



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### QUARTERLY INTERIM FINANCIAL REPORT

For the Year Ended 31 March 2014

The Directors are pleased to announce the following:-

#### Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2014

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31/03/2014 RM'000	Preceding Year Corresponding Quarter 31/03/2013 RM'000	Current Year To Date 31/03/2014 RM'000	Preceding Year To Date 31/03/2013 RM'000
Revenue		15,338	19,605	50,402	106,255
Cost of sales		<u>(11,238)</u>	<u>(13,946)</u>	<u>(42,280)</u>	<u>(71,882)</u>
<b>Gross profit</b>		4,100	5,659	8,122	34,373
Other operating income		1,127	115	2,950	1,049
Administrative expenses		(1,571)	(1,781)	(5,937)	(6,192)
Distribution costs		(746)	(1,426)	(1,605)	(5,645)
Other operating expenses		<u>(1,117)</u>	<u>247</u>	<u>(1,587)</u>	<u>(2,800)</u>
<b>Operating profit</b>		1,793	2,814	1,943	20,785
Interest income		<u>413</u>	<u>341</u>	<u>1,578</u>	<u>1,313</u>
<b>Profit before tax</b>		2,206	3,155	3,521	22,098
Income tax expense		<u>(416)</u>	<u>(647)</u>	<u>(761)</u>	<u>(5,285)</u>
<b>Profit and total comprehensive income for the year</b>	<b>B14</b>	<u>1,790</u>	<u>2,508</u>	<u>2,760</u>	<u>16,813</u>
Profit/(Loss) and total comprehensive income/(loss) attributable to:-					
Owners of the Company		1,647	2,136	2,903	12,957
Non-controlling interest		<u>143</u>	<u>372</u>	<u>(143)</u>	<u>3,856</u>
		<u>1,790</u>	<u>2,508</u>	<u>2,760</u>	<u>16,813</u>
<b>Earnings per share attributable to owners of the Company:-</b>					
Basic (sen)	<b>B11</b>	<u>1.28</u>	<u>1.66</u>	<u>2.25</u>	<u>10.04</u>
Diluted (sen)	<b>B11</b>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2014

	Note	As At Financial Year Ended 31/03/2014 RM'000	As At Preceding Year Ended 31/03/2013 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	38,326	37,180
Deferred tax assets		7	13
		<u>38,333</u>	<u>37,193</u>
<b>Current assets</b>			
Inventories		14,680	16,169
Trade and other receivables		19,943	26,057
Derivative financial assets		30	-
Current tax assets		1,233	151
Cash and cash equivalents		48,532	60,872
		<u>84,418</u>	<u>103,249</u>
<b>TOTAL ASSETS</b>		<u>122,751</u>	<u>140,442</u>
<b>Equity</b>			
Share capital		25,800	25,800
Share premium		5,812	5,812
Capital reserve		3	3
Retained earnings		41,067	45,904
		<u>72,682</u>	<u>77,519</u>
<b>Non-controlling interest</b>		15,360	17,604
<b>Total equity</b>		<u>88,042</u>	<u>95,123</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,080	3,147
		<u>3,080</u>	<u>3,147</u>
<b>Current liabilities</b>			
Trade and other payables		31,237	39,073
Provisions		261	3,099
Current tax liabilities		131	-
		<u>31,629</u>	<u>42,172</u>
<b>Total liabilities</b>		34,709	45,319
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>122,751</u>	<u>140,442</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Year Ended 31 March 2014

