



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT
For the Quarter Ended 31 March 2019

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2019

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000	Current Year To Date 31/03/2019 RM'000	Preceding Year To Date 31/03/2018 RM'000
Revenue		15,853	31,250	74,581	103,872
Cost of sales		(15,327)	(24,481)	(68,874)	(86,951)
Gross profit		526	6,769	5,707	16,921
Other operating income		142	581	1,452	712
Administrative expenses		(1,997)	(2,344)	(7,737)	(9,549)
Distribution costs		(344)	(867)	(1,887)	(3,079)
Other operating expenses		47	(1,624)	(602)	(3,914)
Reversal on impairment loss on investment in associated companies		-	3,302	-	3,302
Finance costs		(67)	(28)	(397)	(136)
Operating (loss)/profit		(1,693)	5,789	(3,464)	4,257
Interest income		119	312	667	884
Share of results of equity-accounted associates		547	76	1,712	1,037
(Loss)/profit before tax		(1,027)	6,177	(1,085)	6,178
Income tax recovery/(expenses)	B12	569	328	(197)	(742)
(Loss)/profit for the year		(458)	6,505	(1,282)	5,436
Other comprehensive (expenses)/income, net of tax					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		(496)	(1,670)	1,970	(3,924)
(Loss)/profit and total comprehensive (expenses)/income for the year		(954)	4,835	688	1,512



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Year Ended 31 March 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Note	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the year attributable to:-				
Owners of the Company	(144)	6,254	462	6,685
Non-controlling interest	<u>(314)</u>	<u>248</u>	<u>(1,744)</u>	<u>(1,252)</u>
	<u>(458)</u>	<u>6,505</u>	<u>(1,282)</u>	<u>5,436</u>
Total comprehensive income/(expenses) attributable to:-				
Owners of the Company	(640)	4,587	2,432	2,764
Non-controlling interest	<u>(314)</u>	<u>248</u>	<u>(1,744)</u>	<u>(1,252)</u>
	<u>(954)</u>	<u>4,835</u>	<u>688</u>	<u>1,512</u>
Earnings per share attributable to owners of the Company:-				
Basic (sen)	<u>B11 (0.09)</u>	<u>3.88</u>	<u>0.29</u>	<u>4.15</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 March 2019

	Note	As At Financial Year Ended 31/03/2019 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2018 RM'000
Non-current assets			
Property, plant and equipment	A9	44,507	40,595
Investment in associates		19,088	17,254
Deferred tax assets		-	30
		63,595	57,879
Current assets			
Inventories		15,855	13,370
Trade and other receivables		17,970	34,981
Current tax assets		1,663	1,024
Cash and cash equivalents		16,371	22,077
		51,859	71,452
TOTAL ASSETS		115,454	129,331
Equity			
Share capital		32,250	32,250
Reserves		2,325	355
Retained earnings		54,030	55,584
		88,605	88,189
Non-controlling interest		8,757	10,521
Total equity		97,362	98,710
Non-current liabilities			
Deferred tax liabilities		790	944
Long term borrowings		-	18
		790	962
Current liabilities			
Trade and other payables		14,877	25,786
Provisions		-	134
Bank borrowings		2,425	3,721
Current tax liabilities		-	18
		17,302	29,659
Total liabilities		18,092	30,621
TOTAL EQUITY AND LIABILITIES		115,454	129,331

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 Year Ended 31 March 2019

Group	<i>Non-Distributable</i>		<i>Distributable</i>		Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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/ (expense) for the year	-	-	1,970	462	2,432	(1,744)	688
Dividend paid	-	-	-	(2,016)	(2,016)	(20)	(2,036)
Balance as at 31 March 2019	<u>32,250</u>	<u>3</u>	<u>2,322</u>	<u>54,030</u>	<u>88,605</u>	<u>8,757</u>	<u>97,362</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/ (expenses) for the year	-	-	(3,923)	6,684	2,761	(1,249)	1,512
Issuance of shares to non-controlling interests	-	-	-	-	-	100	100
Dividend paid	-	-	-	(3,225)	(3,225)	-	(3,225)
Balance as at 31 March 2018	<u>32,250</u>	<u>3</u>	<u>352</u>	<u>55,584</u>	<u>88,189</u>	<u>10,521</u>	<u>98,710</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 Year Ended 31 March 2019

