



OPCOM HOLDINGS BERHAD

Company No: 199401036979 (322661-W)

QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 31 March 2021

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 March 2021

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2021 RM'000	Preceding Year Corresponding Quarter 31/03/2020 RM'000	Current Year To Date 31/03/2021 RM'000	Preceding Year To Date 31/03/2020 RM'000
	Note			
Revenue				
Cost of sales				
Gross profit/(loss)				
Other operating income				
Administrative expenses				
Distribution costs				
Other operating expenses				
Finance costs				
Operating profit/(loss)				
Interest income				
Share of results of equity-accounted associates				
Profit/(loss) before tax				
Income tax expenses	B5			
Profit/(loss) for the period	B13			
Other comprehensive income/(expenses), net of tax				
<i>Item that may be reclassified subsequently to profit or loss:-</i>				
Translation differences				
Profit/(loss) and total comprehensive income/(expenses) for the period				



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Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 March 2021

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2021 RM'000	Preceding Year Corresponding Quarter 31/03/2020 RM'000	Current Year To Date 31/03/2021 RM'000	Preceding Year To Date 31/03/2020 RM'000
Note				
Profit/(loss) for the period attributable to:-				
Owners of the Company	4,049	(5,945)	2,588	(7,896)
Non-controlling interest	1,215	(1,129)	575	(1,963)
	<u>5,264</u>	<u>(7,074)</u>	<u>3,162</u>	<u>(9,859)</u>
Total comprehensive income/(expenses) attributable to:-				
Owners of the Company	5,258	(4,067)	1,299	(6,002)
Non-controlling interest	1,215	(1,129)	575	(1,963)
	<u>6,473</u>	<u>(5,196)</u>	<u>1,874</u>	<u>(7,965)</u>
Earnings/(loss) per share attributable to owners of the Company:-				
Basic (sen)	<u>B12</u> <u>2.51</u>	<u>(3.69)</u>	<u>1.60</u>	<u>(4.90)</u>
Diluted (sen)	<u>B12</u> <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
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Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2021

	Note	As At Financial Period Ended 31/03/2021 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2020 RM'000
Non-current assets			
Property, plant and equipment	A9	24,402	27,312
Investment in associates		19,330	19,396
Right-of-use assets		12,119	12,371
		55,850	59,080
Current assets			
Inventories		13,938	13,057
Trade and other receivables		26,911	15,786
Current tax assets		532	897
Cash and cash equivalents		20,861	18,688
		62,241	48,428
TOTAL ASSETS		118,092	107,508
Equity			
Share capital		32,250	32,250
Reserves		2,961	4,249
Retained earnings		48,712	46,124
		83,923	82,623
Non-controlling interest		7,409	6,841
Total equity		91,332	89,464
Non-current liability			
Deferred tax liabilities		295	447
Lease liabilities		22	-
		318	447
Current liabilities			
Trade and other payables		25,058	15,262
Lease liabilities		28	22
Bank borrowings		1,142	2,312
Current tax liabilities		213	-
		26,442	17,597
Total liabilities		26,760	18,044
TOTAL EQUITY AND LIABILITIES		118,092	107,508
Net assets per share attributable to ordinary equity holders of the parent (RM)			
		0.52	0.51

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.



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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 March 2021

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	-	-	(1,288)	2,588	1,299	575	1,874
Dividend paid - by a subsidiary to non-controlling interests					-	(6)	(6)
Balance as at 31 March 2021	<u>32,250</u>	<u>3</u>	<u>2,958</u>	<u>48,712</u>	<u>83,922</u>	<u>7,409</u>	<u>91,332</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>88,625</u>	<u>8,814</u>	<u>97,439</u>
Profit/(loss) and total comprehensive income/(expenses) for the period	-	-	1,894	(7,896)	(6,002)	(1,963)	(7,965)
Dividend paid - by a subsidiary to non-controlling interests					-	(10)	(10)
Balance as at 31 March 2020	<u>32,250</u>	<u>3</u>	<u>4,246</u>	<u>46,125</u>	<u>82,623</u>	<u>6,841</u>	<u>89,464</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 31 March 2021

