



OPCOM HOLDINGS BERHAD
(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT
For the Quarter Ended 30 September 2019

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 September 2019

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 30/09/2019 RM'000	Preceding Year Corresponding Quarter 30/09/2018 RM'000	Current Year To Date 30/09/2019 RM'000	Preceding Year To Date 30/09/2018 RM'000
Revenue		11,307	23,924	23,169	41,776
Cost of sales		(9,785)	(20,575)	(21,140)	(36,010)
Gross profit		1,522	3,349	2,029	5,766
Other operating income		101	558	201	1,215
Administrative expenses		(2,036)	(2,310)	(4,076)	(4,566)
Distribution costs		(345)	(605)	(676)	(1,188)
Other operating expenses		(130)	(392)	(241)	(667)
Finance costs		(33)	(166)	(64)	(186)
Operating (loss)/profit		(921)	434	(2,827)	374
Interest income		136	170	288	337
Share of results of equity-accounted associates		43	420	554	1,146
(Loss)/profit before tax		(742)	1,024	(1,985)	1,857
Income tax expenses	B5	(36)	(308)	(103)	(806)
(Loss)/profit for the period	B12	(778)	716	(2,088)	1,051
Other comprehensive income, net of tax					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		505	924	904	2,491
(Loss)/profit and total comprehensive (expenses)/income for the period		(273)	1,640	(1,184)	3,542



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Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 September 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2019 RM'000	Preceding Year Corresponding Quarter 30/09/2018 RM'000	Current Year To Date 30/09/2019 RM'000	Preceding Year To Date 30/09/2018 RM'000
(Loss)/profit for the period attributable to:-				
Owners of the Company	(622)	1,056	(1,513)	1,889
Non-controlling interest	(156)	(340)	(575)	(838)
	<u>(778)</u>	<u>716</u>	<u>(2,088)</u>	<u>1,051</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(117)	1,980	(609)	4,380
Non-controlling interest	(156)	(340)	(575)	(838)
	<u>(273)</u>	<u>1,640</u>	<u>(1,184)</u>	<u>3,542</u>
Earnings per share attributable to owners of the Company:-				
Basic (sen)	<u>B11 (0.39)</u>	<u>0.65</u>	<u>(0.94)</u>	<u>1.17</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
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Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2019

	Note	As At Financial Period Ended 30/09/2019 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2019 RM'000
Non-current assets			
Property, plant and equipment	A9	43,126	44,515
Investment in associates		19,387	18,782
		62,513	63,297
Current assets			
Inventories		15,790	15,999
Trade and other receivables		17,747	18,411
Current tax assets		1,229	1,785
Cash and cash equivalents		17,512	16,401
		52,278	52,596
TOTAL ASSETS		114,791	115,893
Equity			
Share capital		32,250	32,250
Reserves		3,259	2,355
Retained earnings		52,508	54,021
		88,017	88,626
Non-controlling interest		8,239	8,814
Total equity		96,256	97,440
Non-current liabilities			
Deferred tax liabilities		688	690
Amount owing to corporate shareholder of a subsidiary		8,063	8,063
		8,751	8,753
Current liabilities			
Trade and other payables		6,427	7,036
Provisions		3	6
Bank borrowings		3,153	2,429
Current tax liabilities		201	229
		9,784	9,700
Total liabilities		18,535	18,453
TOTAL EQUITY AND LIABILITIES		114,791	115,893

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.



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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 September 2019

Group	<i>Non-Distributable</i>		Translation reserve RM'000	<i>Distributable</i>		Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000		Retained earnings RM'000	Total RM'000		
Balance as at 1 April 2019	32,250	3	2,352	54,021	88,626	8,814	97,440
(Loss)/Profit and total comprehensive (expenses)/ income for the period	-	-	904	(1,513)	(609)	(575)	(1,184)
Balance as at 30 September 2019	32,250	3	3,256	52,508	88,017	8,239	96,256
Balance as at 1 April 2018	32,250	3	352	55,584	88,189	10,521	98,710
Profit/(Loss) and total comprehensive income/ (expenses) for the period	-	-	2,491	1,889	4,380	(838)	3,542
Dividend paid	-	-	-	(2,016)	(2,016)	-	(2,016)
Balance as at 30 September 2018	32,250	3	2,843	55,457	90,553	9,683	100,236

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.



