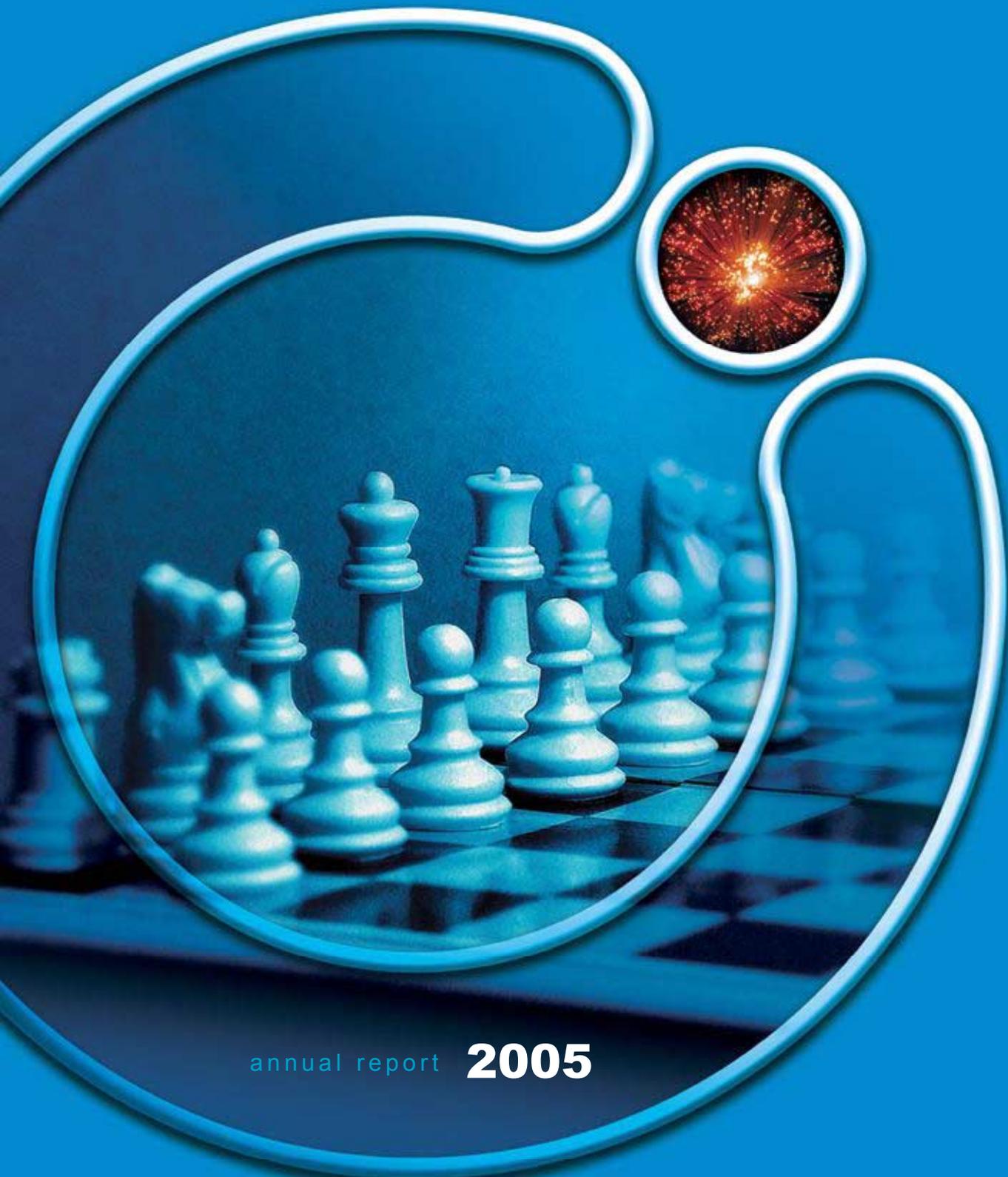




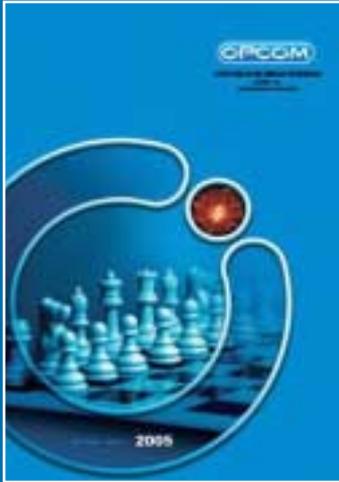
**OPCOM HOLDINGS BERHAD**

(322661-W)

(Incorporated in Malaysia)



annual report **2005**



Our fiber optic cable products have been supplied to both the domestic and international markets since 1994. The game of chess signifies our long term commitment in meeting the requirements and demands of our customer. In a matured industry of fiber optic cable manufacturing, we are keen to diversify our portfolios. One such effort is to strategically venture into the provision of broadband solutions.

In moving forward, OPCOM will continue to seek synergistic alliances to provide the necessary network infrastructure backbone to bring about higher broadband connectivity as well as greater technology innovations to the domestic market.

# VISION

An **affordable broadband infrastructure** for all Malaysians

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# notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at Concorde II, Concorde Hotel Shah Alam, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 13 September 2005 at 9.00 a.m. to transact the following businesses: -

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2005 and the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees for the financial year ended 31 March 2005.
3. To re-elect Chhoa Kwang Hua who retires pursuant to Article 127 of the Company's Articles of Association.
4. To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration.
5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:-

"THAT, pursuant to Rule 6.8 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with the Related Party as detailed in Section 2.3 of the Circular to Shareholders dated 22 August 2005 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said Related Party than those generally available to the public and not detrimental to minority shareholders of the Company.

AND THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is earlier and the breakdown of the aggregate value of the Recurrent Related Party Transactions based on the type of recurrent transactions made and the names of the related parties involved will be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.

AND THAT, the estimates given on the Recurrent Related Party Transactions specified in Section 2.3 of the Circular to Shareholders dated 22 August 2005 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular.”

## 6. AUTHORITY TO ISSUE SHARES

### Ordinary Resolution 6

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

“THAT subject always to the Companies Act, 1965 (“Act”) and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Act, to issue and to allot shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

7. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

**SEOW FEI SAN** (MAICSA 7009732)

**LOH LAI LING** (MAICSA 7015412)

Secretaries

Petaling Jaya  
22 August 2005

#### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.

5. Explanatory Notes on Special Business:

#### **Ordinary Resolution 5 Proposed Renewal of Shareholders' Mandate for Recurrent Transactions**

The Ordinary Resolution proposed under item 5, if passed, will allow the Company and its subsidiaries to enter into Recurrent Transactions pursuant to Rule 6.8 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market. Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Transactions is set out in Section 2.3 of the Circular to Shareholders dated 22 August 2005, which is despatched together with the Company's Annual Report 2005.

#### **Ordinary Resolution 6 Authority to Issue Shares**

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

# statement accompanying notice of annual general meeting

## 1. Place, Date and Time of the Tenth Annual General Meeting

The Tenth Annual General Meeting of Opcom Holdings Berhad will be held as follows:-

Place	Concorde II, Concorde Hotel Shah Alam, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan
Date	Tuesday, 13 September 2005
Time	9.00 a.m.

## 2. Director Standing for Re-election at the Tenth Annual General Meeting

The Director standing for re-election pursuant to Article 127 of the Company's Articles of Association:

- Chhoa Kwang Hua

The profile of the Director standing for re-election is set out on page 14 of the Annual Report.

## 3. Details of Attendance of Directors at Board Meetings

A total of four (4) Board Meetings were held in the financial year ended 31 March 2005. All the Board Meetings were held at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

The details of the Directors' attendance at the Board Meetings are as follows:

Director	Total Attendance
Dato' Mukhriz Mahathir	4/4
Chhoa Kwang Hua	4/4
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	3/4
Tomio Alan Komatsu	3/4
Sven Janne Sjöden	2/4
Abdul Jabbar Bin Abdul Majid	4/4



# Collaboration towards sustainable growth

We have been supplying fiber optic cables to our domestic and international customers since 1994. Our success in being a leading manufacturer in the industry lies in the visionary leadership of the management team, efficiency of our production as well as good customer and after sales services. We constantly seek opportunities for focused diversifications to increase and expand our customer based as well as to capitalize on the growth of the telecommunications industry. As part of our diversification plan, it is our aim to provide our customers with higher value added services by offering an overall broadband solution. We also seek to collaborate and work closely with our customers to bring about greater technology advancement and innovations to the national market.

# corporate information

## BOARD OF DIRECTORS

● **Dato' Mukhriz Mahathir** (Chairman/Managing Director)

.....  
● **Chhoa Kwang Hua** (Executive Director)

.....  
● **Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said**  
(Independent Non-Executive Director)

.....  
● **Tomio Alan Komatsu** (Independent Non-Executive Director)

.....  
● **Sven Janne Sjöden** (Non-Independent Non-Executive Director)

.....  
● **Abdul Jabbar Bin Abdul Majid** (Independent Non-Executive Director)

## AUDIT COMMITTEE

● **Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said**  
- Chairman (Independent Non-Executive Director)

.....  
● **Chhoa Kwang Hua** - Member (Executive Director)

.....  
● **Tomio Alan Komatsu** - Member (Independent Non-Executive Director)

## SECRETARIES

● **Seow Fei San** (MAICSA 7009732)  
**Loh Lai Ling** (MAICSA 7015412)

## REGISTERED OFFICE

● 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26  
47301 Petaling Jaya, Selangor Darul Ehsan  
Tel: 03-7803 1126 Fax: 03-7806 1387

## REGISTRAR

● **Symphony Share Registrars Sdn. Bhd.** (506293-D)  
Level 26, Menara Multi Purpose, Capital Square  
8, Jalan Munshi Abdullah, 50100 Kuala Lumpur  
Tel: 03-2721 2222 Fax: 03-2721 2530 / 2721 2531

## AUDITORS

● **KPMG** (AF 0758)  
Wisma KPMG, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur  
Tel: 03-2095 3388 Fax: 03-2095 0971

## SPONSOR

● **AmMerchant Bank Berhad** (23742-V)  
22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2078 2633/44/55 Fax: 03-2070 8596

## PRINCIPAL BANKER

● **RHB Bank Berhad** (6171-M)  
11, 13 & 15, Jalan Niaga 16/3A  
40000 Shah Alam, Selangor Darul Ehsan  
Tel: 03-5510 3131 Fax: 03-5519 6166

## STOCK EXCHANGE LISTING

● **MESDAQ Market**  
**Bursa Malaysia Securities Berhad**

# corporate structure



## OPCOM HOLDINGS BERHAD

Company No. (322661-W)  
(Incorporated: 7 November 2004)

**Principal activities:**  
Renting of buildings, provision of management services to subsidiaries and investment holding

70%

### OPCOM CABLES SDN BHD

(Company No. 322687-T)

**Principal activity:**  
Manufacturing of fiber optic cables and systems

100%

### OPCOM NIAGA SDN BHD

(Company No. 442938-M)

**Principal activity:**  
Supply of fiber optic cables and related accessories

100%

### OPCOM SHARED SERVICES SDN BHD

(Company No. 665562-M)

**Principal activity:**  
Provision of human resource management services

100%

### OPCOM NETWORK TECHNOLOGIES SDN BHD

(Company No. 679927-A)

**Principal activities:**  
Design, integration, installation and provision of telecommunication network systems and services

# calendar of events



## DECEMBER 2004

In December 2004, Opcom Cables Sdn Bhd ("OCSB"), the manufacturing arm of the Group, obtained the Environmental Management System MS ISO 14001 : 1997 certification from SIRIM. This signifies the commitment of the Group to ensure that the operation of the manufacturing plants adhere to strict compliance to the environmental standards.



Loose tube cables

Cable assemblies

## DECEMBER 2004 - JANUARY 2005

In December 2004 and January 2005, OCSB expanded its production facilities by installing two new lines to augment and broaden the current product offerings by introducing loose tube fiber optic cables for local and export markets as well as cable assemblies.



