



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT
For the Quarter Ended 31 December 2018

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 December 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2018 RM'000	Preceding Year Corresponding Quarter 31/12/2017 RM'000	Current Year To Date 31/12/2018 RM'000	Preceding Year To Date 31/12/2017 RM'000
Revenue	16,952	27,481	58,728	72,622
Cost of sales	(17,537)	(23,742)	(53,547)	(62,470)
Gross (loss)/profit	(585)	3,739	5,181	10,152
Other operating income	600	14	1,310	131
Administrative expenses	(1,174)	(1,642)	(5,740)	(7,205)
Distribution costs	(355)	(799)	(1,543)	(2,212)
Other operating expenses	(487)	(867)	(649)	(2,290)
Finance costs	(144)	(21)	(330)	(108)
Operating (loss)/profit	(2,145)	424	(1,771)	(1,532)
Interest income	211	144	548	572
Share of results of equity-accounted associates	19	41	1,165	961
(Loss)/profit before tax	(1,915)	609	(58)	1
Income tax recovery/(expenses)	40	(501)	(766)	(1,070)
(Loss)/profit for the period	(1,875)	108	(824)	(1,069)
Other comprehensive (expenses)/income, net of tax				
<i>Item that may be reclassified subsequently to profit or loss:-</i>				
Translation differences	(25)	(1,036)	2,466	(2,254)
(Loss)/profit and total comprehensive (expenses)/income for the period	(1,900)	(928)	1,642	(3,323)



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Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 December 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2018 RM'000	Preceding Year Corresponding Quarter 31/12/2017 RM'000	Current Year To Date 31/12/2018 RM'000	Preceding Year To Date 31/12/2017 RM'000
(Loss)/profit for the period attributable to:-				
Owners of the Company	(1,283)	586	606	431
Non-controlling interest	<u>(592)</u>	<u>(478)</u>	<u>(1,430)</u>	<u>(1,500)</u>
	<u>(1,875)</u>	<u>108</u>	<u>(824)</u>	<u>(1,069)</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(1,308)	(450)	3,072	(1,823)
Non-controlling interest	<u>(592)</u>	<u>(478)</u>	<u>(1,430)</u>	<u>(1,500)</u>
	<u>(1,900)</u>	<u>(928)</u>	<u>1,642</u>	<u>(3,323)</u>
Earnings per share attributable to owners of the Company:-				
Basic (sen)	<u>B11 (0.80)</u>	<u>0.36</u>	<u>0.38</u>	<u>0.27</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 31 December 2018

		As At Financial Period Ended 31/12/2018 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2018 RM'000
Non-current assets			
Property, plant and equipment	A9	43,807	40,595
Investment in associates		18,819	17,255
Deferred tax assets		-	30
		<u>62,626</u>	<u>57,880</u>
Current assets			
Inventories		19,946	13,370
Trade and other receivables		22,453	34,981
Current tax assets		1,486	1,024
Cash and cash equivalents		13,476	22,077
		<u>57,361</u>	<u>71,452</u>
TOTAL ASSETS		<u>119,987</u>	<u>129,332</u>
Equity			
Share capital		32,250	32,250
Reserves		2,821	355
Retained earnings		54,174	55,584
		<u>89,245</u>	<u>88,189</u>
Non-controlling interest		9,091	10,521
Total equity		<u>98,336</u>	<u>98,710</u>
Non-current liabilities			
Deferred tax liabilities		1,030	944
Long term borrowings		-	18
		<u>1,030</u>	<u>962</u>
Current liabilities			
Trade and other payables		11,904	25,787
Provisions		-	134
Bank borrowings		8,717	3,721
Current tax liabilities		-	18
		<u>20,621</u>	<u>29,660</u>
Total liabilities		<u>21,651</u>	<u>30,622</u>
TOTAL EQUITY AND LIABILITIES		<u>119,987</u>	<u>129,332</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 2018.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 December 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	-	-	2,466	606	3,072	(1,430)	1,642
Dividend paid	-	-	-	(2,016)	(2,016)	-	(2,016)
Balance as at 31 Dec 2018	<u>32,250</u>	<u>3</u>	<u>2,818</u>	<u>54,174</u>	<u>89,245</u>	<u>9,091</u>	<u>98,336</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	-	-	(2,254)	431	(1,823)	(1,500)	(3,323)
Issuance of shares to non-controlling interests	-	-	-	-	-	100	100
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance as at 31 Dec 2017	<u>32,250</u>	<u>3</u>	<u>2,021</u>	<u>49,331</u>	<u>83,605</u>	<u>10,270</u>	<u>93,875</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 31 December 2018

