

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**QUARTERLY REPORT**

On consolidated results for the second quarter ended 30 September 2008

The Directors are pleased to announce the following:

**Unaudited Condensed Consolidated Income Statement for the Second Quarter Ended 30 September 2008**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2008 RM'000	Preceding Year Corresponding Quarter 30/09/2007 RM'000	Current Year To Date 30/09/2008 RM'000	Preceding Year Corresponding Period 30/09/2007 RM'000
Revenue		15,965	14,816	27,881	24,654
Cost of sales		(11,147)	(10,390)	(19,107)	(18,552)
<b>Gross profit</b>		<b>4,818</b>	<b>4,426</b>	<b>8,774</b>	<b>6,102</b>
Other income		209	180	423	304
Administrative expenses		(1,692)	(1,345)	(2,991)	(2,443)
Distribution costs		(790)	(380)	(1,727)	(596)
Other expenses		(17)	(166)	(43)	(388)
Other gain and losses		50	-	50	-
Finance costs		-	-	-	-
<b>Profit before tax</b>		<b>2,578</b>	<b>2,715</b>	<b>4,486</b>	<b>2,979</b>
Income tax expense	<b>B5</b>	(738)	(713)	(1,269)	(784)
<b>Profit for the period</b>		<b>1,840</b>	<b>2,002</b>	<b>3,217</b>	<b>2,195</b>
Attributable to:					
Equity holders of the parent		1,255	1,435	2,255	1,562
Minority interest		585	567	962	633
		<b>1,840</b>	<b>2,002</b>	<b>3,217</b>	<b>2,195</b>
<b>Earnings per share attributable to equity holders of the parent:</b>					
Basic, for profit for the period (sen)	<b>B13</b>	<u>0.97</u>	<u>1.11</u>	<u>1.75</u>	<u>1.21</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 March 2008.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Balance Sheet as at 30 September 2008**

	Note	As At End Of Current Quarter 30/09/2008 RM'000	As At Preceding Financial Year End 31/03/2008 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	A9	25,037	25,640
Prepaid lease payments		11,032	11,118
		<u>36,069</u>	<u>36,758</u>
<b>Current assets</b>			
Inventories		10,470	8,292
Trade and other receivables		22,081	18,948
Cash and cash equivalents		28,171	33,895
Tax recoverable		-	436
		<u>60,722</u>	<u>61,570</u>
<b>TOTAL ASSETS</b>		<u>96,791</u>	<u>98,329</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		25,800	25,800
Share premium		5,812	5,812
Capital reserve		3	3
Retained earnings		35,083	34,124
		<u>66,698</u>	<u>65,739</u>
<b>Minority interest</b>		15,421	14,459
<b>Total equity</b>		<u>82,119</u>	<u>80,198</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		2,491	2,863
		<u>2,491</u>	<u>2,863</u>
<b>Current liabilities</b>			
Trade and other payables		10,645	13,654
Taxation		240	-
Dividend payable		1,296	1,613
		<u>12,181</u>	<u>15,268</u>
<b>Total liabilities</b>		14,672	18,131
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>96,791</u>	<u>98,329</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2008.

**OPCOM HOLDINGS BERHAD**

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**Unaudited Condensed Consolidated Statement of Changes in Equity for the second quarter ended 30 September 2008**

Group	Non Distributable		Capital reserve RM'000	Distributable Retained profits RM'000	Minority interest RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000				
At 1 April 2008	25,800	5,812	3	34,124	14,459	80,198
Net profit for the period	-	-	-	2,255	962	3,217
Dividends	-	-	-	(1,296)	-	(1,296)
At 30 September 2008	<u>25,800</u>	<u>5,812</u>	<u>3</u>	<u>35,083</u>	<u>15,421</u>	<u>82,119</u>
At 1 April 2007	25,800	5,812	3	32,469	13,538	77,622
Net profit for the period	-	-	-	1,562	633	2,195
Dividends	-	-	-	-	-	-
At 30 September 2007	<u>25,800</u>	<u>5,812</u>	<u>3</u>	<u>34,031</u>	<u>14,171</u>	<u>79,817</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 2008.

**OPCOM HOLDINGS BERHAD**

(Company No: 322661-W)

**Unaudited Condensed Consolidated Cash Flow Statement for the Second Quarter Ended 30 September 2008**

	30/09/2008 RM'000	30/09/2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,486	2,979
Adjustments for:		
Non-cash items	1,221	1,307
Non-operating items	(459)	(284)
Operating profit before working capital changes	<u>5,248</u>	<u>4,002</u>
Changes in working capital:		
Inventories	(2,178)	(2,686)
Trade and other receivables	(3,133)	3,032
Trade and other payables	(3,009)	5,076
Cash generated from/(used in) operations	<u>(3,072)</u>	<u>9,424</u>
Tax paid	(965)	(452)
<b>Net cash generated from/ (used in) operating activities</b>	<u>(4,037)</u>	<u>8,972</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(576)	(833)
Proceeds from disposal of property, plant & equipment	43	310
Interest received	459	277
<b>Net cash used in investing activities</b>	<u>(74)</u>	<u>(246)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-	-
Dividend paid	(1,613)	(968)
<b>Net cash used in financing activities</b>	<u>(1,613)</u>	<u>(968)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5,724)	7,758
<b>Cash and cash equivalents at beginning of period</b>	<u>33,895</u>	<u>15,959</u>
<b>Cash and cash equivalents at end of period</b>	<u>28,171</u>	<u>23,717</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 2008.



