



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 30 September 2013

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 September 2013

| | Note | Individual Quarter | | Cumulative Quarter | |
|---|------------|---|--|---|---|
| | | Current Year Quarter 30/09/2013 RM'000 | Preceding Year Corresponding Quarter 30/09/2012 RM'000 | Current Year To Date 30/09/2013 RM'000 | Preceding Year Corresponding Period 30/09/2012 RM'000 |
| Revenue | | 10,888 | 27,049 | 26,337 | 53,774 |
| Cost of sales | | <u>(9,973)</u> | <u>(17,003)</u> | <u>(23,563)</u> | <u>(36,254)</u> |
| Gross profit | | 915 | 10,046 | 2,774 | 17,520 |
| Other operating income | | 2 | 24 | 448 | 135 |
| Administrative expenses | | (1,431) | (1,501) | (2,923) | (2,967) |
| Distribution costs | | 923 | (1,191) | 394 | (1,558) |
| Other operating expenses | | <u>(351)</u> | <u>(1,079)</u> | <u>(651)</u> | <u>(1,724)</u> |
| Operating profit | | 58 | 6,299 | 42 | 11,406 |
| Interest Income | | <u>404</u> | <u>398</u> | <u>821</u> | <u>767</u> |
| Profit before tax | | 462 | 6,697 | 863 | 12,173 |
| Income tax expense | | <u>(34)</u> | <u>(1,765)</u> | <u>(245)</u> | <u>(3,152)</u> |
| Profit and total comprehensive income for the period | B14 | <u>428</u> | <u>4,932</u> | <u>618</u> | <u>9,021</u> |
| Profit and total comprehensive income attributable to:- | | | | | |
| Owners of the Company | | 506 | 3,735 | 819 | 6,828 |
| Non-controlling interest | | <u>(78)</u> | <u>1,197</u> | <u>(201)</u> | <u>2,193</u> |
| | | <u>428</u> | <u>4,932</u> | <u>618</u> | <u>9,021</u> |
| Earnings per share attributable to owners of the Company:- | | | | | |
| Basic (sen) | B11 | <u>0.39</u> | <u>2.90</u> | <u>0.63</u> | <u>5.29</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 30 September 2013

| | Note | As At End Of Current Quarter 30/09/2013 RM'000 | As At Preceding Financial Year End 31/03/2013 RM'000 |
|-------------------------------------|------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | A9 | 36,728 | 37,180 |
| Deferred tax assets | | 12 | 12 |
| | | <u>36,740</u> | <u>37,192</u> |
| Current assets | | | |
| Inventories | | 9,967 | 16,169 |
| Trade and other receivables | | 22,398 | 26,057 |
| Current tax assets | | 1,347 | 151 |
| Cash and cash equivalents | | 48,697 | 60,872 |
| | | <u>82,409</u> | <u>103,249</u> |
| TOTAL ASSETS | | <u>119,149</u> | <u>140,441</u> |
| Equity | | | |
| Share capital | | 25,800 | 25,800 |
| Share premium | | 5,812 | 5,812 |
| Capital reserve | | 3 | 3 |
| Retained earnings | | 38,983 | 45,904 |
| | | <u>70,598</u> | <u>77,519</u> |
| Non-controlling interest | | 15,302 | 17,603 |
| Total equity | | <u>85,900</u> | <u>95,122</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 2,895 | 3,147 |
| | | <u>2,895</u> | <u>3,147</u> |
| Current liabilities | | | |
| Trade and other payables | | 28,244 | 39,073 |
| Provisions | | 2,110 | 3,099 |
| Current tax liabilities | | - | - |
| | | <u>30,354</u> | <u>42,172</u> |
| Total liabilities | | 33,249 | 45,319 |
| TOTAL EQUITY AND LIABILITIES | | <u>119,149</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.



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 September 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 | - | - | - | 819 | 819 | (201) | 618 |
| Balance at 30 September 2013 | 25,800 | 5,812 | 3 | 38,983 | 70,598 | 15,302 | 85,900 |
| Balance at 1 April 2012 | 25,800 | 5,812 | 3 | 49,072 | 80,687 | 18,836 | 99,523 |
| Dividends paid | - | - | - | (1,935) | (1,935) | (5,089) | (7,024) |
| Total comprehensive income for the financial period | - | - | - | 6,828 | 6,828 | 2,193 | 9,021 |
| Balance at 30 September 2012 | 25,800 | 5,812 | 3 | 53,965 | 85,580 | 15,940 | 101,520 |

