



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 31 December 2015

The Directors are pleased to announce the following:-

#### Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 December 2015

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31/12/2015 RM'000	Preceding Year Corresponding Quarter 31/12/2014 RM'000	Current Year To Date 31/12/2015 RM'000	Preceding Year To Date 31/12/2014 RM'000
Revenue		29,128	19,518	83,609	56,496
Cost of sales		<u>(23,036)</u>	<u>(15,686)</u>	<u>(63,301)</u>	<u>(48,295)</u>
<b>Gross profit</b>		6,092	3,832	20,308	8,201
Other operating income		2,994	91	5,072	1,232
Administrative expenses		(1,618)	(1,508)	(5,380)	(4,682)
Distribution costs		(1,527)	(739)	(4,550)	(1,630)
Other operating expenses		<u>(3,888)</u>	<u>(508)</u>	<u>(9,421)</u>	<u>(1,296)</u>
<b>Operating profit</b>		2,053	1,168	6,029	1,825
Interest income		301	318	1,045	997
Share of profit of equity-accounted associates, net of tax		<u>665</u>	<u>4</u>	<u>713</u>	<u>4</u>
<b>Profit before tax</b>		3,019	1,490	7,787	2,826
Income tax expense		<u>(664)</u>	<u>(422)</u>	<u>(1,891)</u>	<u>(758)</u>
<b>Profit for the period</b>	<b>B14</b>	2,355	1,068	5,896	2,068
<b>Other comprehensive loss, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Translation differences		<u>(23)</u>	<u>-</u>	<u>(620)</u>	<u>-</u>
<b>Profit and total comprehensive loss for the period</b>		<u>2,332</u>	<u>1,068</u>	<u>5,276</u>	<u>2,068</u>
Profit/(Loss) for the year attributable to:-					
Owners of the Company		2,698	1,199	6,909	2,577
Non-controlling interest		<u>(343)</u>	<u>(131)</u>	<u>(1,013)</u>	<u>(509)</u>
		<u>2,355</u>	<u>1,068</u>	<u>5,896</u>	<u>2,068</u>

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 December 2015 (continued)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2015 RM'000	Preceding Year Corresponding Quarter 31/12/2014 RM'000	Current Year To Date 31/12/2015 RM'000	Preceding Year To Date 31/12/2014 RM'000
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	2,675	1,199	6,289	2,577
Non-controlling interest	<u>(343)</u>	<u>(131)</u>	<u>(1,013)</u>	<u>(509)</u>
	<u>2,332</u>	<u>1,068</u>	<u>5,276</u>	<u>2,068</u>
<b>Earnings per share attributable to owners of the Company:-</b>				
Basic (sen)	<b>B11</b> <u>1.67</u>	<u>0.74</u>	<u>4.28</u>	<u>1.60</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 2015.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2015

	Note	As At End of Current Quarter 31/12/2015 RM'000	As At Preceding Financial Year Ended 31/03/2015 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	36,999	35,855
Investment in associates		15,331	14,952
Deferred tax assets		1,521	391
		<u>53,851</u>	<u>51,198</u>
<b>Current assets</b>			
Inventories		12,212	9,103
Trade and other receivables		39,874	24,087
Current tax assets		446	1,196
Cash and cash equivalents		45,574	49,457
		<u>98,106</u>	<u>83,843</u>
<b>TOTAL ASSETS</b>		<u>151,957</u>	<u>135,041</u>
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		1,215	1,835
Retained earnings		47,637	43,147
		<u>81,102</u>	<u>77,232</u>
<b>Non-controlling interest</b>		13,901	14,914
<b>Total equity</b>		<u>95,003</u>	<u>92,146</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		2,323	1,947
		<u>2,323</u>	<u>1,947</u>
<b>Current liabilities</b>			
Trade and other payables		47,116	33,349
Provisions		1,254	198
Bank borrowings		4,301	6,671
Current tax liabilities		1,960	730
		<u>54,631</u>	<u>40,948</u>
<b>Total liabilities</b>		56,954	42,895
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>151,957</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 Period Ended 31 December 2015

