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

annual report 2014

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ADDITIONAL INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Latitude 2 & 3, Level 1, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 17 June 2015 at 3.00p.m. for the following purposes:-

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and the Auditors thereon. *(Please refer to Note 1.)*

2. To approve the payment of Directors' fees for the financial year ended 31 December 2014. **(ORDINARY RESOLUTION 1)**

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

   Chee Hong Soon — Article 98 **(ORDINARY RESOLUTION 2)**

   Tune Hee Hian — Article 98 **(ORDINARY RESOLUTION 3)**

4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

   "THAT Mr. James Henry Stewart, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **(ORDINARY RESOLUTION 4)**

5. To re-appoint Messrs HLB Ler Lum as Auditors and to authorise the Board of Directors to fix their remuneration. **(ORDINARY RESOLUTION 5)**

AS SPECIAL BUSINESS

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

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

   "THAT, subject always to the Companies Act, 1965 ("the 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 at the time of submission to the authority 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 6)**

7. **RETENTION OF MR. JAMES HENRY STEWART AS INDEPENDENT DIRECTOR**

"THAT subject to the passing of Ordinary Resolution 4, Mr. James Henry Stewart be retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance 2012."

(ORDINARY RESOLUTION 7)

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

By Order of the Board

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

Dated this 26th day of May 2015
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 11 June 2015. Only a depositor whose name appears on the Record of Depositors as at 11 June 2015 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 and the provision of section 149(1)(b) of the Companies Act, 1965 shall not apply to 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 proposed Ordinary Resolution 6 proposed in Agenda 6, if passed will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total 10% of the issued share capital 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 at the time of submission 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 18 June 2014.

   8.2 The proposed Ordinary Resolution 7 if passed, will allow the Director, Mr. James Henry Stewart who has served the Company for a cumulative period of more than 9 years, to continue to act as Independent Non-Executive Director of the Company. The Board supports the re-appointment of Mr. James Henry Stewart as Independent Director for:-

   i) He understands the business nature and office culture
   ii) He provides the Board valuable advice and insight
   iii) He actively participates in Board deliberations and decision making in an objective manner
   iv) He upholds independent decision and challenges the management objectively.

PROFILE OF DIRECTORS

Sitting from left to right:
Chee Hong Soon, James Henry Stewart, Tan Kee Chung

Standing from left to right:
Tune Hee Hian, Datuk Ng Bee Ken, Dato' Abdul Manap bin Abd Wahad

JAMES HENRY STEWART
(Canadian, Aged 81)

James Henry Stewart was appointed as Independent Non-Executive Director of OpenSys on 6 November 2003. He was appointed as Chairman of the Board on 12 April 2012. He is also the Chairman of the Nomination Committee and Remuneration Committee.

He has more than forty 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 56)

Tan Kee Chung was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the President and 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 more than 30 years' experience, mainly in management, sales and marketing, in the IT industry. Prior to co-founding OpenSys, he was the Marketing Director of AT&T GIS from January 1993 to December 1995, General Systems Division Manager in NCR from January 1991 to December 1992, Financial Systems District Manager in NCR from January 1990 to December 1990, Major Accounts Manager in Digital Equipment Corporation from 1986 to 1989 and Major Accounts Sales Specialist in Rank Xerox Ltd, United Kingdom from 1982 to 1985. He was also a member of the AT&T GIS Leadership Advisory Council from 1993 to 1995.

CHEE HONG SOON
(Malaysian, Aged 55)

Chee Hong Soon was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the Chief Financial Officer of OpenSys.

He primarily oversees the 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 56)

Tune Hee Hian was appointed as Executive Director of OpenSys on 9 January 1996. He is a Senior Vice President of Business Development of OpenSys.

He is primarily responsible for the management of product development. He is also involved in providing business development support for the overseas market.

He holds a Bachelor of Science degree in Education and a Postgraduate Diploma in Computer Science from 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.

Note: All the above-named Directors of the Company have no family relationship with any director or major shareholder of the Company; and have not been convicted of any offences within the past ten (10) years (other than traffic offences, if any) and do not have any conflict of interest with the Company.

DATUK NG BEE KEN
(Malaysian, Aged 61)

Datuk Ng Bee Ken was appointed as Independent Non-Executive Director of OpenSys on 1 July 2010. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister at- Law from Lincoln's Inn. He also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an Associate of the Association of Costs & Executive Accountants, United Kingdom and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar.

He 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, Talam Transform Bhd and Yong Tai Bhd. He is also the local representative Independent Non-Executive Director of Glencore Recycling Inc. (Malaysia) Sdn Bhd whose parent company is listed in London, Hong Kong and Johannesburg. Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities.

DATO' ABDUL MANAP BIN ABD WAHAB
(Malaysian, Aged 58)

Dato' Abdul Manap Bin Abd Wahab was appointed as Independent Non-Executive Director and Chairman of Audit Committee of OpenSys on 31 October 2013. He is also a member of the Nomination Committee.

He graduated with a Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978. In 1980, he obtained his Bachelor in Business Administration from Ohio University, United States of America. In 1993, he graduated with a Masters in Business Administration (Finance) from the University of Hull, UK.

He started his career in 1980 with Malayan Banking Berhad ("Maybank") and served in various capacities throughout his tenure. He was the Head of Group Retail Marketing of Maybank before he left in 2002. From 2003 to 2004, he gave lectures, training and services as an independent consultant. He joined Bank Muamalat Malaysia Berhad as the Chief Executive Officer from 2005 to 2008. During that same period, he was also the President of the Association of Islamic Banks Malaysia. Throughout his banking tenure, he also served as a Director in Malaysian Electronic Payment System Sdn. Bhd. ("MEPS") and MEPS Currency Management Sdn. Bhd. He also sat on the audit committee of MEPS and served as a member of Program Development Panel in the International Centre for Education in Islamic Finance (INCEIF). He is also an Independent Non-Executive Director of Berjaya Auto Berhad.

SENIOR MANAGEMENT

Sitting from left to right:
Tune Hee Hian (Senior Vice President – Business Development)
Tan Kee Chung (President & CEO)
Chee Hong Soon (Chief Financial Officer)

Standing from left to right:
Tham Kok Cheng (Senior Vice President – Customer Support)
Eric Lim Swee Keah (Senior Vice President – Sales & Marketing)
Leong Yoke Wai (Senior Vice President – Hardware Development & Integration)
Koh Lea Cheong (Senior Vice President – Business Process Outsourcing)
Luke Sebastian (Senior Vice President – Centre of Technology)
Wong Siew Pooi (Senior Vice President – Software Development & Integration/Cheque Process Outsourcing)

Sitting from left to right:
Nor Shahrizah Mohd Zawawi
(Vice President - Project Management Office)
Shiyamala Joeganathan
(Vice President - Software Development & Integration)
Standing from left to right:
Ooi Hock Ang
(Vice President - Cheque Process Outsourcing)
Hon Tian Yang
(Vice President - Systems Network Support/
Internal Software Support)
Heng Ken Wei
(Vice President - Centre of Technology)

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*

Datuk Ng Bee Ken
- *Independent Non-Executive Director*

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

COMPANY SECRETARIES

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

AUDIT COMMITTEE

1) Dato' Abdul Manap Bin Abd Wahab (Chairman)
2) James Henry Stewart
3) Datuk Ng Bee Ken

NOMINATION COMMITTEE

1) James Henry Stewart (Chairman)
2) Datuk Ng Bee Ken
3) Dato' Abdul Manap Bin Abd Wahab

REMUNERATION COMMITTEE

1) James Henry Stewart (Chairman)
2) Datuk Ng Bee Ken
3) 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)
B-7-7, 7th Floor, Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel: 03-2161 2113
Fax: 03-2161 2119

PRINCIPAL BANKERS

Hong Leong Bank Berhad (97141-X)
Malayan Banking Berhad (3813-K)
Public Bank Berhad (6463-H)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code: 0040

CHAIRMAN'S STATEMENT

The concept of a "hole in the wall machine" that allow customers to perform financial transactions was first patented by an American engineer, Luther George Simjian, in 1939. Following that patent, there were simultaneous and independent efforts by engineers in Japan, Sweden and Britain to invent what we know today as the automated teller machine (ATM) but it was not until 1967 before the first ATM was installed at Barclays Bank in North London. That invention was accredited to a Scottish engineer by the name of John Shepherd Barron.

Fast forward to today, most of us would be quite uncomfortable if we could not locate an ATM to withdraw or deposit cash at our convenience. Based on a study by a London-based strategic research and consulting firm, Retail Banking Research Ltd, the number of ATM cash withdrawals and deposits are projected to rise by around 90 percent in Asia-Pacific, Middle East and African regions between 2011 and 2017. On top of that, the total number of ATMs worldwide is expected to reach 3.5 million units by Year 2017. (1)

The rapid increase in the usage of ATMs runs counter to speculations about the emergence of cashless societies where alternative payment instruments such as credit and debit cards, digital wallets and smart phones replace physical cash. The reality is that in many parts of the world, particularly the emerging markets, cash is still the preferred payment instrument. Globally, 90 percent of retail transactions are cash-based, and the number of currency notes in circulation worldwide grows by 3 percent per annum.

Although the financial institutions have to respond to increased demand for ATM services from their customers, they are mindful of the fact it is expensive to set up and operate an ATM infrastructure. In addition to high capital expenditure in hardware, software and network, the cost of cash represents the largest single segment of operating expenses for ATMs.

