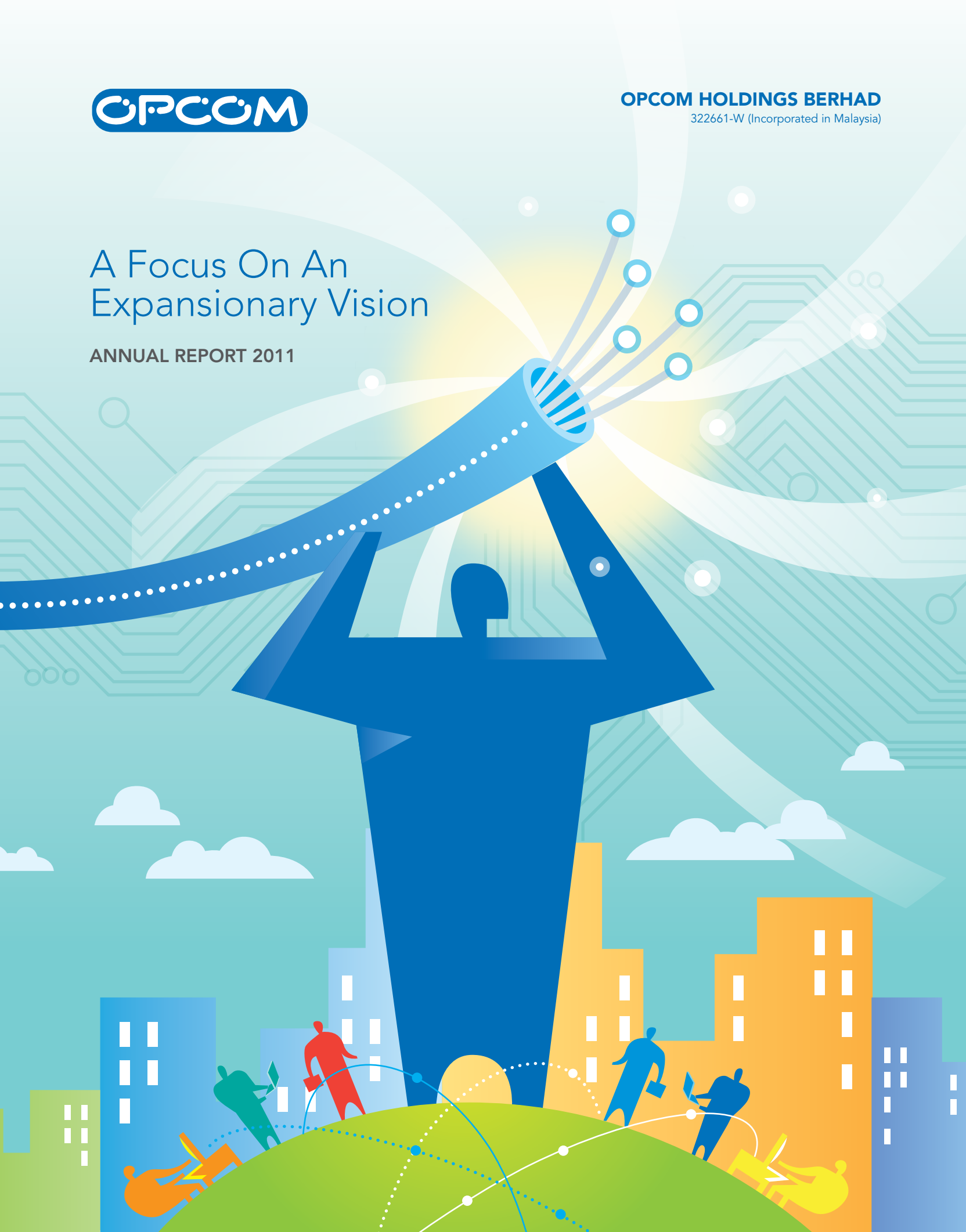




**OPCOM HOLDINGS BERHAD**  
322661-W (Incorporated in Malaysia)

# A Focus On An Expansionary Vision

ANNUAL REPORT 2011



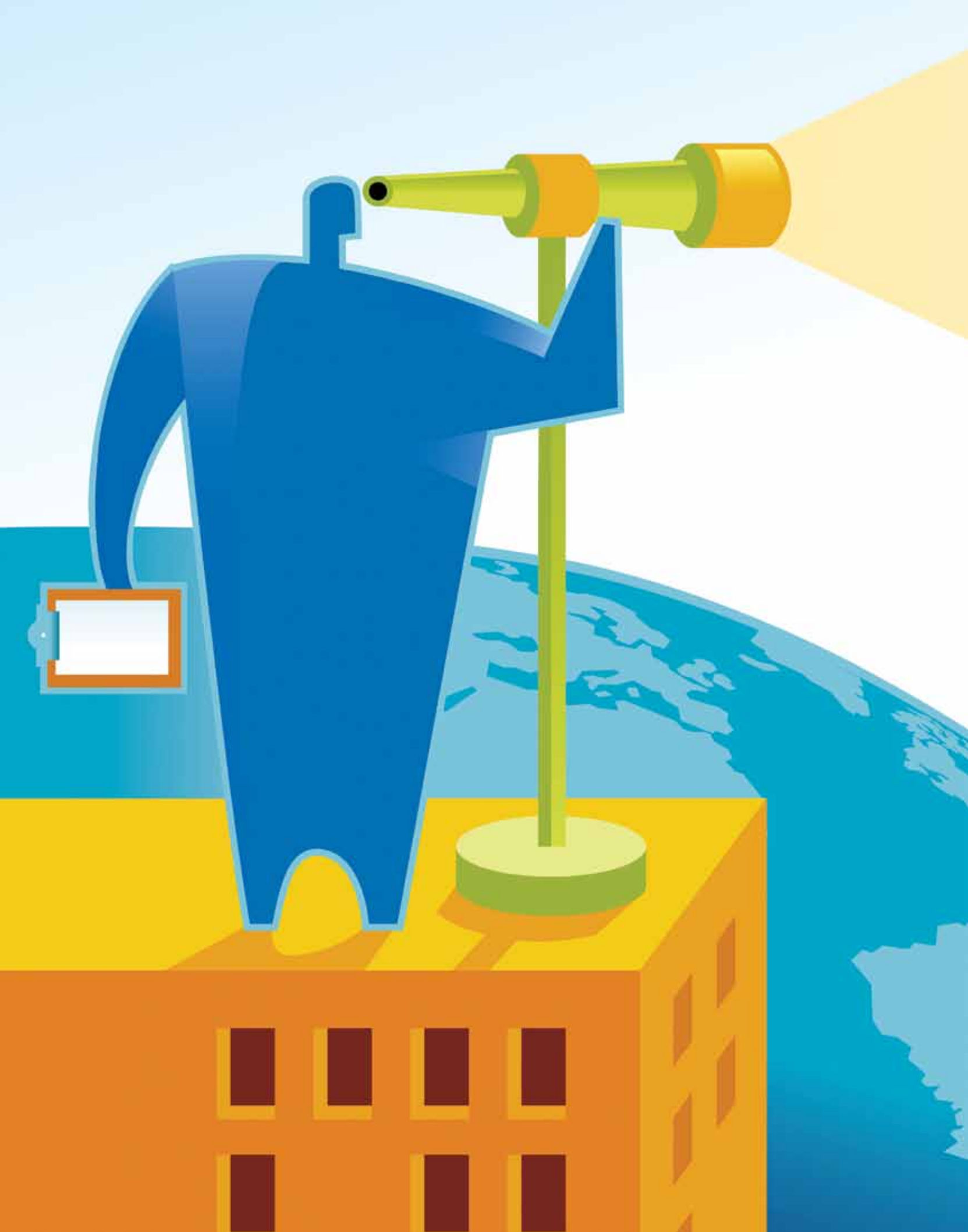
As the premier fiber optic manufacturer in Malaysia, OPCOM Holdings Berhad aims to synergise its resources, bringing forth a higher broadband connectivity to both domestic and international markets. As the industry faces new realities and changes, the Group continues to strive in being at the forefront of engineering a seamless broadband, realising its vision of providing an affordable broadband infrastructure for all Malaysians.



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# 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.

## VALUES

It is a set of principles that capture the spirit, philosophy and daily activity of OPCOM Holdings Berhad and its subsidiaries.

### **Superior Quality**

Everything that OPCOM does or provides for internal and external stakeholders will be exceptionally recognised for superior quality based on world class standards.

### **Value**

All our activities are geared towards creating value for the organisation.

### **Attitude**

We believe that promoting and cultivating a positive outlook with forward looking attitude are essential in achieving our goals.

### **Challenge**

We have, with the strong leadership of our management team over the years, managed to build up a healthy and successful working relationship for and with our employees.

Through the combination of foreign and local expertise, our teams of highly motivated and committed employees have been able to realise their true potential in offering our customers the best products at very competitive prices.

# CORPORATE INFORMATION

## 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

### Abdul Jabbar Bin Abdul Majid

Independent Non-Executive Director

### Sven Janne Sjöden

Independent Non-Executive Director

### Chan Bee Lean

Independent Non-Executive Director

## Audit Committee

### Chairman

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

### Members

Tomio Alan Komatsu  
Chan Bee Lean

## Remuneration Committee

### Chairman

Abdul Jabbar Bin Abdul Majid

### Members

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

## Company 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 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Tel: 03-7841 8000

Fax: 03-7841 8151

## 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 Bankers

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

AmBank (M) Berhad (8515-D)  
No. 47 & 49  
Jalan Utas B/15B  
40000 Shah Alam  
Selangor Darul Ehsan

Tel: 03-5510 6991

Fax: 03-5510 6968

## Stock Exchange Listing

ACE Market  
Bursa Malaysia Securities Berhad

## Website

[www.opcom.com.my](http://www.opcom.com.my)

# CORPORATE STRUCTURE

## OPCOM HOLDINGS BERHAD

(Company No. 322661-W) Incorporated: 7 November 1994

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

### 70%

#### OPCOM CABLES SDN BHD

(Company No. 322687-T)

Manufacturing of fiber optic cables, systems and accessories

### 100%

#### OPCOM NIAGA SDN BHD

(Company No. 442938-M)

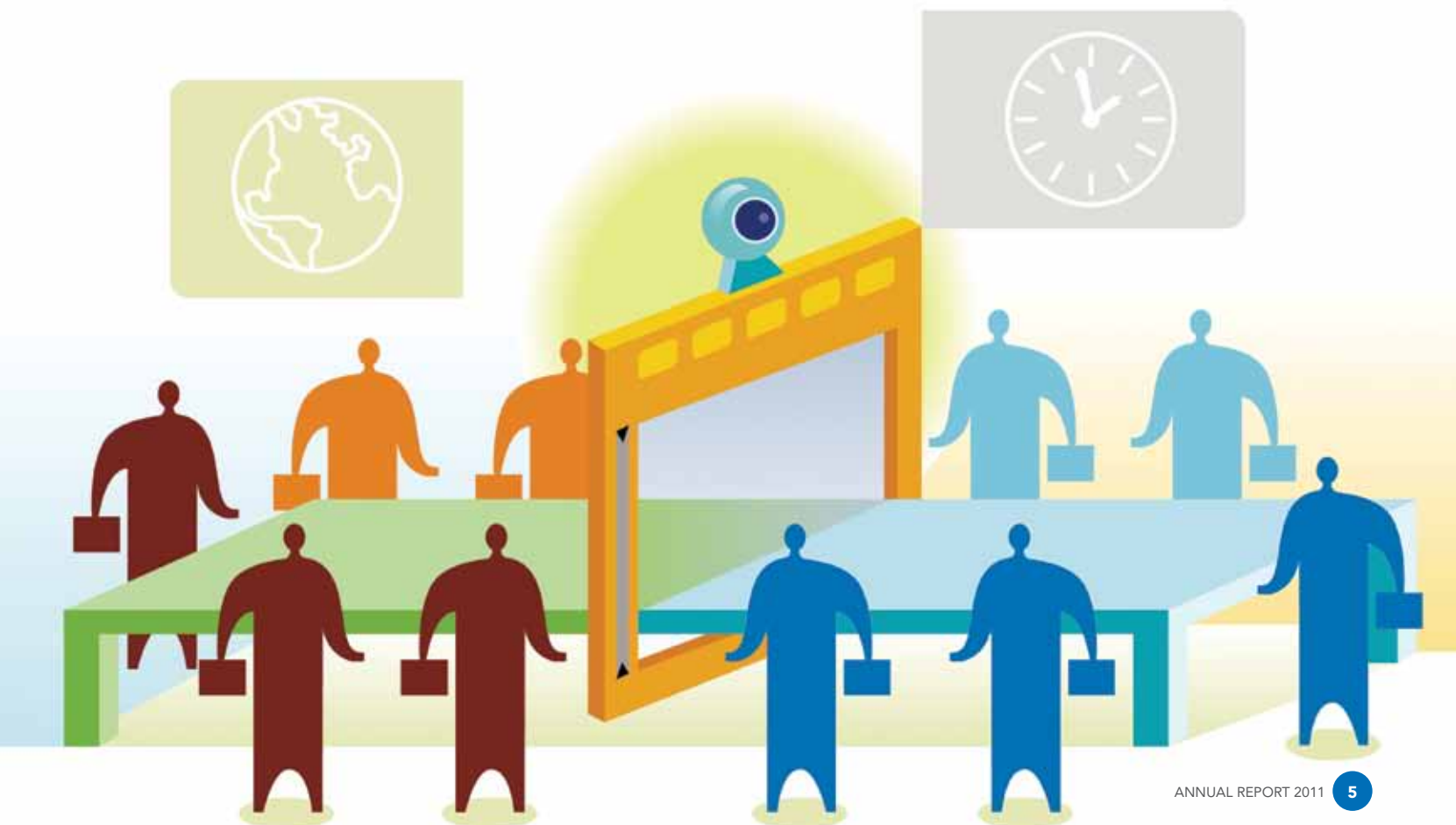
General trading of fiber and other cable production materials and provision of engineering services

### 100%

#### OPCOM SHARED SERVICES SDN BHD

(Company No. 665562-M)

