

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

UNAUDITED INTERIM FINANCIAL REPORT

Interim financial report on results for the quarter ended 30 September 2015.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.09.2014 RM'000	09 MONTHS ENDED UNAUDITED UNAUDITED 30.09.2015 30.09.2014 RM'000 RM'000	
Revenue	16,469	12,306	55,377	32,165
Cost of revenue	(11,524)	(7,919)	(38,964)	(19,134)
Gross profit	4,945	4,387	16,413	13,031
Other income	302	89	508	306
Research & development expenses	(521)	(456)	(1,514)	(1,277)
Administration and other expenses	(2,073)	(1,927)	(6,452)	(5,554)
Finance costs	(171)	(176)	(482)	(480)
Profit before tax	2,482	1,917	8,473	6,026
Tax expense	(762)	(503)	(2,426)	(1,552)
Profit for the period	1,720	1,414	6,047	4,474
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,720	1,414	6,047	4,474
Attributable to:				
Equity holders of the Company	1,720	1,414	6,047	4,474

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME –
(continued)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2015 RM'000	PRECEDING	09 MONTHS ENDED	
		YEAR	UNAUDITED	
		CORRESPONDING	UNAUDITED	UNAUDITED
		QUARTER UNAUDITED 30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000

EARNINGS PER SHARE

Ordinary shares of RM0.10 each :-

Basic (sen)	0.58	0.47	2.03	1.50
	=====	=====	=====	=====
Diluted (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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	29,856	30,882
Development expenditure	860	879
Fixed deposits	5,186	5,062
	-----	-----
	35,902	36,823
	-----	-----
Current assets		
Inventories	15,174	18,874
Trade receivables	13,451	7,348
Other receivables, deposits & prepayments	1,198	822
Short term investment	5,100	2,525
Cash & bank balances	5,915	5,123
	-----	-----
	40,838	34,692
	-----	-----
Total assets	76,740	71,515
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	22,342	22,342
Share premium	5,917	5,917
Retained earnings	15,155	11,342
	-----	-----
Total equity	43,414	39,601
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
– (Continued)

	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
Non-current liabilities		
Finance lease payables	4,686	4,098
Term loans	5,730	5,943
Deferred tax liability	2,605	3,035
	-----	-----
	13,021	13,076
	-----	-----
Current liabilities		
Trade payables	3,923	1,235
Other payables & accruals	7,644	4,728
Finance lease payables	2,900	2,202
Term loans	795	791
Bankers' acceptance	3,583	9,367
Income tax liability	1,250	322
Post-employment benefit obligations	210	193
	-----	-----
	20,305	18,838
	-----	-----
Total liabilities	33,326	31,914
	-----	-----
Total equity and liabilities	76,740	71,515
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	14.57	13.29
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity ----- Holders of the Company -----			Total Equity RM'000
	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	
As at 1 January 2015	22,342	5,917	11,342	39,601
Profit for the year, represents total comprehensive income for the year	-	-	6,047	6,047
Dividend	-	-	(2,234)	(2,234)
As at 30 September 2015	----- 22,342 =====	----- 5,917 =====	----- 15,155 =====	----- 43,414 =====
As at 1 January 2014	22,342	5,917	7,978	36,237
Profit for the year, represents total comprehensive income for the year	-	-	4,474	4,474
Dividend	-	-	(2,234)	(2,234)
As at 30 September 2014	----- 22,342 =====	----- 5,917 =====	----- 10,218 =====	----- 38,477 =====

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	8,473	6,026
Adjustments for:-		
Amortisation of development expenditure	117	91
Depreciation	4,547	4,053
Gain on disposal of property, plant & equipment	(194)	(65)
Interest expenses	763	759
Interest income	(275)	(241)
Inventories written off	-	66
	-----	-----
Operating profit before working capital changes	13,431	10,689
Inventories	3,700	(4,176)
Receivables, deposits and prepayments	(6,274)	(5,772)
Payables	4,503	2,518
	-----	-----
Cash generated from operations	15,360	3,259
Interest paid	(763)	(759)
Interest received	275	241
Tax paid	(1,927)	(1,413)
Tax Refunded	-	40
	-----	-----
Net cash from operating activities	12,945	1,368
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(629)	(1,331)
Development expenditure paid	(98)	(267)
Proceeds from disposal of property, plant & equipment	327	65
	-----	-----
Net cash used in investing activities	(400)	(1,533)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash flows from financing activities		
(Placement)/Proceeds from short term investment	(2,575)	412
Placement of fixed deposits under lien	(124)	(114)
Proceeds from borrowings	14,156	11,588
Repayment of borrowings	(20,537)	(8,917)
(Repayment of)/Proceeds from finance lease payables	(1,556)	2,231
Dividend paid	(1,117)	(1,117)
	-----	-----
Net cash (used in)/from financing activities	(11,753)	4,083
	-----	-----
Net changes in cash and cash equivalents	792	3,918
Cash and cash equivalents brought forward	5,123	3,594
	-----	-----
Cash and cash equivalents carried forward	5,915	7,512
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits	5,186	5,023
Cash & bank balances	5,915	7,512
	-----	-----
	11,101	12,535
Less : Fixed deposits under lien	(5,186)	(5,023)
	-----	-----
	5,915	7,512
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :-