Group	Share capital RM'000	<i>Non-Distributable</i>		<i>Distributable</i>		Non-controlling interest RM'000	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000		
Balance at 1 April 2013	25,800	5,812	3	45,904	77,519	17,603	95,122
Dividends paid	-	-	-	(7,740)	(7,740)	(2,100)	(9,840)
Total comprehensive income/(loss) for the financial year	-	-	-	2,903	2,903	(143)	2,760
Balance at 31 March 2014	<u>25,800</u>	<u>5,812</u>	<u>3</u>	<u>41,067</u>	<u>72,682</u>	<u>15,360</u>	<u>88,042</u>
Balance at 1 April 2012	25,800	5,812	3	49,072	80,687	18,836	99,523
Dividends paid	-	-	-	(16,125)	(16,125)	(5,088)	(21,213)
Total comprehensive income for the financial year	-	-	-	12,957	12,957	3,856	16,813
Balance at 31 March 2013	<u>25,800</u>	<u>5,812</u>	<u>3</u>	<u>45,904</u>	<u>77,519</u>	<u>17,604</u>	<u>95,123</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2014

	Current Financial Year Ended 31/03/2014 RM'000	Preceding Year Corresponding Year Ended 31/03/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,521	22,098
Adjustments for:-		
Depreciation	2,631	2,771
Interest Income	(1,578)	(1,313)
Other Non-cash items	25	31
Other Non-operating items	5	11
Operating profit before working capital changes	<u>4,604</u>	<u>23,598</u>
Changes in working capital:-		
Inventories	1,489	918
Trade and other receivables	6,910	22,673
Trade and other payables	(10,820)	(8,073)
Provisions	(2,838)	1,078
Cash (used in)/generated from operations	<u>(655)</u>	<u>40,194</u>
Tax paid	(2,158)	(8,144)
Tax refund	386	-
<b>Net cash (used in)/generated from operations</b>	<u>(2,427)</u>	<u>32,050</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,784)	(1,438)
Proceeds from disposal of property, plant and equipment	1	-
Interest received	1,426	1,144
<b>Net cash used in investing activities</b>	<u>(2,357)</u>	<u>(294)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(7,740)	(21,213)
<b>Net cash used in financing activities</b>	<u>(7,740)</u>	<u>(21,213)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(12,524)	10,543
Effect of exchange rate fluctuations on cash held	184	(23)
<b>Cash and cash equivalents at beginning of financial year</b>	<u>60,872</u>	<u>50,352</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>48,532</u>	<u>60,872</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2014 - continued**

**Cash and cash equivalents included in the Statement of Cash Flows comprise of the following amounts in Statement of Financial Position:-**

	<b>Current Financial Year Ended 31/03/2014 RM'000</b>	<b>Preceding Year Corresponding Year Ended 31/03/2013 RM'000</b>
Deposits placed with licensed banks	45,033	57,588
Cash and bank balances	<u>3,499</u>	<u>3,284</u>
	<b><u>48,532</u></b>	<b><u>60,872</u></b>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2013.



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2014

### A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL

#### A1. Basis of preparation

These condensed consolidated interim financial statements for the current quarter have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") 134, *Interim Financial Reporting* and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group as at and for the financial year ended 31 March 2013 which was prepared in accordance with the MFRSs. The explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2013.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2013. The following are accounting standards and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") which have been adopted by the Group with effect from 1 April 2013:-

- MFRS 10, *Consolidated Financial Statements*
- MFRS 13, *Fair Value Measurement*
- MFRS 127, *Separate Financial Statements (2011)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*

The adoption of the new and revised MFRSs and Amendments to MFRSs does not have any material impact on the financial statements of the Group.

#### A2. Audit Report

The Audit Report of the Group's annual financial statements for the financial year ended 31 March 2013 was not subject to any audit qualification.

#### A3. Seasonality of interim operations

The fiber optic cables market is observed to be seasonal in nature and dependent on the general economic and business environment. Given the Group's long experience in fiber optic cables market, the Group is well positioned to ameliorate any seasonal fluctuation of demand for its products.

#### A4. Unusual items

There were no significant unusual items that affect the assets, liabilities, equity, net income or cash flows other than those disclosed elsewhere in these notes.

#### A5. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect in the current quarter.

#### A6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

#### A7. Dividends paid

There were no dividends paid during the current quarter (31 March 2013: Nil).



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2014

### A8. Segmental reporting

The Group operates wholly in Malaysia.