Provision of human resources management services



# FINANCIAL CALENDAR



## 28 April 2010

Payment of an interim dividend of 1.50 sen per ordinary share, under single tier system in respect of the financial year ended 31 March 2011

## 7 May 2010

Announcement of OPCOM's shares reclassification in Bursa Malaysia Securities Berhad ACE Market from "Industrial Products" to "Technology"

## 26 May 2010

Announcement of the unaudited results for the 4th quarter ended 31 March 2010



**28 July 2010**

Announcement of the unaudited results for the 1st quarter ended 30 June 2010

**26 August 2010**

Payment of an interim dividend of 1.50 sen per ordinary share, under single tier system in respect of the financial year ended 31 March 2011

**23 September 2010**

15th Annual General Meeting held at Tropicana Golf & Country Resort

**10 November 2010**

Announcement of the unaudited results for the 2nd quarter ended 30 September 2010

**20 December 2010**

Payment of an interim dividend of 1.50 sen per ordinary share, under single tier system in respect of the financial year ended 31 March 2011

**25 February 2011**

Announcement of the unaudited results for the 3rd quarter ended 31 December 2010

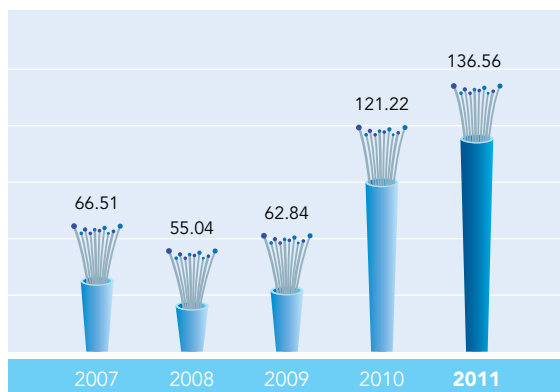


# FINANCIAL HIGHLIGHTS

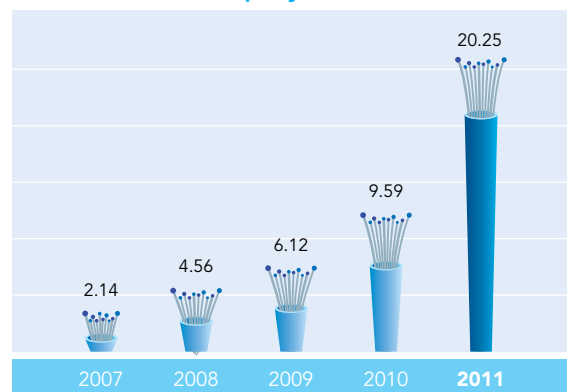
## 5-YEAR FINANCIAL TRACK RECORD

	Financial Year Ended 31 March				
	2007	2008	2009	2010	2011
<b>Operating Results (RM Million)</b>					
Revenue	66.51	55.04	62.84	121.22	136.56
Profit before taxation	4.53	8.50	10.58	16.24	37.31
Net profit attributable to owners of the Company	2.14	4.56	6.12	9.59	20.25
<b>Key Financial Position Data (RM Million)</b>					
Property, plant and equipment	35.50	36.76	37.77	34.97	32.93
Total assets	90.26	98.33	102.11	128.22	160.24
Share capital	25.80	25.80	25.80	25.80	25.80
Shareholders' funds	64.08	65.74	68.63	72.74	87.19
<b>Share Information</b>					
Per share (sen):-					
Basic earnings	1.66	3.53	4.74	7.43	15.70
Net assets	49.68	50.96	53.20	56.39	67.59
Net dividend	0.75	2.25	2.50	4.24	4.50
<b>Financial Ratios (%)</b>					
Return on total assets	3.75	6.46	8.05	9.92	17.22
Return on shareholders' equity	3.34	6.94	8.92	13.18	23.23

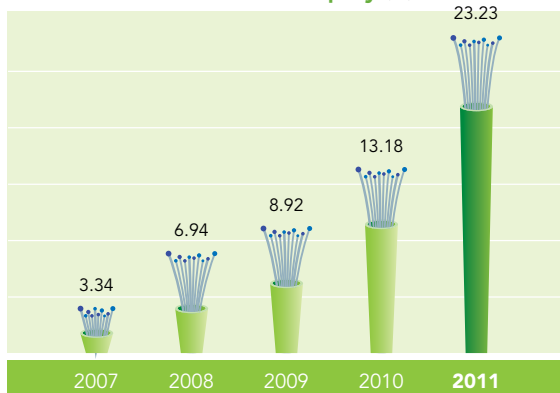
**Revenue** (RM Million)



**Net Profit Attributable to Owners of the Company** (RM Million)



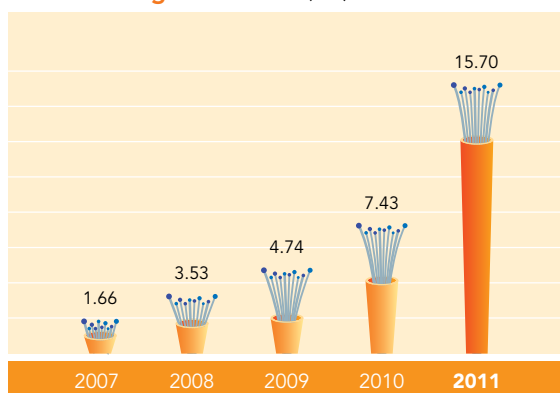
**Return on Shareholders' Equity (%)**



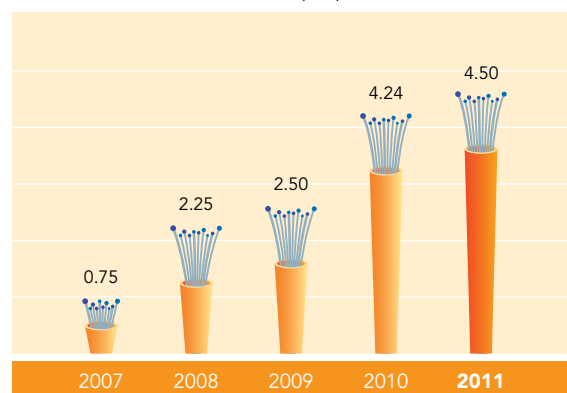
**Net Assets Per Share** (sen)



**Basic Earnings Per Share** (sen)



**Net Dividend Per Share** (sen)




# An Alliance Led by Top Management

Staying ahead of our competition, we are constantly striving to improve internal strength, build new capabilities and create new opportunities. With each successful progress at hand, we form a powerful synergy led by a team of unrelenting leaders and energised employees, continuously driven to meet and exceed customer expectations.





A portrait of Dato' Mokhzani Mahathir, a middle-aged man with short dark hair and a mustache, wearing a dark pinstriped suit, white shirt, and a patterned tie. He is standing in front of a large, abstract painting with vibrant blue, purple, and red colors. The text is overlaid in the top right corner.

**“ The financial year 2011  
was a record year for OPCOM.  
Revenue increased by 12.7%  
to RM136.6 million and profit  
after tax was RM20.3 million. ”**

**Dato' Mokhzani Mahathir**  
Chairman

# CHAIRMAN'S STATEMENT

## Dear Shareholders

On behalf of your Board of Directors, it is my pleasure and privilege to present the Annual Report of OPCOM Holdings Berhad for the financial year ended 31 March 2011.

### FINANCIAL PERFORMANCE

In the midst of the weak global economic recovery, financial year 2011 was another record year for OPCOM Holdings Berhad ("OPCOM" or "the Company") despite the challenging nature of our industry-specific business and operating environment.

OPCOM Holdings Berhad and its subsidiaries ("OPCOM Group" or "the Group") registered revenue of RM136.6 million during the financial year, an increase of 12.7% over the preceding year. Profit after tax was RM20.3 million - an increase of RM10.7 million, due to more efficient cost optimization management, a more streamlined supply chain and higher contribution from trading and engineering services.

We continued to make good progress in production efficiency including the implementation of 5S and plant-wide Visual Management System (VMS) to improve production lead time and the reduction of production wastage. During the financial year, we revamped our procurement and logistic operations, which enabled us to have better cost control and management.

The rise in crude oil prices during the financial year resulted in the increase in certain petroleum-based raw material cost which the Group was unable to pass on such higher cost to our customers. This higher cost pressure negated some of the production cost improvements we achieved during the financial year.

The Group recorded an Earnings Per Share (EPS) of 15.7 sen for the financial year ended 31 March 2011, an increase of 112.2% over the corresponding period in 2010 of 7.4 sen.

### DIVIDENDS

For the financial year ended 31 March 2011, the amount of dividends declared and paid by the Group were as follow:-

- i. an interim dividend of 1.50 sen per ordinary share, under the single tier system, totaling RM1,935,000 in respect of the financial year ended 31 March 2011 on 28 April 2010;
- ii. an interim dividend of 1.50 sen per ordinary share, under the single tier system, totaling RM1,935,000 in respect of the financial year ended 31 March 2011 on 26 August 2010; and
- iii. an interim dividend of 1.50 sen per ordinary share, under the single tier system, totaling RM1,935,000 in respect of the financial year ended 31 March 2011 on 20 December 2010.

Since the OPCOM's listing in 2003, we have declared and paid out approximately RM33.8 million of dividends to our shareholders. OPCOM continues to take a prudent and balanced approach and maintain our current dividend payout practice. The Group's ongoing business growth will require us to fund our capital expenditure program, working capital requirement and potential strategic initiatives with internally generated cash flows.



# CHAIRMAN'S STATEMENT

## INDUSTRY OUTLOOK

According to Frost & Sullivan, the Malaysian fixed broadband market is expected to reach 2.2 million subscribers in 2015 compared to 1.65 million subscribers in 2010. Fixed broadband grew nearly 17.9% in 2010 from 1.4 million subscribers in 2009. With the rapid proliferation of smartphones, it is estimated that up to 13.0 million Malaysians will access the internet with smartphones by 2015 compared with approximately 2.0 million mobile broadband subscribers in 2010.

Long Term Evolution (LTE) or commonly marketed as the high speed 4G mobile service is the new high speed mobile broadband standard that is being adopted by mobile service providers in Malaysia. To support LTE with download transmission speed of up to 100 mbps, we believe that the expected fiberisation of the entire wireless broadband infrastructure would create substantial incremental demand for fiber optic cables and systems over the next 5 to 10 years.

The flagship of Malaysia's fixed broadband Fiber-to-the-Home (FTTH) initiative, Telekom Malaysia Berhad's ("Telekom Malaysia") high speed broadband network, UniFi - has made impressive progress in terms of home passed. Since its inception in 2009, the UniFi service has passed over 800,000 premises with approximately 80,000 premises connected to the UniFi service. It is reported that by 2012, Telekom Malaysia will have 1.3 million premises passed.

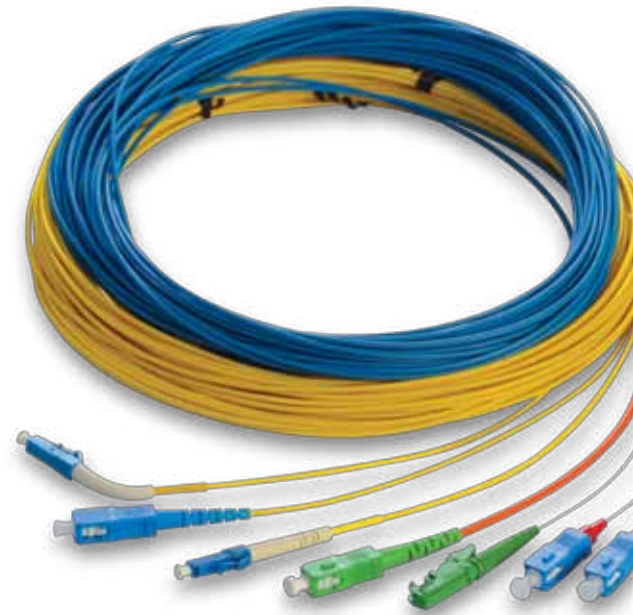
With telecommunications incumbents such as Telekom Malaysia and Maxis Berhad undertaking massive network transformation to an all Internet Protocol (IP) network platform, we believe that fiber optic cables will be deployed deeper into their proliferated broadband network to support the Government's Economic Transformation Program (ETP), mainly in the Communications Content and Infrastructure (CCI) as well as business services areas. It is estimated that every 10.0% increase in broadband penetration boosts Gross Domestic Product by an average of 1.3% and telecommunications project such as High Speed Broadband (HSBB) is one of the catalysts to fuel the growth of a knowledge society, and help achieve the Government's vision of a high-income economy.

All these robust market outlook and expected capital expenditure programs in telecommunications networks in Malaysia augur well for the fiber optic cable industry and the OPCOM Group which have the leading market share in Malaysia.





## CHAIRMAN'S STATEMENT



The Group is exploring various strategic alliances with leading players in the telecommunications industry as our market evolves.

### PROSPECTS

OPCOM is positive of its business activities for the current financial year as telecommunications providers continue to maintain their capital expenditure programs. Our biggest and most important customer, Telekom Malaysia - is on target to achieve its objective of deploying 1.3 million premises passed by 2012 from the current 800,000 level in its HSBB network. In addition, the transformation to an all-IP Next Generation Network at Telekom Malaysia has also sustained demand for the Group's fiber optic cables and passive component products.

The Group is exploring various strategic alliances with leading players in the telecommunications industry as our market evolves. As such our business has to evolve towards one of collaboration and partnership as well as outsourced services from our current "manufacture-and-sell" business model. This would entail the Group to embark on project implementation and management, and follow-on service provisioning and maintenance of telecommunications infrastructure and networks.

In line with these developments, the Group is collaborating with its technical partners in developing a full solution of passive component products for the FTTH networks. OPCOM Group anticipates to undertake certain new product launches in the FTTH passive component products in this financial year.

At the same time, the Group has been on the lookout for various business opportunities outside our industry domain. Should the opportunity arises, OPCOM is prepared to utilise its considerable cash reserves to grow its business by mergers and acquisitions (M&A) as part of its commitment to shareholder value creation.

