



OPCOM HOLDINGS BERHAD

(Company No: 322661-W)

QUARTERLY REPORT

On consolidated results for the second quarter ended 30 September 2006

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the second quarter ended 30 September 2006

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/9/2006 RM'000	Preceding Year Corresponding Quarter 30/9/2005 RM'000	Current Year To Date 30/9/2006 RM'000	Preceding Year Corresponding Period 30/9/2005 RM'000
Revenue		16,239	27,260	23,272	45,679
Cost of sales		(12,316)	(15,558)	(17,435)	(25,434)
Gross profit		3,923	11,702	5,837	20,245
Other income		335	153	638	406
Administrative expenses		(1,443)	(2,232)	(3,432)	(5,020)
Distribution costs		(507)	(442)	(800)	(894)
Other expenses		(177)	(762)	(362)	(1,122)
Finance costs		(52)	(78)	(103)	(156)
Profit/(loss) before tax		2,079	8,341	1,778	13,459
Income tax expense	B5	(710)	(2,410)	(736)	(3,796)
Profit/(loss) for the period		1,369	5,931	1,042	9,663
Attributable to:					
Equity holders of the parent		979	5,452	429	7,865
Minority interest		390	479	613	1,798
		1,369	5,931	1,042	9,663
Earnings/(loss) per share attributable to equity holders of the parent:					
Basic, for profit/(loss) for the period (sen)	B13	<u>0.76</u>	<u>4.23</u>	<u>0.33</u>	<u>6.10</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 2006.

**OPCOM HOLDINGS BERHAD**

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Unaudited Condensed Consolidated Balance Sheet as at 30 September 2006

	Note	As At End Of Current Quarter 30/9/2006 RM'000	As At Preceding Financial Year End 31/03/2006 RM'000
Non-current assets			
Property, plant and equipment	A9	34,861	36,349
Current assets			
Inventories		10,478	3,620
Trade and other receivables		14,879	7,997
Amount due from affiliated company		10,188	5,967
Amount due from corporate shareholder		-	13
Cash and cash equivalents		30,105	45,044
Tax recoverable		784	143
		<u>66,434</u>	<u>62,784</u>
TOTAL ASSETS		<u>101,295</u>	<u>99,133</u>
EQUITY AND LIABILITIES			
Share capital		25,800	25,800
Share premium		5,812	5,812
Capital reserve		3	3
Retained earnings		<u>31,723</u>	<u>31,294</u>
		63,338	62,909
Minority interest		<u>13,209</u>	<u>12,596</u>
Total equity		<u>76,547</u>	<u>75,505</u>
Non-current liabilities			
Long term borrowings		1,962	3,471
Deferred tax liabilities		<u>2,577</u>	<u>1,968</u>
		<u>4,539</u>	<u>5,439</u>
Current liabilities			
Trade and other payables		17,658	10,414
Amount due to corporate shareholder		477	-
Amount due to directors		2,022	3,473
Taxation		52	109
Dividend payable		-	4,193
		<u>20,209</u>	<u>18,189</u>
Total liabilities		24,748	23,628
TOTAL EQUITY AND LIABILITIES		<u>101,295</u>	<u>99,133</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 March 2006.

**OPCOM HOLDINGS BERHAD**

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Unaudited Condensed Consolidated Statement of Changes in Equity for the second quarter ended 30 September 2006

Group	Non Distributable		Distributable		Minority interest RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Retained profits RM'000		
At 1 April 2006	25,800	5,812	3	31,294	12,596	75,505
Net profit/(loss) for the period	-	-	-	429	613	1,042
At 30 September 2006	<u>25,800</u>	<u>5,812</u>	<u>3</u>	<u>31,723</u>	<u>13,209</u>	<u>76,547</u>
At 1 April 2005	17,200	14,412	3	24,620	12,497	68,732
Bonus issue	8,600	(8,600)	-	-	-	-
Net profit for the period	-	-	-	7,865	1,798	9,663
At 30 September 2005	<u>25,800</u>	<u>5,812</u>	<u>3</u>	<u>32,485</u>	<u>14,295</u>	<u>78,395</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 2006.

