Moving Ahead

Innovative Solutions for Tomorrow

OpenSys (M) Berhad
(369818-W) (Incorporated in Malaysia)

Annual Report 2011

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 June 2012 at 3.00pm for the following purposes:-

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and the Auditors thereon. *(Please refer to Note 1.)*

2. To approve the payment of Directors' fee for the year ended 31 December 2011. **(ORDINARY RESOLUTION 1)**

3. To approve the increase in Directors' fee up to RM120,000 per annum effective from financial year 2012. **(ORDINARY RESOLUTION 2)**

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

   Mr. Tune Hee Hian Article 98 **(ORDINARY RESOLUTION 3)**
   Mr. Tai Keat Chai Article 98 **(ORDINARY RESOLUTION 4)**

5. 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." **(ORDINARY RESOLUTION 5)**

6. To re-appoint Messrs HLB Ler Lum as Auditors and to authorise the Board of Directors to fix their remuneration. **(ORDINARY RESOLUTION 6)**

AS SPECIAL BUSINESS

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

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

   "THAT, subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Act, to issue shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting, and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so issued." **(ORDINARY RESOLUTION 7)**

By Order of the Board

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

Dated this 29th day of May 2012
Kuala Lumpur

Notes:

1. *The Agenda No. 1 is meant for discussion only as the Company's Articles of Association provides that the audited financial statements are to be laid in the general meeting and do not require a formal approval of shareholders. Hence, it is not put forward for voting.*
2. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 14 June 2012. Only a depositor whose name appears on the Record of Depositors as at 14 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*
4. *(i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.*

   (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. *Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
6. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorized.*
7. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
8. *Explanatory notes on Special Business*

   8.1 The Ordinary Resolution 7 proposed in Agenda 7, 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 of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

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

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

   No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 15 June 2011.

PROFILE OF DIRECTORS

Standing from left to right: *Tune Hee Hian* | *Datuk Ng Bee Ken* | *Tai Keat Chai* |
Sitting from left to right: *James Henry Stewart* | *Tan Kee Chung* | *Chee Hong Soon*

JAMES HENRY STEWART
(Canadian, Aged 78)

was appointed as Independent Non-Executive Director of OpenSys on 6 November 2003. He was appointed as Chairman of the Board on 12 April 2012 and is also the Chairman of the Nomination Committee and Remuneration Committee. 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 subsidiaries in Thailand, Malaysia, Singapore, Philippines, Indonesia and Sri Lanka from 1995 to 1997. He was the Country Manager for NCR Malaysia from 1989 to 1996, Vice President Computer Systems Division for NCR Canada Ltd from 1986 to 1988 and Vice President, Product Development and Marketing for NCR Canada Ltd from 1984 to 1985. Prior to that, he occupied various management positions with NCR Canada Ltd from 1968 to 1984.

TAN KEE CHUNG
(Malaysian, Aged 53)

was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the Chief Executive Officer of OpenSys. He is a member of the Remuneration Committee. 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 29 years experience, mainly in management, sales and marketing, in the IT industry. Prior to co-founding OpenSys, he was the Marketing Director of AT&T GIS from January 1993 to December 1995, General Systems Division Manager in NCR from January 1991 to December 1992, Financial Systems District Manager in NCR from January 1990 to December 1990, Major Accounts Manager in Digital Equipment Corporation from 1986 to 1989 and Major Accounts Sales Specialist in Rank Xerox Ltd, United Kingdom from 1982 to 1985. He was also a member of the AT&T GIS Leadership Advisory Council from 1993 to 1995.

CHEE HONG SOON
(Malaysian, Aged 52)

was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the Chief Financial Officer of OpenSys. He primarily oversees the finance department of the Company. He obtained his Bachelor of Science degree in Physics from Universiti Malaya in 1983. He has more than 20 years experience in transaction switching systems implementation, software application, database design, system migration and disaster recovery. Prior to cofounding OpenSys, he worked as a regional Enterprise Systems Consultant in AT&T GIS from 1990 to 1995 and Senior Systems Engineer in NCR from 1983 to 1989.

TUNE HEE HIAN
(Malaysian, Aged 53)

was appointed as Executive Director of OpenSys on 9 January 1996. As a Technical Director of OpenSys, he is primarily responsible for the management of product development. He is also involved in providing business development support for the overseas market. He holds a Bachelor of Science degree in Education and a Postgraduate Diploma in Computer Science from University Of Malaya in 1984. He also holds a Master's Certificate in Project Management from George Washington University, Washington DC, USA, which he obtained in 1995. He was also a Certified Project Management Professional of the PMI and has more than 25 years of experience in software development, project management and implementation of online financial systems. Prior to co-founding OpenSys, he worked as a Group Manager for Financial Systems in AT&T GIS from 1995 to 1996, as a Technical Consultant in NCR from 1992 to 1995, Systems Engineer in NCR from 1988 to 1991 and Instructor in Customer Education in NCR from 1984 to 1987.

TAI KEAT CHAI
(Malaysian, Aged 58)

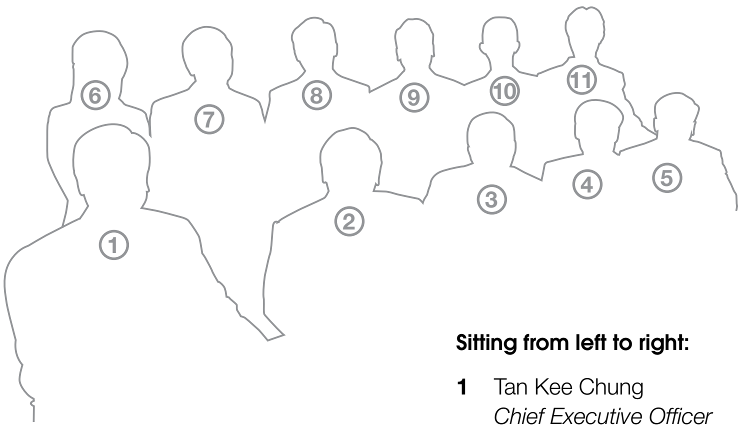
was appointed as Independent Non-Executive Director of OpenSys on 29 December 2006. He is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants. He was appointed as Chairman of Audit Committee on 12 April 2012 and is also a member of the Nomination Committee. Presently, he is a Board member of Chuan Huat Resources Berhad, Disccomp Berhad, Cuscapi Berhad, Imaspro Corporation Berhad, SILK Holdings Berhad, MIDF Amanah Investment Bank Berhad and several other private limited companies. He began his career with KPMG in London in 1977 and a year later returned home to join PricewaterhouseCoopers. In 1981, he joined Alliance Investment Bank Berhad and rose to the position of Senior Manager (Corporate Finance). In 1990, he ventured into the stock broking industry and has worked in SJ Securities Sdn Bhd, A.A. Anthony Securities Sdn Bhd and ECM Libra Investment Bank Berhad as General Manager, Director and a dealer's representative respectively.

DATUK NG BEE KEN
(Malaysian, Aged 58)

was appointed as Independent Non-Executive Director of OpenSys on 1 July 2010. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister-at-Law from Lincoln's Inn. He also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an Associate of the Association of Costs & Executive Accountants, United Kingdom and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar. He is an Advocate and Solicitor of the High Court of Malaya since 1987, and presently is the Managing Partner of the law firm of Azri, Lee Swee Seng & Co where he specialises in corporate law. Presently he is the Chairman and an Independent Non-Executive Director of Sinotop Holdings Bhd., an Independent Non-Executive Director of Widetech (Malaysia) Bhd and Trinity Corporation Bhd. He is also the local representative Independent Non-Executive Director of Xstrata Recycling Sdn. Bhd. whose parent company is listed in both London and Zurich. Xstrata is one of the largest mining companies in the world.

Note: All the above named Directors of the Company have no family relationship with the other directors or substantial shareholders of the Company; and have not been convicted of any criminal offences (other than ordinary traffic offences, if any) and do not have any conflict of interest of the Company.

