



**OPCOM HOLDINGS BERHAD**

(322661-W)  
(Incorporated in Malaysia)

Annual Report 2009

LINKING ENDLESS POSSIBILITIES





## VISION

An affordable broadband infrastructure for all Malaysians.

## MISSION

To deliver high quality and well-engineered products, supported by timely delivery and excellent customer service.

To provide the means and resources to promote equality, learning and growth initiatives aimed at the development of our employees to attain their true potential in order to sustain the future human resource needs of the organisation.

To diversify and venture into other businesses which support the long term growth of the Group.



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# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya on Tuesday, 29 September 2009 at 10.30 am to transact the following businesses:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2009 and the Reports of Directors and Auditors thereon. Ordinary Resolution 1
2. To approve the payment of Directors' fees for the financial year ended 31 March 2009. Ordinary Resolution 2
3. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-
  - 3.1 Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said Ordinary Resolution 3
  - 3.2 Tomio Alan Komatsu Ordinary Resolution 4
4. To re-elect the following Director who retires pursuant to Article 132 of the Company's Articles of Association:-
  - 4.1 Dato' Mokhzani Mahathir Ordinary Resolution 5
5. To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration. Ordinary Resolution 6
6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN BHD** Ordinary Resolution 7

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

"THAT pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Opcom Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 7 September 2009 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; or
- (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

# Notice of Annual General Meeting

- (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 7 September 2009 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 methods or procedures set out in Section 2.4 of the Circular."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ERICSSON AB, SWEDEN AND BIRLA ERICSSON OPTICAL LIMITED**

Ordinary Resolution 8

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

"THAT pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Ericsson AB, Sweden and Birla Ericsson Optical Limited as detailed in Section 2.3 of the Circular to Shareholders dated 7 September 2009 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; or
- (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.

# Notice of Annual General Meeting

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 7 September 2009 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 methods or procedures set out in Section 2.4 of the Circular.”

8. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH AIRZED SERVICES SDN BHD AND AU NETWORKS SDN BHD**

Ordinary Resolution 9

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

“THAT pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Airzed Services Sdn Bhd and AU Networks Sdn Bhd (previously known as Airzed Networks Sdn Bhd) as detailed in Section 2.3 of the Circular to Shareholders dated 7 September 2009 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; or
- (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 7 September 2009 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 methods or procedures set out in Section 2.4 of the Circular.”



# Notice of Annual General Meeting

## 9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PERENNIAL RENAISSANCE SDN BHD**

Ordinary Resolution 10

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

"THAT pursuant to Rule 10.09 of the of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Perennial Renaissance Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 7 September 2009 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; or
- (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 7 September 2009 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 methods or procedures set out in Section 2.4 of the Circular."

## 10. **AUTHORITY TO ISSUE SHARES**

Ordinary Resolution 11

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 authorised pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes that

# Notice of Annual General Meeting

the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being.”

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

BY ORDER OF THE BOARD

**SEOW FEI SAN**

**LOH LAI LING**

Secretaries

Petaling Jaya

7 September 2009

**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 two (2) proxies, 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 Resolutions 7 – 10**

**Proposed Renewal of Shareholders' Mandate for Recurrent Transactions**

The proposed Ordinary Resolutions 7 - 10, if passed, will allow the Company and its subsidiaries to enter into Recurrent Transactions pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements. 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 7 September 2009 which is despatched together with the Company's Annual Report 2009.

**Ordinary Resolution 11**

**Authority to Issue Shares**

At last year's AGM, mandate was given to Directors to issue and allot not more than 10% of the issued share capital of the Company. However, the mandate was not utilised and accordingly will lapse at this forthcoming AGM. As such, the Board would like to seek for a renewal of the mandate.

The proposed Ordinary Resolution 11, 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. As it is a general mandate, the intended utilisation will only be known when the need arises for the issuance of shares. If there should be a decision to issue new shares after the general mandate has been sought, the Company would make an announcement in respect of the purpose and utilization of proceeds arising from such issue.

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



# Statement Accompanying Notice of Annual General Meeting

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

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

Place : Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya,  
Selangor Darul Ehsan

Date : Tuesday, 29 September 2009

Time : 10.30am

## 2. Directors Standing for Re-election at the Fourteenth Annual General Meeting

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

- Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said
- Tomio Alan Komatsu

The profiles of the Directors standing for re-election are set out on pages 19 and 20 of the Annual Report.

The Director who is standing for re-election pursuant to Article 132 of the Company's Articles of Association:-

- Dato' Mokhzani Mahathir

The profile of the Director standing for re-election is set out on page 17 of the Annual Report.

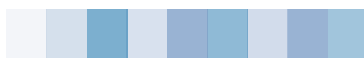
## 3. Details of Attendance of Directors at Board Meetings

A total of four (4) Board Meetings were held in the financial year ended 31 March 2009. All the Board Meetings were held at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

Save for Dato' Mokhzani Mahathir who was appointed after the financial year ended 31 March 2009, the details of the Directors' attendance at the Board Meetings held during the financial year ended 31 March 2009 were as follow:-

Director	Total Attendance
Dato' Mukhriz Mahathir (resigned on 8 May 2009)*	2/4
Chhoa Kwang Hua	4/4
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	4/4
Tomio Alan Komatsu	4/4
Sven Janne Sjöden	4/4
Abdul Jabbar Bin Abdul Majid	4/4
Lim Bee Khin	4/4
Chang Mei Chi (appointed on 30 January 2009 & resigned on 7 August 2009)	1/1

\* Dato' Mukhriz Mahathir resigned as Director of the Company due to his appointment as Deputy Minister of International Trade and Industry.



## BOARD OF DIRECTORS

**Dato' Mokhzani Mahathir**  
(Chairman/Non-Independent Non-Executive 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)

**Lim Bee Khin**  
(Executive Director)

## AUDIT COMMITTEE

**Chairman:-**  
Lt. Jen. (B) Dato' Seri Panglima  
Zaini Bin Hj. Mohd Said

**Member:-**  
Tomio Alan Komatsu

## REMUNERATION COMMITTEE

**Chairman:-**  
Abdul Jabbar Bin Abdul Majid

**Members:-**  
Lt. Jen. (B) Dato' Seri Panglima  
Zaini Bin Hj. Mohd Said

Sven Janne Sjöden

## 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.  
(378993-D)  
Level 26, Menara Multi Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: 03-2721 2222  
Fax: 03-2721 2530

## ADVISOR

AmlInvestment Bank Berhad  
(23742-V)  
22nd Floor  
Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2036 2633  
Fax: 03-2070 8596

## AUDITORS

KPMG (AF 0758)  
Level 10, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7721 3388  
Fax: 03-7721 3399

## PRINCIPAL BANKER

RHB Bank Berhad  
(6171-M)  
No. 11, 13 & 15  
Jalan Niaga 16/3A  
40000 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-5510 3131  
Fax: 03-5519 6166

## STOCK EXCHANGE LISTING

ACE Market  
Bursa Malaysia Securities Berhad

# Corporate Structure

## OPCOM HOLDINGS BERHAD

(Company No. 322661-W)

Incorporated: 7 November 1994

Principal activities:-

Renting of building, provision of  
management services to subsidiaries  
and investment holding

### 70% OPCOM CABLES SDN BHD

(Company No. 322687-T)

Principal activities:-

Manufacturing of fiber optic  
cables and systems

### 100% OPCOM SHARED SERVICES SDN BHD

(Company No. 665562-M)

Principal activities:-

Provision of human resources  
management services

### 100% OPCOM NIAGA SDN BHD

(Company No. 442938-M)


Principal activities:-

General trading of fiber and other  
cable production materials and  
provision of engineering services



# Chairman's Statement





Dear Shareholders,

On behalf of the Board of Directors of Opcom Holdings Berhad (“the Company”), I am pleased to announce another year of impressive performance for the Company and its subsidiaries (“OPCOM or the Group”). These are hereby presented in the Annual Report 2009 and the Audited Financial Statements for the financial year ended 31 March 2009.



### FINANCIAL PERFORMANCE

Financial year 2009 was another year of financial achievement for OPCOM. Revenue increased by 14.2% to RM62.8 million while net profit increased by 34.2% to RM6.1 million, demonstrating that the Company's efforts to be an industry and cost leader is being realized.

The Group recorded an increase in the shipment of fiber optic cable systems and passive optical components to its major customers, as well as the supply of higher value-added products during the last quarter of the financial year. Despite the negative impact of foreign exchange, the Group continued to improve its gross margin as a result of productivity gain and shipment of new products. I am happy to report that OPCOM have embarked on an integrated cost re-engineering programme in key areas, including supply chain and raw material sourcing, stringent cost control and improvements, production efficiency as well as prudent management of foreign exchange exposure.

The Group recorded an Earning Per Share ("EPS") of 4.7 sen for the financial year ended 31 March 2009, an increase of 34.3% over the corresponding period in 2008.

### DIVIDENDS

In respect of the financial year ended 31 March 2009, the amount of dividends declared and paid by the Group were as follow:-

- (i) an interim ordinary dividend of 1.34 sen per ordinary share less tax at 25.0% totaling RM1,296,447 on 17 October 2008; and
- (ii) an interim ordinary dividend of 1.50 sen per ordinary share tax exempt totaling RM1,935,000 on 20 February 2009.

OPCOM's potential business expansion may require us to fund future growth with internally generated cashflows and retained earnings as the needs arise. The Group is expected to maintain its dividend policy of seeking a balance to maintain its current dividend payout practice while allocating sufficient retained earnings to allow for capital investment or business acquisitions to support the future growth of the Group. To date, the Company had declared and paid out approximately RM22.6 million of dividends to its shareholders since its listing in 2003.



# Chairman's Statement

## INDUSTRY OUTLOOK

Despite the global economic downturn, the Malaysian telecommunications sector grew by nearly 5.0% in 2008. Supported by strong mobile and broadband subscriber growth, the industry was given a boost with the implementation of the RM11.3 billion National Broadband Programme, popularly known as the High Speed Broadband (HSBB) Project. HSBB is expected to be rolled out over a period of 10 years, providing high speed broadband access to over 1.3 million subscribers by 2012. Fiber-to-the-Home (FTTH) comprise a significant share of the HSBB deployment; this bodes well for the Group as OPCOM is well positioned to supply a major portion of the fiber optic cable requirement for the HSBB Project.

The Ministry of Energy, Water & Communications had set a target of 50% rate in household broadband penetration by end of 2010. By the end of last year, household broadband penetration only reached 21.1% leaving the Malaysia's communication and multimedia industry ample room for growth.

According to the Malaysian Communications and Multimedia Commission (MCMC), broadband subscriptions have increased from 1.0 million in 2007 to 1.3 million in 2008, up by 14.4% per hundred households. With this trend continuing, higher demand for fiber optic cables which is a key component of the broadband infrastructure is expected to increased over the next decade. Phase I of the HSBB project which kicked off in the latter part of 2008 covers the inner Klang Valley as well as all key economic and industrial zones throughout the country. Telekom Malaysia has started its HSBB Project deployment in 2008, in line with the policy objectives of the National Broadband Programme.