To mitigate the high cost of cash, the technology trend in recent years is to merge the separate functions of cash-dispensing or cash-deposit into dual-function machines called cash recycling machines (CRM). CRMs can accept cash from depositors and dispense them to withdrawers so that the cash is essentially "recycled" – resulting in lower cost of ownership in the area of unused cash float, cash maintenance, cash handling and space rental. Besides savings of 25-30 percent in capital expenditure and operational cost, CRMs also provide better service levels to the banks' customers because they have lower downtimes due to the automatic replenishment of cash in the machines.

In line with this cash recycling trend worldwide, OpenSys partnered with OKI Electric Japan – the original inventor of cash recycling technology thirty-three years' ago and one of the leading suppliers of CRMs in Japan, China, India, Indonesia, Russia, South Korea and Taiwan – to supply and provide maintenance services of CRMs to banks in Malaysia in 2013.

In March 2014, OpenSys secured orders for several hundred units of CRMs from two major banks in Malaysia worth over RM20 million. Since then, the other banks in Malaysia have taken notice of the success of these two pioneering banks in the deployment of cash recycling technology. Considering that the other banks need to stay competitive, coupled with the fact that they need to shield themselves against the economic headwind that is caused by the lower price of crude oil, weakening of the ringgit and higher inflation, several banks have expedited their CRM strategy by commissioning customer trials of CRMs with OpenSys/OKI in 2015. Their objective is to deploy this cost-saving technology soonest possible so that they reap the benefits within the next couple of years when business profitability would be a challenge.

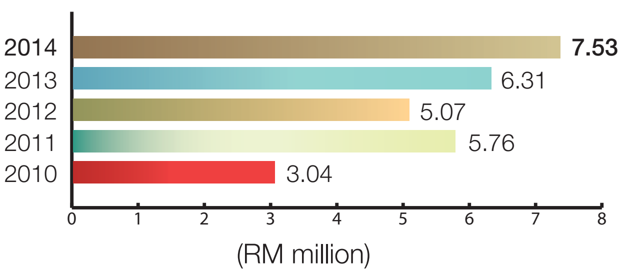
At present, the total number of cash-dispensing and cash-deposit ATMs in Malaysia is approximately 15,000 units with an annual growth rate of about 5 percent. The penetration rate of CRMs currently stands at a mere 4 percent of the installed base. If the banks in Malaysia start to install CRMs at their new branches, and trade-in their older ATMs for new CRMs due to its indisputable cost benefits, OpenSys can profit from it for the foreseeable future.

Besides our CRM success, OpenSys provides business process outsourcing (BPO) for bill payment kiosks to utility, insurance and telecommunication companies in Malaysia. Our bill payment kiosks allow their customers to pay bills, reload prepaid cards and renew insurance premiums using cash, cheques, credit and debit cards. In the BPO arrangement, the service providers leave the daily operation of their self-service kiosk infrastructure to OpenSys while they concentrate on their core competencies. OpenSys manages their whole infrastructure by providing hardware and software, modifying business applications, distributing software updates and advertising screens, monitoring the health of the kiosks centrally and providing maintenance support and services. In return for managing the infrastructure for these organisations, OpenSys charges a fee for each payment transaction performed by their customers, resulting in steady recurring income for our Company.

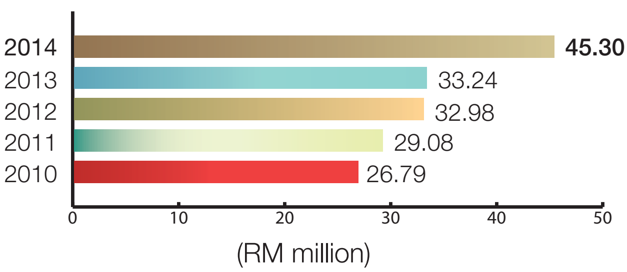
OpenSys is also the market leader for cheque-deposit machines and image-based cheque processing systems in Malaysia. Our image-based cheque processing systems are made up of front-end scanner devices and software applications to seamlessly capture cheque images and data and sending them to the central bank for straight-through cheque clearing and settlement. This paperless cheque clearing process that minimises the physical movement of cheques whilst converting cheques into electronic fund transfer instruments saves the banking industry hundreds of millions of ringgit per year.

For the financial year ended 31 December 2014, our revenue surged 36.3 percent to RM45.30 million from the corresponding period in 2013 largely due to the installation of CRMs. Meanwhile, our profit before tax rose 19.3 percent to RM7.53 million compared to the year before.

Profit Before Tax



Revenue



Moving forward, it is worth noting that banks have started charging a cheque processing fee of 50 sen on the issuer of the cheque commencing 2 January 2015. So far, the decline in cheque usage is not as significant as expected most probably because cheques are mainly issued by companies instead of individuals.

In the business community with more than 660,000 small medium enterprises and large companies in Malaysia, we believe that there is no direct replacement for cheques at the present time. As a case in point, e-payment instruments cannot handle business requirements such as multiple signatures, post-dated cheques, stop payments and large transaction limit up to RM99 million. Cheques are simple and convenient because one does not need to have access to a computer to settle a payment between a supplier and customer. Cheques are secure because it is a time-tested payment instrument that has an intrinsic audit trail with check-and-balances across the supply chain of customer, vendor and banker. Moreover, cheques are legal instruments gazetted by law.

Even in the event that cheque usage declines as anticipated, we are confident that we would also gain from the decline because banks will start to outsource the processing of cheques to third parties as it would be more economical to do so. When that happened, OpenSys is in a strong position to benefit from the outsourcing model because we already have a proven track record in providing such services to the largest bank in Malaysia. Hence, regardless of whether cheque processing is insourced or outsourced, our image-based cheque processing systems will continue to be relevant.

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 obsolescence 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 2014 is RM0.88million.

In 2012, we purchased our first property of a three storey shop office lot at Putra Heights for RM3.0 million. The property at Putra Heights will be used for the assembly of our ESMs and CRMs as well as to serve as a disaster recovery centre for our fast expanding outsourcing business. In 2013, we further purchase a property at Level 26, Tower A, Pinnacle Petaling Jaya located at Jalan Utara, Section 52, Petaling Jaya for RM7.8 million. The Pinnacle office will be used as our headquarters replacing our current office at Menara Axis. The said property is currently under construction and is targeted to be completed by end 2016.

With regard to creating value for our esteemed shareholders, we have consistently paid half-yearly dividends to our shareholders for the last 5 years since 2011. The next dividend payment of 5% is on 22 April 2015. In the near future, we are confident that our dividend plan is sustainable barring any major 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 their dedication and commitment to grow with our Company, without which our success would not be possible.

James Henry Stewart
Chairman

Notes:
[1] "Global ATM Market and Forecasts to 2017" (Retail Banking Research Ltd)

AUDIT COMMITTEE REPORT

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

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises the following members:-

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors among 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 from among their members who is an independent director. The Chairman elected shall be subject to endorsement by the Board.

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

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 are: -

- 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, if any.

MEETINGS AND ATTENDANCE

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 whenever deemed necessary, to meet the external auditors and internal auditors without the presence of executive board members and management staff to encourage the auditors to voice out any issue of concern arising from their course of audit.

There were three (3) Audit Committee meetings held during the year 2014.

Record of attendance for meetings held during the financial year ended 31 December 2014 is as follow:-

Audit Committee Members	Attendance
Dato' Abdul Manap Bin Abd Wahab (Chairman)	3/3
James Henry Stewart	3/3
Datuk Ng Bee Ken	3/3

The Company Secretary attended all the Audit Committee meetings.

In carrying out its duties, the Audit Committee reported to and updated the Board on any significant issues of concerns and where appropriate, made necessary recommendations to the Board. The 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 2014 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, capablility and professionalism of the external auditors and review the scope of audit service and their proposed fee;
- review the internal auditors' scope of work;
- to follow up with the internal auditors on any irregularity and findings;
- private session with both the internal and external auditors on any findings which require the Committee's attention; and
- review the internal control policy and internal control system.

INTERNAL AUDIT FUNCTIONS

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

The fee (inclusive of service tax) paid to the professional firm in respect of the internal audit function for the financial year ended 31 December 2014 was RM27,570.

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

During the financial year under review, the internal auditors reviewed and audited the following areas:-

(i) Purchase System
(ii) Payment System
(iii) Human Resource Management
(iv) Payroll Management
(v) Manufacturing & Assembly
(vi) Follow-up review on Management Control System, Cash and Bank Management, Accounts Receivable and Accounts Payables.

There were no significant issues in the internal control system during the period under review.

STATEMENT ON CORPORATE GOVERNANCE

Good governance provides a solid foundation for a company to achieve sustainable growth as well as engenders trust and infuses confidence among its shareholders and other stakeholders. Strong business ethics, sound policies and procedures and effective internal control systems with proper checks and balances are the ingredients of good corporate governance.

The Board of Directors of OpenSys (M) Berhad ("the Company") ("the Board") remains committed towards governing, guiding and monitoring the direction of the Company with the objective of enhancing long term sustainable value creation aligned to the interests of shareholders and other stakeholders. The Board strives and advocates good corporate governance and views this as a fundamental part of discharging its roles and responsibilities. Observance of good corporate governance is also critical to safeguard against unethical conduct, mismanagement and fraudulent activities. Hence, the Board continues to implement the eight (8) principles set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code") to its particular circumstances, having regard to the recommendations stated under each principle.