The Group's segmental report for the financial year is as follows:-

31 March 2014

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue:</b>						
External revenue	41,465	8,876	62	50,403	-	50,403
Intersegment revenue	-	9,158	16,200	25,358	(25,358)	-
Total revenue	41,465	18,034	16,262	75,761	(25,358)	50,403
Segmental results	(1,853)	1,362	10,320	9,829	(7,679)	2,150
Unallocated expenses						(207)
Operating profit						1,943
Interest income						1,578
Profit before tax						3,521
Income tax expense						(761)
Profit after tax						2,760

31 March 2013

(Restated)

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue:</b>						
External revenue	106,183	-	72	106,255	-	106,255
Intersegment revenue	-	20,589	23,952	44,541	(44,541)	-
Total revenue	106,183	20,589	24,024	150,796	(44,541)	106,255
Segmental results	14,852	3,070	18,761	36,683	(15,711)	20,972
Unallocated expenses						(187)
Operating profit						20,785
Interest income						1,313
Profit before tax						22,098
Income tax expense						(5,285)
Profit after tax						16,813

### A9. Valuations of property, plant and equipment

The Group did not carry out any valuation on its property, plant and equipment.

### A10. Material events subsequent to the end of the interim year

There were no material events subsequent to the end of current quarter that have not been reflected in the financial statements for the current quarter.

### A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2014

### A12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as to the date of this report except the following:-

	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Performance and warranty bonds issued	7,015	24,395

### A13. Significant Related Party Transactions

The significant related party transactions during current quarter and financial year were as follows:-

	Current Quarter 31 Mar 2014 RM'000	Preceding Year Corresponding Quarter 31 Mar 2013 RM'000	Current Year To Date 31 Mar 2014 RM'000	Preceding Year To Date 31 Mar 2013 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:				
Sale of cables	1,432	-	6,723	-
Purchase of accessories	-	3,218	8,163	11,726
Business development commission	524	(77)	1,110	2,263
Corporate shareholder of a subsidiary of the Company:				
Purchase of materials	-	3,584	689	12,598



## **OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2014

### **B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS**

#### **B1. Review of Performance**

The Group registered revenue of RM15.3 million and profit before tax of RM2.2 million in current quarter as compared to revenue and profit before tax of RM19.6 million and RM3.2 million respectively in the preceding year's corresponding quarter. The decrease of revenue in current quarter was mainly due to decrease in customer order for cables and accessories, but mitigated by increase in supply of petroleum based materials.

Performance of the respective operating business segments in the current quarter compared to the preceding year's corresponding quarter is as follows:-

- a) Manufacturing - The decrease in revenue by 36% in current quarter was mainly due to decrease in customer order for cables and accessories.
- b) Trading and Engineering Services - The increase in revenue by 271% in current quarter was due to increase in supply of petroleum based material.
- c) Other Operations - The revenue contribution in current quarter was consistent with preceding year's corresponding quarter.

#### **B2. Variation of results against the immediate preceding quarter**

The Group's revenue increased to RM15.3 million in current quarter as compared to the immediate preceding quarter of RM8.7 million. The Group registered a profit before tax of RM2.2 million in the current quarter as compared to profit before tax of RM0.5 million in the immediate preceding quarter. The increase of revenue in current quarter were mainly due to increase in customer order for cables and accessories, supply of petroleum based materials and rental income.

Performance of the respective operating business segments in the current quarter compared to the immediate preceding quarter is as follows:-

- a) Manufacturing - The increase in revenue by 164% in current quarter was mainly due to increase in customer order for cables and accessories.
- b) Trading and Engineering Services - The increase in revenue by 27% in current quarter was due to increase in supply of petroleum based materials.
- c) Other Operations - The revenue contribution in current quarter was consistent with immediate preceding quarter.

#### **B3. Prospects**

The general business outlook remains challenging for the fiber optics cable industry in Malaysia. However, the Board is of the opinion that the second phase of High Speed Broadband (HSBB) announced by the Malaysian government in year 2013 will contribute to stable sales and shipment of fiber optic cables. The Board is optimistic of the Group's performance in the next financial year ending 31 March 2015.