## CHAIRMAN'S STATEMENT



### RESEARCH & DEVELOPMENT ("R&D")

As a low cost and efficient fiber optic cable manufacturer, OPCOM is committed to process R&D and development. The Group continued to strengthen its technology capability with technical collaboration with our joint-venture partner, Ericsson AB of Sweden as well as attracting technical talents into the Group. With the market focusing on providing "last 100 meters" cable solutions for broadband customer access network, our technical team has been working on specific solutions for the marketplace.

OPCOM Group will release various Malaysian designed fiber optic cables and passive components during this financial year and we believe that this endeavour will contribute positively to the financial position and performance of the Group.

### CORPORATE GOVERNANCE

Statement on the Corporate Governance and Internal 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 on Corporate Governance which is a crucial and fundamental requirement in the course of discharging our duty to protect and enhance shareholder value as well as the financial position and performance of the Group.

There were no sanctions and/or penalties imposed on OPCOM and its subsidiaries and their directors by any relevant regulatory bodies for the financial year ended 31 March 2011.

# CHAIRMAN'S STATEMENT

## CORPORATE SOCIAL RESPONSIBILITY

Opcom believes in providing social activities to its employees to strike a healthy balance in the workplace on top of helping the local communities as part of Corporate Social Responsibility initiatives.

Employees of OPCOM Group are continuously nurtured through provision of resources to enhance their skills and talents in achieving their career progression and personal growth.

During the financial year, OPCOM participated in various community activities. A blood donation drive was organized for University Malaya Medical Centre Blood Bank. Employees of OPCOM Group also visited the Muhibbah Care Home ("Muhibbah") whereby food was donated, on top of the activities and lunch organized with the Muhibbah old folks.

On a separate occasion, OPCOM donated cash, stationeries and food to orphans of Institut Taufiq Islami ("Institut Taufiq") in Klang, Selangor Darul Ehsan. Orphans from Institut Taufiq were also invited to the OPCOM's Hari Raya Open House held at Holiday Villa, Subang Jaya where they were entertained with music and live performances. Cash, *duit raya* and computer items were handed to the orphans.

Opcom also gave cash donation to the needy in Japan through Malaysian Red Crescent Society as to play a part in relieving the pain and suffering in Japan caused by the earthquake and tsunami.



## ACKNOWLEDGEMENT AND APPRECIATION


On behalf of the Board of Directors, I would like to extend my sincere gratitude to our customers especially Telekom Malaysia for their trust and confidence in us. We will continue to work hard to meet the expectations of our customers.

We would like to record our utmost appreciation to our joint-venture partner, Ericsson AB, business partners, vendors and other stakeholders for their trust and consistent support extended to the Group during the financial year.

Last but not least, my heartfelt appreciation to our shareholders for their support and confidence in OPCOM.

**Dato' Mokhzani Mahathir**  
Chairman





# Unparalleled Productivity without Compromise

With the emerging technologies of the modern day, we're constantly optimising and improving production efficiency. As we harness professionalism alongside commitment and focus on operational excellence, we have proficiently developed high quality and well-engineered products to meet the expectations required of a modern society.



# BOARD OF DIRECTORS' PROFILES



## **DATO' MOKHZANI MAHATHIR**

Chairman

Non-Independent Non-Executive Director

Dato' Mokhzani Mahathir, a Malaysian, aged 50, 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 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. He was the Chairman and Group Chief Executive Officer of Pantai Holdings Berhad until 2001. Presently, he sits on the boards of Maxis Berhad and Kencana Petroleum Berhad. He is the Group Chief Executive Officer of Kencana Petroleum Berhad.

Dato' Mokhzani is the Chairman of Sepang International Circuit Sdn. Bhd. since 2003.

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

Dato' Mokhzani Mahathir is the brother of Dato' Mukhriz Mahathir and brother-in-law of Datin Norzieta Zakaria, both are major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past ten (10) years.



### **CHHOA KWANG HUA, ERIC**

#### **Executive Director**

Mr Chhoa Kwang Hua, a Malaysian, aged 47, 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.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted 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 65, was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He serves as the 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 thirty six (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 major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past ten (10) years.

## BOARD OF DIRECTORS' PROFILES



### ABDUL JABBAR BIN ABDUL MAJID

#### Independent Non-Executive Director

Encik Abdul Jabbar Bin Abdul Majid, a Malaysian, aged 66, was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He serves as the 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 forty (40) years experience in accounting, audit, receivership, liquidation, financial advisory and consultancy. He is a director of public listed companies such as Tradewinds Corporation Berhad and Bank Muamalat Malaysia Berhad. He is an active contributor to the profession of accountancy and the financial industry. 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 major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past ten (10) years.



### SVEN JANNE SJÖDEN

#### Independent Non-Executive Director

Mr Sven Janne Sjöden, a Swedish, aged 67, 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 (ENT) in 1966 and has acquired extensive experience in the production of a wide range of telecom equipment.

He had held various senior positions within production both at Telefonaktiebolaget LM Ericsson, Sweden and ENT. During the period 1988 to 1992, he served as Divisional Manager within the Telecom and Power Cables Divisions as well as Vice President for ENT. Between 1992 and 2008, he had been responsible for the Business Unit Cable and was at the same time appointed the President of ENT.

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 major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past ten (10) years.





### **TOMIO ALAN KOMATSU**

#### **Independent Non-Executive Director**

Mr Tomio Alan Komatsu, an American, aged 41, 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 a Vice President with JP Morgan, specialising 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 major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offences within the past ten (10) years.



### **CHAN BEE LEAN**

#### **Independent Non-Executive Director**

Ms Chan Bee Lean, a Malaysian, aged 40, was appointed as a Director of Opcom Holdings Berhad on 7 January 2010. She is a member of the Audit Committee.

She holds a Bachelor of Accounting Degree (Honours) from University Utara Malaysia. She is a member of the Malaysian Institute of Accountants and also a member of the Institute of Internal Auditors Malaysia.

She has been in internal auditing for over thirteen (13) years. She is currently the Group Internal Audit Manager of Merge Housing Bhd.

She does not have any family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted for any offences within the past ten (10) years.

# Limitless Possibilities Beyond Ordinary Bounds

Recognising our vision and mission, we have a propensity to always look beyond the succession of our undertakings. Setting and meeting higher standards, we relentlessly take on challenges, bundling all ideas, strengths and ambitions of our resources to create and embrace new opportunities.





# SENIOR MANAGEMENT PROFILES



## **YUSREE PUTRA ALIAS**

### **Vice President**

Encik Yusree Putra Alias, a Malaysian, aged 41, joined the Group in 1997. He earned a Diploma in Electrical Engineering (Electronics) from University of Technology of MARA (UiTM) in 1993. Yusree started his career in Marconi (M) Sdn. Bhd. as an Engineer where he was involved in planning and design, installation and commissioning of fiber optic cables and systems. He joined the Group in April 1997 as a Project Manager and since 2000 has been responsible for Marketing and Sales. He was appointed as Vice President of Opcom Cables Sdn. Bhd. in 2010. As Vice President, Yusree assumes the day-to-day operational responsibilities in Opcom Cables Sdn. Bhd.



## **BEH SI YI**

### **Assistant Financial Controller**

Ms Beh Si Yi, a Malaysian, aged 30, joined the Group in 2009. She is an associate member of Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants. She has more than five (5) years experience in finance and accounts operations prior to joining the Group as an Accountant. She was subsequently promoted to Assistant Financial Controller of the Group and assume the responsibilities of Finance and Accounts and Procurement within the Group.



## AHMAD SABRI ABDUL MANAS

### Project Development Director

Encik Ahmad Sabri Abdul Manas, a Malaysian, aged 48, joined the Group in 1995. He earned a Bachelor of Engineering (Mechanical) from University of Malaya, Kuala Lumpur in 1987. He has over sixteen (16) years experience in the fiber optic cable industry. Ahmad Sabri was responsible for the Technical function and subsequently with his array of experience, he now assumes the Project Development function in the Group.

## HASNUL ZAKRY HASMA

### Production Manager

Encik Hasnul Zakry Hasma, a Malaysian, aged 39, joined the Group in 2010. He earned a Bachelor of Science (Industrial Physics) and Master in Business Administration (MBA) from University of Technology MARA (UiTM) in 1997 and 2006 respectively. Prior to joining the Group, he had held the position of Manufacturing and Production Manager. Encik Hasnul is responsible for the Production function in Opcom Cables Sdn. Bhd.



## SENIOR MANAGEMENT PROFILES

### ROHIZA HUSAIN

#### Head of Engineering

Puan Rohiza Husain, a Malaysian, aged 42, joined the Group in 2011. She earned a Bachelor Degree in Electrical Engineering from Gunma University, Japan in 1993. Rohiza has over seventeen (17) years experience in engineering where she was involved in machine maintenance, design/installation and commissioning of new machines and equipment. She is responsible for Engineering function in Opcom Cables Sdn. Bhd.



### MOHD SALLWEI SALLEH

#### Technical Manager

Encik Mohd Sallwei Salleh, a Malaysian, aged 37, joined the Group in 2009. He earned a Bachelor of Science (Applied Physics) from University of Malaya, Kuala Lumpur in 1999. Prior to joining the Group, he has various experience in process development and improvement. Encik Sallwei is responsible for the Technical function in Opcom Cables Sdn. Bhd.

## JAMALIAH ZAINAL

### Group Human Resource Manager

Puan Jamaliah Zainal, a Malaysian, aged 44, joined the Group in 1995. She earned a Bachelor Degree in Business Administration from California State University, Chico in 1989. She started her career with the Group as a Corporate Planning Officer. Since then, she has progressed in the Group to assume responsibilities of Group Human Resource.





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# CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") recognises the importance for the Company to maintain high standards of transparency, accountability and integrity in the conducts of the Company and its subsidiaries ("Group") business and affairs. The Board adopts and applies 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"), undertakes additional measures, principles and recommendation embodied in the Malaysian Code on Corporate Governance ("Code") and strives to adopt the substance and not merely the form behind the corporate governance prescription.

The Board delegates certain responsibilities to the Board Committees, all of which operate within the defined terms of reference to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Remuneration Committee, Employees' Share Option Committee and Risk Management Committee. The respective committees report to the Board on matters considered and their recommendation thereon for approval and decision-making.

## 1. THE BOARD

The Board is responsible for the Company's overall strategic direction and objectives, its acquisition and divestment policies, financial policy, major investments and the consideration of significant financial matters.

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

### 1.1 Composition of the Board

The Board has seven (7) members comprising one (1) executive director and six (6) non-executive directors. Five (5) of the six (6) non-executive directors are independent non-executive directors, thus, this complies with Rule 15.02 of the Listing Requirements that at least one-third (1/3) of the Board are independent directors.

The Directors have wide ranging experience and all have occupied or are currently occupying senior positions in the public and/or private sectors. A brief profile of each Board member is as set out on pages 20 to 23 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 The Board Meeting

The Board meets regularly, at least once in every quarter, to review the Group's operations and to approve the quarterly reports and annual financial statements. Additional meeting would be convened when urgent and important decision needs the Board's review and consideration between scheduled meetings.

# CORPORATE GOVERNANCE STATEMENT

During the financial year under review, four (4) meetings of the Board were held and all Directors have complied with the requirement in respect of Board Meeting attendance as provided in the Listing Requirements. The details of Directors' attendance are set out below:-

Directors	Total Attendance
Dato' Mokhzani Mahathir	4/4
Chhoa Kwang Hua	4/4
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	4/4
Tomio Alan Komatsu	4/4
Abdul Jabbar Bin Abdul Majid	4/4
Sven Janne Sjöden	4/4
Chan Bee Lean	4/4

## 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 sufficient time for any of the Board members to obtain further explanations or clarifications as may be needed from Senior Management and/or the Company Secretary or to consult independent advisers before the meetings.

Senior Management Personnel are invited to attend Board meetings to report on their areas of responsibility when necessary, to furnish the Board with detailed explanations and clarifications on issues that are tabled and/or raised at the Board meetings. External advisers may be invited to attend Board meetings at the expense of the Company when necessary.

At all times, all members of the Board have direct and unrestricted access to the Senior Management and the Company Secretary of the Company for information relating to business and affairs of the Group.

## 1.4 Training

The Directors attended courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as directors of the Company. Additionally, the Directors kept themselves updated with the changes in the business and regulations through sharing and discussion in official Board meetings and unofficially through small group discussions among the Directors.

The courses, seminars, conferences and talks attended by the Directors in 2010 and first half of 2011 were in the following areas:-

- Board Information Technology Governance and Risk Management
- Banking Insights
- Kuala Lumpur Islamic Finance Forum
- Equity Marketing Functionality

- The Board's Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance
- Annual Technology Innovators Microcap Investment
- Discharging Audit Committee and Internal Audit Function in Compliance with Risk Management Best Practices
- Economy Transformation through Partnership with Talent Corporation Malaysia Berhad

### 1.5 Appointment and Re-election

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 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

Remuneration Committee was established with the objective of providing a transparent and formal procedure for formulating and proposing the remuneration for the Directors and Senior Management. The Board as a whole determines the remuneration packages of the Directors with the Director concerned abstaining from participating in decisions in respect of his or her individual package.

#### ii. Composition and Designation

**Chairman:** **Abdul Jabbar Bin Abdul Majid**  
(Independent Non-Executive Director)

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

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

The aggregate remuneration of the Directors for the financial year ended 31 March 2011 is as follows:-

Remuneration (RM)	Executive Directors	Non-Executive Directors
Fees	28,000.00	168,600.00
Salaries	231,793.97	-
Allowances	94,000.00	51,000.00
Bonus	61,812.50	-
Benefits-in-kind	99,500.52	-
Total	515,106.99	219,600.00

# CORPORATE GOVERNANCE STATEMENT

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

Band of Remuneration	Executive Directors	Non-Executive Directors
Less than RM50,000	1	6
RM50,001 to RM100,000		
RM100,001 to RM150,000		
RM150,001 to RM200,000		
RM200,001 to RM250,000		
RM250,001 to RM300,000		
RM300,001 to RM350,000		
RM350,001 to RM400,000		
RM400,001 to RM450,000		
RM450,001 to RM500,000	1	
Total	2	6

The above numbers included an Executive Director, Ms Lim Bee Khin who served during the financial year and resigned on 31 May 2010.