Group	Share capital RM'000	<i>Non-Distributable</i>		Translation reserve RM'000	<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 2015	32,250	-	3	1,832	43,147	77,232	14,914	92,146
Dividends paid	-	-	-	-	(2,419)	(2,419)	-	(2,419)
Other comprehensive loss	-	-	-	(620)	-	(620)	-	(620)
Total comprehensive income/ (loss) for the financial period	-	-	-	-	6,909	6,909	(1,013)	5,896
Balance at 31 Dec 2015	32,250	-	3	1,212	47,637	81,102	13,901	95,003
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)	-	-	-
Dividends paid	-	-	-	-	(1,613)	(1,613)	-	(1,613)
Total comprehensive income/ (loss) for the financial period	-	-	-	-	4,787	4,787	(509)	4,278
Balance at 31 Dec 2014	32,250	-	3	-	43,491	75,744	14,852	90,596

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 Period Ended 31 December 2015

	Current Financial Period Ended 31/12/2015 RM'000	Preceding Year Corresponding Period Ended 31/12/2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,787	2,826
Adjustments for:-		
Depreciation	1,954	1,986
Interest Income	(1,045)	(997)
Other Non-cash items	(1,550)	(228)
Other Non-operating items	(53)	126
Operating profit before working capital changes	<u>7,093</u>	<u>3,713</u>
Changes in working capital:-		
Inventories	(3,109)	3,593
Trade and other receivables	(14,385)	(6,482)
Trade and other payables	13,025	9,871
Provisions	1,056	134
Cash generated used in operations	<u>3,680</u>	<u>10,829</u>
Tax paid	(665)	(1,406)
<b>Net cash generated used in operations</b>	<u><u>3,015</u></u>	<u><u>9,423</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,149)	(272)
Proceeds from disposal of property, plant and equipment	53	75
Interest received	1,017	849
Investment in associates	-	(9,391)
Refund from investment in associates	334	-
<b>Net cash used in investing activities</b>	<u><u>(1,745)</u></u>	<u><u>(8,739)</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(2,419)	(1,613)
Dividends paid to non-controlling interest	(3,000)	-
<b>Net cash used in financing activities</b>	<u><u>(5,419)</u></u>	<u><u>(1,613)</u></u>
<b>Net decrease in cash and cash equivalents</b>	(4,149)	(929)
Effect of exchange rate fluctuations on cash held	266	720
<b>Cash and cash equivalents at beginning of financial period</b>	<u>49,457</u>	<u>48,532</u>
<b>Cash and cash equivalents at end of financial period</b>	<u><u>45,574</u></u>	<u><u>48,323</u></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 Period Ended 31 December 2015  
(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 31/12/2015 RM'000</b>	<b>Preceding Year Corresponding Period Ended 31/12/2014 RM'000</b>
Deposits placed with licensed banks	37,000	39,150
Cash and bank balances	8,574	9,173
	<u>45,574</u>	<u>48,323</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 December 2015

### 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 December 2014: Nil).



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 December 2015

### A8. Segmental reporting

The Group operates wholly in Malaysia.

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

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)	-
Total revenue	<u>67,123</u>	<u>49,461</u>	<u>7,500</u>	<u>124,084</u>	<u>(40,475)</u>	<u>83,609</u>
Segmental results	(5,269)	9,396	2,701	6,828	(533)	6,295
Unallocated expenses						<u>(266)</u>
Operating profit						6,029
Interest income						1,045
Share of profit in associates						<u>713</u>
Profit before tax						<u>7,787</u>
Income tax expense						<u>(1,891)</u>
Profit after tax						<u>5,896</u>

31 December 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	35,235	21,210	51	56,496	-	56,496
Intersegment revenue	-	6,724	7,199	13,923	(13,923)	-
Total revenue	<u>35,235</u>	<u>27,934</u>	<u>7,250</u>	<u>70,419</u>	<u>(13,923)</u>	<u>56,496</u>
Segmental results	(2,875)	1,811	2,690	1,626	350	1,976
Unallocated expenses						<u>(151)</u>
Operating profit						1,825
Interest income						997
Share of profit in associates						<u>4</u>
Profit before tax						<u>2,826</u>
Income tax expense						<u>(758)</u>
Profit after tax						<u>2,068</u>