**OPCOM HOLDINGS BERHAD**

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Unaudited Condensed Consolidated Cash Flow Statement for the second quarter ended 30 September 2006

	30/9/2006 RM'000	30/9/2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	1,778	13,459
Adjustments for:		
Non-cash items	1,781	2,646
Non-operating items	(493)	(328)
Operating profit before working capital changes	<u>3,066</u>	<u>15,777</u>
Changes in working capital:		
Inventories	(6,666)	1,540
Trade and other receivables	(10,800)	(14,244)
Trade and other payables	7,732	(4,374)
Cash generated from/(used in) operations	<u>(6,668)</u>	<u>(1,301)</u>
Tax paid	(825)	(3,479)
Net cash generated from/(used in) from operating activities	<u>(7,493)</u>	<u>(4,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(484)	(1,329)
Proceeds from disposal of property, plant & equipment	-	8
Interest received	294	456
Net cash generated from/(used in) investing activities	<u>(190)</u>	<u>(865)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment to Directors	(3,063)	-
Dividend paid	(4,193)	-
Net cash used in financing activity	<u>(7,256)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(14,939)	(5,645)
Cash and cash equivalents at beginning of period	45,044	48,365
Cash and cash equivalents at end of period	<u>30,105</u>	<u>42,720</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 2006.



OPCOM HOLDINGS BERHAD

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Notes on the quarterly report - 30 September 2006

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 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 2006.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006. 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 2006.

A2. Audit Report

There were no audit qualifications on the annual financial statements for the financial year ended 31 March 2006.

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. However, given the Group's long experience in fiber optic cables market, the Group is well positioned to ameliorate any potential adverse impact arising from 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.

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.

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 2006 RM'000	As at 31 Mar 2006 RM'000
Performance and warranty bonds issued to customers	<u>1,273</u>	<u>974</u>



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Notes on the quarterly report - 30 September 2006

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 RM16.2m and profit before tax of RM2.1m as compared to revenue and profit before tax of RM27.3m and RM8.3m respectively in the preceding year's corresponding quarter. The lower revenue and profit before tax recorded by the Group were mainly attributable to lower sales margin and lower sales of fiber optic cables compared to the preceding year's corresponding quarter.

B2. Variation of results against the immediate preceding quarter

During the quarter ended 30 September 2006, the Group's revenue was higher at RM16.2m as compared to the immediate preceding quarter of RM7.0m.

Accordingly, the Group registered a profit before tax of RM2.1m in the current quarter as compared to the loss before tax of RM0.3m in the immediate preceding quarter. This was mainly attributed to relatively higher sales of 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 of the financial year despite stiffer industry competition which may put pressure on the profit margin of the Company.

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 2006 RM'000	30 Sept 2005 RM'000	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Current tax expense	479	1,822	688	4,464
Deferred taxation	231	588	48	(668)
	<u>710</u>	<u>2,410</u>	<u>736</u>	<u>3,796</u>

The Group's effective tax rate for the current quarter and year to date were higher than the statutory tax rate of 28%. This was mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and 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 24 November 2006

(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 24 November 2006.



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B9. Group borrowings and Debt Securities

The Group has no borrowings and debt securities as at 30 September 2006 save for the following:

Unsecured

	RM'000
Amount due to Directors - Short term	2,022
Amount due to Directors - Long term	1,962
	<u>3,984</u>

B10. Off Balance Sheet Financial Instruments as at 24 November 2006

(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 24 November 2006, being the latest practicable date.

B11. Material litigation as at 24 November 2006

(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 24 November 2006, being the latest practicable date.

B12. Dividends

No interim dividend has been declared for the financial period ended 30 September 2006 (30 September 2005: Nil)

B13. Earnings per share

	Individual quarter ended		Cumulative quarter ended	
	30 Sept 2006	30 Sept 2005	30 Sept 2006	30 Sept 2005
Net profit/(loss) for the period (RM'000)	979	5,452	429	7,865
Total number of ordinary shares in issue ('000)	129,000	129,000	129,000	129,000
Basic earnings/(loss) per share (sen)	<u>0.76</u>	<u>4.23</u>	<u>0.33</u>	<u>6.10</u>
Fully diluted earnings per share	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>