## FEBRUARY 2005

As part of the "Lunch with the CEO Series" organized by AmResearch Sdn Bhd, Opcom Holdings Berhad ("Opcom") participated in the Luncheon Presentation held on 28 February 2005. The Chairman / Managing Director, Dato' Mukhriz Mahathir, presented a corporate overview of the Group, which included the Group's core business, past performances as well as future growth prospects and direction, to an audience of close to 30 fund managers. Senior management staff were also on-hand to attend to queries from the floor.



## MARCH 2005

Opcom was voted as one of the Top 5 Small Cap Firms in the inaugural publication of a compilation of research reports by OSK Research Sdn Bhd on its top 100 picks of small cap companies, titled "Top Malaysian Small Cap Companies - 100 Hidden Jewels". In conjunction with the pre-launching of the publication, Opcom was invited to participate in an exclusive investors presentation targeted for fund managers, organized by OSK Research Sdn Bhd on 29 March 2005.



## APRIL 2005

Opcom held its Extraordinary General Meeting (EGM) on 14 April 2005, which approved the Bonus Issue and the Employee Share Option Scheme (ESOS). The bonus issue of RM8.6 million comprised 43.0 million new shares of RM0.20 each, which was granted listing effective 24 May 2005 as fully paid-up on the basis of one (1) bonus share for every two (2) existing ordinary shares held, effectively increasing the issued and paid-up share capital from RM17.2 million of 86.0 million shares to RM25.8 million of 129.0 million shares. ESOS, on the other hand, will further enhance the share capital to RM28.4 million of 141.9 million shares when the proposed share options are fully exercised.



## JUNE 2005

Opcom Network Technologies Sdn Bhd, the telecommunications network system and services provider of the Group, in partnership with Lucent Technologies Sdn Bhd, organized a full day Service Management Workshop for key personnel from Celcom (Malaysia) Berhad. The objective of the workshop was to develop a proposal for the supply, delivery, installation, testing and commissioning of the Celcom Integrated Network Management System Project.

## JULY 2005

On 11 July 2005, OCSB entered into a General Purchase Agreement ("GPA") with Ericsson Network Technologies AB, Sweden ("Ericsson"). The GPA provides a framework and understanding as well as the general terms and conditions for the supply and delivery of connectorized cable products to the Ericsson Group of companies and its global authorized sellers, to be executed through a series of Specific Purchase Agreements.



## JULY 2005

As part of Bursa Malaysia Securities Berhad's efforts to promote greater participation in the equities market and to increase the profile and awareness of fundamentally sound small capitalized companies, Bursa Malaysia Securities Berhad, jointly with OSK Holdings Berhad, organized the nationwide Bursa Malaysia-OSK Small Cap Roadshow 2005, which kicked off on 16 July 2005. Opcom participated in the Roadshow and presented its latest corporate updates at the Retail Investors Seminar, to a total audience of approximately 300 retail investors on 30 July 2005.

## AUGUST 2005

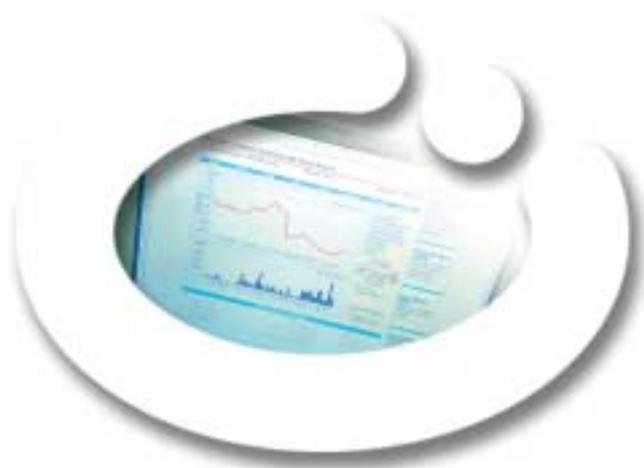
At the KPMG Shareholder Value Awards, Opcom was voted one of the three winners for the industry category of Information, Communications and Technology. The Awards ceremony took place on 11 August 2005 at the Westin Hotel Kuala Lumpur, where the Deputy Prime Minister YAB Dato' Seri Mohd Najib Tun Abdul Razak presented the awards.

In an increasingly competitive telecommunication industry, we continue to strengthen and foster good relationships with our customers and business affiliates. Since 1994, we have enjoyed and benefited from a good and professional working relationship with our joint venture partner, Ericsson Network Technologies AB, Sweden ("Ericsson"). The partnership has successfully provided a platform for continuous transfer of technology, management skills, experience and know-how from Ericsson experts to our employees.

## unwavering partnership



# financial highlights



	2001 RM mil	2002 RM mil	2003 RM mil	2004 RM mil	2005 RM mil
Revenue	31.54	39.80	46.04	58.08	<b>78.29</b>
Profit before tax	3.98	6.72	12.38	17.37	<b>26.75</b>
Profit after tax & MI	2.76	4.46	6.83	10.57	<b>17.20</b>
Property, plant and equipment	28.79	28.60	27.10	35.35	<b>38.93</b>
Current assets	18.03	24.25	35.73	59.31	<b>67.92</b>
Total assets	46.82	52.85	62.83	94.65	<b>106.85</b>
Share capital	12.00	12.00	12.00	17.20	<b>17.20</b>
Reserves	5.83	7.27	8.12	28.72	<b>39.04</b>
Shareholders' funds	17.83	19.27	20.12	45.92	<b>56.24</b>
Earnings per share (sen) *	4.60	7.43	11.38	15.77	<b>20.00</b>
NTA per share (sen)	29.72	32.11	33.53	53.39	<b>65.40</b>
Return on equity (%)	15.48	23.14	33.95	23.01	<b>30.58</b>

\* Adjusted for the effect of sub-division of 12 million shares of RM1.00 each into 60 million shares of RM0.20 each, and computed on weighted average basis.

# chairman's **statement**



**DATO' MUKHRIZ MAHATHIR**

Chairman/Managing Director



On behalf of the Board of Directors of Opcom Holdings Berhad ("Opcom"), it gives me great pleasure to present the Annual Report 2005 and Audited Financial Statements for the financial year ended 31 March 2005.

## UTILIZATION OF PROCEEDS AS AT 31 MARCH 2005

The RM20.80 million raised from the listing exercise was utilized in the following manner:

Use of listing proceeds	Utilization period	Allocation RM'000	Utilized RM'000	Balance RM'000
Capital expenditure	2 years from the date of listing	11,554	(10,571)	983
Working capital	2 years from the date of listing	7,746	(4,936)	2,810
Finance listing expenses	Immediate	1,500	(1,188)	312
		<b>20,800</b>	<b>(16,695)</b>	<b>4,105</b>

## FINANCIAL HIGHLIGHTS

For the financial year under review, the Group achieved revenue of RM78.29 million, an increase of 34.8% as compared to the previous financial year. The higher revenue was due to the growth in the demand for fiber optic cables as mobile telephony and internet access are expected to increase, in particular against the backdrop of the Malaysian government's effort to boost broadband penetration rate and the recent launch of 3G services.

The increased demand coupled with better economies of scale has resulted in a profit before taxation of RM26.75 million, an increase of 54.0% as compared to RM17.37 million in 2004.

The improved financial performance has enabled the Group to record an earnings per share of 20.00 sen and net tangible assets per share of 65.40 sen for the financial year, as compared to 15.77 sen and 53.39 sen respectively in the previous financial year.

## DIVIDEND

An interim dividend of 8.25 sen less tax per share amounting to RM5,108,400 and an interim tax exempt dividend of 2.06 sen per share amounting to RM1,771,600 in respect of the financial year ended 31 March 2005 were paid out on 15 January 2005.

The Board of Directors do not recommend any final dividend to be paid for the financial year.

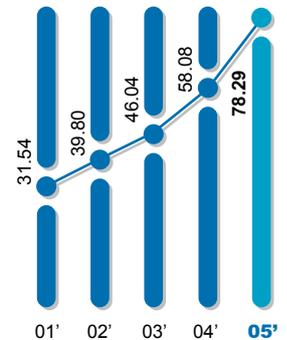
## CORPORATE GOVERNANCE

The Board is committed to continuously evaluate the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Opcom Group.

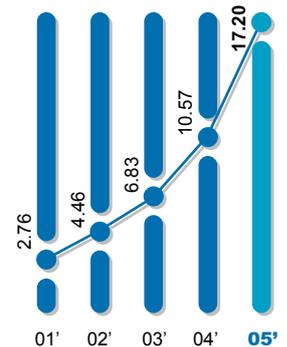
Our statement on corporate governance is set out on pages 22 to 26.

There were no sanctions and / or penalties imposed on Opcom and its subsidiary companies or the directors by the relevant regulatory bodies for the year ended 31 March 2005.

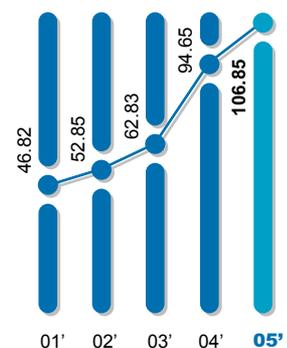
### REVENUE (RM Million)



### PROFIT AFTER TAX (RM Million)



### TOTAL ASSETS (RM Million)





## NEW PRODUCT LINES

In December 2004 and January 2005, Opcom expanded its production facilities to introduce the loose tube fiber optic cables and cable assemblies respectively to complement and augment the existing product range and forms a part of Opcom's continuous commitment towards understanding and meeting the requirements of customers as well as diversifying its customer base.



## OUTLOOK

Malaysia has been focused on the development of Information and Communications Technology ("ICT") in pursuit of productivity driven growth and a knowledge based economy ("K-based economy") in an effort to enhance the country's competitiveness in view of world globalization. In the Third Outline Perspective Plan (2001 – 2010), the National IT Agenda ("NITA") has been formulated to guide and facilitate capacity building of human resource, infrastructure as well as institutions.

Even though Malaysia has embarked on a concerted ICT drive much earlier than other regional countries, the broadband penetration rate in Malaysia was still low compared to other regional countries. This has spurred the Minister of Energy, Water and Communications ("MEWC"), YB Dato' Seri Dr Lim Keng Yaik, to announce in March 2005 that the Ministry would make every attempt to increase the penetration rate in order to meet the objectives of the National Broadband Plan.

Based on the latest statistics for Q1 2005 released by the Malaysia Communications and Multimedia Commission ("MCMC"), the number of broadband subscriptions increased from 142,332 (Q1 : 2004) to 294,646 (Q1 : 2005), representing a 107.0% year-on-year growth rate. However, against a total population of 25.99 million (Department of Statistics Malaysia : January 2005), it represents a penetration rate of only 1.1%. From a dismal penetration rate of 0.1% in 2002, the broadband penetration rate has been growing steadily, albeit slowly. Compare this figure against other regional countries, such as Korea (24.9% : International Telecommunication Union (ITU) 2004), Japan (14.1% : ITU 2004) and Taiwan (16.3% : ITU 2004), there is huge potential for Malaysia in proliferating broadband services throughout the nation. For this purpose, the demand for fiber optic cables, with its high bandwidth, reliability and cost efficiency for transmission of data as compared to copper cables, is set to increase exponentially.



Meanwhile, the internet dial-up subscription grew at a 4.4% in first quarter of 2005, from a total subscription of 3.29 million (Q4 : 2004) to 3.44 million (Q1 : 2005), with a penetration rate of 13.2%. The growth rate has declined by more than 21.0% as compared to Q4 2004 (5.6%). Against the increased growth of broadband subscription, it can be surmised that there is greater awareness of broadband services and the population is moving away from internet dial-up subscription towards the high speed communications of broadband services, which would enhance the market for fiber optic cables as fiber optic cables are capable of delivering higher bandwidth for high speed transmission.