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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 2019

	Current Financial Period Ended 30/09/2019 RM'000	Preceding Financial Year Corresponding Period Ended 30/09/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,985)	1,857
Adjustments for:-		
Depreciation	1,717	1,592
Interest Income	(288)	(337)
Other Non-cash items	(12)	(1,237)
Other Non-operating items	(490)	(324)
Operating (loss)/profit before working capital changes	<u>(1,058)</u>	<u>1,551</u>
Changes in working capital:-		
Inventories	204	(10,505)
Trade and other receivables	664	4,844
Trade and other payables	(625)	(584)
Cash for operations	<u>(815)</u>	<u>(4,694)</u>
Tax refunded/(paid)	364	(702)
Net cash for operating activities	<u>(451)</u>	<u>(5,396)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(174)	(499)
Proceeds from disposal of property, plant and equipment	36	-
Interest received	288	337
Dividend received	-	678
Net cash from investing activities	<u>150</u>	<u>516</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(2,015)
Proceeds from bank borrowings	724	8,412
Finance costs paid	(64)	(187)
Net cash from financing activities	<u>660</u>	<u>6,210</u>
Net increase in cash and cash equivalents	359	1,330
Effect of exchange rate fluctuations on cash held	752	374
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>17,512</u>	<u>23,781</u>



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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 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 Period Ended 30/09/2019 RM'000	Preceding Financial Year Corresponding Period Ended 30/09/2018 RM'000
Deposits placed with licensed banks	8,400	16,537
Cash and bank balances	9,112	7,244
	<u>17,512</u>	<u>23,781</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

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Notes on the Quarterly Interim Financial Report - 30 September 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 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 (30 September 2018: A dividend of 1.25 sen per ordinary share under the single tier system was paid on 07 September 2018).



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A8. Segmental Reporting

The Group operates wholly in Malaysia.

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

30 September 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	19,536	3,567	66	23,169
Segmental (loss)/profit:				
Operating (loss)/profit for reportable segments	(3,395)	2,745	(2,113)	(2,763)
Interest income				288
Finance costs				(64)
Share of results of associated companies				554
Loss before tax				(1,985)
Income tax expense				(103)
Loss after tax				(2,088)

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	17	41,759
Segmental profit/(loss):				
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



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Notes on the Quarterly Interim Financial Report - 30 September 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 30 September 2019 amounted to RM40.76 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	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	To Date
	30/09/2019	Quarter	30/09/2019	30/09/2018
	RM'000	30/09/2018	RM'000	RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	158	-	220	86
Business development commission	29	209	85	357
Ribonning services fee	120	37	240	90
Associate of a subsidiary of the Company:-				
Sale of industrial materials	516	(68)	686	911
Sale of thixotropic gel	3,816	5,432	9,143	10,522
Purchase of raw materials	-	2,409	317	3,142



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Notes on the Quarterly Interim Financial Report - 30 September 2019

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

B1. Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/09/2019 RM'000	Preceding Year Quarter 30/09/2018 RM'000	Changes +/- (%)	Current Year To Date 30/09/2019 RM'000	Preceding Year To Date 30/09/2018 RM'000	Changes +/- (%)
Revenue	11,307	23,924	-52.7%	23,169	41,776	-44.5%
Operating loss	(921)	434	-312.2%	(2,827)	374	-855.9%
(Loss)/Profit before interest and tax	(878)	854	-202.8%	(2,273)	1,520	-249.5%
(Loss)/Profit before tax	(742)	1,024	-172.5%	(1,985)	1,857	-206.9%
(Loss)/Profit for the period	(778)	716	-208.7%	(2,088)	1,051	-298.7%
(Loss)/Profit for the period attributable to Owners of the Company	(622)	1,056	-158.9%	(1,513)	1,889	-180.1%

