



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT
For the Quarter Ended 31 March 2020

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 March 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year To Date 31/3/2020 RM'000	Preceding Year To Date 31/3/2019 RM'000
Revenue	10,567	15,853	44,461	74,581
Cost of sales	<u>(12,581)</u>	<u>(13,004)</u>	<u>(43,033)</u>	<u>(66,551)</u>
Gross (loss)/profit	(2,014)	2,849	1,428	8,030
Other operating income	249	163	486	1,473
Administrative expenses	(1,744)	(3,977)	(7,536)	(9,717)
Distribution costs	(211)	(344)	(1,137)	(1,887)
Other operating expenses	(4,196)	47	(4,404)	(602)
Finance costs	<u>(32)</u>	<u>(71)</u>	<u>(136)</u>	<u>(401)</u>
Operating loss	(7,947)	(1,333)	(11,298)	(3,104)
Interest income	141	119	591	667
Share of results of equity-accounted associates	<u>314</u>	<u>241</u>	<u>631</u>	<u>1,406</u>
Loss before tax	(7,492)	(973)	(10,076)	(1,031)
Income tax recovery/(expenses)	B5 420	562	219	(204)
Loss for the period	B12 (7,072)	(411)	(9,857)	(1,235)
Other comprehensive income/(expense), net of tax <i>Item that may be reclassified subsequently to profit or loss:-</i>				
Translation differences	<u>1,919</u>	<u>(465)</u>	<u>1,935</u>	<u>2,001</u>
(Loss)/profit and total comprehensive (expenses)/income for the period	<u>(5,152)</u>	<u>(876)</u>	<u>(7,921)</u>	<u>766</u>



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(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 March 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year To Date 31/3/2020 RM'000	Preceding Year To Date 31/3/2019 RM'000
(Loss)/profit for the period attributable to:-				
Owners of the Company	(5,943)	(154)	(7,894)	452
Non-controlling interest	<u>(1,129)</u>	<u>(257)</u>	<u>(1,963)</u>	<u>(1,687)</u>
	<u>(7,072)</u>	<u>(411)</u>	<u>(9,857)</u>	<u>(1,235)</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(4,024)	(619)	(5,959)	2,453
Non-controlling interest	<u>(1,129)</u>	<u>(257)</u>	<u>(1,963)</u>	<u>(1,687)</u>
	<u>(5,152)</u>	<u>(876)</u>	<u>(7,921)</u>	<u>766</u>
(Loss)/Earnings per share attributable to owners of the Company:-				
Basic (sen)	<u>B11 (3.69)</u>	<u>(0.10)</u>	<u>(4.90)</u>	<u>0.28</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 2019.



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2020

	Note	As At Financial Period Ended 31/3/2020 RM'000	(Restated) As At Preceding Financial Year Ended 31/03/2019 RM'000
Non-current assets			
Property, plant and equipment	A9	39,662	44,515
Investment in associates		19,396	18,782
Right-of-use assets		58	-
		<u>59,117</u>	<u>63,297</u>
Current assets			
Inventories		13,057	15,999
Trade and other receivables		15,713	18,411
Current tax assets		1,008	1,785
Cash and cash equivalents		18,688	16,401
		<u>48,465</u>	<u>52,596</u>
TOTAL ASSETS		<u>107,582</u>	<u>115,893</u>
Equity			
Share capital		32,250	32,250
Reserves		4,291	2,355
Retained earnings		46,126	54,021
		<u>82,667</u>	<u>88,626</u>
Non-controlling interest		6,841	8,814
Total equity		<u>89,508</u>	<u>97,440</u>
Non-current liabilities			
Deferred tax liabilities		447	690
Amount owing to corporate shareholder of a subsidiary		-	-
		<u>447</u>	<u>690</u>
Current liabilities			
Trade and other payables		15,162	15,099
Provisions		-	6
Lease liabilities		42	-
Bank borrowings		2,312	2,429
Current tax liabilities		111	229
		<u>17,627</u>	<u>17,763</u>
Total liabilities		<u>18,074</u>	<u>18,453</u>
TOTAL EQUITY AND LIABILITIES		<u>107,582</u>	<u>115,893</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 2019.



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 March 2020

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 2019	32,250	3	2,352	54,021	88,626	8,814	97,440
Initial application of MRFS 16				(0)	(0)		(0)
Balance as at 1 April 2019 (restated)	32,250	3	2,352	54,021	88,626	8,814	97,440
Profit/(loss) and total comprehensive income/ (expenses) for the period	-	-	1,935	(7,894)	(5,959)	(1,963)	(7,921)
Dividend paid - Non-controlling interest						(10)	(10)
Balance as at 31 March 2020	32,250	3	4,287	46,127	82,667	6,841	89,508
Balance as at 1 April 2018	32,250	3	351	55,585	88,189	10,521	98,710
Profit/(Loss) and total comprehensive income/ (expenses) for the period	-	-	2,001	452	2,453	(1,687)	766
Dividend paid - Owners of the Company - Non-controlling interest	-	-	-	(2,016)	(2,016)	- (20)	(2,016) (20)
Balance as at 31 March 2019	32,250	3	2,352	54,021	88,626	8,814	97,440

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 2019.



