



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**QUARTERLY INTERIM FINANCIAL REPORT**

For the Quarter Ended 31 March 2018

The Directors are pleased to announce the following:-

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2018**

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Preceding Year To Date 31/03/2017 RM'000
Revenue		31,439	22,416	104,061	93,418
Cost of sales		(23,980)	(20,944)	(86,450)	(76,109)
<b>Gross profit</b>		7,459	1,472	17,611	17,309
Other operating income		3,378	(44)	3,509	2,289
Administrative expenses		(2,344)	(1,762)	(9,549)	(9,182)
Distribution costs		(867)	(564)	(3,079)	(2,921)
Other operating expenses		(1,620)	1,663	(3,910)	(1,818)
Finance costs		(29)	(44)	(137)	(129)
<b>Operating profit</b>		5,977	721	4,445	5,548
Interest income		122	426	694	1,025
Share of results of equity-accounted associates		76	305	1,037	1,537
<b>Profit before tax</b>		6,175	1,452	6,176	8,110
Income tax expense		306	(257)	(764)	(2,187)
<b>Profit for the period</b>	<b>B13</b>	6,481	1,195	5,412	5,923
<b>Other comprehensive (expenses)/ income, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		(1,669)	(402)	(3,923)	2,813
<b>Profit and total comprehensive income for the period</b>		4,812	793	1,489	8,736



**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2018**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Preceding Year To Date 31/03/2017 RM'000
Profit/ (Loss) for the period attributable to:-					
Owners of the Company		6,233	1,605	6,664	7,197
Non-controlling interest		248	(497)	(1,252)	(1,274)
		<u>6,481</u>	<u>1,195</u>	<u>5,412</u>	<u>5,923</u>
Total comprehensive income/ (expenses) attributable to:-					
Owners of the Company		4,564	1,290	2,741	10,010
Non-controlling interest		248	(497)	(1,252)	(1,274)
		<u>4,812</u>	<u>793</u>	<u>1,489</u>	<u>8,736</u>
<b>Earnings per share attributable to owners of the Company:-</b>					
Basic (sen)	<b>B11</b>	<u>3.87</u>	<u>1.00</u>	<u>4.13</u>	<u>4.46</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 2017.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2018

	Note	As At Financial Period Ended 31/03/2018 RM'000	Audited As At Preceding Financial Year Ended 31/03/2017 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	40,595	42,272
Investment in associates		17,255	16,575
Deferred tax assets		7	31
		57,857	58,878
<b>Current assets</b>			
Inventories		13,370	9,983
Trade and other receivables		38,164	25,488
Current tax assets		1,007	919
Cash and cash equivalents		22,077	36,610
		74,618	73,000
<b>TOTAL ASSETS</b>		132,475	131,878
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		355	4,278
Retained earnings		55,564	52,125
		88,169	88,653
<b>Non-controlling interest</b>		10,518	11,670
<b>Total equity</b>		98,687	100,323
<b>Non-current liabilities</b>			
Deferred tax liabilities		944	1,714
Long term borrowings		18	71
		962	1,785
<b>Current liabilities</b>			
Trade and other payables		28,999	25,578
Provisions		106	134
Bank borrowings		3,721	3,947
Current tax liabilities		-	111
		32,826	29,770
<b>Total liabilities</b>		33,788	31,555
<b>TOTAL EQUITY AND LIABILITIES</b>		132,475	131,878

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 2017.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Year Ended 31 March 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 at 1 April 2017	32,250	3	4,275	52,125	88,653	11,670	100,323
(Loss)/Profit and total comprehensive (expenses)/ income for the period	-	-	(3,923)	6,664	2,741	(1,252)	1,489
Issuance of shares to non-controlling interests	-	-	-	-	-	100	100
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance at 31 March 2018	<u>32,250</u>	<u>3</u>	<u>352</u>	<u>55,564</u>	<u>88,169</u>	<u>10,518</u>	<u>98,687</u>
Balance at 1 April 2016	32,250	3	1,462	48,153	81,868	12,944	94,812
Profit/(Loss) and total comprehensive income/ (expense) for the period	-	-	2,813	7,197	10,010	(1,274)	8,736
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance at 31 March 2017	<u>32,250</u>	<u>3</u>	<u>4,275</u>	<u>52,125</u>	<u>88,653</u>	<u>11,670</u>	<u>100,323</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 2017.



