,298	4,044,231

The Company may distribute dividends out of its entire retained earnings as at 31 December 2019 under single-tier system.

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 (2018: Nil) and RM50,666 (2018: 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	
	2019	2018
Basic EPS		
Profit attributable to owners (RM'000)	11,099	10,160
Weighted average number of shares in issue for basic EPS ('000)	297,892	297,892
Basic EPS (sen)	3.73	3.41

Notes to the Financial Statements (cont'd)

10. PROPERTY, PLANT & EQUIPMENT
Group – 2019

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Work Reworkable in progress RM	parts RM	Total RM
Cost										
At 1.1.2019	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
Adoption of MFRS 16	-	-	-	-	-	-	136,572	-	-	136,572
Additions	705,495	55,862	809,940	14,395	620,471	231,073	3,233,613	-	1,085,107	6,755,956
Disposal	-	-	(768,856)	-	(100,924)	-	-	-	(2,336)	(872,116)
Transfer	-	-	-	-	1,814,920	-	-	(1,814,920)	-	-
Written off	(1,350,625)	(2,035)	-	-	(3,328,169)	(19,721)	-	-	(226,770)	(4,927,320)
At 31.12.2019	5,242,825	1,624,188	3,746,413	1,703,985	44,495,724	1,441,524	14,631,752	-	5,369,568	78,255,979
Accumulated Depreciation										
At 1.1.2019	4,818,096	442,438	1,753,729	355,994	19,870,731	580,971	695,875	-	1,122,126	29,639,960
Charge for the financial year	681,022	290,382	432,489	174,154	4,330,405	208,354	444,391	-	621,468	7,182,665
Disposals	-	-	(550,878)	-	(8,410)	-	-	-	(723)	(560,011)
Written off	(1,350,448)	(2,034)	-	-	(3,326,840)	(19,256)	-	-	(92,085)	(4,790,663)
At 31.12.2019	4,148,670	730,786	1,635,340	530,148	20,865,886	770,069	1,140,266	-	1,650,786	31,471,951
Net Book Value At 31.12.2019	1,094,155	893,402	2,111,073	1,173,837	23,629,838	671,455	13,491,486	-	3,718,782	46,784,028

Company – 2019

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Work Reworkable in progress RM	parts RM	Total RM
Cost										
At 1.1.2019	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
Adoption of MFRS 16	-	-	-	-	-	-	136,572	-	-	136,572
Additions	633,593	55,862	809,940	14,395	620,471	140,123	3,233,613	-	1,085,107	6,593,104
Disposal	-	-	(768,856)	-	(100,924)	-	-	-	(2,336)	(872,116)
Transfer	-	-	-	-	1,814,920	-	-	(1,814,920)	-	-
Written off	(1,350,625)	(2,035)	-	-	(3,328,169)	(19,721)	-	-	(226,770)	(4,927,320)
At 31.12.2019	5,170,923	1,624,188	3,746,413	1,703,985	44,495,724	1,350,574	14,631,752	-	5,369,568	78,093,127
Accumulated Depreciation										
At 1.1.2019	4,818,096	442,438	1,753,729	355,994	19,870,731	580,971	695,875	-	1,122,126	29,639,960
Charge for the financial year	667,425	290,382	432,489	174,154	4,330,405	199,622	444,391	-	621,468	7,160,336
Disposals	-	-	(550,878)	-	(8,410)	-	-	-	(723)	(560,011)
Written off	(1,350,448)	(2,034)	-	-	(3,326,840)	(19,256)	-	-	(92,085)	(4,790,663)
At 31.12.2019	4,135,073	730,786	1,635,340	530,148	20,865,886	761,337	1,140,266	-	1,650,786	31,449,622
Net Book Value At 31.12.2019	1,035,850	893,402	2,111,073	1,173,837	23,629,838	589,237	13,491,486	-	3,718,782	46,643,505

Notes to the Financial Statements (cont'd)

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

Group/Company – 2018

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Work Reworkable in progress RM	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

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 26.

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	
	2019 RM	2018 RM
Building	13,261,403	10,565,691

11. SUBSIDIARIES

	Company	
	2019 RM	2018 RM
(a) Investment in subsidiaries		
Unquoted shares - at cost	86,000	86,000
Less: Accumulated impairment losses	(1,000)	(1,000)
	85,000	85,000

Notes to the Financial Statements (cont'd)

11. SUBSIDIARIES (cont'd)

The Group had the following subsidiaries at 31 December 2019 and 31 December 2018. 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.

<u>Name of Company</u>	<u>Principal Activities</u>	<u>Effective Interest (%)</u>	
		<u>2019</u>	<u>2018</u>
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	85
OpenSys Engineering Sdn. Bhd.	Dormant	100	100

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.

