

**2005**  
Annual Report



**OPENSYS (M) BERHAD**

(369818-W)  
(Incorporated in Malaysia)

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# notice of ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Tenth Annual General Meeting of the Company will be held at The View, Level 18, Melia Kuala Lumpur, 16 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 21st June 2006 at 3.00pm for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31st December 2005 and the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' fees for the year ended 31st December 2005.
3. To re-elect the following Director retiring in accordance with Article 98 of the Company's Articles of Association:
  - a) Azlan Bin Abdullah
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"THAT Mr. James Henry Stewart, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting."
5. To re-appoint Messrs HLB Ler Lum, (formerly known as Messrs Ler Lum & Co.) as Auditors and to authorise the Board of Directors to fix their remuneration.

(RESOLUTION 1)

(RESOLUTION 2)

(RESOLUTION 3)

(RESOLUTION 4)

(RESOLUTION 5)

### AS SPECIAL BUSINESS

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

#### 6. ORDINARY RESOLUTION

##### **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being excluding the number of ordinary shares arising from the exercise of Employees' Share Option Scheme (ESOS), and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(RESOLUTION 6)

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

By Order of the Board

**LIM SECK WAH (MAICSA 0799845)**

Company Secretary

Dated: 30th May 2006  
Kuala Lumpur

## notice of ANNUAL GENERAL MEETING (cont'd)

**NOTES:**

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*
2. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.*
3. *Where a member appoint more than one (1) proxy to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
4. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorized.*
5. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *Explanatory notes on Special Business*
  - 6.1 *The Ordinary Resolution proposed in Agenda 6, if passed will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total 10% of the issued share capital not limiting to new shares arising from the exercise of ESOS of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.*

# corporate INFORMATION

## BOARD OF DIRECTORS

Tan Kee Chung  
*(Executive Director and Chief Executive Officer)*

Chee Hong Soon  
*(Executive Director)*

Tune Hee Hian  
*(Executive Director)*

Azlan Bin Abdullah  
*(Non-Independent Non-Executive Director)*

James Henry Stewart  
*(Independent Non-Executive Director)*

Lee Swee Seng  
*(Independent Non-Executive Director)*

## COMPANY SECRETARY

Lim Seck Wah  
*(MAICSA-0799845)*

## AUDIT COMMITTEE

James Henry Stewart  
*(Independent Non-Executive Director)*

Lee Swee Seng  
*(Independent Non-Executive Director)*

Chee Hong Soon  
*(Executive Director)*

## REGISTERED OFFICE

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

## BUSINESS OFFICE

Level 7, Menara Axis  
2 Jalan 51A/223  
46100 Petaling Jaya, Selangor  
Tel : 03-7968 6868  
Fax : 03-7968 1282

Lot 2-2 & 2-3, Innovation House  
Technology Park Malaysia  
Lebuhraya Puchong – Sungai Besi  
Bukit Jalil, 57000 Kuala Lumpur  
Tel : 03-8996 9335  
Fax : 03-8996 9315

## REGISTRAR

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

## AUDITORS

HLB Ler Lum (AF 0276)  
(formerly known as Ler Lum & Co)  
2nd & 3rd Floor, Bangunan Yeoh  
35 & 37 Jalan Kamunting  
50300 Kuala Lumpur  
Tel : 03-2691 5737  
Fax : 03-2691 3227

## PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)  
Jalan P. Ramlee Business Centre  
Ground Floor, MUI Plaza  
Jalan P. Ramlee, 50250 Kuala Lumpur

Bumiputra-Commerce Bank Berhad (13491-P)  
Business Centre KL 1 – Wisma Bandar  
7th Floor, Wisma Bandar  
18 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur

## SPONSORS

Commerce International Merchant Bankers Berhad (18417-M)  
7th Floor, Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-2084 8888  
Fax : 03-2093 5689

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
MESDAQ Market

# profile of DIRECTORS

## TAN KEE CHUNG,

was appointed as Executive Director of OpenSys on 7th December, 1995. He is a co-founder and the 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 about 24 years experience, mainly in management, sales and marketing, in the IT industry. Prior to co-founding OpenSys, he was the Marketing Director of AT&T GIS from January 1993 to December 1995, General Systems Division Manager in NCR from January 1991 to December 1992, Financial Systems District Manager in NCR from January 1990 to December 1990, Major Accounts Manager in Digital Equipment Corporation from 1986 to 1989 and Major Accounts Sales Specialist in Rank Xerox Ltd, United Kingdom from 1982 to 1985. He was also a member of the AT&T GIS Leadership Advisory Council from 1993 to 1995.

## CHEE HONG SOON,

was appointed as Executive Director of OpenSys on 7th December, 1995. He is a co-founder and the Chief Technology Officer of OpenSys. He primarily oversees the product development operations of the Company. He obtained his Bachelor of Science degree in Physics from Universiti Malaya in 1983. He has 22 years experience in transaction switching systems implementation, software application, database design, system migration and disaster recovery. Prior to co-founding 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,

was appointed as Executive Director of OpenSys on 9th January, 1996. As a Technical Director of OpenSys, he is primarily responsible for providing advice on software development of Web-enabled multi-channel delivery systems and project management. 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 is also a Certified Project Management Professional of the PMI and has 20 years of experience in software development, project management and implementation of online client server 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.

## AZLAN BIN ABDULLAH,

was appointed as Non-Independent Non-Executive Director of OpenSys on 24th July, 2000. He obtained a Bachelor of Science degree in Business Administration from Trinity University, Texas, USA in 1980. He also holds a Master's in Business Administration Degree from Morehead State University, Kentucky, USA in 1983. His work experience included working in Citibank N.A. from 1983 to 1987, where he worked in the World Corporate Group, a division within the Corporate Banking Group, in United Asian Bank from 1987 to 1990 where he was responsible for starting and heading the Treasury Marketing Unit and in the merged entity with Bank of Commerce Berhad where he was the Vice President of Priority Banking Division from 1990 to 1994 and in Citibank from 1994 to 1995 where he was the Vice President and Head of the Public Sector Unit. He is currently the Chief Executive Officer of Mycron Steel Berhad and a Director of Malaysia General Investment Berhad, Bandar Raya Developments Berhad and Melewar Industrial Group Berhad.