	Current Financial Period Ended 31/12/2018 RM'000	Preceding Financial Year Corresponding Period Ended 31/12/2017 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before tax	(58)	1
Adjustments for:-		
Depreciation	2,442	2,382
Interest Income	(548)	(572)
Other Non-cash items	(233)	(579)
Other Non-operating items	(1,069)	(83)
Operating profit before working capital changes	<u>534</u>	<u>1,149</u>
Changes in working capital:-		
Inventories	(6,399)	(3,959)
Trade and other receivables	13,978	(7,215)
Trade and other payables	(14,465)	4,272
Provisions	-	28
Cash for operations	<u>(6,352)</u>	<u>(5,725)</u>
Tax paid	(1,108)	(1,385)
Liquidated damages paid	-	(21)
Net cash used in operating activities	<u>(7,460)</u>	<u>(7,131)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,041)	(1,978)
Proceeds from disposal of property, plant and equipment	-	657
Interest received	548	572
Subscription of shares by NCI in a subsidiary	-	100
Dividend received	692	-
Net cash used in investing activities	<u>(3,801)</u>	<u>(649)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid	(2,016)	(3,225)
Proceeds from/(Repayment to) bank borrowings	4,670	(1,666)
Finance costs paid	(360)	(108)
Net cash from/(used in) financing activities	<u>2,294</u>	<u>(4,999)</u>
Net decrease in cash and cash equivalents	(8,967)	(12,779)
Effect of exchange rate fluctuations on cash held	366	(588)
Cash and cash equivalents at beginning of financial period	<u>22,077</u>	<u>36,610</u>
Cash and cash equivalents at end of financial period	<u>13,476</u>	<u>23,243</u>



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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 31/12/2018 RM'000	Preceding Financial Year Corresponding Period Ended 31/12/2017 RM'000
Deposits placed with licensed banks	8,406	12,717
Cash and bank balances	5,070	10,526
	<u>13,476</u>	<u>23,243</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

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Notes on the Quarterly Interim Financial Report - 31 December 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 (31 December 2017: Nil).



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Notes on the Quarterly Interim Financial Report - 31 December 2018

A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

31 December 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	46,817	11,824	87	58,728
Segmental (loss)/profit:				
Operating (loss)/profit for reportable segments	(2,904)	4,443	(2,980)	(1,441)
Interest income				548
Finance costs				(330)
Share of results of associated companies				1,165
Loss before tax				(58)
Income tax expense				(766)
Loss after tax				(824)

31 December 2017

<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	55,934	16,636	52	72,622
Segmental profit/(loss):				
Operating profit/(loss) for reportable segments	2,784	(1,245)	(2,963)	(1,424)
Interest income				572
Finance costs				(108)
Share of results of associated companies				961
Profit before tax				1
Income tax expense				(1,070)
Loss after tax				(1,069)



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Notes on the Quarterly Interim Financial Report - 31 December 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 31 December 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 31/12/2018 RM'000	Preceding Year Corresponding Quarter 31/12/2017 RM'000	Current Year To Date 31/12/2018 RM'000	Preceding Year To Date 31/12/2017 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	-	-	86	93
Business development commission	88	322	445	965
Plant and machineries rental	41	150	131	150
Associate of a subsidiary of the Company:-				
Sale of industrial materials	1,432	3,067	4,574	8,551
Sale of thixotropic gel	4,892	4,440	15,414	14,130
Purchase of raw materials	33	2,803	944	6,403



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Notes on the Quarterly Interim Financial Report - 31 December 2018

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

B1. Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/12/2018 RM'000	Preceding Year Quarter 31/12/2017 RM'000	Changes +/- (%)	Current Year To Date 31/12/2018 RM'000	Preceding Year To Date 31/12/2017 RM'000	Changes +/- (%)
Revenue	16,952	27,481	-38.3%	58,728	72,622	-19.1%
Operating (loss)/profit	(2,145)	424	-605.9%	(1,771)	(1,532)	15.6%
(Loss)/Profit before interest and tax	(2,126)	465	-557.2%	(606)	(571)	6.1%
(Loss)/Profit before tax	(1,915)	609	-414.4%	(58)	1	-5900.0%
(Loss)/Profit for the period	(1,875)	108	-1836.1%	(824)	(1,069)	-22.9%
(Loss)/Profit for the period attributable to Owners of the Company	(1,283)	586	-318.9%	606	431	40.6%

The Group registered revenue of RM16.9 million and loss before tax of RM1.9 million in current quarter as compared to revenue of RM27.5 million and a profit before tax of RM609 thousand in the preceding quarter. The decreased of revenue in current quarter were mainly due to significant decreased in both the manufacturing, trading and engineering services segments.