SENIOR MANAGEMENT



Sitting from left to right:

1 Tan Kee Chung
Chief Executive Officer

2 Chee Hong Soon
Chief Financial Officer

3 Tune Hee Hian
Director, Business Development

4 Leong Yoke Wai
Director, Hardware Development & Integration

5 Eric Lim Swee Keah
Director, Sales

Standing from left to right:

6 Wong Siew Pooi
Director, Software Development & Integration

7 Tham Kok Cheng
Director, Customer Support

8 Hon Tian Yang
Director, System and Network Support

9 Luke Sebastian
Director, Centre of Technology

10 Koh Lea Cheong
Director, Business Process Outsourcing

11 Ooi Hock Ang
Director, Project Management Office

CORPORATE INFORMATION

BOARD OF DIRECTORS

James Henry Stewart
Chairman, Independent Non-Executive Director

Tan Kee Chung
Executive Director and Chief Executive Officer

Chee Hong Soon
Executive Director

Tune Hee Hian
Executive Director

Tai Keat Chai
Independent Non-Executive Director

Datuk Ng Bee Ken
Independent Non-Executive Director

COMPANY SECRETARIES

Lim Seck Wah (MAICSA 0799845)
Kong Mei Kee (MAICSA 7039391)

AUDIT COMMITTEE

1) Tai Keat Chai *(Chairman)*
2) James Henry Stewart
3) Datuk Ng Bee Ken

NOMINATION COMMITTEE

1) James Henry Stewart *(Chairman)*
2) Datuk Ng Bee Ken
3) Tai Keat Chai

REMUNERATION COMMITTEE

1) James Henry Stewart *(Chairman)*
2) Datuk Ng Bee Ken
3) Tan Kee Chung

REGISTERED OFFICE

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

BUSINESS OFFICE

Level 7, Menara Axis,
2, Jalan 51A/223,
46100 Petaling Jaya, Selangor
Tel: 03-7968 6868
Fax: 03-7968 1282
Web Site: www.myopensys.com

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code: 0040

CHAIRMAN'S STATEMENT

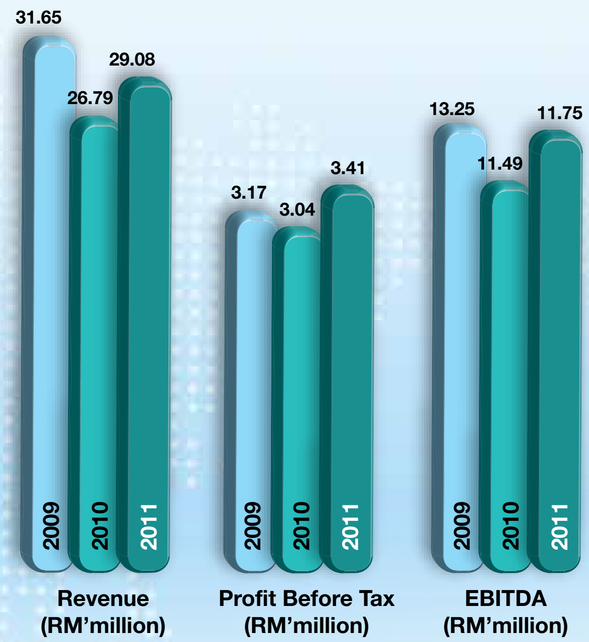
The global downturn has ignited the desire of most organisations to reengineer or transform their business models by the use of outsourcing methodology. Outsourcing is defined as the strategic utilisation of external resources to undertake existing business processes or functions that are traditionally performed by internal staff and resources, and purchasing these specialized skills and expertise from independent suppliers as a service vis-à-vis using the organisation's own capital and resources.

Some of the major reasons why companies decide to outsource their business processes or functions are to reduce and control operating costs; improve focus on core business competencies; re-deploy internal resources to handle higher priority areas; gain access to a larger talent pool and sustainable source of skills, experience and knowledge; improve overall quality by leveraging new service level agreements with suppliers; and manage capital better by transferring the risk of excess capacity to the service provider.

OpenSys is in a prime position to benefit from this outsourcing trend particularly in the area of self-service kiosks and cheque processing systems. We have a proven track record in providing these solutions to banks, utility, telecommunication and insurance companies in bill payments, renewal of premiums, prepaid top-ups and image-based cheque processing and truncation. These outsourced contracts provide our Company with a steady revenue stream and cash flow.

Our free cash flow – calculated as operating cash flow minus capital expenditure – is especially healthy. For the past five years, our average free cash flow ratio is approximately 33% of our revenue. Our robust free cash flow position allows us to repay our debts faster resulting in a steep decline in our gearing ratio from 1.08 in 2007 to 0.23 in 2011. In addition, it allows us to pay sustainable dividends to our shareholders, and offer better remuneration packages to retain and attract the best information technology workers because hiring talented knowledge workers is increasingly onerous due to labour shortages and wage disparities between neighbouring countries.

For the financial year ended 31 December 2011, our profit before tax and revenue rose 12.0% and 8.5% to RM3.41 million and RM29.08 million respectively from the corresponding period in 2010. Our earnings before interest, tax, depreciation and amortization (EBITDA) increased by 2.3% to RM11.75 million from the year before.



	2009	2010	2011
Revenue (RM'million)	31.65	26.79	29.08
Profit Before Tax (RM'million)	3.17	3.04	3.41
EBITDA (RM'million)	13.25	11.49	11.75

Going forward, we believe that we will continue to maintain a comfortable lead over our competitors in the domain of self-service kiosks called Efficient Service Machines (ESM) and Cheque Truncation System (CTS). ESM are machines that allow customers to make deposits of cash and cheques; and pay bills, renew insurance policies, reload prepaid cards and electronic purses, and purchase new telephone cards via multiple payment modes such as cash, cheques, credit and debit cards. CTS is an image-based cheque clearing and processing solution that minimises the physical movement of cheques by converting cheques and standing instructions into electronic fund transfer instruments. The increased efficiency of this "paperless" cheque clearing and settlement process saves the banking industry hundreds of millions of dollars per year.

Another domain that OpenSys is currently working on is in the area of cash recyclers. Our technology partner for cash recyclers is a large Japanese multinational company that first invented cash recycling technology thirty years' ago. Cash recyclers are self-service kiosks that combine the functions of cash dispensing and cash deposits. Traditionally, most banks deploy dedicated self-service kiosks in either cash dispensing called Automated Teller Machines (ATM) or cash deposits called Cash Deposit Machines (CDM). Today, the worldwide trend is moving towards cash recyclers because there is considerable savings in operational costs as well as improvement in service levels to the banks' customers. The market potential for cash recyclers is four to five times the size of the cheque deposit machines. Currently, the countries that have successfully implemented cash recyclers on a significant scale are Japan, China, Korea and Taiwan. The concept of cash recyclers is starting to gain traction in Europe and ASEAN. We believe that our business will further increase once the banks in Malaysia start replacing their existing ATMs and CDMs with cash recyclers.

Our continued commitment to new product development allows us to be more responsive to changes in technology, industry standards and customer expectations while mitigating any effects of product obsolesces or paradigm shifts. We will continue to enhance our existing products and services to maintain our market leadership position and introduce new solutions that allow our customers to enhance their service offerings at lower operational cost. The carrying book value of our development expenditure for the year ended 31 December 2011 is RM7.98 million.

With regard to creating value for our esteemed shareholders, we have hitherto paid one dividend of 5% on 28 July 2010 and two dividends of 5% each on 29 April 2011 and 20 December 2011. In 2012, we have declared another interim dividend of 5% to be payable on 25 May 2012. In the near future, we are confident that our dividend plan is sustainable barring any unforeseen circumstances.

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

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

James Henry Stewart
Chairman

AUDIT COMMITTEE REPORT

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

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises the following members: -

Chairman

Tai Keat Chai	- Independent Non-Executive Director (Appointed as Audit Committee Chairman on 12 April 2012)

Members

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

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

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

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

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

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

Subsequent to Mr. James Henry Stewart being appointed as Chairman of the Company on 12 April 2012, Mr. Tai Keat Chai was appointed as Chairman of the Audit Committee. Mr. James Henry Stewart was then re-designated to an ordinary member of the Audit Committee. The composition of the Company's Audit Committee is in conformance with the Bursa Listing Requirements.

ROLE OF AUDIT COMMITTEE

The Audit Committee has been entrusted to assist the Board in the following key activities:

- To review the accounting policy, Group's quarterly financial statements and assess its internal control system;
- To review Related Party Transactions if any (including Recurrent Related Party Transactions) to ensure they are not detrimental to minority shareholders of the Company;
- To assess the integrity, independence, capability and professionalism of the Group's external auditors; and
- To assess the integrity, independence and objectivity of the Group's internal auditors.

KEY FUNCTIONS AND RESPONSIBILITIES

The key functions 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 quarterly and final financial reports 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 to safeguard the assets and interest of the Group and in particular review the external auditors management letter and management's response;
- to review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
- 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.

MEETINGS AND ATTENDANCE

Meetings shall be held at least 4 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 determined. The external auditors may request a meeting if they consider one is necessary. The quorum for each meeting shall be at least 2 members, both of whom present shall be Independent Non-Executive Directors. The Company Secretary is the Secretary of the Committee.

The Audit Committee shall meet at least once a year with the external auditors and internal auditors without the presence of executive board members and management staff to encourage the external and internal auditors to voice out any issue of concern arising from their course of audit.

There were four (4) Audit Committee meeting during the year 2011.

Record of attendance for meetings held during the financial year ended 31 December 2011 is as follow:-

Audit Committee Members	Attendance
Tai Keat Chai (Chairman)	3/4
James Henry Stewart	4/4
Datuk Ng Bee Ken	3/4

The Company Secretary attended all the Audit Committee meetings.

In carrying out its duties, the Audit Committee reported to and updated the Board on 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 31 December 2011 are as follows: -'

- review the quarterly results;
- review the adequacy of the audit scope and plan of the external auditors;
- review reports of the internal and external auditors;
- assess the integrity, capabilitity and professionalism of the external auditors and review the scope of audit service and their proposed fee;
- review the internal auditors' scope of work;
- closed door session with both the internal and external auditors on any findings which require the committee's attention;
- review the internal control policy and internal control system; and
- review the audited Financial Statements of the Group and the Company prior to submission to the Board for their consideration and approval.