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 30 September 2013

| | Current Financial Period 30/09/2013 RM'000 | Preceding Year Corresponding Period 30/09/2012 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 863 | 12,173 |
| Adjustments for:- | | |
| Depreciation | 1,286 | 1,423 |
| Interest Income | (821) | (767) |
| Other Non-cash items | (104) | 47 |
| Other Non-operating items | 1 | 3 |
| Operating profit before working capital changes | <u>1,225</u> | <u>12,879</u> |
| Changes in working capital:- | | |
| Inventories | 6,202 | 3,060 |
| Trade and other receivables | 3,789 | 11,503 |
| Trade and other payables | (13,189) | (15,446) |
| Provisions | (989) | 4 |
| Cash generated from operations | <u>(2,962)</u> | <u>12,000</u> |
| Tax paid | (1,693) | (2,904) |
| Net cash (used in)/generated from operating activities | <u>(4,655)</u> | <u>9,096</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (839) | (187) |
| Proceeds from disposal of property, plant and equipment | 1 | - |
| Interest received | 951 | 813 |
| Net cash generated from investing activities | <u>113</u> | <u>626</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (7,740) | (1,935) |
| Net cash used in financing activities | <u>(7,740)</u> | <u>(1,935)</u> |
| Net (decrease)/increase in cash and cash equivalents | (12,282) | 7,787 |
| Effect of exchange rate fluctuations on cash held | 107 | (29) |
| 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>48,697</u> | <u>58,110</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 30 September 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 30/09/2013 RM'000 | Preceding Year Corresponding Period 30/09/2012 RM'000 |
|-------------------------------------|---|---|
| Deposits placed with licensed banks | 44,020 | 41,810 |
| Cash and bank balances | <u>4,677</u> | <u>16,300</u> |
| | <u>48,697</u> | <u>58,110</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 - 30 September 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

The Company paid a special interim dividend of 6.00 sen per ordinary share under single tier system on 20 September 2013 (30 September 2012: Nil).



OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 30 September 2013

A8. Segmental reporting

The Group operates wholly in Malaysia.

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

30 September 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 | 26,308 | - | 29 | 26,337 | - | 26,337 |
| Intersegment revenue | - | 2,773 | 11,970 | 14,743 | (14,743) | - |
| Total revenue | <u>26,308</u> | <u>2,773</u> | <u>11,999</u> | <u>41,080</u> | <u>(14,743)</u> | <u>26,337</u> |
| Segmental results | (1,462) | 261 | 9,047 | 7,846 | (7,681) | 165 |
| Unallocated expenses | | | | | | (123) |
| Operating loss | | | | | | 42 |
| Interest income | | | | | | 821 |
| Profit before tax | | | | | | 863 |
| Income tax expense | | | | | | (245) |
| Profit after tax | | | | | | <u>618</u> |

30 September 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 | 53,730 | - | 44 | 53,774 | - | 53,774 |
| Intersegment revenue | - | 9,707 | 20,359 | 30,066 | (30,066) | - |
| Total revenue | <u>53,730</u> | <u>9,707</u> | <u>20,403</u> | <u>83,840</u> | <u>(30,066)</u> | <u>53,774</u> |
| Segmental results | 9,267 | 939 | 17,450 | 27,656 | (16,094) | 11,562 |
| Unallocated expenses | | | | | | (156) |
| Operating profit | | | | | | 11,406 |
| Interest income | | | | | | 767 |
| Profit before tax | | | | | | 12,173 |
| Income tax expense | | | | | | (3,152) |
| Profit after tax | | | | | | <u>9,021</u> |

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 - 30 September 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 30 Sept 2013 RM'000 | As at 31 March 2013 RM'000 |
|---------------------------------------|------------------------------------|-------------------------------------|
| Performance and warranty bonds issued | 5,911 | 24,395 |

A13. Significant Related Party Transactions

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

| | Current Quarter 30 Sept 2013 RM'000 | Preceding Year Corresponding Quarter 30 Sept 2012 RM'000 | Current Year To Date 30 Sept 2013 RM'000 | Preceding Year Corresponding Period 30 Sept 2012 RM'000 |
|---|--|--|---|---|
| A related company in which substantial shareholders of the Company and a Director of a subsidiary have interests: | | | | |
| Purchase of accessories | 2,773 | 1,991 | 6,986 | 5,671 |
| Business development commission | 376 | 617 | 582 | 1,029 |
| Corporate shareholder of a subsidiary of the Company: | | | | |
| Purchase of materials | 639 | 2,399 | 676 | 5,340 |



OPCOM HOLDINGS BERHAD

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Notes on the Quarterly Interim Financial Report - 30 September 2013

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

B1. Review of Performance

The Group registered revenue of RM10.9 million and profit before tax of RM0.5 million in current quarter as compared to revenue and profit before tax of RM27.0 million and RM6.7 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 60% 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 74% in current quarter was due to decrease in supply of materials for cable manufacturing.
- c) Other Operations - The decrease in revenue by 40% in current quarter was due to less dividend income received.