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 34.7% as compared to preceding year's corresponding quarter. Revenue of the fiber optic cable decreased by 37.3% and thixotropic gel decreased by 26.1% in current quarter.
- Trading and Engineering Services - The decrease in revenue by 49.8% in current quarter as compared to preceding year's corresponding quarter was due to slow performance of industry.
- Other Operations - The revenue increased as compared to preceding year's corresponding quarter due to additional rental income from a related party.

B2. Variation of Results Against the Immediate Preceding Quarter

	Current Quarter 31/12/2018 RM'000	Immediate Preceding Quarter 30/09/2018 RM'000	Changes +/- (%)
Revenue	16,952	23,924	-29.1%
Operating (loss)/profit	(2,145)	434	-594.2%
(Loss)/Profit before interest and tax	(2,126)	854	-348.9%
(Loss)/Profit before tax	(1,915)	1,024	-287.0%
(Loss)/Profit for the period	(1,875)	716	-361.9%
(Loss)/Profit for the period attributable to Owners of the Company	(1,283)	1,056	-221.5%

The Group's revenue decrease to RM16.9 million in current quarter as compared to the immediate preceding quarter of RM23.9 million. The Group registered a loss before tax of RM1.9 million in the current quarter as compared to profit before tax of RM1.0 million in the immediate preceding quarter. The decrease of revenue in current quarter were mainly due to decrease in demand 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 decreased by 84.2% in current quarter. It was due to decrease in the supply of fiber optic cables by 30.8% and 10.5% decreased of thixotropic gel supply.
- Trading and Engineering Services - The decreased in revenue by 81.9% in current quarter was contributed by the 80.6% significant decreased in trading of industrial materials and set off with 30.1% increased for the engineering services work.
- Other Operations - The revenue increased as compared to preceding year's corresponding quarter due to additional rental income from a related party.



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B3. Prospects

The Group's financial performance face challenges from a slowing demand for its products in the domestic market due to industry repricing broadband services, foreign exchange volatility, increase in raw material prices, and limitation in passing increased cost to its local customers. In the midst of these challenges, the Group will continue to focus on strengthening performance and look into the diversification initiative that will contribute to our future revenue and earnings.

The Board is of the view that the operating performance of the Group for the remaining quarter 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	
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
Tax (recovery)/expense	(66)	494	676	1,000
Deferred taxation	26	7	90	70
	<u>(40)</u>	<u>501</u>	<u>766</u>	<u>1,070</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. The losses had diluted the Group profit which cannot be off-set against consolidated tax liability of individual subsidiary.

**B6. Status of corporate proposals as at 25 February 2019
(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 February 2019.

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
		31/12/2018 RM'000	31/12/2017 RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	8,685	2,030
- Hire purchase	MYR	<u>32</u>	<u>46</u>
		8,717	2,076
<u>Non-current</u>			
- Hire purchase	MYR	-	30
Total		<u>8,717</u>	<u>2,106</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 25 February 2019
(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 February 2019, being the latest practicable date.



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B10. Dividends

The Company did not declare dividends during the current quarter (31 December 2017: Nil).

Total net dividends declared for the current financial period ended is 1.25 sen per ordinary share (31 December 2017: A dividend of 2.0 sen per ordinary share).

B11. Earnings Per Share

	Quarter Ended		Financial Period Ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Profit for the period attributable to owners of the Company (RM'000)	(1,283)	586	606	431
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
Basic earnings per share (sen)	(0.80)	0.36	0.38	0.27

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	
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
Profit for the period is arrived at after crediting:-				
Interest income	211	144	548	572
Other income	88	14	150	113
Foreign exchange gain	2,346	464	3,000	2,318
and after charging:-				
Depreciation	(274)	804	2,006	2,382
Provision for/write off of inventories	-	222	-	695
Foreign exchange loss	-	568	296	3,370

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 2018 (31 December 2017: Nil).