



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 30 September 2014

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 September 2014

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year To Date 30/09/2014 RM'000	Preceding Year To Date 30/09/2013 RM'000
Revenue		18,186	10,888	36,978	26,337
Cost of sales		<u>(15,970)</u>	<u>(9,973)</u>	<u>(32,609)</u>	<u>(23,563)</u>
Gross profit		2,216	915	4,369	2,774
Other operating income		687	2	1,141	448
Administrative expenses		(1,633)	(1,431)	(3,174)	(2,923)
Distribution costs		(460)	923	(891)	394
Other operating expenses		<u>(85)</u>	<u>(351)</u>	<u>(788)</u>	<u>(651)</u>
Operating loss		725	58	657	42
Interest income		<u>331</u>	<u>404</u>	<u>679</u>	<u>821</u>
Profit before tax		1,056	462	1,336	863
Income tax expense		<u>(262)</u>	<u>(34)</u>	<u>(336)</u>	<u>(245)</u>
Profit and total comprehensive income for the period	B14	<u>794</u>	<u>428</u>	<u>1,000</u>	<u>618</u>
Profit/(Loss) and total comprehensive income/(loss) attributable to:-					
Owners of the Company		930	506	1,378	819
Non-controlling interest		<u>(136)</u>	<u>(78)</u>	<u>(378)</u>	<u>(201)</u>
		<u>794</u>	<u>428</u>	<u>1,000</u>	<u>618</u>
Earnings per share attributable to owners of the Company:-					
Basic (sen)	B11	<u>0.72</u>	<u>0.39</u>	<u>1.07</u>	<u>0.63</u>
Diluted (sen)	B11	<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 2014.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2014

	Note	As At End of Current Quarter 30/09/2014 RM'000	As At Preceding Financial Year Ended 31/03/2014 RM'000
Non-current assets			
Property, plant and equipment	A9	37,148	38,326
Deferred tax assets		7	7
		<u>37,155</u>	<u>38,333</u>
Current assets			
Inventories		9,139	14,532
Trade and other receivables		31,926	19,944
Derivative financial assets		7	30
Current tax assets		1,162	1,233
Cash and cash equivalents		42,168	48,532
		<u>84,402</u>	<u>84,271</u>
TOTAL ASSETS		<u>121,557</u>	<u>122,604</u>
Equity			
Share capital		25,800	25,800
Share premium		5,812	5,812
Capital reserve		3	3
Retained earnings		40,720	40,955
		<u>72,335</u>	<u>72,570</u>
Non-controlling interest		<u>14,983</u>	<u>15,361</u>
Total equity		<u>87,318</u>	<u>87,931</u>
Non-current liabilities			
Deferred tax liabilities		2,659	3,044
		<u>2,659</u>	<u>3,044</u>
Current liabilities			
Trade and other payables		31,459	31,237
Provisions		121	261
Derivative financial liabilities		-	-
Current tax liabilities		-	131
		<u>31,580</u>	<u>31,629</u>
Total liabilities		34,239	34,673
TOTAL EQUITY AND LIABILITIES		<u>121,557</u>	<u>122,604</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 2014.



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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 September 2014

Group	Share capital RM'000	<i>Non-Distributable</i>		<i>Distributable</i>		Non-controlling interest RM'000	Total equity RM'000
		Share premium RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000		
Balance at 1 April 2014	25,800	5,812	3	40,955	72,570	15,361	87,931
Dividends paid	-	-	-	(1,613)	(1,613)	-	(1,613)
Total comprehensive income/(loss) for the financial year	-	-	-	1,378	1,378	(378)	1,000
Balance at 30 September 2014	25,800	5,812	3	40,720	72,335	14,983	87,318
Balance at 1 April 2013	25,800	5,812	3	45,904	77,519	17,603	95,122
Dividends paid	-	-	-	(7,740)	(7,740)	(2,100)	(9,840)
Total comprehensive income/(loss) for the financial year	-	-	-	819	819	(201)	618
Balance at 30 September 2013	25,800	5,812	3	38,983	70,598	15,302	85,900

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 2014.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 2014

	Current Financial Period Ended 30/09/2014 RM'000	Preceding Year Corresponding Period Ended 30/09/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,336	863
Adjustments for:-		
Depreciation	1,337	1,286
Interest Income	(679)	(821)
Other Non-cash items	581	(104)
Other Non-operating items	(22)	1
Operating profit before working capital changes	<u>2,553</u>	<u>1,225</u>
Changes in working capital:-		
Inventories	5,393	6,202
Trade and other receivables	(12,502)	3,789
Trade and other payables	402	(13,189)
Provisions	(140)	(989)
Cash used in operations	<u>(4,294)</u>	<u>(2,962)</u>
Tax paid	(781)	(1,693)
Net cash used in operations	<u>(5,075)</u>	<u>(4,655)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(212)	(839)
Proceeds from disposal of property, plant and equipment	75	1
Interest received	551	951
Net cash generated from investing activities	<u>414</u>	<u>113</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,613)	(7,740)
Net cash used in financing activities	<u>(1,613)</u>	<u>(7,740)</u>
Net decrease in cash and cash equivalents	(6,274)	(12,282)
Effect of exchange rate fluctuations on cash held	(90)	107
Cash and cash equivalents at beginning of financial period	<u>48,532</u>	<u>60,872</u>
Cash and cash equivalents at end of financial period	<u>42,168</u>	<u>48,697</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 2014.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 2014 - 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 30/09/2014 RM'000	Preceding Year Corresponding Period Ended 30/09/2013 RM'000
Deposits placed with licensed banks	33,200	44,020
Cash and bank balances	<u>8,968</u>	<u>5,677</u>
	<u>42,168</u>	<u>49,697</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 2014.



