



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### QUARTERLY INTERIM FINANCIAL REPORT

For the Year Ended 30 September 2016

The Directors are pleased to announce the following:-

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

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year To Date 30/09/2016 RM'000	Preceding Year To Date 30/09/2015 RM'000
Revenue		23,413	26,766	49,899	54,481
Cost of sales		(18,593)	(19,440)	(38,958)	(40,265)
<b>Gross profit</b>		4,820	7,326	10,941	14,216
Other operating income		194	1,800	1,219	2,078
Administrative expenses		(1,973)	(2,137)	(4,051)	(3,721)
Distribution costs		(708)	(1,390)	(2,264)	(3,023)
Other operating expenses		(624)	(4,650)	(1,248)	(5,533)
Finance costs		(25)	(24)	(49)	(41)
<b>Operating profit</b>		1,684	925	4,548	3,976
Interest income		222	369	392	744
Share of profit of equity-accounted associates, net of tax		652	309	788	48
<b>Profit before tax</b>		2,558	1,603	5,728	4,768
Income tax expense		(735)	(325)	(1,506)	(1,227)
<b>Profit for the period</b>	<b>B13</b>	1,823	1,278	4,222	3,541
<b>Other comprehensive income net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		614	(808)	1,213	(597)
<b>Profit and total comprehensive income for the period</b>		2,437	470	5,435	2,944
Profit for the period attributable to:					
Owners of the Company		1,906	1,977	4,309	4,211
Non-controlling interest		(83)	(699)	(87)	(670)
		1,823	1,278	4,222	3,541



**OPCOM HOLDINGS BERHAD**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year To Date 30/09/2016 RM'000	Preceding Year To Date 30/09/2015 RM'000
Total comprehensive income attributable to:				
Owners of the Company	2,520	1,169	5,522	3,614
Non-controlling interest	<u>(83)</u>	<u>(699)</u>	<u>(87)</u>	<u>(670)</u>
	<u>2,437</u>	<u>470</u>	<u>5,435</u>	<u>2,944</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	<u>B11 1.18</u>	<u>1.23</u>	<u>2.67</u>	<u>2.61</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 30 September 2016

	Note	As At Financial Period Ended 30/09/2016 RM'000	As At Preceding Financial Year Ended 31/03/2016 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	38,558	38,345
Investment in associates		14,686	13,172
Deferred tax assets		6	6
		<u>53,250</u>	<u>51,523</u>
<b>Current assets</b>			
Inventories		13,788	7,942
Trade and other receivables		31,106	21,367
Current tax assets		295	327
Cash and cash equivalents		35,104	40,158
		<u>80,293</u>	<u>69,794</u>
<b>TOTAL ASSETS</b>		<u>133,543</u>	<u>121,317</u>
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		2,678	1,465
Retained earnings		49,237	48,153
		<u>84,165</u>	<u>81,868</u>
<b>Non-controlling interest</b>		12,857	12,944
<b>Total equity</b>		<u>97,022</u>	<u>94,812</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,541	1,520
		<u>1,541</u>	<u>1,520</u>
<b>Current liabilities</b>			
Trade and other payables		28,493	21,093
Provisions		608	96
Derivative financial liabilities		-	99
Bank borrowings		5,315	3,287
Current tax liabilities		564	410
		<u>34,980</u>	<u>24,985</u>
<b>Total liabilities</b>		36,521	26,505
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>133,543</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 September 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	-	-	1,213	4,309	5,522	(87)	5,435
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance at 30 September 2016	<u>32,250</u>	<u>3</u>	<u>2,675</u>	<u>49,237</u>	<u>84,165</u>	<u>12,857</u>	<u>97,022</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	-	-	(597)	4,211	3,614	(670)	2,944
Dividend paid	-	-	-	(2,419)	(2,419)	-	(2,419)
Balance at 30 September 2015	<u>32,250</u>	<u>3</u>	<u>1,235</u>	<u>44,939</u>	<u>78,427</u>	<u>14,244</u>	<u>92,671</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 September 2016

	Current Financial Period Ended 30/09/2016 RM'000	Preceding Financial Year Corresponding Period Ended 30/09/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,728	4,768
Adjustments for:-		
Depreciation	1,413	1,295
Interest Income	(392)	(744)
Other Non-cash items	(181)	(598)
Other Non-operating items	(739)	-
Operating profit before working capital changes	5,829	4,721
Changes in working capital:-		
Inventories	(5,923)	(1,894)
Trade and other receivables	(9,121)	(10,434)
Trade and other payables	8,159	3,768
Provisions	512	818
Cash from operations	(544)	(3,021)
Tax paid	(1,321)	(956)
<b>Net cash used in operating activities</b>	(1,865)	(3,977)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,606)	(464)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	386	709
<b>Net cash (used in)/from investing activities</b>	(1,220)	245
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(3,225)	(2,419)
Proceed of bank borrowings	1,784	-
Finance costs paid	(49)	-
Repayment to corporate shareholder of a subsidiary company	-	-
<b>Net cash used in financing activities</b>	(1,490)	(2,419)
<b>Net decrease in cash and cash equivalents</b>	(4,575)	(6,151)
<b>Cash and cash equivalents at beginning of financial period</b>	40,158	49,457
<b>Cash and cash equivalents at end of financial period</b>	35,583	43,306



**OPCOM HOLDINGS BERHAD**

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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 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 30/09/2016 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/09/2015 RM'000</b>
Deposits placed with licensed banks	20,200	38,700
Cash and bank balances	<u>15,383</u>	<u>4,558</u>
	<u><b>35,583</b></u>	<u><b>43,258</b></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 September 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

The Company paid an interim dividend of 2.00 sen per ordinary share under single tier system on 18 August 2016 (30 September 2015: An interim of 1.50 sen per ordinary share under single tier paid on 10 September 2015).



