



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 31 December 2013

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 31 December 2013

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2013 RM'000	Preceding Year Corresponding Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2013 RM'000	Preceding Year Corresponding Period 31/12/2012 RM'000
Revenue		8,727	32,876	35,064	86,650
Cost of sales		<u>(7,479)</u>	<u>(21,682)</u>	<u>(31,042)</u>	<u>(57,936)</u>
Gross profit		1,248	11,194	4,022	28,714
Other operating income		36	4	484	139
Administrative expenses		(1,443)	(1,444)	(4,366)	(4,411)
Distribution costs		527	(1,866)	921	(3,424)
Other operating expenses		<u>(260)</u>	<u>(1,322)</u>	<u>(911)</u>	<u>(3,046)</u>
Operating profit		108	6,566	150	17,972
Interest Income		<u>344</u>	<u>205</u>	<u>1,165</u>	<u>972</u>
Profit before tax		452	6,771	1,315	18,944
Income tax expense		<u>(100)</u>	<u>(1,487)</u>	<u>(345)</u>	<u>(4,639)</u>
Profit and total comprehensive income for the period	B14	<u>352</u>	<u>5,284</u>	<u>970</u>	<u>14,305</u>
Profit and total comprehensive income attributable to:-					
Owners of the Company		437	3,993	1,256	10,821
Non-controlling interest		<u>(85)</u>	<u>1,291</u>	<u>(286)</u>	<u>3,484</u>
		<u>352</u>	<u>5,284</u>	<u>970</u>	<u>14,305</u>
Earnings per share attributable to owners of the Company:-					
Basic (sen)	B11	<u>0.34</u>	<u>3.10</u>	<u>0.97</u>	<u>8.39</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 2013.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2013

	Note	As At End Of Current Quarter 31/12/2013 RM'000	As At Preceding Financial Year End 31/03/2013 RM'000
Non-current assets			
Property, plant and equipment	A9	38,854	37,180
Deferred tax assets		12	12
		<u>38,866</u>	<u>37,192</u>
Current assets			
Inventories		11,527	16,169
Trade and other receivables		23,541	26,057
Current tax assets		1,474	151
Cash and cash equivalents		47,026	60,872
		<u>83,568</u>	<u>103,249</u>
TOTAL ASSETS		<u>122,434</u>	<u>140,441</u>
Equity			
Share capital		25,800	25,800
Share premium		5,812	5,812
Capital reserve		3	3
Retained earnings		39,420	45,904
		<u>71,035</u>	<u>77,519</u>
Non-controlling interest		15,217	17,603
Total equity		<u>86,252</u>	<u>95,122</u>
Non-current liabilities			
Deferred tax liabilities		2,776	3,147
		<u>2,776</u>	<u>3,147</u>
Current liabilities			
Trade and other payables		32,068	39,073
Provisions		1,338	3,099
Current tax liabilities		-	-
		<u>33,406</u>	<u>42,172</u>
Total liabilities		36,182	45,319
TOTAL EQUITY AND LIABILITIES		<u>122,434</u>	<u>140,441</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 2013.



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Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 31 December 2013

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 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 period	-	-	-	1,256	1,256	(286)	970
Balance at 31 December 2013	25,800	5,812	3	39,420	71,035	15,217	86,252
Balance at 1 April 2012	25,800	5,812	3	49,072	80,687	18,836	99,523
Dividends paid	-	-	-	(16,125)	(16,125)	(5,088)	(21,213)
Total comprehensive income for the financial period	-	-	-	10,821	10,821	3,484	14,305
Balance at 31 December 2012	25,800	5,812	3	43,768	75,383	17,232	92,615

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 2013.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 December 2013

