

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 31 December 2011

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 December 2011

	Individual Quarter		Cumulative Quarter		
	Note	Current Year Quarter 31/12/2011 RM'000	Preceding Year Corresponding Quarter 31/12/2010 RM'000	Current Year To Date 31/12/2011 RM'000	Preceding Year Corresponding Period 31/12/2010 RM'000
Revenue		33,078	37,283	88,767	102,343
Cost of sales		(21,903)	(24,014)	(59,063)	(68,256)
Gross profit		11,175	13,269	29,704	34,087
Other operating income		44	386	1,016	1,332
Administrative expenses		(1,224)	(1,083)	(3,678)	(3,911)
Distribution costs		(1,497)	(931)	(2,887)	(3,776)
Other operating expenses		(517)	(79)	(682)	(251)
Operating profit		7,981	11,562	23,473	27,481
Interest Income		310	461	1,177	890
Profit before tax		8,291	12,023	24,650	28,371
Income tax expense		(2,443)	(3,240)	(6,588)	(7,429)
Profit and total comprehensive income for the period	B15	5,848	8,783	18,062	20,942
Profit and total comprehensive income attributable to:-					
Owners of the Company		4,414	6,442	13,660	15,437
Non-controlling interest		1,434	2,341	4,402	5,505
		<u>5,848</u>	<u>8,783</u>	<u>18,062</u>	<u>20,942</u>
Earnings per share attributable to owners of the Company:-					
Basic (sen)	B12	<u>3.42</u>	<u>4.99</u>	<u>10.59</u>	<u>11.97</u>
Diluted (sen)	B12	<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 2011.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2011

	Note	As At End Of Current Quarter 31/12/2011 RM'000	As At Preceding Financial Year End 31/03/2011 RM'000
Non-current assets			
Property, plant and equipment	A9	31,957	32,934
Deferred tax assets		3	3
		<u>31,960</u>	<u>32,937</u>
Current assets			
Inventories		15,319	14,969
Trade and other receivables		35,871	35,934
Cash and cash equivalents		46,305	76,400
		<u>97,495</u>	<u>127,303</u>
TOTAL ASSETS		<u>129,455</u>	<u>160,240</u>
Equity			
Share capital		25,800	25,800
Share premium		5,812	5,812
Capital reserve		3	3
Retained earnings		37,633	55,578
		<u>69,248</u>	<u>87,193</u>
Non-controlling interest		<u>16,732</u>	<u>22,683</u>
Total equity		<u>85,980</u>	<u>109,876</u>
Non-current liabilities			
Deferred tax liabilities		1,310	1,833
		<u>1,310</u>	<u>1,833</u>
Current liabilities			
Trade and other payables		36,672	43,060
Provisions		3,356	3,164
Taxation		2,137	2,307
		<u>42,165</u>	<u>48,531</u>
Total liabilities		43,475	50,364
TOTAL EQUITY AND LIABILITIES		<u>129,455</u>	<u>160,240</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 2011.



OPCOM HOLDINGS BERHAD

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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 December 2011

Group	Share capital RM'000	Non-Distributable Share premium RM'000	Capital reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Balance at 1 April 2011	25,800	5,812	3	55,578	87,193	22,683	109,876
Dividends paid	-	-	-	(31,605)	(31,605)	(10,353)	(41,958)
Total comprehensive income for the financial period	-	-	-	13,660	13,660	4,402	18,062
Balance at 31 December 2011	<u>25,800</u>	<u>5,812</u>	<u>3</u>	<u>37,633</u>	<u>69,248</u>	<u>16,732</u>	<u>85,980</u>
Balance at 1 April 2010	25,800	5,812	3	41,129	72,744	16,593	89,337
Dividends paid	-	-	-	(5,805)	(5,805)	(1,244)	(7,049)
Total comprehensive income for the financial period	-	-	-	15,437	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>82,376</u>	<u>20,854</u>	<u>103,230</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 2011.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 December 2011