	Current Financial Year Ended 31/03/2019 RM'000	Preceding Financial Year Ended 31/03/2018 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,085)	6,178
Adjustments for:-		
Depreciation	3,324	3,176
Interest Income	(465)	(884)
Other Non-cash items	(1,499)	(3,023)
Other Non-operating items	(1,324)	(901)
Operating (loss)/profit before working capital changes	<u>(1,049)</u>	<u>4,546</u>
Changes in working capital:-		
Inventories	(2,713)	(3,564)
Trade and other receivables	18,792	(11,412)
Trade and other payables	(12,685)	2,785
Provisions	-	-
Cash for operations	<u>2,345</u>	<u>(7,645)</u>
Tax paid	(965)	(1,734)
Liquidated damages paid	-	(23)
Net cash from/(used in) operating activities	<u>1,380</u>	<u>(9,402)</u>
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,943)	(2,114)
Proceeds from disposal of property, plant and equipment	67	-
Interest received	465	884
Subscription of shares by NCI in a subsidiary	-	100
Dividend received	28	1,643
Net cash (used in)/from investing activities	<u>(6,383)</u>	<u>513</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(2,036)	(3,225)
Repayments to corporate shareholder of a subsidiary	-	(851)
(Repayment to)/Proceeds from bank borrowings	(1,331)	236
Finance costs paid	(388)	(136)
Net cash used in financing activities	<u>(3,755)</u>	<u>(3,976)</u>
Net decrease in cash and cash equivalents	(8,758)	(12,865)
Effect of exchange rate fluctuations on cash held	3,052	(1,668)
Cash and cash equivalents at beginning of financial year	<u>22,077</u>	<u>36,610</u>
Cash and cash equivalents at end of financial year	<u>16,371</u>	<u>22,077</u>



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Year Ended 31 March 2019
(continued)**

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

	Current Financial Year Ended 31/03/2019 RM'000	Preceding Financial Year Ended 31/03/2018 RM'000
Deposits placed with licensed banks	9,250	12,717
Cash and bank balances	7,121	9,360
	<u>16,371</u>	<u>22,077</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 - 31 March 2019

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.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2019

A7. Dividends Paid

There were no dividends paid during the current quarter (31 March 2018: Nil).

A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

31 March 2019

<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	55,649	18,814	118	74,581
Segmental (loss)/profit:				
Operating profit/(loss) for reportable segments	(1,828)	2,875	(4,114)	(3,067)
Interest income				667
Finance costs				(397)
Share of results of associated companies				1,712
Loss before tax				(1,085)
Income tax expense				(197)
Loss after tax				(1,282)

31 March 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	84,764	19,039	69	103,872
Segmental profit/(loss):				
Operating profit/(loss) for reportable segments	7,861	485	(3,930)	4,416
Interest income				884
Finance costs				(137)
Share of results of associated companies				1,037
Profit before tax				6,200
Income tax expense				(764)
Profit after tax				5,436



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2019

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 2019 amounted to RM40.73 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 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000	Current Year To Date 31/03/2019 RM'000	Preceding Year To Date 31/03/2018 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	1	211	87	261
Business development commission	89	608	534	1,573
Plant and machineries rental	-	48	128	198
Ribboning services fee	480	480	480	480
Capital equipment, project management and engineering works	3,124	-	3,124	-
Associate of a subsidiary of the Company:-				
Sale of industrial materials	830	661	5,404	9,212
Sale of thixotropic gel	4,592	7,354	20,006	21,484
Purchase of raw materials	456	5,729	1,400	12,132
Engineering works and project management	-	-	-	-



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2019

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

B1. Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/03/2019 RM'000	Preceding Year Quarter 31/03/2018 RM'000	Changes +/- (%)	Current Year To Date 31/03/2019 RM'000	Preceding Year To Date 31/03/2018 RM'000	Changes +/- (%)
Revenue	15,853	31,250	-49.3%	74,581	103,872	-28.2%
Operating (loss)/profit	(1,693)	5,789	-129.2%	(3,464)	4,257	-181.4%
(Loss)/Profit before interest and tax	(1,146)	5,865	-119.5%	(1,752)	5,294	-133.1%
(Loss)/Profit before tax	(1,027)	6,177	-116.6%	(1,085)	6,178	-117.6%
(Loss)/Profit for the period	(458)	6,505	-107.0%	(1,282)	5,436	-123.6%
(Loss)/Profit for the period attributable to Owners of the Company	(144)	6,254	-102.3%	462	6,685	-93.1%

The Group registered revenue of RM15.8 million and loss before tax of RM1.0 million in current quarter as compared to revenue of RM31.3 million and a profit before tax of RM6.2 million in the preceding year comparative quarter. The decreased of revenue in current quarter was mainly due to significant decreased in the manufacturing segment.