The MCMC statistics also revealed that although cellular phone subscription has increased from 14.61 million (Q4 : 2004) to 15.83 million (Q1 : 2005), it represented a slow down in growth rate of 8.3% (11.8% Q4 : 2004) and a penetration rate of 60.9%. According to the Bank Negara Malaysia ("BNM") Annual Report 2004 "Outlook and Policy", the telecommunications industry is expected to channel its capital spending towards the integration, enhancement and upgrading of the efficiency and capacity of cellular networks. Coupled with the introduction of 3G services in May 2005, which allows text, digitized voice, video and multimedia to be transmitted through a single transmission medium at speeds in excess of 384 Kbps up to 2 Mbps, the subscription for cellular phone services is expected to grow and fiber optics would be the preferred choice to form the infrastructure backbone for high speed and capacity transmission.

## PROSPECTS

The MEWC has been urging and challenging local telecommunications service providers to accelerate broadband penetration to emerge into a K-based economy and increase the network coverage for cellular phone. For this purpose, fiber optic cables form a critical element in providing high speed transmission as the network infrastructure backbone.

In Malaysia, the Universal Service Provision (“USP”) programme is designed to bridge the digital divide and improve ‘teledensity’ in rural and remote regions in the country, where all telecommunications service providers are members of. It can be expected that there will be significant demand for fiber optic cables to provide connectivity to these outlying areas.

At the same time, Opcom entered into a General Purchase Agreement (“GPA”) with Ericsson Network Technologies AB, Sweden, on 11 July 2005. In essence, the GPA allows for the supply and delivery of connectorized cable products for various applications including wireline, infocomm and wireless network infrastructure to Ericsson Group of Companies and its global authorized sellers. This has contributed significantly towards export sales and will continue to expand our products base overseas.

Meanwhile, Opcom is seeking to re-position itself from a fiber optic cable manufacturer to a broadband solutions provider as part of its expansion plans to diversify its portfolio into related products and/or services. In addition, Opcom has also set up an international marketing team in an effort to beef up its export market sales, in a targeted timeframe of 5 years. Currently, Opcom is exploring existing markets where services have been provided, such as Sweden, Brunei, the Middle East etc, for export sales of fiber optic cables, cable related accessories as well as complementary services.

In moving forward, the Group will continue to strengthen its working relationship with its existing customers while broadening its customer base, locally and internationally. One such area is the fiber-to-the-home (“FTTH”) project. With the rapid change in technology requiring higher bandwidth to transmit media rich application, there is increasing pressure to address and solve the issue of the last-mile connectivity. Opcom is working closely with telecommunications service providers on a future proof of concept of Triple Play, the architecture as well as infrastructure network to support such services.

Against the backdrop of Malaysia’s stable macro-economic fundamentals, balanced economic structure and the Group’s own on-going efforts, we at Opcom aim to be one of the top MESDAQ stocks, and will continue to grow and achieve stronger performance while continuously seeking to enhance and improve shareholders’ value through steady capital appreciation and consistent dividend payouts in 2006.

## ACKNOWLEDGEMENT AND APPRECIATION

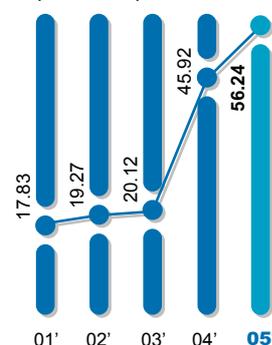
First and foremost, I would like to take this opportunity to express my heartfelt gratitude to my fellow directors, the management team as well as all employees for their continued efforts and contributions towards charting new direction and prospects for the company and bringing the company towards greater heights of performance and profitability.

On behalf of the Board of Directors, I would also like to record my sincere appreciation to our valued shareholders, customers and business associates who have supported us over the years. Their trust, confidence and patience for the Group have been instrumental in encouraging us to strive for greater heights and success.

**DATO’ MUKHRIZ MAHATHIR**  
Chairman / Managing Director

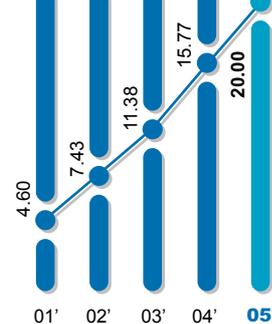
## SHAREHOLDERS’ FUND

(RM Million)



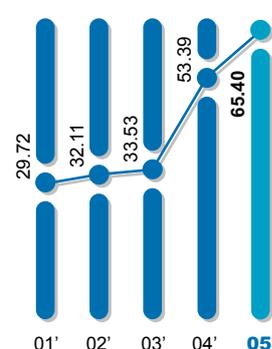
## EARNINGS PER SHARE

(sen)



## NTA PER SHARE

(sen)



# directors' profile

## DATO' MUKHRIZ MAHATHIR

### Chairman/Managing Director

Dato' Mukhriz Mahathir, a Malaysian, aged 41, is the founder, Chairman and Managing Director of the Company. Dato' Mukhriz is also a substantial shareholder of the Company.

He graduated with a Bachelor of Science in Business Administration and Management – Marketing from Boston University, USA in 1989.

He has had a distinguished career with Bank of Tokyo-Mitsubishi Ltd, Kuala Lumpur with over ten (10) years experience in business and project development and served as the Senior Advisor to the President of Bank of Tokyo-Mitsubishi Ltd, Kuala Lumpur. His other past experiences had been in areas of telecommunications as well as in the tourism and infrastructure business sectors.

His directorships in other public companies are in Reliance Pacific Berhad, Ajiya Berhad and Kosmo Technology Industrial Berhad. He also sits on the boards of several private limited companies and is also the Chairman of the Photonics Interest Group at MIGHT, the Government's high technology think tank.

He is also a Director and Substantial Shareholder of Opcom Sdn Bhd, an affiliated company of the Opcom Group. His spouse, Datin Norjita Zakaria, and brother, En Mirzan Mahathir, are directors of Opcom Cables Sdn Bhd, a subsidiary of the Company. He has no convictions for any offences within the past ten (10) years.

## CHHOA KWANG HUA, ERIC

### Executive Director

Mr Eric Chhoa, a Malaysian, aged 41, co-founded the Company with Dato' Mukhriz in 1994. He is the Executive Director and Chief Financial Officer of the Company and a member of the Audit Committee. He is also a substantial shareholder of the Company.

He holds a Bachelor of Science in Business Administration and Finance, Honours from Sophia University, Tokyo, Japan in 1988 and a Master of Business Administration (MBA) from Harvard Business School, Boston Massachusetts in 1992.

With his many years of experience gained overseas in the financial and telecommunications business, he contributed favourably to the Opcom Group's operations. His involvement is primarily focused on the financial, corporate planning and development responsibilities of the Opcom Group.

He was employed at Lehman Brothers Inc's Telecommunications Group, involved in advising telecommunications companies in the U.S. such as US West, AT&T, Time Warner, Bell South, MCI-Worldcom and other Regional Bell Operating Companies as well as startup companies in the high technology and healthcare industries. His responsibilities include mergers and acquisitions, equity, debt and high yield financing, and risk and exposure management.

He does not have any family relationship with any director and/or substantial shareholder of the Company. He has no convictions for any offences within the past ten (10) years.



▶ DATO' MUKHRIZ MAHATHIR



▶ CHHOA KWANG HUA, ERIC



▶ LT. JEN. (B) DATO' SERI PANGLIMA ZAINI BIN HJ. MOHD SAID



▶ TOMIO ALAN KOMATSU

## LT. JEN. (B) DATO' SERI PANGLIMA ZAINI BIN HJ. MOHD SAID

### Independent Non-Executive Director

Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj Mohd Said, a Malaysian, aged 59, was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He serves as Chairman of the Audit Committee.

He was a career soldier having served in the Malaysian Army for over 35 years beginning in 1965. His early military training was mainly in infantry and special forces skills. He is also a graduate of the US Marine Corps Command and Staff College, the Malaysian Armed Forces Defence College and the Pakistan National Defence College courses.

He has held various command and staff appointments in the Army, notably as the Brigade Commander of 10 Parachute Brigade, General Officer Commanding 3rd Infantry Division and finally the General Officer Commanding Army Field Command.

On 2 June 2001, he was awarded the Seri Pahlawan Gagah Perkasa (SPGP), the nation's highest award for gallantry.

He is a director in AV Ventures Berhad, a public listed company and the Chairman of RMS Technologies Sdn Bhd. He also sits on the boards of a number of other private limited companies.

He does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past ten (10) years.

## TOMIO ALAN KOMATSU

### Independent Non-Executive Director

Mr Tomio Alan Komatsu, an American, aged 35, was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He is a Member of the Audit Committee.

He holds a Bachelor of Arts degree in Economics and Asian Studies from Williams College in Massachusetts, USA and holds the Chartered Financial Analyst (CFA) designation.

He has over a decade of experience in corporate finance, mergers & acquisitions and direct investment. Formerly an investment banker with Lehman Brothers and a Vice President with JPMorgan Chase, he has worked with leading regional and multinational corporations on a broad range of transactions including acquisitions, divestitures, joint ventures and restructurings, as well as debt and equity capital raisings, including initial public offerings. His prior experience also includes serving as the Acquisition and Development Manager for Vista Healthcare Asia, an affiliate of Chase Capital Partners, the private equity division of Chase Manhattan Bank.

He does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past ten (10) years.



▶ SVEN JANNE SJÖDEN



▶ ABDUL JABBAR BIN ABDUL MAJID

## SVEN JANNE SJÖDEN

### Non-Independent Non-Executive Director

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Mr Sven Janne Sjöden, a Swedish, aged 61, was appointed as a Director of Opcom Holdings Berhad on 11 November 2003.

He holds a Bachelor of Science in Economics from Uppsala University, Sweden.

He joined Ericsson Network Technologies AB, Sweden in 1966 and has acquired extensive experience in the production of a wide range of telecom equipment. He has since held various senior positions within Production, both at LME and Ericsson Network Technologies AB, Sweden. During the period 1988 to 1992, he served as Divisional Manager within the Telecom and Power Cables Divisions as well as Vice President for Ericsson Network Technologies AB, Sweden. Since 1992 he has been responsible for the Business Unit Cable and was at the same time appointed President of Ericsson Network Technologies AB, Sweden.

He does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past ten (10) years.

## ABDUL JABBAR BIN ABDUL MAJID

### Independent Non-Executive Director

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Encik Abdul Jabbar, a Malaysian, aged 60, was appointed as a Director of Opcom Holdings Berhad on 11 November 2003.

He is a fellow of the Institute of Chartered Accountants in Australia and a Member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

He has over 38 years experience in accounting, audit, receivership, liquidation, financial advisor and consultancy. His extensive experience involves working with companies in a wide range of sectors including property development and construction, manufacturing, retailing, trading, oil and gas and investment holding.

He is also a Director of public listed companies such as Malakoff Berhad, Perusahaan Otomobil Nasional Berhad and Tradewinds Corporation Berhad (formerly Pernas International Holdings Berhad).

He is an active contributor to the profession of accountancy and the financial industry, a former president of MICPA, a council member and a member of the Executive Committee of MICPA. He was a member of the Exchange Committee of the Bursa Malaysia Securities Berhad and the Labuan International Financial Exchange Inc and was the Executive Chairman of Bursa Derivatives Berhad for three (3) years from 2001.

He does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past ten (10) years.

# senior management



from left to right:

**AHMAD SABRI ABDUL MANAS** Head of Technical, **NORLINA SULAIMAN** Human Resource Manager,  
**YUSREE PUTRA ALIAS** Assistant General Manager – Marketing, **CHHOA KWANG HUA, ERIC** Executive Director,  
**DATO' MUKHRIZ MAHATHIR** Chairman/Managing Director, **KAJ ROLAND SJÖLIN** Plant Manager, **LIM BEE KHIN**  
Deputy General Manager – Finance, **DANNY KHOO KAY POH** Head of Facility, Security and Safety, **CHING EAN EAN** Finance Manager.