B2. Variation of results against the immediate preceding quarter

The Group's revenue decreased to RM10.9 million in current quarter as compared to the immediate preceding quarter of RM15.4 million. The Group registered a profit before tax of RM0.5 million in the current quarter as compared to profit before tax of RM0.4 million in the immediate preceding quarter. The decrease of revenue in current quarter was mainly due to decrease in customer order for 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 30% in current quarter was mainly due to decrease in customer order for accessories.
- b) Trading and Engineering Services - The decrease in revenue by 8% in current quarter was due to decrease in supply of materials for cable manufacturing.
- c) Other Operations - The increase in revenue by 364% in current quarter was due to dividend income received.

B3. Prospects

The general business outlook remains challenging for the fiber optics cable industry in Malaysia. However, the Board is of the opinion that with the recent Malaysian Budget proposal to allocate up to RM1.8 billion for the second phase of the High Speed Broadband (HSBB) Project, the Company remains cautiously optimistic of its business performance for the remaining quarters of the 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

| | Quarter ended | | Financial period ended | |
|-------------------|------------------------|------------------------|------------------------|------------------------|
| | 30 Sept 2013 RM'000 | 30 Sept 2012 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2012 RM'000 |
| Tax expense | 171 | 2,012 | 497 | 3,434 |
| Deferred taxation | (137) | (247) | (252) | (282) |
| | <u>34</u> | <u>1,765</u> | <u>245</u> | <u>3,152</u> |

The Group recorded tax expense of RM0.03 million for the current quarter and RM0.20 million for current financial period. The Group's effective tax rate for current financial year was higher than the statutory tax rate of 25%. The higher tax expense was mainly due to tax payable on non-business income and certain expenses not deductible for tax purposes.

B6. Status of corporate proposals as at 28 November 2013

(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 28 November 2013.

B7. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 30 September 2013.

B8. Derivative Financial Instruments

The Group has no derivative financial instruments as at 30 September 2013.

B9. Material litigation as at 28 November 2013

(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 28 November 2013, being the latest practicable date.

B10. Dividends

During the current quarter, the Company declared a special interim dividend of 6.00 sen per ordinary share under single tier system for current financial year on 26 August 2013 and fully paid the same on 20 September 2013 (30 September 2012: A special interim dividend of 11.00 sen per ordinary share).

Total net dividends declared for the current financial year is 6.00 sen per ordinary share (30 September 2012: 12.50 sen per ordinary share).

B11. Earnings per share

| | Quarter ended | | Financial period ended | |
|--|---------------|--------------|------------------------|--------------|
| | 30 Sept 2013 | 30 Sept 2012 | 30 Sept 2013 | 30 Sept 2012 |
| Profit and total comprehensive income attributable to owners of the Company (RM'000) | 506 | 3,735 | 819 | 6,828 |
| Total number of ordinary shares in issue ('000) | 129,000 | 129,000 | 129,000 | 129,000 |
| Basic earnings per share (sen) | <u>0.39</u> | <u>2.90</u> | <u>0.63</u> | <u>5.29</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 30 Sept 2013 RM'000 | As at 31 March 2013 RM'000 |
|---|---------------------------------|----------------------------------|
| Total retained profits | | |
| i) Company and its subsidiaries | | |
| - realised | 55,820 | 65,860 |
| - unrealised | <u>(5,627)</u> | <u>(6,404)</u> |
| | 50,193 | 59,456 |
| ii) Less : Consolidation adjustments | <u>(11,210)</u> | <u>(13,552)</u> |
| Group total retained profits as per unaudited consolidated accounts | <u><u>38,983</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 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 30 Sept 2013 RM'000 | 30 Sept 2012 RM'000 | 30 Sept 2013 RM'000 | 30 Sept 2012 RM'000 |
| Profit for the period is arrived at after crediting: | | | | |
| Interest income | 404 | 398 | 821 | 767 |
| Other income | 2 | 24 | 42 | 64 |
| Foreign exchange gain | - | - | 406 | 70 |
| and after charging: | | | | |
| Interest expense | - | - | - | - |
| Depreciation | 645 | 676 | 1,286 | 1,423 |
| Provision for/write off of receivables | - | - | - | - |
| Provision for/write off of inventories | (3) | - | 22 | - |
| Foreign exchange loss | 106 | 268 | 106 | 582 |

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 30 September 2013 (30 September 2012: Nil).