

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

INTERIM FINANCIAL REPORT

For the 9-month Financial Period Ended 31 December 2010

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Statements of Comprehensive Income

| | Individual Quarter | | Cumulative Quarter | |
|---|---|--|---|---|
| | Current Year Quarter 31/12/2010 RM'000 | Preceding Year Corresponding Quarter 31/12/2009 RM'000 | Current Year To Date 31/12/2010 RM'000 | Preceding Year Corresponding Period 31/12/2009 RM'000 |
| Revenue | 37,283 | 36,168 | 102,343 | 95,256 |
| Cost of sales | (24,014) | (28,793) | (68,256) | (72,548) |
| Gross profit | 13,269 | 7,375 | 34,087 | 22,708 |
| Other income | 386 | 426 | 1,332 | 778 |
| Administrative expenses | (1,083) | (1,660) | (3,911) | (6,337) |
| Distribution costs | (931) | (804) | (3,776) | (2,427) |
| Other expenses | (79) | (86) | (251) | (262) |
| Other gain and losses | - | - | - | - |
| Finance costs | - | - | - | - |
| Operating profit | 11,562 | 5,251 | 27,481 | 14,460 |
| Interest income | 461 | 220 | 890 | 464 |
| Profit before tax | 12,023 | 5,471 | 28,371 | 14,924 |
| Income tax expense | (3,240) | (1,144) | (7,429) | (3,801) |
| Profit for the period | 8,783 | 4,327 | 20,942 | 11,123 |
| Profit attributable to: | | | | |
| Owners of the parent | 6,442 | 3,057 | 15,437 | 7,919 |
| Non-controlling interests | 2,341 | 1,270 | 5,505 | 3,204 |
| | 8,783 | 4,327 | 20,942 | 11,123 |
| Earnings per share attributable to owners of the parent: | | | | |
| Basic, for profit for the period (sen) | B13 4.99 | 2.37 | 11.97 | 6.14 |

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 2010.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Financial Position as at 31 December 2010

| | Note | As At End Of Current Quarter 31/12/2010 RM'000 | As At Preceding Financial Year End 31/03/2010 RM'000 |
|-------------------------------------|------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | A9 | 33,318 | 34,972 |
| Deferred tax assets | | 9 | 39 |
| | | <u>33,327</u> | <u>35,011</u> |
| Current assets | | | |
| Inventories | | 10,509 | 16,820 |
| Trade and other receivables | | 29,352 | 22,358 |
| Cash and cash equivalents | | 67,822 | 53,978 |
| Tax recoverable | | - | 53 |
| | | <u>107,683</u> | <u>93,209</u> |
| TOTAL ASSETS | | <u>141,010</u> | <u>128,220</u> |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 25,800 | 25,800 |
| Share premium | | 5,812 | 5,812 |
| Capital reserve | | 3 | 3 |
| Retained earnings | | 50,761 | 41,129 |
| | | <u>82,376</u> | <u>72,744</u> |
| Non-controlling interests | | <u>20,854</u> | <u>16,593</u> |
| Total equity | | <u>103,230</u> | <u>89,337</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 1,803 | 2,033 |
| | | <u>1,803</u> | <u>2,033</u> |
| Current liabilities | | | |
| Trade and other payables | | 32,009 | 36,685 |
| Taxation | | 3,968 | 165 |
| | | <u>35,977</u> | <u>36,850</u> |
| Total liabilities | | <u>37,780</u> | <u>38,883</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>141,010</u> | <u>128,220</u> |