## profile of DIRECTORS (cont'd)

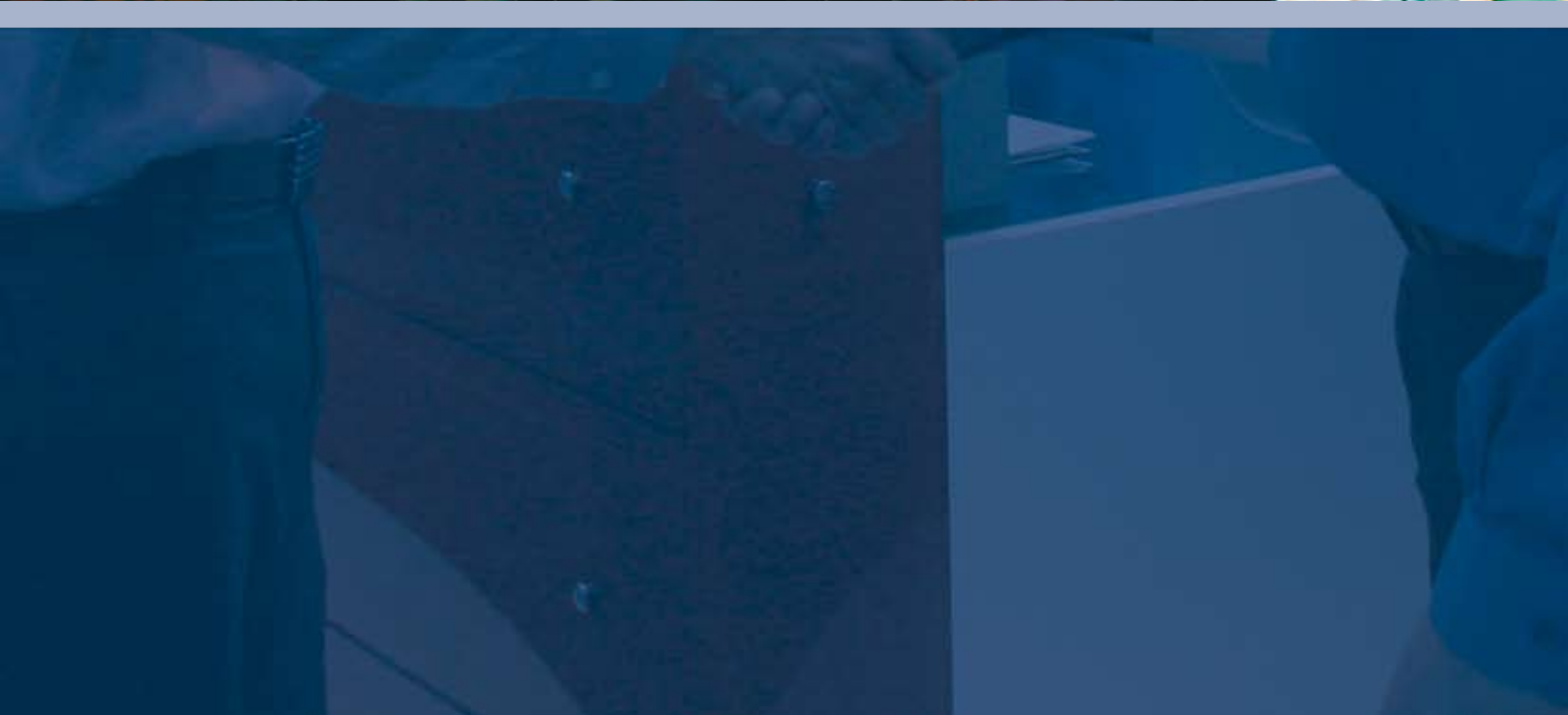
### LEE SWEE SENG,

was appointed as Independent Non-Executive Director of OpenSys on 6th November, 2003. He was called to the Malaysian Bar of Council in 1985 and has been in active law practice since then. He is currently the managing partner of Lee Swee Seng & Co., Advocates & Solicitors in Kuala Lumpur. He obtained his Bachelor of Law (LLB Hons) and Masters in Law (LL.M) from the University of Malaya. He also holds a Certificate in E-Commerce and Law, Corporate Governance and Directors' Duties from Bond University in Australia and a Masters of Business Administration (MBA) from Southern Cross University in Australia. He is also a Certified National Trainer of Junior Chamber International, a past National President of Junior Chamber Malaysia in 1999 and a Committee Member of the Malaysian Institute of Arbitrators and an associate member of the Malaysian Institute of Management. In addition, he is a Certified Mediator of the Malaysian Mediation Centre, a Notary Public, a Trademark, Industrial Design and Patent Agent. He is a member of the Malaysian Institute of Corporate Governance and a certified trainer for the Corporate Director Training Programme conducted by the Companies Commission of Malaysia.

### JAMES HENRY STEWART,

was appointed as Independent Non-Executive Director of OpenSys on 6th November, 2003. He has more than thirty 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's 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.

All the above named directors of the Company have not been convicted of any criminal offences (other than ordinary traffic offences, if any) and they do not have any conflict of interest with the Company.



## ceo's STATEMENT

Five years ago, OpenSys pioneered the concept of non-cash-dispensing self-service kiosks for the unmanned branch called Efficient Service Machines (ESM). Our ESM plugs the gap between cash-dispensing automated teller machines (ATM) and internet banking and information retrieval self-service terminals (SST) by allowing customers to make deposits of cheques and cash, and pay bills using different instruments such as cash, cheques, credit and debit cards in one compact machine.



Today, our vision of ESM has finally been acknowledged and adopted by the self-service industry. According to an independent study, the market for non-cash-dispensing kiosks is expected to grow 793 per cent from 2004 to 2014. In Asia, non-cash-dispensing kiosks will grow 11 folds from 85,000 units to 950,000 units over the next decade. Our efforts has also resulted in Malaysia been recognised by Retail Banking Research (RBR)<sup>1</sup> as having the highest proportion of non-cash dispensing machines in the world – 20 per cent.

In 2004, our installed base grew from 500 to 750 machines in Malaysian banks. We achieved a major breakthrough in the Gulf countries by installing the first 20 units for a major bank in Dubai, United Arab Emirates. We added one major telecommunication and one major insurance company to our stable of outsourcing projects. Currently, our total number of customers comprises thirteen blue-chip institutions in Malaysia and three blue-chip institutions in the Region. Our services business alone, namely business process outsourcing (BPO) and life-cycle maintenance services, can sustain the whole company over the next five years.

Moving forward, we will continue to invest in research and development to maintain our market leadership position and to make our products current and relevant. In addition to our state-of-the-art ESM, Software and BPO, we believe that another area of growth will be in the image-based cheque clearing solution called Check 21 in North America or Cheque Truncation System (CTS) in Malaysia and other parts of the world.

I am confident that the adoption rate of our solution in ESM and CTS for the banking industry, and BPO for the insurance, telecommunication, utilities and government industries will continue to grow in Malaysia and internationally over the next decade.

On behalf of the Board of Directors, I would like to take this opportunity to thank our investors, customers, suppliers, management and staff for their continuous support of OpenSys.

Tan Kee Chung  
Chief Executive Officer

<sup>1</sup> RBR is recognised as a leading strategic research and consulting firm with over two decades of experience in retail banking, banking automation and payment systems, in Europe and around the world.

# audit COMMITTEE

The principle 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 of the following members:-

- |    |                                |                                      |
|----|--------------------------------|--------------------------------------|
| 1. | James Henry Stewart (Chairman) | - Independent Non-Executive Director |
| 2. | Lee Swee Seng                  | - Independent Non-Executive Director |
| 3. | Chee Hong Soon                 | - Executive Director                 |

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### Membership

The Audit Committee shall be appointed by the Board of Directors from among their number and shall be composed of not fewer than 3 members of whom majority shall be Independent Non-Executive Director.

The members of the Audit Committee shall elect a chairman from among their member who is not an executive director or employee of the Company or any related corporation. The Chairman elected shall be subjected to endorsement by the Board.

If a member of the Audit Committee resigns, dies 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 may be required to make up the minimum number of 3 members.

### Meetings and Attendance

Meetings shall be held at least 3 times a year or a frequency to be decided by the Committee. The Committee may require the external auditors and any official of the Company to attend any of its meetings as it determines. The external auditors may request a meeting if they consider one is necessary. The quorum for each meeting shall be at least 2 members. At least once a year, the Committee shall meet with the external auditors. The Company Secretary may be the Secretary of the Committee.

There were four (4) Audit Committee meetings chaired by Mr. James Henry Stewart which were fully attended by all the members during the year 2005.

