



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 31 March 2017

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2017

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/03/2017 RM'000	Preceding Year Corresponding Quarter 31/03/2016 RM'000	Current Year To Date 31/03/2017 RM'000	Preceding Year To Date 31/03/2016 RM'000
Revenue		22,416	18,979	93,418	102,588
Cost of sales		<u>(19,753)</u>	<u>(18,451)</u>	<u>(74,918)</u>	<u>(81,752)</u>
Gross profit		2,663	528	18,500	20,836
Other operating income		(191)	1,439	2,131	6,511
Administrative expenses		(1,823)	(4,674)	(9,243)	(10,054)
Distribution costs		(564)	429	(2,921)	(4,121)
Other operating expenses		683	5,481	(2,787)	(3,939)
Impairment loss on investment in associated companies		-	(3,202)	-	(3,202)
Finance costs		<u>(44)</u>	<u>(69)</u>	<u>(129)</u>	<u>(69)</u>
Operating profit/(loss)		724	(68)	5,551	5,962
Interest income		426	419	1,025	1,464
Share of profit of equity-accounted associates, net of tax		<u>305</u>	<u>158</u>	<u>1,537</u>	<u>871</u>
Profit before tax		1,455	509	8,113	8,297
Income tax expense		<u>(278)</u>	<u>(951)</u>	<u>(2,208)</u>	<u>(2,842)</u>
Profit/(Loss) for the period/year	B13	1,177	(442)	5,905	5,455
Other comprehensive income/ (expenses), net of tax					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		<u>(402)</u>	<u>250</u>	<u>2,813</u>	<u>(370)</u>
Profit/(Loss) and total comprehensive income/(expenses) for the period/year		<u>775</u>	<u>(192)</u>	<u>8,718</u>	<u>5,085</u>



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Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2017 (continued)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/03/2017 RM'000	Preceding Year Corresponding Quarter 31/03/2016 RM'000	Current Year To Date 31/03/2017 RM'000	Preceding Year To Date 31/03/2016 RM'000
Profit/(Loss) for the period/year attributable to:					
Owners of the Company		1,586	515	7,178	7,425
Non-controlling interest		(409)	(957)	(1,273)	(1,970)
		<u>1,177</u>	<u>(442)</u>	<u>5,905</u>	<u>5,455</u>
Total comprehensive income/(expenses) attributable to:-					
Owners of the Company		1,184	765	9,991	7,055
Non-controlling interest		(409)	(957)	(1,273)	(1,970)
		<u>775</u>	<u>(192)</u>	<u>8,718</u>	<u>5,085</u>
Earnings per share attributable to owners of the Company:-					
Basic (sen)	B11	<u>0.98</u>	<u>0.32</u>	<u>4.45</u>	<u>4.60</u>
Diluted (sen)	B11	<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 2016.



OPCOM HOLDINGS BERHAD

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Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2017

	Note	As At Financial Year Ended 31/03/2017 RM'000	As At Preceding Financial Year Ended 31/03/2016 RM'000
Non-current assets			
Property, plant and equipment	A9	42,272	38,345
Investment in associates		16,575	13,172
Deferred tax assets		31	6
		<u>58,878</u>	<u>51,523</u>
Current assets			
Inventories		9,983	7,942
Trade and other receivables		26,223	21,367
Current tax assets		909	327
Cash and cash equivalents		35,776	40,158
		<u>72,891</u>	<u>69,794</u>
TOTAL ASSETS		<u>131,769</u>	<u>121,317</u>
Equity			
Share capital		32,250	32,250
Reserves		4,278	1,465
Retained earnings		52,106	48,153
		<u>88,634</u>	<u>81,868</u>
Non-controlling interest		11,671	12,944
Total equity		<u>100,305</u>	<u>94,812</u>
Non-current liabilities			
Deferred tax liabilities		1,714	1,520
		<u>1,714</u>	<u>1,520</u>
Current liabilities			
Trade and other payables		25,594	21,093
Provisions		135	96
Derivative financial liabilities		-	99
Bank borrowings		3,898	3,287
Current tax liabilities		123	410
		<u>29,750</u>	<u>24,985</u>
Total liabilities		31,464	26,505
TOTAL EQUITY AND LIABILITIES		<u>131,769</u>	<u>121,317</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 2016.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Year Ended 31 March 2017

