



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### QUARTERLY INTERIM FINANCIAL REPORT

For the Year Ended 31 March 2016

The Directors are pleased to announce the following:-

#### Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2016

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31/03/2016 RM'000	Preceding Year Corresponding Quarter 31/03/2015 RM'000	Current Year To Date 31/03/2016 RM'000	Preceding Year To Date 31/03/2015 RM'000
Revenue		18,979	22,950	102,588	79,446
Cost of sales		(25,750)	(17,517)	(89,051)	(65,812)
<b>Gross (loss)/profit</b>		(6,771)	5,433	13,537	13,634
Other operating income		(2,956)	(553)	2,116	679
Administrative expenses		1,208	(1,681)	(4,172)	(6,363)
Distribution costs		474	(897)	(4,076)	(2,527)
Other operating expenses		8,689	(762)	(732)	(2,058)
Finance costs		(69)	(44)	(69)	(44)
<b>Operating profit</b>		575	1,496	6,604	3,321
Interest income		286	342	1,331	1,339
Share of profit of equity-accounted associates, net of tax		135	152	848	156
<b>Profit before tax</b>		996	1,990	8,783	4,816
Income tax expense		(1,241)	(63)	(3,132)	(821)
<b>(Loss)/Profit for the year</b>	<b>B14</b>	(245)	1,927	5,651	3,995
<b>Other comprehensive income/ (loss) net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Translation differences		296	1,833	(324)	1,833
<b>Profit and total comprehensive income for the</b>		<b>51</b>	<b>3,760</b>	<b>5,327</b>	<b>5,828</b>
(Loss)/Profit for the year attributable to:					
Owners of the Company		86	1,865	6,995	4,442
Non-controlling interest		(331)	62	(1,344)	(447)
		(245)	1,927	5,651	3,995

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2016 (continued)**

	Individual Quarter		Cumulative Quarter	
Note	Current Year Quarter 31/03/2016 RM'000	Preceding Year Corresponding Quarter 31/03/2015 RM'000	Current Year To Date 31/03/2016 RM'000	Preceding Year To Date 31/03/2015 RM'000
Total comprehensive income/(loss) attributable to:				
Owners of the Company	382	3,698	6,671	6,275
Non-controlling interest	<u>(331)</u>	<u>62</u>	<u>(1,344)</u>	<u>(447)</u>
	<u>51</u>	<u>3,760</u>	<u>5,327</u>	<u>5,828</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	<u>B11 0.05</u>	<u>1.16</u>	<u>4.34</u>	<u>2.75</u>
Diluted (sen)	<u>B11 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 2015.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2016

	Note	As At Financial Year Ended 31/03/2016 RM'000	As At Preceding Financial Year Ended 31/03/2015 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	38,346	35,855
Investment in associates		11,869	14,952
Intangible assets		96	-
Deferred tax assets		391	391
		<u>50,702</u>	<u>51,198</u>
<b>Current assets</b>			
Inventories		8,782	9,103
Trade and other receivables		21,128	24,087
Current tax assets		324	1,196
Cash and cash equivalents		40,158	49,457
		<u>70,392</u>	<u>83,843</u>
<b>TOTAL ASSETS</b>		<u>121,094</u>	<u>135,041</u>
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		1,512	1,835
Retained earnings		47,723	43,147
		<u>81,485</u>	<u>77,232</u>
<b>Non-controlling interest</b>		<u>13,570</u>	<u>14,914</u>
<b>Total equity</b>		<u>95,055</u>	<u>92,146</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		2,172	1,947
		<u>2,172</u>	<u>1,947</u>
<b>Current liabilities</b>			
Trade and other payables		19,975	33,349
Provisions		96	198
Derivative financial liabilities		99	-
Bank borrowings		3,287	6,671
Current tax liabilities		410	730
		<u>23,867</u>	<u>40,948</u>
<b>Total liabilities</b>		26,039	42,895
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>121,094</u>	<u>135,041</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 2015.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Year Ended 31 March 2016

Group	<i>Non-Distributable</i>			Translation reserve	<i>Distributable</i>		Non- controlling interest	Total equity
	Share capital	Share premium	Capital reserve		Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 April 2015	32,250	-	3	1,833	43,147	77,233	14,914	92,147
Other comprehensive loss	-	-	-	(324)	-	(324)	-	(324)
(Loss)/Profit for the year	-	-	-	-	6,995	6,995	(1,344)	5,651
Total comprehensive income/ (loss) for the year	-	-	-	(324)	6,995	6,671	(1,344)	5,327
Dividends paid	-	-	-	-	(2,419)	(2,419)	-	(2,419)
Balance at 31 Mar 2016	32,250	-	3	1,509	47,723	81,485	13,570	95,055
Balance at 1 April 2014	25,800	5,812	3	-	40,955	72,570	15,361	87,931
Bonus issues	6,450	(5,812)	-	-	(638)	-	-	-
Other comprehensive income	-	-	-	1,833	-	1,833	-	1,833
(Loss)/Profit for the year	-	-	-	-	4,442	4,442	(447)	3,995
Total comprehensive income/ (loss) for the year	-	-	-	1,833	4,442	6,275	(447)	5,828
Dividends paid	-	-	-	-	(1,613)	(1,613)	-	(1,613)
Balance at 31 Mar 2015	32,250	-	3	1,833	43,146	77,232	14,914	92,146