Record of attendance for meetings held during the financial year ended 31st December 2005 is as follow:-

Audit Committee Members	Attendance
James Stewart Henry (Chairman)	4/4
Lee Swee Seng	4/4
Chee Hong Soon	4/4

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

## Summary Activities of the Audit Committee During the Year

The activities of the Audit Committee during the financial year ended 31st December 2005 are as follows:-

- review the quarterly results and year end financial statements
- review the adequacy of the audit scope and plan of the external auditors
- review reports of the internal and external auditors

## audit COMMITTEE (cont'd)

**Internal Audit Functions**

The Company has outsourced its Internal Audit Division to IBDC (Malaysia) Sdn Bhd 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 internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements.

**Authority**

The Audit Committee is authorized to investigate any activity of the Company within its terms of reference and all employees shall be directed to co-operate with any request made by the Committee. The Committee shall be empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

**Duties and Responsibilities**

The duties and responsibilities of the Audit Committee shall be:-

- to consider the appointment of the external auditors, the audit fees and any question of resignation or dismissal;
- to oversee all matters pertaining to audit including the review of the audit plan and report;
- to discuss problems and reservations arising from the interim and final results, and any matters the external auditors may wish to discuss (in the absence of management where necessary);
- to keep under review the effectiveness of internal control systems, and in particular review the external auditors management letter and management's response; and
- to consider other matters, act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to management of the Company, as defined.
- to verify the allocation of options to the eligible employees pursuant to the Company's Employee Share Option Scheme at the end of each financial year.

**Additional Compliance Information****1. Employee Share Option Scheme**

There was no option offered by the Company to employees under the Employee Share Option Scheme during the financial year ended 31st December 2005.

**2. Utilisation of Proceeds**

As at 31st December 2005, the Company has utilised all of the total proceeds raised from its Initial Public Offering.

The status of the utilisation proceeds is as follows:

Details of Utilisation	Total amount of proceeds RM'000	Utilised as at 31.12.2005 RM'000	Amount unutilised/ over utilised RM'000
Working capital			
- Financing of inventory of components for ESM	5,600	<b>5,600</b>	-
- Research and development activities	4,920	<b>4,920</b>	-
- Sales and marketing expenses	700	<b>658</b>	42
Estimated listing expenses	1,500	<b>1,542</b>	(42)
Total	12,720	<b>12,720</b>	-

# corporate governance STATEMENT

The Board of Directors appreciates the importance of adopting high standards of corporate governance as means for sustaining the Company's long term growth and increasing shareholders' value. The Company is currently moving towards compliance with the Principles and adoption of most of the Best Practices as recommended by the Malaysian Code of Corporate Governance ("The Code").

## PRINCIPLES STATEMENT

The following statement sets out how the Company has applied the Principles in Part 1 of the Code:

### A. BOARD OF DIRECTORS

#### Composition

As the date of this statement, the Board consists of six (6) members comprising of the following:-

- One (1) Chief Executive Officer
- Two (2) Executive Directors
- One (1) Non-Independent Non-Executive Director
- Two (2) Independent Non-Executive Directors

The Chief Executive Officer, Mr. Tan Kee Chung, leads the Board. The current Board composition complies with the Listing Requirements of the Bursa Malaysia Securities Berhad for MESDAQ market.

#### Duties and Responsibilities

The Company acknowledges the importance of having an effective Board to lead and control the Company. The Board is ultimately responsible for the stewardship of the Company's strategic direction and development. The Board's responsibilities include reviewing and adopting the Company's goals, objectives and strategic plans set by the management, monitoring the achievement of the goals and objectives, reviewing the performance and identifying the Company's principal risks.

The Board is comprised of professionals from various backgrounds and is capable of bringing in-depth and diverse experience, expertise and perspectives to the Company's business operations. The Board's profiles are set out in this Annual Report on pages 05 and 06.

#### Meetings

The Board met four (4) times during the financial year ended 31st December 2005. The members of the Board and their attendance at the meetings were as follows:-

Board of Directors	No. of meetings attended
Mr Tan Kee Chung	4/4
Mr Chee Hong Soon	4/4
Tune Hee Hian	3/4
Azlan Bin Abdullah	4/4
James Henry Stewart	4/4
Lee Swee Seng	4/4

#### Re-election

Pursuant to the Company's Articles of Association, one-third (1/3) of the Directors, except the Managing Director/Chief Executive Officer, 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. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

corporate governance **STATEMENT** (cont'd)

For the forthcoming Annual General Meeting, En. Azlan Bin Abdullah who will retire by rotation pursuant to Article 98. Mr. James Stewart Henry who will retire in accordance with Section 129(6) of the Companies Act, 1965. Both of them being eligible, offer themselves for re-election.

**Directors' Training**

In view of the changing laws, regulations and business environment, the Directors are encouraged to attend continuous training to further their knowledge and to equip them to effectively discharge their duties as directors.

All members of the Board have attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities Listing Requirements.

The Board attends training programmes from time to time to equip themselves with the knowledge to discharge their duties more effectively.

Two directors attended the following courses during the financial year:-

Director	Date	Course Attended
En. Azlan Bin Abdullah	28.10.2005	New FRS Awareness – Overview of the Changes - Organised by Bandaraya Developments Berhad - Conducted by PriceWaterHouseCoopers
	13.12.2005	Business Impact on New Financial Reporting Standard - Organised by Trace Management - Conducted by PriceWaterHouseCoopers
Mr. Lee Swee Seng	11.07.2005 & 12.07.2005	MAICSA Annual Conference 2005: - Corporate Law Reform - Enhancing Stakeholders' Rights "Reforming Corporations to Enhance Competitiveness"
	15.09.2005	Tort Law-Current Issues in the Law of Negligence - Organised by Lexis Nexis

The other Directors were registered for a training course scheduled in November 2005, however, due to the unforeseen change in the schedule in the overseas business discussion, the course was cancelled. Another course could not be arranged prior to year-end.

**B. DIRECTORS' REMUNERATION**

The annual remuneration of the directors fell within the following bands as tabulated below:

Remuneration Band	Executive Directors	Non-Executive Directors
Below RM50,001	-	3
RM 50,001 – RM150,000	-	-
RM150,001 – RM200,000	1	-
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	-

## corporate governance STATEMENT (cont'd)

**C. SHAREHOLDERS**

The Company acknowledges the importance of communicating with its shareholders and does this through the Annual Reports and the Annual General Meetings. Other relevant information is disseminated via circulars to shareholders, quarterly financial results and various announcements made from time to time. All shareholders, including private investors, have an opportunity to participate in discussions with the Board on matters relating to the Company's operations and performance at the Company's Annual General Meeting (AGM). The Board will try to respond to the shareholders questions during the AGM and in the event an immediate answer is not possible, the Chair of the Board will arrange for a written answer to be given to the shareholder at a later date. Alternatively, shareholders may obtain the Company's latest announcements and information via the Bursa Malaysia Securities Berhad website [www.bursamalaysia.com.my](http://www.bursamalaysia.com.my)

**D. ACCOUNTABILITY AND AUDIT****Financial Reporting**

The Board aims to provide a balanced and understandable assessment of the Company's financial performance, financial position and prospects through the annual financial statements, CEO's statements and announcement of quarterly results.

In the preparation of the financial statements, the directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- Prepared the financial statements on an ongoing basis.

**Internal Control**

The Board has overall responsibility for maintaining a system of internal controls, which provides reasonable assessments of effective and efficient operations, internal controls and compliance with laws and regulations.

The Company has outsourced the independent Internal Audit Division to ensure the internal audit functions are carried out effectively and professionally.

**External Audit**

The Company's independent external auditors hold an essential role for the shareholders by enhancing the reliability of the Company's financial statements and providing assurance of that reliability to users of these financial statements.

The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board.