## 2. AUDIT COMMITTEE

As of financial year ended 31 March 2011, the Company has in place an Audit Committee which comprises three (3) independent non-executive directors.

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

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 41 to 46 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 on a timely basis through the following channels:-

- The various disclosures and announcements on Bursa Securities website including quarterly and annual results;
- The website developed by the Group known as [www.opcom.com.my](http://www.opcom.com.my);
- The yearly annual report; 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 AND AUDIT

### 4.1 Financial Reporting

The Board aims to present a fair, balanced and meaningful assessment of the Group and the Company's financial performance and prospects. This is achieved primarily through the announcements of quarterly financial results and annual financial statements to Bursa Securities and the circulation of annual report to the shareholders. The Audit Committee assists the Board by reviewing the financial information to be disclosed, to ensure completeness, accuracy and adequacy prior to release to Bursa Securities.

### 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 the Company at the

end of the financial year. 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 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 the Company have adequate resources to continue in operational existence for the foreseeable future.

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

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

## 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 sound and sufficient.

The total cost incurred for the Internal Audit activities of the Group for the financial year under review was RM53,000.00.

The Statement on Internal Control furnished on pages 39 and 40 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, the Board has established and maintained a formal and transparent relationship with the Group's external and internal auditors.

A summary of the activities of the Audit Committee during the financial year is set out under the Audit Committee Report on pages 41 to 46 of the Annual Report.

## 4.5 Compliance with the Code

The Board strives to ensure that the Group 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 entered into by the Group involving the directors' or major shareholders' interest during the financial year ended 31 March 2011.

## 6. RISK MANAGEMENT COMMITTEE

Risk Management Committee holds monthly meetings. This Committee regularly reviews all risks including financial, operation and market risks and ensure risks and controls are kept updated to reflect current business 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 practices, takes a serious view of ensuring that the Group is always on alert of any situation that might adversely affects its assets, income and ultimately, its profits.

## 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 2011 pursuant to the shareholders' mandate were as follows:-

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Opcom Sdn. Bhd. ("OSB")	Purchase of Fiber-to-the-Home accessories and related training from OSB	Dato' Mokhzani Mahathir <sup>a</sup> Dato' Mukhriz Mahathir <sup>b</sup> Datin Norzieta Zakaria <sup>c</sup>	24,115,596
	Letting of office space to OSB of 1,200 sq.ft. at 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan at RM3,000 per month	Mirzan Mahathir <sup>d</sup> MOCSB <sup>e</sup>	18,000
Ericsson AB, Sweden ("EAB")	Supply of cables related products to EAB via a General Purchase Agreement	ENT <sup>f</sup> EAB <sup>g</sup>	481,048
	Purchase of goods and services from EAB <ul style="list-style-type: none"> <li>• Cable production materials</li> <li>• Fiber optic cables</li> <li>• Installation, commissioning, technical services, consultancy and maintenance services and other such related services to be supplied in conjunction with the provision of goods and services</li> </ul>		11,761,971
Airzed Broadband Sdn. Bhd. ("ABSB")	Renting of Opcom's open area at 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by ABSB at a monthly rental of RM500	Dato' Mukhriz Mahathir <sup>b</sup> Datin Norzieta Zakaria <sup>c</sup> Chhoa Kwang Hua <sup>h</sup>	6,000
Airzed Services Sdn. Bhd. ("ASSB")	Purchase of wireless broadband access from ASSB	Dato' Mukhriz Mahathir <sup>b</sup> Datin Norzieta Zakaria <sup>c</sup> Chhoa Kwang Hua <sup>h</sup>	28,800
Perennial Renaissance Sdn. Bhd. ("PRSB")	Renting of PRSB's apartment of 2,939 sq.ft. at D-16-02, Flora Murni, 3 Jalan Kiara 3, Mont' Kiara, 50480 Kuala Lumpur by Opcom Group at a monthly rental of RM11,000	Chhoa Kwang Hua <sup>h</sup> Chhoa Kuang Yaw <sup>i</sup>	132,000
	Renting of PRSB's office space of 2,063 sq.ft. at Penthouse 2, Block D, Plaza Mont' Kiara, 50480 Kuala Lumpur by Opcom at a monthly rental of RM3,000		18,000

# CORPORATE GOVERNANCE STATEMENT

## Notes:

### Nature of Interest

- a. Dato' Mokhzani Mahathir is a Chairman of Opcom and Chairman/Managing Director of Opcom Cables Sdn. Bhd. ("OCSB"). Dato' Mokhzani Mahathir is the brother of Dato' Mukhriz Mahathir and Mirzan Mahathir. He is the brother-in-law of Datin Norzieta Zakaria.
- b. Dato' Mukhriz Mahathir is a major shareholder of Opcom. Dato' Mukhriz Mahathir is the spouse of Datin Norzieta Zakaria and brother of Dato' Mokhzani Mahathir and Mirzan Mahathir.
- c. Datin Norzieta Zakaria, the spouse of Dato' Mukhriz Mahathir is a director of OCSB, Opcom Niaga Sdn. Bhd. ("ONSB") and Opcom Shared Services Sdn. Bhd. ("OSSSB"). She is a director and major shareholder of OSB and ABSB. She is also a major shareholder of ASSB.
- d. Mirzan Mahathir, the brother of Dato' Mokhzani Mahathir and Dato' Mukhriz Mahathir and the brother-in-law of Datin Norzieta Zakaria is a director of OCSB and a shareholder of OSB.
- e. M Ocean Capital Sdn. Bhd. ("MOCSB"), a major shareholder of Opcom is person connected to Datin Norzieta Zakaria.
- f. Ericsson Network Technologies AB, Sweden ("ENT") is the major shareholder of OCSB.
- g. EAB and ENT are controlled by a same parent company.
- h. Chhoa Kwang Hua, the Executive Director of Opcom is an alternate director to Datin Norzieta Zakaria in OCSB. He is also a director of ONSB and OSSSB. He is a director and major shareholder of ABSB, ASSB and PRSB.
- i. Chhoa Kuang Yaw, the brother of Chhoa Kwang Hua is a director and major shareholder of PRSB.



# STATEMENT ON INTERNAL CONTROL

## INTRODUCTION

The Board of Directors of Opcom Holdings Berhad ("Board") and its subsidiaries ("Group") is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 March 2011, 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, for reviewing its adequacy and integrity in supporting the achievement of the Group's strategic goals and business objectives, and for managing those risks efficiently, effectively and economically.

## RISK MANAGEMENT FRAMEWORK

The Board has a structured Risk Management Framework to facilitate the Group's objective 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 minimise risk exposures. The Risk Management Committee met twelve (12) times during the financial year ended 31 March 2011, 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 framework and system of internal controls.

## INTERNAL AUDIT

The Group appointed an independent outsourced internal audit service provider to carry out internal audit reviews, and to support the Board in 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.

# STATEMENT ON INTERNAL CONTROL

In addition, the Management's response to the control recommendations on deficiencies identified during the internal audits provides an added and independent assurance that control procedures are in place, and are being followed.

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

## OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

The Group's system of internal controls also comprise of the following key elements:-

- **Control Procedures**

Group-wide policies and procedures are in place to facilitate communication and awareness of accountabilities and control procedures for key business units. The policies and procedures are available and accessible by the relevant employees.

- **Organisational Structure and Accountability Levels**

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

- **Reporting Review**

The Group's management teams carry out monthly monitoring and review of financial results and budgets for all business units within the Group, including monitoring and reporting of performance against the operating plans and annual budgets in operation committee meetings. 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. Furthermore, 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 faced by the Group and the underlying controls to mitigate these risks. 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 2011.

# AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee ("Committee") is to assist the Board of Directors ("Board") in discharging its statutory duties and responsibilities for corporate governance, timely and accurate financial reporting and adequacy of internal controls within the Company and its subsidiaries ("Group").

## 1. MEMBERSHIP

The present members of the Committee comprised:

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

(Independent Non-Executive Director)

**Members: Tomio Alan Komatsu**

(Independent Non-Executive Director)

**Chan Bee Lean**

(Independent Non-Executive Director)

## 2. ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2011

The Committee held a total of six (6) meetings. Details of attendance of the Committee members are as follows:-

Members	Number of Meetings Attended
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	6/6
Tomio Alan Komatsu	6/6
Chan Bee Lean	5/6

During the financial year under review, the members of the Committee had two (2) separate dialogues with the representatives of the external auditors, KPMG without the presence of any executive director and management personnel.

## 3. SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee carried out the following activities in discharging its duties and responsibilities as set out in the terms of reference of the Committee:-

1. Reviewed and assessed the adequacy of the scopes and functions of the Internal Audit Plan and Risk Management for the Company and the Group and authorised resources to address risk areas that have been identified.
2. Reviewed the External Audit Plan for the Company and the Group with the external auditors to ensure the audit scope and activities were adequately covered.
3. Reviewed quarterly and annual financial reports of the Company and the Group prior to submission to the Board for consideration and approval, focusing particularly on the following:-
  - i. significant and unusual events;
  - ii. changes in or implementation of major accounting policy; and
  - iii. compliance with accounting standards and other legal requirements.

## AUDIT COMMITTEE REPORT

4. Reviewed the related party transactions and ensured that they were not more favourable to the related parties than those generally available to the public and complies with the Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("Listing Requirements").
5. Reviewed and approved the proposed audit fees for the external auditors and internal auditors in respect of their audits of the Company and the Group.
6. Considered the re-appointment of the external auditors and renewal of internal audit engagement.
7. Met with the external auditors twice a year without the presence of any executive director and management personnel.

#### 4. INTERNAL AUDIT ACTIVITIES

The Internal Audit function of the Group has been outsourced to Deloitte Enterprise Risk Services Sdn. Bhd. ("Deloitte"), who reports directly to the Committee. Deloitte assists the Board in maintaining a sound system of internal controls and ensure that established policies and procedures are adhered to and continue to be effective and satisfactory.

Deloitte has conducted on-going reviews of the adequacy and effectiveness of the internal control systems, compliance with established policies and regulations and means of safeguarding assets of the Group. On a quarterly basis, audit findings and the plan progress reports are submitted for review and approval by the Committee. Included in the reports are recommended corrective measures on risks and/or weaknesses identified, if any, for implementation by Management. 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.

#### 5. STATEMENT ON EMPLOYEE SHARE OPTION SCHEME ("ESOS")

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

## 6. TERMS OF REFERENCE

### 6.1 Primary Purposes

The Committee shall:-

1. Provide assistance to the Board in fulfilling its fiduciary duties and responsibilities relating to the corporate accounting and practices of the 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 the internal auditors.
4. Enhance the independence of both external and internal auditors' functions through active participation in the audit processes.
5. Strengthen the role of independent directors by giving them a greater depth of knowledge as to the operations of the Group through their participation in the Committee.
6. Act upon the Board's request to investigate, report on any issues or concerns within the Group.

### 6.2 Members

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

1. The Committee shall comprise of no fewer than three (3) members;
2. All the Committee members must be non-executive directors, with a majority of them being independent directors;
3. The members of the Committee must elect a Chairman among themselves who is an independent non-executive director;
4. At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements as stated in Rule 15.09(1)(c)(ii) of the Bursa Securities Listing Requirements;
5. The Managing Director shall not be a member of the Committee;
6. No Chief Executive Officer or alternate director shall be appointed as a member of the Committee; and
7. In the event of any vacancy in the Committee resulting in the non-compliance as stated in Rule 15.09(1) of the Bursa Securities Listing Requirements, the Company shall fill in such vacancy within two (2) months, but in any case not later than three (3) months.

# AUDIT COMMITTEE REPORT

## 6.3 Authority

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

1. Have the explicit authority to investigate any matter within its terms of reference;
2. Have adequate and access to the resources which are required to perform its duties;
3. Obtain full and unrestricted access to any information pertaining to the Company and the Group;
4. Have direct communication channels with the external auditors, the internal auditors and employees of the Company and the Group;
5. Be able to obtain independent professional advice and to secure the attendance of external advisers with relevant 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 other Directors and employees of the Group at least twice a year and whenever deemed necessary.

## 6.4 Functions and Duties

The functions of the Committee are as follows:-

1. To review:
  - a. External Audit

- 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;
- The adequacy of external auditors' audit plans and arrangements, with particular emphasis on the scope and quality of the audit;
- The external auditors' audit reports and ensure that appropriate remedial actions are taken by Management; and
- Any Management letter sent by the external auditors to the Group and the Management's response to such letter.

### b. Internal Audit

- The nomination of internal auditors;
- The adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

- The internal audit programme, processes, the results of the internal audit programme, processes and/or investigation undertaken and whether or not appropriate remedial actions are taken by Management on the recommendations of the internal audit function;
  - Any letter of resignation from the internal auditors of the Company; and
  - The effectiveness of the internal controls and management information systems.
- c. Risk Management
- All areas of significant financial and/or business risks and the arrangements in place to contain those risks to acceptable levels.
- d. Financial Reporting
- The quarterly results and year-end financial statements, before the approval of 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.
- e. Related Party Transactions
- Any related party transactions and situations of potential conflict of interests that may arise within the Company and/or the Group including any transactions, procedures or courses of conduct that raise questions of management integrity.
2. To carry out any other function that may be mutually agreed upon by the Committee and the Board, which would benefit the Company and/or the Group.
  3. To review and verify the allocation of share options to eligible persons as being in compliance with the by-laws approved by the Board and shareholders of the Company.
  4. To promptly report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements.
  5. The Committee actions shall be reported to the Board with such recommendations as the Committee deemed appropriate.



## 6.5 Meetings

1. The Committee shall meet at least four (4) times in a year and additional meetings as circumstances may require with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
2. Two (2) members of the Committee shall constitute a quorum and both members 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 and/or shareholders.
4. The external auditors and the 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, any member of Management and/or any employee of the Group 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 Committee meeting only at the Committee's invitation, specific to the relevant meeting.

## 6.6 Procedure of Committee

The Committee may regulate its own procedure, 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.