This statement sets out the extent of how the Company and its group of companies ("the Group") have applied and complied with the principles and recommendations of the Code and the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("AMLR").

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
- overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including the orderly succession of senior management personnel;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

The Board has established a Board Charter to provide clarity and guidance in the roles and responsibilities to the Board members and management.

The Board Charter addresses, among others, the following matters:-

- Objective
- The Board
- Independent Chairman and Chief Executive Officer/Managing Director
- Board Committees
- General Meetings
- Investor Relations and Shareholder Communication
- Relationship with other Stakeholders
- Company Secretary

The Board Charter, which serves as a referencing point for Board's activities to enable Directors carry out their stewardship role and discharge their fiduciary duties towards the Company, also seeks to include a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in its hands. The Charter is made publicly available on the Company's website at www.myopensys.com in line with Recommendation 1.7 of the MCCG 2012.

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

Code of Ethics

The Board has formulated the Code of Ethics to enhance the standard of corporate governance and behavior with a view to achieve the following objectives:-

- To establish standard of ethical conduct for directors based on acceptable belief and values that one upholds.
- To upholds the spirit of social responsibility and accountability of the Company in line with the legislations, regulations and guidelines governing it.

Whistle Blowing Policy

The Board recognizes the importance to put in place a Whistle Blowing Policy, which provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal. The Board will take necessary steps to formalize its Whistle Blowing Policy.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board ensures that the Company takes into account of sustainability, the environment, social and governance elements in its business operations.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members furnish comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have unrestricted access to all information of the Company, Company Secretary's advice and from other professional advice to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties.

The Company Secretary is of a qualified prescribed body. She is responsible for the secretarial functions such as compliance with all statutory and regulatory requirements, constantly provide corporate advisory to the Board, recording the proceedings of all Board meetings and Committee meetings and proper maintenance of secretarial records.

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

During the financial year under review, the Board consisted of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the AMLR which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; and marketing and operations.

Nomination Committee – Selection and Assessment of Directors

A Nomination Committee has been established, with specific terms of reference, by the Board, comprising exclusively Independent Non-Executive Directors as follows:

Chairman

1. James Henry Stewart - Independent Non-Executive Director

Members

2. Datuk Ng Bee Ken - Independent Non-Executive Director
3. Dato' Abdul Manap Bin Abd Wahab - Independent Non-Executive Director

The Nomination Committee is primarily responsible for sourcing and recommending the right candidate to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

The final decision on the appointment of a candidate recommended by Nomination Committee rests with the whole Board. The Board is entitled to the services of the Company Secretary who would ensure that the process and procedure on appointments are properly observed and adhered to the Code and Bursa Listing Requirements.

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. Chee Hong Soon and Mr. Tune Hee Hian will retire by rotation pursuant to Article 98. Mr. James Henry Stewart, age 81 will retire in accordance with Section 129 of the Companies Act, 1965. All of them being eligible; offer themselves for re-election.

During the financial year, the Nomination Committee has assessed the balance composition of Board members based on merits, Directors' contribution and Board effectiveness.

The Nomination Committee concluded that each Board member is competent and committed in discharging his duty and responsibility. Non-Executive Directors are independent in rendering their opinion and decision. All assessments and evaluations carried out by the Nomination Committee were properly documented.

The Company has no policy on gender diversity or target set but believes in merits and commitment of its Board members.

Directors' Remuneration

A Remuneration Committee has been established by the Board, comprising a majority of Independent Non-Executive Directors as follows:

1. James Henry Stewart - Chairman (Independent Non-Executive Director)
2. Datuk Ng Bee Ken - Member (Independent Non-Executive Director)
3. Tan Kee Chung - Member (Executive Director and Chief Executive Officer)

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met once attended by all members.

Details of Directors' remuneration for the financial year ended 31 December 2014 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	-	120,000
Salaries	837,000	-
Other emoluments	1,002,621	5,000
Total	**1,839,621**	**125,000**

The number of Directors whose remuneration falls into the following bands is as follows:

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	3
450,001 – 500,000	1	-
500,001 – 550,000	1	-
800,000 – 850,000	1	-

Note: Successive bands of RM50,000 are not shown entirely as these are not represented.

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The roles of the Chairman and the Chief Executive Officer are separated with a clear division of responsibilities between them to ensure balance of power and authority. In adherence with corporate governance best practice, the Chairman, Mr. James Henry Stewart is an unrelated non-executive independent director.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Chief Executive Officer, supported by fellow Executive Directors, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors deliberate every pertinent matter objectively. They give independent views, advice and judgment on interests, not only of the Group, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

In the opinion of the Board, the appointment of a Senior Independent Non-Executive Director to whom any concerns should be conveyed is not necessary. The Board operates in an open environment in which opinions and information are freely exchanged and in these circumstances any concerns need not be focused on a single director as all members of the Board fulfill this role individually and collectively.

The Company does not have term limits for both Executive Directors and Independent Non-Executive Directors as the Board believes that continued contribution by Directors provides benefits to the Board and the Group as a whole. The integrity of Independent Director is not compromised by the long period of serving.

The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. In accordance with Recommendation 3.3 of MCCG 2012, the Board must justify and seek shareholders' approval in the event it retains an independent director, a person who has served in that capacity for more than nine (9) years.

The Nomination Committee has reviewed and assessed the independence of the Independent Director, namely, Mr. James Henry Stewart who has served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended him to continue as Independent Non-Executive Director of the Company based on the following justifications:-

i) He understands the business nature and office culture
ii) He provides the Board valuable advice and insight
iii) He actively participates in Board deliberations and decision making in an objective manner
iv) He upholds independent decision and challenge the management objectively

Following an assessment conducted by the Board through the Nomination Committee, the Board opined that the independence of director cannot be assessed based on the quantitative aspect as stated in the AMLR, but the true independence emanates from intellectual honesty, manifested through a genuine commitment to serve the best interests of the Company. The Independent Director still can continue to remain objective and independence in expressing his respective view and participates in deliberation and decision making of the Board and the Board Committees. The Board is further of the view that the length of service of the Independent Director on the Board does not in any way interfere with his independent judgment and ability to act in the best interest of the Group. Hence, based on the recommendation by the Nomination Committee, the Board recommends that Mr. James Henry Stewart continues to be designated as Independent Non-Executive Director of the Company.

Mr. James Henry Stewart had abstained from deliberation in regards to his continue of office as Independent Directors.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of the Audit Committee informs the Directors at each Board meetings of any salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

Board Meetings

There were four (4) Board meetings held during the financial year ended 31 December 2014, with details of Directors' attendance set out below:

Board Of Directors	Attendance
James Henry Stewart	4/4
Tan Kee Chung	4/4
Chee Hong Soon	4/4
Tune Hee Hian	4/4
Datuk Ng Bee Ken	3/4
Dato' Abdul Manap Bin Abd Wahab	3/4

The Directors observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, they must not hold directorships at more than five public listed companies and must be able to commit sufficient time to the Company.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

All the Directors of the Company have attended the Mandatory Accreditation Programme within the stipulated timeframe required in the Listing Requirements.

Board Members have attended pertinent training on areas relevant to the Group business management, finance and tax issue as follows:

	Director	Training attended
(a)	James Henry Stewart	• Combating Emerging Cyber Attacks on ATMs
(b)	Tan Kee Chung	• Combating Emerging Cyber Attacks on ATMs
(c)	Chee Hong Soon	• 9th Advent Tax & Business Management Seminar • Combating Emerging Cyber Attacks on ATMs
(d)	Tune Hee Hian	• Combating Emerging Cyber Attacks on ATMs
(e)	Dato' Abdul Manap Bin Abd Wahab	• Nomination Committee Programme 2 - Board Effectiveness and Succession Planning • Customized Advocacy Session for Director
(f)	Datuk Ng Bee Ken	• GST Seminar

Throughout the year, all Directors regularly received updates and briefings, particularly from the Company Secretary, internal and external auditors on changes in regulatory. They continue to remain update on industrial practice, business environment, IT products and knowledge.

The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing paragraph.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2014, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Dato' Abdul Manap Bin Abd Wahab as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

In assessing the independence of external auditors, the Audit Committee require written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP

During the financial year under review, the Management has a process in place to identify and evaluate the related business risks. The issues on risks were discussed by the Management with the Chief Executive Officer who would articulate risks associated with projects and investment, including any risk exposure that the Group faced in its operations. It is a continuous process and the Management meets on ad hoc basis to update the monitoring and risk mitigation process.

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartially, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Incorporated, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. On this basis, the Board will not only comply with the disclosure requirements as stipulated in the AMLR, but also instruct the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The Company also maintains a corporate website, www. myopensys.com to disseminate information and enhance its investor relations. All timely disclosure, material information and announcements made to Bursa Malaysia are published on the website shortly after the same is released by the Company.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa Malaysia on the same meeting day. Going forward, the Board will adopt poll voting for related party transactions, if any, which require specific approvals, including the announcement of the detailed results showing the number of votes cast for and against each resolution.

Communication and engagement with shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa Malaysia, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. Non-audit Fees

There was RM8,000 non-audit fee paid to the external auditors by the Company for the financial year ended 31 December 2014.