# consistent & dependable performance

Understanding the requirements of our customers and meeting those requirements have always been our top priority in developing our products. Our employees are trained and committed to provide customers with the best quality products at the most competitive prices. Our commitment towards quality is evidenced in our stellar quality track record of having the lowest defect rate. We are proud to say that our factory houses the country's only fully equipped laboratory, which allows us to conduct stringent tests to ensure uncompromised quality. All these strongly demonstrate our commitment in continuously striving to meet, and exceed, the rising demands of customers, at the same time provide value add services to our customers.



# audit committee report

## TERMS OF REFERENCE

### Primary Purposes

The Audit Committee ("Committee") shall:

1. Provide assistance to the Board of Directors ("Board") in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for the Company and all its wholly and majority owned subsidiaries ("Group").
2. Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.
3. Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
4. Enhance the independence of both the external and internal auditors functions through active participation in the audit process.
5. Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Company and the Group through their participation in the Committee.
6. Act upon the Board of Directors' request to investigate and report on any issues or concerns with regard to the management of the Group.

### Members

The Board of Directors shall appoint the members of the Audit Committee from amongst themselves, which fulfills the following requirements: -

- The Audit Committee shall be composed of no fewer than three (3) members;
- A majority of the Audit Committee must be independent directors;
- The Chairman of the Audit Committee shall be an independent director; and
- The Managing Director shall not be a member of the Audit Committee.

### Authority

The Audit Committee shall in accordance with the procedures determined by the Board and at the cost of the Company:-

- have explicit authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Company;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- be able to obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- be able to convene meetings with the external auditors excluding the attendance of the executive members of the Company, whenever deemed necessary.

### Functions and Duties

The functions of the Audit Committee are as follows:-

1. To review:
  - a. the nomination of external auditors;
  - b. the adequacy of existing external auditors audit arrangements, with particular emphasis on the scope and quality of the audit;
  - c. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

- d. the effectiveness of the internal control and management information systems;
  - e. the financial statements of the Company with both the external auditors and management;
  - f. the external auditors' audit report;
  - g. any management letter sent by the external auditors to the Company and the management's response to such letter;
  - h. any letter of resignation from the Company's external auditors;
  - i. the assistance given by the employees of the Company to the external auditors;
  - j. all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
  - k. all related party transactions and potential conflict of interests situations that may arise within the Company or Group.
2. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
  3. To carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effectiveness discharge of the Committee's duties and responsibilities.
  4. The Committee actions shall be reported to the Board with such recommendations as the Committee deemed appropriate.
  5. To report to the Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities for the MESDAQ Market.

#### **Retirement and Resignation**

In the event of any vacancy in the Audit Committee, the Company shall fill in the vacancy within two (2) months, but in any case not later than three (3) months.

#### **Meetings**

1. The Committee shall meet at least four (4) times in a year or more frequently as circumstances required with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
2. A minimum of two (2) members present shall form the quorum.
3. Upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider matters which should be brought to the attention of the directors or shareholders.
4. The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.
5. The Committee may invite any Board member or any member of management or any employee of the Company who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary.
6. The Company must ensure that other directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

#### **Procedures of Audit Committee**

The Audit Committee may regulate its own procedures, in particular:-

- the calling of meetings;
- the notice to be given of such meetings;
- the voting and proceedings of such meetings;
- the keeping of minutes; and
- the custody, production and inspection of such minutes.

## Secretary

The Company Secretary or other appropriate senior official shall be the Secretary to the Audit Committee.

## COMPOSITION AND DESIGNATION

Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said  
– Chairman (Independent Non-Executive Director)

Chhoa Kwang Hua  
– Member (Executive Director)

Tomio Alan Komatsu  
– Member (Independent Non-Executive Director)

## AUDIT COMMITTEE MEETING

### Number of Audit Committee Meetings and Details of Attendance

During the financial year ended 31 March 2005, a total of four (4) Audit Committee Meetings were held and the details of attendance are as follows:-

DIRECTOR	TOTAL ATTENDANCE
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	3/4
Chhoa Kwang Hua	4/4
Tomio Alan Komatsu	3/4

## SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee carried out its duties as set out in the terms of reference. These include:

- i. Reviewed and assessed the adequacy of the scope, functions and resources of the Internal Audit and Risk Management procedures and reported any weakness or inadequacy to the Board.
- ii. Reviewed the External Audit Planning Memorandum on both the audit strategy and audit approach and reviewed the adequacy of existing external audit arrangements, with emphasis on the scope and quality of the audit.
- iii. Reviewed quarterly financial reports prior to submission to the Board for consideration and approval, focusing particularly on significant and unusual events and compliance with accounting standards and other legal requirements.
- iv. Reviewed effectiveness of the internal control and management information systems.
- v. Reviewed the related party transactions and ensured that they are not more favourable to the related parties than those generally available to the public and complied with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

## INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit functions to a professional firm, which is tasked with the aim of assisting the Committee to discharge its duties and responsibilities.

The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal controls. Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's financial statements.

# corporate governance statement

The Board of Directors (“Board”) of the Company is pleased to report that during the year under review, the Company and its subsidiaries (“Group”) continued to pursue its long-standing commitment to corporate governance and protection of shareholders’ value. The commitment has been central to the Group’s achievements and strong financial profile to date.

The Board continues to apply the principles and best practices as governed by the Listing Requirements of the MESDAQ Market (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Guidance Notes 2 on Corporate Governance (“Guidance Notes”), both of which were issued in March 2002, to undertake additional measures, principles and recommendations embodied in the Malaysian Code on Corporate Governance and strive to adopt the substance and not merely the form behind the corporate governance prescription.

## **BOARD OF DIRECTORS**

Opcom Holdings Berhad is controlled and led by a Board who is responsible to the shareholders for the management of the Company. The Board is responsible for the Company’s overall Group strategy and objectives, its acquisition and divestment policies, financial policy and major capital expenditure projects and the consideration of significant financial matters.

This Board’s spectrum of skills and experience gives added strength to the leadership, thus ensuring the Group is under the guidance of an accountable and competent Board. The Board operates within a robust set of governance as set out below:-

- **Composition of the Board**

The Board currently has six (6) members comprising of two (2) executive members and four (4) non-executive members, three (3) out of four (4) of the non-executive members are independent. The Board complies with the Listing Requirements with the Board having at least two (2) independent directors, and for the selection and appointment of independent directors to be a matter for the Board as a whole.

The profiles of the Board members are set out on pages 14 to 16 of this Annual Report.

- **Board Meeting**

Board meetings are scheduled at least four (4) times per annum to review the Group’s operations and to approve the quarterly reports and annual financial statements. The Board met four (4) times during the financial year ended 31 March 2005. Details of each director’s attendance of the Board meetings are disclosed in the statement accompanying notice of annual general meeting in this Annual Report.

- **Supply of and Access to Information and Advice**

The Board has a formal schedule of matters reserved specifically for its decision. The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties and due notice is given to Directors with regard to issues to be discussed. All resolutions are recorded and thereafter circulated to the Directors for comments before minutes of proceedings are finalised and confirmed.

Directors are given access to any information within the Company and are free to seek independent professional advice at the Company’s expense, if necessary, in furtherance of their duties. Towards this end, there is an agreed procedure in place for Directors to acquire independent professional advice to ensure the Board functions effectively. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are met and advises the Board on compliance issues.

- **Directors’ Training**

All Directors have attended the Mandatory Accreditation Programme (MAP) pursuant to Bursa Securities’ guidelines on Training for Directors. Certain members of the Board who are required to attend the Continuing Educational Programme (CEP) are currently undergoing the CEP to obtain the required CEP points within the stipulated timeframe.

To keep abreast with developments in the market, industry and corporate scene, Directors are encouraged to continuously update themselves with changes of guidelines issued by the relevant authorities as well as to attend such programmes which can complement their services to the Group.

- **Directors' Appointment and Re-election**

In financial year ended 31 March 2005, there was no new appointment to the Board as the Board was satisfied that the present Board possesses adequate experience and expertise to efficiently oversee the management of the Group.

In accordance with the Company's Articles of Association, at every Annual General Meeting one-third of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one third shall retire from office such that each Director shall retire from office once in every three (3) years and if there is only one (1) Director who is subject to retirement by rotation, he shall retire. All Directors who retire from office shall be eligible for re-election.

Further, pursuant to Section 129(6) of the Companies Act, 1965, Directors over the age of 70 are required to offer themselves for re-election at every Annual General Meeting.

- **Directors' Remuneration**

The remuneration of Directors is determined at levels that enable the Company to attract and retain experienced and capable directors to successfully run the Company.

The remuneration package for the Executive Directors comprising salary, bonus and allowances.

The aggregate remuneration of the Directors for the financial year ended 31 March 2005 is as follows: -

Category	RM
Executive	581,250
Non-Executive	63,300

The number of Directors who served during the financial year whose remuneration falls into the following bands:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
<RM50,000		4
RM50,001 – RM100,000		
RM100,001 – RM150,000		
RM150,001 – RM200,000		
RM200,001 – RM250,000		
RM250,001 – RM300,000	2	
<b>Total</b>	<b>2</b>	<b>4</b>

## **AUDIT COMMITTEE**

The Company has in place an Audit Committee which comprises two (2) non-executive directors and one (1) executive director.

The role of the Audit Committee is to oversee the processes for production of the financial data, review of financial reports, related party transactions, potential conflict of interests' situations and the internal controls of the Company.

The report detailing the activities of the Audit Committee is presented on pages 19 to 21 of this Annual Report.

## SHAREHOLDERS

- **Dialogue between the Company and Investors**

The Company strives to maintain an open and transparent channel of communication with its shareholders, institutional investors and the investing public at large with the objectives of providing as clear and complete a picture of the Group's performance and position as possible. Such information is communicated through the following channels: -

- The Annual Report;
- The various disclosures and announcement to Bursa Securities including quarterly and annual results;
- The websites developed by the Group known as [www.opcom.com.my](http://www.opcom.com.my); and
- Participating in Investor Forums with research analysts, fund managers and investors.

- **General Meeting**

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. AGM is held yearly to consider the ordinary businesses of the Company and any other special businesses. Each item of special businesses included in the notice is accompanied by a full explanation of the effects of the proposed resolution. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

## ACCOUNTABILITY & AUDIT

- **Financial Reporting**

The Board subscribes to the philosophy of transparent, fair, reliable and easily comprehensible reporting to shareholders. The Board acknowledges and accepts full responsibility for preparing a balanced and comprehensive assessment of the Group's operation and prospects each time it releases its quarterly and annual financial statements to shareholders. On this matter, the Board is assisted by the Audit Committee, whose terms of reference are defined in the Audit Committee Report published in this Annual Report.

- **Relationship with the Auditors**

The Board on its own and through the Audit Committee, has a formal and transparent management for maintaining an appropriate relationship with the Company's auditors. The Audit Committee seeks regular assurance on the effectiveness of the internal control systems through independent appraisal by the auditors. Liaison and unrestricted communication exists between the Audit Committee and the external auditors.

- **Internal Control**

The Board is responsible to review the adequacy and integrity of the Company's internal controls system. The Board has appointed experts, both internal and external, to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders' investment and the Company's assets. The Board reviews the effectiveness of the system of internal controls by the work of the internal auditors; the Audit Committee oversees the work of the internal audit and comments made by the external auditors in their periodic reports.

The information on the Group's Internal Control Statement is set out on pages 27 to 28 of this Annual Report.

## **RISK MANAGEMENT COMMITTEE**

A Risk Management framework implemented since June 2004 is regularly reviewed to ensure risks and controls are updated to reflect current situations and ensure relevance at any given time. Steps are taken to identify outdated and irrelevant risks and to identify new risks, for which new controls will be introduced. The Management, in keeping with good corporate governance practice, takes a serious view of ensuring that the Group is always on alert for any situation that might adversely affect its assets, income and ultimately, profits.