## 6.7 Secretary

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

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# DIRECTORS' REPORT

for the year ended 31 March 2011

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 2011.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the renting of buildings, provision of management services to its subsidiaries and investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	20,254,480	4,970,958
Minority interests	7,334,669	-
	27,589,149	4,970,958

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review.

## DIVIDENDS

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

- i) an interim dividend of 1.50 sen per ordinary share, under the single tier system, totalling RM1,935,000 in respect of the year ended 31 March 2011 on 28 April 2010;
- ii) an interim dividend of 1.50 sen per ordinary share, under the single tier system, totalling RM1,935,000 in respect of the year ended 31 March 2011 on 26 August 2010; and
- iii) an interim dividend of 1.50 sen per ordinary share, under the single tier system, totalling RM1,935,000 in respect of the year ended 31 March 2011 on 20 December 2010.

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  
Abdul Jabbar Bin Abdul Majid  
Chhoa Kwang Hua  
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said  
Sven Janne Sjöden  
Tomio Alan Komatsu  
Chan Bee Lean

## 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 (including the interests of the spouse or children of the Director who is not director of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.20 each			
	At 1.4.2010	Bought	Sold	At 31.3.2011
Shareholdings in which Directors have direct interest				
Chhoa Kwang Hua	2,088,500	50,000	(40,000)	2,098,500
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	-	-	712,500
Sven Janne Sjöden	280,000	-	-	280,000
Abdul Jabbar Bin Abdul Majid	375,000	25,000	-	400,000

Shareholdings in which Directors have indirect interest

Tomio Alan Komatsu*	217,000	-	(217,000)	-
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\* This is the interest held by spouse of Tomio Alan Komatsu. In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interest of the spouse shall be treated as interest of Tomio Alan Komatsu.

None of the other Directors holding office at 31 March 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

# DIRECTORS' REPORT

for the year ended 31 March 2011

## 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 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 24 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 AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company and the Company has not issued any debentures 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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company 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.

## OTHER STATUTORY INFORMATION (CONTINUED)

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

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

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

In the opinion of the Directors, the financial performances of the Group and of the Company for the financial year ended 31 March 2011 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

On 23 May 2011, a subsidiary has signed a Variation Order to the existing RM359.6 million contract with Telekom Malaysia Berhad ("Telekom") for the Supply, Delivery, Training and Support Services for Passive FTTH System ("Contract"). Telekom has extended the Contract by a further period of two (2) years from 20 April 2011 until 19 April 2013 through the signing of the Variation Order. The Contract value remains unchanged.

## 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, Selangor Darul Ehsan  
Date: 15 June 2011

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2011

	Note	31.3.2011 RM	Group 31.3.2010 RM restated	1.4.2009 RM restated	31.3.2011 RM	Company 31.3.2010 RM restated	1.4.2009 RM restated
<b>Assets</b>							
Property, plant and equipment	3	32,934,523	34,972,620	37,769,904	7,803,561	8,026,027	11,601,674
Investment properties	4	-	-	-	7,449,929	7,465,084	8,207,425
Investments in subsidiaries	5	-	-	-	11,300,002	11,300,002	11,300,002
Deferred tax assets	6	3,004	39,163	48,151	-	-	-
<b>Total non-current assets</b>		32,937,527	35,011,783	37,818,055	26,553,492	26,791,113	31,109,101
Inventories	7	14,968,966	16,819,888	9,570,083	-	-	-
Receivables, deposits and prepayments	8	35,933,844	22,357,654	18,249,333	214,469	1,329,719	1,740,651
Tax recoverable		-	53,878	199,539	-	-	86,964
Cash and cash equivalents	9	76,400,091	53,977,700	36,276,151	9,361,724	9,340,567	3,442,919
<b>Total current assets</b>		127,302,901	93,209,120	64,295,106	9,576,193	10,670,286	5,270,534
<b>Total assets</b>		160,240,428	128,220,903	102,113,161	36,129,685	37,461,399	36,379,635
<b>Equity</b>							
Share capital	10	25,800,000	25,800,000	25,800,000	25,800,000	25,800,000	25,800,000
Reserves	11	61,393,763	46,944,283	42,825,726	8,675,269	9,509,311	9,259,898
<b>Total equity attributable to owners of the Company</b>		87,193,763	72,744,283	68,625,726	34,475,269	35,309,311	35,059,898
Minority interests		22,682,885	16,592,737	15,137,235	-	-	-
<b>Total equity</b>		109,876,648	89,337,020	83,762,961	34,475,269	35,309,311	35,059,898
<b>Liabilities</b>							
Deferred tax liabilities	6	1,832,856	2,033,536	2,261,546	530,961	457,540	398,778
<b>Total non-current liability</b>		1,832,856	2,033,536	2,261,546	530,961	457,540	398,778
Provisions	12	3,164,553	1,625,337	-	-	-	-
Payables and accruals	13	43,059,597	35,059,842	16,009,231	1,070,955	1,560,817	920,959
Tax payable		2,306,774	165,168	79,423	52,500	133,731	-
<b>Total current liabilities</b>		48,530,924	36,850,347	16,088,654	1,123,455	1,694,548	920,959
<b>Total liabilities</b>		50,363,780	38,883,883	18,350,200	1,654,416	2,152,088	1,319,737
<b>Total equity and liabilities</b>		160,240,428	128,220,903	102,113,161	36,129,685	37,461,399	36,379,635

The notes on pages 58 to 103 are an integral part of these financial statements.



# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>Revenue</b>	14	136,557,728	121,217,965	11,112,712	12,691,047
<b>Results from operating activities</b>	14	35,966,894	15,552,204	6,555,726	7,313,769
Finance income	16	1,341,552	689,115	242,495	123,260
<b>Profit before tax</b>		37,308,446	16,241,319	6,798,221	7,437,029
Income tax expense	17	(9,719,297)	(3,521,593)	(1,827,263)	(1,711,569)
<b>Profit for the year and total comprehensive income for the year</b>		27,589,149	12,719,726	4,970,958	5,725,460
<b>Profit and total comprehensive income attributable to:</b>					
Owners of the Company		20,254,480	9,594,604	4,970,958	5,725,460
Minority interests		7,334,669	3,125,122	-	-
<b>Profit for the year and total comprehensive income for the year</b>		27,589,149	12,719,726	4,970,958	5,725,460
Basic earnings per ordinary share (sen)	18	15.7	7.4		

The notes on pages 58 to 103 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2011

Group	Note	Attributable to owners of the Company				Total RM	Minority interest RM	Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM			
<b>At 1 April 2009</b>		25,800,000	5,811,530	3,283	37,010,913	68,625,726	15,137,235	83,762,961
Total comprehensive income for the year		-	-	-	9,594,604	9,594,604	3,125,122	12,719,726
Dividends to owners of the Company and minority interests	19	-	-	-	(5,476,047)	(5,476,047)	(1,669,620)	(7,145,667)
<b>At 31 March 2010/ 1 April 2010</b>		25,800,000	5,811,530	3,283	41,129,470	72,744,283	16,592,737	89,337,020
Total comprehensive income for the year		-	-	-	20,254,480	20,254,480	7,334,669	27,589,149
Dividends to owners of the Company and minority interests	19	-	-	-	(5,805,000)	(5,805,000)	(1,244,521)	(7,049,521)
<b>At 31 March 2011</b>		25,800,000	5,811,530	3,283	55,578,950	87,193,763	22,682,885	109,876,648
		Note 10	Note 11	Note 11	Note 11			

The notes on pages 58 to 103 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2011

Company	Note	Attributable to owners of the Company			Total RM
		Share capital RM	Share premium RM	Retained earnings RM	
<b>At 1 April 2009</b>		25,800,000	5,811,530	3,448,368	35,059,898
Total comprehensive income for the year		-	-	5,725,460	5,725,460
Dividends to owners of the Company	19	-	-	(5,476,047)	(5,476,047)
<b>At 31 March 2010/1 April 2010</b>		25,800,000	5,811,530	3,697,781	35,309,311
Total comprehensive income for the year		-	-	4,970,958	4,970,958
Dividends to owners of the Company	19	-	-	(5,805,000)	(5,805,000)
<b>At 31 March 2011</b>		25,800,000	5,811,530	2,863,739	34,475,269
		Note 10	Note 11	Note 11	

The notes on pages 58 to 103 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2011

	Note	Group 2011 RM	2010 RM restated	Company 2011 RM	2010 RM restated
<b>Cash flows from operating activities</b>					
Profit before tax		37,308,446	16,241,319	6,798,221	7,437,029
Adjustments for:					
Depreciation					
- Property, plant and equipment		2,868,347	2,846,269	280,133	347,956
- Investment properties		-	-	204,755	207,633
Dividend income		-	-	(5,161,840)	(6,682,440)
Gain on disposal of property, plant and equipment		(52,100)	(283,564)	-	(285,447)
Interest income		(1,341,552)	(689,115)	(242,495)	(123,260)
Investment property written off		-	-	-	561,158
Provisions for liquidated damages		1,539,216	1,625,337	-	-
Property, plant and equipment written off		9,723	597,125	2,362	-
Unrealised (gain)/loss on foreign exchange		(441,729)	396,836	-	-
<b>Operating profit before changes in working capital</b>		39,890,351	20,734,207	1,881,136	1,462,629
Inventories		1,850,922	(7,249,805)	-	-
Receivables, deposits and prepayments		(13,578,201)	(4,108,321)	1,115,250	410,932
Payables and accruals		9,099,991	19,626,292	(489,862)	639,858
<b>Cash generated from operations</b>		37,263,063	29,002,373	2,506,524	2,513,419
Tax paid		(7,688,334)	(3,509,209)	(1,835,073)	(1,432,112)
<b>Net cash generated from operating activities</b>		29,574,729	25,493,164	671,451	1,081,307
<b>Cash flows from investing activities</b>					
Dividends received		-	-	5,161,840	6,682,440
Purchase of property, plant and equipment		(1,174,873)	(3,938,283)	(100,725)	(61,238)
Purchase of investment properties		-	-	(148,904)	(26,450)
Proceeds from disposal of property, plant and equipment		387,000	3,575,737	-	3,574,376
Interest received		1,341,552	689,115	242,495	123,260
Deposits released from/(pledged to) bank		3,600,000	(3,500,000)	-	-
<b>Net cash generated from/(used in) investing activities</b>		4,153,679	(3,173,431)	5,154,706	10,292,388

	Group		Company	
Note	2011 RM	2010 RM restated	2011 RM	2010 RM restated
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the Company	(5,805,000)	(5,476,047)	(5,805,000)	(5,476,047)
Dividends paid to minority interests	(2,000,000)	(2,000,000)	-	-
<b>Net cash used in financing activities</b>	(7,805,000)	(7,476,047)	(5,805,000)	(5,476,047)
Net increase in cash and cash equivalents	25,923,408	14,843,686	21,157	5,897,648
Effect of exchange rate fluctuations on cash held	98,983	(642,137)	-	-
Cash and cash equivalents at 1 April	50,377,700	36,176,151	9,340,567	3,442,919
<b>Cash and cash equivalents at 31 March</b>	(i) 76,400,091	50,377,700	9,361,724	9,340,567

**(i) Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
Note	2011 RM	2010 RM	2011 RM	2010 RM
Deposits placed with licensed banks	64,183,121	41,985,160	8,600,000	7,155,145
Cash and bank balances	12,216,970	11,992,540	761,724	2,185,422
9	76,400,091	53,977,700	9,361,724	9,340,567
Less: Deposits pledged with a licensed bank	9	-	(3,600,000)	-
	76,400,091	50,377,700	9,361,724	9,340,567

The notes on pages 58 to 103 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 ACE 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 2011 comprise the Company and its subsidiaries. The financial statements of the Company as at and for the year ended 31 March 2011 do not include other entities.

The Company is principally engaged in the renting of buildings, provision of management services to its subsidiaries and investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 15 June 2011.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

These financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

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

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010***

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

## 1. BASIS OF PREPARATION (CONTINUED)

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

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011***

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011***

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012***

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning on or after 1 April 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, Amendments to FRS 5, Amendments to FRS 138, IC Interpretation 4, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16, IC Interpretation 17 and IC Interpretation 18 which are not applicable to the Group and the Company.

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning on or after 1 April 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for IC Interpretation 15, IC Interpretation 19 and Amendments to IC Interpretation 14 which are not applicable to the Group and the Company.

The initial applications of the applicable standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company upon their first adoption.

Following the announcement made by the Malaysian Accounting Standards Board on 1 August 2008, the Group and the Company's financial statements for the year ending 31 March 2013 will be prepared in accordance with International Financial Reporting Standards Framework.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (CONTINUED)

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2(c).

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 estimates are 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 note:

- Note 4 - Valuation of investment property

## 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 the Group entities, other than those disclosed in the following notes:

- Note 2(c) - Financial instruments
- Note 2(e) - Leased assets
- Note 2(h) - Receivables
- Note 2(r) - Operating segments

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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 statement of financial position at cost less impairment losses, if any.

#### (ii) Minority interest

Minority interest at the end of the reporting period, 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 statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interest in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interest and the owners 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 with 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 transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

### (c) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 April 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 April 2010, different accounting policies were applied.

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### ***Financial assets***

##### ***Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

##### ***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gains or 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 expenses" respectively in profit or loss.

#### (ii) 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 profit or loss as incurred.

#### (iii) Depreciation

Construction in progress is not depreciated. Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold land which has unexpired period of more than 50 years is depreciated over the remaining lease term.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods for the other assets 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 reviewed, and adjusted as appropriate at the end of the reporting period.

### (e) Leased assets

#### (i) *Finance lease*

Leases in terms of which the Group or the Company assume 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leased assets (continued)

#### (ii) *Operating lease*

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statements of financial position of the Group or the Company.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments.

The Group has adopted the amendment made to FRS 117, *Leases* in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively as disclosed in Note 3 and Note 27.2.

### (f) 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 accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

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

#### *Determination of fair value*

The Directors estimate the fair values of the investment properties either by reference to independent valuer quotations or by considering to market evidence of transaction prices for similar properties within the same location or within the vicinity.