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 71.9% as compared to preceding year's corresponding quarter. Revenue for the fiber optic cable decreased by 82.5% and thixotropic gel decreased by 42.0% in current quarter.
- Trading and Engineering Services - The revenue increased in revenue by 219.7% in current quarter as compared to preceding year's corresponding quarter was due to engineering services.
- 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 31/03/2019 RM'000	Immediate Preceding Quarter 31/12/2018 RM'000	Changes +/- (%)
Revenue	15,853	16,952	-6.5%
Operating loss	(1,693)	(2,145)	-21.1%
Loss before interest and tax	(1,146)	(2,126)	-46.1%
Loss before tax	(1,027)	(1,915)	-46.4%
Loss for the period	(458)	(1,875)	-75.6%
Loss for the period attributable to Owners of the Company	(144)	(1,283)	-88.8%

The Group's revenue decrease to RM15.9 million in current quarter as compared to the immediate preceding quarter of RM16.9 million. The Group registered a loss before tax of RM1.0 million in the current quarter as compared to loss before tax of RM1.9 million in the immediate preceding quarter. The decrease of revenue in current quarter was mainly due to decrease in demand of fiber optic cables and trading of industrial materials.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2019

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 90.4% in current quarter. It was contributed by decrease in the supply of fiber optic cables by 62.4%.
- b) Trading and Engineering Services - The decreased in revenue by 59.6% in current quarter was contributed by the 14.5% decreased in trading of industrial materials and set off with 107.8% increased for the engineering services work.
- c) Other Operations - The revenue increased as compared to preceding year's corresponding quarter due to additional rental income from a related party.

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.

The Board is of the opinion that the prospects of the Group for the next year will continue to be 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 Year Ended	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Tax (recovery)/expense	(493)	469	183	1,469
Deferred taxation	(76)	(657)	14	(727)
	<u>(569)</u>	<u>(188)</u>	<u>197</u>	<u>742</u>

The effective tax rate of the group for current quarter and year-to-date of reporting period is lower than the statutory tax rate was due to prior year tax over-provided adjusted in current year.

B6. Status of corporate proposals as at 29 May 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 29 May 2019.

B7. Group Borrowings and Debt Securities

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

	Currency Denomination	As at	As at
		31/03/2019	31/03/2018
		RM'000	RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	2,408	3,678
- Hire purchase	MYR	17	43
		<u>2,425</u>	<u>3,721</u>
<u>Non-current</u>			
- Hire purchase	MYR	-	18
Total		<u>2,425</u>	<u>3,739</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 year.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2019

B9. Material litigation as at 29 May 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 29 May 2019, being the latest practicable date.

B10. Dividends

The Company did not declare dividends during the current quarter (31 March 2018: Nil).

Total net dividends declared for the current financial year ended is 1.25 sen per ordinary share (31 March 2018: A dividend of 2.00 sen per ordinary share).

B11. Earnings Per Share

	Quarter Ended		Financial Year Ended	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Profit for the period attributable to owners of the Company (RM'000)	(144)	6,254	462	6,685
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
Basic earnings per share (sen)	(0.09)	3.88	0.29	4.15

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	
	31/03/2019 RM'000	31/03/2018 RM'000	31/03/2019 RM'000	31/03/2018 RM'000
Profit for the period is arrived at after crediting:-				
Interest income	119	312	667	884
Other income	213	72	363	185
Foreign exchange gain	(433)	2,426	1,295	4,744
Reversal of impairment on investment of associates	-	3,302	-	3,302
and after charging:-				
Depreciation	1,318	794	3,324	3,176
Provision for/write off of inventories	-	(834)	-	(139)
Foreign exchange loss	143	1,193	1,424	4,563

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 2019 (31 March 2018: Nil).