



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### QUARTERLY INTERIM FINANCIAL REPORT

For the Year Ended 30 June 2016

The Directors are pleased to announce the following:-

#### Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 June 2016

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2016 RM'000	Preceding Year Corresponding Quarter 30/06/2015 RM'000	Current Year To Date 30/06/2016 RM'000	Preceding Year To Date 30/06/2015 RM'000
Revenue		26,486	27,715	26,486	27,715
Cost of sales		<u>(20,365)</u>	<u>(20,825)</u>	<u>(20,365)</u>	<u>(20,825)</u>
<b>Gross profit</b>		6,121	6,890	6,121	6,890
Other operating income		1,025	278	1,025	278
Administrative expenses		(2,078)	(1,583)	(2,078)	(1,583)
Distribution costs		(1,556)	(1,632)	(1,556)	(1,632)
Other operating expenses		(624)	(883)	(624)	(883)
Finance costs		<u>(24)</u>	<u>(17)</u>	<u>(24)</u>	<u>(17)</u>
<b>Operating profit</b>		2,864	3,053	2,864	3,053
Interest income		170	375	170	375
Share of profit of equity-accounted associates, net of tax		<u>136</u>	<u>(261)</u>	<u>136</u>	<u>(261)</u>
<b>Profit before tax</b>		3,170	3,167	3,170	3,167
Income tax expense		<u>(771)</u>	<u>(902)</u>	<u>(771)</u>	<u>(902)</u>
<b>Profit for the period</b>	<b>B13</b>	2,399	2,265	2,399	2,265
<b>Other comprehensive income net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		<u>599</u>	<u>211</u>	<u>599</u>	<u>211</u>
<b>Profit and total comprehensive income for the period</b>		<u>2,998</u>	<u>2,476</u>	<u>2,998</u>	<u>2,476</u>
Profit for the period attributable to:					
Owners of the Company		2,403	2,236	2,403	2,236
Non-controlling interest		<u>(4)</u>	<u>29</u>	<u>(4)</u>	<u>29</u>
		<u>2,399</u>	<u>2,265</u>	<u>2,399</u>	<u>2,265</u>



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 June 2016 (continued)**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2016 RM'000	Preceding Year Corresponding Quarter 30/06/2015 RM'000	Current Year To Date 30/06/2016 RM'000	Preceding Year To Date 30/06/2015 RM'000
Total comprehensive income attributable to:					
Owners of the Company		3,002	2,447	3,002	2,447
Non-controlling interest		(4)	29	(4)	29
		<u>2,998</u>	<u>2,476</u>	<u>2,998</u>	<u>2,476</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	B11	<u>1.49</u>	<u>1.39</u>	<u>1.49</u>	<u>1.39</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

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2016

	Note	As At Financial Period Ended 30/06/2016 RM'000	As At Preceding Financial Year Ended 31/03/2016 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	38,823	38,345
Investment in associates		13,682	13,172
Deferred tax assets		6	6
		<u>52,511</u>	<u>51,523</u>
<b>Current assets</b>			
Inventories		9,384	7,942
Trade and other receivables		31,980	21,367
Current tax assets		269	327
Cash and cash equivalents		41,311	40,158
		<u>82,944</u>	<u>69,794</u>
<b>TOTAL ASSETS</b>		<u>135,455</u>	<u>121,317</u>
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		2,064	1,465
Retained earnings		50,556	48,153
		<u>84,870</u>	<u>81,868</u>
<b>Non-controlling interest</b>		<u>12,940</u>	<u>12,944</u>
<b>Total equity</b>		<u>97,810</u>	<u>94,812</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,532	1,520
		<u>1,532</u>	<u>1,520</u>
<b>Current liabilities</b>			
Trade and other payables		30,702	21,093
Provisions		631	96
Derivative financial liabilities		99	99
Bank borrowings		4,234	3,287
Current tax liabilities		447	410
		<u>36,113</u>	<u>24,985</u>
<b>Total liabilities</b>		37,645	26,505
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>135,455</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 Period Ended 30 June 2016

Group	<i>Non-Distributable</i>			<i>Distributable</i>	Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 April 2016	32,250	3	1,462	48,153	81,868	12,944	94,812
Profit and total comprehensive income for the period	-	-	599	2,403	3,002	(4)	2,998
Balance at 30 June 2016	<u>32,250</u>	<u>3</u>	<u>2,061</u>	<u>50,556</u>	<u>84,870</u>	<u>12,940</u>	<u>97,810</u>
Balance at 1 April 2015	32,250	3	1,832	43,147	77,232	14,914	92,146
Profit and total comprehensive income for the period	-	-	211	2,236	2,447	29	2,476
Balance at 30 June 2015	<u>32,250</u>	<u>3</u>	<u>2,043</u>	<u>45,383</u>	<u>79,679</u>	<u>14,943</u>	<u>94,622</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**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 June 2016**

	<b>Current Financial Period Ended 30/06/2016 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/06/2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,170	3,167
Adjustments for:-		
Depreciation	649	644
Interest Income	(170)	(375)
Other Non-cash items	(1,662)	899
Other Non-operating items	(401)	(130)
Operating profit before working capital changes	<u>1,586</u>	<u>4,205</u>
Changes in working capital:-		
Inventories	(1,442)	(1,859)
Trade and other receivables	(10,604)	(12,477)
Trade and other payables	13,099	8,591
Provisions	(535)	(408)
Cash from operations	<u>2,104</u>	<u>(1,948)</u>
Tax paid	(664)	(899)
<b>Net cash generated from/(used in) operating activities</b>	<u>1,440</u>	<u>(2,847)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,155)	(72)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	159	315
<b>Net cash (used in)/from investing activities</b>	<u>(996)</u>	<u>243</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	-	-
Proceeds/(Repayments) of bank borrowings	947	(55)
Finance costs paid	(24)	(17)
Repayment to corporate shareholder of a subsidiary company	-	-
<b>Net cash from/(used in) financing activities</b>	<u>923</u>	<u>(72)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,367	(2,676)
Effect of exchange rate fluctuations on cash held	(214)	2
<b>Cash and cash equivalents at beginning of financial period</b>	<u>40,158</u>	<u>49,457</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>41,311</u>	<u>46,783</u>