## **RESPONSIBILITY STATEMENT BY DIRECTORS**

The Directors are to ensure that the annual financial statements of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities.

The Directors have the responsibility to ensure that the annual financial statements of the Company give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and the results and cash flows for the year then ended.

The Directors have overall responsibility for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

## **STATEMENT ON MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST**

Save as disclosed below, there were no material contracts involving the Directors' Interest during the financial year ended 31 March 2005:-

- Agreement between Dato' Mukhriz Mahathir and Opcom dated 7 July 2003 for the terms of repayment of the advances by Dato' Mukhriz Mahathir amounting to RM9,812,034.21. The purpose of the advances from Dato' Mukhriz Mahathir is for investment, capital expenditure and/or working capital of the Company.

The advances are non-interest bearing for the years ended 31 March 2004 and 31 March 2005. However, after 31 March 2005, the advances are subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The interest shall accrue from day to day and shall be calculated on the basis of a year of 365 days and is payable together with the Advances forthwith on demand by Dato' Mukhriz Mahathir or at any time by the Company. There was no security provided by the Company on the advances.

- Agreement between Chhoa Kwang Hua and Opcom dated 7 July 2003 for the terms of repayment of the advances by Chhoa Kwang Hua amounting to RM7,545,150.36. The purpose of the advances from Chhoa Kwang Hua is for investment, capital expenditure and/or working capital of the Company.

The advances are non-interest bearing for the years ended 31 March 2004 and 31 March 2005. However, after 31 March 2005, the advances are subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The interest shall accrue from day to day and shall be calculated on the basis of a year of 365 days and is payable together with the Advances forthwith on demand by Chhoa Kwang Hua or at any time by the Company. There was no security provided by the Company on the advances.

## RECURRENT RELATED PARTY TRANSACTION

The recurrent related party transactions of a revenue or trading nature of Opcom Holdings Berhad for the financial year ended 31 March 2005 were as follows:-

Transacting Party	Nature of Transaction	Interested Directors, Substantial Shareholders and Person Connected	Aggregate Value (RM)
Opcom Sdn. Bhd. ("OSB")	– Supply of goods and services to OSB <ul style="list-style-type: none"> <li>• Fiber optic cables</li> </ul>	Dato' Mukhriz Mahathir <sup>a</sup> Datin Norjita Zakaria <sup>b</sup> Mirzan Mahathir <sup>c</sup>	75,718,490
	– Purchase of services from OSB <ul style="list-style-type: none"> <li>• Commission payable to OSB</li> </ul>		2,854,501
Airzed Networks Sdn. Bhd. ("ANSB")	– Purchase of goods and services from ANSB <ul style="list-style-type: none"> <li>• Plant and machinery</li> </ul>	Dato' Mukhriz Mahathir <sup>a</sup> Chhoa Kwang Hua <sup>d</sup>	299,598
	• Unlimited access plan		6,600
OSB	Renting of Opcom's premises and open area (11,462 square feet) at No.11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by OSB	Dato' Mukhriz Mahathir <sup>a</sup> Datin Norjita Zakaria <sup>b</sup> Mirzan Mahathir <sup>c</sup>	391,572
ANSB	Renting of ANSB's office space (2,062.7 square feet) at Penthouse 2, Block D, Plaza Mont Kiara, Mont Kiara, 50480 Kuala Lumpur by Opcom	Dato' Mukhriz Mahathir <sup>a</sup> Chhoa Kwang Hua <sup>d</sup>	36,000
	Renting of Opcom's open area at No.11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by ANSB		500

### Notes :

#### Nature of Interest

- Dato' Mukhriz Mahathir, the Chairman/Managing Director and a substantial shareholder of Opcom is a director of Opcom Niaga Sdn Bhd ("ONSB"), Opcom Network Technologies Sdn Bhd ("ONTSB"), Opcom Shared Services Sdn Bhd ("OSSSB") and Opcom Cables Sdn Bhd ("OCSB"). He is a director and substantial shareholder of OSB and ANSB.
- Datin Norjita Zakaria, the spouse of Dato' Mukhriz Mahathir is a director of OCSB and OSB.
- Mirzan Mahathir, the brother of Dato' Mukhriz Mahathir is a director of OCSB and a shareholder of OSB.
- Chhoa Kwang Hua, the Executive Director and a substantial shareholder of Opcom is a director of ONSB, ONTSB and OSSSB. He is a director and substantial shareholder of ANSB and also an alternate director to Datin Norjita Zakaria in OCSB.

# internal control statement

## INTRODUCTION

The Board of Directors (“the Board”) of Opcom Holdings Berhad and its subsidiaries (“the Group”) is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 March 2005, which has been prepared in accordance with the “Statement of Internal Control – Guidance for Directors of Public Listed Companies” issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia Securities Berhad.

## BOARD’S RESPONSIBILITY

The Board affirms its overall responsibilities for maintaining a sound system of internal controls, and for reviewing its adequacy and integrity in supporting the achievement of the Group’s strategic goals and business objectives, whilst safeguarding its assets and shareholders’ investments.

The Board recognises that reviewing of the Group’s system of internal controls is rigorous and is based on an ongoing process designed to identify the principal risks to the achievement of the strategic goals and business objectives, and to manage those risks efficiently, effectively and economically.

## RISK MANAGEMENT FRAMEWORK

The Group’s Risk Management Committee was established in June 2004. During the financial year ended 31 March 2005, the Risk Management Committee met twelve (12) times and carried out its duties in accordance with the Group’s Risk Management Policies and Procedures. The Committee also monitors and reviews the Risk Management plans and activities and reports to the Audit Committee on quarterly basis. The Audit Committee, on a quarterly basis, performs formal reviews on the adequacy and integrity of the system of internal controls.

## INTERNAL AUDIT

Internal audits are carried out by an independent internal audit service provider to review the adequacy and integrity of the internal control systems of the business units. The internal audit team highlights to the executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The reports are submitted to the Audit Committee, which reviews the findings with management at its quarterly meetings.

In addition, the External Auditors’ management letters and management’s response to the control recommendations on deficiencies noted during the financial audits provide added assurance that certain control procedures on matters relating to finance are in place, and being followed.

The Audit Committee reports to the Board of Directors the activities of the internal audit function, significant findings and the necessary recommendations in relations to adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group.

## OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:

- **Control Procedures**

Established policies, procedures and practices are in place to ensure clear accountabilities and control procedures for all business units. The policies and procedures are available and accessible by all employees.

- **Organisational Structure and Accountability Levels**

The Group has a formally defined organisational structure with clear lines of accountability. The delegation of authority is properly documented and sets out the decisions that need to be taken and the appropriate authority levels of Management, including matters that require Board's approval. Key financial and procurement matters of the Group require the authorisation of Senior Management.

- **Reporting and Review**

The Group's management teams carry out monthly monitoring and review of financial results and forecasts for all business units within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. The Group's management teams communicate regularly to monitor operational and financial performance as well as to formulate action plans to address any areas of concern.

The nature of risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Group's system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses from occurring. It is possible that internal control may be circumvented or overridden. Further, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Group to achieve its strategic and business objectives within an acceptable risk profile and cannot be expected to eliminate all risks. Hence, the Group continues to take necessary measures to strengthen its internal controls.

The Board is of the view that there is a continuous process in evaluating and managing significant risks and controls faced by the Group. There was no significant breakdown or weakness in the system of internal controls of the Group that may result in material losses to the Group for the financial year ended March 31, 2005.

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# directors' report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2005.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the renting of buildings, provision of management services to subsidiaries and investment holding, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM	Company RM
Net profit for the year	<u>17,196,973</u>	<u>6,557,108</u>

## Reserves and provisions

There were no material movements to or from reserves and provisions during the year.

## DIVIDENDS

Since the end of the previous financial year, the Company paid:

- (i) an interim dividend of 3.2 sen per share less tax totalling RM1,981,440 in respect of the year ended 31 March 2004 on 30 April 2004;
- (ii) an interim dividend of 2.8 sen per share tax exempt totalling RM2,408,000 in respect of the year ended 31 March 2004 on 30 April 2004;
- (iii) an interim dividend of 8.25 sen per share less tax totalling RM5,108,400 in respect of the year ended 31 March 2005 on 15 January 2005; and
- (iv) an interim dividend of 2.06 sen per share tax exempt totalling RM1,771,600 in respect of the year ended 31 March 2005 on 15 January 2005;

The Directors do not recommend any final dividend to be paid for the year under review.

## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Mukhriz Mahathir  
Chhoa Kwang Hua  
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said  
Tomio Alan Komatsu  
Abdul Jabbar bin Abdul Majid  
Sven Janne Sjoden

## DIRECTORS OF THE COMPANY (CONTINUED)

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.20 each			
	At 1.4.2004	Bought	At Sold	31.3.2005
Shareholdings in which Directors have direct interest				
Dato' Mukhriz Mahathir	43,375,000	–	–	<b>43,375,000</b>
Chhoa Kwang Hua	1,375,000	–	–	<b>1,375,000</b>
Lt. Jen. (B) Dato' Seri Panglima Zaini				
Bin Hj. Mohd Said	500,000	–	(25,000)	<b>475,000</b>
Tomio Alan Komatsu	126,000	–	–	<b>126,000</b>
Sven Janne Sjoden	350,000	–	–	<b>350,000</b>
Abdul Jabbar bin Abdul Majid	250,000	–	–	<b>250,000</b>
Shareholdings in which Director has deemed interest				
Chhoa Kwang Hua	18,000,000	–	–	<b>18,000,000</b>

By virtue of their substantial interests in the shares of the Company, Dato' Mukhriz Mahathir and Chhoa Kwang Hua are also deemed to have an interest in the shares of all subsidiaries of the Company to the extent the Company has an interest.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

# directors' report (cont'd)

## EVENTS SUBSEQUENT TO BALANCE SHEET DATE

### (a) Issuance of bonus shares

On 24 May 2005, the Company issued bonus shares of 43,000,000 new ordinary shares of RM0.20 each via capitalisation of share premium as fully paid-up on the basis of one (1) new ordinary share of RM0.20 each for every two (2) existing ordinary shares of RM0.20 each.

### (b) Establishment of Employee Share Option Scheme ("ESOS")

The Opcom Holdings Berhad ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 14 April 2005. The ESOS will be implemented in the financial year ending 31 March 2006 and is to be in force for a period of five (5) years from the date of approval from Bursa Malaysia Securities Berhad.

## ISSUE OF SHARES

There were no changes to the issued and paid up capital of the Company during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take-up unissued shares of the Company during the financial year.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision need to be made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:-

- i) that would render it necessary to write off any bad debts, or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liabilities of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## **AUDITORS**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



.....  
**Dato' Mukhriz Mahathir**



.....  
**Chhoa Kwang Hua**

Kuala Lumpur,  
Date: 28 July 2005

# statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 37 to 63 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....  
**Dato' Mukhriz Mahathir**



.....  
**Chhoa Kwang Hua**

Kuala Lumpur,

Date: 28 July 2005

# statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Mukhriz Mahathir, the Director primarily responsible for the financial management of Opcom Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 63 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 28 July 2005.



Dato' Mukhriz Mahathir

Before me:



# report of the auditors

to the members of Opcom Holdings Berhad

We have audited the financial statements set out on pages 37 to 63. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 March 2005 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment under subsection (3) of Section 174 of the Act.