INTERNAL AUDIT FUNCTIONS

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

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

During the financial year under review, the internal auditors reviewed and audited the Company's Purchase and Payment System, Employee Claims Processing and Control and Research and Development Cost Control System. Follow-up review was also performed on the Company's Cash and Bank Management System and Human Resource and Payroll. There were no significant problems noted during the period under review.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors fully acknowledges 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 set out in Part 1 & Part 2 of 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

BOARD COMPOSITION AND BALANCE

The Board presently comprises six (6) members and is chaired by Mr. James Henry Stewart (appointed as Chairman on 12 April 2012). The profile of each Director is presented separately in the Annual Report.

The Board members are made up as follows:-

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

The Company is in compliance with Rule 15.02 of the ACE Market Listing Requirements whereby one-third of its Board members are independent directors.

BOARD COMMITTEES

There are three committees of the Board, namely the Audit Committee, Nomination Committee and Remuneration Committee. All these committees have written terms of reference to govern their respective responsibilities. Each of the committee has the authority to examine particular issues and report to the Board with their recommendations. The ultimate decision on all matters lies with the Board.

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 comprises professionals from various backgrounds and is capable of bringing in-depth and diverse experience, expertise and perspectives to the Company's business operations. The profile of each Director is presented separately in the Annual Report.

The presence of Non-Executive Directors who are independent from the management ensures a balanced and independent view at all Board deliberations. The Independent Directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgment.

MEETINGS

The Board meets regularly, with due notice of issues to be discussed and records its conclusions in discharging its duties and responsibilities.

The Board met four (4) times during the financial year ended 31 December 2011. The members of the Board and their attendance at the meetings were as follows: -

Board of Directors	No. of meetings attended
James Henry Stewart	4/4
Tan Kee Chung	4/4
Chee Hong Soon	4/4
Tune Hee Hian	4/4
Tai Keat Chai	3/4
Datuk Ng Bee Ken	3/4

The Company Secretary attended all the Board meetings.

SUPPLY OF INFORMATION

The agenda and Board papers for each item as well as minutes of previous meetings are circulated prior to the Board meetings to give Directors sufficient time to deliberate on the issues to be raised at the Board meetings.

Upon recommendations by the management/committee members, the Board will deliberate and discuss on the matters before any decisions be made. All proceedings of the Board Meetings are minuted and signed by the Chairman of the meeting in accordance with the provision of Section 156 of the Companies Act, 1965.

The Board is kept updated on the Company's and Group's activities and its operations on a regular basis. The directors also have access to reports on the Group's activities, both financial and operational.

All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that board procedures are followed and the Board may also take independent advice, at the Company's expenses, in the furtherance of their duties if so required. The Board also has unlimited access to all information with regard to the activities of the Company.

APPOINTMENTS TO THE BOARD

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board.

The Company has established a Nomination Committee on 13 February 2007. The Nomination Committee, which has been appointed by the Board is primarily empowered by its terms of reference in carrying out the functions amongst, to review annually the required mix of skills, experience and other qualities of the Directors and to recommend new appointment, if any, to the Board.

The Nomination Committee is also set for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of each individual director including Independent Non-Executive Directors and Chief Executive Officer. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

The Nomination Committee comprises the following: -

CHAIRMAN

James Henry Stewart - Independent Non-Executive Director

MEMBERS

Tai Keat Chai - Independent Non-Executive Director
Datuk Ng Bee Ken - Independent Non-Executive Director

RE-ELECTION

Pursuant to the Company's Articles of Association, one-third (1/3) of the Directors including the Managing Director, shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

At the forthcoming Annual General Meeting, Mr. Tune Hee Hian and Mr. Tai Keat Chai will retire by rotation pursuant to Article 98. Mr. James Henry Stewart, age 78 will retire in accordance with Section 129(6) of the Companies Act, 1965. All of them being eligible, offer themselves for re-election.

DIRECTORS' TRAINING

In line with the constant amendments for the enhancement of the rules and regulations and borderless business environment, the Directors are encouraged to continuously attend the relevant training courses to further enhance their knowledge and to equip them in effectively discharging their duties as directors.

The Board members continue to attend relevant training programmes from time to time to equip themselves with the knowledge to discharge their duties diligently with integrity.

One (1) director attended the following courses during the financial year: -

Director	Date	Course Attended
Chee Hong Soon	24 May 2011	**The CFO and Conflicts Of Interest** - Organized by Bursa Malaysia Berhad - Conducted by ICAEW
	13 to 14 July 2011	**Tax Strategies for Manufacturing Firms** - Organized by Bridge Knowle Events (M) Sdn Bhd - Conducted by Dr. Choong Kwai Fatt
	16 August 2011	**FTSE Bursa Malaysia Index Series Liquidity Rule Enhancement** - Organized and conducted by Bursa Malaysia Berhad
	18 October 2011	**6th Advent Tax & Business Management Seminar** - Organized and conducted by Advent Tax Consultants Sdn Bhd

Save for the abovementioned, the other Directors do not attend any formal training in 2011 due to hectic work schedules. However, they continue to equip themselves through the informal briefings from the panel colleagues, company secretary and senior management on the changes in the rules and regularity, code of corporate governance and corporate social responsibility, to keep abreast with new regulatory developments.

B. DIRECTORS' REMUNERATION

The details of the remuneration for Directors during the financial year ended 31 December 2011 are categorized into appropriate components as follows: -

	Fees RM'000	Salaries RM'000	Others Emoluments RM'000	Total RM'000
Executive directors	-	756	515	1,271
Non executive directors	81	-	6	87

The annual remuneration of the directors in bands of RM50,000 is tabulated below: -

Remuneration Band	Executive	Non Executive
Below RM50,001	-	3
RM50,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-
RM350,001 - RM400,000	1	-
RM400,001 - RM550,000	-	-
RM550,001 - RM600,000	1	-

The Company has established the Remuneration Committee on 13 February 2007. The Committee's primary responsibility is to recommend to the Board, the remuneration of Directors. In the case of Executive Directors, the component parts of remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non executive concerned.

However, the final decision on the Directors' remuneration lies on the Board as a whole and the respective director is to abstain from discussion on their own remuneration.

The members of the Remuneration Committee are as follows: -

CHAIRMAN

James Henry Stewart - Independent Non-Executive Director

MEMBERS

Datuk Ng Bee Ken - Independent Non-Executive Director
Tan Kee Chung - Chief Executive Officer

C. SHAREHOLDERS

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Company values dialogue with investors as a means of effective communication that enables the Board to convey information about the Company's performance, corporate strategy and other matters affecting shareholders' interests.

The Annual General Meeting is the principal forum for dialogue with individual shareholders. It is a crucial mechanism in shareholder communication for the Company. 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.

The Board is also committed to ensure that shareholders are well informed of major developments of the Company and the information is also communicated to them through the following channels:-

a) Annual Report;
b) Various disclosures and announcements made to Bursa Securities including the quarterly results and annual results;
and
c) The Company's website www.myopensys.com through which shareholders and the public in general can gain access to the latest corporate and product information of the Company.

ANNUAL GENERAL MEETING ("AGM")

Notice of AGM and annual reports are sent out to shareholders at least 21 days before the date of the meeting.

At the AGM, the Board also provides opportunities for shareholders to raise questions pertaining to the business activities of the Company. Directors and senior management staff are available to respond to shareholders' queries.

For the re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are subject to retire but being eligible, offer themselves for re-election.

Each item of special business included in the notice of meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

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 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.

RELATIONSHIP WITH AUDITORS

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 anytime reflect 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.

ADDITIONAL COMPLIANCE INFORMATION

1. NON-AUDIT FEES

There was no non-audit fee paid to the external auditors by the Company for the financial year ended 31 December 2011.

2 OPTION, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued or exercised during the financial year.

3. UTILISATION OF PROCEEDS

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

4. CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

In June 2011, the Company participated in the Standard Chartered KL Marathon in the Corporate Challenge category with a donation of RM3,000. The KL Marathon objectives are to create awareness and to raise funds for the less fortunate in Malaysia. Six charities were the beneficiaries of the donations raised during the event. The six charities are Standard Chartered Trust Fund, Malaysian Association of the Blind, Yayasan Anak Warisan Alam, National Cancer Society of Malaysia, Malaysian AIDS Foundation and National Autism Society of Malaysia. The Company was represented by three of its staff in the 10KM run.

5. OTHERS

During the financial year ended 31 December 2011, none of the following transactions has been entered by the Company:-

- Share Buy-backs;
- Sponsorship of any American Depository Receipt or Global Depository Receipt programmes;
- Sanctions and/or penalties imposed on the Company, Directors or management staff by the relevant regulatory bodies;
- Issuance or announcement of any profit estimate, forecast or projection;
- Profit guarantee given by the Company; and
- Material contracts entered into by the Company involving directors and substantial shareholders

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) of the Bursa Securities Listing Requirements, the Board of Directors is pleased to make a statement on the state of the internal controls of the Group which has been prepared in accordance with the Listing Requirements for ACE Market and guided by the Bursa Malaysia Statement on Internal Control: Guidance for Directors of Public Listed Companies.

