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

UNAUDITED INTERIM FINANCIAL REPORT

Interim financial report on results for the quarter ended 31 March 2022.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2021 RM'000	03 MONTHS ENDED UNAUDITED 31.03.2022 RM'000	UNAUDITED 31.03.2021 RM'000
Revenue	17,342	13,957	17,342	13,957
Cost of revenue	(10,157)	(7,968)	(10,157)	(7,968)
Gross profit	7,185	5,989	7,185	5,989
Other income	154	170	154	170
Research & development expenses	(639)	(527)	(639)	(527)
Administration and other expenses	(3,304)	(2,874)	(3,304)	(2,874)
Finance costs	(65)	(135)	(65)	(135)
Profit before tax	3,331	2,623	3,331	2,623
Tax expense	(875)	(773)	(875)	(773)
Total comprehensive income for the period	2,456	1,850	2,456	1,850
Attributable to:				
Equity holders of the Company	2,441	1,848	2,441	1,848
Non-controlling interest	15	2	15	2
	2,456	1,850	2,456	1,850

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – (continued)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2021 RM'000	03 MONTHS ENDED UNAUDITED 31.03.2022 RM'000	UNAUDITED 31.03.2021 RM'000
EARNINGS PER SHARE				
Basic earnings per share (sen)	0.55	0.41	0.55	0.41
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	36,366	37,389
Development expenditure	814	830
Fixed deposits	8,491	8,456
	45,671	46,675
Current assets		
Inventories	10,225	9,335
Trade receivables	10,422	5,452
Other receivables, deposits & prepayments	1,917	1,522
Short term investment	7,582	28,895
Cash & bank balances	37,975	9,546
	68,121	54,750
Total assets	113,792	101,425
EQUITY AND LIABILITIES		
Share capital	29,789	29,789
Retained earnings	48,721	47,621
Equity attributable to equity holders	78,510	77,410
Non-controlling interest	140	125
Total equity	78,650	77,535

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – (Continued)

	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
Non-current liabilities		
Lease liabilities	1,593	1,956
Term loans	4,828	5,072
Deferred tax liabilities	737	3,893
	7,158	10,921
Current liabilities		
Trade payables	2,377	1,359
Other payables & accruals	4,957	6,796
Lease liabilities	1,522	1,549
Term loans	858	850
Bankers' acceptance	252	-
Contract liabilities	14,073	1,795
Income tax liabilities	3,945	620
	27,984	12,969
Total liabilities	35,142	23,890
Total equity and liabilities	113,792	101,425
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.18	0.17

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company				
	Non-distributable	Distributable			
	Share Capital RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
As at 1 January 2022	29,789	47,621	77,410	125	77,535
Profit for the period, represents total comprehensive income for the period	-	2,441	2,441	15	2,456
Dividend	-	(1,341)	(1,341)	-	(1,341)
As at 31 March 2022	29,789	48,721	78,510	140	78,650
As at 1 January 2021	29,789	41,045	70,834	87	70,921
Profit for the period, represents total comprehensive income for the period	-	1,848	1,848	2	1,850
Dividend	-	(1,117)	(1,117)	-	(1,117)
As at 31 March 2021	29,789	41,776	71,565	89	71,654

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	03 MONTHS ENDED	
	UNAUDITED 31.03.2022 RM'000	UNAUDITED 31.03.2021 RM'000
Cash flows from operating activities		
Profit before tax	3,331	2,623
Adjustments for:-		
Amortisation of development expenditure	17	-
Depreciation	1,849	1,875
Interest expenses	65	135
Interest income	(128)	(157)
Used machines written down	6	6
Gain on disposal of property, plant & equipment	(27)	(19)
Operating profit before working capital changes	5,113	4,463
Changes in working capital:-		
Inventories	(1,153)	40
Receivables	(5,331)	(8,133)
Payables	11,457	10,178
Cash generated from operations	10,086	6,548
Interest paid	(65)	(135)
Interest received	128	157
Income tax paid	(706)	(473)
Net cash from operating activities	9,443	6,097
Cash flows from investing activities		
Addition in development expenditure	-	(248)
Withdrawal /(placement) of short term investment	21,313	(2,630)
Purchase of property, plant & equipment ("PPE")	(618)	(619)
Proceeds from disposal of property, plant & equipment	58	87
Net cash from / (used in) investing activities	20,753	(3,410)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