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 2015.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2016

	Current Financial Year Ended 31/03/2016 RM'000	Preceding Financial Year Ended 31/03/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	8,783	4,816
Adjustments for:-		
Depreciation	2,603	2,639
Interest Income	(1,331)	(1,339)
Other Non-cash items	4,146	992
Other Non-operating items	(862)	5
Operating profit before working capital changes	<u>13,339</u>	<u>7,113</u>
Changes in working capital:-		
Inventories	321	5,374
Trade and other receivables	3,749	(2,653)
Trade and other payables	(13,752)	2,659
Cash from operations	<u>3,657</u>	<u>12,493</u>
Tax paid	<u>(2,355)</u>	<u>(1,703)</u>
<b>Net cash generated from operating activities</b>	<u>1,302</u>	<u>10,790</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,136)	(400)
Proceeds from disposal of property, plant and equipment	53	79
Interest received	1,331	1,339
Investment in associates	-	(9,389)
Refund of cost on investment in associated company	367	-
<b>Net cash used in investing activities</b>	<u>(3,385)</u>	<u>(8,371)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(2,419)	(1,613)
Repayment to corporate shareholder of a subsidiary company	(5,514)	-
<b>Net cash used in financing activities</b>	<u>(7,933)</u>	<u>(1,613)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(10,016)	806
Effect of exchange rate fluctuations on cash held	717	119
<b>Cash and cash equivalents at beginning of financial year</b>	<u>49,457</u>	<u>48,532</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>40,158</u>	<u>49,457</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 2015.



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2016  
(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 31/03/2016 RM'000</b>	<b>Preceding Financial Year Ended 31/03/2015 RM'000</b>
Deposits placed with licensed banks	13,200	45,500
Cash and bank balances	<u>26,958</u>	<u>3,957</u>
	<u>40,158</u>	<u>49,457</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 2015.



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2016

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

#### 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 2015 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 2015.

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 2015. 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 2014:-

- 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, *Separate Financial Statements (2011): 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 Accounting*
- IC Interpretation 21, *Levies*

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 2015 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 2015: Nil).



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2016

### A8. Segmental reporting

The Group operates wholly in Malaysia.

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

31 March 2016

<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	80,692	21,828	68	102,588	-	102,588
Intersegment revenue		36,452	9,950	46,402	(46,402)	-
Total revenue	80,692	58,280	10,018	148,990	(46,402)	102,588
Segmental results	(5,439)	9,325	2,740	6,626	(249)	6,377
Unallocated expenses						296
Operating profit						6,673
Interest income						1,331
Finance costs						(69)
Share of results of associated companies						848
Profit before tax						8,783
Income tax expense						(3,132)
Profit after tax						5,651

31 March 2015

<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	50,065	29,314	67	79,446	-	79,446
Intersegment revenue		12,894	9,598	22,492	(22,492)	-
Total revenue	50,065	42,208	9,665	101,938	(22,492)	79,446
Segmental results	(3,474)	2,979	3,727	3,232	412	3,644
Unallocated expenses						(279)
Operating profit						3,365
Interest income						1,339
Finance costs						(44)
Share of results of associated companies						156
Profit before tax						4,816
Income tax expense						(821)
Profit after tax						3,995

### 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

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Notes on the Quarterly Interim Financial Report - 31 March 2016

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

There were no contingent liabilities or contingent assets as to the date of this report.

### A13. Significant related party transactions

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

	Current Quarter 31 Mar 2016 RM'000	Preceding Year Corresponding Quarter 31 Mar 2015 RM'000	Current Year To Date 31 Mar 2016 RM'000	Preceding Year To Date 31 Mar 2015 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:				
Sale of cables	-	278	-	460
Purchase of accessories	1,939	1,175	5,502	3,345
Business development commission	14	639	2,738	1,022
Associate of a subsidiary of the Company:				
Sale of industrial materials	4,369	8,664	20,697	12,032
Purchase of industrial materials	119	228	1,217	465



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2016

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

#### B1. Review of performance

The Group registered revenue of RM19.0 million and profit before tax of RM1.0 million in current quarter as compared to revenue and profit before tax of RM23.0 million and RM2.0 million respectively in the preceding year's corresponding quarter. The decrease of revenue in current quarter were mainly due to decrease in customer order for cables and accessories and supply of industrial materials.