RESPONSIBILITIES OF THE BOARD

The Board acknowledges its responsibility for maintaining sound systems of internal control, and for reviewing the effectiveness, adequacy and integrity of the system. The systems of internal control cover financial, operational controls, compliance controls, and risk management. The Board also acknowledges that a sound system of internal control reduces, but cannot eliminate, the risk of failure to achieve business objectives. Accordingly, a sound system of internal control therefore provides reasonable, but not absolute, assurance against material misstatement, fraud and loss.

RISK MANAGEMENT

The Group has in placed a risk management framework and a sound system of internal control to achieve a good governance framework. The risk management framework is set up to identify, evaluate, monitor and manage risks that may affect the Group's businesses. An effective framework allows the Management to manage risks within defined parameters and standards. The Management, with the assistance of the internal auditors pursued a continuous process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities.

INTERNAL AUDIT FUNCTION

The internal audit function is presently out-sourced to a third party professional firm who monitors and reports on the system of internal financial, accounting and operational controls. Its main responsibility is to undertake reviews of the system of internal control to ensure that such a system operates satisfactorily and effectively in the Group. It reports to the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profiles of the Group. The fee paid to the professional firm in respect of internal audit functions and other professional services for the financial year ended 31 December 2011 was RM44,495 (inclusive of government tax and disbursements).

KEY ELEMENTS OF INTERNAL CONTROL

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

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

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the financial year ended 31 December 2011, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Internal Control is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and integrity of the system of internal control of the Group.

CONCLUSION

The Board believes that the current system of internal control incorporated by the Group is adequate and effective with no significant problems noted during the period under review. Notwithstanding this, the Board is cognizant of the fact that the Group's system of internal control must continuously be enhanced and evolved to meet the ever changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to enhance the effectiveness and adequacy of the system of internal control to safeguard shareholders' investments and the Group's assets.

This Statement was approved by the Board of Directors.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

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.

The principal activities of the subsidiaries are set out in Note 11 to the Financial Statements.
There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year	2,164,997	2,139,514

DIVIDENDS

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

	RM
In respect of the financial year ended 31 December 2011 :-	
Tax exempt interim dividend of 5%, paid on 29 April 2011	1,117,100
Tax exempt interim dividend of 5%, paid on 20 December 2011	1,117,100
	2,234,200

A tax exempt interim dividend of 5% or 0.5sen per ordinary share of 10sen each for the financial year ending 31 December 2012 has been declared for payment on 25 May 2012.

The Board of Directors do not recommend any final dividend for the current financial year ended 31 December 2011.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIRECTORS

The Directors who served on the Board of the Company since the date of the last Report and at the date of this Report are :-

Tan Kee Chung
Chee Hong Soon
Tune Hee Hian
James Henry Stewart
Tai Keat Chai
Datuk Ng Bee Ken

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 1.1.2011	**Acquired**	**Disposed**	**Balance at 31.12.2011**
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

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

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

DIRECTORS' 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 remunerations received or due and receivable by Directors as shown in the financial statements of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

(a) 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

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business 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 :-

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

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

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

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

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

(b) any contingent liability of the Group and 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 Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

In their opinion,

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

(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 Group and of the Company for the financial year in which this Report is made.

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

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

Tan Kee Chung **Chee Hong Soon**

Dated : 23 April 2012
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 Companies Act 1965 and Financial Reporting Standards ("FRS") so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results of the operations and cash flows for the financial year ended on that date.

The supplementary information set out in Page 60 to the Financial Statements has been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

Tan Kee Chung

Chee Hong Soon

Dated : 23 April 2012
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 by the abovenamed TAN KEE CHUNG
at Kuala Lumpur on 23 April 2012.

Before me :

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OPENSYS (M) BERHAD (COMPANY NO: 369818-W)

We have audited the financial statements of OPENSYS (M) BERHAD, which comprise the Statements of Financial Position of the Group and of the Company as at 31 December 2011, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 60.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments , we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

c) The auditors' report on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in page 60 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This Report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this Report.

HLB LER LUM
AF 0276
Chartered Accountants

LER CHENG CHYE
871/3/13(J/PH)
Chartered Accountant

Dated : 23 April 2012
Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	29,080,791	26,788,726	29,080,791	26,788,726
Cost of sales		(20,437,563)	(18,242,804)	(20,437,563)	(18,242,804)
Gross profit		8,643,228	8,545,922	8,643,228	8,545,922
Other operating income		174,778	106,866	174,778	106,866
Selling & distribution costs		(327,686)	(262,036)	(327,686)	(262,036)
Administration expenses		(2,948,609)	(3,058,459)	(2,974,092)	(3,052,869)
Other operating expenses		(1,752,227)	(1,482,679)	(1,752,227)	(1,482,679)
Finance costs	5	(378,202)	(804,886)	(378,202)	(804,886)
Profit before tax	6	3,411,282	3,044,728	3,385,799	3,050,318
Income tax expense	8	(1,246,285)	(1,800,000)	(1,246,285)	(1,800,000)
Profit for the year		2,164,997	1,244,728	2,139,514	1,250,318
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		2,164,997	1,244,728	2,139,514	1,250,318
Total comprehensive income attributable to owners of the parent		2,164,997	1,244,728	2,139,514	1,250,318
Earnings per ordinary share Basic (Sen)	9	0.97	0.56	0.96	0.56

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
ASSETS					
Non-current assets					
Property, plant & equipment	10	19,294,598	22,196,093	19,294,598	22,196,093
Investment in subsidiaries	11	-	-	-	2,000
Development expenditure	12	7,983,062	10,335,715	7,983,062	10,335,715
Fixed deposits	13	3,834,036	3,727,458	3,834,036	3,727,458
		31,111,696	36,259,266	31,111,696	36,261,266
Current assets					
Inventories	14	11,821,347	9,661,606	11,821,347	9,661,606
Trade receivables	15	5,883,111	4,614,849	5,883,111	4,614,849
Other receivables & prepayments	16	1,004,690	771,558	1,004,690	771,558
Amount due from subsidiaries	11	-	-	-	23,483
Income tax assets		-	480,419	-	480,419
Short term investment	17	1,231,129	1,118,807	1,231,129	1,118,807
Cash & bank balances		1,559,594	663,713	1,559,594	663,713
		21,499,871	17,310,952	21,499,871	17,334,435
Total assets		52,611,567	53,570,218	52,611,567	53,595,701
EQUITY AND LIABILITIES					
Equity attributable to owners of parent					
Share capital	18	22,342,000	22,342,000	22,342,000	22,342,000
Share premium	19	5,917,207	5,917,207	5,917,207	5,917,207
Retained earnings		10,904,312	10,973,515	10,906,009	11,000,695
Total equity		39,163,519	39,232,722	39,165,216	39,259,902
Non-current liabilities					
Finance lease liabilities	20	823,475	1,432,033	823,475	1,432,033
Term loans	21	267,540	1,392,360	267,540	1,392,360
Deferred tax liabilities	22	3,030,000	1,800,000	3,030,000	1,800,000
		4,121,015	4,624,393	4,121,015	4,624,393
Current liabilities					
Trade payables	23	2,106,588	515,658	2,106,588	515,658
Other payables & accruals	24	2,516,656	2,304,649	2,514,959	2,302,952
Finance lease liabilities	20	731,899	1,191,168	731,899	1,191,168
Term loans	21	1,053,330	2,106,190	1,053,330	2,106,190
Bankers' acceptance	25	2,796,000	2,110,000	2,796,000	2,110,000
Bank overdrafts	25	-	1,377,381	-	1,377,381
Post-employment benefit obligations	26	122,560	108,057	122,560	108,057
		9,327,033	9,713,103	9,325,336	9,711,406
Total liabilities		13,448,048	14,337,496	13,446,351	14,335,799
Total equity and liabilities		52,611,567	53,570,218	52,611,567	53,595,701

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Attributable to owners of parent			
			Distributable	
	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
Balance at 1 January 2010	22,342,000	5,917,207	10,845,887	39,105,094
Profit for the year, representing total comprehensive income for the year	-	-	1,244,728	1,244,728
Dividend declared	-	-	(1,117,100)	(1,117,100)
Balance at 31 December 2010	22,342,000	5,917,207	10,973,515	39,232,722
Profit for the year, representing total comprehensive income for the year	-	-	2,164,997	2,164,997
Dividend declared	-	-	(2,234,200)	(2,234,200)
Balance at 31 December 2011	22,342,000	5,917,207	10,904,312	39,163,519