**E. DIRECTOR'S RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS**

The Directors are required to prepare the financial statements for each financial year, which gives a true and fair view of the state of affairs, the results and cash flow of the Company for the financial year ended.

The Directors are responsible for ensuring that the Company keeps accounting records with reasonable accuracy which will at any time the financial position of the Company. It is also the duty and responsibility of the Directors to ensure that the financial statements are complied with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

# directors' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31st December, 2005.

## 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 holdings; 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.

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

## FINANCIAL RESULTS

	RM
Net profit for the year	404,613
Unappropriated profits brought forward	1,581,232
Unappropriated profits carried forward	1,985,845

## DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any dividend for the current financial year ended 31st December, 2005.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

## DIRECTORS

The directors who served on the Board of the Company since the date of the last report are:-

Tan Kee Chung  
 Chee Hong Soon  
 Tune Hee Hian  
 Azlan Bin Abdullah  
 Lee Swee Seng  
 James Henry Stewart

In accordance with the Company's Articles of Association, Messrs. Azlan Bin Abdullah and James Henry Stewart retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## directors' REPORT (cont'd)

**DIRECTORS' INTERESTS**

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:-

	Ordinary Shares Of RM0.10 Each			Balance at 31.12.2005
	Balance at 1.1.2005	Acquired	Disposed	
Tan Kee Chung	35,541,230	-	-	35,541,230
Chee Hong Soon	6,161,220	-	-	6,161,220
Tune Hee Hian	3,982,682	-	-	3,982,682
Azlan Bin Abdullah	24,218,093	-	-	24,218,093

**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 a benefit included in the aggregate amount of remuneration received or due and receivable by directors as shown in the financial statements 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.

**INFORMATION ON THE FINANCIAL STATEMENTS**

Before the financial statements of the Company were made out, the directors took reasonable steps:-

- to ascertain that proper action has 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
- to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Company in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:-

- 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 Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

## directors' REPORT (cont'd)

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

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 Company to meet its obligations as and when they fall due.

### OTHER STATUTORY INFORMATION

The directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In their opinion,

- (a) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) 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 Company for the financial year in which this report is made.

### AUDITORS

The auditors, Messrs. Ler Lum & Co., Chartered Accountants, who are now practising as Messrs. HLB Ler Lum with effect from 1st August, 2005 have expressed their willingness to continue in office.

On behalf of the Board,

**Tan Kee Chung**

**Chee Hong Soon**

Dated: 17th April 2006

Kuala Lumpur

## statement by DIRECTORS

We, **TAN KEE CHUNG** and **CHEE HONG SOON**, being two of the directors of **OPENSYS (M) BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2005 and of the results of the operations and cash flows for the year ended on that date.

On behalf of the Board,

**Tan Kee Chung**

**Chee Hong Soon**

Dated: 17th April 2006

Kuala Lumpur

## 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 at  
Kuala Lumpur on 17th April 2006

Before me:

Commissioner for Oaths

# auditors' REPORT

to the members of OpenSys (M) Berhad

We have audited the financial statements set out on pages 19 to 38. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:-
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Company as at 31st December, 2005 and of the results of the operations and cash flows for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

**HLB LER LUM**

(Firm Number: AF 0276)  
Chartered Accountants

**LUM TUCK CHEONG**

1005/3/07(J/PH)  
Partner of the Firm

Dated: 17th April 2006

Kuala Lumpur

# income STATEMENT

for the year ended 31st December 2005

	Note	2005 RM	2004 RM
REVENUE	4	<b>20,268,849</b>	20,318,121
COST OF SALES		<b>(15,011,223)</b>	(15,040,994)
GROSS PROFIT		<b>5,257,626</b>	5,277,127
OTHER OPERATING INCOME		<b>138,605</b>	296,242
ADMINISTRATION EXPENSES		<b>(1,498,351)</b>	(1,909,026)
OTHER OPERATING EXPENSES		<b>(2,340,874)</b>	(2,384,576)
PROFIT FROM OPERATIONS	5	<b>1,557,006</b>	1,279,767
FINANCE COSTS	7	<b>(1,155,093)</b>	(751,607)
PROFIT BEFORE TAXATION		<b>401,913</b>	528,160
TAXATION	8	<b>2,700</b>	31,079
NET PROFIT FOR THE YEAR		<b>404,613</b>	559,239
Earnings per RM0.10 share			
Basic (Sen)	9	<b>0.18</b>	0.25

The notes set out on pages 24 to 38 form an integral part of these financial statements.

# balance SHEET

as at 31st December 2005

	Note	2005 RM	2004 RM
PROPERTY, PLANT & EQUIPMENT	10	<b>14,923,113</b>	4,573,088
DEVELOPMENT EXPENDITURE	11	<b>14,571,809</b>	12,902,023
<b>CURRENT ASSETS</b>			
Inventories	12	<b>8,583,278</b>	6,031,536
Trade debtors	13	<b>14,829,044</b>	25,382,745
Deposits & prepayments	14	<b>4,002,337</b>	3,902,266
Tax recoverable		<b>74,510</b>	32,193
Fixed deposits	15	<b>4,128,632</b>	6,508,589
Cash & bank balances	15	<b>801,361</b>	467,867
		<b>32,419,162</b>	42,325,196
<b>LESS: CURRENT LIABILITIES</b>			
Trade creditors	16	<b>3,596,838</b>	15,234,887
Other creditors & accruals	17	<b>483,055</b>	403,408
Finance lease liabilities	18	<b>1,464,408</b>	460,256
Hire purchase creditors	19	<b>243,641</b>	253,985
Bankers acceptance	20	<b>8,193,319</b>	2,825,484
Short term borrowings	21	<b>4,496,997</b>	7,600,385
Bank overdrafts	15 & 20	<b>1,839,854</b>	669,394
		<b>20,318,112</b>	27,447,799
<b>NET CURRENT ASSETS</b>		<b>12,101,050</b>	14,877,397
		<b>41,595,972</b>	32,352,508
<b>FINANCED BY:-</b>			
SHARE CAPITAL	22	<b>22,180,000</b>	22,180,000
SHARE PREMIUM	23	<b>5,878,327</b>	5,878,327
UNAPPROPRIATED PROFITS		<b>1,985,845</b>	1,581,232
<b>SHAREHOLDERS' FUNDS</b>		<b>30,044,172</b>	29,639,559
<b>LONG TERM LIABILITIES</b>			
Finance lease liabilities	18	<b>5,709,395</b>	2,238,210
Hire purchase creditors	19	<b>231,099</b>	474,739
Borrowings	21	<b>5,611,306</b>	-
		<b>41,595,972</b>	32,352,508

The notes set out on pages 24 to 38 form an integral part of these financial statements.

# statement of changes IN EQUITY

for the year ended 31st December 2005

	Share capital RM	Share premium RM	Unappropriated profits RM	Total RM
Balance at 1st January, 2004	16,880,000	-	1,021,993	17,901,993
Issue of share capital - private placement	5,300,000	7,420,000	-	12,720,000
Listing expenses written off	-	(1,541,673)	-	(1,541,673)
Net profit for the year	-	-	559,239	559,239
Balance at 31st December, 2004	22,180,000	5,878,327	1,581,232	29,639,559
Net profit for the year	-	-	404,613	404,613
Balance at 31st December, 2005	<b>22,180,000</b>	<b>5,878,327</b>	<b>1,985,845</b>	<b>30,044,172</b>

The notes set out on pages 24 to 38 form an integral part of these financial statements.