The Malaysian fiber optic cable market is expected to maintain its upbeat trend given the proposed network infrastructure investments and upgrades by various telecommunications providers in high speed broadband projects including various IP-based broadband converged infrastructure eco-systems, including Next Generation Networks (NGN), Metro Ethernet (MetroE) and IP-based Multi-Service Access Nodes. The continuous upgrading of mobile networks beyond 3G to High Speed Downlink Packet Access (HSDPA) and Long Term Evolution (LTE) will require extensive deployment of fiber optic cable networks to transport and backhaul broadband traffic across mobile networks of the future.

## PROSPECTS

Against this backdrop, OPCOM is positive that the current financial year performance will continue to improve. OPCOM is already involved in the first big scale roll out of the HSBB project, evidenced by the RM359.6 million supply mandate secured from Telekom Malaysia in April 2009. The contract, for a duration of up to 3 years, involves the supply of passive accessories such as fiber optic cables and related accessories for the proposed end-to-end Fiber-to-the-Home (FTTH) network.

Other supply mandates secured over the financial year included a RM1.5 million purchase order from TT dotCom for the supply and delivery of fiber optic cables in April 2008 and RM3.5 million contract from Tenaga Nasional Berhad for its 33KV Project in

## Chairman's Statement

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May and July 2008. OPCOM also received an award of additional RM30.9 million in contract value to an existing contract with Telekom Malaysia in September 2008. These are positive indications of a sustained demand for fiber optic cables.

The implementation of the HSBB project will be a key business driver for OPCOM. The 10-year roll out period is expected to auger well for the future business prospects of the Group. The Group estimates an increase of at least 30% in the demand of fiber optic cables for the financial year 2010, positioning OPCOM as a market leader in Malaysia.

In addition, there would be an added growth impetus once Telekom Malaysia formalizes its MoU with Iskandar Regional Development Authority (IRDA) to provide broadband telecommunications infrastructure which would cater for approximately 718,000 commercial and residential premises within Iskandar Malaysia.

OPCOM is expected to focus in its core business of manufacturing, trading, dealing and marketing of fiber optic cables and systems. With the expected demand for fiber optic cables on the back of infrastructure investments by telecommunication companies, OPCOM is undertaking expansion of its production facilities to further increase its annual output to 40,000 cable km of outdoor cables.

OPCOM is also actively increasing its competency in manufacturing of specialized connectorised cables whereby a majority of the finished goods would be re-exported to Sweden and other European countries. OPCOM has, during the financial year under review, increased its production capacity for assembly connectors to 500,000 connectors per year.

On the international front, OPCOM has been working closely with Ericsson AB, Sweden in the latter's bids and proposals including FTTH solutions for supply mandates in various ASEAN countries such as Vietnam, Indonesia and Singapore.

These plans would definitely contribute positively to the Group's current and long term performance.

### RESEARCH AND DEVELOPMENT (R & D)

In July 2008, OPCOM has launched its newly developed products for FTTH solutions which included Drop Cable sub-systems for both indoor and outdoor applications. OPCOM has invested approximately RM1.3 million in the past six months on R & D for FTTH-related products. OPCOM is also working on various other new products for indoor cable applications.

OPCOM is planning to undertake further investment in production capacity for selected FTTH passive components for the HSBB project in Malaysia. Estimated investment is approximately RM30 million.

OPCOM strongly believes that its R & D efforts will contribute positively to the Group's bottom line in the future.

### CORPORATE GOVERNANCE

Statements on the Corporate Governance and Internal Audit Control presented in this Annual Report respectively affirm the Group's commitment in ensuring compliance with the Principles and Best Practices set out in the Malaysian Code – a crucial and fundamental requirement in the course of discharging our duty to protect and enhance shareholders' value as well as the financial performance of OPCOM Group.

There were no sanctions and / or penalties imposed on OPCOM and its subsidiaries or the directors by the relevant regulatory bodies for the financial year ended 31 March 2009.



# Chairman's Statement

## CORPORATE SOCIAL RESPONSIBILITY

OPCOM is committed to the principle of being responsible to the people, customers and society from which it operate from. In line with this, OPCOM have continued with its various CSR initiatives.

OPCOM believes that our employees are our greatest asset and hence strive to strike a balance between work life and personal aspirations. Employees are encouraged to participate in the various social events and sports activities organized by the Kelab Rekreasi & Sukan Kumpulan OPCOM. Employees' safety is also a key CSR initiative with quarterly safety briefings being carried out. To foster camaraderie amongst its employees, OPCOM hold social gatherings such as Annual Dinners, Family Day and Monthly Birthday Celebrations.

In order to help employees to excel and grow with the organisation, OPCOM provides training and career development programmes throughout the year. The training programmes take into consideration the level of knowledge, critical skills and abilities and included technical related and skills management courses, soft skills training and lifelong learning.

Our community initiatives included organising blood donation campaigns, hosting a Buka Puasa with 100 under-privileged children from the Institut Taufig Islami and sharing the joys of Hari Raya with duit raya and new clothes. OPCOM has also participated in the Franchise Walkhunt to raise funds for Persatuan Sindrom Down Malaysia.

In our efforts to preserve our environment, OPCOM adheres to industry-wide environment best practices.

## ACKNOWLEDGMENT AND APPRECIATION

First and foremost, I would like to express our gratitude to my predecessor, Dato' Mukhriz Mahathir who co-founded and nurtured the OPCOM Group for the past 15 years to be a leading player in the fiber optic cables industry. Dato' Mukhriz Mahathir has been called to serve the nation in his new capacity as the Deputy Minister of International Trade and Industry in April 2009.

I would like to take this opportunity to thank the Board Members for their confidence and trust placed upon me. I assure you all my utmost best in driving the Group to greater heights. I look forward to your continued steadfastness and support to realize this commitment.

I would also like to extend my sincere appreciation to our valued shareholders, customers and business partners for their continued support, trust and confidence in the Group. We look forward to your continued cooperation.

Last but not least, my heartfelt appreciation to the management and staff for their commitment and contribution that have enabled another year of excellent performance. I ask that you will all continue to bring value in our endeavours in exploring new and exciting prospects for the Company.

**DATO' MOKHZANI MAHATHIR**

Chairman



# Board of Directors

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## Board of Directors



### **DATO' MOKHZANI MAHATHIR**

**Chairman**

**Non-Independent Non-Executive Director**

Dato' Mokhzani Mahathir, a Malaysian, aged 48, was appointed as a Director of Opcom Holdings Berhad on 8 May 2009. He is also the Chairman of the Company.

He earned a Bachelor of Science in Petroleum Engineering from the University of Tulsa, Oklahoma in 1987.

Dato' Mokhzani began his career as a Wellsite Operations Engineer with Sarawak Shell Berhad in 1987. He later joined Tongkah Holdings Berhad in 1989 and was appointed as the Group Managing Director, a post he held until 2001. In addition, he was the Chairman and Group CEO of Pantai Holdings Berhad until 2001. Since 2003, he was appointed Chairman of Sepang International Circuit Sdn Bhd. Presently, he is the Group CEO of Kencana Petroleum Berhad.

Dato' Mokhzani also sits on the Board of Goldtron Ltd (Singapore), Kencana Capital Sdn Bhd and several other private limited companies.

Dato' Mokhzani Mahathir is the brother of Dato' Mukhriz Mahathir who is a substantial shareholder of the Company. He has no convictions for any offences within the past ten (10) years.

## Board of Directors



**CHHOA KWANG HUA**  
**Executive Director**

Mr Chhoa Kwang Hua, a Malaysian, aged 45, co-founded the Company with Dato' Mukhriz Mahathir in 1994. He is the Executive Director 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 continues to contribute favourably to Opcom Group's business operations. His involvement is primarily focused on the financial, strategy and business development areas of the Opcom Group.

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.



**SVEN JANNE SJÖDEN**  
**Non-Independent Non-Executive Director**

Mr Sven Janne Sjöden, a Swedish, aged 65 was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He is a member of the Remuneration Committee.

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. Between 1992 and 2008, he has been responsible for the Business Unit Cable and was at the same time appointed the President of Ericsson Network Technologies AB, Sweden.

He is now the Chairman of Hoverline Group, Sweden and is a director of several other companies in Sweden and abroad.

He does not have any family relationship with any director and/or substantial shareholder 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.



## Board of Directors



**ABDUL JABBAR BIN ABDUL MAJID**  
**Independent Non-Executive Director**

Encik Abdul Jabbar Bin Abdul Majid, a Malaysian, aged 64 was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He serves as Chairman of the Remuneration Committee.

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 more than 40 years experience in accounting, audit, receivership, liquidation, financial advisory 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 Perusahaan Otomobil Nasional Berhad, Tradewinds Corporation Berhad and Bank Muamalat Malaysia Berhad.

He is an active contributor to the profession of accountancy and the financial industry. He is the 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 Bursa Malaysia Securities Berhad and 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 shareholder 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.



**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 63, was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He serves as Chairman of the Audit Committee and is a member of the Remuneration Committee.

He was a career soldier having served in the Malaysian Army for over 36 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 General Staff College, the Malaysian Armed Forces Defence College and the Pakistan National Defence College courses.

He 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 the Chairman of NS Construction 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 shareholder 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 39 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 in Economics and Asian Studies from Williams College in Massachusetts, USA, and is a Chartered Financial Analyst (CFA) charter holder.

He is currently an independent Financial Consultant based in the United States of America. Prior to this, he was the Executive General Manager, Investment Operations with Shanghai Dragon Investment (SDI). Prior to SDI, he was Vice President with JP Morgan, specializing in corporate finance and mergers and acquisitions. Previously, he was Acquisition and Development Manager for an affiliate of Chase Capital Partners. He was also formerly an investment banker with Lehman Brothers based in New York, Tokyo, Hong Kong and Singapore.

He does not have any family relationship with any director and/or substantial shareholder 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.



**LIM BEE KHIN**

**Executive Director**

Ms Lim Bee Khin, a Malaysian, aged 36, was appointed as a Director of Opcom Holdings Berhad on 28 December 2006. She is the Chief Financial Officer of the Company.

She holds a Bachelor of Business in Accounting from Monash University, Australia. She is a member of the Certified Practising Accountants in Australia and the Malaysian Institute of Accountants (MIA).

She joined Opcom Holdings Berhad Group (the Group) as an Accountant in 1997 and was the Deputy General Manager (Accounts) of the Group before her current appointment.

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

## Management Team



**Dato' Mokhzani Mahathir**  
Chairman



**Chhoa Kwang Hua**  
Executive Director



**Lim Bee Khin**  
Chief Financial Officer



**Yusree Putra Alias**  
General Manager,  
Sales & Marketing



**Wong Keet Wah**  
Plant Manager I



**Kaj Roland Sjolín**  
Plant Manager II



**Soon Siew Eng**  
Senior Manager,  
Plant Admin & Operations



**Chen Foong Leng**  
General Manager,  
Accounts & Finance



**Ahmad Sabri Abdul Manas**  
Senior Technical Manager



**Mohammad Nasaruddin  
Mhd Nasir**  
Head of Supply Chain



**Rozita Awang**  
Group Human Resources Manager



**Danny Khoo Kay Poh**  
Head of Safety & Security

## Financial Highlights

	<b>2005</b> <b>RM mil</b>	<b>2006</b> <b>RM mil</b>	<b>2007</b> <b>RM mil</b>	<b>2008</b> <b>RM mil</b>	<b>2009</b> <b>RM mil</b>
Revenue	78.29	67.79	66.51	55.04	<b>62.84</b>
Profit before tax	26.75	18.22	4.53	8.50	<b>10.58</b>
Profit after tax & MI	17.20	10.87	2.14	4.56	<b>6.12</b>
Property, plant and equipment	38.93	36.35	35.50	36.76	<b>37.77</b>
Current assets	67.92	62.78	54.76	61.57	<b>64.30</b>
Total assets	106.85	99.13	90.26	98.33	<b>102.11</b>
Share capital	17.20	25.80	25.80	25.80	<b>25.80</b>
Reserves	39.04	37.11	38.28	39.94	<b>42.83</b>
Shareholders' funds	56.24	62.91	64.08	65.74	<b>68.63</b>
Earnings per share (sen)	13.33*	8.42	1.66	3.53	<b>4.74</b>
NTA per share (sen)	43.60*	48.77	49.68	50.96	<b>53.20</b>
Return on equity (%)	30.58	17.28	3.34	6.94	<b>8.92</b>

\* Adjusted for the effect of bonus issue which is treated retrospectively



# Audit Committee Report

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices and to ensure the adequacy and effectiveness of the Group's system of internal control.

