



## OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

### QUARTERLY REPORT

On consolidated results for the third quarter ended 31 December 2006

The Directors are pleased to announce the following:

#### Unaudited Condensed Consolidated Income Statement for the third quarter ended 31 December 2006

|  | Note       | Individual Quarter                              |  | Cumulative Quarter                              |   |
|--|------------|---|--|---|---|
|  |            | Current Year<br>Quarter<br>31/12/2006<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31/12/2005<br>RM'000 | Current Year<br>To Date<br>31/12/2006<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31/12/2005<br>RM'000 |
| Revenue  |            | 10,184  | 15,353   | 33,456  | 61,032  |
| Cost of sales  |            | (7,038)   | (10,046)   | (24,473)  | (35,480)  |
| <b>Gross profit</b>  |            | <b>3,146</b>                                    | <b>5,307</b>   | <b>8,983</b>                                    | <b>25,552</b>   |
| Other income   |            | 115   | 250  | 753   | 656   |
| Administrative expenses  |            | (1,484)   | (1,490)  | (4,916)   | (6,510)   |
| Distribution costs   |            | (381)   | (232)  | (1,181)   | (1,126)   |
| Other expenses   |            | (163)   | (189)  | (525)   | (1,311)   |
| Finance costs  |            | (64)  | (81)   | (167)   | (237)   |
| <b>Profit/(loss) before tax</b>  |            | <b>1,169</b>                                    | <b>3,565</b>   | <b>2,947</b>                                    | <b>17,024</b>   |
| Income tax expense   | <b>B5</b>  | (333)   | (1,142)  | (1,069)   | (4,938)   |
| <b>Profit/(loss) for the period</b>  |            | <b>836</b>                                      | <b>2,423</b>   | <b>1,878</b>                                    | <b>12,086</b>   |
| Attributable to:   |            |   |  |   |   |
| Equity holders of the parent   |            | 543   | 2,718  | 972   | 10,583  |
| Minority interest  |            | 293   | (295)  | 906   | 1,503   |
|  |            | <b>836</b>                                      | <b>2,423</b>   | <b>1,878</b>                                    | <b>12,086</b>   |
| <b>Earnings/(loss) per share attributable to equity holders of the parent:</b> |            |   |  |   |   |
| Basic, for profit/(loss) for the period (sen)                                  | <b>B13</b> | <u>0.42</u>                                     | <u>2.11</u>  | <u>0.75</u>                                     | <u>8.20</u>   |

Note :

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2006.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Balance Sheet as at 31 December 2006**

|                                       | Note | As At End Of<br>Current Quarter<br>31/12/2006<br>RM'000 | As At Preceding<br>Financial Year End<br>31/03/2006<br>RM'000 |
|---------------------------------------|------|---|---|
| <b>Non-current assets</b>             |      |   |   |
| Property, plant and equipment         | A9   | 34,511  | 36,349  |
| <b>Current assets</b>                 |      |   |   |
| Inventories                           |      | 14,323  | 3,620   |
| Trade and other receivables           |      | 17,949  | 7,997   |
| Amount due from affiliated company    |      | 16,152  | 5,967   |
| Amount due from corporate shareholder |      | 861   | 13  |
| Cash and cash equivalents             |      | 13,532  | 45,044  |
| Tax recoverable                       |      | 486   | 143   |
|                                       |      | <u>63,303</u>   | <u>62,784</u>   |
| <b>TOTAL ASSETS</b>                   |      | <u>97,814</u>   | <u>99,133</u>   |
| <b>EQUITY AND LIABILITIES</b>         |      |   |   |
| Share capital                         |      | 25,800  | 25,800  |
| Share premium                         |      | 5,812   | 5,812   |
| Capital reserve                       |      | 3   | 3   |
| Retained earnings                     |      | <u>32,266</u>   | <u>31,294</u>   |
|                                       |      | 63,881  | 62,909  |
| <b>Minority interest</b>              |      | <u>13,502</u>   | <u>12,596</u>   |
| <b>Total equity</b>                   |      | <u>77,383</u>   | <u>75,505</u>   |
| <b>Non-current liabilities</b>        |      |   |   |
| Long term borrowings                  |      | -   | 3,471   |
| Deferred tax liabilities              |      | <u>2,483</u>  | <u>1,968</u>  |
|                                       |      | <u>2,483</u>  | <u>5,439</u>  |
| <b>Current liabilities</b>            |      |   |   |
| Trade and other payables              |      | 17,948  | 10,414  |
| Amount due to directors               |      | -   | 3,473   |
| Taxation                              |      | -   | 109   |
| Dividend payable                      |      | -   | 4,193   |
|                                       |      | <u>17,948</u>   | <u>18,189</u>   |
| <b>Total liabilities</b>              |      | 20,431  | 23,628  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | <u>97,814</u>   | <u>99,133</u>   |