# cash flow STATEMENT

for the year ended 31st December 2005

	2005 RM	2004 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>401,913</b>	528,160
Adjustments for:-		
Depreciation	<b>1,378,957</b>	514,174
Development expenditure	<b>2,197,941</b>	2,100,425
Interest expenses	<b>1,155,093</b>	751,607
Property, plant & equipment written off	-	273,046
Gain on disposal of property, plant & equipment	-	(19,225)
Interest income	<b>(138,605)</b>	(232,672)
Operating profit before working capital changes	<b>4,995,299</b>	3,915,515
Increase in inventories	<b>(2,551,742)</b>	(2,498,593)
Decrease/(Increase) in debtors	<b>10,453,630</b>	(4,914,519)
Decrease in creditors	<b>(11,558,402)</b>	(115,857)
Net changes in director's account	-	(100,000)
Cash generated from/(absorbed by) operations	<b>1,338,785</b>	(3,713,454)
Interest paid	<b>(1,155,093)</b>	(751,607)
Interest received	<b>138,605</b>	232,672
Tax paid	<b>(39,617)</b>	(2,900)
Net cash from/(used by) operating activities	<b>282,680</b>	(4,235,289)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development expenditure paid	<b>(3,570,652)</b>	(4,784,389)
Purchase of property, plant & equipment	<b>(349,903)</b>	(569,197)
Proceeds from disposal of property, plant & equipment	-	44,500
Net cash used in investing activities	<b>(3,920,555)</b>	(5,309,086)

The notes set out on pages 24 to 38 form an integral part of these financial statements.

## cash flow STATEMENT

for the year ended 31st December 2005 (cont'd)

	2005 RM	2004 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Listing expenses paid	-	(1,541,673)
Proceeds from issue of share capital	-	12,720,000
Placement of bankers acceptance	<b>13,665,116</b>	10,739,763
Proceeds from borrowings	<b>1,477,138</b>	3,600,385
(Placement)/Release of fixed deposits under lien	<b>(31,909)</b>	346,423
Repayment of bankers acceptance	<b>(8,297,281)</b>	(9,971,279)
Repayment of borrowings	<b>(5,517,385)</b>	(1,196,513)
Repayment of hire purchase creditors	<b>(253,984)</b>	(147,718)
Repayment of finance lease liabilities	<b>(652,652)</b>	(216,940)
Net cash from financing activities	<b>389,043</b>	14,332,448
Net changes in cash and cash equivalents	<b>(3,248,832)</b>	4,788,073
Cash and cash equivalents brought forward	<b>3,287,838</b>	(1,500,235)
Cash and cash equivalents carried forward 15	<b>39,006</b>	3,287,838
<b>NOTE TO CASH FLOW STATEMENT</b>		
Analysis of acquisition of property, plant & equipment:-		
Cash	<b>349,903</b>	569,197
Finance lease arrangement	<b>5,127,989</b>	2,915,406
Hire purchase arrangement	-	785,000
Borrowings	<b>6,548,165</b>	-
	<b>12,026,057</b>	4,269,603

The notes set out on pages 24 to 38 form an integral part of these 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 holdings; 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 total number of employees of the Company at financial year end was 77 (2004: 74).

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

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

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

Level 7, Menara Axis  
2, Jalan 51A/223  
46100 Petaling Jaya  
Selangor Darul Ehsan

## 2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Company'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 Company'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 Company's policy to engage in speculative transactions.

### (a) Credit risk

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

The maximum credit risks associated with recognised financial assets is the carrying amount shown in the balance sheet.

### (b) Foreign currency risk

The Company is exposed to currency risk as a result of foreign currency transactions other than Ringgit Malaysia. However, the effect of the foreign currency risk is not significant as the majority of the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia.

### (c) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market rates. Interest rate exposure arises from the Company'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.

### (d) Market risk

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

## notes to the FINANCIAL STATEMENTS (cont'd)

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

#### (e) Liquidity and cash flow risk

The Company practices prudent liquidity risk management policies and maintains sufficient levels of cash and credit facilities for working capital and contingent funding requirements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below) and comply with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia.

The preparation of financial statements in conformity with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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 accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

#### (b) Property, plant & equipment

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation 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:-

Computers	33.33%
Furniture & fittings	20%
Motor vehicles	16%
Renovations	10 - 20%
Signboard	10%
Telecommunication & office equipment	10 - 20%

#### (c) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the Income Statement 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.

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 the Income Statement 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 the Income Statement, a reversal of that impairment loss is recognised as income in the Income Statement.

## notes to the FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (d) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the Income Statement as and when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development. The expenditure capitalised includes the cost of direct labour and an appropriate proportion of overheads. Other development expenditure is expensed to the Income Statement as and when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. The capitalised development expenditure is amortised over a period of 5 years on a straight line basis.

#### (e) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on the first-in-first-out method.

Cost of inventories comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

#### (f) Creditors

Creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

#### (g) Bad and doubtful debts

Known bad debts are written off and doubtful debts are provided for based on estimates of possible losses which may arise from non-collection of certain debtor accounts.

#### (h) Borrowings

Interest-bearing borrowings are recognised based on the proceeds received, net of transactions costs incurred.

#### (i) Finance leases

Where assets are financed by leasing arrangements, which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. 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 the Income Statement over the period of the lease in reducing amounts in relation to the outstanding obligations. These assets are depreciated over the shorter of their useful lives and the period of the lease.

#### (j) Hire purchase creditors

Assets acquired through hire purchase which in substance transfers the risks and benefits of ownership, are capitalised at the value equivalent to the principal sum of the total hire purchase payables. The interest element of hire purchase is charged to the Income Statement over the period of the respective agreements.

#### (k) Financial instruments

##### (i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

## notes to the FINANCIAL STATEMENTS (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(k) Financial instruments (cont'd)****(ii) Financial instruments recognised on the balance sheet**

The particular recognition method adopted for financial instruments recognised on balance sheet is disclosed in the individual accounting policy statement associated with each item.

**(iii) Fair value estimation for disclosure purposes**

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

**(l) Foreign currency transactions**

Foreign currency transactions in the Company is accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the Income Statement.

The exchange rates (Ringgit Malaysia per unit of foreign currency used) ruling at balance sheet date are as follows:-

	2005 RM	2004 RM
1 Singapore Dollar	2.29	2.33
1 US Dollar	3.81	3.79
1 Euro Dollar	4.53	5.05

**(m) Revenue recognition**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria for revenue are as follows:-

**(i) Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers.

**(ii) Licensing software**

Revenue is recognised when the use of software is granted to the buyers.

**(iii) Services rendered**

Revenue is recognised when the services are rendered.

**(iv) Interest income**

Revenue is recognised as the interest income accrues, taking into account the effective yield on the asset.

**(n) Income tax**

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

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

Deferred tax is provided for using the liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their attributable amounts for tax purposes.

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

## notes to the FINANCIAL STATEMENTS (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(o) Employee benefits**

Short term benefits such as wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. As required by law, the Company makes contributions to the Employees Provident Fund.

**(p) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, balances and deposits with financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the Cash Flow Statement, cash and cash equivalents are presented net of bank overdrafts.