	Current Financial Period 31/12/2011 RM'000	Preceding Year Corresponding Period 31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,649	28,371
Adjustments for:-		
Non-cash items	2,313	2,636
Non-operating items	(1,177)	(890)
Operating profit before working capital changes	<u>25,785</u>	<u>30,117</u>
Changes in working capital:-		
Inventories	(350)	6,311
Trade and other receivables	63	(6,994)
Trade and other payables	(13,597)	(5,132)
Provisions	191	1,211
Cash generated from operations	<u>12,092</u>	<u>25,513</u>
Tax paid	<u>(7,281)</u>	<u>(3,772)</u>
Net cash generated from operating activities	<u>4,811</u>	<u>21,741</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,220)	(858)
Proceeds from disposal of property, plant and equipment	28	361
Interest received	1,177	890
Net cash (used in)/generated from investing activities	<u>(15)</u>	<u>393</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	<u>(34,937)</u>	<u>(7,805)</u>
Net cash used in financing activities	<u>(34,937)</u>	<u>(7,805)</u>
Net (decrease)/increase in cash and cash equivalents	(30,141)	14,329
Effect of exchange rate fluctuations on cash held	46	(485)
Cash and cash equivalents at beginning of financial period	<u>76,400</u>	<u>53,978</u>
Cash and cash equivalents at end of financial period	<u>46,305</u>	<u>67,822</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 2011.



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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 December 2011 - continued

Cash and cash equivalents included in the Statement of Cash Flows comprise of the following amounts in Statement of Financial Position:-

	As at End of Current Financial Period 31/12/2011 RM'000	As at End of Preceding Year Corresponding Period 31/12/2010 RM'000
Deposits placed with licensed banks	33,890	59,195
Cash and bank balances	12,415	8,627
	<u>46,305</u>	<u>67,822</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 2011.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 December 2011

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

A1. Basis of preparation

The interim financial statements for the current quarter 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 financial year ended 31 March 2011. 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 financial year ended 31 March 2011.

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 2011 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations that are issued by the Malaysian Accounting Standard Board ("MASB") with effect from 1 April 2011:-

FRS 1, First-time Adoption of Financial Reporting Standards (revised)

FRS 3, Business Combination (revised)

FRS 127, Consolidated and Separate Financial Statements (revised)

Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards

Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

Improvements to FRSs (2010)

The adoption of the new and revised FRSs, Amendments to FRSs and Interpretations 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 2011 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.



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A7. Dividends paid

The Company did not pay dividend during the current quarter (31 December 2010: Interim dividend of 1.50 sen per ordinary share under single-tier system was paid on 20 December 2010).

A8. Segmental reporting

The Group operates wholly in Malaysia.

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

31 December 2011

<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	70,418	18,283	66	88,767	-	88,767
Intersegment revenue	-	19,443	4,383	23,826	(23,826)	-
Total revenue	<u>70,418</u>	<u>37,726</u>	<u>4,449</u>	<u>112,593</u>	<u>(23,826)</u>	<u>88,767</u>
Segmental results	16,985	4,650	35,721	57,356	(33,796)	23,560
Unallocated expenses						(87)
Operating Profit						23,473
Interest income						1,177
Profit before tax						24,650
Income tax expense						(6,588)
Profit after tax						<u>18,062</u>

31 December 2010

<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	79,580	22,714	49	102,343	-	102,343
Intersegment revenue	-	13,537	4,383	17,920	(17,920)	-
Total revenue	<u>79,580</u>	<u>36,251</u>	<u>4,432</u>	<u>120,263</u>	<u>(17,920)</u>	<u>102,343</u>
Segmental results	21,645	4,120	7,162	32,927	(5,355)	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						<u>20,942</u>

A9. Valuations of property, plant and equipment

The Group did not carry out any valuation on its property, plant and equipment.



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Notes on the Quarterly Interim Financial Report - 31 December 2011

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 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 2011 RM'000	As at 31 Mar 2011 RM'000
Performance and warranty bonds issued	18,915	18,595

A13. Significant Related Party Transactions

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

	Current Quarter 31 Dec 2011 RM'000	Preceding Year Corresponding Quarter 31 Dec 2010 RM'000	Current Financial Period 31 Dec 2011 RM'000	Preceding Year Corresponding Period 31 Dec 2010 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:- Purchase of accessories	4,112	4,621	15,577	18,103
Corporate shareholder of a subsidiary of the Company:- Purchase of materials	3,551	1,709	8,185	5,220



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Notes on the Quarterly Interim Financial Report - 31 December 2011

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

B1. Review of Performance

The Group registered revenue of RM33.1 million and profit before tax of RM8.3 million in current quarter as compared to revenue and profit before tax of RM37.3 million and RM12.0 million respectively in the preceding year's corresponding quarter. The revenue had decreased by RM4.2 million as compared to preceding year's corresponding quarter mainly due to slower cables take up by customers in current quarter.