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(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 30 September 2014

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

A1. Basis of preparation

These condensed consolidated interim financial statements for the current quarter have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") 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 2014 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 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2014. The following are accounting standards and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") which have been adopted by the Group with effect from 1 April 2014:-

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

The adoption of the new and revised MFRSs and Amendments to MFRSs does not have any material impact on the financial statements of the Group.

A2. Audit Report

The Audit Report of the Group's annual financial statements for the financial year ended 31 March 2014 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.

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

The Company paid an interim dividend of 1.25 sen per ordinary share under single tier system on 29 August 2014 (30 September 2013: A special interim of 6.00 sen per ordinary share under single tier paid on 20 September 2013).



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Notes on the Quarterly Interim Financial Report - 30 September 2014

A8. Segmental reporting

The Group operates wholly in Malaysia.

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

30 September 2014

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue:						
External revenue	21,485	15,459	34	36,978	-	36,978
Intersegment revenue	-	4,120	4,799	8,919	(8,919)	-
Total revenue	21,485	19,579	4,833	45,897	(8,919)	36,978
Segmental results	(2,096)	771	1,735	410	310	720
Unallocated expenses						(63)
Operating profit						657
Interest income						679
Profit before tax						1,336
Income tax expense						(336)
Profit after tax						1,000

30 September 2013

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue:						
External revenue	26,308	-	29	26,337	-	26,337
Intersegment revenue	-	2,773	11,970	14,743	(14,743)	-
Total revenue	26,308	2,773	11,999	41,080	(14,743)	26,337
Segmental results	(1,462)	261	9,047	7,846	(7,681)	165
Unallocated expenses						(123)
Operating profit						42
Interest income						821
Profit before tax						863
Income tax expense						(245)
Profit after tax						618

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 year

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.



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Notes on the Quarterly Interim Financial Report - 30 September 2014

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 30 September 2014 RM'000	As at 31 March 2014 RM'000
Performance and warranty bonds issued	7,617	7,015

A13. Significant Related Party Transactions

The significant related party transactions during current quarter and financial period were as follows:-

	Current Quarter 30 Sept 2014 RM'000	Preceding Period Corresponding Quarter 30 Sept 2013 RM'000	Current Year To Date 30 Sept 2014 RM'000	Preceding Year Corresponding Period 30 Sept 2013 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:				
Sale of cables	162	-	162	-
Purchase of accessories	605	2,773	1,469	6,986
Business development commission	72	376	81	582
Corporate shareholder of a subsidiary of the Company:				
Purchase of materials	-	639	-	676



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Notes on the Quarterly Interim Financial Report - 30 September 2014

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS

B1. Review of Performance

The Group registered revenue of RM18.2 million and profit before tax of RM1.1 million in current quarter as compared to revenue and profit before tax of RM10.9 million and RM0.5 million respectively in the preceding year's corresponding quarter. The increase of revenue in current quarter was mainly due to increase in supply of industrial materials.

Performance of the respective operating business segments in the current quarter compared to the preceding year's corresponding quarter is as follows:-

- a) Manufacturing - The increase in revenue by 7% in current quarter was mainly due to increase in customer order for cables and accessories.
- b) Trading and Engineering Services - The increase in revenue by 476% in current quarter was due to increase in supply of industrial materials.
- c) Other Operations - The decrease in revenue by 76% in current quarter was due to lower dividend received.

B2. Variation of results against the immediate preceding quarter

The Group's revenue decreased to RM18.2 million in current quarter as compared to the immediate preceding quarter of RM18.8 million. The Group registered a profit before tax of RM1.1 million in the current quarter as compared to profit before tax of RM0.3 million in the immediate preceding quarter. The slight decrease of revenue in current quarter were mainly due to decrease in supply of industrial materials.

Performance of the respective operating business segments in the current quarter compared to the immediate preceding quarter is as follows:-

- a) Manufacturing - The increase in revenue by 17% in current quarter was mainly due to increase in customer order for cables and accessories.
- b) Trading and Engineering Services - The decrease in revenue by 36% in current quarter was due to decrease in supply of industrial materials.
- c) Other Operations - The revenue contribution in current quarter was consistent with immediate preceding quarter.