**4. REVENUE**

	2005 RM	2004 RM
Efficient service machine	15,308,217	16,920,328
Software licence	10,000	390,460
Services rendered	4,950,632	3,007,333
	<b>20,268,849</b>	20,318,121

**5. PROFIT FROM OPERATIONS**

	2005 RM	2004 RM
Profit from operations is stated after charging/(crediting):-		
Directors' remuneration		
- emoluments	-	483,230
- fees	72,000	72,000
- others	6,000	16,016
Auditors' remuneration		
- statutory	13,000	12,000
- others	-	11,310
Depreciation	395,054	291,258
Development expenditure	2,197,941	2,100,425
Lease rentals	73,777	87,704
Property, plant & equipment written off	-	273,046
Realised loss on foreign exchange	12,468	5,612
Rental of premises	333,906	248,209
Staff costs (excluding directors' remuneration)	2,725,564	3,277,913
Gain on disposal of property, plant & equipment	-	(19,225)
Fixed deposit interest	(138,605)	(232,672)
Included in the cost of sales are as follows:-		
Depreciation	983,903	222,916
Bankers acceptance/Letter of credit interest	348,369	234,164
Cost of inventories	10,037,942	14,156,846

## notes to the FINANCIAL STATEMENTS (cont'd)

**6. DIRECTORS' REMUNERATION**

The aggregate remuneration of directors of the Company categorised into appropriate components as at 31st December, 2005 is as follows:-

	<b>Fees RM</b>	<b>Salaries RM</b>	<b>Others RM</b>	<b>Total RM</b>
Executive directors	-	595,872	71,712	667,584
Non executive directors	72,000	-	6,000	78,000

The number of directors of the Company whose total remuneration fell within the following bands for the financial year ended 31st December, 2005 is as follows:-

<b>Range of remuneration</b>	<b>No. of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,001	-	3
RM50,001 - RM150,000	-	-
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-

**7. FINANCE COSTS**

	<b>2005 RM</b>	<b>2004 RM</b>
Bank overdraft interest	<b>111,512</b>	134,130
Hire purchase interest	<b>58,959</b>	41,040
Lease interest	<b>572,495</b>	223,879
Revolving credit interest	<b>54,619</b>	24,194
Term loan interest	<b>356,641</b>	325,787
Other interest	<b>867</b>	2,577
	<b>1,155,093</b>	751,607

**8. TAXATION**

	<b>2005 RM</b>	<b>2004 RM</b>
Malaysian income tax		
Tax charge for the current year	-	2,700
Over-provision in prior year	<b>(2,700)</b>	(33,779)
	<b>(2,700)</b>	(31,079)

## notes to the FINANCIAL STATEMENTS (cont'd)

### 8. TAXATION (cont'd)

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

	2005 RM	2004 RM
Profit before taxation	<b>401,913</b>	528,160
Income tax using Malaysian tax rate of 28% (2004: 28%)	<b>112,536</b>	147,885
Pioneer exempt income	<b>(112,536)</b>	(145,185)
Over-provision in prior year	<b>(2,700)</b>	(33,779)
	<b>(2,700)</b>	(31,079)

The Company has obtained approval from the Multimedia Development Corporation (MDC) as a Multimedia Super Corridor (MSC) company and has been granted Pioneer Status with full income tax exemption under the Promotion of Investment Act, 1986 for a period of five years commencing from 1st December, 2003. The pioneer exempt income as at 31st December, 2005 is estimated at RM15,296,780 (2004: RM14,049,000) which is subject to agreement by the Inland Revenue Board.

The unutilised capital allowances carried forward as at 31st December, 2005 is estimated at RM1,063,820 (2004: RM1,394,000). This is, however, subject to the confirmation by the Inland Revenue Board.

Subject to agreement with the Inland Revenue Board, the Company has exempt income estimated at RM50,666 (2004: RM50,666) pursuant to Section 12 of the Income Tax (Amendment) Act, 1999, from which tax exempt dividends can be declared.

Based on the prevailing tax rate applicable to dividends and the estimated tax credits under Section 108 of the Income Tax Act, 1967 and the tax exempt account balance as mentioned above, all of the unappropriated profits of the Company as at 31st December, 2005 (2004: RM1,581,232) are available for distribution by way of dividends without additional tax liabilities being incurred. This is, however, subject to confirmation by the Inland Revenue Board.

### 9. EARNINGS PER RM0.10 SHARE (EPS)

	2005 RM	2004 RM
Basic EPS		
Net profit for the year/Net profit attributable to ordinary shareholders	<b>404,613</b>	559,239
Weighted average number of shares in issue for basic EPS	<b>221,800,000</b>	219,591,667
Basic EPS (sen)	<b>0.18</b>	0.25

## notes to the FINANCIAL STATEMENTS (cont'd)

## 10. PROPERTY, PLANT &amp; EQUIPMENT

	Balance at 1.1.2005 RM	Cost		Balance at 31.12.2005 RM
		Additions RM	Disposals RM	
Computers	2,129,752	262,493	-	2,392,245
Furniture & fittings	1,033,297	-	-	1,033,297
Motor vehicles	653,609	-	-	653,609
Renovations	452,764	7,980	-	460,744
Signboard	6,440	-	-	6,440
Telecommunication & office equipment	3,864,345	11,755,584	-	15,619,929
	8,140,207	12,026,057	-	20,166,264

	Balance at 1.1.2005 RM	Accumulated Depreciation Charge for the year RM	Disposals RM	Balance at 31.12.2005 RM
Computers	1,906,068	169,057	-	2,075,125
Furniture & fittings	512,548	181,359	-	693,907
Motor vehicles	306,738	104,577	-	411,315
Renovations	76,635	39,109	-	115,744
Signboard	2,998	643	-	3,641
Telecommunication & office equipment	762,132	1,181,287	-	1,943,419
	3,567,119	1,676,032	-	5,243,151

	Net Book Value at 31.12.2005 RM		Depreciation for the year ended 31.12.2004 RM
	at 31.12.2005 RM	at 31.12.2004 RM	
Computers	317,120	223,684	191,807
Furniture & fittings	339,390	520,749	147,262
Motor vehicles	242,294	346,871	98,369
Renovations	345,000	376,129	43,877
Signboard	2,799	3,442	643
Telecommunication & office equipment	13,676,510	3,102,213	603,255
	14,923,113	4,573,088	1,085,213

The net book value of the property, plant & equipment of the Company acquired under finance lease and hire purchase arrangement are as follows:-

	2005 RM	2004 RM
Computers	59,788	20,913
Furniture & fittings	325,410	420,644
Motor vehicles	242,294	346,871
Renovations	216,827	240,490
Telecommunication & office equipment	6,899,889	2,666,084
	7,744,208	3,695,002

## notes to the FINANCIAL STATEMENTS (cont'd)

**11. DEVELOPMENT EXPENDITURE**

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

	2005 RM	2004 RM
At beginning of the year	12,902,023	9,888,687
Capitalised during the year	3,867,727	5,113,761
Less: Charged to Income Statement	(2,197,941)	(2,100,425)
At end of the year	14,571,809	12,902,023
Cost	24,726,974	20,859,247
Less: Accumulated amortisation	(10,155,165)	(7,957,224)
Net book value	14,571,809	12,902,023
Included in the development expenditure are current charges of:-		
Depreciation	297,075	329,372
Directors' emoluments	667,584	208,968
Staff costs (excluding directors' emoluments)	2,651,800	2,729,521
Rental of premises	251,268	368,629

**12. INVENTORIES - AT COST**

	2005 RM	2004 RM
Assembly components	6,039,768	4,554,668
Finished goods	2,543,510	1,476,868
	8,583,278	6,031,536

**13. TRADE DEBTORS**

	2005 RM	2004 RM
The currency exposure profile of trade debtors is as follows:-		
Ringgit Malaysia	13,867,136	23,097,013
US Dollar	961,908	2,285,732
	14,829,044	25,382,745

The Company's normal credit term of trade debtors ranged from 30 days to 90 days (2004: 30 days to 90 days). Other credit terms are assessed and approved on a case by case basis.

The Company's historical experience in collection of accounts receivable falls within the recorded allowances.