### (g) Inventories

Inventories are measured at the lower of cost and net realisable value with standard cost approximating actual being the main basis for cost. Variances in standard and actual costs are charged to cost of production. In the case of work-in-progress/manufactured inventories/finished goods, cost consists of raw materials, direct labour and appropriate proportion of fixed and variable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Receivables

Prior to 1 April 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(c)(ii).

### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purposes of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 2(c)(ii).

### (j) Affiliated company

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

### (k) Impairment of assets

#### (i) Financial assets

All financial assets (except for investments in subsidiaries and cash and cash equivalents) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset, if any, is reduced through the use of an allowance account.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment of assets (continued)

#### (ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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").

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.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

### (l) Employee benefits

#### (i) 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 liability 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Employee benefits (continued)

#### (ii) State plans

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

### (m) Payables

Prior to 1 April 2010, 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.

Following the adoption of FRS 139, payables are categorised and measured as other liabilities in accordance with Note 2(c)(ii).

### (n) 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. The unwinding of the discount is recognised as finance cost.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) 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 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 profit or loss as and when the services are performed.

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

#### (v) Rental income

Rental income is recognised in profit or loss as it accrues.

### (p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Income tax (continued)

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

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

### (q) 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### (r) Operating segments

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

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land	Buildings		Motor vehicles		Office equipment		Computer equipment		Plant and machinery		Renovation equipment		Tools Furniture and fittings		and Construction in progress		Total RM
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Cost</b>																		
At 1 April 2009, restated	13,057,015	10,647,598	1,443,416	567,743	4,480,243	37,906,160	1,994,958	19,805	1,167,008	-	-	-	-	-	-	-	-	71,283,946
Additions	-	26,450	339,195	20,110	111,092	3,393,385	-	-	7,355	40,696	-	-	-	-	-	-	-	3,938,283
Disposals	(3,949,687)	-	-	-	(5,310)	-	-	-	-	-	-	-	-	-	-	-	-	(3,954,997)
Write off	-	(579,509)	-	-	-	(150,745)	-	-	(1,680)	-	-	-	-	-	-	-	-	(731,934)
At 31 March 2010/ 1 April 2010, restated	9,107,328	10,094,539	1,782,611	587,853	4,586,025	41,148,800	1,994,958	19,805	1,172,683	40,696	-	-	-	-	-	-	-	70,535,298
Additions	-	148,904	146,191	69,724	75,378	675,527	23,650	-	35,499	-	-	-	-	-	-	-	-	1,174,873
Reclassification	-	40,696	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40,696)
Disposals	-	-	(878,483)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(878,483)
Write off	-	-	-	(18,659)	(70,733)	(68,058)	-	-	(5,740)	-	-	-	-	-	-	-	-	(163,190)
At 31 March 2011	9,107,328	10,284,139	1,050,319	638,918	4,590,670	41,756,269	2,018,608	19,805	1,202,442	-	-	-	-	-	-	-	-	70,668,498

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

Group	Long term leasehold land	Buildings RM	Motor vehicles RM	Office equipment RM	Computer equipment RM	Plant and machinery RM	Renovation equipment RM	Tools and Furniture fittings RM		Construction in progress RM	Total RM
<b>Accumulated depreciation</b>											
At 1 April 2009, restated	2,112,655	2,440,173	457,896	338,194	4,297,469	22,197,414	1,122,810	6,177	541,254	-	33,514,042
Charge for the year	147,393	207,633	283,324	52,302	89,543	1,704,575	269,980	1,702	89,817	-	2,846,269
Disposals	(660,758)	-	-	-	(2,066)	-	-	-	-	-	(662,824)
Write off	-	(18,351)	-	-	-	(116,017)	-	-	(441)	-	(134,809)
At 31 March 2010/ 1 April 2010, restated	1,599,290	2,629,455	741,220	390,496	4,384,946	23,785,972	1,392,790	7,879	630,630	-	35,562,678
Charge for the year	121,128	204,755	245,651	47,869	94,233	1,835,479	229,364	1,701	88,167	-	2,868,347
Disposals	-	-	(543,583)	-	-	-	-	-	-	-	(543,583)
Write off	-	-	-	(16,019)	(70,467)	(63,784)	-	-	(3,197)	-	(153,467)
At 31 March 2011	1,720,418	2,834,210	443,288	422,346	4,408,712	25,557,667	1,622,154	9,580	715,600	-	37,733,975
<b>Carrying amounts</b>											
At 1 April 2009, restated	10,944,360	8,207,425	985,520	229,549	182,774	15,708,746	872,148	13,628	625,754	-	37,769,904
At 31 March 2010/ 1 April 2010, restated	7,508,038	7,465,084	1,041,391	197,357	201,079	17,362,828	602,168	11,926	542,053	40,696	34,972,620
At 31 March 2011	7,386,910	7,449,929	607,031	216,572	181,958	16,198,602	396,454	10,225	486,842	-	32,934,523

# NOTES TO THE FINANCIAL STATEMENTS

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

Company	Long term leasehold land	Office equipment	Computer equipment	Renovation	Tools and equipment	Furniture and fittings	Construction in progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>								
At 1 April 2009, restated	13,057,015	348,331	907,923	423,377	19,805	598,452	-	15,354,903
Additions	-	5,400	10,107	-	-	5,035	40,696	61,238
Disposal	(3,949,687)	-	-	-	-	-	-	(3,949,687)
At 31 March 2010/ 1 April 2010, restated	9,107,328	353,731	918,030	423,377	19,805	603,487	40,696	11,466,454
Additions	-	63,504	16,441	18,800	-	1,980	-	100,725
Reclassification	-	-	-	-	-	-	(40,696)	(40,696)
Write off	-	(7,400)	(38,268)	-	-	-	-	(45,668)
At 31 March 2011	9,107,328	409,835	896,203	442,177	19,805	605,467	-	11,480,815
<b>Accumulated depreciation</b>								
At 1 April 2009, restated	2,112,655	197,049	788,528	331,389	6,177	317,431	-	3,753,229
Charge for the year	147,393	28,397	45,097	66,355	1,702	59,012	-	347,956
Disposal	(660,758)	-	-	-	-	-	-	(660,758)
At 31 March 2010/ 1 April 2010, restated	1,599,290	225,446	833,625	397,744	7,879	376,443	-	3,440,427
Charge for the year	121,128	28,317	46,184	26,987	1,701	55,816	-	280,133
Write off	-	(5,304)	(38,002)	-	-	-	-	(43,306)
At 31 March 2011	1,720,418	248,459	841,807	424,731	9,580	432,259	-	3,677,254
<b>Carrying amounts</b>								
At 1 April 2009, restated	10,944,360	151,282	119,395	91,988	13,628	281,021	-	11,601,674
At 31 March 2010/ 1 April 2010, restated	7,508,038	128,285	84,405	25,633	11,926	227,044	40,696	8,026,027
At 31 March 2011	7,386,910	161,376	54,396	17,446	10,225	173,208	-	7,803,561



#### 4. INVESTMENT PROPERTIES

##### Company

##### Buildings RM

##### Cost

At 1 April 2009

10,647,598

Additions

26,450

Write off

(579,509)

At 31 March 2010/1 April 2010

10,094,539

Additions

148,904

Reclassification

40,696

At 31 March 2011

10,284,139

##### Depreciation

At 1 April 2009

2,440,173

Charge for the year

207,633

Write off

(18,351)

At 31 March 2010/1 April 2010

2,629,455

Charge for the year

204,755

At 31 March 2011

2,834,210

##### Carrying amounts

At 1 April 2009

8,207,425

At 31 March 2010/1 April 2010

7,465,084

At 31 March 2011

7,449,929

The Directors' estimation of the fair value of investment properties, by reference to market evidence of transaction prices for similar properties which is performed by an independent valuer, is RM11,850,120. In prior year, the fair value of investment properties based on the Directors' own assessment by reference to market evidence of transaction prices for similar properties was RM10,377,126.

The buildings of the Company are located on the leasehold land as disclosed in Note 3.

The following are recognised in profit or loss in respect of investment properties:

	Company	
	2011 RM	2010 RM
Rental income	2,458,872	2,516,607
Direct operating expenses:		
- income generating investment properties	355,856	354,700

# NOTES TO THE FINANCIAL STATEMENTS

## 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Unquoted shares, at cost	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	
		2011 %	2010 %
Opcom Cables Sdn. Bhd.	Manufacture of fiber optic cables, systems and accessories	70	70
Opcom Niaga Sdn. Bhd.	General trading of fiber and other cable production materials and provision of engineering services	100	100
Opcom Shared Services Sdn. Bhd.	Provision of human resource management services	100	100

## 6. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM
Property, plant and equipment	-	-	(3,501,189)	(3,584,153)	(3,501,189)	(3,584,153)
Provisions	1,789,441	1,431,488	-	-	1,789,441	1,431,488
Inventories	59,097	23,569	-	-	59,097	23,569
Unrealised foreign exchange loss	-	134,723	(177,201)	-	(177,201)	134,723
Tax assets/(liabilities)	1,848,538	1,589,780	(3,678,390)	(3,584,153)	(1,829,852)	(1,994,373)
Set off of tax	(1,845,534)	(1,550,617)	1,845,534	1,550,617	-	-
Net tax assets/(liabilities)	3,004	39,163	(1,832,856)	(2,033,536)	(1,829,852)	(1,994,373)

## 6. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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

	Company	
	2011	2010
	RM	RM
Property, plant and equipment	(538,115)	(494,865)
Provisions	7,154	37,325
Net tax liabilities	(530,961)	(457,540)

## 7. INVENTORIES

	Group	
	2011	2010
	RM	RM
Raw materials	9,128,103	5,598,414
Work-in-progress	849,533	696,463
Finished goods	4,991,330	10,525,011
	14,968,966	16,819,888
Recognised in profit or loss:		
Inventories recognised as cost of sales	88,055,660	91,911,013
Inventories written down	835,236	1,082,965

# NOTES TO THE FINANCIAL STATEMENTS

## 8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
<b>Trade</b>					
Trade receivables	8.1	35,329,315	19,543,312	-	-
<b>Non-trade</b>					
Other receivables	8.2	120,468	2,306,473	32,161	1,084,891
Deposits		117,068	185,567	112,607	146,106
Prepayments		320,057	318,762	57,765	61,703
Subsidiaries	8.3	-	-	-	33,479
Affiliated companies	8.4	46,936	3,540	11,936	3,540
		604,529	2,814,342	214,469	1,329,719
		35,933,844	22,357,654	214,469	1,329,719

### 8.1 Trade receivables

Included in the Group's trade receivables is an amount of RM12,959,219 (2010: RM9,198,842) that is a retention sum held by a customer of its subsidiary pursuant to the contract with the customer.

### 8.2 Other receivables

In prior year, included in other receivables of the Group and the Company is an amount of RM1,855,559 and RM993,177 respectively, receivable pursuant to an agreement between the Company and a former related company in connection with a tender for a project by a third party. The amounts were:

- i) unsecured;
- ii) receivable via monthly schedular payments commencing March 2010; and
- iii) earns a share of the contract value awarded to the former related company as stipulated in the agreement, if successful.

The aforesaid amounts receivable for the Group and the Company were fully settled during the financial year.

### 8.3 Subsidiaries

The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand.

### 8.4 Affiliated companies

The non-trade amounts due from affiliated companies are unsecured and interest free.

## 9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Deposits placed with licensed banks	64,183,121	41,985,160	8,600,000	7,155,145
Cash and bank balances	12,216,970	11,992,540	761,724	2,185,422
	76,400,091	53,977,700	9,361,724	9,340,567

Included in the Group's deposits with licensed banks in the previous year was RM3,600,000 pledged for bank guarantee facilities which was uplifted during the financial year.

Cash and cash equivalents of the Group denominated in currencies other than Ringgit Malaysia comprise RM8,971,247 (2010: RM4,092,581) and RM2,530,189 (2010: RM2,716,489) of cash and cash equivalents denominated in US Dollar and Euro respectively.

## 10. SHARE CAPITAL

	Group and Company			
	Number of shares 2011	Amount 2011 RM	Number of shares 2010	Amount 2010 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

# NOTES TO THE FINANCIAL STATEMENTS

## 11. RESERVES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Distributable:				
Retained earnings	55,578,950	41,129,470	2,863,739	3,697,781
Non-distributable:				
Share premium	5,811,530	5,811,530	5,811,530	5,811,530
Capital reserve	3,283	3,283	-	-
	61,393,763	46,944,283	8,675,269	9,509,311

### Section 108 tax credit

In November 2009, the Company has elected for the irrevocable option under the Finance Act 2007 to disregard the remaining available Section 108 balance of RM330,895. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31 March 2011 under the single tier system.

## 12. PROVISIONS

	Group	
	2011 RM	2010 RM
Balance at 1 April 2010/1 April 2009	1,625,337	-
Provisions made during the year	1,539,216	1,625,337
Balance at 31 March 2011/31 March 2010	3,164,553	1,625,337

This represents provision for liquidated damages in respect of a sales contract undertaken by a subsidiary. The provision is recognised based on the terms stipulated in the contract.

### 13. PAYABLES AND ACCRUALS

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM restated
<b>Trade</b>					
Trade payables		13,137,336	8,128,311	-	-
Deferred income	13.1	7,406	-	497,406	-
Corporate shareholder	13.2	9,506,232	9,380,876	-	-
Affiliated company	13.3	6,230,734	2,188,142	7,000	-
Subsidiaries	13.4	-	-	119,360	705,217
		28,881,708	19,697,329	623,766	705,217
<b>Non-trade</b>					
Other payables		1,073,600	1,876,631	95,667	111,292
Accrued expenses		4,178,516	3,258,204	351,522	357,401
Subsidiaries	13.4	-	-	-	386,907
Corporate shareholder	13.2	4,206,284	4,961,764	-	-
Affiliated company	13.3	4,719,489	5,265,914	-	-
		14,177,889	15,362,513	447,189	855,600
		43,059,597	35,059,842	1,070,955	1,560,817

#### 13.1 Deferred income

This mainly comprises of advance billing on management fees and rental to its subsidiaries by the Company.

#### 13.2 Corporate shareholder

The trade payable to the corporate shareholder of a subsidiary is subject to the normal trade terms. The non-trade payable is unsecured, interest free and repayable on demand.