Group	<i>Non-Distributable</i>			<i>Distributable</i>	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained earnings RM'000			
Balance at 1 April 2016	32,250	3	1,462	48,153	81,868	12,944	94,812
Profit/(Loss) and total comprehensive income for the year	-	-	2,813	7,178	9,991	(1,273)	8,718
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance at 31 March 2017	<u>32,250</u>	<u>3</u>	<u>4,275</u>	<u>52,106</u>	<u>88,634</u>	<u>11,671</u>	<u>100,305</u>
Balance at 1 April 2015	32,250	3	1,832	43,147	77,232	14,914	92,146
Profit/(Loss) and total comprehensive income for the year	-	-	(370)	7,425	7,055	(1,970)	5,085
Dividend paid	-	-	-	(2,419)	(2,419)	-	(2,419)
Balance at 31 March 2016	<u>32,250</u>	<u>3</u>	<u>1,462</u>	<u>48,153</u>	<u>81,868</u>	<u>12,944</u>	<u>94,812</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 2016.



OPCOM HOLDINGS BERHAD

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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2017

	Current Financial Year Ended 31/03/2017 RM'000	Preceding Financial Year Corresponding Year Ended 31/03/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,113	8,297
Adjustments for:-		
Depreciation	2,984	2,603
Interest Income	(1,025)	(1,464)
Other Non-cash items	(188)	(1,170)
Other Non-operating items	(1,484)	(2,099)
Operating profit before working capital changes	8,400	6,167
Changes in working capital:-		
Inventories	(1,735)	2,102
Trade and other receivables	(3,536)	3,532
Trade and other payables	4,039	(4,230)
Provisions	39	(99)
Cash from operations	7,207	7,472
Tax paid	(2,924)	(3,529)
Income tax refunded	28	1,174
Liquid damages paid	(34)	(3)
Net cash generated from operating activities	4,277	5,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,715)	(5,136)
Proceeds from disposal of property, plant and equipment	74	53
Interest received	1,025	1,464
(Addition)/Refund from investment in associates	(233)	367
Net cash used in investing activities	(5,849)	(3,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,225)	(2,419)
Repayments to corporate shareholder of a subsidiary	-	(5,514)
Proceeds/(Repayments) of bank borrowings	164	(3,877)
Finance costs paid	(129)	(68)
Net cash used in financing activities	(3,190)	(11,878)
Net decrease in cash and cash equivalents	(4,762)	(10,016)
Effect of exchange rate fluctuations on cash held	380	717
Cash and cash equivalents at beginning of financial year	40,158	49,457
Cash and cash equivalents at end of financial year	35,776	40,158



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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2017
(continued)**

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

	Current Financial Year Ended 31/03/2017 RM'000	Preceding Financial Year Corresponding Year Ended 31/03/2016 RM'000
Deposits placed with licensed banks	23,750	13,200
Cash and bank balances	12,026	26,958
	<u>35,776</u>	<u>40,158</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 2016.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2017

A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRSs”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

These condensed consolidated interim financial statements for the current quarter have been prepared in accordance with MFRS 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 2016 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 2016.

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 2016. The following are accounting standards and amendments that have been issued by the Malaysian Accounting Standards Board which have been adopted by the Group with effect from 1 April 2016:-

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

The adoption of these 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 2016 was not subject to any audit qualification.

A3. Seasonality of Interim Operations

The fiber optic cables, engineering services and thixotropic gel markets are subject to seasonal demands, and dependent on both the local and global economic and business environment. Given its experience in these markets, 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 2016: Nil).



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Notes on the Quarterly Interim Financial Report - 31 March 2017

A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

31 March 2017

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Consolidated RM'000
Revenue:				
External revenue	69,010	24,340	68	93,418
Segmental results	9,099	173	(3,592)	5,680
Interest income				1,025
Finance costs				(129)
Share of results of associated companies				1,537
Profit before tax				8,113
Income tax expense				(2,208)
Profit for the year				5,905

31 March 2016

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Consolidated RM'000
Revenue:				
External revenue	80,692	21,828	68	102,588
Segmental results	8,272	1,833	(4,074)	6,031
Interest income				1,464
Finance costs				(69)
Share of results of associated companies				871
Profit before tax				8,297
Income tax expense				(2,842)
Profit for the year				5,455

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 Financial Year

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

A11. Changes in the Composition of the Group

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

A12. Changes in Contingent Assets or Contingent Liabilities

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



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Notes on the Quarterly Interim Financial Report - 31 March 2017

A13. Significant Related Party Transactions

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

	Quarter Ended		Financial Year Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	38	1,939	3,331	5,502
Business development commission	373	14	1,419	2,738
Plant and machineries rental	53	-	158	-
Capital equipment, project management and engineering works	-	-	2,960	-
Associate of a subsidiary of the Company:-				
Sale of industrial materials	2,046	4,369	14,974	20,697
Sale of thixotropic gel	8,137	-	8,137	-
Purchase of raw materials	753	119	1,340	1,217
Engineering works and project management	-	-	578	-



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Notes on the Quarterly Interim Financial Report - 31 March 2017

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

B1. Review of Performance

The Group registered revenue of RM22.4 million and profit before tax of RM1.5 million in current quarter as compared to revenue and profit before tax of RM19.0 million and RM0.5 million respectively in the preceding year's corresponding quarter. The increase of revenue in current quarter were mainly due to increase in the supply of thixotropic gel and engineering services work.