## notes to the FINANCIAL STATEMENTS (cont'd)

**14. DEPOSITS & PREPAYMENTS**

	2005 RM	2004 RM
Deposits	<b>222,347</b>	262,245
Prepayments	<b>3,779,990</b>	3,640,021
	<b>4,002,337</b>	3,902,266

The marginal deposits of the Company, included in prepayments, which amounted to RM512,682 (2004: RM607,090) have been pledged to a bank for the utilisation of the bank facilities granted to the Company.

**15. CASH & CASH EQUIVALENTS**

	2005 RM	2004 RM
Fixed deposits		
- licensed banks	<b>4,128,632</b>	3,258,280
- other corporation	-	3,250,309
Cash & bank balances	<b>801,361</b>	467,867
Bank overdrafts (Note 20)	<b>(1,839,854)</b>	(669,394)
	<b>3,090,139</b>	6,307,062
Less : Fixed deposits under lien	<b>(3,051,133)</b>	(3,019,224)
	<b>39,006</b>	3,287,838

The interest rate of deposits as at balance sheet date ranged from 2.5% to 3.59% (2004: 3%) per annum.

Deposits of the Company have maturity ranging from 2 days to 365 days (2004: 365 days). Bank balances are deposits held at call with banks.

**16. TRADE CREDITORS**

	2005 RM	2004 RM
The currency exposure profile of trade creditors are as follows:-		
Ringgit Malaysia	<b>2,796,338</b>	15,140,442
Euro	<b>706,055</b>	-
US Dollar	<b>94,445</b>	94,445
	<b>3,596,838</b>	15,234,887

The credit terms of trade creditors granted to the Company vary from 30 to 45 days (2004: 30 to 45 days).

## notes to the FINANCIAL STATEMENTS (cont'd)

**17. OTHER CREDITORS & ACCRUALS**

	2005 RM	2004 RM
Other creditors	<b>66,040</b>	97,408
Accruals	<b>417,015</b>	306,000
	<b>483,055</b>	403,408

**18. FINANCE LEASE LIABILITIES**

	2005 RM	2004 RM
Minimum lease payments:-		
Repayable not later than 1 year	<b>2,237,173</b>	819,708
Repayable later than 1 year and not later than 2 years	<b>2,144,720</b>	821,180
Repayable later than 2 years and not later than 5 years	<b>4,640,519</b>	1,972,913
	<b>9,022,412</b>	3,613,801
Less: Financing charges	<b>(1,848,609)</b>	(915,335)
Present value of minimum lease payments	<b>7,173,803</b>	2,698,466
Present value of minimum lease payments:-		
Repayable not later than 1 year	<b>1,464,408</b>	460,256
Repayable later than 1 year and not later than 2 years	<b>1,588,503</b>	539,752
Repayable later than 2 years and not later than 5 years	<b>4,120,892</b>	1,698,458
	<b>7,173,803</b>	2,698,466
Represented by finance lease liabilities:-		
Current	<b>1,464,408</b>	460,256
Non-current	<b>5,709,395</b>	2,238,210
	<b>7,173,803</b>	2,698,466

The finance lease liabilities carry interest at the balance sheet date which ranged from 5.4% to 8% (2004: 5.4% to 7%) per annum.

## notes to the FINANCIAL STATEMENTS (cont'd)

**19. HIRE PURCHASE CREDITORS**

	2005 RM	2004 RM
Minimum hire purchase payments:-		
Repayable not later than 1 year	276,624	312,711
Repayable later than 1 year and not later than 2 years	180,740	276,624
Repayable later than 2 years and not later than 5 years	62,000	242,739
	<b>519,364</b>	832,074
Less: Financing charges	<b>(44,624)</b>	(103,350)
Present value of hire purchase creditors	<b>474,740</b>	728,724
Present value of hire purchase creditors:-		
Repayable not later than 1 year	243,641	253,985
Repayable later than 1 year and not later than 2 years	171,514	373,449
Repayable later than 2 years and not later than 5 years	59,585	101,290
	<b>474,740</b>	728,724
Represented by hire purchase creditors:-		
Current	243,641	253,985
Non-current	231,099	474,739
	<b>474,740</b>	728,724

The interest rate of hire purchase creditors at the end of the financial year ranged from 3.25% to 6% (2004: 3.25% to 6.00%) per annum.

**20. BANKERS ACCEPTANCE AND BANK OVERDRAFTS**

The bankers acceptance and bank overdrafts are secured by:-

- (a) fixed deposits of RM3,051,133 (2004: RM3,019,224); and
- (b) joint and several guarantees by certain directors of the Company.

The interest charges on the bankers acceptance and bank overdrafts during the year ranged from 4.5% to 8.4% (2004: 4.5% to 8.4%) per annum.

## notes to the FINANCIAL STATEMENTS (cont'd)

**21. BORROWINGS**

	2005 RM	2004 RM
Term loans [Note 21(A)]	<b>7,615,306</b>	4,000,000
Revolving credit [Note 21(B)]	<b>2,492,997</b>	3,600,385
	<b>10,108,303</b>	7,600,385
Current:-		
Repayable not later than 1 year	<b>4,496,997</b>	7,600,385
Non current:-		
Repayable later than 1 year and not later than 2 years	<b>2,004,000</b>	-
Repayable later than 2 years and not later than 5 years	<b>3,607,306</b>	-
	<b>5,611,306</b>	-
	<b>10,108,303</b>	7,600,385
<b>A. Term loans</b>		
Term loan No. I	<b>2,200,000</b>	4,000,000
Term loan No. II	<b>5,415,306</b>	-
	<b>7,615,306</b>	4,000,000

The term loans are secured by:-

- (a) a joint and several personal guarantee by certain of the Company's directors;
- (b) an assignment of all contract proceeds arising from the two Distributor Agreements;
- (c) a supplementary Deed of Assignment cum assignment of all intellectual property rights of the Company under the Project; and
- (d) a fixed and floating debenture charge over all the present and future assets and undertakings of the Company.

The term loans are repayable in full no later than 48 months from the date of first drawdown of the facility.

The term loans bear interest at rate of 6.3% (2004: 6.3%) per annum.

**B. Revolving credit**

The revolving credit is secured by:-

- (a) a joint and several personal guarantee by certain of the Company's directors;
- (b) an assignment of export proceeds to the Bank;
- (c) a guarantee cover by the Export Credit Insurance policies;
- (d) Deed of Assignment of benefits of contract; and
- (e) 15% marginal deposit against utilisation of the Facility pledged to the Bank.

The revolving credit is repayable up to a maximum period of 10 months, which is subject to yearly review and repayable on demand.

The revolving credit bears interest at a prescribed rate of 4.5% (2004: 4.5%) per annum.

## notes to the FINANCIAL STATEMENTS (cont'd)

**22. SHARE CAPITAL**

	2005 RM	2004 RM
Authorised:-		
- 500,000,000 ordinary shares of RM0.10 each	<b>50,000,000</b>	50,000,000
Issued and fully paid:-		
At beginning of the year - 221,800,000 (2004: 168,800,000) ordinary shares of RM0.10 each	<b>22,180,000</b>	16,880,000
Private placement - Nil (2004: 53,000,000) ordinary shares of RM0.10 each	-	5,300,000
At end of the year - 221,800,000 ordinary shares of RM0.10 each	<b>22,180,000</b>	22,180,000

**23. SHARE PREMIUM**

	2005 RM	2004 RM
As at beginning of the year	<b>5,878,327</b>	-
Premium arising from:-		
Public Issue by way of Private Placement	-	7,420,000
Listing expenses written off	-	(1,541,673)
As at end of the year	<b>5,878,327</b>	5,878,327

**24. RELATED PARTY TRANSACTIONS**

	2005 RM	2004 RM
Transactions with a director was as follows:-		
Rental of apartment	-	6,000

The directors were of the opinion that the above transaction had been carried out on arm's length basis.

