



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT
For the Quarter Ended 30 September 2018

The Directors are pleased to announce the following:-

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

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 30/09/2018 RM'000	Preceding Year Corresponding Quarter 30/09/2017 RM'000	Current Year To Date 30/09/2018 RM'000	Preceding Year To Date 30/09/2017 RM'000
Revenue		23,924	22,682	41,776	45,141
Cost of sales		(20,575)	(19,404)	(36,010)	(38,728)
Gross profit		3,349	3,278	5,766	6,413
Other operating income		558	74	1,215	117
Administrative expenses		(2,310)	(3,450)	(4,566)	(5,563)
Distribution costs		(605)	(609)	(1,188)	(1,413)
Other operating expenses		(392)	(864)	(667)	(1,423)
Finance costs		(166)	(50)	(186)	(87)
Operating profit/(loss)		434	(1,621)	374	(1,956)
Interest income		170	182	337	428
Share of results of equity-accounted associates		420	214	1,146	920
Profit/(loss) before tax		1,024	(1,225)	1,857	(608)
Income tax expense		(308)	(213)	(806)	(569)
Profit/(loss) for the period	B13	716	(1,438)	1,051	(1,177)
Other comprehensive income/ (expenses), net of tax					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		924	(420)	2,491	(1,218)
Profit/(Loss) and total comprehensive income/(expenses) for the period		1,640	(1,858)	3,542	(2,395)



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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2018 RM'000	Preceding Year Corresponding Quarter 30/09/2017 RM'000	Current Year To Date 30/09/2018 RM'000	Preceding Year To Date 30/09/2017 RM'000
Profit/(Loss) for the period attributable to:-				
Owners of the Company	1,056	(846)	1,889	(155)
Non-controlling interest	<u>(340)</u>	<u>(592)</u>	<u>(838)</u>	<u>(1,022)</u>
	<u>716</u>	<u>(1,438)</u>	<u>1,051</u>	<u>(1,177)</u>
Total comprehensive income/ (expenses) attributable to:-				
Owners of the Company	1,980	(1,266)	4,380	(1,373)
Non-controlling interest	<u>(340)</u>	<u>(592)</u>	<u>(838)</u>	<u>(1,022)</u>
	<u>1,640</u>	<u>(1,858)</u>	<u>3,542</u>	<u>(2,395)</u>
Earnings per share attributable to owners of the Company:-				
Basic (sen)	<u>B11 0.65</u>	<u>(0.52)</u>	<u>1.17</u>	<u>(0.10)</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 2018.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2018

	Note	As At Financial Period Ended 30/09/2018 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2018 RM'000
Non-current assets			
Property, plant and equipment	A9	39,910	40,595
Investment in associates		18,805	17,255
Deferred tax assets		30	30
		58,745	57,880
Current assets			
Inventories		24,179	13,370
Trade and other receivables		31,867	34,981
Current tax assets		1,010	1,024
Cash and cash equivalents		23,781	22,077
		80,837	71,452
TOTAL ASSETS		139,582	129,332
Equity			
Share capital		32,250	32,250
Reserves		2,846	355
Retained earnings		55,457	55,584
		90,553	88,189
Non-controlling interest		9,683	10,521
Total equity		100,236	98,710
Non-current liabilities			
Deferred tax liabilities		1,033	944
Long term borrowings		-	18
		1,033	962
Current liabilities			
Trade and other payables		25,612	25,787
Provisions		-	134
Bank borrowings		12,701	3,721
Current tax liabilities		-	18
		38,313	29,660
Total liabilities		39,346	30,622
TOTAL EQUITY AND LIABILITIES		139,582	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

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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 September 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 and total comprehensive income for the period	-	-	2,491	1,889	4,380	(838)	3,542
Dividend paid	-	-	-	(2,016)	(2,016)	-	(2,016)
Balance as at 30 Sep 2018	<u>32,250</u>	<u>3</u>	<u>2,843</u>	<u>55,457</u>	<u>90,553</u>	<u>9,683</u>	<u>100,236</u>
Balance as at 1 April 2017	32,250	3	4,275	52,125	88,653	11,670	100,323
Loss and total comprehensive expense for the period	-	-	(1,218)	(155)	(1,373)	(1,022)	(2,395)
Issuance of shares to non-controlling interests	-	-	-	-	-	100	100
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance as at 30 Sep 2017	<u>32,250</u>	<u>3</u>	<u>3,057</u>	<u>48,745</u>	<u>84,055</u>	<u>10,748</u>	<u>94,803</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