#### **B4. Profit forecast and profit guarantee**

The Group has not issued any profit forecast and profit guarantee in any public document.



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 March 2014

### B5. Income Tax Expense

	Quarter ended		Financial year ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Tax expense	103	817	823	5,585
Deferred taxation	313	(170)	(62)	(300)
	<u>416</u>	<u>647</u>	<u>761</u>	<u>5,285</u>

The Group recorded tax expense of RM0.42 million for the current quarter and RM0.76 million for current financial year. The Group's effective tax rate was lower than statutory rate due to reversal of overprovision in prior years and adjustments to deferred tax of 1% due to change in statutory tax rate from 25% to 24% effective YA2016.

### B6. Status of corporate proposals as at 22 May 2014

**(being a date not earlier than seven (7) days from the date of issue of the quarterly report)**

Opcom Niaga Sdn. Bhd., the Company's wholly owned subsidiary had on 17 April 2014 entered into Heads of Agreement with Unigel Limited and Hikari Capital Limited, to acquire forty percent (40%) of Unigel (UK) Limited from Unigel Limited.

The corporate proposal expects to be finalise in the second quarter of financial year ending 31 March 2015.

### B7. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 31 March 2014.

### B8. Derivative Financial Instruments

The Group has entered into forward exchange contracts to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currency. The forward exchange contracts have maturities of less than one year after the end of the reporting year.

The Group's derivative financial instruments as at 31 March 2014 as follows:

	Quarter ended		Financial year ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Gain from foreign currency hedging contracts	<u>70</u>	<u>-</u>	<u>70</u>	<u>-</u>

### B9. Material litigation as at 22 May 2014

**(being a date not earlier than seven (7) days from the date of issue of the quarterly report)**

The Group has no outstanding material litigation as at 22 May 2014, being the latest practicable date.

### B10. Dividends

The Company did not declare dividend during the current quarter (31 March 2013: Nil).

Total net dividends declared for the current financial year is 6.00 sen per ordinary share (31 March 2013: 12.50 sen per ordinary share).



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2014

### B11. Earnings per share

	Quarter ended		Financial year ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
Profit and total comprehensive income attributable to owners of the Company (RM'000)	1,647	2,136	2,903	12,957
Total number of ordinary shares in issue ('000)	129,000	129,000	129,000	129,000
<b>Basic earnings per share (sen)</b>	<b>1.28</b>	<b>1.66</b>	<b>2.25</b>	<b>10.04</b>

Note: Computation of diluted earnings for share is not applicable as there are no outstanding shares to be issued.

### B12. Realised and Unrealised Retained Profits

The breakdown of retained profits of the Group as at end of current financial year and end of preceding financial year into realised and unrealised profits or losses is as follows:-

	As at	As at
	31 Mar 2014	31 March 2013
	RM'000	RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	55,842	66,736
- unrealised	(3,511)	(7,284)
	<u>52,331</u>	<u>59,452</u>
ii) Less : Consolidation adjustments	(11,264)	(13,549)
Group total retained profits as per unaudited consolidated accounts	<u>41,067</u>	<u>45,903</u>

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

### B13. Gains/Losses arising from Fair Value Changes in Financial Liabilities

There were no financial liabilities measured at fair value through profit or loss during the current quarter and current financial year.



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 March 2014

### B14. Profit for the Year

	Quarter ended		Financial year ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the year is arrived at after crediting:				
Interest income	413	341	1,578	1,313
Other income	1,127	38	2,950	177
Foreign exchange gain	-	(651)	-	-
and after charging:				
Interest expense	-	-	-	-
Depreciation	680	669	2,631	2,771
Provision for/write off of inventories	128	414	84	414
Foreign exchange loss	89	(393)	236	189

There were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives or exceptional items for current quarter and financial year ended 31 March 2014 (31 March 2013: Nil).