	Current Financial Period Ended 31/03/2021 RM'000	Preceding Financial Year Corresponding Period Ended 31/03/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	3,388	(10,078)
Adjustments for:-		
Depreciation	2,480	3,148
Interest Income	(357)	(591)
Other Non-cash items	4,155	3,612
Other Non-operating items	(1,101)	(510)
Operating profit/(loss) before working capital changes	<u>8,565</u>	<u>(4,419)</u>
Changes in working capital:-		
Inventories	(2,644)	3,237
Trade and other receivables	(10,592)	2,781
Trade and other payables	9,658	(20)
Cash from operations	<u>4,987</u>	<u>1,579</u>
Tax refunded	182	669
Net cash from operating activities	<u>5,170</u>	<u>2,248</u>
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,388)	(245)
Proceeds from disposal of property, plant and equipment	22	72
Interest received	357	591
Net cash (for)/from investing activities	<u>(2,009)</u>	<u>419</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid		
- Non-controlling interest	(6)	(10)
(Repayment of)/proceeds from bank borrowings	(1,088)	(106)
Repayment of lease liabilities/hire-purchase	(1)	(52)
Finance costs paid	(17)	(118)
Net cash for financing activities	<u>(1,111)</u>	<u>(286)</u>
Net increase in cash and cash equivalents	2,049	2,381
Effect of exchange rate fluctuations on cash held	124	(94)
Cash and cash equivalents at beginning of financial period	<u>18,688</u>	<u>16,401</u>
Cash and cash equivalents at end of financial period	<u>20,861</u>	<u>18,688</u>



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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 March 2021 (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 31/03/2021 RM'000	Preceding Financial Year Corresponding Period Ended 31/03/2020 RM'000
Deposits placed with licensed banks	7,358	9,404
Cash and bank balances	13,503	9,284
	<u>20,861</u>	<u>18,688</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.



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Notes on the Quarterly Interim Financial Report - 31 March 2021

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 (31 March 2020: 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:-

31 March 2021

<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	57,914	8,951	129	66,994
Segmental (loss)/profit:				
Operating profit/(loss) for reportable segments	3,389	2,468	(3,928)	1,929
Interest income				357
Finance costs				(17)
Share of results of associated companies				1,119
Profit before tax				3,388
Income tax expense				(226)
Profit after tax				3,162

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	35,995	8,322	134	44,451
Segmental profit/(loss):				
Operating (loss)/profit for reportable segments	(7,780)	807	(4,209)	(11,182)
Interest income				591
Finance costs				(118)
Share of results of associated companies				631
Loss before tax				(10,078)
Income tax expense				219
Loss after tax				(9,859)



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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 2021 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 31/03/2021 RM'000	Preceding Year Corresponding Quarter 31/03/2020 RM'000	Current Year To Date 31/03/2021 RM'000	Preceding Year To Date 31/03/2020 RM'000
Related companies in which substantial shareholders of the Company and a Director of a subsidiary have interests:-				
Business development commission	37	39	631	159
Ribboning services fee	20	60	200	360
Intellectual property services rendered	-	-	414	-
Rental of plant and machinery	-	-	4	-
Purchase of raw materials	12	90	277	457
Supply of goods & services	(1)	(3)	76	-
Rental income	7	21	67	87
Associate of a subsidiary of the Company:-				
Sale of industrial materials	303	421	749	1,123
Sale of thixotropic gel	4,528	5,915	15,444	18,382
Dividend income	509	741	509	741
Other income	3	26	3	26
Purchase of raw materials	752	417	1,842	1,276
Services rendered	122	95	216	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
	31/03/2021 RM'000	31/03/2020 RM'000	+/- (%)	31/03/2021 RM'000	31/03/2020 RM'000	+/- (%)
Revenue	22,753	10,557	115.5%	66,994	44,451	50.7%
Operating profit/(loss)	5,001	(7,949)	162.9%	1,912	(11,300)	116.9%
Profit/(loss) before interest and tax	5,333	(7,635)	169.8%	3,031	(10,669)	128.4%
Profit/(loss) before tax	5,414	(7,494)	172.2%	3,388	(10,078)	133.6%
Profit/(loss) for the period	5,264	(7,074)	174.4%	3,162	(9,859)	132.1%
Profit/(loss) for the period attributable to Owners of the Company	4,049	(5,945)	168.1%	2,588	(7,896)	132.8%

The Group registered revenue of RM22.8 million and profit before tax of RM5.3 million in the current quarter as compared to revenue of RM10.6 million and loss before tax of RM7.5 million in the preceding year's corresponding quarter. The increased in revenue by 115.5% in the current quarter as compared to the preceding year's corresponding quarter was mainly due to higher sales of fiber optic cables, accessories, and engineering services. The increase was partially offset by lower sale of 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 109% as compared to preceding year's corresponding quarter. Revenue of fiber optic cable increased by 289%, partially offset by the decrease in sales of thixotropic gel (decreased by 16%).
- Trading and Engineering Services - Revenue increased by 173% 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 31/03/2021 RM'000	Immediate Preceding Quarter 31/12/2020 RM'000	Changes +/- (%)
Revenue	22,753	18,795	21.1%
Operating profit/(loss)	5,001	(2,159)	331.7%
Profit/(loss) before interest and tax	5,333	(2,024)	363.5%
Profit/(loss) before tax	5,414	(1,959)	376.4%
Profit/(loss) for the period	5,264	(2,016)	361.1%
Profit/(loss) for the period attributable to Owners of the Company	4,049	(1,436)	381.9%