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 June 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 Period Ended 30/06/2016 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/06/2015 RM'000</b>
Deposits placed with licensed banks	14,740	44,900
Cash and bank balances	26,571	1,883
	<u>41,311</u>	<u>46,783</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 - 30 June 2016

### 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 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 (30 June 2015: Nil).



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2016

### A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

30 June 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	19,748	6,721	17	26,486	-	26,486
Intersegment revenue	-	7,289	2,500	9,789	(9,789)	-
Total revenue	19,748	14,010	2,517	36,275	(9,789)	26,486
Segmental results	(110)	1,944	913	2,747	170	2,917
Unallocated expenses						(29)
Operating profit						2,888
Interest income						170
Finance costs						(24)
Share of results of associated companies						136
Profit before tax						3,170
Income tax expense						(771)
Profit after tax						2,399

30 June 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	20,171	7,526	18	27,715	-	27,715
Intersegment revenue	-	9,762	2,382	12,144	(12,144)	-
Total revenue	20,171	17,288	2,400	39,859	(12,144)	27,715
Segmental results	(94)	2,304	985	3,195	(95)	3,100
Unallocated expenses						(30)
Operating profit						3,070
Interest income						375
Finance costs						(17)
Share of results of associated companies						(261)
Profit before tax						3,167
Income tax expense						(902)
Profit after tax						2,265



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2016

### 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.

### A12. Changes in Contingent Assets or Contingent Liabilities

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 period are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2016 RM'000	Preceding Year Corresponding Quarter 30/06/2015 RM'000	Current Year To Date 30/06/2016 RM'000	Preceding Year To Date 30/06/2015 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	1,844	727	1,844	727
Business development commission	110	544	110	544
Associate of a subsidiary of the Company:-				
Sale of industrial materials	4,976	7,526	4,976	7,526
Purchase of industrial materials	260	368	260	368



## **OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2016

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

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

The Group registered revenue of RM26.4 million and profit before tax of RM3.2 million in current quarter as compared to revenue and profit before tax of RM27.7 million and RM3.2 million respectively in the preceding year's corresponding quarter. The decrease of revenue in current quarter were mainly due to temporary slowdown in shipment of goods to customers 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 2.1% in current quarter was mainly due to a temporary slowdown in shipment of goods to customers.
- b) Trading and Engineering Services - The decrease in revenue by 10.7% 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 increased to RM26.4.0 million in current quarter as compared to the immediate preceding quarter of RM19.0 million. The Group registered a profit before tax of RM3.2 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.

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 45.5% 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 24.6% 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 period. 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 remaining quarters of the current 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**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2016

**B5. Income Tax Expense**

	Quarter Ended		Financial Period Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Tax expense	759	620	759	620
Deferred taxation	12	282	12	282
	<u>771</u>	<u>902</u>	<u>771</u>	<u>902</u>

The effective tax rate for current quarter and current financial period is consistent with the statutory tax rate.

**B6. Status of corporate proposals as at 25 August 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 25 August 2016.

**B7. Group Borrowings and Debt Securities**

At the end of the reporting period, 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 30/06/2016 RM'000	As at 30/06/2015 RM'000
<b>Unsecured:</b>		
Foreign currency trade facilities	<u>4,234</u>	<u>6,616</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 period.

The Group's derivative financial instruments as at 30 June 2016 as follows:-

	Quarter Ended		Financial Period Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Gain from foreign currency hedging contracts	<u>(54)</u>	<u>-</u>	<u>(54)</u>	<u>-</u>

**B9. Material litigation as at 25 August 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 25 August 2016, being the latest practicable date.

**B10. Dividends**

The Company did not declare dividend during the current quarter (30 June 2015: Nil).

No dividend declared for the current financial period (30 June 2015: Nil)



**OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2016

**B11. Earnings Per Share**

	Quarter Ended		Financial Period Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Profit for the year attributable to owners of the Company (RM'000)	2,403	2,236	2,403	2,236
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
<b>Basic earnings per share (sen)</b>	<u>1.49</u>	<u>1.39</u>	<u>1.49</u>	<u>1.39</u>

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 30/06/2016 RM'000	As at 31/03/2016 RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	57,193	57,438
- unrealised	1,002	(1,512)
	<u>58,195</u>	<u>55,926</u>
ii) Associated companies		
- realised	136	1,027
	<u>58,331</u>	<u>56,953</u>
iii) Less : Consolidation adjustments	(7,775)	(8,800)
Group total retained profits as per unaudited consolidated accounts	<u>50,556</u>	<u>48,153</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.



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2016

### B13. Profit for the Period

	Quarter Ended		Financial Period Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:-				
Interest income	170	375	170	375
Other income	4	75	4	75
Gain on derivatives	54	-	54	-
Foreign exchange gain	1,021	203	1,021	203
and after charging:-				
Depreciation	649	644	649	644
Provision for/write off of inventories	184	182	184	182
Foreign exchange loss	529	104	529	104

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 period ended 30 June 2016 (30 June 2015: Nil).