Disclosure requirements per MFRS 134 - paragraph 16

A1. Accounting Policies and Methods of Computation

The quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

The significant accounting policies and methods of computation adopted for the audited condensed financial statements are consistent with those adopted in the latest audited financial statements for the financial year ended 31 December 2014.

The adoption of the MFRSs and Amendments to MFRSs that came into effect after 1 January 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board but are not effective for period beginning on 1 July 2015, but will be effective for later periods.

Effective for financial periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment: Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 138	Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 141	Agriculture : Agriculture: Bearer Plants
Annual Improvements to MFRSs 2012-2014 Cycle	

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A2. Qualification of Financial Statements

The Auditors' Report on the financial statements of the Group for the year ended 31 December 2014 was not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

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

A4. Exceptional or Unusual Items

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

A5. Changes in Estimates of Amounts Reported

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

A6. Changes in Debt Securities and Equity Securities

During the current financial quarter, there were no issuances, cancellation, repurchase, resale and repayment of debt securities and equity securities except for the bonus issue of 74,473,333 new ordinary shares of RM0.10 each in the Company on the basis of one (1) bonus share for every three (3) existing ordinary shares of RM0.10 each held in the Company.

The Bonus Issue was completed on 27 October 2015 with the listing of 74,472,019 bonus shares on the ACE Market of Bursa Securities.

A7. Dividend paid

The first interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 27 February 2015 and paid on 22 April 2015 in respect of the year ending 31 December 2015.

The second interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 27 August 2015 and paid on 21 October 2015 in respect of the year ending 31 December 2015.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A8. Segmental Reporting

	Hardware	Software Solution and Services	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
3rd quarter ended 30 September 2015				
External sales	8,313	8,156	-	16,469
Intersegment transactions	-	-	-	-
Total revenue	<u>8,313</u>	<u>8,156</u>	<u>-</u>	<u>16,469</u>
Segment results	1,463	3,482	-	4,945
Unallocated other income				302
Unallocated operating expenses				<u>(2,765)</u>
Profit before tax				<u>2,482</u>
3rd quarter ended 30 September 2014				
External sales	4,832	7,474	-	12,306
Intersegment transactions	-	-	-	-
Total revenue	<u>4,832</u>	<u>7,474</u>	<u>-</u>	<u>12,306</u>
Segment results	1,061	3,326	-	4,387
Unallocated other income				89
Unallocated operating expenses				<u>(2,559)</u>
Profit before tax				<u>1,917</u>
	Hardware	Software Solution and Services	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
09 months ended 30 September 2015				
External sales	30,503	24,874	-	55,377
Intersegment transactions	-	-	-	-
Total revenue	<u>30,503</u>	<u>24,874</u>	<u>-</u>	<u>55,377</u>
Segment results	5,113	11,300	-	16,413
Unallocated other income				508
Unallocated operating expenses				<u>(8,448)</u>
Profit before tax				<u>8,473</u>
09 months ended 30 September 2014				
External sales	9,508	22,657	-	32,165
Intersegment transactions	-	-	-	-
Total revenue	<u>9,508</u>	<u>22,657</u>	<u>-</u>	<u>32,165</u>
Segment results	2,147	10,884	-	13,031
Unallocated other income				306
Unallocated operating expenses				<u>(7,311)</u>
Profit before tax				<u>6,026</u>

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

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 2014.

A12. Material Capital Commitments

Group
AS AT 30.09.2015
RM'000

**Capital expenditure in respect of property, plant & equipment
not provided for :-**

Approved and contracted for

2,718
=====

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

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 30.09.2015 RM'000	PRECEDING YEAR	09 MONTHS ENDED	
		CORRESPONDING	UNAUDITED	UNAUDITED
		QUARTER UNAUDITED 30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Revenue	16,469	12,306	55,377	32,165
Profit before tax	2,482	1,917	8,473	6,026
	=====	=====	=====	=====

The Group's revenue was higher at RM16.469 million for the second quarter ended 30 September 2015 as compared to RM12.306 million for the corresponding quarter of the preceding year ended 30 September 2014. This was mainly due to the higher revenue achieved from the sales of the Efficient Service Machine (ESM), Cash Recycling Machine (CRM) and the Total Cheque Processing Solution (TCPS). As a result, the profit before tax increased from RM1.917 million to RM2.482 million.