**OPCOM HOLDINGS BERHAD**  
**(Company No : 322661-W)**

**Notes on the quarterly report - 30 September 2008**

**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 interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008. 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 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 March 2008.

**A2. Audit Report**

There were no audit qualifications on the annual financial statements for the financial year ended 31 March 2008.

**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**

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. (30 September 2007: Nil).

**A8. Segmental reporting**

The Group operates wholly in Malaysia.

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

30 September 2008

<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
<b>Revenue:</b>						
External Revenue	27,448	272	162	27,881		27,881
Intersegment revenue	-	-	2,382	2,382	(2,382)	-
Total revenue	27,448	272	2,544	30,263	(2,382)	27,881
Segment results						4,101
Unallocated expenses						(61)
Operating Profit						4,040
Interest income						396
Unallocated income						50
Profit before tax						4,486



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**A8. Segmental reporting (cont'd)**

30 September 2007

Business Segments

	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue:</b>						
External Revenue	18,560	5,951	143	24,654		24,654
Intersegment revenue			2,203	2,203	(2,203)	-
Total revenue	18,560	5,951	2,346	26,857	(2,203)	24,654
Segment results						2,771
Unallocated expenses						(55)
Operating Profit						2,716
Interest income						263
Profit before tax						2,979

**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.

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

The Company has on 27 June 2008 entered into a Share Sales and Purchase Agreement with Lingkaran Senada Sdn Bhd to dispose of its entire equity interest of 100,000 ordinary shares of RM0.20 each in Opcom Network Technologies Sdn Bhd (ONTSB). The disposal of ONTSB was completed on 10 July 2008.

**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 Sept 2008 RM'000	As at 31 March 2008 RM'000
Performance and warranty bonds issued to customers	3,518	5,189



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**Notes on the quarterly report - 30 September 2008**

**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 RM16.0m and profit before tax of RM2.6m as compared to revenue and profit before tax of RM14.8m and RM2.7m respectively in the preceding year's corresponding quarter. The revenue in current quarter was higher as there was more sales of cable assemblies. The margin contribution from cable assemblies is lower compared to cables and therefore the profit before tax is slightly below the preceding year's corresponding quarter.

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

In the quarter ended 30 September 2008, the Group's revenue has increased to RM16.0m as compared to the immediate preceding quarter of RM11.9m. The Group registered a profit before tax of RM2.6m in the current quarter as compared to RM1.9m in the immediate preceding quarter. The variances were mainly due to more cable sales compared to immediate preceding quarter.

**B3. Prospect**

The Board is positive of the Group's performance for the remaining period of this financial year especially as the Government has announced nationwide high speed broadband initiatives.

**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	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Current tax expense	696	624	1,641	691
Deferred taxation	<u>42</u>	<u>89</u>	<u>(372)</u>	<u>93</u>
	<u>738</u>	<u>713</u>	<u>1,269</u>	<u>784</u>

The Group recorded a tax expense of RM738,000 and RM1,269,000 for current quarter and year to date respectively. The Group's effective tax rate for the year was slightly higher than the statutory tax rate of 25%. This was mainly due 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 21 November 2008**

**(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 November 2008.

**B9. Group borrowings and Debt Securities**

The Group has no borrowings and debt securities as at 30 September 2008.



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**Notes on the quarterly report - 30 September 2008**

**B10. Off Balance Sheet Financial Instruments as at 21 November 2008**

(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 21 November 2008, being the latest practicable date.

**B11. Material litigation as at 21 November 2008**

(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 November 2008, being the latest practicable date.

**B12. Dividends**

During the quarter under review, the Company declared the interim dividend of 1.34 sen per ordinary share less 25% tax. The dividend payment was made on 17 October 2008.

**B13. Earnings per share**

	Individual quarter ended		Cumulative quarter ended	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
Net profit for the period (RM'000)	1,255	1,435	2,255	1,562
Total number of ordinary shares in issue ('000)	129,000	129,000	129,000	129,000
<b>Basic earnings per share (sen)</b>	<u>0.97</u>	<u>1.11</u>	<u>1.75</u>	<u>1.21</u>
<b>Fully diluted earnings per share</b>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>