	Current Financial Period 31/12/2013 RM'000	Preceding Year Corresponding Period 31/12/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,315	18,944
Adjustments for:-		
Depreciation	1,951	2,102
Interest Income	(1,165)	(972)
Other Non-cash items	(176)	(69)
Other Non-operating items	1	10
Operating profit before working capital changes	<u>1,926</u>	<u>20,015</u>
Changes in working capital:-		
Inventories	4,642	3,811
Trade and other receivables	2,428	2,463
Trade and other payables	(12,526)	(12,427)
Provisions	1,761	799
Cash (used in)/generated from operations	<u>(1,769)</u>	<u>14,661</u>
Tax paid	(2,039)	(6,368)
Net cash (used in)/generated from operations	<u>(3,808)</u>	<u>8,293</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,631)	(610)
Proceeds from disposal of property, plant and equipment	1	-
Interest received	1,298	1,155
Net cash (used in)/generated from investing activities	<u>(2,332)</u>	<u>545</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(7,740)	(16,125)
Net cash used in financing activities	<u>(7,740)</u>	<u>(16,125)</u>
Net decrease in cash and cash equivalents	(13,880)	(7,287)
Effect of exchange rate fluctuations on cash held	34	271
Cash and cash equivalents at beginning of financial period	<u>60,872</u>	<u>50,352</u>
Cash and cash equivalents at end of financial period	<u>47,026</u>	<u>43,336</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 2013.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 31 December 2013 - 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 31/12/2013 RM'000	Preceding Year Corresponding Period 31/12/2012 RM'000
Deposits placed with licensed banks	43,357	41,015
Cash and bank balances	<u>3,669</u>	<u>2,321</u>
	<u>47,026</u>	<u>43,336</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 2013.



OPCOM HOLDINGS BERHAD

(Company No : 322661-W)

Notes on the Quarterly Interim Financial Report - 31 December 2013

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

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 2013 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 2013.

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 2013. 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 2013:-

- MFRS 10, *Consolidated Financial Statements*
- MFRS 13, *Fair Value Measurement*
- MFRS 127, *Separate Financial Statements (2011)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*

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 2013 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

There were no dividends paid during the current quarter (31 December 2012: A special interim dividend of 11.00 sen per ordinary share under single-tier system was paid on 3 October 2012).



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Notes on the Quarterly Interim Financial Report - 31 December 2013

A8. Segmental reporting

The Group operates wholly in Malaysia.

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

31 December 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	30,479	4,539	46	35,064	-	35,064
Intersegment revenue	-	4,961	14,085	19,046	(19,046)	-
Total revenue	30,479	9,500	14,131	54,110	(19,046)	35,064
Segmental results	(2,072)	491	9,571	7,990	(7,633)	357
Unallocated expenses						(207)
Operating profit						150
Interest income						1,165
Profit before tax						1,315
Income tax expense						(345)
Profit after tax						970

31 December 2012

(Restated)

<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	86,592	-	58	86,650	-	86,650
Intersegment revenue	-	16,594	22,474	39,068	(39,068)	-
Total revenue	86,592	16,594	22,532	125,718	(39,068)	86,650
Segmental results	14,256	1,756	18,118	34,130	(15,983)	18,147
Unallocated expenses						(175)
Operating profit						17,972
Interest income						972
Profit before tax						18,944
Income tax expense						(4,639)
Profit after tax						14,305

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.



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Notes on the Quarterly Interim Financial Report - 31 December 2013

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 December 2013 RM'000	As at 31 March 2013 RM'000
Performance and warranty bonds issued	5,921	24,395

A13. Significant Related Party Transactions

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

	Current Quarter 31 Dec 2013 RM'000	Preceding Year Corresponding Quarter 31 Dec 2012 RM'000	Current Year To Date 31 Dec 2013 RM'000	Preceding Year Corresponding Period 31 Dec 2012 RM'000
A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests:				
Sale of cables	350	-	350	-
Purchase of accessories	1,789	2,836	8,775	8,507
Business development commission	4	1,311	586	2,340
Corporate shareholder of a subsidiary of the Company:				
Purchase of materials	13	3,674	689	9,014



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Notes on the Quarterly Interim Financial Report - 31 December 2013

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

B1. Review of Performance

The Group registered revenue of RM8.7 million and profit before tax of RM0.5 million in current quarter as compared to revenue and profit before tax of RM32.9 million and RM6.8 million respectively in the preceding year's corresponding quarter. The decrease of revenue in current quarter was mainly due to decrease in customer order for cables and accessories.