## (A) MEMBERSHIP

As of financial year ended 31 March 2009, the Audit Committee comprised of:-

- Chairman : Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said  
(Independent Non-Executive Director)
- Members : Tomio Alan Komatsu  
(Independent Non-Executive Director)
- Lim Bee Khin  
(resigned as member of the Audit Committee on 30 January 2009)  
(Executive Director)
- Chang Mei Chi  
(appointed as member of the Audit Committee on 30 January 2009)  
(Non-Independent Non-Executive Director)

On 7 August 2009, Chang Mei Chi has resigned as Director of the Company, therefore ipso facto she ceased to be a member of the Audit Committee.

## (B) NUMBER OF AUDIT COMMITTEE MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 March 2009, a total of four (4) Audit Committee Meetings were held and the details of attendance are as follow:-

Director	Total Attendance
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	4/4
Tomio Alan Komatsu	4/4
Lim Bee Khin	3/3
Chang Mei Chi	1/1

## (C) 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:-

1. Reviewed and assessed the adequacy of the scope, functions and resources of the Internal Audit and Risk Management procedures and report any weakness or inadequacy to the Board.
2. 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.
3. 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.

4. Reviewed effectiveness of the internal control and management information systems.
5. 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 complies with the Bursa Malaysia Securities Berhad ACE Market Listing Requirements.
6. Met with the external auditors twice a year without the presence of the executive Board members.

## **(D) INTERNAL AUDIT FUNCTION**

In discharging its function, the Audit Committee is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of internal control of the Group. The internal audit function of the Group has been outsourced to Deloitte Enterprise Risk Services Sdn Bhd, who reports directly to the Committee.

The total costs incurred for the internal audit function of the Group for the financial year was RM57,750.

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.

## **(E) STATEMENT ON EMPLOYEE SHARE OPTION SCHEME ("ESOS")**

The Committee confirmed that there was no allocation of option under the ESOS during the financial year under review.

## **(F) 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.

# Audit Committee Report

## Members

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

1. The Audit Committee shall be composed of no fewer than three (3) members;
2. The majority of the Audit Committee must be independent directors;
3. All members of the Audit Committee should be non-executive directors;
4. The Chairman of the Audit Committee shall be an independent director;
5. The Managing Director shall not be a member of the Audit Committee;
6. At least one of the members of the Committee must:-
  - (i) be a member of the Malaysian Institute of Accountants; or
  - (ii) have at least three (3) years working experience and:-
    - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967, or
    - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
  - (iii) fulfils such other requirements as prescribed by the Exchange; and
7. No chief executive officer or alternate director is appointed as a member of the Audit Committee.

## Authority

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

1. have explicit authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
5. 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
6. be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of the executive members of the Company, at least twice a year and whenever deemed necessary.

## Functions and Duties

The functions of the Audit Committee are as follows:-

1. To review:-

- (i) the nomination of external auditors;
- (ii) the adequacy of existing external auditors audit arrangements, with particular emphasis on the scope and quality of the audit;
- (iii) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (iv) the effectiveness of the internal control and management information systems;
- (v) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (vi) the external auditors' audit report;
- (vii) any management letter sent by the external auditors to the Company and the management's response to such letter;
- (viii) any letter of resignation from the Company's external auditors;
- (ix) the assistance given by the employees of the Company to the external auditors;
- (x) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (xi) all related party transactions and potential conflict of interests situations that may arise within the Company/ 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. To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-

- (i) changes in or implementation of major accounting policy changes;
- (ii) significant and unusual events; and
- (iii) compliance with accounting standards and other legal requirements.



# Audit Committee Report

5. The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate.
6. To report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements.
7. To review and verify the allocation of share options to eligible persons as being in compliance with the by-laws approved by the Board of Directors and shareholders of the Company.

## **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. The quorum of the meeting is two (2) and majority of members present must be Independent Directors.
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:-

1. the calling of meetings;
2. the notice to be given of such meetings;
3. the voting and proceedings of such meetings;
4. the keeping of minutes; and
5. 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.

# Corporate Governance Statement

The Board of Directors (“Board”) of the Company fully appreciates the importance of exercising high standards of corporate governance in the conduct of the Company’s business and affairs through transparency, accountability and corporate performance.

The Board continues to apply the principles and best practices as governed by the Bursa Malaysia Securities Berhad (“Bursa Securities”) ACE Market Listing Requirements (“Listing Requirements”) and Guidance Notes 11 on Corporate Governance (“Guidance Notes”), to undertake additional measures, principles and recommendation embodied in the Malaysian Code on Corporate Governance (“Code”) and strive to adopt the substance and not merely the form behind the corporate governance prescription.

## 1. BOARD OF DIRECTORS

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 Directors operate within a robust set of governance as set out below:-

### 1.1 Composition of the Board

The Board currently has seven (7) members comprising two (2) executive members and five (5) non-executive members, three (3) out of five (5) are independent. Thus, this complies with Chapter 15.02 of the Listing Requirements that one-third (1/3) of the Board are independent directors.

The profiles of the Board members are as set out on pages 17 to 20 of this Annual Report. The presence of independent directors fulfils a pivotal role in corporate accountability and the role of the independent directors is particularly important as they provide unbiased and independent views, advice and judgement.

### 1.2 Board Meeting

Board meetings are scheduled four (4) times per annum to review the Group’s operations and to approve the quarterly reports and annual financial statements and additional meeting would be convened when urgent and important decisions need to be taken between scheduled meetings. The Board met four (4) times during the financial year ended 31 March 2009. 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.

The Board has established the following Committees to assist the Board to discharge its fiduciary duties:-

- (i) Audit Committee
- (ii) Remuneration Committee
- (iii) ESOS Committee

## 1.3 Supply of and Access to Information and Advice

The Board has a formal schedule of matters reserved specifically for its decision. The Directors have full and timely access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. Prior to the Board meetings, the agenda for each meeting together with a full set of Board papers containing information relevant to the business of the meetings are circulated to the Directors. This allows the Directors sufficient time to obtain further explanations or clarifications, where necessary, in order to be properly briefed before the meetings.

Senior management staff may be invited to attend the Board meetings to provide the Board with detailed explanations and clarifications on issues that are considered during the Board Meetings. All members of the Board have direct and unrestricted access to the management, advice and services of the company secretary and the Directors may seek external professional advice, if required.

## 1.4 Directors' Training

All Directors had attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. Directors are encouraged to continue to attend other education programmes and seminars to keep themselves updated with the developments in the Information and Communication Technology industry as well as the Malaysian economy.

During the financial year ended 31 March 2009, not all of the Directors had attended trainings mainly due to their tight business schedules. However, the Directors are aware of their responsibility to enhance their business acumen and knowledge in discharging their duties as Directors and have constantly updated themselves with the relevant knowledge via industrial statistics, forum and business discussions. The Directors also received briefings by Company Secretary and external auditors in meetings on updates in the listing requirements of Bursa Securities and accounting standards applicable to the Group.

## 1.5 Directors' Appointment and Re-election

For the financial year ended 31 March 2009, Chang Mei Chi was appointed as an additional Director. Currently, the appointment of Directors is dealt with by the entire Board. The Board has decided not to set up a Nomination Committee as the Board was of the view that given the current size of the Board, any appointment of new directors could be dealt with effectively and objectively by the entire Board.

In the absence of the Nomination Committee, the assessment of the effectiveness and contribution of the Board as a whole, the Board committees and contribution of each existing individual director would be reviewed by the entire Board.

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.

## 1.6 Directors' Remuneration

### i. Remuneration Committee

The Remuneration Committee was established with the objective of providing a transparent and formal procedure for formulating and determining the remuneration policies for the Directors and Senior Management.

### ii. Composition and designation

Abdul Jabbar bin Abdul Majid – Chairman  
(Independent Non-Executive Director)

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

Sven Janne Sjöden – Member  
(Non-Independent Non-Executive Director)

The Remuneration Committee is to provide assistance and guidance to the Board in determining and recommending the remuneration package of the Directors. The Board as a whole determines the remuneration package of the Directors with the Director concerned abstaining from participating in decisions in respect of his/her individual package.

With the annually approval from the shareholders, the Company pays its directors an annual fee.

The aggregate remuneration of the Directors for the financial year ended 31 March 2009 was as follow:-

	<b>RM</b>
Executive	715,077
Non-Executive	59,633

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

<b>Band of Remuneration</b>	<b>Executive Directors</b>	<b>Non-Executive Directors</b>
Less than RM50,000	1	5
RM50,001 to RM100,000		
RM100,001 to RM150,000		
RM150,001 to RM200,000		
RM200,001 to RM250,000	2	
<b>Total:</b>	<b>3</b>	<b>5</b>



# Corporate Governance Statement

## 2. AUDIT COMMITTEE

As of financial year ended 31 March 2009, the Company has in place an Audit Committee which comprises three (3) non-executive directors.

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

The terms of reference of the Audit Committee have been approved by the Board and complied with the recommendations of the Code.

The report detailing the activities of the Audit Committee is presented on pages 23 to 27 of this Annual Report.

## 3. SHAREHOLDERS

### 3.1 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 announcements via Bursa Website including quarterly and annual results;
- The website developed by the Group known as [www.opcom.com.my](http://www.opcom.com.my); and
- Participating in Investor Forum with research analysts, fund managers and investors.

### 3.2 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 business 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.

## **4. ACCOUNTABILITY & AUDIT**

### **4.1 Financial Reporting**

The Board has a responsibility and aims to provide and present a fair, balanced, clear and meaningful assessment of the Group's financial performance for the current financial year and its prospects. This is achieved primarily through the annual financial statements, quarterly announcements / reports to Bursa Securities and the annual report to the shareholders.

The Audit Committee assists the Board in the following manners:-

- Scrutinise information for disclosure to ensure accuracy and completeness; and
- Oversee the Group's financial reporting processes and the quality of its financial reporting.

### **4.2 Statement of Directors' Responsibility for preparing the Financial Statements**

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period. In preparing the financial statements, the Directors have ensured that the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities have been applied.

In preparing the above financial statements, the Directors have:-

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

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

# Corporate Governance Statement

## 4.3 Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Currently, the Group does not maintain an Internal Audit Department but had outsourced its internal audit function to ensure independent reviews be carried out on the adequacy and integrity of the Group's system of internal controls. The Board considers the system of internal controls instituted throughout the Group is sound and sufficient.