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 February 2014, the Company sponsored the Kishna, Love Re-Invented (Odissi) Dance Show held at Pentas 1, KLPAC, Kuala Lumpur. This was in aid of the Divine Life Society (DLS) Malaysia Branch fund raising event for charitable programs and activities conducted by DLS. The amount provided by the Company was RM1,500.

The Company also participated in the Budimas 9th Annual Charity Raffle in February 2014. Budimas is a charitable foundation who helps feed, clothe and educate over 600 orphans and underprivileged children in 13 shelter homes nationwide. The Company purchased RM1,000 worth of Charity Raffle tickets.

The Company donated RM10,000 to the Rotary Club of Bernam Valley towards their Club Service Fund in December 2014. The Club activities include providing school uniforms to needy children, providing assistances to special needs children, and donating household provisions and disability equipment to homes for treatment, care & support for rejected and homeless people living with HIV/AIDS, alcohol and drug dependents.

5. Others

During the financial year ended 31 December 2014, 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 received by the Company; and
- Material contracts entered into by the Company involving directors and substantial shareholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to paragraph 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 and risk management of the Group which has been prepared in accordance with the Listing Requirements for ACE Market and with reference to the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Responsibilities of the Board

The Board acknowledges its responsibility for maintaining sound systems of internal control and risk management and for reviewing the effectiveness, adequacy and integrity of the system to ensure shareholders' interests and the Group's assets are safeguarded. The systems of internal control cover financial controls, operational controls, compliance controls, and risk management. The Board also acknowledges that a sound system of internal control reduces, but cannot eliminate, the risk of failure to achieve business objectives. Accordingly, a sound system of internal control therefore provides reasonable, but not absolute, assurance against material misstatement, fraud and loss. Due to the ever changing business environment and conditions, the effectiveness of an internal control system may vary over time.

Risk Management

The Board acknowledged that all areas of the Group's business activities involve some degree of risks that may affect the successful achievement of the Group's business objectives and recognises that effective risk management is part of good business management practice.

The Executive Directors together with the management pursues a continuous process of identifying, assessing and managing key business, operational and financial risks that affect the operations and business objectives of the Group. During the periodic management meetings issues faced by the Group are discussed and action plans formulated to ensure significant risks are appropriately addressed. Significant risks of the Group are highlighted to the Board during the scheduled meetings.

Key Elements of Internal Control

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

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

Internal Audit Function

The internal audit function is presently out-sourced to a third party professional firm who monitors and reports on the system of internal financial, accounting and operational controls. Its main responsibility is to undertake reviews of the system of internal control to ensure that such a system operates satisfactorily and effectively in the Group. It reports to the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profiles of the Group. The fee paid to the professional firm in respect of internal audit functions for the financial year ended 31 December 2014 was RM27,570 (inclusive of government tax and disbursements).

Review of statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the Group for the financial year ended 31 December 2014, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and integrity of the system of internal control of the Group.

Conclusion

The Board believes that the current system of internal control and risk management incorporated by the Group is adequate and effective. Notwithstanding this, the Board is cognizant of the fact that the Group's system of internal control must continuously be enhanced and evolved to meet the ever changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to enhance the effectiveness and adequacy of the system of internal control.

The Board is satisfied that for the financial year under review, there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control.

This Statement was approved by the Board of Directors.

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 2014.

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	5,598,569	5,598,569

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 2014 :-	
Tax exempt interim dividend of 5%, paid on 23 April 2014	1,117,100
Tax exempt interim dividend of 5%, paid on 21 October 2014	1,117,100
	2,234,200

A tax exempt interim dividend of 5% or 0.5 sen per ordinary share of 10 sen each for the financial year ending 31 December 2015 has been declared for payment on 22 April 2015.

The Board of Directors does not recommend any final dividend for the current financial year ended 31 December 2014.

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
Datuk Ng Bee Ken
Dato' Abdul Manap Bin Abd Wahab

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 1.1.2014	Acquired	Disposed	Balance at 31.12.2014
Direct interests				
Tan Kee Chung	47,191,230	-	-	47,191,230
Chee Hong Soon	6,161,220	-	-	6,161,220
Tune Hee Hian	3,982,682	-	(1,000,000)	2,982,682
Deemed interests				
Tan Kee Chung	4,804,342[(1)]	-	-	4,804,342[(1)]
Chee Hong Soon	400,000[(2)]	-	-	400,000[(2)]
Tune Hee Hian	-[(3)]	1,000,000	-	1,000,000[(3)]

(1) Deemed interests by virtue of interests held by Omtiara Sdn. Bhd. and Sislogik (M) Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

(2) Deemed interests by virtue of interests held by Sislogik (M) Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

(3) Deemed interests by virtue of interests held by his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

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

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

DIRECTORS' 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 : 27th April 2015
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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in page 72 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 : 27th April 2015
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 27th April 2015

Before me :

Commissioner for Oaths

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

Report on the Financial Statements

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 2014, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 71.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 72 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

DATO' LER CHENG CHYE
871/3/17(J/PH)
Chartered Accountant

Dated : 27th April 2015
Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	4	45,301,218	33,236,599	45,301,218	33,236,599
Cost of sales		(28,243,761)	(18,409,751)	(28,243,761)	(18,409,751)
Gross profit		17,057,457	14,826,848	17,057,457	14,826,848
Other operating income		395,427	330,138	395,427	330,138
Selling & distribution costs		(417,100)	(365,077)	(417,100)	(365,077)
Administration expenses		(4,744,159)	(4,124,825)	(4,744,159)	(4,124,825)
Other operating expenses		(2,407,000)	(2,145,207)	(2,407,000)	(2,145,207)
Research & development expenses		(1,732,168)	(1,634,125)	(1,732,168)	(1,634,125)
Finance costs	5	(621,723)	(577,124)	(621,723)	(577,124)
Profit before tax	6	7,530,734	6,310,628	7,530,734	6,310,628
Income tax expense	8	(1,932,165)	(1,651,210)	(1,932,165)	(1,651,210)
Profit for the year and total comprehensive income for the year		5,598,569	4,659,418	5,598,569	4,659,418
Total comprehensive income attributable to owners of the parent		5,598,569	4,659,418	5,598,569	4,659,418
Earnings per ordinary share					
Basic (Sen)	9	2.51	2.08		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant & equipment	10	30,882,104	28,781,565
Development expenditure	12	879,233	711,448
Fixed deposits	13	5,062,107	4,909,617
		36,823,444	34,402,630
Current assets			
Inventories	14	18,874,583	10,419,527
Trade receivables	15	7,347,501	2,932,471
Other receivables & prepayments	16	821,754	546,834
Income tax assets		-	70,000
Short term investment	17	2,524,993	4,905,376
Cash & bank balances		5,122,631	3,594,184
		34,691,462	22,468,392
Total assets		71,514,906	56,871,022

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(cont'd)
AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	18	22,342,000	22,342,000
Share premium	19	5,917,207	5,917,207
Retained earnings		11,341,812	7,977,443
Total equity		39,601,019	36,236,650
Non-current liabilities			
Finance lease liabilities	20	4,097,985	751,583
Term loans	21	5,942,799	5,212,256
Deferred tax liabilities	22	3,035,000	3,655,000
		13,075,784	9,618,839
Current liabilities			
Trade payables	23	1,235,252	751,109
Other payables & accruals	24	4,728,023	3,732,975
Finance lease liabilities	20	2,202,277	706,322
Term loans	21	790,531	2,029,043
Bankers' acceptance	25	9,366,564	3,641,000
Post-employment benefit obligations	26	193,446	155,084
Income tax liabilities		322,010	-
		18,838,103	11,015,533
Total liabilities		31,913,887	20,634,372
Total equity and liabilities		71,514,906	56,871,022

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant & equipment	10	30,882,104	28,781,565
Investment in subsidiaries	11	-	-
Development expenditure	12	879,233	711,448
Fixed deposits	13	5,062,107	4,909,617
		36,823,444	34,402,630
Current assets			
Inventories	14	18,874,583	10,419,527
Trade receivables	15	7,347,501	2,932,471
Other receivables & prepayments	16	821,754	546,834
Amount due from subsidiaries	11	-	-
Income tax assets		-	70,000
Short term investments	17	2,524,993	4,905,376
Cash & bank balances		5,122,631	3,594,184
		34,691,462	22,468,392
Total assets		71,514,906	56,871,022

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

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	18	22,342,000	22,342,000
Share premium	19	5,917,207	5,917,207
Retained earnings		11,343,509	7,979,140
Total equity		39,602,716	36,238,347
Non-current liabilities			
Finance lease liabilities	20	4,097,985	751,583
Term loans	21	5,942,799	5,212,256
Deferred tax liabilities	22	3,035,000	3,655,000
		13,075,784	9,618,839
Current liabilities			
Trade payables	23	1,235,252	751,109
Other payables & accruals	24	4,726,326	3,731,278
Finance lease liabilities	20	2,202,277	706,322
Term loans	21	790,531	2,029,043
Bankers' acceptance	25	9,366,564	3,641,000
Post-employment benefit obligations	26	193,446	155,084
Income tax liabilities		322,010	-
		18,836,406	11,013,836
Total liabilities		31,912,190	20,632,675
Total equity and liabilities		71,514,906	56,871,022