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2006.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Statement of Changes in Equity for the third quarter ended 31 December 2006**

| Group                            | Non Distributable          |                            | Capital<br>reserve<br>RM'000 | Distributable<br>Retained<br>profits<br>RM'000 | Minority<br>interest<br>RM'000 | Total<br>RM'000 |
|----------------------------------|----------------------------|----------------------------|------------------------------|--|--------------------------------|-----------------|
|                                  | Share<br>capital<br>RM'000 | Share<br>premium<br>RM'000 |                              |  |                                |                 |
| At 1 April 2006                  | 25,800                     | 5,812                      | 3                            | 31,294   | 12,596                         | 75,505          |
| Net profit/(loss) for the period | -                          | -                          | -                            | 972  | 906                            | 1,878           |
| At 31 December 2006              | <u>25,800</u>              | <u>5,812</u>               | <u>3</u>                     | <u>32,266</u>                                  | <u>13,502</u>                  | <u>77,383</u>   |
| At 1 April 2005                  | 17,200                     | 14,412                     | 3                            | 24,620   | 12,497                         | 68,732          |
| Bonus issue                      | 8,600                      | (8,600)                    | -                            | -  | -                              | -               |
| Net profit for the period        | -                          | -                          | -                            | 10,583   | 1,503                          | 12,086          |
| At 31 December 2005              | <u>25,800</u>              | <u>5,812</u>               | <u>3</u>                     | <u>35,203</u>                                  | <u>14,000</u>                  | <u>80,818</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 2006.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Cash Flow Statement for the third quarter ended 31 December 2006**

|  | 31/12/2006<br>RM'000 | 31/12/2005<br>RM'000 |
|--|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |                      |                      |
| Profit/(loss) before taxation                                      | 2,947                | 17,024               |
| Adjustments for:   |                      |                      |
| Non-cash items   | 2,591                | 4,159                |
| Non-operating items  | (750)                | (554)                |
| Operating profit before working capital changes                    | <u>4,788</u>         | <u>20,629</u>        |
| Changes in working capital:  |                      |                      |
| Inventories  | (10,511)             | 7,496                |
| Trade and other receivables  | (20,653)             | (11,852)             |
| Trade and other payables   | 7,533                | (10,925)             |
| Cash generated from/(used in) operations                           | <u>(18,843)</u>      | <u>5,348</u>         |
| Tax paid   | (1,006)              | (4,713)              |
| <b>Net cash generated from/(used in) from operating activities</b> | <u>(19,849)</u>      | <u>635</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |                      |                      |
| Purchase of property, plant and equipment                          | (944)                | (1,512)              |
| Purchase of short term investments                                 | -                    | (1,000)              |
| Proceeds from disposal of property, plant & equipment              | -                    | 31                   |
| Interest received  | 583                  | 742                  |
| <b>Net cash generated from/(used in) investing activities</b>      | <u>(361)</u>         | <u>(1,739)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITY</b>                          |                      |                      |
| Repayment to Directors   | (6,942)              | -                    |
| Interest paid  | (167)                | -                    |
| Dividend paid  | (4,193)              | -                    |
| <b>Net cash used in financing activity</b>                         | <u>(11,302)</u>      | <u>-</u>             |
| <b>Net decrease in cash and cash equivalents</b>                   | (31,512)             | (1,104)              |
| <b>Cash and cash equivalents at beginning of period</b>            | <u>45,044</u>        | <u>48,365</u>        |
| <b>Cash and cash equivalents at end of period</b>                  | <u>13,532</u>        | <u>47,261</u>        |

The unaudited Condensed Consolidation Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2006.



**OPCOM HOLDINGS BERHAD**

**(Company No : 322661-W)**

**Notes on the quarterly report - 31 December 2006**

**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 Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 31 March 2006.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006. 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 2006.

**A2. Audit Report**

There were no audit qualifications on the annual financial statements for the financial year ended 31 March 2006.