The Statement on Internal Control furnished on pages 35 and 36 of the annual report provides an overview on the state of internal controls within the Group.

## 4.4 Relationship with the Auditors

Through the Audit Committee of the Board, the Company has always established and maintained a transparent and appropriate relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

A summary of the activities of the Audit Committee during the year are set out under the Audit Committee Report on pages 23 to 27 of the annual report.

## 4.5 Compliance with the Code

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavour to improve and enhance the procedures from time to time. The Group has complied with the Best Practice of the Code.

## 5. STATEMENT ON MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts involving the Directors' and major shareholders' interest during the financial year ended 31 March 2009.

## 6. RISK MANAGEMENT COMMITTEE

Risk Management framework that was in implementation since June 2004 is regularly reviewed to ensure risks and controls are kept updated to reflect current situations and ensure relevance at any given time. Steps are taken to eliminate outdated and irrelevant risks and identify new and vulnerable risks, for which new controls will be effected. 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.

# Corporate Governance Statement

## 7. RECURRENT RELATED PARTY TRANSACTION

The recurrent related party transactions of a revenue or trading nature of Opcom Holdings Berhad (“Opcom”) and its subsidiaries (“Opcom Group”) made during the financial year ended 31 March 2009 pursuant to the shareholders’ mandate were as follow:-

Transacting Party	Nature of Transaction	Interested Directors, Substantial Shareholders and Persons Connected	Aggregate Value (RM)
Opcom Sdn Bhd (“OSB”)	Purchase of services from OSB <ul style="list-style-type: none"> <li>Business Development for new Project</li> </ul>	Dato’ Mukhriz Mahathir <sup>a</sup> Datin Norzieta Zakaria <sup>b</sup> Mirzan Mahathir <sup>c</sup>	2,000,000
Ericsson AB, Sweden (“EAB”)	Supply of cables related products to EAB via a General Purchase Agreement  Purchase of goods and services from EAB <ul style="list-style-type: none"> <li>Cable production materials</li> <li>Installation, commissioning, technical service, consultancy and maintenance services and other such related services to be supplied in conjunction with the provision of goods and services</li> </ul>	ENT <sup>d</sup> EAB <sup>e</sup>	7,753,519  5,410,632
Zoop Sdn Bhd (“Zoop”)	Renting of Opcom’s open area at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by Zoop with a monthly rental of RM20,439.  Charge back of RM3,150 per month of rental payable by Zoop for renting of Opcom’s open area at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan due to part of the open space is occupied by Opcom for storage purpose.	Chhoa Kwang Hua <sup>f</sup> Chhoa Kuang Yaw <sup>g</sup> Dera Otsubo (Chhoa) <sup>h</sup> Ailida Binti Baharum <sup>i</sup> Rezeki Tegas Sdn Bhd <sup>j</sup>	245,277  37,800
Airzed Networks Sdn Bhd (“ANSB”)	Renting of ANSB’s office space (2,063 square feet) at Penthouse 2, Block D, Plaza Mont Kiara, 50480 Kuala Lumpur by Opcom with a monthly rental of RM3,000.	Dato’ Mukhriz Mahathir <sup>a</sup> Chhoa Kwang Hua <sup>f</sup>	36,000
Airzed Broadband Sdn Bhd (“ABSB”)	Renting of Opcom’s open area at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by ABSB with a monthly rental of RM500.  Purchase of wireless broadband access from ABSB	Dato’ Mukhriz Mahathir <sup>a</sup> Chhoa Kwang Hua <sup>f</sup>	6,000  42,000
Perennial Renaissance Sdn Bhd (“PRSB”)	Renting of PRSB’s apartment (2939 square feet) at D-16-02, Flora Murni, 3 Jalan Kiara 3, Mon’t Kiara, 50480 Kuala Lumpur by Opcom Group with a monthly rental of RM10,000.	Chhoa Kwang Hua <sup>f</sup> Chhoa Kuang Yaw <sup>g</sup>	120,000

### Notes:-

#### Nature of Interest

- Dato’ Mukhriz Mahathir<sup>a</sup>, the former Chairman/Managing Director is a major shareholder of Opcom. He was a director of ONSB, OSSSB and OCSB. He is a director and major shareholder of OSB, ANSB and ABSB.
- Datin Norzieta 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.
- ENT is the major shareholder of OCSB.
- EAB and ENT are controlled by a same parent company.
- Chhoa Kwang Hua, the Executive Director of Opcom, a director of ONSB and OSSSB is also an alternate director to Datin Norzieta Zakaria in OCSB. He is a director and major shareholder of ABSB, ANSB and PRSB. He was a director and major shareholder of Zoop until 6 February 2009.
- Chhoa Kuang Yaw, the brother of Chhoa Kwang Hua is a director and major shareholder of PRSB. He was a director and major shareholder of Zoop until 6 February 2009.
- Dera Otsubo (Chhoa), the spouse of Chhoa Kwang Hua was a director and shareholder of Zoop. She ceased to be a director and major shareholder of Zoop with effect from 6 February 2009.
- Ailida Binti Baharum, the director and major shareholder of Zoop is a director and major shareholder of Rezeki Tegas Sdn. Bhd. She ceased to be a director and major shareholder of Zoop with effect from 6 February 2009.
- Rezeki Tegas Sdn. Bhd. is a major shareholder of Opcom

# Dato’ Mukhriz Mahathir has resigned as the Chairman/Managing Director of Opcom as well as a director of ONSB, OSSSB and OCSB with effect from 8 May 2009 due to his appointment as Deputy Minister of International Trade and Industry.

#### \* Notes f, g and h

Zoop was no longer a related party with effect from 6 February 2009.



# 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 2009, 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 RESPONSIBILITY

The Board recognises the importance of an effective and dynamic Board to lead and control the Group in enhancing the long term shareholders’ value and also ensuring that other stakeholders’ interest are also taken into consideration.

The Board is entrusted with the responsibility to exercise reasonable and proper care of the Group’s resources in the best interest of its shareholders, whilst safeguarding its assets and shareholders’ investments.

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.

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

## RISK MANAGEMENT FRAMEWORK

The Board has a structured Risk Management framework that undertakes the Group’s desires to identify evaluate and manage significant business risks. The framework includes examining of business risks, assessing impact and likelihood of risks and taking management action plans to mitigate and minimize risks exposure. The Risk Management Committee met 10 times during the financial year ended 31 March 2009, and carried out its duties in accordance with the Group’s Risk Management Policies and Procedures.

The Risk Management Committee monitors and reviews the Risk Management plans and activities and reports to the Audit Committee on a quarterly basis. The Audit Committee, on a quarterly basis, performs formal reviews on the adequacy and integrity of the risk management and system of internal controls.

## INTERNAL AUDIT

The Group appointed an independent internal audit service provider to carry out internal audit reviews assessing the adequacy and integrity of the internal control systems of the business units within the Group. 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 management’s response to the control recommendations on deficiencies found during the internal audits provides added assurance that control procedures are in place, and being followed.

# Internal Control Statement

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The Audit Committee reports to the Board the plans and activities of the internal audit function, significant findings and the necessary recommendations in relation 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 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 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. The system of internal controls will continue to be reviewed, added on or updated in line with the changes in the operating environment.

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 loss to the Group for the financial year ended 31 March 2009.

The background is a dark blue gradient with a central point from which numerous bright, greenish-blue light rays radiate outwards, creating a starburst or sunburst effect. Overlaid on this background is a pattern of binary code (0s and 1s) in a lighter blue color, arranged in horizontal lines that slightly curve and fade towards the edges.

# Financial Statements

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# Directors' Report

## for the year ended 31 March 2009

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 2009.

### 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 6 to the financial statements. There has been no significant change in the nature of these activities during the year except as disclosed in Note 6.

### Results

	Group RM	Company RM
Profit attributable to:-		
Shareholders of the Company	6,117,994	4,309,460
Minority interests	2,100,480	-
	<hr/>	<hr/>
	8,218,474	4,309,460

### Reserves and provisions

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

### Dividend

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

- (i) an interim ordinary dividend of 1.69 sen per ordinary share less 26% tax totaling RM1,613,273 in respect of the year ended 31 March 2008 on 2 May 2008;
- (ii) an interim ordinary dividend of 1.34 sen per ordinary share less 25% tax totaling RM1,296,447 in respect of the year ended 31 March 2009 on 17 October 2008; and
- (iii) an interim ordinary dividend of 1.50 sen per ordinary share tax exempt totaling RM1,935,000 in respect of the year ended 31 March 2009 on 20 February 2009.

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

### Directors of the Company

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

Dato' Mokhzani Mahathir (*appointed on 8 May 2009*)

Dato' Mukhriz Mahathir (*resigned on 8 May 2009*)\*

Abdul Jabbar Bin Abdul Majid

Chhoa Kwang Hua

Lim Bee Khin

Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said

Sven Janne Sjöden

Tomio Alan Komatsu

Chang Mei Chi (*appointed on 30 January 2009*)

\* Dato' Mukhriz Mahathir resigned as Director of the Company due to his appointment as Deputy Minister of International Trade and Industry.



# Directors' Report

## for the year ended 31 March 2009

### Directors' interests

The interests and deemed interests 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 1.4.2008	Bought	Sold	At 31.3.2009
Shareholdings in which Directors have direct interest				
Dato' Mukhriz Mahathir	65,062,500	-	-	65,062,500
Chhoa Kwang Hua	2,077,000	11,500	-	2,088,500
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	-	-	712,500
Tomio Alan Komatsu	189,000	-	-	189,000
Sven Janne Sjöden	280,000	-	-	280,000
Abdul Jabbar Bin Abdul Majid	375,000	-	-	375,000
Chang Mei Chi	41,500	-	-	41,500
Shareholdings in which Directors have indirect interest				
Tomio Alan Komatsu*	561,000	-	-	561,000
Lim Bee Khin*	250,000	-	-	250,000

\* These are the interests held by the respective spouses of Tomio Alan Komatsu and Lim Bee Khin. In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interest of the spouses shall be treated as the respective interests of Tomio Alan Komatsu and Lim Bee Khin.

By virtue of his substantial interests in the shares of the Company, Dato' Mukhriz Mahathir is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Opcom Holdings Berhad 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 or the fixed salary of a full time employee of the Company or of related companies) 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 Note 22 to 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 the acquisition of shares in or debentures of the Company or any other body corporate.

### Issue of shares

There were no changes in the authorised, 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 balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:-

## Directors' Report

### for the year ended 31 March 2009

- (i) all known bad debts have been written off and adequate provisions 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 the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, 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, other than as disclosed in Note 23 of the financial statements, 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 financial performance of the Group and of the Company for the financial year ended 31 March 2009 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.

#### Subsequent events

Subsequent to 31 March 2009, the corporate guarantees executed by the Group in favour of licensed banks of up to RM26.5 million (2008 - RM28.5 million) for banking facilities granted had increased to RM44.5 million as from 22 April 2009.

A subsidiary has pledged a further deposit of RM3.6 million to a licensed bank on 28 April 2009 for performance bond on a new contract.

#### Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:-



Dato' Mokhzani Mahathir



Chhoa Kwang Hua

Petaling Jaya  
23 July 2009

# Balance Sheets

## at 31 March 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
<b>Assets</b>					
Property, plant and equipment	3	26,825,544	25,640,403	657,314	771,607
Prepaid lease payments	4	10,944,360	11,118,018	10,944,360	11,118,018
Investment properties	5	-	-	8,207,425	8,421,343
Investments in subsidiaries	6	-	-	11,300,002	11,300,002
Deferred tax assets	7	48,151	-	-	-
<b>Total non-current assets</b>		37,818,055	36,758,421	31,109,101	31,610,970
<b>Current assets</b>					
Inventories	8	9,570,083	8,291,827	-	-
Receivables, deposits and prepayments	9	18,249,333	18,947,748	1,740,651	2,751,816
Tax recoverable		199,539	436,097	86,964	534,735
Cash and cash equivalents	10	36,276,151	33,894,811	3,442,919	2,931,417
<b>Total current assets</b>		64,295,106	61,570,483	5,270,534	6,217,968
<b>Total assets</b>		102,113,161	98,328,904	36,379,635	37,828,938
<b>Equity</b>					
Share capital	11	25,800,000	25,800,000	25,800,000	25,800,000
Reserves	12	42,825,726	39,939,179	9,259,898	8,181,885
<b>Total equity attributable to shareholders of the Company</b>		68,625,726	65,739,179	35,059,898	33,981,885
<b>Minority interest</b>		15,137,235	14,458,755	-	-
<b>Total equity</b>		83,762,961	80,197,934	35,059,898	33,981,885
<b>Liabilities</b>					
Deferred tax liabilities	7	2,261,546	2,863,415	398,778	1,043,415
<b>Total non-current liability</b>		2,261,546	2,863,415	398,778	1,043,415
Payables and accruals	13	16,009,231	13,654,282	920,959	1,190,365
Tax payable		79,423	-	-	-
Dividends payable		-	1,613,273	-	1,613,273
<b>Total current liabilities</b>		16,088,654	15,267,555	920,959	2,803,638
<b>Total liabilities</b>		18,350,200	18,130,970	1,319,737	3,847,053
<b>Total equity and liabilities</b>		102,113,161	98,328,904	36,379,635	37,828,938

The notes on pages 46 to 71 are an integral part of these financial statements.

# Income Statements

## for the year ended 31 March 2009

		Group		Company	
	Note	2009 RM	2008 RM Restated	2009 RM	2008 RM Restated
<b>Revenue</b>	14	62,836,366	55,044,319	9,367,277	9,200,874
<b>Operating profit</b>	14	9,739,222	7,918,774	4,893,449	5,062,053
Interest income		845,377	576,519	73,090	24,642
<b>Profit before tax</b>		10,584,599	8,495,293	4,966,539	5,086,695
Tax expense	16	(2,366,125)	(2,145,862)	(657,079)	(1,506,112)
<b>Profit for the year</b>		8,218,474	6,349,431	4,309,460	3,580,583
<b>Attributable to:</b>					
Shareholders of the Company		6,117,994	4,557,979	4,309,460	3,580,583
Minority interests		2,100,480	1,791,452	-	-
<b>Profit for the year</b>		8,218,474	6,349,431	4,309,460	3,580,583
Basic earnings per ordinary share (sen)	17	4.7	3.5	-	-

The notes on pages 46 to 71 are an integral part of these financial statements.



# Statement of Changes in equity for the year ended 31 March 2009

Group	Note	<i>Non-distributable</i>			<i>Distributable</i>	Total	Minority interest	Total equity
		Share capital	Share premium	Capital reserve	Retained profits			
		RM	RM	RM	RM	RM	RM	RM
<b>At 1 April 2007</b>		25,800,000	5,811,530	3,283	32,468,370	64,083,183	13,537,445	77,620,628
Profit for the year		-	-	-	4,557,979	4,557,979	1,791,452	6,349,431
Dividends	18	-	-	-	(2,901,983)	(2,901,983)	(870,142)	(3,772,125)
<b>At 31 March 2008/ 1 April 2008</b>		25,800,000	5,811,530	3,283	34,124,366	65,739,179	14,458,755	80,197,934
Profit for the year		-	-	-	6,117,994	6,117,994	2,100,480	8,218,474
Dividends	18	-	-	-	(3,231,447)	(3,231,447)	(1,422,000)	(4,653,447)
<b>At 31 March 2009</b>		25,800,000	5,811,530	3,283	37,010,913	68,625,726	15,137,235	83,762,961
		Note 11			Note 12			

Company	Note	<i>Non-distributable</i>			<i>Distributable</i>	Total
		Share capital	Share premium	Retained profits		
		RM	RM	RM	RM	RM
<b>At 1 April 2007</b>		25,800,000	5,811,530	1,691,755		33,303,285
Profit for the year		-	-	3,580,583		3,580,583
Dividends	18	-	-	(2,901,983)		(2,901,983)
<b>At 31 March 2008/ 1 April 2008</b>		25,800,000	5,811,530	2,370,355		33,981,885
Profit for the year		-	-	4,309,460		4,309,460
Dividends	18	-	-	(3,231,447)		(3,231,447)
<b>At 31 March 2009</b>		25,800,000	5,811,530	3,448,368		35,059,898
		Note 11			Note 12	

The notes on pages 46 to 71 are an integral part of these financial statements.

# Cash Flow Statements

## for the year ended 31 March 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
Profit before tax	10,584,599	8,495,293	4,966,539	5,086,695
Adjustments for:-				
Amortisation of prepaid lease payments	173,658	173,658	173,658	173,658
Depreciation				
- Property, plant and equipment	2,480,840	2,461,453	231,274	253,195
- Investment properties	-	-	213,918	201,361
Dividend income	-	-	(3,752,000)	(4,095,047)
Gain on disposal of investment	(50,000)	-	(50,000)	-
Interest income	(845,377)	(576,519)	(73,090)	(24,642)
Gain on disposal of property, plant and equipment	(67,782)	(29,104)	-	(9,661)
Property, plant and equipment written off	10,407	4,646	10,128	-
Unrealised loss on foreign exchange	676,656	-	-	-
<b>Operating profit before changes in working capital</b>	12,963,001	10,529,427	1,720,427	1,585,559
Inventories	(1,278,256)	(1,082,399)	-	-
Receivables, deposits and prepayments	698,415	12,139,040	11,166	2,274,328
Payables and accruals	285,204	3,630,042	(269,406)	42,763
<b>Cash generated from operations</b>	12,668,364	25,216,110	1,462,187	3,902,650
Tax paid	(2,700,165)	(1,729,767)	(419,945)	(215,328)
<b>Net cash generated from operating activities</b>	9,968,199	23,486,343	1,042,242	3,687,322
<b>Cash flows from investing activities</b>				
Dividends received	-	-	4,317,999	1,330,000
Purchase of property, plant and equipment	(3,721,399)	(4,214,674)	(127,109)	(74,703)
Purchase of investment properties	-	-	-	(579,509)
Proceeds from disposal of investment	50,000	-	50,000	-
Proceeds from disposal of property, plant and equipment	83,883	344,744	-	50,870
Interest received	845,377	576,519	73,090	24,642
Decrease in deposits pledged to bank	-	100,000	-	-
<b>Net cash (used in)/generated from investing activities</b>	(2,742,139)	(3,193,411)	4,313,980	751,300

# Cash Flow Statements

## for the year ended 31 March 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash flows from financing activities</b>					
Dividend paid		(4,844,720)	(2,256,210)	(4,844,720)	(2,256,210)
<b>Net cash used in financing activities</b>		(4,844,720)	(2,256,210)	(4,844,720)	(2,256,210)
Net increase in cash and cash equivalents		2,381,340	18,036,722	511,502	2,182,412
Cash and cash equivalents at beginning of year		33,794,811	15,758,089	2,931,417	749,005
<b>Cash and cash equivalents at end of year</b>	(i)	36,176,151	33,794,811	3,442,919	2,931,417

**(i) Cash and cash equivalents**

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

		Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Deposits placed with licensed banks		32,677,805	21,121,869	3,240,258	1,385,000
Cash and bank balances		3,598,346	12,772,942	202,661	1,546,417
		36,276,151	33,894,811	3,442,919	2,931,417
Less: Deposit pledged with a licensed bank		(100,000)	(100,000)	-	-
		36,176,151	33,794,811	3,442,919	2,931,417

The notes on pages 46 to 71 are an integral part of these financial statements.

# Notes to the Financial Statements

Opcom Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the MESDAQ market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:-

## **Principal place of business**

11, Jalan Utas 15/7  
40200 Shah Alam  
Selangor Darul Ehsan

## **Registered office**

312, 3rd Floor, Block C, Kelana Square  
17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 March 2009 comprise the Company and its subsidiaries. The financial statements of the Company as at and for the year ended 31 March 2009 do not include other entities.

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 6 to the financial statements.

The financial statements were approved by the Board of Directors on 23 July 2009.

## **1. Basis of preparation**

### **(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:-

<b>FRSs / Interpretations</b>	<b>Effective date</b>
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010

# Notes to the Financial Statements

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

FRSs / Interpretations	Effective date
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2: Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 April 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of IC Interpretation 9 and amendments to FRS1 is not expected to have any material impact on the financial statements of the Group and the Company.

The other FRSs and Interpretations are not applicable to the Group and Company. Hence, no further disclosure is warranted.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:-

- Note 5 - valuation of investment property



# Notes to the Financial Statements

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 24).

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (ii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

#### (iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

### (c) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. It is the Group's policy to state property, plant and equipment at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

#### (ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

#### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced parts is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (c) Property, plant and equipment (continued)

#### (iv) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:-

Buildings	50 years
Motor vehicles	5 years
Office equipment	10 years
Computer equipment	4 years
Plant and machinery	15 years
Renovation	5 years
Tools and equipment	10 years
Furniture and fittings	10-20 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

### (d) Leased assets

#### (i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### (ii) Operating lease

Other leases are operating leases and, except for leasehold land classified as investment property, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

The prepaid lease payment is amortised over the lease term of 75 years.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (e) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 50 years for buildings.

#### *Determination of fair value*

The Directors estimate the fair value of the investment properties without the involvement of independent valuers. This is determined by considering the market value per area by reference to market evidence of transaction prices for similar properties within the same location.

### (f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

### (h) 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. For the purposes of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

## 2. Significant accounting policies (continued)

### (i) Affiliated company

An affiliated company is defined as company which has common shareholders with that of the Company.

### (j) Impairment of assets

The carrying amounts of assets, except for financial assets (other than investment in subsidiaries), inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

### (k) Employee benefits

#### Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the statutory pension fund are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.



# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### (m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (n) Revenue

#### (i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (ii) Services

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

#### (iii) Dividend income

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

#### (iv) Rental income

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

## 2. Significant accounting policies (continued)

### (o) Tax expense

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (p) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### (q) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

### (r) Interest income

Interest income is recognised as it accrues, using the effective interest method.