**KPMG**  
Firm Number: AF 0758  
Chartered Accountants



**Mohamed Raslan Abdul Rahman**  
Partner  
Approval Number: 1825/05/07(J/PH)

Kuala Lumpur,  
Date: 28 July 2005

# group balance sheet

at 31 March 2005

	Note	2005 RM	2004 RM
<b>Property, plant and equipment</b>	2	<b>38,927,665</b>	35,348,882
<b>Current assets</b>			
Inventories	4	14,321,980	9,898,255
Trade and other receivables	5	5,237,067	7,500,873
Cash and cash equivalents	6	48,364,706	41,906,031
		<b>67,923,753</b>	59,305,159
<b>Current liabilities</b>			
Trade and other payables	7	28,986,606	22,418,531
Taxation		1,021,298	581,391
Dividends payable		–	4,389,440
		<b>30,007,904</b>	27,389,362
<b>Net current assets</b>		<b>37,915,849</b>	31,915,797
		<b>76,843,514</b>	67,264,679
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	8	17,200,000	17,200,000
Reserves	9	39,035,221	28,718,248
<b>Shareholders' funds</b>		<b>56,235,221</b>	45,918,248
<b>Minority shareholders' interest</b>	10	<b>12,496,648</b>	10,339,075
<b>Long term and deferred liabilities</b>			
Amount owing to Directors	7	6,942,874	10,414,311
Deferred taxation	11	1,168,771	593,045
		<b>76,843,514</b>	67,264,679

The financial statements were approved and authorised for issue by the Board of Directors on 28 July 2005.

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# group income statement

for the year ended 31 March 2005

	Note	2005 RM	2004 RM
Revenue	12	78,291,195	58,083,734
Profit before taxation	12	26,750,891	17,369,330
Tax expense	14	(6,496,344)	(3,119,913)
Profit after taxation		20,254,547	14,249,417
Less: Minority interests		(3,057,574)	(3,674,922)
Net profit for the year		17,196,973	10,574,495
Basic earnings per ordinary share (sen)	15	20.0	15.8
Dividends per ordinary share (net) (sen)	16	8.0	5.1

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# group statement of changes in equity

for the year ended 31 March 2005

		Non-distributable		Distributable	
	Share capital	Share premium	Capital reserve	retained profits	Total
Note	RM	RM	RM	RM	RM
<b>At 1 April 2003</b>	12,000,000	–	3,283	8,118,380	20,121,663
Issue of shares	5,200,000	15,600,000	–	–	20,800,000
Listing expenses	–	(1,188,470)	–	–	(1,188,470)
Net profit for the year	–	–	–	10,574,495	10,574,495
Dividends	16	–	–	(4,389,440)	(4,389,440)
<b>At 31 March 2004</b>	17,200,000	14,411,530	3,283	14,303,435	45,918,248
Net profit for the year	–	–	–	17,196,973	17,196,973
Dividends	16	–	–	(6,880,000)	(6,880,000)
<b>At 31 March 2005</b>	17,200,000	14,411,530	3,283	24,620,408	56,235,221

Note 8

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# group cash flow statement

for the year ended 31 March 2005

	2005 RM	2004 RM
<b>Cash flows from operating activities</b>		
Profit before taxation	26,750,891	17,369,330
Adjustments for:		
Depreciation	4,414,518	3,173,607
Net gain on disposal of property, plant and equipment	(30,767)	(32,706)
Interest income	(1,135,958)	(542,197)
Property, plant and equipment written off	15,110	694
	<hr/>	<hr/>
Operating profit before working capital changes	30,013,794	19,968,728
Changes in working capital:		
Inventories	(4,423,725)	(993,246)
Trade and other receivables	2,479,831	3,731,477
Trade and other payables	2,196,637	(6,206,357)
	<hr/>	<hr/>
Cash generated from operations	30,266,537	16,500,602
Tax paid	(5,651,689)	(4,631,511)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>24,614,848</b>	<b>11,869,091</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of additional shares in a subsidiary	–	(2)
Purchase of property, plant and equipment	(8,109,824)	(1,488,757)
Proceeds from disposal of property, plant and equipment	132,180	32,976
Interest received	1,090,911	497,836
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(6,886,733)</b>	<b>(957,947)</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Dividends paid	(11,269,440)	(4,248,000)
Proceeds from issuance of shares net of listing expenses	–	19,611,530
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	<b>(11,269,440)</b>	<b>15,363,530</b>
	<hr/>	<hr/>

	2005 RM	2004 RM
<b>Net increase in cash and cash equivalents</b>	<b>6,458,675</b>	26,274,674
<b>Cash and cash equivalents at beginning of year</b>	<b>41,906,031</b>	15,631,357
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>48,364,706</b>	41,906,031
	<hr/>	<hr/>

**i) Cash and cash equivalents**

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	2005 RM	2004 RM
Deposits with a licensed bank	<b>46,850,000</b>	38,140,931
Cash and bank balances	<b>1,514,706</b>	3,765,100
	<hr/>	<hr/>
	<b>48,364,706</b>	41,906,031
	<hr/>	<hr/>

**ii) Purchase of property, plant and equipment**

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM8,109,824 (2004 - RM11,423,042) of which cash payments of RM8,109,824 (2004 - RM1,488,757) were made to purchase the property, plant and equipment.

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# company balance sheet

at 31 March 2005

	Note	2005 RM	2004 RM
<b>Property, plant and equipment</b>	2	<b>19,988,657</b>	19,945,768
<b>Investments in subsidiaries</b>	3	<b>11,400,002</b>	11,300,000
<b>Current assets</b>			
Trade and other receivables	5	<b>176,210</b>	270,957
Cash and cash equivalents	6	<b>12,758,699</b>	21,048,471
		<b>12,934,909</b>	21,319,428
<b>Current liabilities</b>			
Trade and other payables	7	<b>4,447,846</b>	4,583,146
Taxation		<b>65,631</b>	164,013
Dividends payable		<b>–</b>	4,389,440
		<b>4,513,477</b>	9,136,599
<b>Net current assets</b>		<b>8,421,432</b>	12,182,829
		<b>39,810,091</b>	43,428,597
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	8	<b>17,200,000</b>	17,200,000
Reserves	9	<b>15,218,394</b>	15,541,286
<b>Shareholders' funds</b>		<b>32,418,394</b>	32,741,286
<b>Long term and deferred liabilities</b>			
Amount owing to Directors	7	<b>6,942,874</b>	10,414,311
Deferred taxation	11	<b>448,823</b>	273,000
		<b>39,810,091</b>	43,428,597

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# company income statement

for the year ended 31 March 2005

	Note	2005 RM	2004 RM
<b>Revenue</b>	12	<b>12,447,933</b>	9,393,722
<b>Profit before taxation</b>	12	<b>8,466,434</b>	6,556,828
Tax expense	14	<b>(1,909,326)</b>	(1,169,885)
<b>Profit after taxation</b>		<b>6,557,108</b>	5,386,943
Dividends per ordinary share (net) (sen)	16	<b>8.0</b>	5.1

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# company statement of changes in equity

for the year ended 31 March 2005

	Note	Share capital RM	Non- distributable Share premium RM	Distributable retained profits RM	Total RM
<b>At 1 April 2003</b>		12,000,000	–	132,253	12,132,253
Issue of shares		5,200,000	15,600,000	–	20,800,000
Listing expenses		–	(1,188,470)	–	(1,188,470)
Net profit for the year		–	–	5,386,943	5,386,943
Dividends	16	–	–	(4,389,440)	(4,389,440)
<b>At 31 March 2004</b>		17,200,000	14,411,530	1,129,756	32,741,286
Net profit for the year		–	–	6,557,108	6,557,108
Dividends	16	–	–	(6,880,000)	(6,880,000)
<b>At 31 March 2005</b>		17,200,000	14,411,530	806,864	32,418,394

Note 8

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# company cash flow statement

for the year ended 31 March 2005

	2005 RM	2004 RM
<b>Cash flows from operating activities</b>		
Profit before taxation	8,466,434	6,556,828
Adjustments for:		
Depreciation	599,478	555,704
Property, plant and equipment written off	2,886	–
Interest income	(450,273)	(193,180)
Dividend income	(6,900,000)	(6,364,000)
Loss on disposal of property, plant and equipment	15,079	–
	<hr/>	<hr/>
Operating profit before working capital changes	1,733,604	555,352
Changes in working capital:		
Trade and other receivables	106,172	(89,363)
Trade and other payables	(3,606,737)	(4,828,045)
	<hr/>	<hr/>
Cash used in operations	(1,766,961)	(4,362,056)
Tax paid	(487,885)	(41,440)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(2,254,846)</b>	<b>(4,403,496)</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	(100,002)	(2)
Purchase of property, plant and equipment	(666,332)	(216,621)
Proceed from disposal of property, plant & equipment	6,000	–
Dividends received	5,556,000	9,712,436
Interest received	438,848	172,244
	<hr/>	<hr/>
<b>Net cash generated from investing activities</b>	<b>5,234,514</b>	<b>9,668,057</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Dividends paid	(11,269,440)	(4,248,000)
Proceeds from issuance of shares net of listing expenses	–	19,611,530
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	<b>(11,269,440)</b>	<b>15,363,530</b>
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,289,772)</b>	<b>20,628,091</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>21,048,471</b>	<b>420,380</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>12,758,699</b>	<b>21,048,471</b>
	<hr/>	<hr/>
<b>i) Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
Deposits with a licensed bank	12,050,000	19,590,931
Cash and bank balances	708,699	1,457,540
	<hr/>	<hr/>
	<b>12,758,699</b>	<b>21,048,471</b>
	<hr/>	<hr/>

The notes set out on pages 46 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# notes to the financial statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

#### Depreciation

The straight line method is used to write off the cost of the following assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2.0%
Furniture and fittings	5.0% - 10.0%
Motor vehicles	20.0%
Office equipment	10.0%
Computer equipment	25.0%
Plant and machinery	10.0%
Renovation	20.0%
Tools and equipment	10.0%

Long term leasehold land is amortised on a straight line basis over the length of the lease of 75 years.

### (d) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer to note 1(j)).

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Investments in subsidiaries

Investments in subsidiaries are stated at cost in the Company, less impairment loss where applicable.

### (f) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value, determined on a standard costing basis. Variances in standard costs are charged to cost of production. For work-in-progress and finished goods, cost consists of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

### (g) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

### (h) Affiliated company

An affiliated company is a company in which the Directors of the Company have substantial equity interest.

### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

### (j) Impairment

The carrying amount of the Group's assets, other than inventories, deferred tax assets and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

# notes to the financial statements (cont'd)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Liabilities

Borrowings, trade and other payables are stated at cost.

### (l) Employee benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when the services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Employees Provident Fund

Obligations for contributions to the Employees Provident Fund are recognised as an expense in the income statement as incurred.

### (m) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

### (n) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### (o) Foreign currency

Transactions in foreign currencies are translated into Ringgit Malaysia at rates approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

	2005 RM	2004 RM
USD	3.8300	3.8300
SEK	0.5288	—
SGD	2.3285	—
EURO	4.9660	—

### (p) Revenue

#### i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

#### ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

#### iv) Rental income

Rental income is recognised in the income statement as it accrues.

#### v) Management fee

Revenue from services rendered is recognised as and when the services are performed.

#### vi) Administrative fee

Administrative fee is recognised in the income statement as it accrues.