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

- a) Manufacturing - The decrease in revenue by 8.5% in current quarter was mainly due to decrease in customer order for cables and accessories.
- b) Trading and Engineering Services - The decrease in revenue by 33.5% in current quarter was due to decrease in supply of industrial materials.
- 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 decreased to RM19.0 million in current quarter as compared to the immediate preceding quarter of RM29.1 million. The Group registered a profit before tax of RM1.0 million in the current quarter as compared to profit before tax of RM3.0 million in the immediate preceding quarter. The decrease of revenue in current quarter were mainly due to decrease in customer order for cables and accessories.

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

- a) Manufacturing - The decrease in revenue by 44.8% 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 19.1% in current quarter was due to increase in supply of industrial materials.
- c) Other Operations - The revenue contribution in current quarter was consistent with immediate preceding quarter.

#### B3. Prospects

Despite the weakening of the Malaysian Ringgit and challenging business environment in Malaysia, Opcom has been able to maintain its business activities for the financial year, registering revenue growth of 29.0% compared to the preceding financial year. In October 2015, Opcom has started the implementation of a three-year Engineering Services Contract worth RM67.8 million. In addition, Opcom's new manufacturing business, the manufacturing of thixotropic gel, is expected to commence commercial production at the beginning of the second quarter of the new financial year which is expected to contribute positively to the Group's business prospects.

The Board is cautiously optimistic of the Group's performance in the forthcoming financial year.

#### 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 2016

### B5. Income tax expense

	Quarter ended		Financial year ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Tax expense	263	901	2,907	2,302
Deferred taxation	978	(838)	225	(1,481)
	<u>1,241</u>	<u>63</u>	<u>3,132</u>	<u>821</u>

The effective tax rate for current quarter and current financial year is higher than statutory tax rate due to certain expenses not allowable for tax purposes during the financial year.

### B6. Status of corporate proposals as at 31 May 2016 (being a date not earlier than seven (7) days from the date of issue of the quarterly report)

There was no corporate proposal announced but not completed as at 31 May 2016.

### B7. Group borrowings and debt securities

At the end of the reporting year, the Group has obtained foreign currency trade and other credit facilities from a local bank. The bank borrowings are unsecured, short-term and are denominated in United States Dollar.

	As at 31 Mar 2016 RM'000	As at 31 Mar 2015 RM'000
<b>Unsecured:</b>		
Foreign currency trade facilities	<u>3,287</u>	<u>6,671</u>

### 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 2016 as follows:

	Quarter ended		Financial year ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Loss/(Gain) from foreign currency hedging contracts	<u>168</u>	<u>-</u>	<u>99</u>	<u>(18)</u>

### B9. Material litigation as at 31 May 2016 (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 31 May 2016, being the latest practicable date.

### B10. Dividends

The Company did not declare dividend during the current quarter (31 March 2015: Nil).

Total net dividends declared for the current financial year is 1.50 sen per ordinary share (31 March 2015: 1.25 sen per ordinary share).



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 March 2016

### B11. Earnings per share

	Quarter ended		Financial year ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Profit for the year attributable to owners of the Company (RM'000)	86	1,865	6,995	4,442
Total number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
<b>Basic earnings per share (sen)</b>	<b>0.05</b>	<b>1.16</b>	<b>4.34</b>	<b>2.75</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 are as follows:-

	As at	As at
	31 Mar 2016 RM'000	31 March 2015 RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	57,544	55,029
- unrealised	(1,243)	(1,377)
	56,301	53,652
ii) Associated companies		
- realised	848	156
	57,149	53,808
iii) Less : Consolidation adjustments	(9,426)	(10,661)
Group total retained profits as per unaudited consolidated accounts	47,723	43,147

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.



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 March 2016

### B13. (Loss)/Profit for the year

	Quarter ended		Financial year ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the year is arrived at after crediting:				
Interest income	286	342	1,331	1,339
Other income	1,942	608	2,116	679
Gain on derivatives	-	-	-	18
Foreign exchange gain	(4,016)	(783)	882	378
and after charging:				
Depreciation	649	653	2,603	2,639
Loss on derivatives	99	-	99	-
Provision for/write off of inventories	(527)	(33)	(157)	23
Foreign exchange loss	(7,234)	(657)	-	-

There were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets or exceptional items for current quarter and financial year ended 31 March 2016 (31 March 2015: Nil).