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 increase in revenue by 21.7% in current quarter was mainly due to the increase in the supply of thixotropic gel to customers.
- b) Trading and Engineering Services - The increase in revenue by 9.2% in current quarter was due to increase in engineering services work.
- c) Other Operations - The increase in revenue by 2.0% in current quarter was due to increase in rental income.

B2. Variation of Results Against the Immediate Preceding Quarter

The Group's revenue increased to RM22.4 million in current quarter as compared to the immediate preceding quarter of RM21.1 million. The Group registered a profit before tax of RM1.5 million in the current quarter as compared to profit before tax of RM0.9 million in the immediate preceding quarter. The increase of revenue in current quarter were mainly due increase in the supply of thixotropic gel and trading of industrial materials.

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

- a) Manufacturing - The increase in revenue by 5.0% in current quarter was mainly due to the increase in the supply of thixotropic gel to customers.
- b) Trading and Engineering Services - The increase in revenue by 9.9% in current quarter was due to increase in the trading of industrial materials.
- c) Other Operations - The revenue contribution in current quarter was consistent with immediate preceding quarter.

B3. Prospects

The Group's profit margin continues to be affected by the strengthening of the US Dollar, increased price of optical fibers and the challenging business environment in Malaysia. During the financial year, OPCOM has expanded its business operations to include the manufacture of thixotropic gels and HDPE sub-ducts which have started to contribute to the profitability of the Group.

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

B4. Profit Forecast and Profit Guarantee

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



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Notes on the Quarterly Interim Financial Report - 31 March 2017

B5. Income Tax Expense

	Quarter Ended		Financial Year Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Tax expense	11	232	1,856	2,876
Deferred taxation	267	719	352	(34)
	<u>278</u>	<u>951</u>	<u>2,208</u>	<u>2,842</u>

The effective tax rate for current quarter is lower than the statutory tax rate was due to reversal of provision of tax. For current financial year, effective tax rate is slightly above the statutory tax rate due to expenses not deductible.

B6. Status of corporate proposals as at 31 May 2017

(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 2017.

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	As at
	31/03/2017	31/03/2016
	RM'000	RM'000
Unsecured:		
Foreign currency trade facilities	<u>3,898</u>	<u>4,301</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 2017 as follows:-

	Quarter Ended		Financial Year Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
(Gain)/Loss from foreign currency hedging contracts	<u>-</u>	<u>(69)</u>	<u>112</u>	<u>(69)</u>

B9. Material litigation as at 31 May 2017

(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 2017, being the latest practicable date.



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Notes on the Quarterly Interim Financial Report - 31 March 2017

B10. Dividends

The Company did not declare dividends during the current quarter (31 March 2016: Nil).

Total net dividends declared for the current financial year is 2.00 sen per ordinary share (31 March 2016: 1.50 sen per ordinary share).

B11. Earnings Per Share

	Quarter Ended		Financial Year Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Profit for the year attributable to owners of the Company (RM'000)	1,586	515	7,178	7,425
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
Basic earnings per share (sen)	0.98	0.32	4.45	4.60

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
	31/03/2017 RM'000	31/03/2016 RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	56,090	57,438
- unrealised	(641)	(1,512)
	55,449	55,926
ii) Associated companies		
- realised	1,537	1,027
	56,986	56,953
iii) Less : Consolidation adjustments	(4,880)	(8,800)
Group total retained profits as per unaudited consolidated accounts	52,106	48,153

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.



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B13. Profit/(Loss) for the Period/Year

	Quarter Ended		Financial Year Ended	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Profit/(Loss) for the period/year is arrived at after crediting:-				
Interest income	426	419	1,025	1,464
Other income	359	4,528	457	6,232
Foreign exchange gain	(550)	(5,967)	1,674	279
and after charging:-				
Depreciation	695	649	2,984	2,603
Provision for/write off of inventories	(153)	99	40	99
Loss on derivatives	-	(527)	112	(157)
Foreign exchange loss	2,459	(7,234)	4,698	-

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 2017 (31 March 2016: Nil).