



**OPCOM HOLDINGS BERHAD**

Company No: 199401036979 (322661-W)

**QUARTERLY INTERIM FINANCIAL REPORT**

For the Quarter Ended 30 June 2020

The Directors are pleased to announce the following:-

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 June 2020**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Current Year To Date 30/6/2020 RM'000	Preceding Year To Date 30/6/2019 RM'000
Revenue	7,826	11,862	7,826	11,862
Cost of sales	(8,082)	(11,355)	(8,082)	(11,355)
<b>Gross (loss)/profit</b>	(256)	507	(256)	507
Other operating income	209	100	209	100
Administrative expenses	(1,610)	(2,040)	(1,610)	(2,040)
Distribution costs	(199)	(331)	(199)	(331)
Other operating expenses	(119)	(111)	(119)	(111)
Finance costs	(14)	(31)	(14)	(31)
<b>Operating loss</b>	(1,989)	(1,906)	(1,989)	(1,906)
Interest income	132	152	132	152
Share of results of equity-accounted associates	602	511	602	511
<b>Loss before tax</b>	(1,256)	(1,243)	(1,256)	(1,243)
Income tax expenses	2	(67)	2	(67)
<b>Loss for the period</b>	(1,254)	(1,310)	(1,254)	(1,310)
<b>Other comprehensive income/(expense), net of tax Item that may be reclassified subsequently to profit or loss:-</b>				
Translation differences	(255)	399	(255)	399
<b>(Loss)/profit and total comprehensive (expenses)/income for the period</b>	(1,509)	(911)	(1,509)	(911)



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**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 June 2020**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Current Year To Date 30/6/2020 RM'000	Preceding Year To Date 30/6/2019 RM'000
(Loss)/profit for the period attributable to:-				
Owners of the Company	(752)	(891)	(752)	(891)
Non-controlling interest	<u>(501)</u>	<u>(419)</u>	<u>(501)</u>	<u>(419)</u>
	<u>(1,254)</u>	<u>(1,310)</u>	<u>(1,254)</u>	<u>(1,310)</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(1,008)	(492)	(1,008)	(492)
Non-controlling interest	<u>(501)</u>	<u>(419)</u>	<u>(501)</u>	<u>(419)</u>
	<u>(1,509)</u>	<u>(911)</u>	<u>(1,509)</u>	<u>(911)</u>
<b>(Loss)/Earnings per share attributable to owners of the Company:-</b>				
Basic (sen)	<u>B11 (0.47)</u>	<u>(0.55)</u>	<u>(0.47)</u>	<u>(0.55)</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 2020.

**OPCOM HOLDINGS BERHAD**

Company No: 199401036979 (322661-W)

**Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2020**

		<b>As At Financial Period Ended 30/6/2020 RM'000</b>	<b>(Audited) As At Preceding Financial Year Ended 31/03/2020 RM'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	<b>A9</b>	26,711	27,312
Investment in associates		19,757	19,396
Right-of-use assets		12,292	12,371
		<u>58,760</u>	<u>59,080</u>
<b>Current assets</b>			
Inventories		13,662	13,057
Trade and other receivables		14,098	15,786
Current tax assets		960	897
Cash and cash equivalents		18,811	18,688
		<u>47,532</u>	<u>48,428</u>
<b>TOTAL ASSETS</b>		<u>106,292</u>	<u>107,508</u>
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		3,994	4,249
Retained earnings		45,372	46,124
		<u>81,616</u>	<u>82,623</u>
<b>Non-controlling interest</b>		6,340	6,841
<b>Total equity</b>		<u>87,955</u>	<u>89,464</u>
<b>Non-current liability</b>			
Deferred tax liabilities		446	447
		<u>446</u>	<u>447</u>
<b>Current liabilities</b>			
Trade and other payables		17,154	15,262
Lease liabilities		15	22
Bank borrowings		694	2,312
Current tax liabilities		28	-
		<u>17,890</u>	<u>17,597</u>
<b>Total liabilities</b>		<u>18,337</u>	<u>18,044</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>106,292</u>	<u>107,508</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 2020.



**OPCOM HOLDINGS BERHAD**

Company No: 199401036979 (322661-W)

**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 June 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 2020	32,250	3	4,246	46,124	82,623	6,841	89,464
Loss and total comprehensive expenses for the period	-	-	(255)	(752)	(1,008)	(501)	(1,509)
Balance as at 30 June 2020	<u>32,250</u>	<u>3</u>	<u>3,991</u>	<u>45,372</u>	<u>81,616</u>	<u>6,340</u>	<u>87,955</u>
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)	<u>32,250</u>	<u>3</u>	<u>2,352</u>	<u>54,021</u>	<u>88,626</u>	<u>8,814</u>	<u>97,440</u>
Profit/(Loss) and total comprehensive income/ (expenses) for the period	-	-	399	(891)	(492)	(419)	(911)
Balance as at 30 June 2019	<u>32,250</u>	<u>3</u>	<u>2,751</u>	<u>53,130</u>	<u>88,134</u>	<u>8,395</u>	<u>96,529</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 2020.



**OPCOM HOLDINGS BERHAD**  
Company No: 199401036979 (322661-W)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 June 2020**

	<b>Current Financial Period Ended 30/6/2020 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/6/2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(1,256)	(1,243)
Adjustments for:-		
Depreciation	683	869
Interest Income	(132)	(152)
Other Non-cash items	7	6
Other Non-operating items	(587)	(480)
Operating loss before working capital changes	<u>(1,284)</u>	<u>(1,000)</u>
Changes in working capital:-		
Inventories	(658)	(1,482)
Trade and other receivables	1,629	838
Trade and other payables	1,918	4,317
Cash from operations	<u>1,605</u>	<u>2,673</u>
Tax paid	(38)	(269)
<b>Net cash from operating activities</b>	<u>1,568</u>	<u>2,404</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(25)	(113)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	132	152
Dividend received	120	-
<b>Net cash from investing activities</b>	<u>227</u>	<u>39</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(1,617)	(1,621)
Repayment of lease liabilities	(7)	-
Finance costs paid	(14)	(31)
<b>Net cash for financing activities</b>	<u>(1,638)</u>	<u>(1,652)</u>
<b>Net increase in cash and cash equivalents</b>	156	791
Effect of exchange rate fluctuations on cash held	(33)	539
<b>Cash and cash equivalents at beginning of financial period</b>	<u>18,688</u>	<u>16,401</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>18,811</u>	<u>17,731</u>



**OPCOM HOLDINGS BERHAD**  
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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 June 2020 (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 Period Ended 30/6/2020 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/6/2019 RM'000</b>
Deposits placed with licensed banks	9,407	8,400
Cash and bank balances	9,403	9,330
	<u>18,811</u>	<u>17,731</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 2020.



**OPCOM HOLDINGS BERHAD**

**Company No: 199401036979 (322661-W)**

**Notes on the Quarterly Interim Financial Report - 30 June 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 2020 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 2020.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2020 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 2020.

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 2020 upon their initial application.

**A2. Audit Report**

The Audit Report of the Group's annual financial statements for the financial year ended 31 March 2020 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 June 2019: Nil)



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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 June 2020

<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	6,844	954	28	7,826
<b>Segmental (loss)/profit:</b>				
Operating (loss)/profit for reportable segments	(1,247)	191	(918)	(1,975)
Interest income				132
Finance costs				(14)
Share of results of associated companies				602
Loss before tax				(1,256)
Income tax expense				2
Loss after tax				(1,254)

30 June 2019

<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	9,939	1,890	33	11,862
<b>Segmental profit/(loss):</b>				
Operating (loss)/profit for reportable segments	(1,269)	384	(990)	(1,875)
Interest income				152
Finance costs				(31)
Share of results of associated companies				511
Loss before tax				(1,243)
Income tax expense				(67)
Loss after tax				(1,310)





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**Notes on the Quarterly Interim Financial Report - 30 June 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 30 June 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 30/6/2020 RM'000	Preceding Year Corresponding Quarter 30/6/2019 RM'000	Current Year To Date 30/6/2020 RM'000	Preceding Year To Date 30/6/2019 RM'000
Related companies in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Business development commission	77	56	77	56
Ribonning services fee	60	120	60	120
Purchase of raw materials	98	62	98	62
Rental income	16	21	16	21
Associate of a subsidiary of the Company:-				
Sale of industrial materials	183	170	183	170
Sale of thixotropic gel	3,259	5,327	3,259	5,327
Purchase of raw materials	506	317	506	317
Services rendered	28	-	28	-



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

**B1. Review of Performance**

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Quarter	Changes	Current Year To Date	Preceding Year To Date	Changes
	30/6/2020 RM'000	30/6/2019 RM'000	+/- (%)	30/6/2020 RM'000	30/6/2019 RM'000	+/- (%)
Revenue	7,826	11,862	-34.0%	7,826	11,862	-34.0%
Operating loss	(1,989)	(1,906)	-4.4%	(1,989)	(1,906)	-4.4%
Loss before interest and tax	(1,387)	(1,395)	0.5%	(1,387)	(1,395)	0.5%
Loss before tax	(1,256)	(1,243)	-1.0%	(1,256)	(1,243)	-1.0%
Loss for the period	(1,254)	(1,310)	4.3%	(1,254)	(1,310)	4.3%
Loss for the period attributable to Owners of the Company	(752)	(891)	15.6%	(752)	(891)	15.6%

