



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

QUARTERLY REPORT

On consolidated results for the third quarter ended 31 December 2004

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the third quarter ended 31 December 2004

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2004 RM'000	Preceding Year Corresponding Quarter 31/12/2003 RM'000	Current Year To Date 31/12/2004 RM'000	Preceding Year Corresponding Period 31/12/2003 RM'000
Revenue		<u>21,742</u>	<u>13,946</u>	<u>65,899</u>	<u>51,577</u>
Operating profit		8,310	2,816	23,631	15,215
Interest income		195	71	485	196
Finance costs		-	-	-	-
Profit before taxation		8,505	2,887	24,116	15,411
Tax expense	B5	<u>(2,050)</u>	<u>1,594</u>	<u>(6,326)</u>	<u>(2,904)</u>
Profit after taxation		6,455	4,481	17,790	12,507
Minority interest		<u>(1,139)</u>	<u>(1,523)</u>	<u>(3,555)</u>	<u>(3,402)</u>
Net profit for the period		<u>5,316</u>	<u>2,958</u>	<u>14,235</u>	<u>9,105</u>
Basic earnings per share (sen)	B13	<u>6.18</u>	<u>13.72</u>	<u>16.55</u>	<u>42.22</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 2004.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

Unaudited Condensed Consolidated Balance Sheet as at 31 December 2004

	Note	As At End Of Current Quarter 31/12/2004 RM'000	As At Preceding Financial Year End 31/3/2004 RM'000
Property, plant and equipment	A9	34,601	35,349
Current assets			
Inventories		13,188	9,898
Trade and other receivables		17,351	7,500
Cash and cash equivalents		53,927	41,906
		<u>84,466</u>	<u>59,304</u>
Current liabilities			
Trade and other payables		31,422	22,419
Taxation		4,372	581
Dividend payable		6,880	4,389
		<u>42,674</u>	<u>27,389</u>
Net Current Assets		<u>41,792</u>	<u>31,915</u>
		<u>76,393</u>	<u>67,264</u>
Long term and deferred liabilities			
Amount due to Directors		10,414	10,414
Deferred taxation		(288)	593
		<u>10,126</u>	<u>11,007</u>
Minority shareholders' interest		12,994	10,339
Capital and reserves			
Share capital		17,200	17,200
Reserves		36,073	28,718
		<u>76,393</u>	<u>67,264</u>
		sen	sen
Net tangible assets per share		<u>61.95</u>	<u>53.39</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statement for the financial year ended 31 March 2004.



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Unaudited Condensed Consolidated Statement of Changes in Equity for the third quarter ended 31 December 2004

Group	Non Distributable			Distributable	Total
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Retained profits RM'000	
At 1 April 2004	17,200	14,412	3	14,303	45,918
Net profit for the period	-	-	-	14,235	14,235
Dividend	-	-	-	(6,880)	(6,880)
At 31 December 2004	<u>17,200</u>	<u>14,412</u>	<u>3</u>	<u>21,658</u>	<u>53,273</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 2004.

**OPCOM HOLDINGS BERHAD**

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Unaudited Condensed Consolidated Cash Flow Statement for the third quarter ended 31 December 2004

	31/12/2004	31/12/2003
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,116	15,411
Adjustments for:		
Non-cash items	5,855	3,484
Non-operating items	(849)	(260)
Operating profit before working capital changes	29,122	18,635
Changes in working capital:		
Inventories	(3,290)	510
Trade and other receivables	(438)	78
Amount due from/(to) affiliated companies	(9,428)	(11,175)
Trade and other payables	5,110	12,467
Cash generated from operations	21,076	20,515
Tax paid	(3,367)	(2,112)
Net cash generated from operating activities	17,709	18,403
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,230)	(11,192)
Proceeds from disposal of property, plant & equipment	133	-
Interest received	798	260
Net cash used in investing activities	(1,299)	(10,932)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of share capital	-	20,800
Listing expenses	-	(1,171)
Dividend paid	(4,389)	(4,248)
Net cash (used in)/generated from financing activity	(4,389)	15,381
Net increase in cash and cash equivalents	12,021	22,852
Cash and cash equivalents at beginning of period	41,906	15,631
Cash and cash equivalents at end of period	53,927	38,483

The unaudited Condensed Consolidation Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2004.



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Notes on the quarterly report - 31 December 2004

A. EXPLANATORY NOTES AS PER MASB 26

A1. Basis of preparation

The interim unaudited financial statements for the quarter under review have been prepared in compliance with the Malaysian Accounting Standards Board ("MASB") Standard No. 26, Interim Financial Reporting and Appendix 7A 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 2004.

A2. Audit Report

There were no audit qualifications on the annual financial statements for the financial year ended 31 March 2004.

A3. Seasonality or cyclicity 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, the Group was less susceptible to the seasonal effect as it had secured a long term contract for the supply of fiber optic cables for use by Telekom Malaysia Berhad. Given its long experience in the fiber optic cables market, the Group is well positioned to ameliorate any potential adverse impact arising from seasonal fluctuation and market demand for its products.