The Group registered revenue of RM11.3 million and loss before tax of RM742 thousand in the current quarter as compared to revenue of RM23.9 million and a profit before tax of RM1.0 million in the preceding year's corresponding quarter. The decreased revenue in the 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 49.0% as compared to preceding year's corresponding quarter. Revenue of the fiber optic cable decreased by 56.3% and thixotropic gel decreased by 22.2% in current quarter.
- Trading and Engineering Services - The decrease in revenue by 65.3% in current quarter as compared to preceding year's corresponding quarter was due to slow performance in the 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 30/09/2019 RM'000	Immediate Preceding Quarter 30/06/2019 RM'000	Changes +/- (%)
Revenue	11,307	11,862	-4.7%
Operating loss	(921)	(1,906)	51.7%
Loss before interest and tax	(878)	(1,395)	37.1%
Loss before tax	(742)	(1,243)	40.3%
Loss for the period	(778)	(1,310)	40.6%
Loss for the period attributable to Owners of the Company	(622)	(891)	30.2%

The Group's revenue decrease to RM11.3 million in the current quarter as compared to the immediate preceding quarter of RM11.9 million. The Group registered a loss before tax of RM742 thousand in the current quarter as compared to loss before tax of RM1.2 million in the immediate preceding quarter. The decrease in revenue mainly due to the lower supply of thixotropic gel 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 6.4% in current quarter. The net decrease in revenue was due to an increase in the supply of fiber optic cable diluted by 44.7% decrease in the sales of thixotropic gel.
- Trading and Engineering Services - The increase in revenue by 4.5% in current quarter was due to the increase of industrial trading of materials.
- Other Operations - The revenue contribution in current quarter was consistent with immediate preceding quarter.



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B3. Prospects

The telecommunications industry is expected to remain competitive and challenging from now and throughout 2020. The Group is conducting a review of its current businesses in light of this industry background with a view to develop appropriate business strategies to address such challenges.

The Board is of the view that the operating performance of the Group for the remaining quarters from now till year end 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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Tax expense	39	267	111	742
Deferred taxation	(3)	41	(8)	64
	<u>36</u>	<u>308</u>	<u>103</u>	<u>806</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 certain subsidiaries in loss position and non-deductible expense of the holding company. The losses had diluted the Group profit which cannot be off-set against consolidated tax liability of other subsidiaries.

B6. Status of corporate proposals as at 21 November 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 21 November 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
		30/09/2019 RM'000	30/09/2018 RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	3,153	12,655
- Hire purchase	MYR	-	46
		<u>3,153</u>	<u>12,701</u>
<u>Non-current</u>			
- Hire purchase	MYR	-	-
Total		<u>3,153</u>	<u>12,701</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 21 November 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 21 November 2019, being the latest practicable date.



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B10. Dividends

The Company did not declare dividends during the current quarter (30 September 2018: A dividend of 1.25 sen per ordinary share under the single tier system was paid on 07 September 2018).

B11. Earnings Per Share

	Quarter Ended		Financial Period Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(622)	1,056	(1,513)	1,889
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
Basic earnings per share (sen)	(0.39)	0.65	(0.94)	1.17

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

B12. (Loss)/Profit for the Period

	Quarter Ended		Financial Period Ended	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
(Loss)/Profit for the period is arrived at after crediting:-				
Interest income	136	170	288	337
Other income	101	28	122	62
Foreign exchange gain	-	360	79	1,165
and after charging:-				
Depreciation	848	738	1,717	1,592
Foreign exchange loss	18	9	27	283

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 2019 (30 September 2018: Nil).