## notes to the FINANCIAL STATEMENTS (cont'd)

**25. SEGMENT INFORMATION**

No segmental information by activities is prepared as the Company's activities are predominantly in one industry segment. The segmental information by geographical segments are set out as follows:-

	Malaysia		Other countries		Consolidated	
	2005 RM	2004 RM	2005 RM	2004 RM	2005 RM	2004 RM
Revenue	<b>19,863,472</b>	19,988,969	<b>405,377</b>	329,152	<b>20,268,849</b>	20,318,121
Segment results	<b>1,390,013</b>	963,854	<b>28,388</b>	19,671	<b>1,418,401</b>	983,525
Finance costs					<b>(1,155,093)</b>	(751,607)
Unallocated income					<b>138,605</b>	296,242
Profit before taxation					<b>401,913</b>	528,160
Taxation					<b>2,700</b>	31,079
Net profit for the year					<b>404,613</b>	559,239
Other information:-						
Segment assets	<b>14,532,463</b>	24,875,090	<b>296,581</b>	507,655	<b>14,829,044</b>	25,382,745
Unallocated assets					<b>47,085,040</b>	34,417,562
Total assets					<b>61,914,084</b>	59,800,307
Segment liabilities	<b>3,524,901</b>	14,930,189	<b>71,937</b>	304,698	<b>3,596,838</b>	15,234,887
Unallocated liabilities					<b>28,273,074</b>	14,925,861
Total liabilities					<b>31,869,912</b>	30,160,748
Capital expenditure	<b>15,575,908</b>	8,907,318	<b>317,876</b>	146,674	<b>15,893,784</b>	9,053,992
Depreciation and amortisation	<b>3,796,494</b>	2,896,279	<b>77,479</b>	47,692	<b>3,873,973</b>	2,943,971

**26. FINANCIAL INSTRUMENTS**

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximate their fair values.

**27. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

The financial statements have been authorised for issue by the Board of Directors in accordance with the Directors' Resolution dated 17th April 2006.

# analysis of SHAREHOLDINGS

as at 18th April 2006

**AUTHORISED CAPITAL**  
**ISSUE AND FULLY PAID-UP CAPITAL**  
**CLASS OF SHARES**  
**VOTING RIGHTS**

**RM50,000,000**  
**RM22,180,000**  
**ORDINARY SHARES OF RM0.10 EACH FULLY PAID**  
**ONE VOTE PER RM0.10 SHARE**

## ANALYSIS BY SIZE SHAREHOLDING

Category	Number Of Shareholders		Number Of Shares		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
LESS THAN 100 SHARES	1	-	50	-	-	-
100 TO 999 SHARES	175	2	86,200	600	0.04	0.00
1,000 TO 4,999 SHARES	714	3	1,691,792	7,000	0.76	0.00
5,000 TO 10,000 SHARES	1,385	10	10,519,900	92,000	4.74	0.04
10,001 TO 100,000 SHARES	1,157	20	38,770,200	708,000	17.48	0.32
100,001 TO 1,000,000 SHARES	135	3	33,981,967	435,000	15.32	0.20
ABOVE 1,000,000 SHARES	17	-	135,507,291	-	61.09	-
TOTAL	3,584	38	220,557,400	1,242,600	99.44	0.56

## SUBSTANTIAL SHAREHOLDERS

Name	Direct	Number of Shares Held		%
		%	Indirect	
TAN KEE CHUNG	35,541,230	16.02	13,613,003	* 6.14
AZLAN BIN ABDULLAH	24,218,093	10.92	-	-
COMMERCE TECHNOLOGY VENTURES SDN BHD	21,544,010	9.71	-	-
OMTIARA SDN BHD	13,213,003	5.96	-	-
TOTAL	94,516,336	42.61	13,613,003	6.14

\* Deemed interested by virtue of his shareholding in Omtiara Sdn Bhd and Sislogik (M) Sdn Bhd in accordance with Section 6A of the Companies Act, 1965.

## REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Direct	Number of Shares Held		%
		%	Indirect	
TAN KEE CHUNG	35,541,230	16.02	13,613,003	* 6.14
AZLAN BIN ABDULLAH	24,218,093	10.92	-	-
CHEE HONG SOON	6,161,220	2.78	400,000	** 0.18
TUNE HEE HIAN	3,982,682	1.80	-	-
TOTAL	69,903,225	31.52	14,013,003	6.32

\* Deemed interested by virtue of his shareholding in Omtiara Sdn Bhd and Sislogik (M) Sdn Bhd in accordance with Section 6A of the Companies Act, 1965.

\*\* Deemed interested by virtue of his shareholding in Sislogik (M) Sdn Bhd in accordance with Section 6A of the Companies Act, 1965.

# analysis of SHAREHOLDINGS

as at 18th April 2006 (cont'd)

## LIST OF 20 MAJOR SHAREHOLDERS

NO.	NAME	SHAREHOLDINGS	PERCENTAGE
1	TAN KEE CHUNG	35,541,230	16.02
2	AZLAN BIN ABDULLAH	24,218,093	10.92
3	COMMERCE TECHNOLOGY VENTURES SDN BHD	21,544,010	9.71
4	OMTIARA SDN BHD	13,213,003	5.96
5	CHEE HONG SOON	6,161,220	2.78
6	LEONG YOKE WAI	4,012,682	1.81
7	TUNE HEE HIAN	3,982,682	1.80
8	LIM SWEE KEAH	3,982,682	1.80
9	KOH LEA CHEONG	3,982,682	1.80
10	TAN GAIK KEOW	3,982,682	1.80
11	HAW WAN CHONG	3,791,082	1.71
12	COMMERCE ASSET VENTURES SDN BHD	3,701,903	1.67
13	LOW SUET CHENG	2,927,682	1.32
14	EMPLOYEES PROVIDENT FUND BOARD	1,638,500	0.74
15	CHOONG FOONG HENG	1,458,800	0.66
16	GOH SIEW TEE	1,372,700	0.62
17	CHUAH TAI EU	975,000	0.44
18	THAM KOK CHENG	959,574	0.43
19	AHMAD RAZALI BIN MUSTAFFA	935,000	0.42
20	CHOW KEE SIEW	900,000	0.41
		139,281,207	62.82

<b>No. of ordinary shares held</b>

# proxy FORM

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

I/We \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Full address)

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

**Name of Proxy, NRIC No. & Address**

**No. of shares to be represented by proxy**

1. \_\_\_\_\_
2. \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as \*my/our proxy/proxies to attend and vote for \*me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at **The View, Level 18, Melia Kuala Lumpur, 16 Jalan Imbi, 55100 Kuala Lumpur** on **Wednesday, 21st June 2006 at 3.00pm** and at every adjournment thereof to vote as indicated below:-

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		

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

In case of a vote taken by a show of hands, the First-named Proxy shall vote on \*my/our behalf.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2006

\_\_\_\_\_  
Signature/Common Seal

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

**Notes:-**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
3. A member may appoint two (2) proxies to attend at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorized.
5. The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Second Fold

STAMP

Company Secretary  
**Mega Corporate Services Sdn Bhd**  
Level 15-2, Faber Imperial Court,  
Jalan Sultan Ismail,  
P.O. Box 12337  
50250 Kuala Lumpur

First Fold



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