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 2014

	Attributable to owners of parent			
			Distributable	
	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
Balance at 1 January 2013	22,342,000	5,917,207	5,552,225	33,811,432
Profit for the year, representing total comprehensive income for the year	-	-	4,659,418	4,659,418
Dividend paid	-	-	(2,234,200)	(2,234,200)
Balance at 31 December 2013	22,342,000	5,917,207	7,977,443	36,236,650
Profit for the year, representing total comprehensive income for the year	-	-	5,598,569	5,598,569
Dividend paid	-	-	(2,234,200)	(2,234,200)
Balance at 31 December 2014	22,342,000	5,917,207	11,341,812	39,601,019

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of parent			
			Distributable	
	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
Balance at 1 January 2013	22,342,000	5,917,207	5,553,922	33,813,129
Profit for the year, representing total comprehensive income for the year	-	-	4,659,418	4,659,418
Dividend paid	-	-	(2,234,200)	(2,234,200)
Balance at 31 December 2013	22,342,000	5,917,207	7,979,140	36,238,347
Profit for the year, representing total comprehensive income for the year	-	-	5,598,569	5,598,569
Dividend paid	-	-	(2,234,200)	(2,234,200)
Balance at 31 December 2014	22,342,000	5,917,207	11,343,509	39,602,716

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 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from operating activities				
Profit before tax	7,530,734	6,310,628	7,530,734	6,310,628
Adjustments for :-				
Amortisation of development expenditure	130,521	-	130,521	-
Depreciation	5,449,865	4,727,118	5,449,865	4,727,118
Gain on disposal of property, plant & equipment	(65,102)	(13,767)	(65,102)	(13,767)
Impairment loss on amount due from subsidiaries	-	-	6,782	6,339
Interest expenses	1,067,976	798,524	1,067,976	798,524
Interest income	(329,319)	(303,417)	(329,319)	(303,417)
Inventories written off	178,707	381,566	178,707	381,566
Property, plant & equipment written off	25	193	25	193
Operating profit before working capital changes	13,963,407	11,900,845	13,970,189	11,907,184
Increase in inventories	(11,118,169)	(1,604,707)	(11,118,169)	(1,604,707)
(Increase)/Decrease in receivables	(4,689,950)	2,182,802	(4,689,950)	2,182,802
Increase/(Decrease) in payables	1,517,553	(984,771)	1,517,553	(984,771)
Net changes in inter-company balances	-	-	(6,782)	(6,339)
Cash (absorbed by)/from operations	(327,159)	11,494,169	(327,159)	11,494,169
Interest paid	(1,182,466)	(798,524)	(1,182,466)	(798,524)
Interest received	329,319	303,417	329,319	303,417
Income tax paid	(2,199,994)	(1,036,210)	(2,199,994)	(1,036,210)
Income tax refunded	39,839	-	39,839	-
Net cash (used in)/from operating activities	(3,340,461)	9,962,852	(3,340,461)	9,962,852
Cash flows from investing activities				
Development expenditure paid	(298,306)	(393,641)	(298,306)	(393,641)
Purchase of property, plant & equipment	(1,664,602)	(3,855,065)	(1,664,602)	(3,855,065)
Proceeds from disposal of property, plant & equipment	65,120	13,867	65,120	13,867
Net cash used in investing activities	(1,897,788)	(4,234,839)	(1,897,788)	(4,234,839)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from financing activities				
Dividend paid	(2,234,200)	(2,234,200)	(2,234,200)	(2,234,200)
Withdrawal/(Placement) of short term investment	2,380,383	(3,401,358)	2,380,383	(3,401,358)
Placement of fixed deposit	(152,490)	(148,318)	(152,490)	(148,318)
Proceeds from bankers' acceptance	18,279,913	8,300,502	18,279,913	8,300,502
Repayment of bankers' acceptance	(12,554,349)	(8,349,143)	(12,554,349)	(8,349,143)
Proceeds from borrowings	-	4,200,000	-	4,200,000
Repayment of borrowings	(3,225,719)	(2,585,550)	(3,225,719)	(2,585,550)
Proceeds from finance lease liabilities	6,004,851	-	6,004,851	-
Repayment of finance lease liabilities	(1,731,693)	(751,514)	(1,731,693)	(751,514)
Net cash from/(used in) financing activities	6,766,696	(4,969,581)	6,766,696	(4,969,581)
Net changes in cash and cash equivalents	1,528,447	758,432	1,528,447	758,432
Cash and cash equivalents brought forward	3,594,184	2,835,752	3,594,184	2,835,752
Cash and cash equivalents carried forward	5,122,631	3,594,184	5,122,631	3,594,184

NOTES TO THE STATEMENTS OF CASH FLOWS

	Group/Company	
	2014 RM	2013 RM
(a) Cash and cash equivalents comprise :-		
Fixed deposits	5,062,107	4,909,617
Cash & bank balances	5,122,631	3,594,184
	10,184,738	8,503,801
Less : Fixed deposits under lien	(5,062,107)	(4,909,617)
	5,122,631	3,594,184
(b) Analysis of acquisition of property, plant & equipment :-		
Cash	1,664,602	3,855,065
Borrowings	2,717,750	776,500
Capitalisation of borrowing costs	114,490	-
Finance lease arrangement	569,199	410,440
Transfer from inventories	2,484,406	1,096,787
	7,550,447	6,138,792

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.

As at reporting date, 72.8% (2013: 33.45%) of the Company's trade receivables were due from three (2013: one) major customer.

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

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures mainly arising from purchases that are denominated in a currency other than the functional currency of Company, primarily RM. The foreign currency in which these transactions are denominated are mainly US Dollar.

Approximately 70.4% (2013: 48.2%) of the Group's purchases are denominated in the foreign currency of the Group. The currency exposure of trade receivable and trade payable at the reporting date as disclosed in the respective note to financial statement.

The Group does not enter into any financial instrument to hedge the movement in the foreign currency exchange rates.

Sensitivity analysis for foreign currency risk

The effect of the foreign currency risk is not significant as the majority of the Group's assets and liabilities are denominated in Ringgit Malaysia. As such, no sensitivity analysis has been conducted in the reporting date.

(c) Interest rate risk

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

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. An increase of 5% in interest expense applicable for the Group's entire loans and borrowings would result in approximately 1.0% (2013: 0.9%) 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

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

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

(e) Liquidity and cash flow risk (cont'd)

Group

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
31 December 2014				
Financial liabilities:				
Payables	6,156,721	-	-	6,156,721
Borrowings	13,054,348	7,344,868	4,566,916	24,966,132
Total	19,211,069	7,344,868	4,566,916	31,122,853
31 December 2013				
Financial liabilities:				
Payables	4,639,168	-	-	4,639,168
Borrowings	6,815,929	4,984,801	1,877,607	13,678,337
Total	11,455,097	4,984,801	1,877,607	18,317,505

Company

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
31 December 2014				
Financial liabilities:				
Payables	6,155,024	-	-	6,155,024
Borrowings	13,054,348	7,344,868	4,566,916	24,966,132
Total	19,209,372	7,344,868	4,566,916	31,121,156
31 December 2013				
Financial liabilities:				
Payables	4,637,471	-	-	4,637,471
Borrowings	6,815,929	4,984,801	1,877,607	13,678,337
Total	11,453,400	4,984,801	1,877,607	18,315,808

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of current financial year, the Group and the Company adopted new and revised MFRSs which are mandatory for the financial periods beginning on or after 1 January 2014 as described fully below.

The preparation of financial statements in conformity with MFRSs 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

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

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

The financial statements have been prepared on the historical cost basis other than as disclosed in the significant accounting policies below.

MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations

(i) Adoption of new and revised MFRSs

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge
IC Interpretation 21	Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

(ii) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Amendments to Standards and IC Interpretations have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119 Defined Benefit Plans : Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

Effective for financial periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 10	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 12	Investment Entities: Applying the Consolidation Exception

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

(ii) Standards issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2016 (cont'd)

Amendments to MFRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment: Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 138	Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 141	Agriculture : Agriculture: Bearer Plants
Annual Improvements to MFRSs 2012-2014 Cycle	

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 9	Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect of in the financial statements of the Group and of the Company upon their initial application.

(b) 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)

(b) 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 5% (2013: 5%) variance in the Group's profit for the financial year.

(c) Property, plant & equipment and depreciation

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

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

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 :-

Building	2%
Computers	33.33%
Furniture & fittings	20%
Motor vehicles	16%
Renovations	10 - 20%
Touch equipment	10%
Office equipment	20%

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.

(d) Impairment of non-financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Impairment of non-financial assets (cont'd)

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

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

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. 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.

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

(f) Transactions with non-controlling interests

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

(h) Development expenditure

The cost of development expenditure comprises purchase, direct labour, other direct costs and an appropriate proportion of depreciation.

Development expenditure incurred is capitalised when it meets certain criteria that indicate it is probable that the costs will give rise to future economic benefits and are amortised over useful life of 5 years once the project is commercialized. They are written down to their recoverable amounts when there is insufficient certainty that future economic benefits will flow to the enterprise.

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

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

(i) 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) 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.

(ii) 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 other 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

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.

(j) 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 occurred 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) 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.

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 subsequently 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.

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.

(l) 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.