The unaudited Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2010.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Changes in Equity for the 9-month Financial Period Ended 31 December 2010

| Group | Share capital RM'000 | Non Distributable Share premium RM'000 | Capital reserve RM'000 | Distributable Retained profits RM'000 | Non-controlling interest RM'000 | Total RM'000 |
|--|---------------------------------|---|---------------------------------------|--|--|-------------------------|
| Balance at 1 April 2010 | 25,800 | 5,812 | 3 | 41,129 | 16,593 | 89,337 |
| Dividends paid | - | - | - | (5,805) | (1,244) | (7,049) |
| Total comprehensive income for the financial period | - | - | - | 15,437 | 5,505 | 20,942 |
| Balance at 31 December 2010 | <u>25,800</u> | <u>5,812</u> | <u>3</u> | <u>50,761</u> | <u>20,854</u> | <u>103,230</u> |
| Balance at 1 April 2009 | 25,800 | 5,812 | 3 | 37,011 | 15,137 | 83,763 |
| Dividends paid | - | - | - | (5,476) | (1,670) | (7,146) |
| Total comprehensive income for the financial period | - | - | - | 7,919 | 3,204 | 11,123 |
| Balance at 31 December 2009 | <u>25,800</u> | <u>5,812</u> | <u>3</u> | <u>39,454</u> | <u>16,671</u> | <u>87,740</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 2010.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Cash Flows for the 9-month Financial Period Ended 31 December 2010

| | 31/12/2010 RM'000 | 31/12/2009 RM'000 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 28,371 | 14,924 |
| Adjustments for: | | |
| Non-cash items | 2,151 | 2,381 |
| Non-operating items | (890) | (464) |
| Operating profit before working capital changes | <u>29,632</u> | <u>16,841</u> |
| Changes in working capital: | | |
| Inventories | 6,311 | (951) |
| Trade and other receivables | (6,994) | (11,985) |
| Trade and other payables | (3,921) | 18,008 |
| Cash generated from operations | <u>25,028</u> | <u>21,913</u> |
| Tax paid | <u>(3,772)</u> | <u>(2,115)</u> |
| Net cash generated from operating activities | <u>21,256</u> | <u>19,798</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (858) | (1,201) |
| Proceeds from disposal of property, plant and equipment | 361 | - |
| Proceeds from disposal of leasehold land | - | 3,575 |
| Interest received | 890 | 464 |
| Net cash generated from investing activities | <u>393</u> | <u>2,838</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | - | - |
| Dividend paid | (7,805) | (5,476) |
| Net cash generated used in financing activities | <u>(7,805)</u> | <u>(5,476)</u> |
| Net increase in cash and cash equivalents | 13,844 | 17,160 |
| Cash and cash equivalents at beginning of financial period | <u>53,978</u> | <u>36,276</u> |
| Cash and cash equivalents at end of financial period | <u>67,822</u> | <u>53,436</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 2010.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the interim financial report - 31 December 2010

A. EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD ("FRS") 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim unaudited financial statements for the quarter under review have been prepared in compliance with the Financial Reporting Standards FRS 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 for the year ended 31 March 2010. These explanatory notes attached to the 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 year ended 31 March 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted for the annual audited financial statements for the year financial ended 31 March 2010 except for the adoption of the new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations that are issued by the Malaysian Accounting Standard Board ("MASB").

The adoption of the following new and revised FRSs, Amendments to FRSs and Interpretations does not have any material impact on the financial statements of the Group:

FRS 8

FRS 8 requires the disclosure of information about the Group's operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group. The Group has determined that the operating segments in accordance with FRS 8 are the same as the business segments adopted for the financial year ended 31 March 2010.

FRS 101

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income.

Amendments to FRS 117

The amendments to FRS 117 requires that leases of land should be classified as either finance or operating using the general principles of FRS 117. Prior to the adoption of the Amendment to FRS 117, leasehold land were treated as operating leases and classified and presented as prepaid lease payments in the statement of financial position. Accordingly, the Group has reassessed and determined the lands with initial lease term of 50 years or more are in substance finance leases, and reclassified it to property, plant and equipment. This change in classification has no effect to the profit or loss for the current period ended 31 December 2010 or the comparative prior period. The effect of the reclassification to the comparative of the prior year's statement of financial position as follows:

| At 31 March 2010 | As previously | | |
|-------------------------------|---------------|--------------|-------------|
| | reported | Reclassified | As restated |
| | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment | 27,464 | 7,508 | 34,972 |
| Prepaid lease payments | 7,508 | (7,508) | - |

A2. Audit Report

The Audit Report of the Group's annual financial statements for the financial year ended 31 March 2010 was not subject to any audit qualification.