B3. Prospects

The general business outlook remains challenging for the fiber optics cable industry in Malaysia. However, the Board is of the opinion that the second phase of High Speed Broadband (HSBB) announced by the Malaysian government in year 2014 will contribute to stable sales and shipment of fiber optic cables. The Board is optimistic of the Group's performance in the remaining quarters in current financial year.

B4. Profit forecast and profit guarantee

The Group has not issued any profit forecast and profit guarantee in any public document.



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B5. Income Tax Expense

	Quarter ended		Financial period ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Tax expense	369	171	721	497
Deferred taxation	(107)	(137)	(385)	(252)
	<u>262</u>	<u>34</u>	<u>336</u>	<u>245</u>

The Group recorded tax expense of RM0.37 million for the current quarter and RM0.72 million for current financial period. The Group's effective tax rate is consistent with the statutory rate due of 25%.

B6. Status of corporate proposals as at 26 November 2014

(being a date not earlier than seven (7) days from the date of issue of the quarterly report)

The Company has undertaken the following corporate proposals:

(i) Opcom Niaga Sdn. Bhd. ("ONSB"), the Company's wholly owned subsidiary, Hikari Capital Limited ("Hikari") and Unigel Technologies Limited, a wholly-owned subsidiary of Hikari ("UTL") had on 26 July 2014, entered into a conditional share purchase agreement with Unigel Limited ("Vendor") together with the covenantors namely, Gary Steven Robinson, Richard Barrie George, Ian Charles Hatchell, Mukhtiar Singh Sohal and Richard Michael Rund ("Covenantors") ("SPA") for the acquisition of an aggregate of 1,000,000 ordinary shares of GBP1.00 each in Unigel (UK) Limited ("Unigel"), representing the entire equity interest in Unigel. The Acquisition involved the Acquisition by ONSB of 400,000 Unigel Shares which representing 40% of the equity interest in Unigel for a purchase consideration of approximately USD3,675,388 (equivalent to RM11,650,980).

The Acquisition corporate proposal was passed in an Extraordinary General Meeting held on 30 August 2014. On 5 November 2014, the conditions precedent in the SPA have been fulfilled, together with payment of the purchase consideration and exchange of documents, marking completion of the Acquisition.

(ii) On 30 July 2014, the Company had made an announcement that a bonus issue of 32,250,000 Bonus Shares on the basis of one (1) Bonus Share for every four (4) existing Opcom Shares held on a date to be determined later. The bonus issue was passed in an Extraordinary General Meeting held on 30 August 2014. On 2 October 2014, 32,249,937 Bonus Shares consequential to the bonus issue were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

B7. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 30 September 2014.



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B8. Derivative Financial Instruments

The Group has entered into forward exchange contracts to manage the foreign currency exposures arising from the Group's receivables and 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 year.

The Group's derivative financial instruments as at 30 September 2014 as follows:

	Quarter ended		Financial period ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Gain from foreign currency hedging contracts	18	-	18	-

B9. Material litigation as at 26 November 2014

(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 November 2014, being the latest practicable date.

B10. Dividends

During the current quarter, the Company declared an interim dividend of 1.25 sen per ordinary share under single tier system or current financial year on 14 July 2014 and fully paid the same on 29 August 2014 (30 September 2013: A special interim dividend of 6.00 sen per ordinary share).

Total net dividends declared for the current financial year is 1.25 sen per ordinary share (30 September 2013: 6.00 sen per ordinary share).

B11. Earnings per share

	Quarter ended		Financial period ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
Profit and total comprehensive income attributable to owners of the Company (RM'000)	930	506	1,378	819
Total number of ordinary shares in issue ('000)	129,000	129,000	129,000	129,000
Basic earnings per share (sen)	0.72	0.39	1.07	0.63

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



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B12. Realised and Unrealised Retained Profits

The breakdown of retained profits of the Group as at end of current financial period and end of preceding financial period into realised and unrealised profits or losses is as follows:-

	As at 30 Sept 2014 RM'000	As at 31 March 2014 RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	54,505	55,842
- unrealised	<u>(3,035)</u>	<u>(3,512)</u>
	51,470	52,330
ii) Less : Consolidation adjustments	<u>(10,750)</u>	<u>(11,375)</u>
Group total retained profits as per unaudited consolidated accounts	<u><u>40,720</u></u>	<u><u>40,955</u></u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities ACE Market Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

B13. Gains/Losses arising from Fair Value Changes in Financial Liabilities

There were no financial liabilities measured at fair value through profit or loss during the current quarter and current financial year.

B14. Profit for the Year

	Quarter ended		Financial year ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Profit for the year is arrived at after crediting:				
Interest income	331	404	679	821
Other income	71	2	71	42
Foreign exchange gain	616	-	1,070	406
and after charging:				
Depreciation	672	645	1,337	1,286
Provision for/write off of inventories	56	(3)	56	22
Foreign exchange loss	33	106	657	106

There were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives or exceptional items for current quarter and financial period ended 30 September 2014 (30 September 2013: Nil).