	03 MONTHS ENDED	
	UNAUDITED 31.03.2022 RM'000	**UNAUDITED 31.03.2021 RM'000**
Cash flows from financing activities		
Placement of fixed deposits under lien	(35)	(45)
(Repayment to)/Proceeds from:		
- banker acceptance	252	(58)
- finance lease liabilities	(407)	(557)
- term loan	(236)	(187)
Dividend paid	(1,341)	-
Net cash used in financing activities	(1,767)	(847)
Net changes in cash and cash equivalents	28,429	1,840
Cash and cash equivalents brought forward	9,546	5,087
Cash and cash equivalents carried forward	37,975	6,927

NOTES TO THE STATEMENTS OF CASH FLOWS

i. Cash and cash equivalents comprise: -

Fixed deposits	8,491	8,347
Cash & bank balances	37,975	6,927
	46,466	15,274
Less : Fixed deposits under lien	(8,491)	(8,347)
	37,975	6,927

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	31.03.2022	31.03.2021
	RM'000	RM'000

NOTES TO THE STATEMENTS OF CASH FLOWS- (Continued)

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

Cash	618	619
Lease arrangement	17	200
Transfer from inventories	257	682
	892	1,501

iii. Reconciliation of liabilities arising from financing activities: -

				Non-cash changes		
	As at 01.01.2022 RM'000	Principle and interest payments RM'000	Proceeds RM'000	Acquisition of PPE RM'000	Interest expense RM'000	As at 31.03.2022 RM'000
Bank borrowings						
- Banker acceptance	-	(2)	252	-	2	252
- Lease liabilities	3,505	(448)	-	17	41	3,115
- Term loan	5,922	(258)	-	-	22	5,686
	9,427	(708)	252	17	65	9,053

				Non-cash changes		
	As at 01.01.2021 RM'000	Principle and interest payments RM'000	Proceeds RM'000	Acquisition of PPE RM'000	Interest expense RM'000	As at 31.03.2021 RM'000
Bank borrowings						
- Banker acceptance	400	(404)	342	-	4	342
- Lease liabilities	4,713	(617)	-	200	60	4,356
- Term loan	8,748	(258)	-	-	71	8,561
	13,861	(1,279)	342	200	135	13,259

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :-

Disclosure requirements per MFRS 134 - paragraph 16

A1. (a) Accounting Policies and Methods of Computation

The quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements ("Bursa Securities Listing Requirements") and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

The accounting policies and methods of computation adopted by the Group in unaudited condensed financial statements and unaudited interim financial report are consistent with those adopted in the latest audited financial statements for the financial year ended 31 December 2021.

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvement to MFRSs 2018-2020 Cycle	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred

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

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

A2. Qualification of Financial Statements

The Auditors' Report on the financial statements of the Group for the year ended 31 December 2021 was not subject to any qualification.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A3. Seasonality or Cyclicality of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4. Exceptional or Unusual Items

During the current financial quarter, there was no item of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A5. Changes in Estimates of Amounts Reported

There was no change in estimate of amount reported that has a material effect in the current financial quarter under review.

A6. Changes in Debt Securities and Equity Securities

During the current financial quarter, there were no issuances, cancellation, repurchase, resale and repayment of debt securities and equity securities.