A4. Unusual Items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are 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 for 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 except for the acquisition of 100% equity interest in Opcom Network Technologies Sdn Bhd on 16 February 2005. The related announcement was made on 16 February 2005.

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 2004 RM'000	As at 31 Mar 2004 RM'000
Performance and warranty bonds issued to customers	87	457
Bank guarantees issued to the local authority	67	3
Bank guarantee issued to utilities supplier	50	40
	<u>204</u>	<u>500</u>



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Notes on the quarterly report - 31 December 2004

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 RM21.7m and profit before taxation of RM8.5m as compared to RM13.9m and RM2.9m respectively in the preceding year corresponding quarter. The higher revenue was mainly due to the increase in demand for fiber optic cables.

For the period ended 31 December 2004, the group recorded a revenue of RM65.9m and profit before taxation of RM24.1m as compared to RM51.6m and RM15.4m respectively in the previous corresponding period. As explained in the preceding paragraph, higher revenue was mainly due to the increase in demand for fiber optic cables.

B2. Variation of results against the immediate preceding quarter

During the quarter ended 31 December 2004, the Group's revenue has decreased by approximately 16.9% to RM21.7m as compared to the immediate preceding quarter of RM26.1m.

Accordingly, the Group's profit before taxation decreased by approximately 16.7% from RM10.2m to RM8.5m in the quarter under review. The decline was mainly due to the relatively lower sales for 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 to the end of the financial year.

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 2004 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2003 RM'000
Current tax expense	2,018	(1,369)	7,207	3,318
Reversal of deferred tax liability	32	(225)	(881)	(414)
	<u>2,050</u>	<u>(1,594)</u>	<u>6,326</u>	<u>2,904</u>

The effective tax rate of the Group was lower than the statutory tax rate of 28%. This was mainly due to the availability of capital allowances and reinvestment allowances in some of the companies.

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

There was no disposal of unquoted investments or properties during current quarter and financial year-to-date.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date.



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B8. (a) Status of corporate proposals as at 25 February 2005
(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 25 February 2005 except for the following:

On 2 December 2004, the Board announced the following proposals:

- i) Proposed increase in authorised share capital of Opcom Holdings Berhad ("Opcom") from RM25,000,000 comprising 125,000,000 ordinary shares of RM0.20 each to RM50,000,000 comprising 250,000,000 ordinary shares of RM0.20 each;
- ii) Proposed amendment to the Opcom's Articles of Association to allow the Company to extend the options which may be issued pursuant to the proposed employee share option scheme to its Non-Executive Directors;
- iii) Proposed a bonus issue of 43,000,000 new Opcom Shares, to be credited as fully paid-up on the basis of one (1) new Opcom Share for every two (2) existing Opcom Shares held; and
- iv) Proposed employee share option scheme for eligible employees and Directors of Opcom and its subsidiaries of up to ten percent (10%) of the issued and paid-up share capital of the Company.

The proposals are pending for approval from the relevant authorities.

(b) Status of Utilisation of Proceeds Raised from Corporate Proposal

The status of utilisation of the proceeds raised from the public issue pursuant to the listing of the Company on Mesdaq Market of Bursa Malaysia Securities Berhad ("Bursa Securities") amounting to RM 20.8m is as follow :

	As approved by the Securities Commission & Bursa Securities	Utilised as at the date of report	Balance
	RM'000	RM'000	RM'000
Capital Expenditure	11,554	10,571	983
Working Capital	7,746	4,936	2,810
Finance Listing Expenses	1,500	1,188	312
	<u>20,800</u>	<u>16,695</u>	<u>4,105</u>

B9. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 31 December 2004 save for the following:

	RM'000
Amount due to Directors - Short term	3,471
Amount due to Directors - Long term	10,414
	<u>13,885</u>

B10. Off Balance Sheet Financial Instruments as at 25 February 2005
(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 25 February 2005, being the latest practicable date.

B11. Material litigation as at 25 February 2005
(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 25 February 2005, being the latest practicable date.



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B12. Dividends

During the current quarter under review, an interim dividend of 8.25 sen less tax per share and an interim tax exempt dividend of 2.06 sen per share were declared for the current financial year ending 31 March 2005. The payment was made on 15 January 2005.

The total net dividend per share declared to date, for the current financial year ending 31 March 2005 is 8.00 sen which consists of an interim dividend of 8.25 sen less tax per share and an interim tax exempt dividend of 2.06 sen per share.

B13. Earnings per share

	Individual quarter ended		Cumulative quarter ended	
	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
Basic earnings per share				
Net profit for the period (RM'000)	5,316	2,958	14,235	9,105
Weighted average number of ordinary shares in issue ('000)	86,000	21,564	86,000	21,564
Basic earnings per share (sen)	<u>6.18</u>	<u>13.72</u>	<u>16.55</u>	<u>42.22</u>
Fully diluted earnings per share	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>