(b) Amount due from subsidiaries

	<u>Group/Company</u>	
	<u>2019 RM</u>	<u>2018 RM</u>
Amount due from subsidiaries	48,006	42,864
Less: Accumulated impairment losses		
At beginning of the financial year	(42,864)	(71,476)
Impairment losses	(5,142)	(4,793)
Reversal of Impairment losses	-	33,405
At end of the financial year	(48,006)	(42,864)
Carrying amount at end of financial year	-	-

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

	<u>Company</u>	
	<u>2019 RM</u>	<u>2018 RM</u>
Amount due to subsidiary	580,371	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.

Notes to the Financial Statements (cont'd)

12. DEVELOPMENT EXPENDITURE

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

	Group/Company	
	2019 RM	2018 RM
Cost	783,128	783,128
Less: Accumulated amortisation		
At beginning of the financial year	(757,024)	(600,398)
Addition	(26,104)	(156,626)
At end of the financial year	(783,128)	(757,024)
Carrying amount at end of financial year	-	26,104

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 3.10% to 3.25% (2018: 3.15% to 3.5%) per annum.

Deposits of the Group and the Company have maturity of 365 days (2018: 365 days).

14. INVENTORIES

	Group/Company	
	2019 RM	2018 RM
Consumables and parts	2,499,396	1,846,513
Assembly components	1,697,390	2,267,750
Finished goods	4,203,057	2,879,950
	8,399,843	6,994,213
Recognised to profit or loss:-		
Used machines written down to net realisable value	796,350	1,304,750

Notes to the Financial Statements (cont'd)

15. TRADE RECEIVABLES

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

	Group/Company	
	2019 RM	2018 RM
Trade receivables	17,329,699	16,088,973
Contract assets	2,197,310	2,490,263
Total trade receivables, net	19,527,009	18,579,236

The normal credit term of the Group and of the Company granted to trade receivables ranged from 30 days to 120 days (2018: 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.

The Group and the Company uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group and the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company has identified the gross domestic product (GDP) in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Group and the Company considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due.

The Group's credit risk exposure in relation to trade receivables under MFRS 9 as at 31 December are set out in the provision matrix as follows:

	Group/Company	
	2019 RM	2018 RM
Current	19,510,011	18,420,074
1 to 120 days past due	16,998	159,162
Gross carrying amounts	19,527,009	18,579,236

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

	Group/Company	
	2019 RM	2018 RM
Ringgit Malaysia	19,488,523	18,479,410
US Dollar	38,486	99,826
	19,527,009	18,579,236

Notes to the Financial Statements (cont'd)

16. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	364,422	383,171	364,422	383,171
Deposits	107,904	130,990	107,904	130,990
Prepayments	2,082,994	3,927,542	1,981,610	3,869,591
	2,555,320	4,441,703	2,453,936	4,383,752

Included in the prepayments are advance payments made for purchase of inventories amounting RM479,020 (2018: RM394,836), renovation amounting RM720,000 (2018: Nil) and land & building amounting Nil (2018: RM2,330,638).

17. SHORT TERM INVESTMENTS

	Group/Company	
	2019 RM	2018 RM
Financial assets at fair value through profit or loss - unquoted unit trusts in Malaysia	13,456,726	10,911,725

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	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.

Notes to the Financial Statements (cont'd)

19. LEASE LIABILITIES

	Group/Company	
	2019 RM	2018 RM
Lease liabilities	234,269	-
Finance lease liabilities	6,984,826	10,316,311
	7,219,095	10,316,311
Minimum lease payments :-		
Repayable not later than 1 year	3,145,069	5,598,129
Repayable later than 1 year and not later than 2 years	1,911,654	2,556,578
Repayable later than 2 years and not later than 5 years	2,792,845	3,077,405
	7,849,568	11,232,112
Less : Finance charges	(632,473)	(915,801)
Present value of minimum lease payments	7,219,095	10,316,311
Breakdown of present value of minimum lease payments :-		
Repayable not later than 1 year	2,836,983	5,098,992
Repayable later than 1 year and not later than 2 years	1,731,047	2,338,764
Repayable later than 2 years and not later than 5 years	2,651,065	2,878,555
	7,219,095	10,316,311
Represented by :-		
Current	2,836,983	5,098,992
Non-current	4,382,112	5,217,319
	7,219,095	10,316,311

The finance lease liabilities of the Group and of the Company carried interest at the reporting date which ranged from 4.30% to 8.38% (2018: 4.35% to 8.38%) per annum.