A7. Dividend paid

The first interim dividend of 0.30 sen per ordinary share amounting to RM1,340,517 was declared on 21 February 2022 and paid on 15 March 2022 in respect of the year ending 31 December 2022.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A8. Segmental Reporting

	Hardware RM'000	Solutions and Services RM'000	Elimination RM'000	Consolidated RM'000
03 months ended 31 March 2022				
External sales	2,515	14,827	-	17,342
Intersegment transactions	-	3,698	(3,698)	-
Total revenue	2,515	18,525	(3,698)	17,342
Segment results	366	6,819		7,185
Unallocated other income				154
Unallocated operating expenses				(4,008)
Profit before tax				3,331
03 months ended 31 March 2021				
External sales	1,159	12,798	-	13,957
Intersegment transactions	-	2,756	(2,756)	-
Total revenue	1,159	15,554	(2,756)	13,957
Segment results	164	5,825		5,989
Unallocated other income				170
Unallocated operating expenses				(3,536)
Profit before tax				2,623

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A9. Material Events Subsequent to the End of the Current Quarter

There were no other material events subsequent to the end of the current financial quarter up to the date of this announcement.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group subsequent to the end of the current financial quarter up to the date of this announcement.

A11. Changes in Contingent Liabilities or Contingent Assets

There was no significant change in the contingent liabilities of the Group since the last financial year ended 31 December 2021.

A12. Material Capital Commitments

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

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

Disclosure requirements required by the Listing Requirements of Bursa Securities for the ACE Market

B1. Group's Review of Performance

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter Unaudited 31.03.2022 RM'000	Preceding Year Corresponding Quarter Unaudited 31.03.2021 RM'000	Change %	03 Months Ended Unaudited 31.03.2022 RM'000	03 Months Ended Unaudited 31.03.2021 RM'000	Change %
Revenue	17,342	13,957	24.3	17,342	13,957	24.3
Profit before tax	3,331	2,623	27.0	3,331	2,623	27.0

For the three months ended 31 March 2022 (1Q2022), the Group's revenue surged 24.3% year-on-year or RM3.385 million to RM17.342 million as compared to RM13.957 million in the corresponding quarter. This was mainly driven by improved hardware sales from cash recycling machines ("CRM") and robust demand for the Group's solutions and services segment.

Hardware segment recorded a higher revenue of RM2.515 million in 1Q2022, jumped 117% year-on-year as compared to RM1.159 million previously, signaling continuous recovery of CRM hardware sales since 4Q2021. Our solutions and services segment increased by 15.9% from RM12.798 million in 1Q2021 to RM14.827 million in 1Q2022 mainly attributable to higher contribution from maintenance services of CRMs and new revenue generated from cash in transit services ("SmartCIT") which was launched in fourth quarter of last year.

In tandem with the top line growth, the Group reported a profit before tax ("PBT') of RM3.331 million in 1Q2022, an increase of 27% from RM2.623 million previously due to the abovementioned reason.

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED		
	UNAUDITED 31.03.2022 RM'000	**UNAUDITED 31.12.2021 RM'000**	**CHANGE %**
Revenue	17,342	18,042	(3.9)
Profit before tax	3,331	4,574	(27.2)

The lower revenue of RM17.342 million for the current quarter ended 31 March 2022 as compared to RM18.042 million in the preceding quarter was due to stronger recovery of CRM hardware sales in 4Q2021 and lower progressive revenue recorded from software solution services in 1Q2022. As a result, the Group posted a lower profit before tax ("PBT") of RM3.331 million for current quarter as compared to RM4.574 million in the preceding quarter.

B3. Prospects

Based on the latest Covid-19 developments, the reopening of the economy and borders will further revitalise Malaysia's economic activities and regain more positive momentum soon. The Group is optimistic on FY2022 and beyond with the following outlook.

Market sentiment is gradually but surely improving as can be seen in the Group's cash recycling machine ("CRM") business segment. Banks are resuming procurement activities after postponing the purchases for almost two years as obsolete cash machines need to be replaced due to compliance and customer service predicaments. Compared to preceding quarters, the Group has recorded two (2) consecutive quarters of better-than-expected CRM hardware sales in 4Q2021 and 1Q2022, signaling a stable recovery of this business segment.