The Group registered revenue of RM7.8 million and loss before tax of RM1.3 million in the current quarter as compared to revenue of RM11.9 million and a loss before tax of RM1.2 million in the preceding year's corresponding quarter. The decreased in revenue by 34.0% in the current quarter as compared to the preceding year's corresponding quarter was mainly due to lower sale of thixotropic gel, fiber optic cables, accessories, and engineering services.

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 31% as compared to preceding year's corresponding quarter. Sales of thixotropic gel decreased by 38%, and revenue of fiber optic cable decreased by 23%.
- Trading and Engineering Services - Revenue decreased by 50% 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 - Revenue decreased by 15% in current quarter as compared to preceding year's corresponding quarter as a result of one month rental waiver given to a tenant following the Movement Control Order.

**B2. Variation of Results Against the Immediate Preceding Quarter**

	Current Quarter 30/6/2020 RM'000	Immediate Preceding Quarter 31/03/2020 RM'000	Changes +/- (%)
Revenue	7,826	10,567	-25.9%
Operating loss	(1,989)	(7,947)	75.0%
Loss before interest and tax	(1,387)	(7,633)	81.8%
Loss before tax	(1,256)	(7,492)	83.2%
Loss for the period	(1,254)	(7,072)	82.3%
Loss for the period attributable to Owners of the Company	(752)	(5,943)	87.3%

The Group's revenue decreased to RM7.8 million in the current quarter as compared to the immediate preceding quarter of RM10.6 million. The Group registered a loss before tax of RM1.3 million in the current quarter as compared to loss before tax of RM7.5 million in the immediate preceding quarter. The decrease in revenue by 25.9% in current quarter was mainly due to the lower sale of thixotropic gel, fiber optic cables, accessories, and engineering services.

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 27% in current quarter. The decrease in revenue was due to 11% decrease of fiber optic cable sales and 39% decrease of the thixotropic gel sales.
- Trading and Engineering Services - The revenue decreased by 15% in current quarter was due to a 50% drop in the trading of industrial materials, and 17% decrease in revenue from engineering services.
- Other Operations - Revenue decreased by 15% in current quarter as a result of one month rental waiver given to a tenant following the Movement Control Order.



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**B3. Prospects**

The Group anticipates that our production output to improve from the current quarter under review. Nevertheless, the increased foreign competition and significant reduced capital investment in fiber optic cable infrastructure by our core customers will continue to impact negatively on our business performance. The Board is of the view that our dire industry situation, particularly for local manufacturers, is not expected to improve in the short and medium term.

The Group continues to evaluate new business areas to venture into, and working towards 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 Expenses**

	Quarter Ended		Financial Period Ended	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	RM'000	RM'000	RM'000	RM'000
Tax expenses	(2)	72	(2)	72
Deferred taxation	(0)	(5)	(0)	(5)
	<u>(2)</u>	<u>67</u>	<u>(2)</u>	<u>67</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 26 August 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 26 August 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
		30/6/2020	30/6/2019
		RM'000	RM'000
- Foreign currency trade facilities	USD	694	745
- Hire purchase	MYR	-	<u>22</u>
		<u>694</u>	<u>767</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 26 August 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 26 August 2020, being the latest practicable date.



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**B10. Dividends**

The Company did not declare dividends during the current quarter (30 June 2019: Nil).

**B11. Loss Per Share**

	Quarter Ended		Financial Period Ended	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
Loss for the period attributable to owners of the Company (RM'000)	(752)	(891)	(752)	(891)
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
<b>Basic loss per share (sen)</b>	<b>(0.47)</b>	<b>(0.55)</b>	<b>(0.47)</b>	<b>(0.55)</b>

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

**B12. Loss for the Period**

	Quarter Ended		Financial Period Ended	
	30/6/2020 RM'000	30/6/2019 RM'000	30/6/2020 RM'000	30/6/2019 RM'000
Loss for the period is arrived at after crediting:-				
Interest income	132	152	132	152
Other income	156	21	156	21
Foreign exchange gain	53	79	53	79
and after charging:-				
Depreciation	683	869	683	869
Inventories written down	17	34	17	34
Foreign exchange loss	40	9	40	9

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 June 2020 (30 June 2019: Nil).