**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. However, given the Group's long experience in fiber optic cables market, the Group is well positioned to ameliorate any potential adverse impact arising from seasonal fluctuation of demand for its products.

**A4. Unusual items**

During the quarter under review, there were no items or events that have arisen, which affected assets, liabilities, equity, net income or cash flows, that were unusual by reason of their nature, size or incidence.

**A5. Changes in estimates**

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

**A7. Dividends paid**

No dividends were paid during the quarter under review.

**A8. Segmental reporting**

The Group operates wholly in Malaysia.

The financial information by industry segment is not presented as the Group's activities are principally in the manufacturing and supplying of fiber optic cables and related accessories.

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



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**A11. Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter 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<br>31 Dec 2006<br>RM'000 | As at<br>31 Mar 2006<br>RM'000 |
|--|--------------------------------|--------------------------------|
| Performance and warranty bonds issued to customers | <u>1,322</u>                   | <u>974</u>                     |



**OPCOM HOLDINGS BERHAD**

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Notes on the quarterly report - 31 December 2006

**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1. Review of Performance**

For the quarter under review, the Group registered a revenue of RM10.2m and profit before tax of RM1.2m as compared to revenue and profit before tax of RM15.4m and RM3.6m respectively in the preceding year's corresponding quarter. The lower revenue and profit before tax recorded by the Group were mainly attributable to lower sales margin and lower sales of fiber optic cables compared to the preceding year's corresponding quarter.

**B2. Variation of results against the immediate preceding quarter**

During the quarter ended 31 December 2006, the Group's revenue was lower at RM10.2m as compared to the immediate preceding quarter of RM16.2m.

Accordingly, the Group registered a profit before tax of RM1.2m in the current quarter as compared to the profit before tax of RM2.1m in the immediate preceding quarter. This was mainly attributed to relatively lower sales of fiber optic cables in the current quarter under review.

**B3. Prospect**

Barring any unforeseen circumstances, the Board is positive of the Group's performance for the remaining period of the financial year despite stiffer industry competition which has put pressure on the profit margin of the Company.

**B4. Profit forecast and profit guarantee**

The Company has not issued any profit forecast and profit guarantee.

**B5. Taxation**

|                     | Individual quarter ended |                       | Cumulative quarter ended |                       |
|---------------------|--------------------------|-----------------------|--------------------------|-----------------------|
|                     | 31 Dec 2006<br>RM'000    | 31 Dec 2005<br>RM'000 | 31 Dec 2006<br>RM'000    | 31 Dec 2005<br>RM'000 |
| Current tax expense | 428                      | 349                   | 1,116                    | 4,813                 |
| Deferred taxation   | (95)                     | 793                   | (47)                     | 125                   |
|                     | <u>333</u>               | <u>1,142</u>          | <u>1,069</u>             | <u>4,938</u>          |

The Group's effective tax rate for the current quarter and year to date were higher than the statutory tax rate of 27%. This was mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

**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 13 February 2007**

**(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 13 February 2007.



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**B9. Group borrowings and Debt Securities**

The Group has no borrowings and debt securities as at 31 December 2006.

**B10. Off Balance Sheet Financial Instruments as at 13 February 2007**

**(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 13 February 2007, being the latest practicable date.

**B11. Material litigation as at 13 February 2007**

**(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 13 February 2007, being the latest practicable date.

**B12. Dividends**

No interim dividend has been declared for the financial period ended 31 December 2006 (31 December 2005: Nil)

**B13. Earnings per share**

|  | Individual quarter ended |                       | Cumulative quarter ended |                       |
|--|--------------------------|-----------------------|--------------------------|-----------------------|
|  | 31 Dec 2006              | 31 Dec 2005           | 31 Dec 2006              | 31 Dec 2005           |
| Net profit/(loss) for the period (RM'000)          | 543                      | 2,718                 | 972                      | 10,583                |
| Total number of ordinary shares<br>in issue ('000) | 129,000                  | 129,000               | 129,000                  | 129,000               |
| <b>Basic earnings/(loss) per share (sen)</b>       | <u>0.42</u>              | <u>2.11</u>           | <u>0.75</u>              | <u>8.20</u>           |
| <b>Fully diluted earnings per share</b>            | <u>Not applicable</u>    | <u>Not applicable</u> | <u>Not applicable</u>    | <u>Not applicable</u> |