### 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 December 2015

### 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 current quarter and financial period were as follows:-

	Current Year Quarter 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter 31 Dec 2014 RM'000	Current Year To Date 31 Dec 2015 RM'000	Preceding Year to Date 31 Dec 2014 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:				
Sale of cables	-	20	-	182
Purchase of accessories	1,706	701	3,563	2,170
Business development commission	248	302	2,724	383
Associate of a subsidiary of the Company:				
Sale of industrial materials	7,708	3,388	16,328	3,388
Purchase of industrial materials	239	-	1,098	-



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 December 2015

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

#### B1. Review of performance

The Group registered revenue of RM29.1 million and profit before tax of RM3.0 million in current quarter as compared to revenue and profit before tax of RM19.5 million and RM1.5 million respectively in the preceding year's corresponding quarter. The increase of revenue in current quarter was 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 preceding year's corresponding quarter is as follows:-

- Manufacturing - The increase in revenue by 78.8% in current quarter was mainly due to increase in customer order for cables and accessories.
- Trading and Engineering Services - The decrease in revenue by 21.2% in current quarter was due to decrease in supply of industrial materials.
- 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 RM29.1 million in current quarter as compared to the immediate preceding quarter of RM26.8 million. The Group registered a profit before tax of RM3.0 million in the current quarter as compared to profit before tax of RM1.6 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 and in supply of industrial materials.

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

- Manufacturing - The increase in revenue by 9.9% in current quarter was mainly due to increase in customer order for cables and accessories.
- Trading and Engineering Services - The increase in revenue by 3.5% in current quarter was due to increase in supply of industrial materials.
- 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 this quarter, registering revenue growth of 49% compared to the preceding year corresponding quarter. In October 2015, Opcom has started the implementation of a three-year Engineering Services Contract worth RM67.8 million 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 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.

#### B5. Income tax expense

	Quarter ended		Financial period ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Tax expense	1,081	680	2,645	1,401
Deferred taxation	(417)	(258)	(754)	(643)
	<u>664</u>	<u>422</u>	<u>1,891</u>	<u>758</u>

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



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 December 2015

**B6. Status of corporate proposals as at 18 February 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 18 February 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 31 Dec 2015 RM'000	As at 31 Dec 2014 RM'000
<b>Unsecured:</b>		
Foreign currency trade facilities	<u>4,301</u>	<u>4,653</u>

**B8. Derivative financial instruments**

The Group had 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 2015 is as follows:

	Quarter ended		Financial period ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Gain from foreign currency hedging contracts	<u>69</u>	<u>-</u>	<u>69</u>	<u>18</u>

**B9. Material litigation as at 18 February 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 18 February 2016, being the latest practicable date.

**B10. Dividends**

The Company did not declare dividends during the current quarter (31 December 2014: Nil).

Total net dividends declared for the current financial period is 1.50 sen per ordinary share (31 December 2014: 1.25 sen per ordinary share).

**B11. Earnings per share**

	Quarter ended		Financial period ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Profit for the year attributable to owners of the Company (RM'000)	2,698	1,199	6,909	2,577
Total number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
<b>Basic earnings per share (sen)</b>	<u>1.67</u>	<u>0.74</u>	<u>4.28</u>	<u>1.60</u>

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



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 December 2015

### B12. Realised and unrealised retained profits

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

	As at 31 Dec 2015 RM'000	As at 31 March 2015 RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	60,038	55,029
- unrealised	(3,796)	(1,377)
	56,242	53,652
ii) Associated companies		
- realised	713	156
	56,955	53,808
iii) Less : Consolidation adjustments	(9,318)	(10,661)
Group total retained profits as per unaudited consolidated accounts	47,637	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.

### 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 period.

### B14. Profit for the Year

	Quarter ended		Financial period ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Profit for the year is arrived at after crediting:				
Interest income	301	318	1,045	997
Other income	34	-	174	71
Foreign exchange gain	2,960	91	4,898	1,161
and after charging:				
Depreciation	659	649	1,954	1,986
Provision for/write off of inventories	92	(42)	370	14
Foreign exchange loss	3,168	-	7,234	657

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 period ended 31 December 2015 (31 December 2014: Nil).