(m) Interest-bearing borrowings

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

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Leases

(i) Finance leases - the Group as lessee

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

The asset is treated as if they had been purchased and the corresponding capital cost is shown as an obligation. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to profit or loss over the period of the lease in reducing amounts in a constant rate in relation to the outstanding obligations.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating leases - the Group as lessee

Leases of assets where significant portion of the risks and rewards of ownership retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the lease period.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(iii) Operating leases - the Group as lessor

Assets leased out under operating leases are included in the property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the profit or loss on the straight-line basis over the lease term.

(o) 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.

(p) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Foreign currencies (cont'd)

(ii) Foreign currency transactions

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

(q) 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.

(r) Income tax

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits

(i) Short term employee benefits

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

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

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

(ii) Post-employment benefits

Defined contribution plan

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

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.

(t) 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.

4. REVENUE

	Group/Company	
	2014 RM	**2013 RM**
Sale of goods	14,355,066	7,123,206
Software solution & services rendered	30,946,152	26,113,393
	45,301,218	33,236,599

5. FINANCE COSTS

	Group/Company	
	2014 RM	**2013 RM**
Bank overdraft interest	705	1,104
Lease interest	360,974	106,638
Term loan interest	260,044	469,382
	621,723	577,124

6. PROFIT BEFORE TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax is stated after charging/(crediting) (other than those disclosed in Note 5) :-				
Auditors' remuneration				
- statutory	25,600	23,600	24,000	22,000
- others	8,000	8,000	8,000	8,000
Depreciation	1,109,804	879,480	1,109,804	879,480
Directors' remuneration				
- emoluments	1,362,659	1,262,139	1,362,659	1,262,139
- fees	120,000	144,000	120,000	144,000
Gain on disposal of property, plant & equipment	(65,102)	(13,767)	(65,102)	(13,767)
Impairment loss on amount due from subsidiaries	-	-	6,782	6,339
Interest income				
- fixed deposits	(152,972)	(148,884)	(152,972)	(148,884)
- other	(176,347)	(154,533)	(176,347)	(154,533)
Lease rentals	16,800	18,900	16,800	18,900
Property, plant & equipment written off	25	193	25	193
Rental of premises	690,344	637,521	690,344	637,521
Realised gain on foreign exchange	(1,007)	(12,954)	(1,007)	(12,954)
Staff costs (excluding Directors' remuneration)				
- Salaries, wages, bonus & others	2,213,451	1,974,001	2,213,451	1,974,001
- Defined contribution plan expense	193,549	171,206	193,549	171,206
Included in the cost of sales are as follows :-				
Bankers' acceptance/Letter of credit interest	446,253	221,401	446,253	221,401
Cost of inventories	12,225,152	5,833,288	12,225,152	5,833,288
Inventories written off	178,707	381,566	178,707	381,566
Depreciation	4,340,061	3,847,638	4,340,061	3,847,638
Director's emoluments	481,962	446,253	481,962	446,253
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	7,030,327	5,363,123	7,030,327	5,363,123
- Defined contribution plan expense	817,188	617,123	817,188	617,123
Included in the research & development expenses are as follows :-				
Amortization	130,521	-	130,521	-
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	1,425,046	1,458,000	1,425,046	1,458,000
- Defined contribution plan expense	175,800	174,960	175,800	174,960

7. DIRECTORS' REMUNERATION

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

2014

	Fees RM	Salaries RM	Others* RM	Total RM
Executive Directors	-	837,000	1,002,621	1,839,621
Non executive Directors	120,000	-	5,000	125,000

2013

	Fees RM	Salaries RM	Others* RM	Total RM
Executive Directors	-	822,000	880,892	1,702,892
Non executive Directors	144,000	-	5,500	149,500

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

	2014 Group/Company No. of Directors		2013 Group/Company No. of Directors	
Range of remuneration	**Executive**	**Non executive**	**Executive**	**Non executive**
Below RM50,001	-	3	-	3
RM50,001 – RM300,000	-	-	-	1
RM300,001 – RM350,000	-	-	-	-
RM350,001 – RM400,000	-	-	-	-
RM400,001 – RM450,000	-	-	1	-
RM450,001 – RM550,000	2	-	1	-
RM550,001 – RM600,000	-	-	-	-
RM600,001 – RM700,000	-	-	-	-
RM700,001 – RM800,000	-	-	1	-
RM800,001 – RM900,000	1	-	-	-

Included in the remuneration of Directors of the Group and of the Company is contribution to a defined contribution plan expense amounting to RM293,746 (2013: RM271,921) charged to profit or loss.

8. INCOME TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysian income tax based on results for the financial year				
- Current tax	2,522,005	960,000	2,522,005	960,000
- Under-provision in prior financial years	30,160	6,210	30,160	6,210
Deferred tax (Note 22)				
- origination and reversal of temporary differences	(620,000)	685,000	(620,000)	685,000
	1,932,165	1,651,210	1,932,165	1,651,210

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	7,530,734	6,310,628	7,530,734	6,310,628
Income tax using Malaysian tax rate of 25% (2013: 25%)	1,882,684	1,577,657	1,882,684	1,577,657
Income not subject to tax	(44,087)	(42,027)	(44,087)	(42,027)
Non-deductible expenses	63,408	109,370	63,408	109,370
Under-provision of income tax in prior years	30,160	6,210	30,160	6,210
	1,932,165	1,651,210	1,932,165	1,651,210

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 RM11,630,186 (2013:RM13,864,386) and RM50,666 (2013: RM50,666) respectively, from which tax exempt dividends can be declared.

9. EARNINGS PER SHARE ("EPS")

	Group/Company	
	2014	2013
Basic EPS		
Profit for the year/Profit attributable to equity holders (RM'000)	5,599	4,660
Weighted average number of shares in issue for basic EPS ('000)	223,420	223,420
Basic EPS (sen)	2.51	2.08

10. PROPERTY, PLANT & EQUIPMENT

Group/Company - 2014

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	Touch equipment RM	Office equipment RM	Building RM	Work in progress RM	Total RM
Cost									
At 1.1.2014	3,896,822	940,531	2,334,319	868,356	45,142,607	667,234	3,000,000	1,941,250	58,791,119
Additions	1,154,306	120,234	642,711	133,452	2,484,406	183,098	-	2,832,240	7,550,447
Disposals	(32,187)	-	(427,948)	-	-	(13,788)	-	-	(473,923)
Written off	(993,538)	-	-	-	-	(55,199)	-	-	(1,048,737)
At 31.12.2014	4,025,403	1,060,765	2,549,082	1,001,808	47,627,013	781,345	3,000,000	4,773,490	64,818,906
Accumulated Depreciation									
At 1.1.2014	3,362,349	803,652	1,344,532	458,685	23,553,189	422,147	65,000	-	30,009,554
Charge for the financial year	505,509	48,155	365,883	83,766	4,309,555	76,997	60,000	-	5,449,865
Disposals	(32,178)	-	(427,948)	-	-	(13,779)	-	-	(473,905)
Written off	(993,527)	-	-	-	-	(55,185)	-	-	(1,048,712)
At 31.12.2014	2,842,153	851,807	1,282,467	542,451	27,862,744	430,180	125,000	-	33,936,802
Net Book Value At 31.12.2014	1,183,250	208,958	1,266,615	459,357	19,764,269	351,165	2,875,000	4,773,490	30,882,104

Group/Company - 2013

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	Touch equipment RM	Office equipment RM	Building RM	Work in progress RM	Total RM
Cost									
At 1.1.2013	4,251,081	925,323	2,217,618	608,967	45,215,885	508,198	3,000,000	-	56,727,072
Additions	173,348	104,153	116,701	337,530	3,255,121	210,689	-	1,941,250	6,138,792
Disposals	(492,353)	-	-	-	(3,284,166)	(14,201)	-	-	(3,790,720)
Written off	(35,254)	(88,945)	-	(78,141)	(44,233)	(37,452)	-	-	(284,025)
At 31.12.2013	3,896,822	940,531	2,334,319	868,356	45,142,607	667,234	3,000,000	1,941,250	58,791,119
Accumulated Depreciation									
At 1.1.2013	3,373,213	866,876	1,020,839	466,847	23,177,678	446,435	5,000	-	29,356,888
Charge for the financial year	516,643	25,677	323,693	69,953	3,703,787	27,365	60,000	-	4,727,118
Disposals	(492,287)	-	-	-	(3,284,132)	(14,201)	-	-	(3,790,620)
Written off	(35,220)	(88,901)	-	(78,115)	(44,144)	(37,452)	-	-	(283,832)
At 31.12.2013	3,362,349	803,652	1,344,532	458,685	23,553,189	422,147	65,000	-	30,009,554
Net Book Value At 31.12.2013	534,473	136,879	989,787	409,671	21,589,418	245,087	2,935,000	1,941,250	28,781,565

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	
	2014 RM	2013 RM
Computers	765,467	310,802
Motor vehicles	1,254,413	906,735
Furniture & Fittings	92,500	57,417
Renovations	107,803	-
Touch equipment	3,638,541	510,001
Office equipment	197,247	134,807
	6,055,971	1,919,762

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

	Group/Company	
	2014 RM	2013 RM
Profit or loss	5,449,865	4,727,118
Development expenditure (Note 12)	-	-
	5,449,865	4,727,118

Security

The net book value of the Group's and of the Company'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	
	2014 RM	2013 RM
Building	2,875,000	2,935,000
Touch equipment	1,394,888	3,895,909
Work in progress	4,773,490	1,941,250
	9,043,378	8,772,159

Capitalisation of borrowing costs

The Group's and of the Company's property, plant and equipment include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of the property. During the financial year, the borrowing costs capitalised as cost of property, plant and equipment amounted to RM114,490 (2013: Nil).