OPCOM HOLDINGS BERHAD
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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 March 2020

	Current Financial Period Ended 31/3/2020 RM'000	Preceding Financial Year Corresponding Period Ended 31/3/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(10,076)	(1,031)
Adjustments for:-		
Depreciation	3,120	3,346
Interest Income	(631)	(667)
Other Non-cash items	3,575	162
Other Non-operating items	(495)	(1,005)
Operating (loss)/profit before working capital changes	<u>(4,507)</u>	<u>805</u>
Changes in working capital:-		
Inventories	3,243	(2,501)
Trade and other receivables	1,990	17,684
Trade and other payables	44	(11,251)
Cash from operations	<u>770</u>	<u>4,737</u>
Tax refunded/(paid)	669	(964)
Net cash from operating activities	<u>1,439</u>	<u>3,773</u>
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(241)	(7,118)
Proceeds from disposal of property, plant and equipment	46	5
Interest received	631	667
Dividend received	711	738
Net cash from/(for) investing activities	<u>1,147</u>	<u>(5,708)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid		
- Owners of the Company	-	(2,016)
- Non-controlling interest	(10)	(20)
Repayment of bank borrowings	(222)	(1,479)
Repayment of hire-purchase	(22)	(43)
Finance costs paid	(136)	(401)
Net cash for financing activities	<u>(390)</u>	<u>(3,959)</u>
Net increase/(decrease) in cash and cash equivalents	2,196	(5,894)
Effect of exchange rate fluctuations on cash held	90	218
Cash and cash equivalents at beginning of financial period	<u>16,401</u>	<u>22,077</u>
Cash and cash equivalents at end of financial period	<u>18,688</u>	<u>16,401</u>



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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 March 2020 (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 31/3/2020 RM'000	Preceding Financial Year Corresponding Period Ended 31/3/2019 RM'000
Deposits placed with licensed banks	10,603	8,400
Cash and bank balances	8,085	8,001
	<u>18,688</u>	<u>16,401</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 2019.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 March 2020

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 2019 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 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2019 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 01 April 2019.

The adoption of the new standards, amendments and interpretation to published standards does not have any material impact on the financial statements of the Group for the financial period beginning on 01 April 2019 upon their initial application.

A2. Audit Report

The Audit Report of the Group’s annual financial statements for the financial year ended 31 March 2019 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 2019: Nil)



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Notes on the Quarterly Interim Financial Report - 31 March 2020

A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

31 March 2020

<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	36,005	8,322	134	44,461
Segmental (loss)/profit:				
Operating (loss)/profit for reportable segments	(9,190)	2,236	(4,209)	(11,162)
Interest income				591
Finance costs				(136)
Share of results of associated companies				631
Loss before tax				(10,076)
Income tax expense				219
Loss after tax				(9,857)

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 profit/(loss):				
Operating (loss)/profit for reportable segments	(1,595)	2,911	(4,019)	(2,703)
Interest income				667
Finance costs				(401)
Share of results of associated companies				1,406
Loss before tax				(1,031)
Income tax expense				(204)
Loss after tax				(1,235)



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Notes on the Quarterly Interim Financial Report - 31 March 2020

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 2020 amounted to RM40.79 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 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year To Date 31/3/2020 RM'000	Preceding Year To Date 31/3/2019 RM'000
Related companies in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	(220)	(86)	-	-
Business development commission	39	89	159	534
Ribboning services fee	60	349	360	480
Rental of plant and machinery	-	123	-	123
Purchase of raw materials	90	12	457	114
Supply of goods & services	(3)	-	-	-
Rental income	21	21	87	71
Purchase of property, plant and equipment	-	2,963	-	2,963
Disposal of property, plant and equipment	-	4	-	4
Associate of a subsidiary of the Company:-				
Sale of industrial materials	421	901	1,123	5,475
Sale of thixotropic gel	6,023	2,757	18,490	18,171
Purchase of raw materials	(156)	329	703	1,273
Services rendered	120	91	120	91



OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 31 March 2020

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

B1. Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Quarter 31/3/2019 RM'000	Changes +/- (%)	Current Year To Date 31/3/2020 RM'000	Preceding Year To Date 31/3/2019 RM'000	Changes +/- (%)
Revenue	10,567	15,853	-33.3%	44,461	74,581	-40.4%
Operating loss	(7,947)	(1,333)	-496.2%	(11,298)	(3,104)	-264.0%
Loss before interest and tax	(7,633)	(1,092)	-599.0%	(10,667)	(1,698)	-528.2%
Loss before tax	(7,492)	(973)	-670.0%	(10,076)	(1,031)	-877.3%
Loss for the period	(7,072)	(411)	-1620.6%	(9,857)	(1,235)	-698.1%
(Loss)/Profit for the period attributable to Owners of the Company	(5,943)	(154)	-3759.1%	(7,894)	452	-1846.5%

The Group registered revenue of RM10.6 million and loss before tax of RM7.5 million in the current quarter as compared to revenue of RM15.9 million and a loss before tax of RM1.0 million in the preceding year's corresponding quarter. The decrease in revenue by 33.3% in the current quarter as compared to the preceding year's corresponding quarter was mainly due to decreased in the sale of fiber optic cables and engineering services. The decrease was partially offset by higher sales of thixotropic gel sales for the period.