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	← Attributable to owners of parent →			
			Distributable	
	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
Balance at 1 January 2010	22,342,000	5,917,207	10,867,477	39,126,684
Profit for the year, representing total comprehensive income for the year	-	-	1,250,318	1,250,318
Dividend declared	-	-	(1,117,100)	(1,117,100)
Balance at 31 December 2010	22,342,000	5,917,207	11,000,695	39,259,902
Profit for the year, representing total comprehensive income for the year	-	-	2,139,514	2,139,514
Dividend declared	-	-	(2,234,200)	(2,234,200)
Balance at 31 December 2011	22,342,000	5,917,207	10,906,009	39,165,216

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from operating activities				
Profit before tax	3,411,282	3,044,728	3,385,799	3,050,318
Adjustments for :-				
Amortisation of development expenditure	4,147,699	3,855,631	4,147,699	3,855,631
Depreciation	3,838,873	3,880,621	3,838,873	3,880,621
Loss on disposal of property, plant & equipment	416	243	416	243
Impairment loss on investment and amount owing from subsidiaries	-	-	31,292	-
Interest expenses	514,293	907,406	514,293	907,406
Interest income	(163,036)	(100,731)	(163,036)	(100,731)
Operating profit before working capital changes	11,749,527	11,587,898	11,755,336	11,593,488
Increase in inventories	(2,159,741)	(1,247,615)	(2,159,741)	(1,247,615)
(Increase)/Decrease in receivables	(1,501,394)	847,973	(1,501,394)	847,973
Decrease/(Increase) in payables	1,817,440	(341,058)	1,817,440	(341,705)
Net changes in inter-company balances	-	-	(5,809)	(4,943)
Cash generated from operations	9,905,832	10,847,198	9,905,832	10,847,198
Interest paid	(514,293)	(907,406)	(514,293)	(907,406)
Interest received	163,036	100,731	163,036	100,731
Income tax paid	(16,285)	-	(16,285)	-
Income tax refund	480,419	-	480,419	-
Net cash from operating activities	10,018,709	10,040,523	10,018,709	10,040,523
Cash flows from investing activities				
Development expenditure paid	(1,672,184)	(1,308,471)	(1,672,184)	(1,308,471)
Purchase of property, plant & equipment	(902,371)	(184,196)	(902,371)	(184,196)
Proceeds from disposal of property, plant & equipment	104	2,349	104	2,349
Net cash used in investing activities	(2,574,451)	(1,490,318)	(2,574,451)	(1,490,318)
Cash flows from financing activities				
Dividend paid	(2,234,200)	(1,117,100)	(2,234,200)	(1,117,100)
Placement of short term investment	(112,322)	(717,016)	(112,322)	(717,016)
Placement of fixed deposit	(106,578)	(81,027)	(106,578)	(81,027)
Proceeds from bankers' acceptance	5,374,000	4,188,000	5,374,000	4,188,000
Repayment of bankers' acceptance	(4,688,000)	(3,273,000)	(4,688,000)	(3,273,000)
Repayment of borrowings	(2,177,680)	(6,937,897)	(2,177,680)	(6,937,897)
Repayment of finance lease liabilities	(1,226,216)	(1,311,879)	(1,226,216)	(1,311,879)
Net cash used in financing activities	(5,170,996)	(9,249,919)	(5,170,996)	(9,249,919)
Net changes in cash and cash equivalents	2,273,262	(699,714)	2,273,262	(699,714)
Cash and cash equivalents brought forward	(713,668)	(13,954)	(713,668)	(13,954)
Cash and cash equivalents carried forward	1,559,594	(713,668)	1,559,594	(713,668)

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

NOTES TO THE CASH FLOW STATEMENTS

	Group/Company	
	2011 RM	2010 RM
(a) Cash and cash equivalents comprise :-		
Fixed deposits	3,834,036	3,727,458
Cash & bank balances	1,559,594	663,713
Bank overdrafts	-	(1,377,381)
	5,393,630	3,013,790
Less : Fixed deposits under lien	(3,834,036)	(3,727,458)
	1,559,594	(713,668)
(b) Analysis of acquisition of property, plant & equipment :-		
Cash	902,371	184,196
Finance lease arrangement	158,389	-
	1,060,760	184,196

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company are :-

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

(b) investment 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 principal activities of the subsidiaries are set out in Note 11 to the Financial Statements.

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

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

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

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

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

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

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

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

(a) Credit risk

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

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

At the reporting date, there were no significant concentrations of credit risk.

(b) Foreign currency risk

The Group 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 Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (CONT'D)

(c) Interest rate risk

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

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. An increase of 5% in interest expense applicable for the Group's entire loans and borrowings (excluding finance lease obligation) would result in approximately 0.9% (2010 : 2.4%) variance in the Group's profit for the financial year.

(d) Market risk

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

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

(e) Liquidity and cash flow risk

The Group practises prudent liquidity risk management policies and maintains sufficient levels of cash and credit facilities for working capital and contingent funding requirements. The Group has short term investment value of RM1.23 million as an alternative source of financing which can be executed as and when required.

The Group's trade and other payables, bankers' acceptance and bank overdrafts at the reporting date, are short-term in nature, and are payable either on-demand or within one year. Details of the respective maturities for the Group's finance lease liabilities and term loans are as disclosed in Note 20 and Note 21 to the Financial Statements respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below) and comply with the Companies Act 1965 and Financial Reporting Standards.

The preparation of financial statements in conformity with Financial Reporting Standards and the Companies Act 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

The Financial Reporting Standards ("FRS"), Amendments to FRS which became relevant and effective from the financial period beginning 1 January 2011 are as follows :-

- FRS 1 (revised) First-time Adoption of Financial Reporting Standards
- FRS 3 (revised) Business Combinations
- FRS 127 Consolidated and Separate Financial Statements
- Amendment to FRS 1 First-time Adoption of Financial Reporting Standards Limited Exemption from Comparative FRS 7 Disclosures
- Amendment to FRS 1 First-time Adoption of Financial Reporting Standards Additional Exemptions from Comparative FRS 7 Disclosures
- Amendment to FRS 2 Share-based Payment
- Amendment to FRS 2 Share-based Payment Group Cash-settled Share-based Payment Transactions
- Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendment to FRS 7 Financial Instruments: Disclosures Improving Disclosures about Financial Instruments
- Amendment to FRS 132 Financial Instruments: Presentation
- Amendment to FRS 138 Intangible Assets
- IC Interpretation 4 Determining Whether an Arrangement contains a Lease
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners
- IC Interpretation 18 Transfer of Assets from Customers
- Amendment to IC Interpretation 9 Reassessment of Embedded Derivatives

The adoption of the new and revised FRS, Amendments to FRS and IC Interpretations do not have significant financial impact on the Group and the Company

(c) Significant accounting estimates and judgments

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

(i) Impairment of property, plant & equipment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant accounting estimates and judgments (cont'd)

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

The Group's business is fairly capital intensive. The depreciation charges form a significant component of total costs of profit or loss. The Group reviews the residual values and useful lives of property, plant & equipment at each reporting date in accordance with the accounting policy. The review is based on factors such as expected level of usage, business plans and strategies and future regulatory changes. The estimation of the residual values and useful lives involves significant judgment. A 5% difference in depreciation charge would results in approximately 9% (2010 : 15%) variance in the Group's profit for the financial year.

(iii) Impairment of trade receivables

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

(iv) Income tax

Judgment is involved in determining the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the financial year in which such determination is made.

(v) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

(d) Property, plant & equipment and depreciation

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

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

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

The principal annual rates used are as follows :-

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant & equipment and depreciation (cont'd)

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

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

(e) Impairment of non-financial assets

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

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

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

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

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(g) Transactions with non-controlling interests

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

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(h) Investment in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

(i) Development expenditure

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets

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.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading purposes or are designated as such upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and lossess are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised in other comprehensive income, except impairment losses, if any, interest as calculated using the effective interest method, and dividends as recognised when the Group's right to receive payment is established; all of which are recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment as a result of one or more events that has occured after the initial recognition of the assets, i.e. an incurred loss event, and that loss event has an impact on the estimated future cash flows of the financial assets of the Group, that can be reliably estimated.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables include the Group's past experience of collecting payments, and reduced collection rates for specific ageing brackets.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written-off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost represents one of the considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

(l) Financial liabilities

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.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilites are classified as held for trading if they are acquired for the purpose of selling in near-term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial liabilities (cont'd)

(ii) Other financial liabilities

The Group's other financial liabilities include trade and other payables, and loans and borrowings.

Trade and other payables are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Loans and borrowings are initially measured at fair value, and are subseqently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss over the period of the borrowing using the effective interest method.

Borrowing costs are recognised in profit or loss as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average method and includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(n) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

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

(o) Finance leases

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

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to profit or loss over the period of the lease in reducing amounts in relation to the outstanding obligations. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

All other leases are regarded as operating leases. Payments made under operating leases are charged to profit or loss on the straight line basis over the lease period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to profit or loss.