11. SUBSIDIARIES

(a) Investment in subsidiaries

	Company 2014 RM	Company 2013 RM
Unquoted shares - at cost	2,000	2,000
Less: Accumulated impairment losses	(2,000)	(2,000)
	-	-

The Group had the following subsidiaries at 31 December 2014 and 31 December 2013. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares and incorporated in Malaysia. The country of incorporation is also their place of principal place of business.

Name of Company	Principal Activities	Proportion of ordinary shares held by the parent/group (%)	Proportion of ordinary shares held by non-controlling interest (%)
OpenSys Technologies Sdn. Bhd.	Dormant	100	-
OpenSys Engineering Sdn. Bhd.	Dormant	100	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the group.

The accumulated non-controlling interest as at 31 December 2014 and 31 December 2013 is nil.

There were no changes during the year (2013: Nil) in the Group's ownership interest in its subsidiaries.

(b) Amount due from subsidiaries

	Company 2014 RM	Company 2013 RM
Amount due from subsidiaries	48,445	41,663
Less: Accumulated impairment losses		
At beginning of the financial year	(41,663)	(35,324)
Impairment losses	(6,782)	(6,339)
At end of the financial year	(48,445)	(41,663)
Carrying amount at end of financial year	-	-

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

12. DEVELOPMENT EXPENDITURE

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

	Group/Company	
	2014 RM	2013 RM
At beginning of the financial year	711,448	317,807
Capitalised during the financial year	298,306	393,641
At end of the financial year	1,009,754	711,448
Cost	1,009,754	711,448
Less: Accumulated amortisation	130,521	-
Net book value	879,233	711,448

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

	Group/Company	
	2014 RM	2013 RM
Staff costs (excluding Directors' remuneration)		
- Salaries, wages, bonus & others	147,106	351,465
- Defined contribution plan expense	17,700	42,176

13. FIXED DEPOSITS

	Group/Company	
	2014 RM	2013 RM
Licensed banks	5,062,107	4,909,617

The fixed deposits have been pledged to licensed banks for banking facilities granted to the Group and the Company.

The interest rate of deposits of the Group and the Company as at reporting date ranged from 3.1% to 3.35% (2013: 3.1% to 3.15%) per annum.

Deposits of the Group and the Company have maturity of 365 days (2013: 365 days).

14. INVENTORIES - at cost

	Group/Company	
	2014 RM	2013 RM
Assembly components	11,349,237	8,318,110
Finished goods	7,525,346	2,101,417
	18,874,583	10,419,527

15. TRADE RECEIVABLES

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

	Group/Company	
	2014 RM	2013 RM
Not past due and not impaired	7,127,984	2,920,744
Past due but not impaired	219,517	11,727
Total trade receivables, net	7,347,501	2,932,471

The normal credit term of the Group and the Company granted to trade receivables ranged from 30 days to 90 days (2013: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

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 past due but not impaired are creditworthy receivables with good payment records with the Company.

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

	Group/Company	
	2014 RM	2013 RM
Ringgit Malaysia	7,196,975	2,932,471
US Dollar	150,526	-
	7,347,501	2,932,471

16. OTHER RECEIVABLES & PREPAYMENTS

	Group/Company	
	2014 RM	2013 RM
Other receivables	255,550	210,201
Prepayments	566,204	336,633
	821,754	546,834

17. SHORT TERM INVESTMENTS

	Group/Company	
	2014 RM	2013 RM
Available-for-sale financial assets		
Unquoted unit trusts in Malaysia		
- at cost	2,524,993	4,905,376

18. SHARE CAPITAL

	Group/Company	
	2014 RM	2013 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

The holders of ordinary share are entitled to receive dividends as and when declared by the Company. All ordinary share carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

19. SHARE PREMIUM

	Group/Company	
	2014 RM	2013 RM
At beginning/end of the year	5,917,207	5,917,207

20. FINANCE LEASE LIABILITIES

	Group/Company	
	2014 RM	2013 RM
Minimum lease payments :-		
Repayable not later than 1 year	2,577,384	773,502
Repayable later than 1 year and not later than 2 years	2,420,670	412,008
Repayable later than 2 years and not later than 5 years	1,959,833	382,465
	6,957,887	1,567,975
Less : Finance charges	(657,625)	(110,070)
Present value of minimum lease payments	6,300,262	1,457,905
Present value of minimum lease payments :-		
Repayable not later than 1 year	2,202,277	706,322
Repayable later than 1 year and not later than 2 years	2,210,294	382,445
Repayable later than 2 years and not later than 5 years	1,887,691	369,138
	6,300,262	1,457,905
Represented by :-		
Current	2,202,277	706,322
Non-current	4,097,985	751,583
	6,300,262	1,457,905

The finance lease liabilities of the Group and the Company carried interest at the reporting date which ranged from 4.35% to 10.7% (2013: 4.4% to 10.7%) per annum.

21. TERM LOANS

	Group/Company	
	2014 RM	2013 RM
Repayable not later than 1 year	790,531	2,029,043
Repayable later than 1 year and not later than 2 years	744,591	1,995,418
Repayable later than 2 years and not later than 5 years	1,315,170	1,648,171
Repayable later than 5 years	3,883,038	1,568,667
	6,733,330	7,241,299
Represented by :-		
Current	790,531	2,029,043
Non-current	5,942,799	5,212,256
	6,733,330	7,241,299

21. TERM LOANS (cont'd)

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 4.65% to 7.2% (2013: 4.4% to 7.2%) per annum.

The term loans are secured by :-

(a) an assignment of all contract proceeds arising from the outsourcing agreements;
(b) a supplementary Deed of Assignment cum assignment of all contract proceeds of the Company under the project;
(c) a fixed and floating debenture charge over all the present and future assets and undertakings of the Company;
(d) a pledge of fixed deposit amounting to RM0.8 million; and
(e) a fixed charge over the buildings.

22. DEFERRED TAX LIABILITIES

	Group/Company	
	2014 RM	2013 RM
At beginning of the financial year	3,655,000	2,970,000
Recognised in profit or loss (Note 8)	(620,000)	685,000
At end of the financial year	3,035,000	3,655,000

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 Statements of Financial Position :-

	2014 RM	2013 RM
Temporary differences		
Property, plant & equipment		
- capital allowances in excess of depreciation	3,002,000	3,505,000
Development expenditure	33,000	150,000
	3,035,000	3,655,000

23. TRADE PAYABLES

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 90 days (2013: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

24. OTHER PAYABLES & ACCRUALS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	163,811	30,903	163,811	30,903
Accruals - others	465,243	833,687	463,546	831,990
Accruals – staff costs	2,251,446	1,833,990	2,251,446	1,833,990
Advance billing	1,847,523	1,034,395	1,847,523	1,034,395
	4,728,023	3,732,975	4,726,326	3,731,278

25. BANKERS' ACCEPTANCE

The bankers' acceptance are secured by fixed deposits of RM5,062,107 (2013: RM4,909,617).

The interest charges on the bankers' acceptance and bank overdrafts of the Group and the Company during the financial year ranged from 4.31% to 8.85% (2013: 4.37% to 8.6%) per annum.

26. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group/Company	
	2014 RM	2013 RM
Defined contribution plan - current	193,446	155,084

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. OPERATING SEGMENTS

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

(i) Efficient Service Machine ("ESM")

Included purchasing, manufacturing and distributing of ESM machines

(ii) Software Solution and Services ("SSS")

Included sale of licencing software and rental of ESM machines.

27. OPERATING SEGMENTS (cont'd)

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") (i.e. the Group's Chief Executive Officer, Chief Financial Officer and Senior VP of Business Development) that are used to make strategic decisions.

The geographical segment information is not presented as the Group's activities are carried out predominantly in Malaysia.

Segment assets and Segment liabilities

Segment assets and segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant & equipment and development expenditure.