### (q) Expenses

#### i) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

#### ii) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

# notes to the financial statements (cont'd)

## 2. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment RM	Computer equipment RM	Plant and machinery RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
Cost										
At 1 April 2004	12,609,184	9,520,317	409,388	244,427	2,132,732	27,089,009	648,174	3,769	678,781	53,335,781
Additions	-	242,500	287,760	191,684	2,295,251	4,821,342	1,790	-	269,497	8,109,824
Disposals	-	-	(166,208)	(23,500)	(14,776)	-	-	-	(9,500)	(213,984)
Write off	-	-	-	(16,488)	(113,300)	(4,661)	-	-	(20,955)	(155,404)
At 31 March 2005	12,609,184	9,762,817	530,940	396,123	4,299,907	31,905,690	649,964	3,769	917,823	61,076,217
<b>Depreciation</b>										
At 1 April 2004	1,257,765	1,493,248	134,863	91,924	1,584,101	12,802,371	415,246	1,668	205,713	17,986,899
Charge for the year	167,703	195,256	116,221	43,786	906,501	2,812,707	106,274	377	65,693	4,414,518
Disposals	-	-	(85,874)	(10,575)	(14,776)	-	-	-	(1,346)	(112,571)
Write off	-	-	-	(11,207)	(112,841)	(3,110)	-	-	(13,136)	(140,294)
At 31 March 2005	1,425,468	1,688,504	165,210	113,928	2,362,985	15,611,968	521,520	2,045	256,924	22,148,552
<b>Net book value</b>										
At 31 March 2005	11,183,716	8,074,313	365,730	282,195	1,936,921	16,293,723	128,444	1,724	660,899	38,927,665
At 31 March 2004	11,351,419	8,027,069	274,525	152,503	548,631	14,286,638	232,928	2,101	473,068	35,348,882
Depreciation charge for the year ended 31 March 2004	167,702	190,406	54,831	24,292	410,513	2,172,145	103,088	377	50,253	3,173,607

## 2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Long term leasehold land RM	Buildings RM	Office equipment RM	Computer equipment RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
<b>Cost</b>								
At 1 April 2004	12,609,184	9,520,317	150,848	569,507	91,591	3,769	250,412	23,195,628
Additions	—	242,500	97,325	130,683	—	—	195,824	666,332
Disposal	—	—	(23,500)	—	—	—	(9,500)	(33,000)
Write off	—	—	(6,276)	(20,663)	—	—	—	(26,939)
At 31 March 2005	12,609,184	9,762,817	218,397	679,527	91,591	3,769	436,736	23,802,021
<b>Depreciation</b>								
At 1 April 2004	1,257,765	1,493,248	52,193	332,694	50,637	1,668	61,655	3,249,860
Charge for the year	167,703	195,256	23,321	150,435	18,317	377	44,069	599,478
Disposal	—	—	(10,575)	—	—	—	(1,346)	(11,921)
Write off	—	—	(3,436)	(20,617)	—	—	—	(24,053)
At 31 March 2005	1,425,468	1,688,504	61,503	462,512	68,954	2,045	104,378	3,813,364
<b>Net book value</b>								
At 31 March 2005	11,183,716	8,074,313	156,894	217,015	22,637	1,724	332,358	19,988,657
At 31 March 2004	11,351,419	8,027,069	98,655	236,813	40,954	2,101	188,757	19,945,768
Depreciation charge for the year ended 31 March 2004	167,702	190,406	15,085	138,775	18,318	377	25,041	555,704

# notes to the financial statements (cont'd)

## 3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2005 RM	2004 RM
Unquoted shares, at cost	<u>11,400,002</u>	<u>11,300,000</u>

The principal activities of the subsidiaries, all of which are incorporated in Malaysia, and the interest of the Company are as follows:

Name of Company	Principal Activities	Effective Ownership Interest	
		2005 %	2004 %
Opcom Cables Sdn. Bhd.	Manufacture of fiber optic cables and systems	70.0	70.0
Opcom Niaga Sdn. Bhd.	Supply of fiber optic cables and related accessories	100.0	100.0
Opcom Shared Services Sdn. Bhd.	Provision of human resource management services	100.0	–
Opcom Network Technologies Sdn. Bhd.	Design, integration, installation & provision of telecommunication network systems & services	100.0	–

### Acquisition of subsidiaries

#### Acquisition

On 15 September 2004, the Group acquired all the shares in Opcom Shared Services Sdn Bhd for a consideration of RM2 satisfied by cash. On 16 February 2005, the Group acquired all the shares in Opcom Network Technologies Sdn Bhd (“ONTSB”) for a consideration of RM2 satisfied by cash. During the financial period, the Group further subscribed 99,998 ordinary shares of RM1.00 for cash in ONTSB. These acquisitions were accounted for using the acquisition method of accounting.

### 3. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The fair values of assets and liabilities assumed in the acquisitions of the subsidiaries and their cash flow effects are as follows:

	2005 RM
Net assets	–
Consideration paid satisfied through cash	<u>(100,002)</u>
Cash outflow	(100,002)
Cash acquired	<u>100,002</u>
Net cash flow	<u>–</u>

The acquisitions of the subsidiaries had no material effect on the Group's operating results, assets and liabilities as at 31 March 2005.

### 4. INVENTORIES

	Group	
	2005 RM	2004 RM
Cost:		
Work-in-progress	1,075,043	949,379
Finished goods	8,914,396	6,511,481
Net realisable value:		
Raw materials	4,332,541	2,437,395
	<u>14,321,980</u>	<u>9,898,255</u>

# notes to the financial statements (cont'd)

## 5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables	552,564	808,641	–	–
Other receivables, deposits and prepayments	1,379,965	747,909	134,538	223,467
Subsidiaries	–	–	41,672	–
Affiliated company	3,086,070	5,896,833	–	–
Tax recoverable	218,468	47,490	–	47,490
	<b>5,237,067</b>	<b>7,500,873</b>	<b>176,210</b>	<b>270,957</b>

### Amount due from affiliated company

The amount due from affiliated company of RM3,086,070 (2004 - RM5,896,833) is unsecured, trade related and bears interest at 7.25% per annum (2004 -7.25%) on overdue balances during the year.

## 6. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deposits with a licensed bank	46,850,000	38,140,931	12,050,000	19,590,931
Cash and bank balances	1,514,706	3,765,100	708,699	1,457,540
	<b>48,364,706</b>	<b>41,906,031</b>	<b>12,758,699</b>	<b>21,048,471</b>

## 7. TRADE AND OTHER PAYABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Short term</b>				
Trade payables	1,010,214	784,510	–	–
Other payables and accrued expenses	23,397,146	16,972,235	925,333	1,078,709
Dividend payable	900,000	1,056,000	–	–
Amount owing to Directors	3,471,437	3,471,437	3,471,437	3,471,437
Employee benefits	207,809	134,349	51,076	33,000
	<b>28,986,606</b>	22,418,531	<b>4,447,846</b>	4,583,146
<b>Long term</b>				
Amount owing to Directors	6,942,874	10,414,311	6,942,874	10,414,311
	<b>35,929,480</b>	32,832,842	<b>11,390,720</b>	14,997,457

Included in the Group's other payables and accrued expenses is an amount due to a minority shareholder of a subsidiary of RM3,571,590 (2004 - RM1,092,033) and RM9,934,285 (2004 - RM9,934,285) arising from the acquisition of plant and machinery in 2004 which are unsecured and subject to normal trade terms.

### Employee benefits

Employee benefits relate to current service costs and is recognised in the following line items in the income statement.

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cost of sales	27,313	36,409	–	–
Administrative expenses	46,147	97,940	18,076	33,000
	<b>73,460</b>	134,349	<b>18,076</b>	33,000

### Amount due to Directors

The amount due to Directors is repayable by 5 instalments at the end of each financial year commencing 1 April 2004. First and second year are interest free. From third to fifth year, it is subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The amount due to Directors is unsecured.

# notes to the financial statements (cont'd)

## 8. SHARE CAPITAL

	Group and Company			
	2005		2004	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM0.20 each				
Authorised	<b>125,000,000</b>	<b>25,000,000</b>	125,000,000	25,000,000
Issued and fully paid:				
Balance at 1 April	<b>86,000,000</b>	<b>17,200,000</b>	12,000,000	12,000,000
Sub-division of shares	–	–	48,000,000	–
Issued during the year	–	–	26,000,000	5,200,000
Balance at 31 March	<b>86,000,000</b>	<b>17,200,000</b>	86,000,000	17,200,000

## 9. RESERVES

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank in full its retained profits at 31 March 2005 if paid out as dividends.

## 10. MINORITY SHAREHOLDERS' INTEREST

This consists of the minority shareholders' proportion of share capital and reserves of a subsidiary.

## 11. DEFERRED TAXATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deferred tax liabilities	<b>1,168,771</b>	593,045	<b>448,823</b>	273,000

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Property, plant and equipment	<b>2,719,223</b>	2,305,000	<b>489,161</b>	403,000
Provisions	<b>(1,261,495)</b>	(1,350,000)	<b>(40,338)</b>	(130,000)
Others	<b>(288,957)</b>	(361,955)	–	–
	<b>1,168,771</b>	593,045	<b>448,823</b>	273,000

## 12. OPERATING PROFIT

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Revenue				
– sale of cables	77,448,850	57,498,982	–	–
– rental income	392,072	391,572	3,587,660	2,044,542
– interest income	450,273	193,180	450,273	193,180
– dividend income	–	–	6,900,000	6,364,000
– management fee	–	–	1,510,000	792,000
	<b>78,291,195</b>	58,083,734	<b>12,447,933</b>	9,393,722
Cost of manufactured goods	(38,790,332)	(30,101,319)	–	–
Cost of property maintenance and management	(1,402,640)	(1,059,970)	(1,671,427)	(1,059,970)
	<b>(40,192,972)</b>	(31,161,289)	<b>(1,671,427)</b>	(1,059,970)
Gross profit	38,098,223	26,922,445	10,776,506	8,333,752
Distribution costs	(1,887,407)	(1,090,825)	–	–
Administrative expenses	(9,040,264)	(8,493,824)	(2,313,712)	(1,776,924)
Other operating expenses	(1,135,361)	(349,494)	–	–
Other operating income	715,700	381,028	3,640	–
Operating profit	<b>26,750,891</b>	17,369,330	<b>8,466,434</b>	6,556,828
Operating profit is arrived at after crediting:				
Gross dividends from subsidiaries	–	–	6,900,000	6,364,000
Gain on foreign exchange – realised	49,454	81,200	–	–
Rental income on land and buildings	392,072	391,572	3,587,660	2,044,542
Gain on disposal of property, plant and equipment	45,846	32,706	–	–
Interest income	1,135,958	542,197	450,273	193,180
and after charging:				
Allowance for slow moving inventories	349,225	1,311,882	–	–
Audit fees	32,500	28,000	6,000	6,000
Directors' remuneration	560,550	214,500	560,550	214,500
Directors' fees	205,544	21,000	84,000	21,000
Depreciation	4,414,518	3,173,607	599,478	555,704
Inventories written down	308,703	164,839	–	–
Loss on disposal of property, plant and equipment	15,079	–	15,079	–
Property, plant and equipment written off	15,110	694	2,886	–
Rental of apartment	109,480	108,600	–	–
Rental of motor vehicles	8,907	–	1,950	–
Rental of office	36,000	72,000	36,000	72,000

# notes to the financial statements (cont'd)

## 13. EMPLOYEE INFORMATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Staff costs	<b>4,710,379</b>	4,103,363	<b>1,134,322</b>	964,106

The number of employees of the Group and the Company (including Executive Directors) at end of the year were 117 (2004 - 84) and 3 (2004 - 29) respectively. Staff costs of the Group and of the Company include contributions to the Employees Provident Fund of RM457,225 (2004 - RM393,296) and RM108,864 (2004 - RM102,384).