#### 13.3 Affiliated company

The trade payable to affiliated company is subject to the normal trade terms. The non-trade payable is unsecured, interest free and repayable on demand.

#### 13.4 Subsidiaries

The trade amounts due to subsidiaries are subject to normal trade terms.

In prior year, the non-trade payables to subsidiaries are unsecured, interest free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Revenue				
- sale of cables	106,763,436	98,027,378	-	-
- sale of accessories	29,723,420	23,061,980	-	-
- rental income	70,872	128,607	2,458,872	2,516,607
- dividend income	-	-	5,161,840	6,682,440
- management fee	-	-	3,492,000	3,492,000
	136,557,728	121,217,965	11,112,712	12,691,047
Cost of sales	(91,424,529)	(83,007,906)	-	-
Cost of property maintenance and management	-	-	(3,083,971)	(3,148,448)
	(91,424,529)	(83,007,906)	(3,083,971)	(3,148,448)
Gross profit	45,133,199	38,210,059	8,028,741	9,542,599
Other operating income	2,403,673	3,461,127	-	285,447
Distribution costs	(4,865,977)	(5,001,688)	-	-
Administrative expenses	(6,301,224)	(9,005,268)	(1,473,015)	(2,514,277)
Other operating expenses	(402,777)	(12,112,026)	-	-
Results from operating activities	35,966,894	15,552,204	6,555,726	7,313,769

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
		restated		restated
Results from operating activities is arrived at after crediting:				
Gain on disposal of property, plant and equipment	52,100	283,564	-	285,447
Gross dividends from subsidiaries	-	-	5,161,840	6,682,440
Realised gain on foreign exchange	1,460,553	2,169,666	-	-
Rental income on land and buildings	70,872	128,607	2,458,872	2,516,607
Unrealised gain on foreign exchange	441,729	-	-	-



#### 14. RESULTS FROM OPERATING ACTIVITIES (CONTINUED)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
		restated		restated
<b>and after charging:</b>				
Auditors' remuneration:				
Statutory audit				
- current year	58,070	50,700	18,300	20,000
- under/(over) provision in prior year	26,395	(5,262)	9,000	(6,300)
Other services				
- current year	7,000	-	7,000	-
- under/(over) provision in prior year	14,000	-	14,000	-
Bad debts written off	-	120,000	-	262,847
Business development fee	-	10,787,489	-	-
Depreciation				
- property, plant and equipment	2,868,347	2,846,269	280,133	347,956
- investment properties	-	-	204,755	207,633
Inventories written down	835,236	1,082,965	-	-
Investment property written off	-	-	-	561,158
Personnel expenses				
(including key management personnel):				
- contributions to EPF	1,001,210	816,728	40,498	46,263
- wages, salaries and others	8,803,631	8,865,154	480,196	737,885
Property, plant and equipment written off	9,724	597,125	2,362	-
Provision for liquidated damages	1,539,216	1,625,337	-	-
Rental of apartment	132,000	125,000	-	-
Rental of office	18,000	36,000	18,000	36,000
Research and development expensed as incurred	12,120	5,591	-	-
Unrealised loss on foreign exchange	-	396,836	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Directors:				
- fees	342,600	296,632	196,600	140,632
- remuneration	899,002	936,046	438,607	449,505
- other short term employees benefits	99,500	-	99,500	-
	1,341,102	1,232,678	734,707	590,137
Other key management personnel:				
- short term employee benefits	907,518	846,119	-	-
	2,248,620	2,078,797	734,707	590,137

Other key management personnel comprise persons other than the Directors of Company and its subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

## 16. FINANCE INCOME

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest income of financial assets that are not at fair value through profit or loss	1,341,552	689,115	242,495	123,260

## 17. INCOME TAX EXPENSE

Recognised in the profit or loss

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
<b>Current tax expense</b>				
Current year	9,663,762	3,611,986	1,764,561	1,580,002
Under/(Over) provision in prior year	220,056	128,629	(10,719)	72,805
	9,883,818	3,740,615	1,753,842	1,652,807
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(179,587)	122,627	53,629	(33,542)
(Over)/Under in prior year	15,066	(341,649)	19,792	92,304
	(164,521)	(219,022)	73,421	58,762
	9,719,297	3,521,593	1,827,263	1,711,569
<b>Reconciliation of effective tax expense</b>				
Profit before tax	37,308,446	16,241,319	6,798,221	7,437,029
Tax calculated using Malaysian tax rates of 25%	9,327,112	4,060,330	1,699,555	1,859,257
Non-deductible expenses	258,392	183,291	115,437	177,203
Tax exempt income	-	-	-	(490,000)
Tax incentive*	(101,329)	(509,008)	-	-
Other	-	-	3,198	-
	9,484,175	3,734,613	1,818,190	1,546,460
Under/(Over) provision in prior years				
- current tax expense	220,056	128,629	(10,719)	72,805
- deferred tax expense	15,066	(341,649)	19,792	92,304
	9,719,297	3,521,593	1,827,263	1,711,569

\* The tax incentives are in respect of reinvestment allowances utilised during the financial year. There are no unutilised reinvestment allowances as at year end.

# NOTES TO THE FINANCIAL STATEMENTS

## 18. EARNINGS PER ORDINARY SHARE - GROUP

### *Basic earnings per ordinary share*

The calculation of basic earnings per ordinary share at 31 March 2011 is based on the net profit attributable to owners of the Company of RM20,254,480 (2010: RM9,594,604) and the weighted average number of ordinary shares during the year of 129,000,000 (2010: 129,000,000).

No diluted earnings per share computation are required as there are no potential dilutive shares or options.

## 19. DIVIDENDS

Dividends recognised in the current year by the Company are:

Financial year 2011	Sen per share (net of tax)	Total amount RM	Date of payment
Interim 2011 ordinary – single tier	1.50	1,935,000	28 April 2010
Interim 2011 ordinary – single tier	1.50	1,935,000	26 August 2010
Interim 2011 ordinary – single tier	1.50	1,935,000	20 December 2010
		<u>5,805,000</u>	
<b>Financial year 2010</b>			
Interim 2010 ordinary	1.245	1,606,047	3 June 2009
Interim 2010 ordinary – tax exempt	1.500	1,935,000	16 September 2009
Interim 2010 ordinary – single tier	1.500	1,935,000	17 December 2009
		<u>5,476,047</u>	

## 20. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

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

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.

Performance is measured based on segment revenue and profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Group's Executive Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. OPERATING SEGMENTS (CONTINUED)

	Manufacturing 2011 RM	Trading and engineering services 2011 RM	Other operations 2011 RM	Total 2011 RM	Elimination 2011 RM	Consolidated 2011 RM
<b>Segment profit</b>	29,626,496	5,374,354	7,697,582	42,698,432	(5,389,986)	37,308,446
<b>Included in the measure of segment profit are:</b>						
Revenue from external customers	106,763,436	29,723,420	70,872	136,557,728	-	136,557,728
Inter-segment revenue	-	17,722,732	5,844,000	23,566,732	(23,566,732)	-
Inventories written down	(835,236)	-	-	(835,236)	-	(835,236)
Depreciation	(2,361,873)	(79,270)	(484,888)	(2,926,031)	57,684	(2,868,347)
Interest income	920,046	149,008	272,498	1,341,552	-	1,341,552

	Manufacturing 2010 RM	Trading and engineering services 2010 RM	Other operations 2010 RM	Total 2010 RM	Elimination 2010 RM	Consolidated 2010 RM
<b>Segment profit</b>	10,703,790	4,037,302	7,918,400	22,659,492	(6,418,173)	16,241,319
<b>Included in the measure of segment profit are:</b>						
Revenue from external customers	98,027,377	23,061,981	128,607	121,217,965	-	121,217,965
Inter-segment revenue	-	20,478,360	5,844,000	26,322,360	(26,322,360)	-
Inventories written down	(1,082,965)	-	-	(1,082,965)	-	(1,082,965)
Depreciation	(2,282,142)	(80,642)	(555,590)	(2,918,374)	72,105	(2,846,269)
Interest income	479,928	84,815	124,372	689,115	-	689,115

## 20. OPERATING SEGMENTS (CONTINUED)

	Manufacturing 2011 RM	Trading and engineering services 2011 RM	Other operations 2011 RM	Total 2011 RM	Elimination 2011 RM	Consolidated 2011 RM
Segment assets	59,703,550	15,563,609	26,802,148	102,069,307	(18,231,974)	83,837,333
Unallocated assets	-	-	-	-	-	76,403,095
<b>Total assets</b>						160,240,428
Segment liabilities	38,538,272	12,336,836	1,314,065	52,189,173	(5,965,023)	46,224,150
Unallocated liabilities	-	-	-	-	-	4,139,630
<b>Total liabilities</b>						50,363,780
Capital expenditure	915,284	9,960	249,629	1,174,873	-	1,174,873
Depreciation	2,361,873	79,270	484,888	2,926,031	(57,684)	2,868,347

	Manufacturing 2010 RM	Trading and engineering services 2010 RM	Other operations 2010 RM	Total 2010 RM	Elimination 2010 RM	Consolidated 2010 RM
Segment assets	89,477,504	17,781,372	39,079,477	146,338,353	(18,210,491)	128,127,862
Unallocated assets	-	-	-	-	-	93,041
<b>Total assets</b>						128,220,903
Segment liabilities	34,468,694	6,461,106	1,927,069	42,856,869	(6,171,691)	36,685,178
Unallocated liabilities	-	-	-	-	-	2,198,705
<b>Total liabilities</b>						38,883,883
Capital expenditure	3,820,195	30,400	87,688	3,938,283	-	3,938,283
Depreciation	2,282,143	80,642	555,590	2,918,375	(72,106)	2,846,269

# NOTES TO THE FINANCIAL STATEMENTS

## 21. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 March 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

### 21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R); and
- (b) Other liabilities (OL).

	Carrying amount RM	L&R/ OL RM
<b>2011</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables	35,496,720	35,496,720
Cash and cash equivalents	76,400,091	76,400,091
	111,896,811	111,896,811
<b>Company</b>		
Trade and other receivables	44,097	44,097
Cash and cash equivalents	9,361,724	9,361,724
	9,405,821	9,405,821
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	43,052,191	43,052,191
<b>Company</b>		
Trade and other payables	573,549	573,549

### 21.2 Net gains and losses arising from financial instruments

	Group 2011 RM	Company 2011 RM
Net gains/(losses) arising on:		
Loans and receivables		
- Interest income	1,341,552	242,495
- Realised foreign exchange loss	(214,893)	-
- Unrealised foreign exchange gain	96,972	-
Financial liabilities measured at amortised cost		
- Realised foreign exchange gain	1,675,446	-
- Unrealised foreign exchange gain	344,757	-



## 21. FINANCIAL INSTRUMENTS (CONTINUED)

### 21.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 21.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to its subsidiaries.

#### Receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on customers requiring credit over a certain amount except for contractual customers in which their credit limits are according to contract terms.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of trade receivables are regular customers that have been transacting with the Group in the past. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographical region was:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Domestic	35,329,315	19,543,312	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 21. FINANCIAL INSTRUMENTS (CONTINUED)

### 21.4 Credit risk (continued)

#### Receivables (continued)

As at 31 March 2011, there was no significant concentration of credit risk, except for the amount due from one single customer which represents approximately 97% (2010: 98%) of the Group's total trade receivables. The amount due from this customer is RM34,111,634 of which RM31,931,028 are neither past due nor impaired and RM2,180,606 which are past due but not impaired. No impairment losses were recorded as at year end in respect of the RM2,180,606, which is past due ranging from 1-90 days balances based on management's assessment of the current financial standing and the past payment trend of this customer.

#### Other financial assets

*Risk management objectives, policies and processes for managing the risk*

The Group's and Company's cash and cash equivalents are deposited with licensed banks and approved financial institutions.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position.

#### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities (mainly trade facility lines) granted to its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM19.4 million (2010: RM19.0 million) representing the letter of credit and guarantee facilities utilised by its subsidiaries as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

## 21. FINANCIAL INSTRUMENTS (CONTINUED)

### 21.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

*Maturity analysis*

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
<b>Group 2011</b>				
Trade and other payables	43,052,191	-	43,052,191	43,052,191
<b>Company 2011</b>				
Trade and other payables	573,549	-	573,549	573,549

### 21.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

#### 21.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar (USD).

*Risk management objectives, policies and processes for managing the risk*

The Group does not hedge any trade receivables and trade payables denominated in foreign currency during the year. In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensures that the net exposure is kept to an acceptable level.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. FINANCIAL INSTRUMENTS (CONTINUED)

### 21.6.1 Currency risk (continued)

#### *Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD RM
<b>Group</b>	
Trade receivables	4,585
Trade payables	(10,889,604)
	<u>(10,885,019)</u>

#### *Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have a Ringgit Malaysia (RM) as functional currency. A 10% strengthening of the RM against the following currency at the end of the reporting period would have increased post-tax profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity RM	Profit or loss RM
<b>Group</b>		
<b>2011</b>		
USD	<u>1,088,502</u>	<u>1,088,502</u>

A 10% weakening of the RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

### 21.6.2 Interest rate risk

The Group and the Company invest in financial assets which are short term in nature to generate interest income.

#### *Risk management objectives, policies and processes for managing the risk*

The Group and the Company manages its interest rate risk by placing such balances on varying maturities and interest rate terms. The short term investments are not held for speculative purposes but are generally placed in fixed deposits. As such their exposure to the effects of future changes in the prevailing level of interest rate is limited.

## 21. FINANCIAL INSTRUMENTS (CONTINUED)

### 21.6.2 Interest rate risk (continued)

#### *Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Fixed rate instruments</b>				
Financial assets	64,183,121	41,985,160	8,600,000	7,155,145

#### *Interest rate risk sensitivity analysis*

#### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model, as applicable. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### 21.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term payables approximate fair values due to the relatively short term nature of these financial instruments.

## 22. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Under the requirement of Bursa Malaysia ACE Market Guidance Note 3, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital. The Group has complied with this requirement.