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 87% in current quarter was mainly due to decrease in customer order for cables and accessories.
- b) Trading and Engineering Services - The decrease in revenue by 2% in current quarter was due to decrease in supply of materials for cable manufacturing, but mitigated by increase in trading of passive components and petroleum based materials.
- 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 decreased to RM8.7 million in current quarter as compared to the immediate preceding quarter of RM10.9 million. The Group registered a profit before tax of RM0.5 million in the current quarter as compared to profit before tax of RM0.5 million in the immediate preceding quarter. The decrease of revenue in current quarter was mainly due to decrease in customer order for cables and accessories.

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

- a) Manufacturing - The decrease in revenue by 62% in current quarter was mainly due to decrease in customer order for cables and accessories.
- b) Trading and Engineering Services - The increase in revenue by 407% in current quarter was due to increase in supply of passive components and petroleum based materials.
- c) Other Operations - The decrease in revenue by 78% in current quarter was due to no dividend income received.

B3. Prospects

The general business outlook remains challenging for the fiber optics cable industry in Malaysia. On 31 December 2013 and 22 January 2014, the Group accepted the Letter of Awards from Telekom Malaysia Berhad for the supply and delivery of single mode optical fiber cables and other cables to Telekom Malaysia Berhad for a period of three (3) years amounting to RM63.7 million. The Group expects its sales and shipment of fiber optic cables to be stable, and the Board is optimistic of the Group's performance for the remaining quarter of the financial year ending 31 March 2014.

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	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Tax expense	219	1,334	716	4,768
Deferred taxation	(119)	153	(371)	(129)
	<u>100</u>	<u>1,487</u>	<u>345</u>	<u>4,639</u>

The Group recorded tax expense of RM0.10 million for the current quarter and RM0.35 million for current financial period. The Group's effective tax rate was slightly higher than statutory rate due to certain expenses not deductible for tax purposes.

**B6. Status of corporate proposals as at 21 February 2014
(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 21 February 2014.

B7. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 31 December 2013.

B8. Derivative Financial Instruments

The Group has no derivative financial instruments as at 31 December 2013.

**B9. Material litigation as at 21 February 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 21 February 2014, being the latest practicable date.

B10. Dividends

The Company did not declare dividend during the current quarter (31 December 2012: Nil).

Total net dividends declared for the current financial year is 6.00 sen per ordinary share (31 December 2012: 12.50 sen per ordinary share).

B11. Earnings per share

	Quarter ended		Financial period ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Profit and total comprehensive income attributable to owners of the Company (RM'000)	437	3,993	1,256	10,821
Total number of ordinary shares in issue ('000)	129,000	129,000	129,000	129,000
Basic earnings per share (sen)	<u>0.34</u>	<u>3.10</u>	<u>0.97</u>	<u>8.39</u>

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 year into realised and unrealised profits or losses is as follows:-

	As at 31 Dec 2013 RM'000	As at 31 March 2013 RM'000
Total retained profits		
i) Company and its subsidiaries		
- realised	55,093	65,860
- unrealised	(4,588)	(6,404)
	<u>50,505</u>	<u>59,456</u>
ii) Less : Consolidation adjustments	(11,085)	(13,552)
Group total retained profits as per unaudited consolidated accounts	<u><u>39,420</u></u>	<u><u>45,904</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 period.

B14. Profit for the Period

	Quarter ended		Financial period ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Profit for the period is arrived at after crediting:				
Interest income	344	205	1,165	972
Other income	-	4	42	139
Foreign exchange gain	36	-	442	-
and after charging:				
Interest expense	-	-	-	-
Depreciation	665	679	1,951	2,102
Provision for/write off of receivables	-	-	-	-
Provision for/write off of inventories	66	-	(44)	-
Foreign exchange loss	41	(67)	147	485

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 2013 (31 December 2012: Nil).