Notes to the Financial Statements (cont'd)

20. TERM LOANS

	Group/Company	
	2019 RM	2018 RM
Repayable not later than 1 year	616,325	526,685
Repayable later than 1 year and not later than 2 years	644,767	592,420
Repayable later than 2 years and not later than 5 years	2,118,388	1,956,272
Repayable later than 5 years	6,081,915	6,289,410
	9,461,395	9,364,787
Represented by :-		
Current	616,325	526,685
Non-current	8,845,070	8,838,102
	9,461,395	9,364,787

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 ranged from 4.52% to 4.77% (2018: 4.77%) per annum.

The term loans are secured by :-

- (a) a pledge of fixed deposit as disclosed in Note 13; and
- (b) a fixed charge over the buildings;

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	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Deferred tax liabilities</u>				
Property, plant & equipment				
- capital allowances in excess of depreciation	4,052,092	3,395,700	4,044,000	3,395,700
Development expenditure	-	6,300	-	6,300
	4,052,092	3,402,000	4,044,000	3,402,000
<u>Deferred tax assets</u>				
Contract liability	(421,195)	(181,423)	(421,195)	(181,423)
	3,630,897	3,220,577	3,622,805	3,220,577

Notes to the Financial Statements (cont'd)

22. TRADE PAYABLES

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	3,262,619	4,879,331	3,125,609	4,879,331
US Dollar	3,846,569	6,142,352	3,846,569	6,142,352
	7,109,188	11,021,683	6,972,178	11,021,683

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 90 days (2018: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

23. OTHER PAYABLES & ACCRUALS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	1,072,703	776,223	1,033,693	776,223
Accruals - others	4,337,752	5,147,921	4,198,048	5,037,685
Accruals - staff costs	3,481,047	3,342,678	2,828,307	3,041,272
Defined contribution plan	274,656	247,861	167,373	148,534
	9,166,158	9,514,683	8,227,421	9,003,714

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 as disclosed in Note 13.

The interest charges on the bankers' acceptance of the Group and of the Company during the financial year ranged from 4.81% to 5.39% (2018: 4.76% to 5.80%) per annum.

25. CONTRACT LIABILITY

	Group/Company	
	2019 RM	2018 RM
Deferred revenue	1,850,283	2,817,287

The Company recognises contract liabilities when a customer pays consideration, or is contractually required to pay consideration, before the Company recognises the related revenue.

Notes to the Financial Statements (cont'd)

25. CONTRACT LIABILITY (cont'd)

Significant changes to contract liabilities balances during the period are as follows:

	Group/Company	
	2019 RM	2018 RM
At the beginning of the financial year	2,817,287	3,939,361
Revenue recognised	(12,273,689)	(12,636,445)
Progress billing to customers	11,306,685	11,514,371
At the end of the financial year	1,850,283	2,817,287

The below 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 usually to be recognised within 3 years.

Unsatisfied performance obligation yet to be recognised as revenue:

	2020 RM	2021 RM	2022 RM
As at 31 December 2019			
Revenue to be recognised on services Contract	678,394	276,055	895,834

	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

26. LEASES

The Group has lease contracts for various items of building, plant, machinery, vehicles and other equipment used in its operations. Leases of motor vehicles generally have lease terms between 5 and 6 years, while plant and machinery and other equipment generally have lease terms between 2 and 5 years.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment.

	Group/Company	
	31.12.2019 RM	1.1.2019 RM
Computers	17	17
Motor vehicles	1,927,840	1,737,789
Furniture & fittings	756,137	990,457
Renovations	889,909	999,999
ESM equipment	11,593,483	10,403,041
Office equipment	117,003	154,950
Building	230,083	136,572
	15,514,472	14,422,825

Notes to the Financial Statements (cont'd)

26. LEASES (cont'd)

(b) Depreciation charge during the year

	Group/Company
	2019 RM
Motor vehicles	326,373
Furniture & fittings	244,850
Renovations	110,090
ESM equipment	1,676,333
Office equipment	37,946
Building	169,652
	2,565,244

(c) Interest expense

	Group/Company
	2019 RM
Interest expense – low value leases (Note 6)	12,835

(d) Total cash outflow for all the leases in 2019 was RM 6,149,470.

(e) Addition of ROU assets during the financial year 2019 was RM 2,690,117 which included certain existing equipment had been financed by finance lease during the financial year.

27. OPERATING SEGMENTS

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

(i) Hardware

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

(ii) Software Solution and Services (“SSS”)

Including sale of software, software customisation, support and maintenance, after sale services, cheque processing outsourcing 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 VPs of the various departments) 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 three (2018: Four) major customers with revenue equal or more than 10 percent of the Group’s total revenue.