Despite going through two challenging years caused by the Covid-19 pandemic, the Group's services business segments remain resilient and will continue the same growth path in driving revenue and profits as demand grows for the Group's maintenance services for CRMs, bill payment and top-up kiosks, cash in transit services, cheque processing and software development services.

The Group will continue to plough greater efforts into growing multiple new revenue streams such as SmartCIT, buySolar online marketplace, merchant acquiring services and e-wallet top-up kiosks to improve the top and bottom lines of our Group.

Barring any unforeseen circumstances, OpenSys expects that the performance of our Group will continue to be satisfactory for the financial year ending 31 December 2022.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B4. Profit Forecast

No profit forecast was announced; hence there is no comparison between actual results and forecast.

B5. Group's Tax Expense

Tax expense comprises the following:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2021 RM'000	03 MONTHS ENDED UNAUDITED 31.03.2022 RM'000	UNAUDITED 31.03.2021 RM'000
Current year	1,041	751	1,041	751
Deferred tax	(166)	22	(166)	22
	875	773	875	773

The higher effective tax rate of the Group as compared to the Malaysia statutory income tax rate for the current financial quarter and financial year to date is mainly due to non tax deductibility of certain expenses incurred by the Group.

Notes :- (continued)

B6. Profit for the period

	Current Quarter 31.03.2022 RM'000	Year to date 31.03.2022 RM'000
Interest income	(128)	(128)
Interest expenses	65	65
Amortisation of development expenditure	17	17
Depreciation	1,849	1,849
Gain on disposal of property, plant & equipment	(27)	(27)
Realised loss on foreign exchange	2	2
Used machines written down	6	6

Other than the above items, there were no other income including investment income, write off of receivables, allowance for impairment, gain or loss on disposal of quoted or unquoted investment, impairment of assets, gain or loss on derivatives and exceptional items for the current financial quarter and financial year to date.

B7. Corporate Proposals

Save as disclosed below, there are no corporate proposals announced by the Group as at the date of this announcement.

On 4 March 2022, on behalf of the Board of Directors of OpenSys, Hong Leong Investment Bank Berhad had announced that the Company proposes to undertake the following:

(i) proposed transfer listing of and quotation for the entire issued share capital of OpenSys from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer Listing"); and

(ii) proposed amendments to the Constitution of OpenSys to facilitate the implementation of the Proposed Transfer Listing ("Proposed Amendments").

The application to Securities Commission ("SC") in relation to the Proposed Transfer Listing has been submitted to the SC on 8 March 2022.

B8. Group's Borrowings

The breakdown of the borrowings is set out below:-

	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 31.12.2021 RM'000
Secured short-term borrowings		
Lease liabilities	1,522	1,549
Term loans	858	850
Bankers' acceptance	252	-
	2,632	2,399
Secured long-term borrowings		
Lease liabilities	1,593	1,956
Term loans	4,828	5,072
	6,421	7,028
Total borrowings	9,053	9,427

B9. Material Litigation

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

B10. Dividend

The first interim dividend of 0.30 sen per ordinary share amounting to RM1,340,517 was declared on 21 February 2022 and paid on 15 March 2022 in respect of the year ending 31 December 2022.

The second interim dividend of 0.30 sen per ordinary share amounting to RM1,340,517 was declared on 23 May 2022 and will be paid on 16 June 2022 in respect of the year ending 31 December 2022.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B11. Group's Earnings Per Share

(i) Basic earnings per share

The basic earnings per share of the Group have been computed by dividing the profit for the period by the number of ordinary shares in issue during the period.

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 31.03.2022	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 31.03.2021	03 MONTHS ENDED UNAUDITED 31.03.2022	UNAUDITED 31.03.2021
Profit attributable to owners (RM'000)	2,441	1,848	2,441	1,848
Number of ordinary shares ('000)	446,838	446,838	446,838	446,838
Basic earnings per share (sen)	0.55	0.41	0.55	0.41

(ii) Diluted earnings per share
Not applicable.

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur