



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**QUARTERLY INTERIM FINANCIAL REPORT**

For the Quarter Ended 30 June 2018

The Directors are pleased to announce the following:-

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 June 2018**

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Current Year To Date 30/06/2018 RM'000	Preceding Year To Date 30/06/2017 RM'000
Revenue		17,852	22,459	17,852	22,459
Cost of sales		(15,435)	(19,324)	(15,435)	(19,324)
<b>Gross profit</b>		2,417	3,135	2,417	3,135
Other operating income		657	43	657	43
Administrative expenses		(2,256)	(2,113)	(2,256)	(2,113)
Distribution costs		(583)	(804)	(583)	(804)
Other operating expenses		(275)	(559)	(275)	(559)
Finance costs		(20)	(37)	(20)	(37)
<b>Operating loss</b>		(60)	(335)	(60)	(335)
Interest income		167	246	167	246
Share of results of equity-accounted associates		726	706	726	706
<b>Profit before tax</b>		833	617	833	617
Income tax expense		(498)	(356)	(498)	(356)
<b>Profit for the period</b>	<b>B13</b>	335	261	335	261
<b>Other comprehensive income/ (expenses), net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		1,567	(798)	1,567	(798)
<b>Profit/(Loss) and total comprehensive income/(expenses) for the period</b>		1,902	(537)	1,902	(537)



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(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 June 2018**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Current Year To Date 30/06/2018 RM'000	Preceding Year To Date 30/06/2017 RM'000
Profit for the period attributable to:-					
Owners of the Company		833	691	833	691
Non-controlling interest		(498)	(430)	(498)	(430)
		<u>335</u>	<u>261</u>	<u>335</u>	<u>261</u>
Total comprehensive income/ (expenses) attributable to:-					
Owners of the Company		2,400	(107)	2,400	(107)
Non-controlling interest		(498)	(430)	(498)	(430)
		<u>1,902</u>	<u>(537)</u>	<u>1,902</u>	<u>(537)</u>
<b>Earnings per share attributable to owners of the Company:-</b>					
Basic (sen)	B11	<u>0.52</u>	<u>0.43</u>	<u>0.52</u>	<u>0.43</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 2018.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2018

	Note	As At Financial Period Ended 30/06/2018 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2018 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	40,437	40,595
Investment in associates		18,671	17,255
Deferred tax assets		30	30
		59,138	57,880
<b>Current assets</b>			
Inventories		22,236	13,370
Trade and other receivables		23,585	34,981
Current tax assets		1,111	1,024
Cash and cash equivalents		34,576	22,077
		81,508	71,452
<b>TOTAL ASSETS</b>		140,646	129,332
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		1,922	355
Retained earnings		56,417	55,584
		90,589	88,189
<b>Non-controlling interest</b>		10,023	10,521
<b>Total equity</b>		100,612	98,710
<b>Non-current liabilities</b>			
Deferred tax liabilities		983	944
Long term borrowings		7	18
		990	962
<b>Current liabilities</b>			
Trade and other payables		26,723	25,787
Provisions		117	134
Bank borrowings		11,996	3,721
Current tax liabilities		208	18
		39,044	29,660
<b>Total liabilities</b>		40,034	30,622
<b>TOTAL EQUITY AND LIABILITIES</b>		140,646	129,332

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 2018.



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 June 2018**

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 as at 1 April 2018	32,250	3	352	55,584	88,189	10,521	98,710
Profit/(Loss) and total comprehensive income/ (expenses) for the period	-	-	1,567	833	2,400	(498)	1,902
Balance as at 30 June 2018	<u>32,250</u>	<u>3</u>	<u>1,919</u>	<u>56,417</u>	<u>90,589</u>	<u>10,023</u>	<u>100,612</u>
Balance as at 1 April 2017	32,250	3	4,275	52,125	88,653	11,670	100,323
Profit/(Loss) and total comprehensive income/ (expense) for the period	-	-	(798)	691	(107)	(430)	(537)
Dividend paid	-	-	-	-	-	100	100
Balance as at 30 June 2017	<u>32,250</u>	<u>3</u>	<u>3,477</u>	<u>52,816</u>	<u>88,546</u>	<u>11,340</u>	<u>99,886</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 2018.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 June 2018

	Current Financial Period Ended 30/06/2018 RM'000	Preceding Financial Year Corresponding Period Ended 30/06/2017 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before tax	833	617
Adjustments for:-		
Depreciation	854	788
Interest Income	(167)	(246)
Other Non-cash items	104	374
Other Non-operating items	(706)	(669)
Operating profit before working capital changes	918	864
Changes in working capital:-		
Inventories	(8,643)	(3,819)
Trade and other receivables	12,296	(3,713)
Trade and other payables	327	2,721
Cash for operations	4,898	(3,947)
Tax paid	(347)	(511)
Liquidated damages paid	-	(21)
<b>Net cash generated from/(used in) operating activities</b>	4,551	(4,479)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(501)	(821)
Interest received	167	246
Subscription of shares by NCI in a subsidiary	-	100
<b>Net cash used in investing activities</b>	(334)	(475)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	7,917	2,305
Finance costs paid	(20)	(37)
<b>Net cash from financing activities</b>	7,897	2,268
<b>Net increase/(decrease) in cash and cash equivalents</b>	12,114	(2,686)
Effect of exchange rate fluctuations on cash held	385	(1,333)
<b>Cash and cash equivalents at beginning of financial period</b>	22,077	36,610
<b>Cash and cash equivalents at end of financial period</b>	34,576	32,591



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 June 2018  
(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 30/06/2018 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/06/2017 RM'000</b>
Deposits placed with licensed banks	16,537	20,414
Cash and bank balances	18,039	12,177
	<u>34,576</u>	<u>32,591</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 2018.



## **OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2018

### **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 2018 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 2018.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2018 except for the adoption of those new Malaysian Financial Reporting Standards ("MFRS") and amendment to MFRS and Interpretations that are applicable to the Group for the financial period beginning 1 April 2018.

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 2018 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 (30 June 2017 : Nil).



**OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2018

**A8. Segmental Reporting**

The Group operates wholly in Malaysia.

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

30 June 2018

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	The Group RM'000
<b>Segment revenue:</b>				
Revenue from external customers	15,074	2,761	17	17,852
<b>Segmental profit:</b>				
Operating profit/(loss) for reportable segments	448	377	(865)	(40)
Interest income				167
Finance costs				(20)
Share of results of associated companies				726
Profit before tax				833
Income tax expense				(498)
Profit after tax				335

30 June 2017

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Consolidated RM'000
<b>Segment revenue:</b>				
Revenue from external customers	16,569	5,873	17	22,459
<b>Segmental profit:</b>				
Operating profit/(loss) for reportable segments	879	(266)	(911)	(298)
Interest income				246
Finance costs				(37)
Share of results of associated companies				706
Profit before tax				617
Income tax expense				(356)
Profit after tax				261





**OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 30 June 2018

**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 Period**

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**

Contingent liabilities of the Group as at 30 June 2018 amounted to RM40.71 million which are in respect of corporate guarantees given to licensed banks for the banking facilities granted to subsidiaries and guarantee of obligations of a subsidiary to a supplier.

**A13. Significant Related Party Transactions**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Current Year To Date 30/06/2018 RM'000	Preceding Year To Date 30/06/2017 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	86	67	86	67
Business development commission	148	294	148	294
Plant and machineries rental	53	51	53	51
Associate of a subsidiary of the Company:-				
Sale of industrial materials	979	3,182	979	3,182
Sale of thixotropic gel	5,090	6,225	5,090	6,225
Purchase of raw materials	733	1,870	733	1,870