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

(q) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income tax

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

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

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

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

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

(t) Employee benefits

(i) Short term employee benefits

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

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

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

(ii) Post-employment benefits

<u>Defined contribution plan</u>

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

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

(u) Cash and cash equivalents

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

4. REVENUE

	Group/Company	
	2011 RM	2010 RM
Efficient Services Machines	7,725,304	5,169,583
Software solution & services rendered	21,355,487	21,619,143
	29,080,791	26,788,726

5. FINANCE COSTS

	Group/Company	
	2011 RM	2010 RM
Bank overdraft interest	33,285	64,538
Lease interest	191,531	314,256
Term loan interest	153,386	426,092
	378,202	804,886

6. PROFIT BEFORE TAX

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax is stated after charging/(crediting) (other than those disclosed in Note 5) :-				
Auditors' remuneration				
- statutory	21,100	18,100	19,500	16,500
- others	6,000	6,000	6,000	6,000
Depreciation	412,192	476,705	412,192	476,705
Directors' remuneration				
- emoluments	947,208	809,006	947,208	809,006
- fees	81,000	68,000	81,000	68,000
Impairment loss on				
- investment in subsidiaries	-	-	2,000	-
- amount due from subsidiaries	-	-	29,292	-
Lease rentals	27,570	36,000	27,570	36,000
Loss on disposal of property, plant & equipment	416	243	416	243
Rental of premises	510,072	682,914	510,072	682,914
Staff costs (excluding Directors' remuneration)				
- Salaries, wages, bonus & others	1,608,680	1,357,729	1,608,680	1,357,729
- Defined contribution plan expense	143,547	124,950	143,547	124,950
Interest income				
- fixed deposits	(106,578)	(81,027)	(106,578)	(81,027)
- other	(56,458)	(19,704)	(56,458)	(19,704)
Realised gain on foreign exchange	(11,742)	(6,135)	(11,742)	(6,135)

6. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Included in the cost of sales are as follows :-				
Amortisation of development expenditure	4,147,699	3,855,631	4,147,699	3,855,631
Bankers' acceptance/Letter of credit interest	136,091	102,520	136,091	102,520
Cost of inventories	7,901,916	5,143,399	7,901,916	5,143,399
Depreciation	3,426,681	3,403,916	3,426,681	3,403,916
Director's emoluments	329,614	255,820	329,614	255,820
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	4,347,907	3,949,547	4,347,907	3,949,547
- Defined contribution plan expense	461,561	427,633	461,561	427,633

7. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors of the Group and of the Company categorised into appropriate components for the financial year ended 31 December 2011 are as follows :-

	Fees RM	Salaries RM	Others* RM	Total RM
Executive Directors	-	756,000	515,322	1,271,322
Non executive Directors	81,000	-	5,500	86,500

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 31 December 2011 are as follows :-

	Group/Company No. of Directors	
Range of remuneration	**Executive**	**Non executive**
Below RM50,001	-	3
RM50,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-
RM350,001 - RM400,000	1	-
RM400,001 – RM550,000	-	-
RM550,001 – RM600,000	1	-

Included in the remuneration of Directors of the Group and of the Company is contribution to a defined contribution plan expense amounting to RM136,322 (2010: RM114,230) charged to profit or loss.

8. INCOME TAX EXPENSE

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Malaysian income tax based on results for the financial year				
- Current tax	12,500	-	12,500	-
- Under-provision in prior financial years	3,785	-	3,785	-
Deffered tax (Note 22)				
- origination and reversal of temporary differences	1,230,000	1,800,000	1,230,000	1,800,000
	1,246,285	1,800,000	1,246,285	1,800,000

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

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Profit before tax	3,411,282	3,044,728	3,385,799	3,050,318
Income tax using Malaysian tax rate of 25% (2010: 25%)	852,821	761,182	846,450	762,580
Non-deductible expenses	389,679	107,283	396,050	105,885
Under-provision of income tax in prior years	3,785	-	3,785	-
Utilisation of unutilised capital allowances	-	(1,791,376)	-	(1,791,376)
Tax effect of unrecognised deferred tax assets	-	2,722,911	-	2,722,911
	1,246,285	1,800,000	1,246,285	1,800,000

The unabsorbed capital allowances carried forward of the Company as at 31 December 2011 are estimated at RM6,900,000 (2010: RM2,800,000). These are, however, subject to confirmation by the Inland Revenue Board.

Subject to agreement with the Inland Revenue Board, the Company has pioneer exempt income and exempt income pursuant to Section 12 of the Income Tax (Amendment) Act 1999 estimated at RM18,556,206 (2010: RM20,790,406) and RM50,666 (2010: RM50,666) respectively, from which tax exempt dividends can be declared.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. On 1 January 2008, the single tier tax system came into effect in Malaysia. Under this system, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under the single tier system are tax exempt in the hands of shareholders. Companies can make an irrevocable election to disregard the Section 108 balance and opt to pay dividends under the single tier tax system.

The Company did not make an election to disregard the Section 108 balance, and may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier.

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 balances as mentioned above, the retained earnings of the Company as at 31 December 2011 amounting to RM10,906,009 (2010: RM11,000,695) 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 SHARE ("EPS")

	Group		Company	
	2011	2010	2011	2010
Basic EPS				
Profit for the year/Profit attributable to equity holders (RM'000)	2,165	1,245	2,140	1,250
Weighted average number of shares in issue for basic EPS ('000)	223,420	223,420	223,420	223,420
Basic EPS (sen)	0.97	0.56	0.96	0.56

10. PROPERTY, PLANT & EQUIPMENT

Group/Company - 2011

	Computers	Furniture & fittings	Motor vehicles	Renovations	Signboard	Telecommunication & office equipment	Total
Cost							
At 1.1.2011	3,917,326	1,069,628	1,413,732	586,577	8,840	37,952,362	44,948,465
Additions	469,657	68,807	158,389	7,170	-	356,737	1,060,760
Disposals	(505,145)	(225,552)	-	-	-	(85,081)	(815,778)
At 31.12.2011	3,881,838	912,883	1,572,121	593,747	8,840	38,224,018	45,193,447
Accumulated Depreciation							
At 1.1.2011	3,156,600	1,064,081	777,341	362,303	7,435	17,384,612	22,752,372
Charge for the financial year	369,609	4,859	201,719	51,844	337	3,333,367	3,961,735
Disposals	(505,002)	(225,475)	-	-	-	(84,781)	(815,258)
At 31.12.2011	3,021,207	843,465	979,060	414,147	7,772	20,633,198	25,898,849
Net Book Value At 31.12.2011	860,631	69,418	593,061	179,600	1,068	17,590,820	19,294,598

Group/Company - 2010

	Computers	Furniture & fittings	Motor vehicles	Renovations	Signboard	Telecommunication & office equipment	Total
Cost							
At 1.1.2010	4,261,251	1,069,628	1,413,732	555,227	8,840	37,890,951	45,199,629
Additions	91,435	-	-	31,350	-	61,411	184,196
Disposals	(435,360)	-	-	-	-	-	(435,360)
At 31.12.2010	3,917,326	1,069,628	1,413,732	586,577	8,840	37,952,362	44,948,465
Accumulated Depreciation							
At 1.1.2010	3,226,743	1,056,816	568,384	312,136	6,785	14,044,094	19,214,958
Charge for the financial year	362,625	7,265	208,957	50,167	650	3,340,518	3,970,182
Disposals	(432,768)	-	-	-	-	-	(432,768)
At 31.12.2010	3,156,600	1,064,081	777,341	362,303	7,435	17,384,612	22,752,372
Net Book Value At 31.12.2010	760,726	5,547	636,391	224,274	1,405	20,567,750	22,196,093

10. PROPERTY, PLANT & EQUIPMENT (CONT'D)

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

	Group/Company	
	2011 RM	2010 RM
Computers	327,764	530,352
Motor vehicles	593,061	636,391
Telecommunication & office equipment	2,490,570	2,852,510
	3,411,395	4,019,253

Depreciation charge for the financial year is allocated as follows :-

	Group/Company	
	2011 RM	2010 RM
Profit or loss	3,838,873	3,880,621
Development expenditure (Note 12)	122,862	89,561
	3,961,735	3,970,182

Security

The net book value of the Group's property, plant & equipment that have been charged to financial institutions for facilities granted to the Group and the Company are as follows :-

	Group/Company	
	2011 RM	2010 RM
Telecommunication & office equipment	12,644,876	15,101,565

11. SUBSIDIARIES

	Company	
	2011 RM	2010 RM
(a) Investment in subsidiaries		
Unquoted shares - at cost	2,000	2,000
Less: Impairment losses	(2,000)	-
	-	2,000

Name of Company	Principal Activities	Place of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %
OpenSys Technologies Sdn. Bhd.	Dormant	Malaysia	100	100
OpenSys Engineering Sdn. Bhd.	Dormant	Malaysia	100	100

11. SUBSIDIARIES (CONT'D)

(b) Amount due from subsidiaries

	Group/Company	
	2011 RM	2010 RM
Amount due from subsidiaries	29,292	23,483
Less: Impairment losses	(29,292)	-
	-	23,483

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

12. DEVELOPMENT EXPENDITURE

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

	Group/Company	
	2011 RM	2010 RM
At beginning of the financial year	10,335,715	12,793,314
Capitalised during the financial year	1,795,046	1,398,032
Less : Amortisation during the financial year	(4,147,699)	(3,855,631)
At end of the financial year	7,983,062	10,335,715
Cost	22,522,681	20,923,221
Less : Accumulated amortisation	(14,539,619)	(10,587,506)
Net book value	7,983,062	10,335,715

Included in the development expenditure are the following current charges :-

	Group/Company	
	2011 RM	2010 RM
Depreciation (Note 10)	122,862	89,561
Staff costs (excluding Directors' remuneration)		
- Salaries, wages, bonus & others	1,434,408	895,491
- Defined contribution plan expense	172,129	107,459
Rental of premises	92,249	82,991

13. FIXED DEPOSITS

	Group/Company	
	2011 RM	2010 RM
Licensed banks	3,834,036	3,727,458

The fixed deposits have been pledged to licenced banks for banking facilities granted to the Company.