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 30 September 2016

### A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

#### 30 September 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	36,778	13,087	34	49,899	-	49,899
Intersegment revenue	-	15,622	6,001	21,623	(21,623)	-
Total revenue	36,778	28,709	6,035	71,522	(21,623)	49,899
Segmental results	(516)	3,271	2,852	5,607	(800)	4,807
Unallocated expenses						(210)
Operating profit						4,597
Interest income						392
Finance costs						(49)
Share of results of associated companies						788
Profit before tax						5,728
Income tax expense						(1,506)
Profit after tax						4,222

#### 30 September 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	42,542	11,905	34	54,481	-	54,481
Intersegment revenue	-	19,880	4,799	24,679	(24,679)	-
Total revenue	42,542	31,785	4,833	79,160	(24,679)	54,481
Segmental results	(3,479)	6,132	1,730	4,383	(199)	4,184
Unallocated expenses						(167)
Operating profit						4,017
Interest income						744
Finance costs						(41)
Share of results of associated companies						48
Profit before tax						4,768
Income tax expense						(1,227)
Profit after tax						3,541





**OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 30 September 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 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year To Date 30/09/2016 RM'000	Preceding Year To Date 30/09/2015 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	1,245	1,130	3,089	1,857
Business development commission	249	1,932	359	2,476
Associate of a subsidiary of the Company:-				
Sale of industrial materials	4,190	1,094	9,166	8,620
Purchase of industrial materials	-	491	260	859



## **OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 30 September 2016

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

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

The Group registered revenue of RM23.4 million and profit before tax of RM2.6 million in current quarter as compared to revenue and profit before tax of RM26.8 million and RM1.6 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 23.9% 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 45.4% 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 RM23.4 million in current quarter as compared to the immediate preceding quarter of RM26.5 million. The Group registered a profit before tax of RM2.6 million in the current quarter as compared to profit before tax of RM3.2 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 13.8% 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 5.3% 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**

Opcom will be able to maintain its business activities for the current financial year. Opcom has started the implementation of a three-year Engineering Services Contract worth RM67.8 million and the manufacturing division has commenced commercial production of thixotropic gel in the second quarter and exporting to major customers in the Asia Pacific region. These are expected to contribute positively to the Group's business prospects.

The strengthening of United States Dollar will have a negative impact on Opcom's fiber optic cable business, however, this will be partially mitigated by the export oriented thixotropic gel business, which will benefit from a strengthening United States Dollar.

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.



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Notes on the Quarterly Interim Financial Report - 30 September 2016

**B5. Income Tax Expense**

	Quarter Ended		Financial Period Ended	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Tax expense	740	944	1,499	1,564
Deferred taxation	(5)	(619)	7	(337)
	<u>735</u>	<u>325</u>	<u>1,506</u>	<u>1,227</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 25 November 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 November 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 30/09/2016 RM'000	As at 30/09/2015 RM'000
<b>Unsecured:</b>		
Foreign currency trade facilities	<u>5,315</u>	<u>5,598</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 September 2016 as follows:-

	Quarter Ended		Financial Period Ended	
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Loss from foreign currency hedging contracts	<u>58</u>	<u>-</u>	<u>112</u>	<u>-</u>

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



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 30 September 2016

### B10. Dividends

During the current quarter, the Company declared an interim dividend of 2.00 sen per ordinary share under single tier system for current financial year on 14 July 2016 and fully paid the same on 18 August 2016 (30 September 2015: An interim dividend of 1.50 sen per ordinary share).

Total net dividends declared for the current financial year is 2.00 sen per ordinary share (30 September 2015: 1.50 sen per ordinary share).

### B11. Earnings Per Share

	Quarter Ended		Financial Period Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Profit for the year attributable to owners of the Company (RM'000)	1,906	1,977	4,309	4,211
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>1.18</b>	<b>1.23</b>	<b>2.67</b>	<b>2.61</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
	30/09/2016	31/03/2016
	RM'000	RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	54,649	57,438
- unrealised	659	(1,512)
	55,308	55,926
ii) Associated companies		
- realised	788	1,027
	56,096	56,953
iii) Less : Consolidation adjustments	(6,859)	(8,800)
Group total retained profits as per unaudited consolidated accounts	49,237	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	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:-				
Interest income	222	369	392	744
Other income	34	65	38	140
Foreign exchange gain	160	1,735	1,181	1,938
and after charging:-				
Depreciation	764	651	1,413	1,295
Provision for/write off of inventories	(35)	96	149	278
Loss on derivatives	58	-	112	-
Foreign exchange loss	75	3,962	662	4,066

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 September 2016 (30 September 2015: Nil).