# Notes to the Financial Statements

## 3. Property, plant and equipment

Group	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
<b>Cost</b>									
At 1 April 2007	10,068,089	484,150	547,108	4,501,892	33,531,676	988,026	7,375	1,099,120	51,227,436
Additions	579,509	941,025	29,417	78,462	1,530,975	999,582	6,400	49,304	4,214,674
Disposals	-	(100,391)	(4,750)	(184,576)	(299,598)	-	-	(17,292)	(606,607)
Write off	-	-	(4,000)	(33,973)	-	-	-	(1,199)	(39,172)
At 31 March 2008/ 1 April 2008	10,647,598	1,324,784	567,775	4,361,805	34,763,053	1,987,608	13,775	1,129,933	54,796,331
Additions	-	306,000	15,083	152,502	3,151,807	7,350	6,030	82,627	3,721,399
Disposals	-	(187,368)	(6,108)	(1,740)	-	-	-	-	(195,216)
Disposal of subsidiary	-	-	(7,469)	(31,534)	-	-	-	(22,342)	(61,345)
Write off	-	-	(1,538)	(790)	(8,700)	-	-	(23,210)	(34,238)
At 31 March 2009	10,647,598	1,443,416	567,743	4,480,243	37,906,160	1,994,958	19,805	1,167,008	58,226,931
<b>Depreciation</b>									
At 1 April 2007	2,024,894	312,081	222,552	3,735,408	19,567,003	757,632	3,567	396,831	27,019,968
Charge for the year	201,361	153,158	59,286	654,480	1,212,132	93,000	702	87,334	2,461,453
Disposals	-	(78,640)	(1,464)	(143,730)	(59,569)	-	-	(7,564)	(290,967)
Write off	-	-	(133)	(33,973)	-	-	-	(420)	(34,526)
At 31 March 2008/ 1 April 2008	2,226,255	386,599	280,241	4,212,185	20,719,566	850,632	4,269	476,181	29,155,928
Charge for the year	213,918	249,297	61,904	109,717	1,486,269	272,178	1,908	85,649	2,480,840
Disposals	-	(178,000)	(898)	(217)	-	-	-	-	(179,115)
Disposal of subsidiary	-	-	(2,938)	(23,427)	-	-	-	(6,070)	(32,435)
Write off	-	-	(115)	(789)	(8,421)	-	-	(14,506)	(23,831)
At 31 March 2009	2,440,173	457,896	338,194	4,297,469	22,197,414	1,122,810	6,177	541,254	31,401,387
<b>Carrying amounts</b>									
At 1 April 2007	8,043,195	172,069	324,556	766,484	13,964,673	230,394	3,808	702,289	24,207,468
At 31 March 2008/ 1 April 2008	8,421,343	938,185	287,534	149,620	14,043,487	1,136,976	9,506	653,752	25,640,403
At 31 March 2009	8,207,425	985,520	229,549	182,774	15,708,746	872,148	13,628	625,754	26,825,544

## Notes to the Financial Statements

### 3. Property, plant and equipment (continued)

Company	Office equipment RM	Computer equipment RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
<b>Cost</b>						
At 1 April 2007	347,822	910,060	423,377	7,375	605,760	2,294,394
Additions	2,439	65,864	-	6,400	-	74,703
Disposals	(4,750)	(152,435)	-	-	-	(157,185)
Write off	-	(15,595)	-	-	-	(15,595)
At 31 March 2008/ 1 April 2008	345,511	807,894	423,377	13,775	605,760	2,196,317
Additions	4,358	100,819	-	6,030	15,902	127,109
Write off	(1,538)	(790)	-	-	(23,210)	(25,538)
At 31 March 2009	348,331	907,923	423,377	19,805	598,452	2,297,888
<b>Depreciation</b>						
At 1 April 2007	129,323	759,416	198,675	3,567	212,105	1,303,086
Charge for the year	34,425	91,176	66,357	702	60,535	253,195
Disposals	(1,464)	(114,512)	-	-	-	(115,976)
Write off	-	(15,595)	-	-	-	(15,595)
At 31 March 2008/ 1 April 2008	162,284	720,485	265,032	4,269	272,640	1,424,710
Charge for the year	34,880	68,832	66,357	1,908	59,297	231,274
Write off	(115)	(789)	-	-	(14,506)	(15,410)
At 31 March 2009	197,049	788,528	331,389	6,177	317,431	1,640,574
<b>Carrying amounts</b>						
At 1 April 2007	218,499	150,644	224,702	3,808	393,655	991,308
At 31 March 2008/ 1 April 2008	183,227	87,409	158,345	9,506	333,120	771,607
At 31 March 2009	151,282	119,395	91,988	13,628	281,021	657,314

# Notes to the Financial Statements

## 4. Prepaid lease payments

Group and Company	Unexpired period of more than 50 years RM
<b>Cost</b>	
At 1 April 2007/31 March 2008/1 April 2008/31 March 2009	<u>13,057,015</u>
<b>Amortisation</b>	
At 1 April 2007	1,765,339
Amortisation for the year	<u>173,658</u>
At 31 March 2008/1 April 2008	1,938,997
Amortisation for the year	<u>173,658</u>
At 31 March 2009	<u>2,112,655</u>
<b>Carrying amounts</b>	
At 1 April 2007	<u>11,291,676</u>
At 31 March 2008/1 April 2008	<u>11,118,018</u>
At 31 March 2009	<u>10,944,360</u>

Leasehold land with carrying value of RM2,748,000 (2008 – RM2,792,000) has been leased to an affiliated company for the period from 2 August 2006 to 2 August 2019 to earn rental income.

## 5. Investment properties

Company	Buildings RM
<b>Cost</b>	
At 1 April 2007	10,068,089
Additions	<u>579,509</u>
At 31 March 2008/1 April 2008	10,647,598
Additions	<u>-</u>
At 31 March 2009	<u>10,647,598</u>
<b>Depreciation</b>	
At 1 April 2007	2,024,894
Charge for the year	<u>201,361</u>
At 31 March 2008/1 April 2008	2,226,255
Charge for the year	<u>213,918</u>
At 31 March 2009	<u>2,440,173</u>



# Notes to the Financial Statements

## 5. Investment properties (continued)

Company	Buildings RM
<b>Carrying amounts</b>	
At 1 April 2007	8,043,195
At 31 March 2008/1 April 2008	8,421,343
At 31 March 2009	8,207,425

The Directors' estimation of the fair value of investment properties, based on their assessment by reference to market evidence of transaction prices within the same location, is RM9,428,366 (2008 - RM9,312,214).

## 6. Investments in subsidiaries

	Company	
	2009	2008
	RM	RM
Unquoted shares, at cost	11,300,002	11,400,002
Less: Impairment loss	-	(100,000)
	11,300,002	11,300,002

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

Name of subsidiary	Principal activities	Effective ownership interest	
		2009	2008
		%	%
Opcom Cables Sdn Bhd	Manufacture of fiber optic cables and systems	70.0	70.0
Opcom Niaga Sdn Bhd	General trading of fiber and other cable production materials and provision of engineering services	100.0	100.0
Opcom Shared Services Sdn Bhd	Provision of human resources management services	100.0	100.0
Opcom Network Technologies Sdn Bhd	Design, integration, installation, and provision of telecommunication network systems and services	-	100.0

The principal activity of Opcom Niaga Sdn Bhd has been changed from general trading of specialty chemicals and related materials and provision of engineering services to the above mentioned principal activity.

The Group disposed its entire equity interest in Opcom Network Technologies Sdn Bhd for a total consideration of RM50,000. The disposal was completed on 10 July 2008 and the effect of the disposal of subsidiary is immaterial to the Group.

# Notes to the Financial Statements

## 7. Deferred tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:-

Group	Assets		Liabilities		Net	
	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM
Property, plant and equipment	-	-	(3,595,200)	(3,200,000)	(3,595,200)	(3,200,000)
Provisions	1,381,805	956,000	-	-	1,381,805	956,000
Dividend receivable	-	-	-	(597,415)	-	(597,415)
Other items	-	-	-	(22,000)	-	(22,000)
Tax assets/ (liabilities)	1,381,805	956,000	(3,595,200)	(3,819,415)	(2,213,395)	(2,863,415)
Set off	(1,333,654)	(956,000)	1,333,654	956,000	-	-
Net tax liabilities	48,151	-	(2,261,546)	(2,863,415)	(2,213,395)	(2,863,415)

	Company	
	2009 RM	2008 RM
Property, plant and equipment	(425,555)	(482,000)
Provisions	26,777	58,000
Dividend receivables	-	(597,415)
Other items	-	(22,000)
Net tax liabilities	(398,778)	(1,043,415)

Deferred tax assets had not been recognised in the previous year in respect of the following items:-

	Group	
	2009 RM	2008 RM
Unutilised tax losses	-	(960,392)
Deductible temporary differences	-	17,514
	-	(942,878)

Deferred tax assets had not been recognised in respect of these items because it was not probable that future taxable profit would be available against which the Group could utilise the benefit there from.

## 8. Inventories

	Group	
	2009 RM	2008 RM
Raw materials	4,864,224	5,854,802
Work-in-progress	1,624,315	1,395,053
Finished goods	3,081,544	1,041,972
	9,570,083	8,291,827

At 31 March 2009, the inventory written down amounted to RM3,142,875 (2008 - RM2,096,009).

## Notes to the Financial Statements

### 9. Receivables, deposits and prepayments

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
<b>Trade</b>					
Trade receivables		8,518,264	15,430,230	-	-
Affiliated company	9.1	1,813,547	2,108,487	355,561	61,319
		10,331,811	17,538,717	355,561	61,319
<b>Non-trade</b>					
Other receivables	9.2	4,899,069	481,772	51,428	107,267
Deposits		151,767	148,281	111,906	108,856
Prepayments		382,553	613,665	821,666	56,659
Subsidiaries	9.3	-	-	392,940	2,369,902
Affiliated company	9.1	2,484,133	165,313	7,150	47,813
		7,917,522	1,409,031	1,385,090	2,690,497
		18,249,333	18,947,748	1,740,651	2,751,816

The receivables, deposits and prepayments are all denominated in Ringgit Malaysia.

- 9.1 The trade amount due from affiliated company is subject to normal trade terms. The amount included under non-trade is unsecured, interest free and repayable on demand apart from an amount of RM2,000,000 (2008-Nil) which represents an advance pending the successful conclusion of a project of a subsidiary and is unsecured and interest free. Subsequent to year end, the subsidiary secured the project.
- 9.2 Included in other receivables, deposits and prepayments are the following:-
- (i) An amount of RM3,744,186 (2008-Nil) in the Group which represents a trade debt taken over by the Group, from Opcom Network Technologies Sdn. Bhd. ("ONT"), a subsidiary, prior to its disposal in July 2008. The amount is unsecured, interest free and repayable on demand. In the previous year, the outstanding balance of RM5,744,186 was classified as trade receivables.
  - (ii) An amount of RM744,126 (2008-Nil), in the Group and Company, owing by the previous subsidiary, ONT, comprising administrative advances pursuant to an agreement drawn up. The amount is unsecured, repayable progressively over three months from the date of the outcome of a project and the Company will be paid a specific amount if the contract is secured.
- 9.3 The amount due from subsidiaries is unsecured, interest free and repayable on demand.

# Notes to the Financial Statements

## 10. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deposits placed with licensed banks	32,677,805	21,121,869	3,240,258	1,385,000
Cash and bank balances	3,598,346	12,772,942	202,661	1,546,417
	36,276,151	33,894,811	3,442,919	2,931,417

Included in the Group's deposits with licensed banks is RM100,000 (2008 – RM100,000) pledged for bank guarantee facilities.

A subsidiary has pledged a further deposit of RM3.6 million to a licensed bank on 28 April 2009 for performance bond on a new contract.