## **OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 30 June 2018

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

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

The Group registered revenue of RM17.9 million and profit before tax of RM0.8 million in current quarter as compared to revenue RM22.5 million and profit before tax of RM0.6 million in the preceding year's corresponding quarter. The decrease of revenue in current quarter were mainly due to decrease in the supply of fiber optic cables, trading of industrial materials 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 - Total manufacturing revenue decreased by 9.0% as compared to preceding year's corresponding quarter. Revenue from our fiber optic cable decreased by approximately 14.9% and the revenue contribution of the thixotropic gel business in current quarter was consistent with preceding year's corresponding quarter.
- b) Trading and Engineering Services - The decrease in revenue by 53.0% in current quarter as compared to preceding year's corresponding quarter was due to decrease in both trading of industrial materials and engineering services work.
- 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 RM17.9 million in current quarter as compared to the immediate preceding quarter of RM31.4 million. The Group registered a profit before tax of RM0.8 million in the current quarter as compared to profit before tax of RM6.2 million in the immediate preceding quarter. The decrease of revenue in current quarter were mainly due to decrease in the supply of fiber optic cables, trading of industry materials and engineering services work. There was a reversal of impairment on investment in associate company amounting to RM3.3 million had contributed a higher profit before tax in the immediate preceding quarter.

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

- a) Manufacturing - Total revenue decreased by 48.1% in current quarter. It was due to the decrease in the supply of fiber optic cables and thixotropic gel by 59.4% and 15.8% respectively during the quarter.
- b) Trading and Engineering Services - The increase in revenue by 14.9% in current quarter was contributed by the increase in trading of industrial materials. The engineering services work was reduced by 20.1%.
- 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 under pressure from sustained increase in raw material prices, volatile exchange rates fluctuation and limitations in passing increased cost to its local customers in the short and medium term. The Group hopes that increased diversification and its export business will contribute to its revenue and margin improvements. Geopolitical uncertainties and ongoing trade war between US and its trading partners, in particular—China, may have potential negative effects on our businesses.

Looking forward, the Board expect the financial year ending 31 March 2019 to be challenging in view of the domestic and global business environment where the Group operates.



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 30 June 2018

### 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	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	RM'000	RM'000	RM'000	RM'000
Tax expense	475	324	475	324
Deferred taxation	23	32	23	32
	<u>498</u>	<u>356</u>	<u>498</u>	<u>356</u>

The effective tax rate of the group for current quarter and year-to-date of reporting period is higher than the statutory tax rate was due to subsidiaries in a loss position and non-deductible expense.

### B6. Status of corporate proposals as at 23 Aug 2018 (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 Aug 2018.

### B7. Group Borrowings and Debt Securities

The Group's borrowings are unsecured, the details of the borrowings at the end of the reporting period are as follows:-

	Currency Denomination	As at	As at
		30/06/2018 RM'000	30/06/2017 RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	11,945	5,965
- Hire purchase	MYR	<u>51</u>	<u>48</u>
		11,996	6,013
<u>Non-current</u>			
- Hire purchase	MYR	7	56
Total		<u>12,003</u>	<u>6,069</u>

### B8. Derivative Financial Instruments

The Group has not entered into any forward exchange contracts to manage the foreign currency exposures. There was no forward exchange contracts as at end of the reporting period.



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2018

### B9. Material litigation as at 23 Aug 2018

(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 Aug 2018, being the latest practicable date.

### B10. Dividends

The Company did not declare dividends during the current quarter (30 June 2017 : Nil).

No dividend declared for the current financial period (30 June 2017: Nil).

### B11. Earnings Per Share

	Quarter Ended		Financial Period Ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Profit for the period attributable to owners of the Company (RM'000)	833	691	833	691
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>0.52</b>	<b>0.43</b>	<b>0.52</b>	<b>0.43</b>

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

### B12. Profit for the Period

	Quarter Ended		Financial Period Ended	
	30/06/2018 RM'000	30/06/2017 RM'000	30/06/2018 RM'000	30/06/2017 RM'000
Profit for the period is arrived at after crediting:-				
Interest income	167	246	167	246
Other income	34	43	34	43
Foreign exchange gain	805	38	805	38
and after charging:-				
Depreciation	854	788	854	788
Provision for/write off of inventories	-	277	-	277
Foreign exchange loss	571	150	571	150

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 2018 (30 June 2017: Nil).