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

	Current Financial Period Ended 30/09/2018 RM'000	Preceding Financial Year Corresponding Period Ended 30/09/2017 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,857	(608)
Adjustments for:-		
Depreciation	1,592	1,578
Interest Income	(337)	(428)
Other Non-cash items	(1,237)	(714)
Other Non-operating items	(324)	(63)
Operating profit/(loss) before working capital changes	1,551	(235)
Changes in working capital:-		
Inventories	(10,505)	(1,138)
Trade and other receivables	4,844	(4)
Trade and other payables	(584)	(2,916)
Provisions	-	28
Cash for operations	(4,694)	(4,265)
Tax paid	(702)	(967)
Liquidated damages paid	-	(21)
Net cash generated used in operating activities	(5,396)	(5,253)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(499)	(1,691)
Proceeds from disposal of property, plant and equipment	-	657
Interest received	337	428
Subscription of shares by NCI in a subsidiary	-	100
Dividend received	678	-
Net cash from/(used in) investing activities	516	(506)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid	(2,015)	(3,225)
Repayments to corporate shareholder of a subsidiary	-	-
Proceeds from/(Repayment to)bank borrowings	8,412	(1,830)
Finance costs paid	(187)	(87)
Net cash from/(used in) financing activities	6,210	(5,142)
Net increase/(decrease) in cash and cash equivalents	1,330	(10,901)
Effect of exchange rate fluctuations on cash held	374	(356)
Cash and cash equivalents at beginning of financial period	22,077	36,610
Cash and cash equivalents at end of financial period	23,781	25,353



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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 2018 (continued)

Cash and cash equivalents included in the Statement of Cash Flows comprise of the following amounts in Statement of Financial Position:-

	Current Financial Period Ended 30/09/2018 RM'000	Preceding Financial Year Corresponding Period Ended 30/09/2017 RM'000
Deposits placed with licensed banks	16,537	12,800
Cash and bank balances	7,244	12,553
	<u>23,781</u>	<u>25,353</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.



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Notes on the Quarterly Interim Financial Report - 30 September 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

The company paid a dividend of 1.25 sen per ordinary share under the single tier system on 07 September 2018 (30 September 2017: A dividend of 2.0 sen per ordinary share under single tier was paid on 08 September 2017).



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Notes on the Quarterly Interim Financial Report - 30 September 2018

A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

30 September 2018

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	The Group RM'000
Segment revenue:				
Revenue from external customers	36,351	5,391	34	41,776
Segmental profit:				
Operating profit/(loss) for reportable segments	3,023	(577)	(1,886)	560
Interest income				337
Finance costs				(186)
Share of results of associated companies				1,146
Profit before tax				1,857
Income tax expense				(806)
Profit after tax				1,051

30 September 2017

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Consolidated RM'000
Segment revenue:				
Revenue from external customers	35,333	9,773	35	45,141
Segmental profit:				
Operating profit/(loss) for reportable segments	1,685	(1,453)	(2,101)	(1,869)
Interest income				428
Finance costs				(87)
Share of results of associated companies				920
Loss before tax				(608)
Income tax expense				(569)
Loss after tax				(1,177)



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Notes on the Quarterly Interim Financial Report - 30 September 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 September 2018 amounted to RM40.74 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 30/09/2018 RM'000	Preceding Year Corresponding Quarter 30/09/2017 RM'000	Current Year To Date 30/09/2018 RM'000	Preceding Year To Date 30/09/2017 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	-	26	86	93
Business development commission	209	349	357	643
Plant and machineries rental	37	54	90	105
Associate of a subsidiary of the Company:-				
Sale of industrial materials	(68)	2,302	911	5,484
Sale of thixotropic gel	5,432	3,465	10,522	9,690
Purchase of raw materials	2,409	1,730	3,142	3,600



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Notes on the Quarterly Interim Financial Report - 30 September 2018

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

B1. Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/09/2018 RM'000	Preceding Year Quarter 30/09/2017 RM'000	Changes +/- (%)	Current Year To Date 30/09/2018 RM'000	Preceding Year To Date 30/09/2017 RM'000	Changes +/- (%)
Revenue	23,924	22,682	5.5%	41,776	45,141	-7.5%
Operating profit/(loss)	434	(1,621)	126.8%	374	(1,956)	119.1%
Profit/(loss) before interest and tax	854	(1,407)	160.7%	1,520	(1,036)	246.7%
Profit/(loss) before tax	1,024	(1,225)	183.6%	1,857	(608)	405.4%
Profit/(loss) for the period	716	(1,438)	149.8%	1,051	(1,177)	189.3%
Profit/(loss) for the period attributable to owners of the Company	1,056	(846)	224.8%	1,889	(155)	1318.7%