A3. Seasonality of interim operations

The fiber optic cables market is observed to be seasonal in nature and dependent on the general economic and business environment. Given the Group's long experience in fiber optic cables market, 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.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the interim financial report - 31 December 2010

A5. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect in the quarter period under review.

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 quarter period under review.

A7. Dividends paid

An interim dividend of 1.50 sen per ordinary share single-tier tax exempt for current financial year was paid on 20 December 2010 (31 December 2009 : An interim dividend of 1.50 sen per ordinary share single-tier tax exempt was paid on 17 December 2009).

A8. Segmental reporting

The Group operates wholly in Malaysia.

The Group's segmental report for the financial period is as follows:-

31 December 2010

Business Segments

| | Trading & Engineering | | Other | Total RM'000 | Elimination RM'000 | Consolidated RM'000 |
|----------------------|-------------------------|--------------------|----------------------|-----------------|-----------------------|------------------------|
| | Manufacturing RM'000 | Services RM'000 | Operations RM'000 | | | |
| Revenue: | | | | | | |
| External Revenue | 79,580 | 22,714 | 49 | 102,343 | - | 102,343 |
| Intersegment revenue | - | 13,537 | 4,383 | 17,920 | (17,920) | - |
| Total revenue | 79,580 | 36,251 | 4,432 | 120,263 | (17,920) | 102,343 |

| | | | | | | |
|----------------------|--|--|--|--|--|---------|
| Segment results | | | | | | 27,572 |
| Unallocated expenses | | | | | | (91) |
| Operating Profit | | | | | | 27,481 |
| Interest income | | | | | | 890 |
| Profit before tax | | | | | | 28,371 |
| Income tax expense | | | | | | (7,429) |
| Profit after tax | | | | | | 20,942 |

31 December 2009

Business Segments

| | Trading & Engineering | | Other | Total RM'000 | Elimination RM'000 | Consolidated RM'000 |
|----------------------|-------------------------|--------------------|----------------------|-----------------|-----------------------|------------------------|
| | Manufacturing RM'000 | Services RM'000 | Operations RM'000 | | | |
| Revenue: | | | | | | |
| External Revenue | 76,817 | 18,323 | 116 | 95,256 | - | 95,256 |
| Intersegment revenue | - | 15,505 | 4,383 | 19,888 | (19,888) | - |
| Total revenue | 76,817 | 33,828 | 4,499 | 115,144 | (19,888) | 95,256 |

| | | | | | | |
|----------------------|--|--|--|--|--|---------|
| Segment results | | | | | | 14,555 |
| Unallocated expenses | | | | | | (95) |
| Operating Profit | | | | | | 14,460 |
| Interest income | | | | | | 464 |
| Profit before tax | | | | | | 14,924 |
| Income tax expense | | | | | | (3,801) |
| Profit after tax | | | | | | 11,123 |

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 the quarter period under review that have not been reflected in the financial statements for the quarter period under review.



OPCOM HOLDINGS BERHAD
(Company No : 322661-W)
Notes on the interim financial report - 31 December 2010

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter period under review.

A12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as to the date of this report except the following:

| | As at 31 Dec 2010 RM'000 | As at 31 March 2010 RM'000 |
|--|--------------------------------|----------------------------------|
| Performance and warranty bonds issued to customers | <u>18,329</u> | <u>18,674</u> |

**OPCOM HOLDINGS BERHAD****(Company No : 322661-W)****Notes on the interim financial report - 31 December 2010****B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS****B1. Review of Performance**

For the quarter financial under review, the Group registered a revenue of RM37.3m and profit before tax of RM12.0m as compared to revenue and profit before tax of RM36.2m and RM5.5m respectively in the preceding year's corresponding quarter. Higher revenue was recorded in current quarter due to the roll-out of the Fiber To The Home ("FTTH") Supply Contract awarded by Telekom Malaysia Berhad to a subsidiary of the Group. Higher sales contribution, improved cost management and efficiency gains recorded in current quarter has resulted in higher profit before tax.