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2018

	Current Financial Year Ended 31/03/2018 RM'000	Preceding Financial Year Corresponding Year Ended 31/03/2017 RM'000
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,176	8,110
Adjustments for:-		
Depreciation	3,176	2,984
Interest Income	(694)	(1,025)
Other Non-cash items	(1,572)	(92)
Other Non-operating items	(2,560)	(1,483)
Operating profit before working capital changes	4,526	8,494
Changes in working capital:-		
Inventories	(3,680)	(1,796)
Trade and other receivables	(12,103)	(2,590)
Trade and other payables	4,657	5,243
Provisions	28	-
Cash for operations	(6,572)	9,351
Tax paid	(1,734)	(2,924)
Liquidated damages paid	(21)	(62)
<b>Net cash (used in)/generated from operating activities</b>	<b>(8,327)</b>	<b>6,365</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,114)	(6,565)
Proceeds from disposal of property, plant and equipment	-	74
Interest received	694	1,025
Final adjusted consideration for the acquisition of investment in associated companies	-	(233)
Subscription of shares by NCI in a subsidiary	100	-
<b>Net cash used in investing activities</b>	<b>(1,320)</b>	<b>(5,699)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividends paid	(3,225)	(3,225)
Repayments to corporate shareholder of a subsidiary	(851)	(1,004)
Proceeds/(Repayment) from bank borrowings	279	134
Finance costs paid	(137)	(129)
<b>Net cash used in financing activities</b>	<b>(3,934)</b>	<b>(4,224)</b>
<b>Net decrease in cash and cash equivalents</b>	(13,581)	(3,558)
Effect of exchange rate fluctuations on cash held	(952)	11
<b>Cash and cash equivalents at beginning of financial period</b>	36,610	40,158
<b>Cash and cash equivalents at end of financial period</b>	<b>22,077</b>	<b>36,611</b>



**OPCOM HOLDINGS BERHAD**

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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 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 Year Ended 31/03/2018 RM'000</b>	<b>Preceding Financial Year Corresponding Year Ended 31/03/2017 RM'000</b>
Deposits placed with licensed banks	12,717	18,000
Cash and bank balances	9,360	18,611
	<u>22,077</u>	<u>36,611</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 2017.



## **OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 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 2017 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 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2017 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 2017.

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 2017 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 March 2017 : Nil).



## OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2018

### A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

#### 31 March 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	84,953	19,039	69	104,061
<b>Segmental profit:</b>				
Operating profit/(loss) for reportable segments	8,027	485	(3,930)	4,582
Interest income				694
Finance costs				(137)
Share of results of associated companies				1,037
Profit before tax				6,176
Income tax expense				(764)
Loss after tax				5,412

#### 31 March 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	69,010	24,340	68	93,418
<b>Segmental profit:</b>				
Operating profit/(loss) for reportable segments	9,154	115	(3,592)	5,677
Interest income				1,025
Finance costs				(129)
Share of results of associated companies				1,537
Profit before tax				8,110
Income tax expense				(2,187)
Profit after tax				5,923





**OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 31 March 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 March 2018 amounted to RM40.66 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 year ended are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Preceding Year To Date 31/03/2017 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	211	38	261	3,331
Business development commission	608	373	1,573	1,419
Plant and machineries rental	48	53	198	158
Ribboning services fee	480	-	480	-
Capital equipment, project management and engineering works	-	-	-	2,960
Associate of a subsidiary of the Company:-				
Sale of industrial materials	661	2,046	9,212	14,974
Sale of thixotropic gel	7,354	8,137	21,484	8,137
Purchase of raw materials	5,729	753	12,132	1,340
Engineering works and project management	-	-	-	578



## **OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 31 March 2018

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

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

The Group registered revenue of RM31.4 million and profit before tax of RM6.2 million in current quarter as compared to revenue RM22.4 million and profit before tax of RM1.5 million in the preceding year's corresponding quarter. The increase of revenue in current quarter were mainly due to increase in the supply of thixotropic gel and fiber optic cables. Key factors for the operating gain were mainly attributable to higher sales revenue for the company's products and services in the quarter and a reversal of impairment on investment in associate company amounting to RM3.3 million.

