



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

**QUARTERLY INTERIM FINANCIAL REPORT**  
For the Quarter Ended 30 June 2019

The Directors are pleased to announce the following:-

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

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 30/06/2019 RM'000	Preceding Year Corresponding Quarter 30/06/2018 RM'000	Current Year To Date 30/06/2019 RM'000	Preceding Year To Date 30/06/2018 RM'000
Revenue		11,862	17,852	11,862	17,852
Cost of sales		(11,355)	(15,435)	(11,355)	(15,435)
<b>Gross profit</b>		507	2,417	507	2,417
Other operating income		100	657	100	657
Administrative expenses		(2,040)	(2,256)	(2,040)	(2,256)
Distribution costs		(331)	(583)	(331)	(583)
Other operating expenses		(111)	(275)	(111)	(275)
Finance costs		(31)	(20)	(31)	(20)
<b>Operating loss</b>		(1,906)	(60)	(1,906)	(60)
Interest income		152	167	152	167
Share of results of equity-accounted associates		511	726	511	726
<b>(Loss)/profit before tax</b>		(1,243)	833	(1,243)	833
Income tax expenses	<b>B5</b>	(67)	(498)	(67)	(498)
<b>(Loss)/profit for the period</b>	<b>B12</b>	(1,310)	335	(1,310)	335
<b>Other comprehensive income, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		399	1,567	399	1,567
<b>(Loss)/profit and total comprehensive (expenses)/income for the period</b>		(911)	1,902	(911)	1,902



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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2019 RM'000	Preceding Year Corresponding Quarter 30/06/2018 RM'000	Current Year To Date 30/06/2019 RM'000	Preceding Year To Date 30/06/2018 RM'000
(Loss)/profit for the period attributable to:-				
Owners of the Company	(891)	883	(891)	833
Non-controlling interest	<u>(419)</u>	<u>(498)</u>	<u>(419)</u>	<u>(498)</u>
	<u>(1,310)</u>	<u>335</u>	<u>(1,310)</u>	<u>335</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(492)	2,400	(492)	2,400
Non-controlling interest	<u>(419)</u>	<u>(498)</u>	<u>(419)</u>	<u>(498)</u>
	<u>(911)</u>	<u>1,902</u>	<u>(911)</u>	<u>1,902</u>
<b>Earnings per share attributable to owners of the Company:-</b>				
Basic (sen)	<u>B11 (0.55)</u>	<u>0.52</u>	<u>(0.55)</u>	<u>0.52</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 June 2019**

	Note	As At Financial Period Ended 30/06/2019 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2019 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	43,850	44,515
Investment in associates		19,485	18,782
		63,335	63,297
<b>Current assets</b>			
Inventories		17,414	15,999
Trade and other receivables		17,453	18,411
Current tax assets		1,706	1,785
Cash and cash equivalents		17,731	16,401
		54,304	52,596
<b>TOTAL ASSETS</b>		117,639	115,893
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		2,754	2,355
Retained earnings		53,130	54,021
		88,134	88,626
<b>Non-controlling interest</b>		8,395	8,814
<b>Total equity</b>		96,529	97,440
<b>Non-current liabilities</b>			
Deferred tax liabilities		687	690
Amount owing to corporate shareholder of a subsidiary		8,063	8,063
		8,750	8,753
<b>Current liabilities</b>			
Trade and other payables		11,375	7,036
Provisions		3	6
Bank borrowings		767	2,429
Current tax liabilities		215	229
		12,360	9,700
<b>Total liabilities</b>		21,110	18,453
<b>TOTAL EQUITY AND LIABILITIES</b>		117,639	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.



**OPCOM HOLDINGS BERHAD**  
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**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 June 2019**

Group	<i>Non-Distributable</i>		Translation reserve RM'000	<i>Distributable</i>	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Capital 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
(Loss)/Profit and total comprehensive (expenses)/ income for the period	-	-	399	(891)	(492)	(419)	(911)
Balance as at 30 June 2019	32,250	3	2,751	53,130	88,134	8,395	96,529
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	-	-	1,567	833	2,400	(498)	1,902
Balance as at 30 June 2018	32,250	3	1,919	56,417	90,589	10,023	100,612

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**  
(Company No: 322661-W)

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

	<b>Current Financial Period Ended 30/06/2019 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/06/2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(1,243)	833
Adjustments for:-		
Depreciation	869	854
Interest Income	(152)	(167)
Other Non-cash items	6	104
Other Non-operating items	(480)	(706)
Operating (loss)/profit before working capital changes	<u>(1,000)</u>	<u>918</u>
Changes in working capital:-		
Inventories	(1,482)	(8,643)
Trade and other receivables	838	12,296
Trade and other payables	4,317	327
Cash from operations	<u>2,673</u>	<u>4,898</u>
Tax paid	(269)	(347)
<b>Net cash from operating activities</b>	<u>2,404</u>	<u>4,551</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(113)	(501)
Interest received	152	167
<b>Net cash from/(used in) investing activities</b>	<u>39</u>	<u>(334)</u>
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>		
(Repayment to)/Proceeds from bank borrowings	(1,621)	7,917
Finance costs paid	(31)	(20)
<b>Net cash (used in)/from financing activities</b>	<u>(1,652)</u>	<u>7,897</u>
<b>Net increase in cash and cash equivalents</b>	791	12,114
Effect of exchange rate fluctuations on cash held	539	385
<b>Cash and cash equivalents at beginning of financial period</b>	<u>16,401</u>	<u>22,077</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>17,731</u>	<u>34,576</u>



**OPCOM HOLDINGS BERHAD**  
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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 June 2019 (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 30/06/2019 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/06/2018 RM'000</b>
Deposits placed with licensed banks	8,400	16,537
Cash and bank balances	9,330	18,039
	<u>17,731</u>	<u>34,576</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 - 30 June 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 1 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 June 2018: Nil).



**OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2019

**A8. Segmental Reporting**

The Group operates wholly in Malaysia.

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

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 (loss)/profit:</b>				
Operating (loss)/profit for reportable segments	(2,436)	1,551	(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)

30 June 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	15,074	2,761	17	17,852
<b>Segmental profit/(loss):</b>				
Operating profit/(loss) for reportable segments	448	377	(865)	(40)
Interest income				167
Finance costs				(20)
Share of results of associated companies				726
Profit before tax				833
Income tax expense				(498)
Profit after tax				335





**OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 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 June 2019 amounted to RM40.74 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 30/06/2019 RM'000	Preceding Year Corresponding Quarter 30/06/2018 RM'000	Current Year To Date 30/06/2019 RM'000	Preceding Year To Date 30/06/2018 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Purchase of accessories	62	86	62	86
Business development commission	56	148	56	148
Ribonning services fee	120	53	120	53
Associate of a subsidiary of the Company:-				
Sale of industrial materials	170	979	170	979
Sale of thixotropic gel	5,327	5,090	5,327	5,090
Purchase of raw materials	317	733	317	733



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 June 2019

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

### B1. Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/06/2019 RM'000	Preceding Year Quarter 30/06/2018 RM'000	Changes +/- (%)	Current Year To Date 30/06/2019 RM'000	Preceding Year To Date 30/06/2018 RM'000	Changes +/- (%)
Revenue	11,862	17,852	-33.6%	11,862	17,852	-33.6%
Operating loss	(1,906)	(60)	3076.7%	(1,906)	(60)	3076.7%
(Loss)/Profit before interest and tax	(1,395)	666	-309.5%	(1,395)	666	-309.5%
(Loss)/Profit before tax	(1,243)	833	-249.2%	(1,243)	833	-249.2%
(Loss)/Profit for the period	(1,310)	335	-491.0%	(1,310)	335	-491.0%
(Loss)/Profit for the period attributable to Owners of the Company	(891)	883	-200.9%	(891)	833	-207.0%

The Group registered revenue of RM11.9 million and loss before tax of RM1.2 million in current quarter as compared to revenue of RM17.9 million and a profit before tax of RM833 thousand in the preceding year's corresponding quarter. The decreased of revenue in 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 33.9% as compared to preceding year's corresponding quarter. Revenue of the fiber optic cable decreased by 48.4% and thixotropic gel decreased by 14.0% in current quarter.
- Trading and Engineering Services - The decrease in revenue by 32.5% 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 30/06/2019 RM'000	Immediate Preceding Quarter 31/03/2019 RM'000	Changes +/- (%)
Revenue	11,862	15,853	-25.2%
Operating loss	(1,906)	(1,333)	-43.0%
Loss before interest and tax	(1,395)	(1,092)	-27.7%
Loss before tax	(1,243)	(973)	-27.7%
Loss for the period	(1,310)	(511)	-156.4%
Loss for the period attributable to Owners of the Company	(891)	(154)	-478.6%

The Group's revenue decrease to RM11.9 million in current quarter as compared to the immediate preceding quarter of RM15.9 million. The Group registered a loss before tax of RM1.2 million in the current quarter as compared to loss before tax of RM 0.97 million in the immediate preceding quarter. The decrease of revenue in current quarter were mainly due to decrease in demand of trading of industry materials 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 increased by 22.4% in current quarter. It was from the combination of increase in the supply of fiber optic cable by 19.7% and 24.7% increase of thixotropic gel.
- Trading and Engineering Services - The decreased in revenue by 75.7% in current quarter was contributed by the 80.5% significant decreased in trading of industrial materials and 69.6% decreased for the engineering services work.
- Other Operations - The revenue increased as compared to preceding year's corresponding quarter due to additional rental income from a related party.



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Notes on the Quarterly Interim Financial Report - 30 June 2019

**B3. Prospects**

The telecommunications industry is expected to remain competitive and challenging from now and throughout 2020. However, the Group will continue its efforts to strengthen the business strategies including the diversification initiative to achieve better performance in future.

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	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM'000	RM'000	RM'000	RM'000
Tax expense	72	475	72	475
Deferred taxation	(5)	23	(5)	23
	<u>67</u>	<u>498</u>	<u>67</u>	<u>498</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 28 August 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 28 August 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
		30/06/2019 RM'000	30/06/2018 RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	745	11,945
- Hire purchase	MYR	<u>22</u>	<u>51</u>
		767	11,996
<u>Non-current</u>			
- Hire purchase	MYR	-	7
Total		<u>767</u>	<u>12,003</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 28 August 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 28 August 2019, being the latest practicable date.



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 (Company No : 322661-W)

**Notes on the Quarterly Interim Financial Report - 30 June 2019**

**B10. Dividends**

The Company did not declare dividends during the current quarter (30 June 2018: Nil).

**B11. Earnings Per Share**

	Quarter Ended		Financial Period Ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
(Loss)/Profit for the period attributable to owners of the Company (RM'000)	(891)	883	(891)	833
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>(0.55)</b>	<b>0.52</b>	<b>(0.55)</b>	<b>0.52</b>

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	
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
(Loss)/Profit for the period is arrived at after crediting:-				
Interest income	152	167	152	167
Other income	21	34	21	34
Foreign exchange gain	79	805	79	805
and after charging:-				
Depreciation	869	854	869	854
Foreign exchange loss	9	571	9	571

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 2019 (30 June 2018: Nil).