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 19% as compared to preceding year's corresponding quarter. Sales of thixotropic gel increased by 54%, offset by decrease in the revenue of fiber optic cable (decreased by 21%).
- Trading and Engineering Services - Revenue decreased by 89% in current quarter as compared to preceding year's corresponding quarter as a result of lower sales of industrial materials and engineering services.
- Other Operations - The revenue contribution in current quarter was consistent with the preceding year's corresponding quarter.

B2. Variation of Results Against the Immediate Preceding Quarter

	Current Quarter 31/3/2020 RM'000	Immediate Preceding Quarter 31/12/2019 RM'000	Changes +/- (%)
Revenue	10,567	10,725	-1.5%
Operating loss	(7,947)	(524)	-1416.6%
Loss before interest and tax	(7,633)	(761)	-903.0%
Loss before tax	(7,492)	(599)	-1150.7%
Loss for the period	(7,072)	(697)	-914.6%
Loss for the period attributable to Owners of the Company	(5,943)	(438)	-1256.9%

The Group's revenue decreased to RM10.6 million in the current quarter as compared to the immediate preceding quarter of RM10.7 million. The Group registered a loss before tax of RM7.5 million in the current quarter as compared to loss before tax of RM599 thousand in the immediate preceding quarter. The decrease in revenue by 1.5% in current quarter was mainly due to the lower sale of accessories, offset by increase in delivery of gel product.

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 54% in current quarter. The increase in revenue was due to 12% increase of fiber optic cable sales and 85% increase of the thixotropic gel sales.
- Trading and Engineering Services - The revenue decreased by 82% in current quarter was due to a 88% drop in the trading of industrial materials, and 78% decrease in revenue from engineering services.
- Other Operations - The revenue contribution in current quarter was consistent with the immediate preceding quarter.

**OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 31 March 2020**B3. Prospects**

Increased foreign competition and significant reduced capital investment in fiber optic cable infrastructure by our core customers had negatively impacted our current business performance. The Board is of the opinion that our dire industry situation, particularly for local manufacturers, is not expected to improve in the short and medium term.

The Group is evaluating new business areas to venture into, and is working toward reducing its business dependency on the domestic market.

B4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast and profit guarantee in any public document.

B5. Income Tax (Recovery)/Expenses

	Quarter Ended		Financial Period Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Tax (recovery)/expenses	(185)	(228)	30	448
Deferred taxation	(235)	(334)	(249)	(244)
	<u>(420)</u>	<u>(562)</u>	<u>(219)</u>	<u>204</u>

The effective tax rate of the Group for current quarter and year-to-date of reporting period was lower than the statutory tax rate due to certain subsidiaries in tax loss position and the reversal of deferred tax liabilities recognised in the previous year.

B6. Status of corporate proposals as at 24 June 2020

(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 June 2020.

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:-

<u>Current</u>	<u>Currency Denomination</u>	As at	As at
		31/3/2020	31/3/2019
		RM'000	RM'000
- Foreign currency trade facilities	USD	2,312	2,408
- Hire purchase	MYR	-	21
		<u>2,312</u>	<u>2,429</u>

B8. Derivative Financial Instruments

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

B9. Material litigation as at 24 June 2020

(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 June 2020, being the latest practicable date.



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 Notes on the Quarterly Interim Financial Report - 31 March 2020

B10. Dividends

The Company did not declare dividends during the current quarter (31 March 2019: Nil).

B11. (Loss)/Earnings Per Share

	Quarter Ended		Financial Period Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(5,943)	(154)	(7,894)	452
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
Basic (loss)/earnings per share (sen)	(3.69)	(0.10)	(4.90)	0.28

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

B12. Loss for the Period

	Quarter Ended		Financial Period Ended	
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Loss for the period is arrived at after crediting:-				
Interest income	141	119	591	667
Other income	24	213	241	363
Foreign exchange gain	214	(1,714)	453	1,286
and after charging:-				
Depreciation	691	904	3,120	3,346
Foreign exchange loss	73	1,117	243	1,413
Impairment of property, plant and equipment	2,242	-	2,242	-
Provision for doubtful debts - trade receivables	1,311	-	1,311	-

There were no gain or loss on disposal of quoted or unquoted investments or properties, or exceptional items for current quarter and financial period ended 31 March 2020 (31 March 2019: Nil).