The Group registered revenue of RM23.9 million and profit before tax of RM1.0 million in current quarter as compared to revenue RM22.7 million and a loss of RM1.2 million in the preceding year's corresponding quarter. The marginal increase of revenue in current quarter were mainly due to increase in the 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:-

- Manufacturing - Total manufacturing revenue decreased by 2.5% as compared to preceding year's corresponding quarter. Revenue of the fiber optic cable decreased by approximately 4.4% and this was compensated by the 5.1% increased of revenue of the thixotropic gel in current quarter.
- Trading and Engineering Services - The increase in revenue by 43.9% in current quarter as compared to preceding year's corresponding quarter was due to increase in both trading of industrial materials and engineering services work.
- 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

	Current Quarter 30/09/2018 RM'000	Immediate Preceding Quarter 30/06/2018 RM'000	Changes +/- (%)
Revenue	23,924	17,852	34.0%
Operating profit/(loss)	434	(60)	623.3%
Profit before interest and tax	854	666	28.2%
Profit before tax	1,024	833	22.9%
Profit for the period	716	335	113.7%
Profit for the period attributable to Owners of the Company	1,056	833	26.8%

The Group's revenue increased to RM23.9 million in current quarter as compared to the immediate preceding quarter of RM17.8 million. The Group registered a profit before tax of RM1.0 million in the current quarter as compared to profit before tax of RM0.8 million in the immediate preceding quarter. The increase of revenue in current quarter were mainly due to increase in the supply of fiber optic cables, trading of industry materials and engineering services work.

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

- Manufacturing - Total revenue increased by 14.9% in current quarter. It was due to the increase in the supply of fiber optic cables by 65.5% and set-off with the 38.9% decreased of thixotropic gel supply.
- Trading and Engineering Services - The increase in revenue by 103.4% in current quarter was contributed by the 153.3% significant increase in trading of industrial materials and 53.8% increased for the engineering services work.
- Other Operations - The revenue contribution in current quarter was consistent with immediate preceding quarter.



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B3. Prospects

The Group's financial performance face challenges from a slowing demand for its products in the domestic market, foreign exchange volatility, increase in raw material prices, and limitation in passing increased cost to its local customers. The Group is aggressively reducing operational cost including headcount rationalization, negotiating better prices and terms for raw materials and services, and improving manufacturing processes to reduce production cost. However, the Group hope that increased efficiency, diversification and its export business will contribute to its future revenue and profit.

The Board is of the view that the operating performance of the Group for the remaining quarters of the financial year ending 31 March 2019 will remain challenging.

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	
	30/09/2018 RM'000	30/09/2017 RM'000	30/09/2018 RM'000	30/09/2017 RM'000
Tax expense	267	182	742	506
Deferred taxation	41	31	64	63
	<u>308</u>	<u>213</u>	<u>806</u>	<u>569</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 a subsidiary in loss position and non-deductible expense.

**B6. Status of corporate proposals as at 22 November 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 22 November 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
		30/09/2018 RM'000	30/09/2017 RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	12,655	1,951
- Hire purchase	MYR	<u>46</u>	<u>48</u>
		12,701	1,999
<u>Non-current</u>			
- Hire purchase	MYR	-	43
Total		<u>12,701</u>	<u>2,042</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.

**B9. Material litigation as at 22 November 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 22 November 2018, being the latest practicable date.



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Notes on the Quarterly Interim Financial Report - 30 September 2018

B10. Dividends

During the current quarter, the Company declared an interim dividend of 1.25 sen per ordinary share under single tier system for current financial year on 03 August 2018 and fully paid the same on 07 September 2018 (08 September 2017: A dividend of 2.0 sen per ordinary share).

B11. Earnings Per Share

	Quarter Ended		Financial Period Ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Profit/(loss) for the period attributable to owners of the Company (RM'000)	1,056	(846)	1,889	(155)
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
Basic earnings per share (sen)	0.65	(0.52)	1.17	(0.10)

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	
	30/09/2018 RM'000	30/09/2017 RM'000	30/09/2018 RM'000	30/09/2017 RM'000
Profit for the period is arrived at after crediting:-				
Interest income	170	182	337	428
Other income	28	56	62	99
Foreign exchange gain	360	18	1,165	18
and after charging:-				
Depreciation	738	790	1,592	1,578
Provision for/write off of inventories	-	196	-	473
Foreign exchange loss	9	223	283	373

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 2018 (30 September 2017: Nil).