# NOTES TO THE FINANCIAL STATEMENTS

## 23. CONTINGENT LIABILITIES - COMPANY

### Corporate guarantee

The Company has executed corporate guarantees in favour of licensed banks of up to RM74.5 million (2010: RM44.5 million) for banking facilities (mainly trade facility lines) granted to its subsidiaries.

## 24. RELATED PARTIES

### Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company 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 of the Group and the Company during the financial year, other than key management personnel compensation, (see Note 15) are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
<b>Transactions with affiliated companies:</b>				
<i>Companies in which a Director of the Company and a Director of a subsidiary has interests:</i>				
Rental income	6,000	6,000	6,000	6,000
Purchase of wireless broadband access	(28,800)	(42,000)	(28,800)	(42,000)
<i>Company in which a Director of the Company and a subsidiary has interests:</i>				
Rental expense	(150,000)	(161,000)	(18,000)	(36,000)
<i>Company in which substantial shareholders of the Company and a Director of a subsidiary has interests:</i>				
Rental income	18,000	-	18,000	-
Commission payable	-	(463,178)	-	-
Business development fee	-	(10,787,489)	-	-
Purchase of motor vehicles	-	(339,195)	-	-
Purchase of accessories	(24,115,596)	(20,429,735)	-	-

## 24. RELATED PARTIES (CONTINUED)

### Identity of related parties (continued)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Transactions with corporate shareholder of a subsidiary company:</b>				
Purchases of cables	(11,761,971)	(16,369,406)	-	-
Sales of cables related products	481,048	3,596,924	-	-
<b>Transactions with related companies:</b>				
<i>Subsidiary companies</i>				
Rental income receivable	-	-	2,388,000	2,388,000
Gross dividend receivable	-	-	5,161,840	6,682,440
Management fees receivable	-	-	3,492,000	3,492,000
Administrative fee payable	-	-	(2,580,000)	(2,580,000)
<b>Transactions with key management personnel:</b>				
<i>Key management personnel other than disclosed in Note 15</i>				
Technical support fees/remote technical support fees	336,247	-	-	-
Consultancy fee for product development	-	160,569	-	-

Balances with related companies and corporate shareholder at end of reporting period are disclosed in Notes 8 and 13 to the financial statements.

These transactions have been entered into in the normal course of business.

# NOTES TO THE FINANCIAL STATEMENTS

## 25. SUBSEQUENT EVENTS

On 23 May 2011, a subsidiary has signed a Variation Order to the existing RM359.6 million contract with Telekom Malaysia Berhad ("Telekom") for the Supply, Delivery, Training and Support Services for Passive FTTH System ("Contract"). Telekom has extended the Contract by a further period of two (2) years from 20 April 2011 until 19 April 2013 through the signing of the Variation Order. The Contract value remains unchanged.

## 26. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

### 26.1 FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

#### *Impairment of trade and other receivables*

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

There has been no significant impact with the change in this accounting policy.

### 26.2 FRS 8, *Operating Segments*

As of 1 April 2010, the Group determines and presents operating segments based on the information that internally is provided to the Executive Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114<sub>2004</sub>, *Segment Reporting*.

The change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share. The segments of the Group remain the same with the adoption of FRS 8.

### 26.3 FRS 101, *Presentation of Financial Statements (revised)*

The Group applies FRS 101 (revised) which became effective as of 1 April 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.



## 26. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 26.4 Amendment to FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

## 27. COMPARATIVE FIGURES

### 27.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 March 2010 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

### 27.2 Amendment to FRS 117, Leases

Following the adoption of the amendment to FRS 117 as mentioned in Note 26.4, certain comparatives have been restated as follows:

	31.3.2010		1.4.2009	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
<b>Statements of financial position</b>				
<b>Group</b>				
Property, plant and equipment	34,972,620	27,464,582	37,769,904	26,825,544
Prepaid lease payments	-	7,508,038	-	10,944,360
<b>Company</b>				
Property, plant and equipment	8,026,027	517,989	11,601,674	657,314
Prepaid lease payments	-	7,508,038	-	10,944,360

# NOTES TO THE FINANCIAL STATEMENTS

## 27. COMPARATIVE FIGURES (CONTINUED)

### 27.2 Amendment to FRS 117, Leases (continued)

	31.3.2010	
	As restated RM	As previously stated RM
<b>Statements of cash flows</b>		
<b>Group</b>		
Amortisation of prepaid lease payments	-	147,393
Depreciation		
- Property, plant and equipment	2,846,269	2,698,876
Gain on disposal of property, plant and equipment	(283,564)	-
Gain on disposal of prepaid lease payments	-	(285,447)
Loss on disposal of property, plant and equipment	-	1,883
Proceeds from disposal of land	-	3,574,376
Proceeds from disposal of property, plant and equipment	3,575,737	1,361
<b>Company</b>		
Amortisation of prepaid lease payments	-	147,393
Depreciation		
- Property, plant and equipment	347,956	200,563
Gain on disposal of property, plant and equipment	(285,447)	-
Gain on disposal of prepaid lease payments	-	(285,447)
Proceeds from disposal of land	-	3,574,376
Proceeds from disposal of property, plant and equipment	3,574,376	-

## 27. COMPARATIVE FIGURES (CONTINUED)

### 27.2 Amendment to FRS 117, *Leases* (continued)

	31.3.2010	
	As restated RM	As previously stated RM
<b>Results from operating activities</b>		
<b>Group</b>		
<b>After crediting:</b>		
Gain on disposal of property, plant and equipment	283,564	-
Gain on disposal of prepaid lease payments	-	285,447
<b>After charging:</b>		
Amortisation of prepaid lease payments	-	147,393
Depreciation		
- Property, plant and equipment	2,846,269	2,698,876
Loss on disposal of property, plant and equipment	-	1,883
<b>Company</b>		
<b>After crediting:</b>		
Gain on disposal of property, plant and equipment	285,447	-
Gain on disposal of prepaid lease payments	-	285,447
<b>After charging:</b>		
Amortisation of prepaid lease payments	-	147,393
Depreciation		
- Property, plant and equipment	347,956	200,563

# NOTES TO THE FINANCIAL STATEMENTS

## 27. COMPARATIVE FIGURES (CONTINUED)

### 27.3 Other comparative figures

Other than that set out above, certain comparative figures have been restated to conform with current year's presentation as follows:

	31.3.2010	
	As restated RM	As previously stated RM
<b>Company</b>		
<b>Payables and accruals</b>		
Subsidiaries – trade	705,217	108,000
Subsidiaries – non-trade	386,907	984,124

## 28. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Rules 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirements. The directives requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31 March 2011 are as follows:

	Group RM	Company RM
The retained profits of the Company and its subsidiaries		
- Realised	80,789,874	3,394,700
- Unrealised	(6,599,696)	(530,961)
	74,190,178	2,863,739
Less: Consolidation adjustments	(18,611,228)	-
Total retained profits as disclosed in Note 11	55,578,950	2,863,739

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

# STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 52 to 102 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 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**Dato' Mokhzani Mahathir**

**Chhoa Kwang Hua**

Petaling Jaya, Selangor Darul Ehsan

Date: 15 June 2011

# STATUTORY DECLARATION

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

I, **Chen Foong Leng**, the Officer primarily responsible for the financial management of Opcom Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 102 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, Selangor Darul Ehsan on 15 June 2011.

**Chen Foong Leng**

Before me:

Pn Koh Twee Yong @  
Koh Twee Siew  
No.: B357  
Commissioner for Oaths  
Petaling Jaya, Selangor Darul Ehsan

# 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 statements of financial position as at 31 March 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 102.

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

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *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 about 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 judgement, 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 of financial statements that give a true and fair view 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 the Company as of 31 March 2011 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 Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysia Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

## 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 Darul Ehsan

Date: 15 June 2011

### Hasman Yusri Yusoff

Approval Number: 2583/08/12(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	- Manufacturing block  - Office buildings  - Warehouses  - Open storage yards  - Car Parks  - Guard House	99-year leasehold expiring on 18.04.2074	Land area: 29,450 sq. m.  Built-up area: 9,145 sq. m.	Age of Manufacturing Block:- approximately 15 years  Age of other buildings / structures:- more than 25 years	14,837

# ANALYSIS OF SHAREHOLDINGS

as at 25 July 2011

Class of shares : Ordinary Shares of RM0.20 each

Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

## DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	58	3.81	2,459	0.00
100 - 1,000	128	8.40	80,341	0.06
1,001 - 10,000	930	61.06	4,194,900	3.25
10,001 - 100,000	336	22.06	10,045,100	7.79
100,001 to less than 5% of issued shares	68	4.47	22,614,700	17.53
5% and above of issued shares	3	0.20	92,062,500	71.37
<b>Total</b>	<b>1,523</b>	<b>100.00</b>	<b>129,000,000</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS

Rank	Name	No. of Shares Held	% of Issued Share Capital
1	M Ocean Capital Sdn. Bhd.	34,752,500	26.94
2	EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Dato' Mukhriz Mahathir (KLM)	30,310,000	23.50
3	Rezeki Tegas Sdn. Bhd.	27,000,000	20.93
4	Chan Ee Lin	5,245,000	4.06
5	Chhoa Kwang Hua	2,074,000	1.61
6	Tay Chong Kiat	1,111,400	0.86
7	Sierra Partners Sdn. Bhd.	926,900	0.72
8	Zaini Bin Mohd Said	712,500	0.55
9	Kam Lai Yong	629,900	0.49
10	Zainal Abidin Bin Pit	466,500	0.36
11	Tan Eng Hoo	463,900	0.36
12	Abdul Jabbar Bin Abdul Majid	400,000	0.31
13	Mah Yong Sang	400,000	0.31
14	Tan Chee Siang	322,800	0.25
15	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Imran Ho Bin Abdullah	300,000	0.23
16	Mohamed Rashdan Bin Baba	300,000	0.23
17	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tang Sing Ling	297,800	0.23
18	Pui Cheng Tiong	280,200	0.22
19	Sven Janne Sjöden	280,000	0.22
20	Chua Gaik Suwan	278,000	0.22

# ANALYSIS OF SHAREHOLDINGS

## THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Rank	Name	No. of Shares Held	% of Issued Share Capital
21	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Mah Law Hong (CEB)	276,000	0.21
22	Teoh Boon Beng @ Teoh Eng Kuan	273,000	0.21
23	Choo Wing Kong	270,000	0.21
24	Wong Ng Shon	258,400	0.20
25	Lim Kah Leng	255,000	0.20
26	Victor Lim Fung Tuang	239,400	0.19
27	Ong Aik Khoon	237,000	0.18
28	Irene Tan Ai Leng	232,500	0.18
29	Kok Chee Mun	220,000	0.17
30	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tung Kok Lam	215,000	0.17
<b>Total</b>		<b>109,027,700</b>	<b>84.52</b>

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

Name	No. of Shares held			
	Direct	%	Indirect	%
M Ocean Capital Sdn. Bhd.	34,752,500	26.94	-	-
Dato' Mukhriz Mahathir	30,310,000	23.50	-	-
Rezeki Tegas Sdn. Bhd.	27,000,000	20.93	-	-
Datin Norzieta Zakaria	-	-	34,752,500*	26.94
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	No. of Shares held			
	Direct	%	Indirect	%
Chhoa Kwang Hua	2,118,500	1.64	-	-
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	0.55	-	-
Sven Janne Sjöden	280,000	0.22	-	-
Abdul Jabbar Bin Abdul Majid	400,000	0.31	-	-

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Sixteenth Annual General Meeting of the Company will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 15 September 2011 at 10.30 a.m. to transact the following businesses:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2011 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 2011. *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 Dato' Mokhzani Mahathir *Ordinary Resolution 3*
  - 3.2 Chhoa Kwang Hua *Ordinary Resolution 4*
4. To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration. *Ordinary Resolution 5*
5. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN. BHD. GROUP AND ITS ASSOCIATED COMPANIES** *Ordinary Resolution 6*

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. Group and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 22 August 2011 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 will only continue in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which the Proposed Shareholders' Mandate is passed, at which time the said authority 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 will 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;

## NOTICE OF ANNUAL 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 Shareholders' Mandate for Recurrent Related Party Transactions.

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 22 August 2011 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."

6. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ERICSSON AB, SWEDEN GROUP AND ITS ASSOCIATED COMPANIES AND BIRLA ERICSSON OPTICAL LIMITED** *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 Ericsson AB, Sweden Group and its associated companies and Birla Ericsson Optical Limited as detailed in Section 2.3 of the Circular to Shareholders dated 22 August 2011 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 will only continue in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which the Proposed Shareholders' Mandate is passed, at which time the said authority 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 will 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 Shareholders' Mandate for Recurrent Related Party Transactions.

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 22 August 2011 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 SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH KENCANA PETROLEUM BERHAD GROUP AND ITS ASSOCIATED COMPANIES** *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 Kencana Petroleum Berhad Group and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 22 August 2011 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 will only continue in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which the Proposed Shareholders' Mandate is passed, at which time the said authority 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 will 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;

## NOTICE OF ANNUAL 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 Shareholders' Mandate for Recurrent Related Party Transactions.

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 22 August 2011 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. AUTHORITY TO ISSUE SHARES

*Ordinary Resolution 9*

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 ("the 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 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."

9. 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

Selangor Darul Ehsan

22 August 2011



**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 6 – 8**

The proposed Ordinary Resolutions 6-8, if passed, will enable the Company and/or its subsidiaries to enter into Recurrent Transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

**Ordinary Resolution 9**

At last year's Annual General Meeting, mandate was given to Directors to issue and allot no more than 10% of the issued share capital of the Company. However, the mandate was not utilised and accordingly will lapse at the forthcoming Annual General Meeting. As such, the Board would like to seek for a renewal of the mandate.

The proposed Ordinary Resolution 9, 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.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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

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# PROXY FORM



**OPCOM HOLDINGS BERHAD**

(322661-W) (Incorporated in Malaysia)

Number of shares held

I/We

NRIC/Co. No.

(Full Name In 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, Selangor Darul Ehsan on Thursday, 15 September 2011 at 10.30 a.m. 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.

Resolutions	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		

Dated:

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.
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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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Fold this flap to seal



**OPCOM HOLDINGS BERHAD**

(322661-W)

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