For the nine months ended 30 September 2015, the Group's revenue increased by 72% as compared to the nine months ended 30 September 2014. This is due to the higher revenue achieved from the roll-out of the Cash Recycling Machine (CRM), the Efficient Service Machine (ESM) and the Business Process Outsourcing (BPO). The profit before tax increased by 41% for the nine months ended 30 September 2015. The profit before tax would have been better if the cost of revenue had not been impacted by the weakening of the Ringgit.

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

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2015	30.06.2015
	RM'000	RM'000
Revenue	16,469	11,481
Profit before tax	2,482	1,723
	=====	=====

The higher revenue of RM16.469 million for the current quarter ended 30 September 2015 as compared to RM11.481 million for the preceding quarter ended 30 June 2015 is mainly due to the higher roll-out of the Cash Recycling Machine (CRM). As a result, we recorded a higher profit before tax of RM2.482 million for the quarter ended 30 September 2015 compared to the profit before tax of RM1.723 million for the preceding quarter ended 30 June 2015.

B3. Prospects

OpenSys expects that, barring any unforeseen circumstances, the performance of the Group will continue to be satisfactory in the financial year ending 31 December 2015.

B4. Profit Forecast

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

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

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B5. Group's Tax Expense

Tax expense comprises the following:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.09.2014 RM'000	09 MONTHS ENDED UNAUDITED UNAUDITED 30.09.2015 30.09.2014 RM'000 RM'000	
Income tax charge for the current period				
Tax paid	992	1,079	1,927	1,374
Deferred tax	(150)	(104)	(430)	(501)
Tax liability	(80)	(472)	929	679
	-----	-----	-----	-----
	762	503	2,426	1,552
	=====	=====	=====	=====

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.

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

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B6. Profit for the period

	Current Quarter 30.09.2015 RM'000	Year to date 30.09.2015 RM'000
Interest income	(107)	(275)
Interest expenses	237	763
Amortisation	39	117
Depreciation	1,691	4,547
Gain on disposal of property, plant & equipments	(171)	(194)
Foreign exchange gain	(24)	(39)
	=====	=====

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

B7. Corporate Proposals

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

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

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B8. Group's Borrowings

The breakdown of the borrowings is set out below:-

	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
Secured short-term borrowings		
Finance lease payables	2,900	2,202
Term loans	795	791
Bankers' acceptance	3,583	9,367
	----- 7,278 -----	----- 12,360 -----
Secured long-term borrowings		
Finance lease payables	4,686	4,098
Term loans	5,730	5,943
	----- 10,416 -----	----- 10,041 -----
Total borrowings	=====	=====

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

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B9. Material Litigation

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

B10. Dividend

The first interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 27 February 2015 and paid on 22 April 2015 in respect of the year ending 31 December 2015.

The second interim tax-exempt dividend of 5% per ordinary share of 10 sen each amounting to RM1,117,100 was declared on 27 August 2015 and paid on 21 October 2015 in respect of the year ending 31 December 2015.

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 of RM0.10 each in issue during the period.

	INDIVIDUAL PERIOD PRECEDING YEAR	CUMULATIVE PERIOD		
	CURRENT YEAR	CORRESPONDING		
	QUARTER	QUARTER	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Profit for the period (RM'000)	1,720	1,414	6,047	4,474
	=====	=====	=====	=====
Number of ordinary shares ('000)	297,892	297,892	297,892	297,892
	=====	=====	=====	=====
Ordinary shares of RM0.10 each :-				
Basic earnings per share (Sen)	0.58	0.47	2.03	1.50
	=====	=====	=====	=====

Comparative basic earnings per share and net assets per share have been restated to take into account the effects of the bonus issue of ordinary shares of RM0.10 each on 27 October 2015.

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

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B11. Group's Earnings Per Share (Continued)

(ii) **Diluted earnings per share**

Not applicable.

B12. Group's Retained Earnings

	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	17,709	14,326
- Unrealised	(2,605)	(3,035)
	-----	-----
	15,104	11,291
Consolidation adjustments	51	51
	-----	-----
Total group retained earnings as per consolidated accounts	15,155	11,342
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur