



**OPCOM HOLDINGS BERHAD**

Company No: 199401036979 (322661-W)

**QUARTERLY INTERIM FINANCIAL REPORT**

For the Quarter Ended 30 September 2020

The Directors are pleased to announce the following:-

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2020 RM'000	Preceding Year Corresponding Quarter 30/9/2019 RM'000	Current Year To Date 30/9/2020 RM'000	Preceding Year To Date 30/9/2019 RM'000
Revenue	17,621	11,307	25,446	23,169
Cost of sales	(13,815)	(9,785)	(21,898)	(21,140)
<b>Gross profit</b>	<b>3,805</b>	<b>1,522</b>	<b>3,549</b>	<b>2,029</b>
Other operating income	339	101	548	201
Administrative expenses	(1,908)	(2,036)	(3,518)	(4,076)
Distribution costs	(666)	(345)	(865)	(676)
Other operating expenses	(510)	(130)	(628)	(241)
Finance costs	(3)	(33)	(17)	(64)
<b>Operating profit/(loss)</b>	<b>1,058</b>	<b>(921)</b>	<b>(931)</b>	<b>(2,827)</b>
Interest income	79	136	210	288
Share of results of equity-accounted associates	51	43	653	554
<b>Profit/(loss) before tax</b>	<b>1,189</b>	<b>(742)</b>	<b>(67)</b>	<b>(1,985)</b>
Income tax expenses	(21)	(36)	(19)	(103)
<b>Profit/(loss) for the period</b>	<b>1,167</b>	<b>(778)</b>	<b>(86)</b>	<b>(2,088)</b>
<b>Other comprehensive income/(expense), net of tax Item that may be reclassified subsequently to profit or loss:-</b>				
Translation differences	(1,062)	505	(1,317)	904
<b>Profit/(loss) and total comprehensive income/(expenses) for the period</b>	<b>106</b>	<b>(273)</b>	<b>(1,403)</b>	<b>(1,184)</b>



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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2020 RM'000	Preceding Year Corresponding Quarter 30/9/2019 RM'000	Current Year To Date 30/9/2020 RM'000	Preceding Year To Date 30/9/2019 RM'000
<b>Note</b>				
Profit/(loss) for the period attributable to:-				
Owners of the Company	727	(622)	(25)	(1,513)
Non-controlling interest	440	(156)	(61)	(575)
	<u>1,167</u>	<u>(778)</u>	<u>(86)</u>	<u>(2,088)</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(334)	(117)	(1,342)	(609)
Non-controlling interest	440	(156)	(61)	(575)
	<u>106</u>	<u>(273)</u>	<u>(1,403)</u>	<u>(1,184)</u>
<b>Earnings/(loss) per share attributable to owners of the Company:-</b>				
Basic (sen)	<u>0.45</u>	<u>(0.39)</u>	<u>(0.02)</u>	<u>(0.94)</u>
Diluted (sen)	<u>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 September 2020**

	Note	As At Financial Period Ended 30/9/2020 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2020 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	26,094	27,312
Investment in associates		19,305	19,396
Right-of-use assets		12,213	12,371
		57,613	59,080
<b>Current assets</b>			
Inventories		11,852	13,057
Trade and other receivables		16,558	15,786
Current tax assets		579	897
Cash and cash equivalents		19,446	18,688
		48,436	48,428
<b>TOTAL ASSETS</b>		106,049	107,508
<b>Equity</b>			
Share capital		32,250	32,250
Reserves		2,932	4,249
Retained earnings		46,099	46,124
		81,281	82,623
<b>Non-controlling interest</b>		6,780	6,841
<b>Total equity</b>		88,061	89,464
<b>Non-current liability</b>			
Deferred tax liabilities		445	447
		445	447
<b>Current liabilities</b>			
Trade and other payables		17,525	15,262
Lease liabilities		7	22
Bank borrowings		-	2,312
Current tax liabilities		10	-
		17,543	17,597
<b>Total liabilities</b>		17,988	18,044
<b>TOTAL EQUITY AND LIABILITIES</b>		106,049	107,508

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**

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**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 September 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
Profit/(loss) and total comprehensive income/ (expenses) for the period	-	-	(1,317)	(25)	(1,342)	(61)	(1,403)
Balance as at 30 September 2020	<u>32,250</u>	<u>3</u>	<u>2,929</u>	<u>46,099</u>	<u>81,281</u>	<u>6,780</u>	<u>88,061</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	-	-	904	(1,513)	(609)	(575)	(1,184)
Balance as at 30 September 2019	<u>32,250</u>	<u>3</u>	<u>3,256</u>	<u>52,508</u>	<u>88,017</u>	<u>8,239</u>	<u>96,256</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 September 2020**

	<b>Current Financial Period Ended 30/9/2020 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/9/2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(67)	(1,985)
Adjustments for:-		
Depreciation	1,329	1,717
Interest Income	(210)	(288)
Other Non-cash items	348	(12)
Other Non-operating items	(635)	(490)
Operating profit/(loss) before working capital changes	<u>763</u>	<u>(1,058)</u>
Changes in working capital:-		
Inventories	753	204
Trade and other receivables	(903)	664
Trade and other payables	2,233	(625)
Cash from/(for) operations	<u>2,846</u>	<u>(815)</u>
Tax refunded	296	364
Net cash from/(for) operating activities	<u>3,142</u>	<u>(451)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(311)	(174)
Proceeds from disposal of property, plant and equipment	-	36
Interest received	210	288
Dividend received	120	-
<b>Net cash from investing activities</b>	<u>20</u>	<u>150</u>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
(Repayment of)/proceeds from bank borrowings	(2,284)	724
Repayment of lease liabilities	(15)	-
Finance costs paid	(17)	(64)
<b>Net cash (for)/from financing activities</b>	<u>(2,316)</u>	<u>660</u>
<b>Net increase in cash and cash equivalents</b>	846	359
Effect of exchange rate fluctuations on cash held	(89)	752
<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>19,446</u>	<u>17,512</u>



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**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 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 30/9/2020 RM'000</b>	<b>Preceding Financial Year Corresponding Period Ended 30/9/2019 RM'000</b>
Deposits placed with licensed banks	5,410	8,400
Cash and bank balances	14,036	9,112
	<u>19,446</u>	<u>17,512</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 September 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 September 2019: Nil)



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Notes on the Quarterly Interim Financial Report - 30 September 2020

**A8. Segmental Reporting**

The Group operates wholly in Malaysia.

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

30 September 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	21,719	3,665	62	25,446
<b>Segmental (loss)/profit:</b>				
Operating profit/(loss) for reportable segments	425	685	(2,024)	(913)
Interest income				210
Finance costs				(17)
Share of results of associated companies				653
Loss before tax				(67)
Income tax expense				(19)
Loss after tax				(86)

30 September 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	19,536	3,567	66	23,169
<b>Segmental profit/(loss):</b>				
Operating (loss)/profit for reportable segments	(1,735)	1,085	(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)



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**Notes on the Quarterly Interim Financial Report - 30 September 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 September 2020 amounted to RM40.75 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 30/9/2020 RM'000	Preceding Year Corresponding Quarter 30/9/2019 RM'000	Current Year To Date 30/9/2020 RM'000	Preceding Year To Date 30/9/2019 RM'000
Related companies in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Business development commission	304	29	381	85
Ribonning services fee	60	120	120	240
Purchase of raw materials	89	158	186	220
Supply of goods & services	78	-	78	-
Rental income	22	22	38	43
Associate of a subsidiary of the Company:-				
Sale of industrial materials	177	516	359	686
Sale of thixotropic gel	2,894	3,816	6,153	9,143
Purchase of raw materials	628	-	1,135	317
Services rendered	67	-	95	-



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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
	30/9/2020 RM'000	30/9/2019 RM'000	+/- (%)	30/9/2020 RM'000	30/9/2019 RM'000	+/- (%)
Revenue	17,621	11,307	55.8%	25,446	23,169	9.8%
Operating profit/(loss)	1,058	(921)	214.9%	(931)	(2,827)	67.1%
Profit/(loss) before interest and tax	1,110	(878)	226.4%	(278)	(2,273)	87.8%
Profit/(loss) before tax	1,189	(742)	260.2%	(67)	(1,985)	96.6%
Profit/(loss) for the period	1,167	(778)	250.1%	(86)	(2,088)	95.9%
Profit/(loss) for the period attributable to Owners of the Company	727	(622)	216.9%	(25)	(1,513)	98.4%

The Group registered revenue of RM17.6 million and profit before tax of RM1.2 million in the current quarter as compared to revenue of RM11.3 million and a loss before tax of RM0.7 million in the preceding year's corresponding quarter. The increased in revenue by 55.8% in the current quarter as compared to the preceding year's corresponding quarter was mainly due to higher sale of fiber optic cables, accessories, and engineering services, and partially offset by lower revenue from thixotropic gel.