Notes to the Financial Statements (cont'd)

27. OPERATING SEGMENTS (cont'd)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
2019				
External revenue	57,273,056	45,598,232	-	102,871,288
Intersegment transactions	-	10,502,966	(10,502,966)	-
Total revenue	57,273,056	56,101,198	(10,502,966)	102,871,288
Segment results	9,419,614	19,847,052		29,266,666
Unallocated other income				1,121,441
Unallocated operating expenses				(15,037,491)
Profit before tax				15,350,616
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

28. 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.

Notes to the Financial Statements (cont'd)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)
a) Related Party Transactions

Entity	Relationship	Type of transactions	Company	
			2019 RM	2018 RM
OpenSys Technologies Sdn. Bhd.	Subsidiary	Service expenses: - Hardware maintenance - Call center operations	9,818,052 684,914	4,317,546 301,506

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.

29. 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	7,109,188	11,021,683	6,972,178	11,021,683
Other payables & accruals	8,891,502	9,266,822	8,060,048	8,855,180
Lease liabilities	7,219,095	10,316,311	7,219,095	10,316,311
Term loans	9,461,395	9,364,787	9,461,395	9,364,787
Bankers' acceptance	2,048,010	1,817,972	2,048,010	1,817,972
Post-employment benefit obligations	274,656	247,861	167,373	148,534
Less: Fixed deposits	(8,083,250)	(7,832,827)	(8,083,250)	(7,832,827)
Less: Short term investment	(13,456,726)	(10,911,725)	(13,456,726)	(10,911,725)
Less: Cash & bank balances	(5,869,412)	(9,687,257)	(5,184,138)	(9,338,425)
Net debt	7,594,458	13,603,627	7,203,985	13,441,490
Equity attributable to owners	64,015,464	57,388,057	63,733,756	57,326,845
Debt to equity ratio	0.12	0.24	0.11	0.23

Notes to the Financial Statements (cont'd)

29. CAPITAL MANAGEMENT (cont'd)

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.

30. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

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

Group	Financial assets at amortised costs		FVTPL		Total	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets						
Non-current						
Fixed deposits	8,083,250	7,832,827	-	-	8,083,250	7,832,827
Current						
Trade and other receivables	19,999,335	19,093,397	-	-	19,999,335	19,093,397
Short term investments	-	-	13,456,726	10,911,725	13,456,726	10,911,725
Cash and bank balances	5,869,412	9,687,257	-	-	5,869,412	9,687,257
Total	33,951,997	36,613,481	13,456,726	10,911,725	47,408,723	47,525,206

Company	Financial assets at amortised costs		FVTPL		Total	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets						
Non-current						
Fixed deposits	8,083,250	7,832,827	-	-	8,083,250	7,832,827
Current						
Trade and other receivables	19,999,335	19,093,397	-	-	19,999,335	19,093,397
Short term investments	-	-	13,456,726	10,911,725	13,456,726	10,911,725
Cash and bank balances	5,184,138	9,338,425	-	-	5,184,138	9,338,425
Total	33,266,723	36,264,649	13,456,726	10,911,725	46,723,449	47,176,374

Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (cont'd)
(a) Categories of financial instruments (cont'd)

	Financial liabilities at amortised cost			
	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current Borrowings	13,227,182	14,055,421	13,227,182	14,055,421
Current Borrowings	5,501,318	7,443,649	5,501,318	7,443,649
Trade and other payables	16,275,346	20,536,366	15,199,599	20,025,397
	35,003,846	42,035,436	33,928,099	41,524,467

(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 2019				
Fair value through profit or loss:				
Short term Investments	13,456,726	13,456,726	-	-
31 December 2018				
Fair value through profit or loss:				
Short term investments	10,911,725	10,911,725	-	-

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.

Notes to the Financial Statements (cont'd)

31. DIVIDENDS

	Group/Company			
	2019		2018	
	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 2019				
- first interim	0.50	1,489,465	-	-
- second interim	0.25	744,732	-	-
- third interim	0.50	1,489,465	-	-
- fourth interim	0.25	744,733	-	-
(b) 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
Dividend recognised as distribution to ordinary equity holders of the Company	1.50	4,468,395	1.25	3,723,663

An interim dividend of RM0.005 per ordinary share, with the total amounting to RM1,489,465 in respect of the financial year ended 31 December 2020 declared on 24 February 2020. The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

32. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS**(a) Capital commitments**

	Group/Company	
	2019 RM	2018 RM
Contracted but not provided for	789,976	639,812

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

Notes to the Financial Statements (cont'd)

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

As stated in Note 3(a) to the Financial Statement, the Group and the Company adopted MFRS 16, Leases on their financial statements. The Group adopted the simplified transition approach without restating the comparatives for the period prior to first adoption as permitted under the specific transition provisions in the standard.