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 increased 75.8% as compared to preceding year's corresponding quarter. Revenue from our fiber optic cable increased 69.7% and the thixotropic gel business registered strong growth with sales of RM7.7 million and growth rate approximately 95.5%.
- b) Trading and Engineering Services - The decrease in revenue by 59.2% 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 increased to RM31.4 million in current quarter as compared to the immediate preceding quarter of RM27.5 million. The Group registered a profit before tax of RM6.2 million in the current quarter as compared to profit before tax of RM0.6 million in the immediate preceding quarter. The higher sales contribution were from supply of fiber optic cables and thixotropic gel. There was a reversal of impairment on investment in associate company amounting to RM3.3 million had contributed a higher profit before tax as comparing to 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 increased by 40.9% in current quarter. It was due to the increase in the supply of fiber optic cables and thixotropic gel by 35.0% and 60.7% respectively during the quarter.
- b) Trading and Engineering Services - The decrease in revenue by 65.0% in current quarter was due to decrease in revenue of both trading of industrial materials and engineering services.
- 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 increasing raw materials cost, challenging business environment and limitations in passing increased cost to its customers in the short term. The Group had diversified its business operations to include manufacturing of thixotropic gels, engineered plastic materials and engineering services which had contributed to the Group's future business prospects.

The Board is cautiously optimistic of the Group's performance in the next financial year.



## OPCOM HOLDINGS BERHAD

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### Notes on the Quarterly Interim Financial Report - 31 March 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 Year Ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	RM'000	RM'000	RM'000	RM'000
Tax expense	468	203	1,468	2,048
Deferred taxation	(774)	54	(704)	139
	<u>(306)</u>	<u>257</u>	<u>764</u>	<u>2,187</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 24 May 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 24 May 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
		31/03/2018	31/03/2017
		RM'000	RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	3,678	3,898
- Hire purchase	MYR	<u>43</u>	<u>49</u>
		3,721	3,947
<u>Non-current</u>			
- Hire purchase	MYR	18	71
Total		<u>3,739</u>	<u>4,018</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.

	Quarter Ended		Financial Year Ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	RM'000	RM'000	RM'000	RM'000
Loss from foreign currency hedging contracts	-	-	-	112
	<u>-</u>	<u>-</u>	<u>-</u>	<u>112</u>



## OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 March 2018

### B9. Material litigation as at 24 May 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 24 May 2018, being the latest practicable date.

### B10. Dividends

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

Total net dividends declared for the current financial period ended is 2.00 sen per ordinary share (31 March 2017: 2.00 sen per ordinary share).

### B11. Earnings Per Share

	Quarter Ended		Financial Year Ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Profit for the period attributable to owners of the Company (RM'000)	6,233	1,605	6,664	7,197
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>3.87</b>	<b>1.00</b>	<b>4.13</b>	<b>4.46</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 Year Ended	
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
Profit for the period is arrived at after crediting:-				
Interest income	122	426	694	1,025
Other income	72	359	185	457
Foreign exchange gain	2,426	(550)	4,744	4,104
Reversal of impairment on investment of associates	3,302	-	3,302	-
and after charging:-				
Depreciation	794	695	3,176	2,984
Provision for/write off of inventories	(834)	(153)	(139)	40
Loss on derivatives	-	-	-	112
Foreign exchange loss	1,193	2,459	4,563	3,838

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 year ended 31 March 2018 (31 March 2017: Nil).