The interest rate of deposits of the Company as at reporting date ranged from 2.5% to 3.0% (2010: 2.0% to 2.5%) per annum.

Deposits of the Company have maturity of 365 days (2010: 365 days). Bank balances are deposits held at call with banks.

14. INVENTORIES - at cost

	Group/Company	
	2011 RM	2010 RM
Assembly components	11,771,763	9,567,631
Finished goods	49,584	93,975
	11,821,347	9,661,606

15. TRADE RECEIVABLES

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

	Group/Company	
	2011 RM	2010 RM
Not past due and not impaired	5,771,813	4,463,719
Past due but not impaired	111,298	151,130
Total trade receivables, net	5,883,111	4,614,849

The normal credit term of the Group and the Company granted to trade receivables ranged from 30 days to 90 days (2010: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amount which represent their fair value on initial recognition.

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

The Group's and the Company's historical experience in collection of trade receivable falls within the recorded allowances. Trade receivables that are neither past due but not impaired are creditworthy receivables with good payment records with the Company.

15. TRADE RECEIVABLES (CONT'D)

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

	Group/Company	
	2011 RM	2010 RM
Ringgit Malaysia	5,824,971	4,567,532
US Dollar	58,140	47,317
	5,883,111	4,614,849

16. OTHER RECEIVABLES & PREPAYMENTS

	Group/Company	
	2011 RM	2010 RM
Other receivables	194,605	253,780
Prepayments	810,085	517,778
	1,004,690	771,558

17. SHORT TERM INVESTMENT

	Group/Company	
	2011 RM	2010 RM
Available-for-sale financial assets		
Unquoted unit trusts in Malaysia		
- at cost	1,231,129	1,118,807

18. SHARE CAPITAL

	Group/Company	
	2011 RM	2010 RM
Authorised :-		
500,000,000 ordinary shares of RM0.10 each	50,000,000	50,000,000
Issued and fully paid :-		
223,420,000 ordinary shares of RM0.10 each	22,342,000	22,342,000

19. SHARE PREMIUM

	Group/Company	
	2011 RM	2010 RM
At beginning/end of the year	5,917,207	5,917,207

20. FINANCE LEASE LIABILITIES

	Group/Company	
	2011 RM	2010 RM
Minimum lease payments :-		
Repayable not later than 1 year	828,125	1,378,325
Repayable later than 1 year and not later than 2 years	510,378	796,577
Repayable later than 2 years and not later than 5 years	379,876	785,125
	1,718,379	2,960,027
Less : Finance charges	(163,005)	(336,826)
Present value of minimum lease payments	1,555,374	2,623,201
Present value of minimum lease payments :-		
Repayable not later than 1 year	731,899	1,191,168
Repayable later than 1 year and not later than 2 years	459,880	705,752
Repayable later than 2 years and not later than 5 years	363,595	726,281
	1,555,374	2,623,201
Represented by :-		
Current	731,889	1,191,168
Non-current	823,475	1,432,033
	1,555,374	2,623,201

The finance lease liabilities of the Group and the Company carried interest at the reporting date which ranged from 2.3% to 5.9% (2010: 2.3% to 5.9%) per annum.

21. TERM LOANS

	Group/Company	
	2011 RM	2010 RM
Repayable not later than 1 year	1,053,330	2,106,190
Repayable later than 1 year and not later than 2 years	267,540	1,124,820
Repayable later than 2 years and not later than 5 years	-	267,540
	1,320,870	3,498,550
Represented by :-		
Current	1,053,330	2,106,190
Non-current	267,540	1,392,360
	1,320,870	3,498,550

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

The effective interest rate of term loans of the Group and the Company at the reporting date ranged from 6.3% to 6.5% (2010: 6.3% to 6.5%) per annum.

The term loans are secured by :-

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

22. DEFERRED TAX LIABILITIES

	Group/Company	
	2011 RM	2010 RM
At beginning of the financial year	1,800,000	-
Charged to profit or loss (Note 8)	1,230,000	1,800,000
At end of the financial year	3,030,000	1,800,000

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

	2011 RM	2010 RM
Subject to income tax		
Property, plant & equipment		
- capital allowances in excess of depreciation	3,255,000	2,500,000
Development expenditure		
- capital allowances in excess of amortisation	1,500,000	-
Unutilised capital allowances	(1,725,000)	(700,000)
	3,030,000	1,800,000

The unutilised capital allowances are subject to agreement with the Inland Revenue Board.

23. TRADE PAYABLES

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 90 days (2010: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

24. OTHER PAYABLES & ACCRUALS

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Other payables	165,978	107,916	165,978	107,916
Accruals	2,350,678	2,196,733	2,348,981	2,195,036
	2,516,656	2,304,649	2,514,959	2,302,952

25. BANKERS' ACCEPTANCE AND BANK OVERDRAFTS

The bankers' acceptance and bank overdrafts are secured by :-

(a) fixed deposits of RM3,834,036 (2010: RM3,727,458);
(b) personal guarantees by certain Directors of the Company;
(c) an assignment of contract proceeds deriving from customer; and
(d) facility agreement.

The interest charges on the bankers' acceptance and bank overdrafts of the Group and the Company during the financial year ranged from 4.57% to 8.6% (2010: 3.74% to 8.3%) per annum.

26. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group/Company	
	2011 RM	**2010 RM**
Defined contribution plan - current	122,560	108,057

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

27. SEGMENT INFORMATION

During the financial year, there is no segmental information by activities and geographical locations prepared as the Group's and the Company's activities and operations are predominantly in one industry segment principally located in Malaysia.

Major customers

There are three (2010 : three) major customers with revenue equal or more than 10 per cent of the Group's total revenue.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

Key management personnel compensation

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

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The Group monitors and reviews its capital structure based on its business and operating requirements. There were no changes in the Group's approach to capital management during the financial year.

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

	Group	
	2011 RM	**2010 RM**
Trade payables	2,106,588	515,658
Other payables & accruals	2,516,656	2,304,649
Finance lease liabilities	1,555,374	2,623,201
Term loans	1,320,870	3,498,550
Bankers' acceptance	2,796,000	2,110,000
Post-employment benefit obligations	122,560	108,057
Less: Cash and cash equivalents	(1,559,594)	(713,668)
Net debt	8,858,454	10,446,447
Equity attributable to owners of parent	39,163,519	39,232,722
Debt to equity ratio	0.23	0.27

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

30. FINANCIAL REPORTING STANDARD AND IC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Malaysian Financial Reporting Standard ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC15"), including its parent, significant investor and venture. Early adoption of the MFRS framework is permitted.

30. FINANCIAL REPORTING STANDARD AND IC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The Group and the Company has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the differences. The change of the accounting policies is expected to have no material impact on the financial statements of the Group and the Company upon their initial application.

The Company expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

The new MFRS that have been issued but are not yet effective for the Group and the Company are as follows:-

		Effective for financial periods beginning on or after
New MFRS		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
MFRS 2	Share-based Payment	1 January 2012
MFRS 3	Business Combinations	1 January 2012
MFRS 4	Insurance Contracts	1 January 2012
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2012
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2012
MFRS 7	Financial Instruments: Disclosure	1 January 2012
MFRS 8	Operating Segments	1 January 2012
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 101	Presentation of Financial Statements	1 January 2012
MFRS 102	Inventories	1 January 2012
MFRS 107	Statement of Cash Flows	1 January 2012
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
MFRS 110	Events after the Reporting Period	1 January 2012
MFRS 111	Construction Contracts	1 January 2012
MFRS 112	Income Taxes	1 January 2012
MFRS 116	Property, Plant and Equipment	1 January 2012
MFRS 117	Leases	1 January 2012
MFRS 118	Revenue	1 January 2012
MFRS 119	Employee Benefits	1 January 2012
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2012
MFRS 123	Borrowing Costs	1 January 2012
MFRS 124	Related Party Disclosures	1 January 2012
MFRS 126	Accounting and Reporting by Retirement Benefit Plan	1 January 2012
MFRS 127	Consolidated and Separate Financial Statements	1 January 2012
MFRS 128	Investments in Associates	1 January 2012
MFRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2012
MFRS 131	Interests in Joint Ventures	1 January 2012