MFRS 16 requires the lessee to recognise in the statements of financial position, a “right-of-use” of the underlying asset and a lease liability reflecting future lease payment for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 “Property, Plant and Equipment” and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5%.

Impacts on financial statements

The following tables summarise the impact arising from the adoption of MFRS 16 on the Group’s and the Company’s financial statements.

(i) Statement of financial position

	As at 31.12.18 RM	MFRS 16 adjustments RM	As at 1.1.2019 RM
Group/company			
1 January 2019			
<u>Non-current assets</u>			
Property, plant and equipment	47,522,927	136,572	47,659,499
<u>Non-current liabilities</u>			
Lease liabilities	5,217,319	32,820	5,250,139
<u>Current liabilities</u>			
Lease liabilities	5,098,992	107,412	5,206,404
<u>Equity</u>			
Retained earnings	27,598,855	(3,660)	27,595,195

34. 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 13 March 2020.

LODGER INFORMATION

Name : Mega Corporate Services (M) Sdn. Bhd.
Company No. : 198901010682 (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 2019 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 31.12.2019 (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	12.5	2,575
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	3	7,765
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	Leasehold for 99 years expiring on 15 January 2102	6 August 2018	3	1,116
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	Leasehold for 99 years expiring on 15 January 2102	6 August 2018	3	576
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	Leasehold for 99 years expiring on 15 January 2102	8 August 2018	3	1,229

Analysis of Shareholdings as at 30 April 2020

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	538	24,960	0.01
100 To 1,000 Shares	525	291,656	0.10
1,001 To 10,000 Shares	1,876	10,689,395	3.59
10,001 To 100,000 Shares	1,779	58,177,034	19.53
100,001 To Less Than 5% Of Issued Shares	272	165,353,879	55.50
5% And Above Of Issued Shares	1	63,355,095	21.27
Total	4,991	297,892,019	100.00

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS' SHAREHOLDINGS

No. Shareholder	Direct Interest		Deemed Interest	
	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	517,100	0.17	-	-

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

Analysis of Shareholdings (cont'd)

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)	10,047,100	3.37
3.	Chee Hong Soon	8,214,960	2.76
4.	Anastasia Amanda Beh Gaik Sim	6,312,200	2.12
5.	Haw Wan Chong	6,113,842	2.05
6.	Tan Gaik Keow	5,310,242	1.78
7.	Koh Lea Cheong	5,240,142	1.76
8.	Lim Swee Keah	4,676,909	1.57
9.	Goh Siew Tee	4,031,857	1.35
10.	Tune Hee Hian	3,976,909	1.34
11.	Khoo Lee Feng	3,605,600	1.21
12.	Lim Kooi Fui	3,143,900	1.06
13.	Lim Kooi Fui	3,040,100	1.02
14.	Maybank Nominees (Tempatan) Sdn Bhd For Cekd Venture Sdn Bhd	2,501,600	0.84
15.	Kenanga Nominees (Tempatan) Sdn Bhd For Phillip Securities Pte Ltd	2,475,000	0.83
16.	Tsen Kui Lan @ Margaret Tsen	2,073,700	0.70
17.	Alma Rubber Estates Sdn. Berhad	2,024,900	0.68
18.	AllianceGroup Nominees (Tempatan) Sdn Bhd For Wong Tet Fui	1,833,000	0.62
19.	Tham Kok Cheng	1,812,765	0.61
20.	Soong Sor Pow	1,715,000	0.58
21.	CIMSEC Nominees (Tempatan) Sdn Bhd For Yoong Kah Yin	1,500,000	0.50
22.	Public Nominees (Tempatan) Sdn Bhd For Cheong Wai Juen	1,500,000	0.50
23.	Lim Soon Huat	1,500,000	0.50
24.	THP Resources Sdn Bhd	1,500,000	0.50
25.	Teoh Hun Pin	1,458,000	0.49
26.	Kenanga Nominees (Tempatan) Sdn Bhd For Soh Chaw Hoe	1,432,000	0.48
27.	Low Suet Cheng	1,428,542	0.48
28.	Leong Yoke Wai	1,422,509	0.48
29.	Leong Yoke Wai	1,408,700	0.47
30.	Liew Swee Lian	1,333,333	0.45

This page is intentionally left blank.

www.myopensys.com

OpenSys (M) Berhad

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

T +603 7932 7888
F +603 7932 7878
W www.myopensys.com