## 14. TAX EXPENSE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current tax expense				
Malaysia – current	<b>6,053,358</b>	4,356,118	<b>1,714,316</b>	1,573,000
– prior years	<b>(132,740)</b>	(295,250)	<b>19,187</b>	(303,115)
	<b>5,920,618</b>	4,060,868	<b>1,733,503</b>	1,269,885
Deferred tax expense				
Origination and reversal of temporary differences				
– current	<b>603,129</b>	(1,085,586)	<b>209,051</b>	(342,252)
– prior year	<b>(27,403)</b>	144,631	<b>(33,228)</b>	242,252
	<b>6,496,344</b>	3,119,913	<b>1,909,326</b>	1,169,885

### Reconciliation of effective tax rate

Group	2005		2004	
	%	RM	%	RM
Profit before taxation		<b>26,750,891</b>		17,369,330
Income tax using Malaysian tax rates	<b>28</b>	<b>7,490,249</b>	28	4,863,413
Tax concession	–	<b>(54,583)</b>	–	–
Non-deductible expenses	–	<b>176,833</b>	1	96,838
Tax incentives	<b>(3)</b>	<b>(809,985)</b>	(10)	(1,764,000)
Other items	–	<b>(146,027)</b>	–	74,281
	<b>25</b>	<b>6,656,487</b>	19	3,270,532
Over provision in prior years	<b>(1)</b>	<b>(160,143)</b>	(1)	(150,619)
Tax expense	<b>24</b>	<b>6,496,344</b>	18	3,119,913

## 14. TAX EXPENSE (CONTINUED)

### Reconciliation of effective tax rate (continued)

Company	2005		2004	
	%	RM	%	RM
Profit before taxation		<u>8,466,434</u>		<u>6,556,828</u>
Income tax using Malaysian tax rates	28	2,370,601	28	1,835,912
Non-deductible expenses	2	140,765	1	107,574
Tax exempt dividend	(7)	(588,000)	(10)	(689,920)
Other items	–	–	–	(22,818)
	<u>23</u>	<u>1,923,367</u>	<u>19</u>	<u>1,230,748</u>
Over provision in prior years	–	(14,041)	(1)	(60,863)
Tax expense	<u>23</u>	<u>1,909,326</u>	<u>18</u>	<u>1,169,885</u>

## 15. EARNINGS PER ORDINARY SHARE – GROUP

### Basic earnings per share

The calculation of basic earnings per share for 2005 is based on the net profit attributable to ordinary shareholders of RM17,196,973 (2004 – RM10,574,495) and the total number of ordinary shares during the year of 86,000,000 (2004 - 67,052,055).

## 16. DIVIDENDS

	Group and Company	
	2005	2004
	RM	RM
Ordinary		
Interim paid/payable:		
8.25 sen per share less tax (2004 – 3.2 sen per share less tax)	5,108,400	1,981,440
2.06 sen per share tax exempt (2004 – 2.8 sen per share tax exempt)	1,771,600	2,408,000
	<u>6,880,000</u>	<u>4,389,440</u>

The calculation of net dividends per ordinary share as disclosed in the income statement is based on the total interim and final proposed dividends for the financial year and the number of ordinary shares outstanding during the year of 86,000,000 (2004 - 86,000,000).

# notes to the financial statements (cont'd)

## 17. CONTINGENT LIABILITIES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Performance and warranty bonds issued to customers	<b>187,000</b>	456,715	<b>100,000</b>	–

## 18. RELATED PARTIES

Controlling related party relationships are as follows:

- i) companies in which certain Directors have interests; and
- ii) its subsidiaries as disclosed in note 3.

### Transactions with Directors

Significant transactions and balances with Directors other than those disclosed elsewhere in the financial statements are as follows:

Transactions	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Affiliates				
Company in which Dato' Mukhriz Mahathir, a Director, has interests:				
Opcom Sdn. Bhd.				
Sales	<b>75,718,490</b>	56,515,723	–	–
Marketing commitment fee payable	–	(1,000,000)	–	–
Commission payable	<b>(2,854,501)</b>	(1,819,905)	–	–
Rental income received	<b>391,572</b>	391,572	<b>391,572</b>	391,572
Company in which Dato' Mukhriz Mahathir and Mr. Chhoa Kwang Hua, Directors, have interests:				
Airzed Networks Sdn. Bhd.				
Purchase of plant & machinery	<b>(299,598)</b>	–	–	–
Rental of office payable	<b>(36,000)</b>	–	<b>(36,000)</b>	–
Purchase of unlimited access plan	<b>(6,600)</b>	(6,930)	<b>(2,400)</b>	(2,520)

## 18. RELATED PARTIES (CONTINUED)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Subsidiaries				
Opcom Cables Sdn Bhd				
Rental income received	–	–	<b>2,844,000</b>	1,333,668
Gross dividend received	–	–	<b>2,100,000</b>	2,464,000
Management fees received	–	–	<b>812,000</b>	600,000
Opcom Niaga Sdn Bhd				
Rental income received	–	–	<b>319,302</b>	319,302
Gross dividend received	–	–	<b>4,800,000</b>	3,900,000
Management fees received	–	–	<b>659,633</b>	192,000
Opcom Shared Services Sdn Bhd				
Administrative fee paid	–	–	<b>(908,000)</b>	–
Rental income received	–	–	<b>28,000</b>	–
Management fees received	–	–	<b>28,000</b>	–
Opcom Network Technologies Sdn Bhd				
Rental income received	–	–	<b>4,286</b>	–
Management fees received	–	–	<b>10,000</b>	–

The Directors of the Group and the Company are of the opinion that these transactions have been entered into in the normal course of business under negotiated terms.

## 19. 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.

## 20. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The main risks arising in the normal course of the Group and the Company's business are credit, foreign exchange and liquidity risks. The Group and the Company's policies for managing these risks are summarised below:

#### Credit risk

The Group and the Company's exposure to credit risk arises through its receivables. The exposure to credit risk is monitored on an ongoing basis through review of receivables ageing. Credit evaluations are performed on all customers requiring credit over a certain amount.

# notes to the financial statements (cont'd)

## 20. FINANCIAL INSTRUMENTS (CONTINUED)

### Credit risk (continued)

At the balance sheet date, there were no significant concentration of credit risk, except for the amount due from affiliated companies. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of the receivables presented in the balance sheet.

### Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than the Ringgit Malaysia. The currency giving rise to the risk is primarily US Dollars. In relation to this, the Group did not hedge the exposure as US Dollars is pegged against the Ringgit Malaysia. The transactions in other foreign currencies are minimal.

### Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group and the Company's operations and to mitigate the effects of fluctuations in cash flows.

### Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate %	Total RM	Within 1 year RM
<b>Group</b>			
<b>2005</b>			
Deposits with a licensed bank	2.46	46,850,000	46,850,000
<b>2004</b>			
Deposits with a licensed bank	2.57	38,140,931	38,140,931
<b>Company</b>			
<b>2005</b>			
Deposits with a licensed bank	2.58	12,050,000	12,050,000
<b>2004</b>			
Deposits with a licensed bank	2.70	19,590,931	19,590,931

## 20. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair values

#### Recognised financial instruments

As at the balance sheet date, the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair value of other financial liabilities carried on the balance sheet as at 31 March is shown below:

	Carrying amount RM	Fair value RM
<b>2005</b>		
Amount owing to Directors	10,414,311	9,732,409
<b>2004</b>		
Amount owing to Directors	13,885,748	12,376,063

#### Unrecognised financial instruments

There are no unrecognised financial instruments in the balance sheet at 31 March 2005.

# list of properties

Location & Description	Existing Use	Tenure	Build up area (sq. ft.)	Age of Properties	Book Value (RM'000)
1. No. HSD 167493, Mukim Damansara, District of Petaling and State of Selangor being land bearing the address of No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan	<ul style="list-style-type: none"> <li>Guard House, Car Parks, Substation Building and Pump House</li> <li>Office Buildings</li> <li>Warehouses</li> <li>Manufacturing Block</li> </ul>	99-year leasehold expiring on 08.08.2068	Land area: 28,327.068 sq. meters  Built-up area: 9,310 sq. meters	<ul style="list-style-type: none"> <li>Age of manufacturing block: approximately 9 years</li> <li>Age of other buildings/ structures: more than 20 years</li> </ul>	Land: 11,184 (for both items 1 & 2)  Building: 8,074
2. No. HSD 172516, Mukim Damansara, District of Petaling and State of Selangor being land bearing the address of No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan	Vacant Land	Refer above	Land area: 14,005.127 sq. meters	Not applicable	Refer above

# analysis of shareholdings

as at 28 July 2005

Class of shares : Ordinary Shares of RM0.20 each  
Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

## DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	14	0.68	700	–
100 – 999	87	4.26	41,000	0.03
1,000 – 4,999	1,134	55.48	2,682,450	2.08
5,000 – 10,000	404	19.77	2,900,750	2.25
10,001–100,000	358	17.51	9,666,900	7.49
100,001 – 1,000,000	42	2.05	11,373,700	8.82
Above 1,000,000	5	0.25	102,334,500	79.33
<b>Total</b>	<b>2,044</b>	<b>100.00</b>	<b>129,000,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	% of Issued Share Capital
1. Dato' Mukhriz Mahathir	65,062,500	50.44
2. Rezeki Tegas Sdn Bhd	27,000,000	20.93
3. Asfah Logistics Sdn Bhd	5,332,500	4.13
4. Sierra Partners Sdn Bhd	2,877,000	2.23
5. Chhoa Kwang Hua	2,062,500	1.60
6. Zaini Bin Mohd Said	712,500	0.55
7. Employees Provident Fund Berhad	567,450	0.44
8. Nan Nan Nancy	561,000	0.43
9. Johan Kuok Indot	540,000	0.42
10. Wong Siew Lee	520,000	0.40
11. Zainal Abidin Bin Pit	466,500	0.36
12. Harun Aminulrashid Bin Malek	463,850	0.36
13. Chai Ching Kiong	423,150	0.33
14. Aziz Bin Abdullah	375,000	0.29
15. Abdul Jabbar Bin Abdul Majid	375,000	0.29
16. Tan Teo Ang	370,000	0.29
17. Liew Hin Choy	356,000	0.28
18. HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	353,400	0.27
19. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tung Kam Loong (REM 825-Margin)	303,450	0.24
20. Mohamed Rashdan Bin Baba	300,000	0.23
<b>Total</b>	<b>109,021,800</b>	<b>84.51</b>

# analysis of shareholdings (cont'd)

as at 28 July 2005

## SUBSTANTIAL SHAREHOLDERS

(As per register of substantial shareholders)

Name	Direct	No. of Shares held		%
		%	Indirect	
Dato' Mukhriz Mahathir	65,062,500	50.44	—	—
Rezeki Tegas Sdn. Bhd.	27,000,000	20.93	—	—
Chhoa Kwang Hua	2,062,500	1.60	27,000,000*	20.93

## STATEMENT OF DIRECTORS' INTERESTS

(As per register of directors' shareholdings)

Name	Direct	No. of Shares held		%
		%	Indirect	
Dato' Mukhriz Mahathir	65,062,500	50.44	—	—
Chhoa Kwang Hua	2,062,500	1.60	27,000,000*	20.93
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	0.55	—	—
Tomio Alan Komatsu	189,000	0.15	—	—
Sven Janne Sjöden	300,000	0.23	—	—
Abdul Jabbar Bin Abdul Majid	375,000	0.29	—	—

### Note:

\* Deemed interested by virtue of Section 6A of the Companies Act, 1965 pursuant to his substantial interest in Rezeki Tegas Sdn Bhd.

# proxy form



## OPCOM HOLDINGS BERHAD

(322661-W)  
(Incorporated in Malaysia)

I/We \_\_\_\_\_ NRIC/Co. No. \_\_\_\_\_  
(Please Use Block Capitals)

of \_\_\_\_\_  
(Full address)

being (a) member(s) of OPCOM HOLDINGS BERHAD hereby appoint \_\_\_\_\_  
(Full Name)

of \_\_\_\_\_  
(Full address)

or failing him, \_\_\_\_\_  
(Full Name)

as my/our proxy to vote for me/us and if necessary to demand a poll at the Annual General Meeting of the Company to be held at Concorde II, Concorde Hotel Shah Alam, 3 Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 13 September 2005 at 9.00 a.m. and at any adjournment thereof. The proxy is to vote on the Ordinary Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

Resolution No.	1	2	3	4	5	6
For						
Against						

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Number of shares held

\_\_\_\_\_  
Signature

### Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.

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AFFIX  
STAMP

The Company Secretary  
**OPCOM HOLDINGS BERHAD**  
(Company No.: 322661-W)  
312, 3rd Floor, Block C  
Kelana Square  
17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

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**OPCOM HOLDINGS BERHAD** (322661-W)  
11 Jalan Utas 15/7, 40200 Shah Alam, Selangor  
Tel : (603) 5519 5599  
Fax : (603) 5519 6063

<http://www.opcom.com.my>