30. FINANCIAL REPORTING STANDARD AND IC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

		Effective for financial periods beginning on or after
New MFRS		
MFRS 132	Financial Instruments: Presentation	1 January 2012
MFRS 133	Earnings per Share	1 January 2012
MFRS 134	Interim Financial Reporting	1 January 2012
MFRS 136	Impairment of Assets	1 January 2012
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
MFRS 138	Intangible Assets	1 January 2012
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2012
MFRS 140	Investment Properties	1 January 2012
MFRS 141	Agriculture	1 January 2012
Amendments to MFRS		
MFRS 101	Presentation of Financial Statements (Effective for financial period on or after 1 July 2012)	1 July 2012
Revised MFRS		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
IC Int		
IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2012
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments	1 January 2012
IC Int 4	Determining whether an Arrangement contains a Lease	1 January 2012
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2012
IC Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment	1 January 2012
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2012
IC Int 9	Reassessment of Embedded Derivatives	1 January 2012
IC Int 10	Interim Financial Reporting and Impairment	1 January 2012
IC Int 12	Service Concession Arrangements	1 January 2012
IC Int 13	Customer Loyalty Programmes	1 January 2012
IC Int 14	MFRS 119 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2012
IC Int 15	Agreements for the Construction of Real Estate	1 January 2012
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 January 2012
IC Int 17	Distributions of Non-cash Assets to Owners	1 January 2012
IC Int 18	Transfers of Assets from Customers	1 January 2012
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2012
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Int 107	Introduction of the Euro	1 January 2012
IC Int 110	Government Assistance - No Specific Relation to Operating Activities	1 January 2012
IC Int 112	Consolidation - Special Purpose Entities	1 January 2012
IC Int 113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	1 January 2012

30. FINANCIAL REPORTING STANDARD AND IC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

		Effective for financial periods beginning on or after
Revised MFRS		
IC Int 115	Operating Leases - Incentives	1 January 2012
IC Int 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	1 January 2012
IC Int 115	Operating Leases - Incentives	1 January 2012
IC Int 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	1 January 2012
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2012
IC Int 129	Service Concession Arrangements: Disclosures	1 January 2012
IC Int 131	Revenue - Barter Transactions Involving Advertising Services	1 January 2012
IC Int 132	Intangible Assets - Web Site Costs	1 January 2012

31. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings at the reporting date approximate their fair values, which is due to the relatively short term nature of these financial instruments.

32. DIVIDENDS

	Group/Company			
	2011		2010	
	Gross dividend per share (sen)	Amount of dividend, net of tax RM	Gross dividend per share (sen)	Amount of dividend, net of tax RM
Dividend paid in respect of :-				
(a) Financial year ended 31 December 2010 - first and final, tax exempt	-	-	0.5	1,117,100
(b) Financial year ended 31 December 2011				
- first interim, tax exempt	0.5	1,117,100	-	-
- second interim , tax exempt	0.5	1,117,100	-	-
Dividend recognised as distribution to ordinary equity holders of the Company	1.0	2,234,200	0.5	1,117,100

Subsequent to the financial year ended 31 December 2011, the Directors of the Company had on 12 April 2012 declared a tax exempt interim dividend of 5% or 0.5 sen per ordinary share of RM0.10 each, with the total amounting to approximately RM1,117,100 computed based on the total issued and paid-up share capital of 223,420,000 ordinary shares of RM0.10 each in the Company in respect of the financial year ending 31 December 2012. The financial statements for the current financial year do not reflect these dividends. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2012. The Directors do not propose any final dividend in respect of the year ended 31 December 2011.

33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 23 April 2012.

Lodged by:	Mega Corporate Services Sdn. Bhd. (Company No : 187984-H)
Address:	Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
Tel. No.:	03-26924271

SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

SUPPLEMENTARY INFORMATION - DISCLOURE OF REALISED AND UNREALISED PROFIT

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed corporations pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia Ace Market Listing Requirements. The directive requires all listed corporations to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained earnings of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows :-

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Realised	13,934,312	12,773,515	13,936,009	12,800,695
Unrealised				
- Deferred tax liabilities	(3,030,000)	(1,800,000)	(3,030,000)	(1,800,000)
	10,904,312	10,973,515	10,906,009	11,000,695

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2012

Authorized Capital	: RM50,000,000 divided into 500,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Capital	: RM22,342,000.00 divided into 223,420,000 ordinary shares of RM0.10 each
Class of Shares	: There is only one class of shares in the Company • Ordinary Shares of RM0.10 each fully paid
Voting Rights	: One vote per RM0.10 share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size Of Holdings	No.Of Shareholders	Total Holdings	%
Less Than 100 Shares	5	225	0.00
100 To 1,000 Shares	274	185,058	0.08
1,001 To 10,000 Shares	1,247	7,467,852	3.34
10,001 To 100,000 Shares	1,094	44,799,113	20.05
100,001 To Less Than 5% Of Issued Shares	216	120,426,522	53.91
5% And Above Of Issued Shares	2	50,541,230	22.62
Total	2,838	223,420,000	100.00

SUBSTANTIAL OF SHAREHOLDINGS

No.	Shareholder	Direct Interest Shares	%	Deemed Interest Shares	%
1.	Tan Kee Chung	35,541,230	15.91	4,804,342*	2.15
2.	Skyline Yield Sdn Bhd	15,000,000	6.71	-	-
Total		50,541,230	22.62	4,804,342	2.15

* 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.

DIRECTORS' SHAREHOLDINGS

No.	Shareholder	Direct Interest Shares	%	Deemed Interest Shares	%
1.	Tan Kee Chung	35,541,230	15.91	4,804,342*	2.15
2.	Chee Hong Soon	6,161,220	2.76	400,000**	0.18
3.	Tune Hee Hian	3,982,682	1.78	-	-
	Total	45,685,132	20.45	5,204,342	2.33

* 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.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1.	Tan Kee Chung	35,541,230	15.91
2.	Skyline Yield Sdn Bhd	15,000,000	6.71
3.	Araneum Sdn Bhd	9,218,093	4.13
4.	Chee Hong Soon	6,161,220	2.76
5.	Omtiara Sdn Bhd	4,404,342	1.97
6.	Koh Lea Cheong	3,982,682	1.78
7.	Lim Swee Keah	3,982,682	1.78
8.	Tan Gaik Keow	3,982,682	1.78
9.	Tune Hee Hian	3,982,682	1.78
10.	Haw Wan Chong	3,716,082	1.66
11.	Maybank Nominees (Tempatan) Sdn Bhd For Gan Cheong Poon	3,310,000	1.48
12.	Low Suet Cheng	2,627,682	1.18
13.	Leong Yoke Wai	2,597,282	1.16
14.	RHB Capital Nominees (Tempatan) Sdn Bhd For Philip Tan Kia Kheng	2,300,000	1.03
15.	Affin Nominees (Tempatan) Sdn Bhd For Lim Bee Kua	1,849,000	0.83
16.	Yeat Siaw Ping	1,800,000	0.81
17.	Tee So Guat	1,760,000	0.79
18.	Goh Siew Tee	1,405,800	0.63
19.	Soong Sor Pow	1,260,000	0.56
20.	Choi Swee Cheng	1,250,000	0.56
21.	Siah Gim Siew	1,100,000	0.49
22.	Tan Lay Yong	1,068,800	0.48
23.	Maybank Nominees (Tempatan) Sdn Bhd For Soh Chaw Hoe	1,067,800	0.48
24.	Khoo Ah Chaw	1,053,300	0.47
25.	Yong Sui Kiow	1,008,800	0.45
26.	Leong Yoke Wai	1,000,000	0.45
27.	Tan Lian Hong	1,000,000	0.45
28.	Wong Chen Boon	1,000,000	0.45
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd For Teoh Hui Peng	989,100	0.44
30.	Chuah Tai Eu	975,000	0.44
Total		120,394,259	53.89

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

Number of ordinary shares held

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 Sixteenth Annual General Meeting of the Company to be held at Atlanta East, Level 3, Hotel Armada, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehasn on Wednesday, 20 June 2012 at 3.00 p.m. and at every adjournment thereof to vote as indicated below:-

		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' Fee for year 2011		
Ordinary Resolution 2	To approve the increase in Directors' Fee for year 2012		
Ordinary Resolution 3	To re-elect the director, Mr. Tune Hee Hian		
Ordinary Resolution 4	To re-elect the director, Mr. Tai Keat Chai		
Ordinary Resolution 5	To re-elect the director, Mr. James Henry Stewart		
Ordinary Resolution 6	To re-appoint the retiring auditors, HLB Ler Lum		
Ordinary Resolution 7	Authority to issue shares		

(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 ___________________2012

____
Signature/Common Seal

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

NOTES:

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 14 June 2012. Only a depositor whose name appears on the Record of Depositors as at 14 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*
3. *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.*
4. *(i) Where a member appoint two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
   (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorized.*
6. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

Tearing line

2nd fold here

AFFIX STAMP

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

1st fold here