



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 31 December 2016

The Directors are pleased to announce the following:-

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

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31/12/2016 RM'000	Preceding Year Corresponding Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2016 RM'000	Preceding Year To Date 31/12/2015 RM'000
Revenue		21,103	29,128	71,002	83,609
Cost of sales		<u>(17,282)</u>	<u>(22,495)</u>	<u>(55,165)</u>	<u>(61,744)</u>
<b>Gross profit</b>		3,821	6,633	15,837	21,865
Other operating income		1,114	2,994	2,333	5,072
Administrative expenses		(2,294)	(2,144)	(7,420)	(6,881)
Distribution costs		(93)	(1,527)	(2,357)	(4,550)
Other operating expenses		(2,233)	(3,888)	(3,481)	(9,421)
Finance costs		<u>(36)</u>	<u>(15)</u>	<u>(85)</u>	<u>(56)</u>
<b>Operating profit</b>		279	2,053	4,827	6,029
Interest income		207	301	599	1,045
Share of profit of equity-accounted associates, net of tax		<u>444</u>	<u>665</u>	<u>1,232</u>	<u>713</u>
<b>Profit before tax</b>		930	3,019	6,658	7,787
Income tax expense		<u>(424)</u>	<u>(664)</u>	<u>(1,930)</u>	<u>(1,891)</u>
<b>Profit for the period</b>	<b>B13</b>	506	2,355	4,728	5,896
<b>Other comprehensive income, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		<u>2,002</u>	<u>(23)</u>	<u>3,215</u>	<u>(620)</u>
<b>Profit and total comprehensive income for the period</b>		<u>2,508</u>	<u>2,332</u>	<u>7,943</u>	<u>5,276</u>
Profit for the period attributable to:					
Owners of the Company		1,283	2,698	5,592	6,909
Non-controlling interest		<u>(777)</u>	<u>(343)</u>	<u>(864)</u>	<u>(1,013)</u>
		<u>506</u>	<u>2,355</u>	<u>4,728</u>	<u>5,896</u>



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2016 RM'000	Preceding Year Corresponding Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2016 RM'000	Preceding Year To Date 31/12/2015 RM'000
Total comprehensive income attributable to:-				
Owners of the Company	3,285	2,675	8,807	6,289
Non-controlling interest	<u>(777)</u>	<u>(343)</u>	<u>(864)</u>	<u>(1,013)</u>
	<u>2,508</u>	<u>2,332</u>	<u>7,943</u>	<u>5,276</u>
<b>Earnings per share attributable to owners of the Company:-</b>				
Basic (sen)	<u>B11 0.80</u>	<u>1.67</u>	<u>3.47</u>	<u>4.28</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 2016.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

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

	Note	As At Financial Period Ended 31/12/2016 RM'000	As At Preceding Financial Year Ended 31/03/2016 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	41,741	38,345
Investment in associates		16,222	13,172
Deferred tax assets		6	6
		<u>57,969</u>	<u>51,523</u>
<b>Current assets</b>			
Inventories		11,189	7,942
Trade and other receivables		25,342	21,367
Current tax assets		589	327
Cash and cash equivalents		37,639	40,158
		<u>74,759</u>	<u>69,794</u>
<b>TOTAL ASSETS</b>		<u>132,728</u>	<u>121,317</u>
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		4,680	1,465
Retained earnings		50,520	48,153
		<u>87,450</u>	<u>81,868</u>
<b>Non-controlling interest</b>		<u>12,080</u>	<u>12,944</u>
<b>Total equity</b>		<u>99,530</u>	<u>94,812</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,640	1,520
		<u>1,640</u>	<u>1,520</u>
<b>Current liabilities</b>			
Trade and other payables		25,879	21,093
Provisions		150	96
Derivative financial liabilities		-	99
Bank borrowings		5,257	3,287
Current tax liabilities		272	410
		<u>31,558</u>	<u>24,985</u>
<b>Total liabilities</b>		<u>33,198</u>	<u>26,505</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>132,728</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 31 December 2016