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 decrease in revenue by 9% in current quarter was mainly due to reduce in customer's demand for cables.
- b) Trading and Engineering Services - The increase in revenue by 16% in current quarter was mainly due to more supply of materials for cables manufacturing.
- c) Other Operations - The revenue contribution in current quarter was consistent with preceding year's corresponding quarter.

B2. Variation of results against the immediate preceding quarter

The Group's revenue increased to RM33.1 million in current quarter as compared to the immediate preceding quarter of RM22.6 million. The Group registered a profit before tax of RM8.3 million in the current quarter as compared to RM6.7 million in the immediate preceding quarter. Sales in immediate preceding quarter was low due to festive season which resulted in lower revenue contribution. The revenue recorded in current quarter increased by RM10.5 million as customer order picked up after the festive season ended.

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 48% in current quarter was mainly due to customer order picking up after the festive season ended.
- b) Trading and Engineering Services - The increase in revenue by 59% in current quarter was mainly due to customer order picking up after the festive season ended.
- c) Other Operations - The revenue contribution in current quarter was consistent with immediate preceding quarter.

B3. Prospect

With the 2-year extension of the existing RM359.6 million FTTH Supply Contract with Telekom Malaysia Berhad in hand, 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.



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B5. Income Tax Expense

	Current quarter ended		Financial period ended	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Tax expense	2,645	3,286	7,111	7,663
Deferred taxation	<u>(202)</u>	<u>(46)</u>	<u>(523)</u>	<u>(234)</u>
	<u>2,443</u>	<u>3,240</u>	<u>6,588</u>	<u>7,429</u>

The Group recorded a tax expense of RM6.6 million for the current financial period. The Group's effective tax rate for current financial period was slightly higher than the statutory tax rate of 25%. The higher tax expense was mainly due to under provision of taxation in prior year.

B6. Gain/(Loss) on Disposal of Quoted, Unquoted Investments and/or Properties

There was no disposal of quoted, unquoted investments or properties during the current quarter.

B7. Status of corporate proposals as at 16 February 2012

(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 16 February 2012.

B8. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 31 December 2011.

B9. Derivative Financial Instruments

The Group has no derivative financial instruments as at 31 December 2011.

B10. Material litigation as at 16 February 2012

(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 16 February 2012, being the latest practicable date.

B11. Dividends

The Company did not declare dividend during the current quarter (31 December 2010: Interim dividend of 1.50 sen per ordinary share under single tier system was declared on 12 November 2010 and fully paid on 20 December 2010).

Total net dividends declared for the current financial year is 24.50 sen per ordinary share (31 December 2010: 4.50 sen per ordinary share).



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Notes on the Quarterly Interim Financial Report - 31 December 2011

B12. Earnings per share

	Current quarter ended		Financial period ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Profit and total comprehensive income attributable to owners of the Company (RM'000)	4,414	6,442	13,660	15,437
Total number of ordinary shares in issue ('000)	129,000	129,000	129,000	129,000
Basic earnings per share (sen)	3.42	4.99	10.59	11.97

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

B13. 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 year, into realised and unrealised profits or losses, in accordance to directive from Bursa Malaysia Securities Berhad ("Bursa Securities") dated 20 December 2010, is as follows:-

	As at	As at
	31 Dec 2011	31 Mar 2011
	RM'000	RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	56,072	80,790
- unrealised	(5,464)	(6,600)
	<u>50,608</u>	<u>74,190</u>
ii) Less : Consolidation adjustments	(12,975)	(18,612)
Group total retained profits as per unaudited consolidated accounts	<u><u>37,633</u></u>	<u><u>55,578</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.

B14. 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 period.



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Notes on the Quarterly Interim Financial Report - 31 December 2011

B15. Profit for the Period

	Current quarter ended		Financial period ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:				
Interest income	310	461	1,177	890
Other income	44	47	192	328
Foreign exchange gain	-	479	409	978
and after charging:				
Interest expense	-	-	-	-
Depreciation	728	716	2,147	2,172
Provision for/write off of receivables	-	-	-	-
Provision for/write off of inventories	35	382	(259)	366
Foreign exchange loss	430	-	-	-

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 31 December 2011 (31 December 2010: Nil)