The segment information provided to the CODM for the reportable segments is as follows :-

	Efficient Service Machine (ESM) RM	Software Solution and Services RM	Total RM
2014			
External revenue	14,355,066	30,946,152	45,301,218
Intersegment transactions	-	-	-
Total revenue	14,355,066	30,946,152	45,301,218
Segment results	2,610,992	14,446,465	17,057,457
Unallocated other income			395,427
Unallocated operating expenses			(9,922,150)
Profit before tax			7,530,734
2013			
External revenue	7,123,206	26,113,393	33,236,599
Intersegment transactions	-	-	-
Total revenue	7,123,206	26,113,393	33,236,599
Segment results	1,477,807	13,349,041	14,826,848
Unallocated other income			330,138
Unallocated operating expenses			(8,846,358)
Profit before tax			6,310,628

Major customers

There are four (2013: three) major customers with revenue equal or more than 10 per cent of the Group's total revenue.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

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

(b) Company in which a Director has interest

The significant related party transaction of the Group and the Company, other than key management personnel compensation, is as follows:

Type of transaction	2014 RM	2013 RM
Provision of legal service	855	19,350

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

Group	2014 RM	2013 RM
Trade payables	1,235,252	751,109
Other payables & accruals	4,728,023	3,732,975
Finance lease liabilities	6,300,262	1,457,905
Term loans	6,733,330	7,241,299
Bankers' acceptance	9,366,564	3,641,000
Post-employment benefit obligations	193,446	155,084
Less: Fixed deposits	(5,062,107)	(4,909,617)
Less: Short term investment	(2,524,993)	(4,905,376)
Less: Cash & bank balances	(5,122,631)	(3,594,184)
Net debt	15,847,146	3,570,195
Equity attributable to owners of parent	39,601,019	36,236,650
Debt to equity ratio	0.40	0.10

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

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Loans and receivable		Available for sale		Total	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Group						
Financial Assets						
Non-current						
Fixed deposits	5,062,107	4,909,617	-	-	5,062,107	4,909,617
Current						
Trade and other receivables	7,603,051	3,142,672	-	-	7,603,051	3,142,672
Investment	-	-	2,524,993	4,905,376	2,524,993	4,905,376
Cash and bank balances	5,122,631	3,594,184	-	-	5,122,631	3,594,184
Total	17,787,789	11,646,473	2,524,993	4,905,376	20,312,782	16,551,849

	Other financial liabilities at amortised cost	
	2014 RM	2013 RM
Group		
Financial Liabilities		
Non-current		
Borrowings	10,040,784	5,963,839
Current		
Borrowings	12,359,492	6,376,365
Trade and other payables	6,156,721	4,639,168
Total	28,556,997	16,979,372

30. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

	Loans and receivable		Available for sale		Total	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Company						
Financial Assets						
Non-current						
Fixed deposits	5,062,107	4,909,617	-	-	5,062,107	4,909,617
Current						
Trade and other receivables	7,603,051	3,142,672	-	-	7,603,051	3,142,672
Investment	-	-	2,524,993	4,905,376	2,524,993	4,905,376
Cash and bank balances	5,122,631	3,594,184	-	-	5,122,631	3,594,184
Total	17,787,789	11,646,473	2,524,993	4,905,376	20,312,782	16,551,849

	Other financial liabilities at amortised cost	
	2014 RM	2013 RM
Company		
Financial Liabilities		
Non-current		
Borrowings	10,040,784	5,963,839
Current		
Borrowings	12,359,492	6,376,365
Trade and other payables	6,115,024	4,637,471
Total	28,515,300	16,977,675

30. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments

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

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the Statements of Financial Position, are as follows:

	2014		2013	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group/Company				
Unquoted unit trusts	2,524,993	*	3,594,184	*

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

* Unquoted unit trusts carried at cost

Fair value information has not been disclosed for these unquoted equity instruments as fair value cannot be measured reliably as these instruments are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

(c) Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets carried at fair value in the Statements of Financial Position as at 31 December 2014 are as follows:

i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

iii) Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2014.

31. DIVIDENDS

	Group/Company			
	2014		2013	
	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 2013				
- first interim , tax exempt	-	-	0.5	1,117,100
- second interim , tax exempt	-	-	0.5	1,117,100
(b) Financial year ended 31 December 2014				
- 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	1.0	2,234,200

The Directors do not propose any final dividend in respect of the year ended 31 December 2014.

Subsequent to the financial year ended 31 December 2014, the Directors of the Company had on 27 February 2015 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 2015. 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 2015.

32. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	2014 RM	2013 RM
Contracted and but not provided for	3,106,000	5,823,750

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

(b) Operating lease arrangements

The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are analysed as follows :-

	2014 RM	2013 RM
Not later than 1 year	732,884	652,844
Later than 1 year and not later than 5 years	274,035	870,459
	1,006,919	1,523,303

32. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (cont'd)

(b) Operating lease arrangements (cont'd)

The Group as lessor

The future minimum lease receivables under non-cancellable operating leases contracted for as at the reporting date but not recognised as assets are analysed as follows :-

	2014 RM	2013 RM
Not later than 1 year	12,790,155	12,959,880
Later than 1 year and not later than 5 years	9,833,900	22,624,053
	22,624,055	35,583,935

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 27th April 2015.

Lodged by : Mega Corporate Services (M) 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 – DISCLOSURE OF REALISED AND UNREALISED PROFITS

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained earnings of the Company and its subsidiaries:				
- Realised	14,326,366	11,588,780	14,378,509	11,634,140
- Unrealised	(3,035,000)	(3,655,000)	(3,035,000)	(3,655,000)
	11,291,366	7,933,780	11,343,509	7,979,140
Consolidation adjustments	50,446	43,663	-	-
Total group retained earnings as per consolidated accounts	11,341,812	7,977,443	11,343,509	7,979,140

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to the Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

LIST OF PROPERTIES

A summary of the Group's properties as at 31 December 2014 is as follows:

Location	Approximate Built-up Area (square feet)	Brief Description and Existing Use	Tenure/ Date of Expiry of Leasehold Land	Date of Acquisition/ Revaluation	Age of Building (years)	Net Book Value as at 31.12.2014 (RM'000)
No. 1, 1-1 & 1-2, Jalan Putra Mahkota 7/7B, Seksyen 7, Putra Heights, 47650 Subang Jaya, Selangor Darul Ehsan.	9,059	3 storey shop-office building for own use	Freehold	26 July 2012	7.5	2,875
Level 26, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46100 Petaling Jaya, Selangor Darul Ehsan.	9,163	Office unit for own use	Leasehold for 99 years expiring on 15 January 2102	22 May 2013	Target completion date – by end of year 2016	4,773

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2015

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 Holders	Total Holdings	%
Less Than 100 Shares	10	443	0.00
100 To 1,000 Shares	329	215,500	0.10
1,001 To 10,000 Shares	1,790	11,772,050	5.27
10,001 To 100,000 Shares	1,715	61,689,800	27.61
100,001 To Less Than 5% Of Issued Shares	231	102,550,977	45.90
5% And Above Of Issued Shares	1	47,191,230	21.12
Total	**4,076**	**223,420,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest	
No.	Shareholder	Shares	%	Shares	%
1.	Tan Kee Chung	47,191,230	21.12	4,804,342*	2.15

* Deemed interest 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

		Direct Interest		Deemed Interest	
No.	Shareholder	Shares	%	Shares	%
1.	Tan Kee Chung	47,191,230	21.12	4,804,342*	2.15
2.	Chee Hong Soon	6,161,220	2.76	400,000**	0.18
3.	Tune Hee Hian	2,982,682	1.34	1,000,000***	0.45

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

*** Deemed interest by virtue of his spouse shareholding in accordance with Section 134(12)(c) of the Companies Act, 1965.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1.	Tan Kee Chung	47,191,230	21.12
2.	Chee Hong Soon	6,161,220	2.76
3.	Haw Wan Chong	4,516,082	2.02
4.	Omtiara Sdn Bhd	4,404,342	1.97
5.	Ooi Sing Hwat	4,000,000	1.79
6.	Tan Gaik Keow	3,982,682	1.78
7.	Koh Lea Cheong	3,832,682	1.72
8.	Lim Swee Keah	3,432,682	1.54
9.	Goh Siew Tee	3,023,893	1.35
10.	Tune Hee Hian	2,982,682	1.34
11.	Low Suet Cheng	1,465,382	0.66
12.	Soong Sor Pow	1,360,000	0.61
13.	Tham Kok Cheng	1,359,574	0.61
14.	Maybank Nominees (Tempatan) Sdn Bhd for Gan Cheong Poon	1,200,000	0.54
15.	Tsen Kui Lan @ Margaret Tsen	1,185,500	0.53
16.	Maybank Nominees (Tempatan) Sdn Bhd for Soh Chaw Hoe	1,067,800	0.48
17.	Koh Chow Hoong	1,000,000	0.45
18.	Liew Swee Lian	1,000,000	0.45
19.	Lee Teck Leong	1,000,000	0.45
20.	Leong Yoke Wai	997,282	0.45
21.	Gan Kim Cheong	982,000	0.44
22.	Chuah Tai Eu	975,000	0.44
23.	Tee So Guat	900,000	0.40
24.	Phen Say Bah	861,300	0.39
25.	Yong Sui Kiow	808,800	0.36
26.	Lim Kok Heng	800,000	0.36
27.	Platigold Sdn Bhd	800,000	0.36
28.	Public Nominees (Tempatan) Sdn Bhd for Koh Chow Hoong	760,000	0.34
29.	RHB Capital Nominees (Tempatan) Sdn Bhd for Philip Tan Kia Kheng	745,000	0.33
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd for Tan Cheng Chai	680,000	0.30

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 Nineteenth Annual General Meeting of the Company to be held at Latitude 2 & 3, Level 1, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 17 June 2015 at 3.00 p.m. and at every adjournment thereof to vote as indicated below:-

		FOR	AGAINST
Ordinary Resolution 1	To approve Directors' Fees		
Ordinary Resolution 2	To re-elect the director, Chee Hong Soon		
Ordinary Resolution 3	To re-elect the director, Tune Hee Hian		
Ordinary Resolution 4	To re-elect the director, James Henry Stewart		
Ordinary Resolution 5	To re-appoint the retiring auditors, Messrs HLB Ler Lum		
Ordinary Resolution 6	Authority to issue shares		
Ordinary Resolution 7	Retention of James Henry Stewart as Independent Director		

(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_________________________2015.

____
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 11 June 2015. Only a depositor whose name appears on the Record of Depositors as at 11 June 2015 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 and the provision of section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *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.*
4. *(i) 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.*

   (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

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