B2. Variation of results against the immediate preceding quarter

In the quarter financial ended 31 Dec 2010, the Group's revenue has increased to RM37.3m as compared to the immediate preceding quarter of RM34.5m. The Group registered a profit before tax of RM12.0m in the current quarter as compared to RM9.3m in the immediate preceding quarter. Higher revenue was recorded in current quarter due to increase in demand for the Group's products. Higher sales contribution, lower overheads and efficiency gains have resulted in higher profit before tax.

B3. Prospect

In view of the effective roll-out of a 2-year FTTH Supply Contract with a contract value of RM359.6 million awarded by Telekom Malaysia Berhad to a subsidiary of the Group, the Board is positive of the Group's performance for the remaining quarter of current financial year.

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

| | Individual quarter ended | | Cumulative quarter ended | |
|---------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 31 Dec 2010 RM'000 | 31 Dec 2009 RM'000 | 31 Dec 2010 RM'000 | 31 Dec 2009 RM'000 |
| Current tax expense | 3,286 | 1,775 | 7,663 | 3,500 |
| Deferred taxation | (46) | (631) | (234) | 301 |
| | <u>3,240</u> | <u>1,144</u> | <u>7,429</u> | <u>3,801</u> |

The Group recorded a tax expense of RM3.2m and RM7.4m for the current quarter and year to date respectively. The Group's effective tax rate for current year to date was slightly higher than the statutory tax rate of 25%. This was mainly due to non-deductible expenses during the financial period.

B6. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments or properties during the quarter under review.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter under review.

B8. Status of corporate proposals as at 24 February 2011

(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 24 February 2011.

B9. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 31 December 2010.

**OPCOM HOLDINGS BERHAD**

(Company No : 322661-W)

Notes on the interim financial report - 31 December 2010**B10. Off Balance Sheet Financial Instruments as at 24 February 2011****(being a date not earlier than seven (7) days from the date of issue of the quarterly report)**

There were no off balance sheet financial instruments as at 24 February 2011, being the latest practicable date.

B11. Material litigation as at 24 February 2011**(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 24 February 2011, being the latest practicable date.

B12. Dividends

The Company declared an interim dividend of 1.50 sen per ordinary share single-tier tax exempt for the current financial year on 12 November 2010 and fully paid the same dividend on 20 December 2010 (31 December 2009: 1.50 sen per ordinary share single-tier tax exempt was declared on 27 October 2009 and fully paid on 17 December 2009).

Total net dividends declared for the current financial year to date is 4.50 sen per ordinary share (31 December 2009 : 4.25 sen per ordinary share).

B13. Earnings per share

| | Individual quarter ended | | Cumulative quarter ended | |
|---|--------------------------|-------------|--------------------------|-------------|
| | 31 Dec 2010 | 31 Dec 2009 | 31 Dec 2010 | 31 Dec 2009 |
| Net profit for the period (RM'000) | 6,442 | 3,057 | 15,437 | 7,919 |
| Total number of ordinary shares in issue ('000) | 129,000 | 129,000 | 129,000 | 129,000 |
| Basic earnings per share (sen) | <u>4.99</u> | <u>2.37</u> | <u>11.97</u> | <u>6.14</u> |

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

B14. Realised and unrealised retained earnings

| | As at | As at |
|--|-----------------|-----------------|
| | 31 Dec 2010 | 30 Sept 2010 |
| | RM'000 | RM'000 |
| Total retained earnings | | |
| i) Company and subsidiaries | | |
| - realised profits | 71,789 | 65,498 |
| - unrealised losses | <u>(4,289)</u> | <u>(4,426)</u> |
| | 67,500 | 61,072 |
| ii) Group consolidation adjustments | <u>(16,739)</u> | <u>(14,818)</u> |
| Total Group retained earnings as per unaudited consolidated financial statements | <u>50,761</u> | <u>46,254</u> |

Note: No comparative figures for the preceeding year's corresponding period are required in the first financial year of complying with the realised and unrealised profits/losses disclosure in compliance with the Bursa Malaysia ACE Market Listing Requirements.