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 and total comprehensive income for the period	-	-	3,215	5,592	8,807	(864)	7,943
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance at 31 December 2016	<u>32,250</u>	<u>3</u>	<u>4,677</u>	<u>50,520</u>	<u>87,450</u>	<u>12,080</u>	<u>99,530</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	-	-	(620)	6,909	6,289	(1,013)	5,276
Dividend paid	-	-	-	(2,419)	(2,419)	-	(2,419)
Balance at 31 December 2015	<u>32,250</u>	<u>3</u>	<u>1,212</u>	<u>47,637</u>	<u>81,102</u>	<u>13,901</u>	<u>95,003</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 31 December 2016**

	<b>Current Financial Period Ended 31/12/2016 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 31/12/2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,658	7,787
Adjustments for:-		
Depreciation	2,289	1,954
Interest Income	(599)	(1,045)
Other Non-cash items	573	(1,550)
Other Non-operating items	(1,232)	(53)
Operating profit before working capital changes	<u>7,689</u>	<u>7,093</u>
Changes in working capital:-		
Inventories	(3,243)	(3,109)
Trade and other receivables	(1,388)	(14,385)
Trade and other payables	2,207	13,025
Provisions	54	1,056
Cash from operations	<u>5,319</u>	<u>3,680</u>
Tax paid	(2,250)	(665)
<b>Net cash generated from operating activities</b>	<u><u>3,069</u></u>	<u><u>3,015</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,383)	(3,149)
Proceeds from disposal of property, plant and equipment	23	53
Interest received	589	1,017
Refund from investment in associates	-	334
<b>Net cash used in investing activities</b>	<u><u>(4,771)</u></u>	<u><u>(1,745)</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(3,225)	(2,419)
Dividends paid to a non-controlling interest	-	(3,000)
Proceed of bank borrowings	1,360	-
Finance costs paid	(85)	-
<b>Net cash used in financing activities</b>	<u><u>(1,950)</u></u>	<u><u>(5,419)</u></u>
<b>Net decrease in cash and cash equivalents</b>	(3,652)	(4,149)
Effect of exchange rate fluctuations on cash held	1,133	266
<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><u>37,639</u></u>	<u><u>45,574</u></u>



**OPCOM HOLDINGS BERHAD**

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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 December 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 31/12/2016 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 31/12/2015 RM'000</b>
Deposits placed with licensed banks	23,750	37,000
Cash and bank balances	13,889	8,574
	<u>37,639</u>	<u>45,574</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 December 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, engineering services and thixotropic gel markets are observed to be seasonal in nature and dependent on the general 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 December 2015: Nil).



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 December 2016

### A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

#### 31 December 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	52,502	18,449	51	71,002	-	71,002
Intersegment revenue	422	22,630	8,501	31,553	(31,553)	-
<b>Total revenue</b>	<b>52,924</b>	<b>41,079</b>	<b>8,552</b>	<b>102,555</b>	<b>(31,553)</b>	<b>71,002</b>
Segmental results	(3,255)	5,577	3,842	6,164	(914)	5,250
Unallocated expenses						(338)
Operating profit						4,912
Interest income						599
Finance costs						(85)
Share of results of associated companies						1,232
Profit before tax						6,658
Income tax expense						(1,930)
Profit after tax						4,728

#### 31 December 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	67,123	16,435	51	83,609	-	83,609
Intersegment revenue	-	33,026	7,449	40,475	(40,475)	-
<b>Total revenue</b>	<b>67,123</b>	<b>49,461</b>	<b>7,500</b>	<b>124,084</b>	<b>(40,475)</b>	<b>83,609</b>
Segmental results	(5,269)	9,452	2,701	6,884	(533)	6,351
Unallocated expenses						(266)
Operating profit						6,085
Interest income						1,045
Finance costs						(56)
Share of results of associated companies						713
Profit before tax						7,787
Income tax expense						(1,891)
Profit after tax						5,896





**OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 31 December 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	Preceding Year	Current Year	Preceding Year
	Quarter 31/12/2016 RM'000	Corresponding Quarter 31/12/2015 RM'000	To Date 31/12/2016 RM'000	To Date 31/12/2015 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	204	1,706	3,293	3,563
Business development commission	687	248	1,046	2,724
Plant and machineries rental	105	-	105	-
Capital equipment, project management and engineering works	2,960	-	2,960	-
Associate of a subsidiary of the Company:-				
Sale of industrial materials	3,762	7,708	12,928	16,328
Purchase of raw materials	327	239	587	1,098
Engineering works and project management	578	-	578	-



## **OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 31 December 2016

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

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

The Group registered revenue of RM21.1 million and profit before tax of RM0.9 million in current quarter as compared to revenue and profit before tax of RM29.1 million and RM3.0 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 36.0% in current quarter was mainly due to a temporary slowdown in shipment of goods to customers.
- b) Trading and Engineering Services - The increase in revenue by 18.4% in current quarter was due to increase 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 RM21.1 million in current quarter as compared to the immediate preceding quarter of RM23.4 million. The Group registered a profit before tax of RM0.9 million in the current quarter as compared to profit before tax of RM2.6 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 7.7% 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 15.8% in current quarter was due to decrease in supply 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 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. In December 2016, a subsidiary was awarded a supply mandate worth RM28.0 million for plastic-based materials including HDPE sub-ducts.

The Board is cautiously optimistic of the Group's performance in the remaining quarter 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.



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Notes on the Quarterly Interim Financial Report - 31 December 2016

**B5. Income Tax Expense**

	Quarter Ended		Financial Period Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Tax expense	346	1,081	1,845	2,645
Deferred taxation	78	(417)	85	(754)
	<u>424</u>	<u>664</u>	<u>1,930</u>	<u>1,891</u>

The effective tax rate for current quarter and current financial period is slightly above the statutory tax rate due to expenses not deductible.

**B6. Status of corporate proposals as at 23 February 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 23 February 2017.

**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 31/12/2016 RM'000	As at 31/12/2015 RM'000
<b>Unsecured:</b>		
Foreign currency trade facilities	<u>5,257</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 period.

The Group's derivative financial instruments as at 31 December 2016 as follows:-

	Quarter Ended		Financial Period Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	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 23 February 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 23 February 2017, being the latest practicable date.



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### B10. Dividends

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

Total net dividends declared for the current financial year is 2.00 sen per ordinary share (31 December 2015: 1.50 sen per ordinary share).

### B11. Earnings Per Share

	Quarter Ended		Financial Period Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Profit for the year attributable to owners of the Company (RM'000)	1,283	2,698	5,592	6,909
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
<b>Basic earnings per share (sen)</b>	<b>0.80</b>	<b>1.67</b>	<b>3.47</b>	<b>4.28</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
	31/12/2016 RM'000	31/03/2016 RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	55,488	57,438
- unrealised	659	(1,512)
	56,147	55,926
ii) Associated companies		
- realised	1,232	1,027
	57,379	56,953
iii) Less : Consolidation adjustments	(6,859)	(8,800)
Group total retained profits as per unaudited consolidated accounts	50,520	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 for the Period

	Quarter Ended		Financial Period Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:-				
Interest income	207	301	599	1,045
Other income	71	34	109	174
Foreign exchange gain	1,043	2,960	2,224	4,898
and after charging:-				
Depreciation	876	659	2,289	1,954
Provision for/write off of inventories	44	92	193	370
Loss on derivatives	-	-	112	-
Foreign exchange loss	1,577	3,168	2,239	7,234

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 31 December 2016 (31 December 2015: Nil).