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 increased by 55% as compared to preceding year's corresponding quarter. Revenue of fiber optic cable increased by 118%, partially offset by the decrease in sales of thixotropic gel (decreased by 19%).
- Trading and Engineering Services - Revenue increased by 62% in current quarter as compared to preceding year's corresponding quarter as a result of higher 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 30/9/2020 RM'000	Immediate Preceding Quarter 30/06/2020 RM'000	Changes +/- (%)
Revenue	17,621	7,826	125.2%
Operating profit/(loss)	1,058	(1,989)	153.2%
Profit/(loss) before interest and tax	1,110	(1,387)	180.0%
Profit/(loss) before tax	1,189	(1,256)	194.6%
Profit/(loss) for the period	1,167	(1,254)	193.1%
Profit/(loss) for the period attributable to Owners of the Company	727	(752)	196.7%

The Group's revenue increased to RM17.6 million in the current quarter as compared to the immediate preceding quarter of RM7.8 million. The Group registered a profit before tax of RM1.2 million in the current quarter as compared to loss before tax of RM1.3 million in the immediate preceding quarter. The increase in revenue by 125.2% in current quarter was mainly due to the higher sale of fiber optic cables, thixotropic gel, engineering services and trading of industrial materials.

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 117% in current quarter. The increase in revenue was due to 230% increase of fiber optic cable sales and 4% increase of the thixotropic gel sales.
- Trading and Engineering Services - The revenue increased by 184% in current quarter was due to a 214% increase in the revenue from engineering services, and 105% increase in the trading of industrial materials.
- Other Operations - Revenue increased by 21% in current quarter was due to a one month rental waiver given to a tenant in the immediate preceding quarter.



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**B3. Prospects**

The increased foreign competition remains a significant challenge to us, combined with the uncertainties relating to the capital investment in fiber optic cable infrastructure by our core customers will continue to impact negatively on our business performance. The Board anticipates that our dire industry situation, particularly for local manufacturers, remains challenging in the short and medium term.  
The Group continues to actively identify new business areas to venture into, and is working towards realising the new businesses.

**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	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Tax expenses	21	39	19	111
Deferred taxation	0	(3)	(0)	(8)
	<u>21</u>	<u>36</u>	<u>19</u>	<u>103</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 due to certain subsidiaries utilised tax losses brought forward from prior years.

**B6. Status of corporate proposals as at 18 November 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 18 November 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>	Currency <u>Denomination</u>	As at	As at
		30/9/2020	30/9/2019
		RM'000	RM'000
- Foreign currency trade facilities	USD	-	3,153
- Hire purchase	MYR	-	-
		<u>-</u>	<u>3,153</u>

**B8. Derivative Financial Instruments**

The Group has entered into forward exchange contracts to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currency. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

	Quarter Ended		Financial Period Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Loss from foreign currency hedging contract	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

**B9. Material litigation as at 18 November 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 18 November 2020, being the latest practicable date.

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**B10. Dividends**

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

**B11. Loss Per Share**

	Quarter Ended		Financial Period Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
Profit/(loss) for the period attributable to owners of the Company (RM'000)	727	(622)	(25)	(1,513)
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
<b>Basic earnings/(loss) per share (sen)</b>	<b>0.45</b>	<b>(0.39)</b>	<b>(0.02)</b>	<b>(0.94)</b>

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

**B12. Profit/(loss) for the Period**

	Quarter Ended		Financial Period Ended	
	30/9/2020 RM'000	30/9/2019 RM'000	30/9/2020 RM'000	30/9/2019 RM'000
Loss for the period is arrived at after crediting:-				
Interest income	79	136	210	288
Write back of provision for doubtful debts	172	-	172	-
Other income	167	101	323	122
Foreign exchange gain	105	-	158	79
and after charging:-				
Depreciation	646	848	1,329	1,717
Inventories written down	243	-	260	34
Loss on derivatives	1	-	1	-
Foreign exchange loss	49	18	90	27
Impairment of property, plant and equipment	150	-	150	-

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 30 September 2020 (30 September 2019: Nil).