The Group's revenue increased to RM22.8 million in the current quarter as compared to the immediate preceding quarter of RM18.8 million. The Group recorded a profit before tax of RM5.3 million in the current quarter as compared to loss before tax of RM2.0 million in the immediate preceding quarter. The increase in revenue by 21.1% in current quarter was mainly due to the higher sales of fiber optic cables, trading of industrial materials 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 immediate preceding quarter are as follows:-

- Manufacturing - Total revenue increased by 21% in current quarter. The increase in revenue was due to 43% increase of the fiber optic cable sales, and partially offset by decrease of thixotropic gel sales (decrease by 18%).
- Trading and Engineering Services - The revenue increased by 20% in current quarter was due to a 50% increase in the trading of industrial materials, and 15% increase in revenue from engineering services.
- Other Operations - The revenue contribution in current quarter was consistent with the immediate preceding quarter.



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Notes on the Quarterly Interim Financial Report - 31 March 2021

B3. Prospects

The Board remains cautiously optimistic that the demand for fibre optic cables in Malaysia is expected to increase as the government plans to expand the fibre network infrastructures by laying more fibre optic cables. The Board is also aware that the increased foreign competition continues to be a significant challenge to our businesses.

Nonetheless, the Group continuously monitor the market development and identify business projects/ investments with favourable outlook in order to create additional income stream and ensure sustainable values to its shareholders.

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	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Tax expenses	300	(185)	375	30
Deferred taxation	(150)	(235)	(149)	(249)
	<u>150</u>	<u>(420)</u>	<u>226</u>	<u>(219)</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 and the reversal of deferred tax liabilities recognised in the previous year.

B6. Status of corporate proposals as at 27 May 2021

(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 27 May 2021.

B7. Utilisation of Proceeds Raised from Corporate Proposal

On 2 April 2021, the Company had raised total proceeds of RM9.272 million from the private placement by issuance of 16,124,900 new ordinary shares.

The current status as of follows:

Details	Expected timeframe for utilisation of proceeds from 2 April 2021	Proposed Utilisation RM'000	Actual Utilisation as of 27 May 2021 RM'000	Balance Unutilised RM'000
(i) Future business projects/investment	Within 24 months	6,000	(142)	5,858
(ii) Working capital	Within 12 months	3,140	(1,395)	1,745
(iii) Estimated expenses for the Private Placement	Immediate	132	(132)	-
Total		9,272	(1,669)	7,603

B8. 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 Denomination	As at	As at
		31/03/2021 RM'000	31/03/2020 RM'000
- Foreign currency trade facilities	USD	1,142	2,312
- Hire purchase	MYR	-	-
		<u>1,142</u>	<u>2,312</u>



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B9. 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. The Group's derivative financial instruments as at 30 September 2020 as follows:-

	Quarter Ended		Financial Period Ended	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Gain from foreign currency hedging contract	166	-	33	-

B10. Material litigation as at 27 May 2021

(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 27 May 2021, being the latest practicable date.

B11. Dividends

The Company did not declare dividends during the current quarter (31 March 2020: Nil).

B12. Earnings/(loss) per share

	Quarter Ended		Financial Period Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Profit/(loss) for the period attributable to owners of the Company (RM'000)	4,049	(5,945)	2,588	(7,896)
Weighted average number of ordinary shares in issue ('000)	161,250	161,250	161,250	161,250
Basic earnings/(loss) per share (sen)	2.51	(3.69)	1.60	(4.90)

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

B13. Profit/(loss) for the period

	Quarter Ended		Financial Period Ended	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Profit/(loss) for the period is arrived at after crediting:-				
Interest income	81	141	357	591
Write back of provision for doubtful debts	150	-	422	-
Other income	171	24	608	241
Reversal of Inventories written down	-	16	-	16
Gain on derivatives	166	-	33	-
Foreign exchange gain	318	214	731	453
and after charging:-				
Depreciation	549	719	2,480	3,148
Inventories written down	506	(5)	1,533	-
Foreign exchange loss	201	73	300	243
Impairment of property, plant and equipment	-	2,242	2,895	2,242
Provision for doubtful debts	-	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 2021 (31 March 2020: Nil).