## 11. Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2009	2009	2008	2008
		RM		RM
Ordinary shares of RM0.20 each				
Authorised	250,000,000	50,000,000	250,000,000	50,000,000
Issued and fully paid	129,000,000	25,800,000	129,000,000	25,800,000

## 12. Reserves

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Distributable:-				
Retained profits	37,010,913	34,124,366	3,448,368	2,370,355
Non-distributable:-				
Share premium	5,811,530	5,811,530	5,811,530	5,811,530
Capital reserve	3,283	3,283	-	-
	42,825,726	39,939,179	9,259,898	8,181,885

### Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank up to RM1,114,000 of its distributable reserves at 31 March 2009 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

## Notes to the Financial Statements

### 13. Payables and accruals

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
<b>Current</b>					
<b>Trade</b>					
Trade payables		3,836,413	5,169,529	-	-
Corporate shareholder	13.1	1,427,621	544,967	-	-
		5,264,034	5,714,496	-	-
<b>Non-trade</b>					
Other payables		1,167,592	1,267,679	64,982	14,915
Accrued expenses		4,209,523	2,688,822	325,733	456,592
Subsidiaries	13.2	-	-	462,130	605,717
Corporate shareholder	13.1	5,292,144	3,870,144	-	-
Affiliated companies	13.3	75,938	113,141	68,114	113,141
		10,745,197	7,939,786	920,959	1,190,365
	13.4	16,009,231	13,654,282	920,959	1,190,365

13.1 The trade amount due to the corporate shareholder of a subsidiary is subject to the normal trade terms. The non-trade amount is in respect of the dividend payable accumulated since 2005 which is unsecured, interest free and repayable on demand.

13.2 The amount due to subsidiaries are unsecured, interest free and repayable on demand.

13.3 The amount due to affiliated companies are unsecured, interest free and repayable on demand.

13.4 The foreign currency profile of payables and accruals is as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	13,116,611	6,568,736	885,220	1,190,365
US Dollar	3,674,800	7,572,411	-	-
Euro*	(919,116)	(892,942)	-	-
Swedish Kroner	88,866	346,661	-	-
Pound Sterling	-	40,107	-	-
Singapore Dollar	48,070	19,309	-	-
	16,009,231	13,654,282	885,220	1,190,365

\* Represents a receivable from a corporate shareholder of a subsidiary which is offset against payables to the same party denominated in other foreign currencies due to the availability of a legal right of set off.



# Notes to the Financial Statements

## 14. Operating profit

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Revenue				
- sale of cables	62,437,034	48,363,602	-	-
- sale of network equipment	148,055	2,694,583	-	-
- trading of specialty chemicals	-	3,287,107	-	-
- engineering services	-	446,000	-	-
- rental income	251,277	253,027	2,459,277	2,469,427
- dividend income	-	-	3,752,000	4,095,047
- management fee	-	-	3,156,000	2,636,400
	62,836,366	55,044,319	9,367,277	9,200,874
Cost of sales	(41,990,089)	(37,141,594)	-	-
Cost of property maintenance and management	-	-	(3,003,164)	(2,648,213)
	(41,990,089)	(37,141,594)	(3,003,164)	(2,648,213)
Gross profit	20,846,277	17,902,725	6,364,113	6,552,661
Other operating income	23,568	1,052,544	195	9,661
Distribution costs	(3,046,606)	(1,465,187)	-	-
Administrative expenses	(6,190,059)	(8,845,468)	(1,470,859)	(1,500,269)
Other operating expenses	(1,893,958)	(725,840)	-	-
Operating profit	9,739,222	7,918,774	4,893,449	5,062,053
<b>Operating profit is arrived at after crediting:-</b>				
Gain on disposal of property, plant and equipment	67,782	29,104	-	9,661
Gain on disposal of subsidiary	50,000	-	50,000	-
Gross dividends from subsidiaries	-	-	3,752,000	4,095,047
Realised gain on foreign exchange	34,410	517,089	-	-
Rental income on land and buildings	251,277	253,027	2,459,277	2,469,427
<b>and after charging:-</b>				
Amortisation of prepaid lease payments	173,658	173,658	173,658	173,658
Audit fees				
- current year	48,500	45,000	17,000	14,000
- under provision in prior year	-	7,000	-	2,500
Depreciation				
- Property, plant and equipment	2,480,840	2,461,453	231,274	253,195
- Investment properties	-	-	213,918	201,361
Inventories written down	1,046,866	848,683	-	-
Personnel expenses				
(including key management personnel):-				
- Contributions to EPF	644,179	506,860	72,404	29,198
- Wages, salaries and others	5,338,961	4,946,162	600,673	347,984
Property, plant and equipment written off	10,407	4,646	10,128	-
Realised loss on foreign exchange	976,926	-	-	-
Rental of apartment	120,000	50,000	-	-
Rental of motor vehicles	3,681	2,827	-	-
Rental of office	36,000	36,000	36,000	36,000
Rental of storage area	37,800	-	-	-
Unrealised loss on foreign exchange	676,656	-	-	-

## Notes to the Financial Statements

### 15. Key management personnel compensation

The key management personnel compensations are as follows:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors				
- Fees	269,633	267,600	101,633	99,600
- Remuneration	957,343	615,929	673,077	377,182
	1,226,976	883,529	774,710	476,782
Other key management personnel				
- Remuneration	686,945	200,715	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	-	7,279	-	-
	686,945	207,994	-	-
	1,913,921	1,091,523	774,710	476,782

Other key management personnel comprises persons other than the Directors of Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

### 16. Tax expense

#### Recognised in the income statements

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax expense				
Malaysia - current	3,276,308	1,804,404	1,357,214	923,021
- prior year	(260,162)	-	(55,496)	-
	3,016,146	1,804,404	1,301,718	923,021
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(966,960)	372,164	(586,860)	548,797
- prior year	316,939	(30,706)	(57,779)	34,294
	2,366,125	2,145,862	657,079	1,506,112

#### Reconciliation of effective tax expense

Profit before taxation	10,584,599	8,495,293	4,966,539	5,086,695
Tax calculated using Malaysian tax rates of 25% (2008: 26%)	2,646,150	2,208,776	1,241,635	1,322,541
Non-deductible expenses	104,997	189,471	70,628	149,277
Tax exempt income	-	-	(504,000)	-
Effect of change in tax rate*	(122,656)	(9,887)	(37,909)	-
Effect of lower tax rate	-	(10,020)	-	-

# Notes to the Financial Statements

## 16. Tax expense (continued)

### Reconciliation of effective tax expense (continued)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Effect of inter-company sales	287,444	-		
Tax incentive	(593,326)	(167,182)	-	-
Utilisation of previously unrecognised tax losses	-	(23,001)	-	-
Utilisation of previously unrecognised capital allowance	(13,261)	(11,589)	-	-
	2,309,348	2,176,568	770,354	1,471,818
(Over)/Under provision in prior years				
- current tax expense	(260,162)	-	(55,496)	-
- deferred tax expense	316,939	(30,706)	(57,779)	34,294
	2,366,125	2,145,862	657,079	1,506,112

\* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

## 17. Earnings per ordinary share – Group

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2009 is based on the net profit attributable to ordinary shareholders of RM6,117,994 (2008-RM4,557,979) and the weighted average number of ordinary shares during the year of 129,000,000 (2008 - 129,000,000).

## 18. Dividends

Dividends recognised in the current year by the Company are:-

	Sen per share (net of tax)	Total amount RM	Date of payment
<b>2009</b>			
1 <sup>st</sup> Interim 2009 ordinary	1.005	1,296,447	17 October 2008
2 <sup>nd</sup> Interim 2009 ordinary – tax exempt	1.50	1,935,000	20 February 2009
		3,231,447	
<b>2008</b>			
1 <sup>st</sup> Interim 2008 ordinary	1.00	1,288,710	31 January 2008
2 <sup>nd</sup> Interim 2008 ordinary	1.25	1,613,273	2 May 2008
		2,901,983	

# Notes to the Financial Statements

## 19. Segmental reporting

Segment information is presented in respect of the Group's business segment. The business segment is based on the Group's management and internal reporting structure. Segment information by geographical segments is not provided as the activities of the Group are located principally in Malaysia. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets, expenses and tax assets and liabilities.

### Business segments

The Group comprises of the following main business segments:-

Manufacturing	Manufacture of fiber optic cables and systems.
Trading and engineering services	General trading of fiber and other cable production materials and provision of engineering services.
Other operations	Management service and investment holding activities.

	Manufacturing	Trading and engineering services	Other operations	Total	Elimination	Consolidated
	2009	2009	2009	2009	2009	2009
	RM	RM	RM	RM	RM	RM
<b>Revenue</b>						
External revenue	62,437,034	148,056	251,276	62,836,366	-	62,836,366
Intersegment revenue	-	13,134,328	5,328,000	18,462,328	(18,462,328)	-
<b>Total revenue</b>	<b>62,437,034</b>	<b>13,282,384</b>	<b>5,579,276</b>	<b>81,298,694</b>	<b>(18,462,328)</b>	<b>62,836,366</b>
<b>Segment results</b>	<b>8,041,717</b>	<b>2,014,794</b>	<b>1,484,625</b>	<b>11,541,136</b>	<b>(1,626,712)</b>	<b>9,914,424</b>
Unallocated expenses						(175,202)
Interest income						845,377
Profit before tax						10,584,599
Tax expense						(2,366,125)
Profit for the year						<u>8,218,474</u>

# Notes to the Financial Statements

## 19. Segmental reporting (continued)

	Manufacturing 2008 RM	Trading and engineering services 2008 RM	Other operations 2008 RM	Total 2008 RM	Elimination 2008 RM	Consolidated 2008 RM
<b>Revenue</b>						
External revenue	48,363,602	6,427,690	253,027	55,044,319	-	55,044,319
Intersegment revenue	-	446,000	4,814,400	5,260,400	(5,260,400)	-
<b>Total revenue</b>	<u>48,363,602</u>	<u>6,873,690</u>	<u>5,067,427</u>	<u>60,304,719</u>	<u>(5,260,400)</u>	<u>55,044,319</u>
<b>Segment results</b>						8,037,961
Unallocated expenses						(119,168)
Interest income						576,500
Operating profit						8,495,293
Interest expense						-
Profit before tax						8,495,293
Tax expense						(2,145,862)
Profit for the year						<u>6,349,431</u>
	Manufacturing 2009 RM	Trading and engineering services 2009 RM	Other operations 2009 RM	Total 2009 RM	Elimination 2009 RM	Consolidated 2009 RM
Segment assets	40,364,642	8,762,254	32,982,131	82,109,027	(16,519,706)	65,589,321
Unallocated assets						36,523,840
<b>Total assets</b>						<u>102,113,161</u>
Segment liabilities	10,688,607	3,557,272	687,849	14,933,728	(4,216,641)	10,717,087
Unallocated liabilities						7,633,113
<b>Total liabilities</b>						<u>18,350,200</u>
Capital expenditure	<u>3,288,290</u>	<u>306,000</u>	<u>127,109</u>	<u>3,721,399</u>	-	<u>3,721,399</u>
Depreciation and amortisation	<u>1,979,689</u>	<u>55,959</u>	<u>445,192</u>	<u>2,480,840</u>	-	<u>2,480,840</u>



## Notes to the Financial Statements

### 19. Segmental reporting (continued)

	Manufacturing 2008 RM	Trading and engineering services 2008 RM	Other operations 2008 RM	Total 2008 RM	Elimination 2008 RM	Consolidated 2008 RM
Segment assets	36,551,540	14,141,215	23,089,036	73,781,791	(9,783,795)	63,997,996
Unallocated assets						34,330,908
<b>Total assets</b>						<b>98,328,904</b>
Segment liabilities	8,419,398	9,092,660	1,396,017	18,908,075	(9,123,939)	9,784,136
Unallocated liabilities						8,346,834
<b>Total liabilities</b>						<b>18,130,970</b>
Capital expenditure	3,550,462	10,000	654,212	4,214,674	-	4,214,674
Depreciation and amortisation	1,402,810	604,087	628,214	2,635,111	-	2,635,111

### 20. Financial instruments

#### Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate, foreign currency and liquidity risks arises in the normal course of the Group and of the Company's business. 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.

At the balance sheet date, there were no significant concentration of credit risk, except for the amount due from a debtor and an affiliated company which represents 54% (2008 - 34%) of the Group's total receivables. 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.

#### Interest rate risk

The Group and the Company invest in financial assets which are short term in nature and they are not held for speculative purposes but are placed in fixed deposit. As such their exposure to the effects of future changes in the prevailing level of interest rate is limited.

# Notes to the Financial Statements

## 20. Financial instruments (continued)

### 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 this risk is primarily US Dollars. In relation to this, the Group and the Company do not hedge this exposure but the management monitors this exposure on an ongoing basis. 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's 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 average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group 2009	Average effective interest rate % RM	Total RM	Within 1 year RM
Deposits placed with licensed banks	1.90	32,677,805	32,677,805
<b>2008</b>			
Deposits placed with licensed banks	3.07	21,121,869	21,121,869
<b>Company 2009</b>			
Deposits placed with licensed banks	2.11	3,240,258	3,240,258
<b>2008</b>			
Deposits placed with licensed banks	2.92	1,385,000	1,385,000

### Fair values

### Recognised financial instruments

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

## 21. Contingent liabilities

### Corporate guarantee - Company

The Company has executed corporate guarantees in favour of licensed banks of up to RM26.5 million (2008 - RM28.5 million) for banking facilities granted to its subsidiaries.

# Notes to the Financial Statements

## 22. Related parties

### *Identity of related parties*

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its corporate shareholder, affiliated companies and Directors.

Significant transactions with related parties are as follows:-

### **Transactions with companies in which certain Directors have interest:-**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Affiliated companies</b>				
- Company in which				
Dato' Mukhriz Mahathir, a Director, has interests:-				
Sales return	-	(95,765)	-	-
Commission payable	-	(2,676,000)	-	-
Advance for business development cost	(2,000,000)	-	-	-
Purchase of motor vehicle	-	(510,000)	-	-
- Company in which				
Dato' Mukhriz Mahathir and				
Mr. Chhoa Kwang Hua,				
Directors, have interests:-				
Rental payable	(36,000)	(36,000)	(36,000)	(36,000)
Purchase of unlimited wireless access plan	-	(2,400)	-	(2,400)
Rental income receivable	6,000	6,000	6,000	6,000
Purchase of wireless broadband access	(42,000)	(52,000)	(42,000)	(52,000)
- Company in which				
Mr. Chhoa Kwang Hua, a Director, has interests:-				
Sales	-	3,382,872	-	-
Rental income receivable	245,277	245,277	245,277	245,277
Rental expense payable	(157,800)	(50,000)	-	-
<b>Corporate shareholder of a subsidiary company</b>				
Purchases of raw materials and machinery	(5,410,632)	(7,115,838)	-	-
Sales	7,753,519	3,763,203	-	-

# Notes to the Financial Statements

## 22. Related parties (continued)

### Transactions with related companies during the financial year:-

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
<i>Subsidiary companies</i>				
Rental income receivable	-	-	2,208,000	2,469,427
Gross dividend receivable	-	-	3,318,000	4,095,047
Management fees receivable	-	-	3,156,000	2,636,400
Administrative fee payable	-	-	(2,364,000)	(1,896,000)

Balances with related companies and corporate shareholder at balance sheet date are disclosed in Notes 9 and 13 to the financial statements.

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

The Group does not have any other significant transactions with key management personnel other than as disclosed in Note 15.

## 23. Subsequent event

Subsequent to 31 March 2009, the corporate guarantees executed by the Group in favour of licensed banks of up to RM26.5 million (2008 - RM28.5 million) for banking facilities granted had increased to RM44.5 million as from 22 April 2009.

A subsidiary has pledged a further deposit of RM3.6 million to a licensed bank on 28 April 2009 for performance bond on a new contract.

## 24. Comparative figures

Certain comparative figures of the Group have been reclassified to reflect more appropriately, the nature of the expense or income.

	Group		Company	
	As restated	As previously stated	As restated	As previously stated
	RM	RM	RM	RM
<b>Income Statement</b>				
Revenue	55,044,319	55,068,961	9,200,874	9,225,516
Cost of sales	(37,141,594)	(35,913,992)	-	-
Other operating income	1,052,544	634,856	-	-
Distribution costs	(1,465,187)	(1,723,242)	-	-
Administrative expenses	(8,845,468)	(8,845,450)	-	-
Interest income	576,519	-	24,642	-

## Statement by Directors Pursuant to Section 169(15) of the Companies Act, 1965

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In the opinion of the Directors, the financial statements set out on pages 41 to 71 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:-



**Dato' Mokhzani Mahathir**



**Chhoa Kwang Hua**

Petaling Jaya  
23 July 2009

## Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, Lim Bee Khin, 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 41 to 71 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 Petaling Jaya on 23 July 2009.



**Lim Bee Khin**

Before me:-





# Independent Auditors' Report to the members of Opcom Holdings Berhad

## **Report on the Financial Statements**

We have audited the financial statements of Opcom Holdings Berhad, which comprise the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 71.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2009 and of their financial performance and cash flows for the year then ended.

# Independent Auditors' Report to the members of Opcom Holdings Berhad

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**KPMG**

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Selangor  
23 July 2009



**Hasman Yusri Yusoff**

Approval Number: 2583/08/10(J)  
Chartered Accountant

## List of Property

Location & Description	Existing Use	Tenure	Built Up Area	Age of Property	Book Value (RM'000)
HSD238315 PT 787 Seksyen 15 Tapak Perusahaan Shah Alam, Bandar Shah Alam 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	* Guard House, Car Parks and Substation Building  * Office Buildings  * Warehouses  * Manufacturing Block	99-year leasehold expiring on 18.04.2074	Land area: 42,222 sq m  Built-up area: 9,310 sq m	Age of Manufacturing Block:- approximately 13 years  Age of other buildings / structures:- more than 20 years	19,152

# Analysis of Shareholdings as at 31 July 2009

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	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital
less than 100	50	3.07	2,300	0.00
100 to 1,000	143	8.79	91,000	0.07
1,001 to 10,000	1,036	63.68	4,460,650	3.46
10,001 to 100,000	344	21.14	10,103,800	7.83
100,001 to less than 5% of issued shares	52	3.20	22,279,750	17.27
5% and above of issued shares	2	0.12	92,062,500	71.37
<b>Total</b>	<b>1,627</b>	<b>100.00</b>	<b>129,000,000</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS

Rank	Name	No. of Shares	Ownership (%)
1	Dato' Mukhriz Mahathir	65,062,500	50.44
2	Rezeki Tegas Sdn Bhd	27,000,000	20.93
3	Chan Ee Lin	5,245,000	4.07
4	Chhoa Kwang Hua	2,088,500	1.62
5	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chew Siow Geok	1,190,400	0.92
6	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,000,000	0.78
7	Sierra Partners Sdn Bhd	926,900	0.72
8	Tay Chong Kiat	727,000	0.56
9	Zaini Bin Mohd Said	712,500	0.55
10	Tan Eng Piow	681,400	0.53
11	Nan Nan Nancy	561,000	0.43
12	Md Shah Bin Abu Hasan	520,700	0.40
13	Zainal Abidin Bin Pit	466,500	0.36
14	Tan Eng Hoo	433,500	0.34
15	EB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Kian Seng	428,000	0.33
16	Chew Siow Geok	388,400	0.30
17	Abdul Jabbar Bin Abdul Majid	375,000	0.29
18	Rampai Dedikasi Sdn Bhd	350,600	0.27
19	Aris Bin Abdullah	325,000	0.25
20	Mohamed Rashdan Bin Baba	300,000	0.23
21	Sven Janne Sjöden	280,000	0.22
22	Chua Gaik Suwan	278,000	0.22
23	Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Huen Wan Wan	270,000	0.21
24	Chin Chin Min	250,000	0.19
25	Teoh Hunt Thuim	205,000	0.16
26	Si Tho Yoke Meng	200,000	0.16
27	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tang Sing Ling	198,800	0.15
28	Mah Yong Sang	195,000	0.15
29	Tomio Alan Komatsu	189,000	0.15
30	Tan Chee Siang	185,800	0.14
<b>Total</b>		<b>111,034,500</b>	<b>86.07</b>

# Analysis of Shareholdings

## as at 31 July 2009

### SUBSTANTIAL SHAREHOLDERS *(As per register of substantial shareholders)*

Name	Number and % of Shares held			
	Direct	%	Indirect	%
Dato' Mukhriz Mahathir	65,062,500	50.44	-	-
Rezeki Tegas Sdn Bhd	27,000,000	20.93	-	-
Ailida Binti Baharum	-	-	27,000,000*	20.93

\* Deemed interest by virtue of Section 6A of the Companies Act, 1965

### DIRECTORS' SHAREHOLDINGS *(As per register of directors' shareholdings)*

Name	Number and % of Shares held			
	Direct	%	Indirect	%
Chhoa Kwang Hua	2,088,500	1.62	-	-
Lt. Jen. (B) Dato' Seri Panglima Zaini				
Bin Hj. Mohd Said	712,500	0.55	-	-
Tomio Alan Komatsu	189,000	0.15	561,000**	0.43
Sven Janne Sjöden	280,000	0.22	-	-
Abdul Jabbar Bin Abdul Majid	375,000	0.29	-	-
Lim Bee Khin	-	-	250,000**	0.19
Chang Mei Chi	41,500	0.00	-	-

\*\* Spouse Interest

\*\* Deemed interest by virtue of Section 134 of the Companies Act, 196

**OPCOM HOLDINGS BERHAD**

(322661-W)

(Incorporated in Malaysia)

# PROXYFORM

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

of \_\_\_\_\_  
(Full Address)

being a member/members of **OPCOM HOLDINGS BERHAD** hereby appoint \_\_\_\_\_

\_\_\_\_\_ (Full Name)

of \_\_\_\_\_  
(Full Address)

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

of \_\_\_\_\_  
(Full Address)

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 Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya on Tuesday, 29 September 2009 at 10.30am and at any adjournment thereof. The proxy is to vote on the 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.

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		

Dated:

Number of shares held	
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Signature/Common Seal of Shareholder (s)

**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)

(Incorporated in Malaysia)

11, Jalan Utas 15/7, 40200 Shah Alam

Selangor Darul Ehsan, Malaysia

Tel: +6(03) 5519 5599 Fax: +6(03) 5519 6063

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