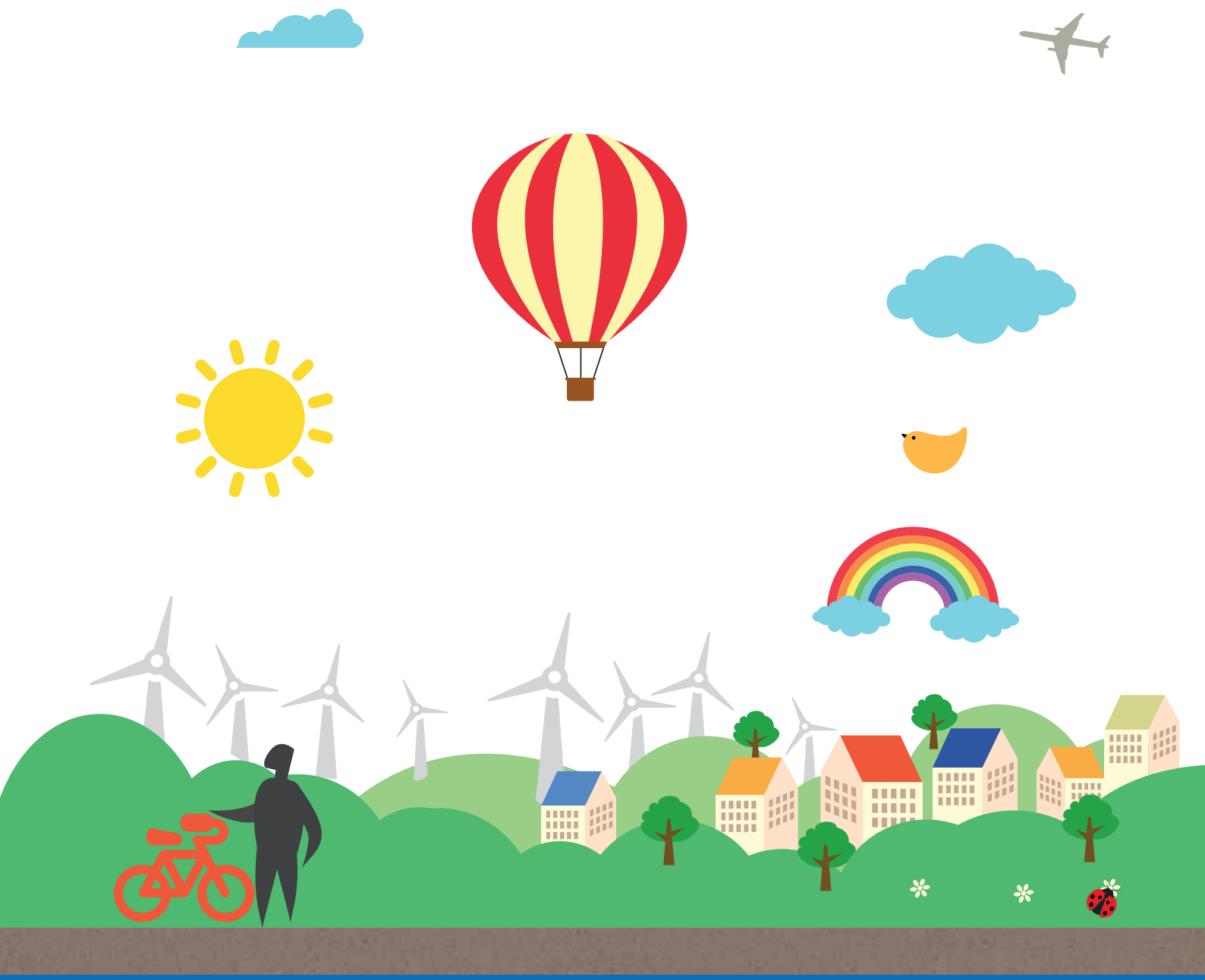




Opcom works in partnership with its customers. We listen, collaborate and innovate to deliver quality fiber optic cable products and services to support an affordable broadband infrastructure for all Malaysians



CONTENT

03	Our Vision, Mission & Values
04	Corporate Information
05	Corporate Structure
06	2013 Financial Calendar
08	Group Financial Highlights
13	Chairman's Statement
20	Board of Directors' Profiles
24	Senior Management Profiles
27	Corporate Governance Statement
36	Statement on Risk Management & Internal Control
39	Audit Committee Report
43	Financial Statements
111	Statement by Directors
112	Statutory Declaration
113	Independent Auditors' Report
115	List of Property
116	Analysis of Shareholdings
118	Notice of Annual General Meeting Proxy Form





VISION

An affordable broadband infrastructure for all Malaysians

MISSION

To deliver high quality and well-engineered products, supported by timely deliveries 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 healthy and successful working relationships 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

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
Chan Bee Lean
Sven Janne Sjöden

Nominating & 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

802, 8th 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

AmBank (M) Berhad (8515-D)
Ground Floor
No. 7 & 9, Jalan Solaris 1
Solaris Mont' Kiara
50480 Kuala Lumpur

Tel : 03-6203 7920
Fax : 03-6203 7930

RHB Bank Berhad (6171-M)
B2-08 & B2-09, Ground Floor
Plaza Damas 3
Jalan Sri Hartamas 1
Desa Sri Hartamas
50480 Kuala Lumpur

Tel : 1 300 888 742
Fax : 03-6143 8863

Stock Exchange Listing

ACE Market
Bursa Malaysia Securities Berhad

Website

www.opcom.com.my

CORPORATE STRUCTURE

OPCOM HOLDINGS BERHAD

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

Investment holding, renting of buildings and provision of management services to subsidiaries

70% 100% 100%



OPCOM CABLES SDN. BHD.

(Company No. 322687-T)

Manufacturer of fiber optic cables, systems and accessories

OPCOM NIAGA SDN. BHD.

(Company No. 442938-M)

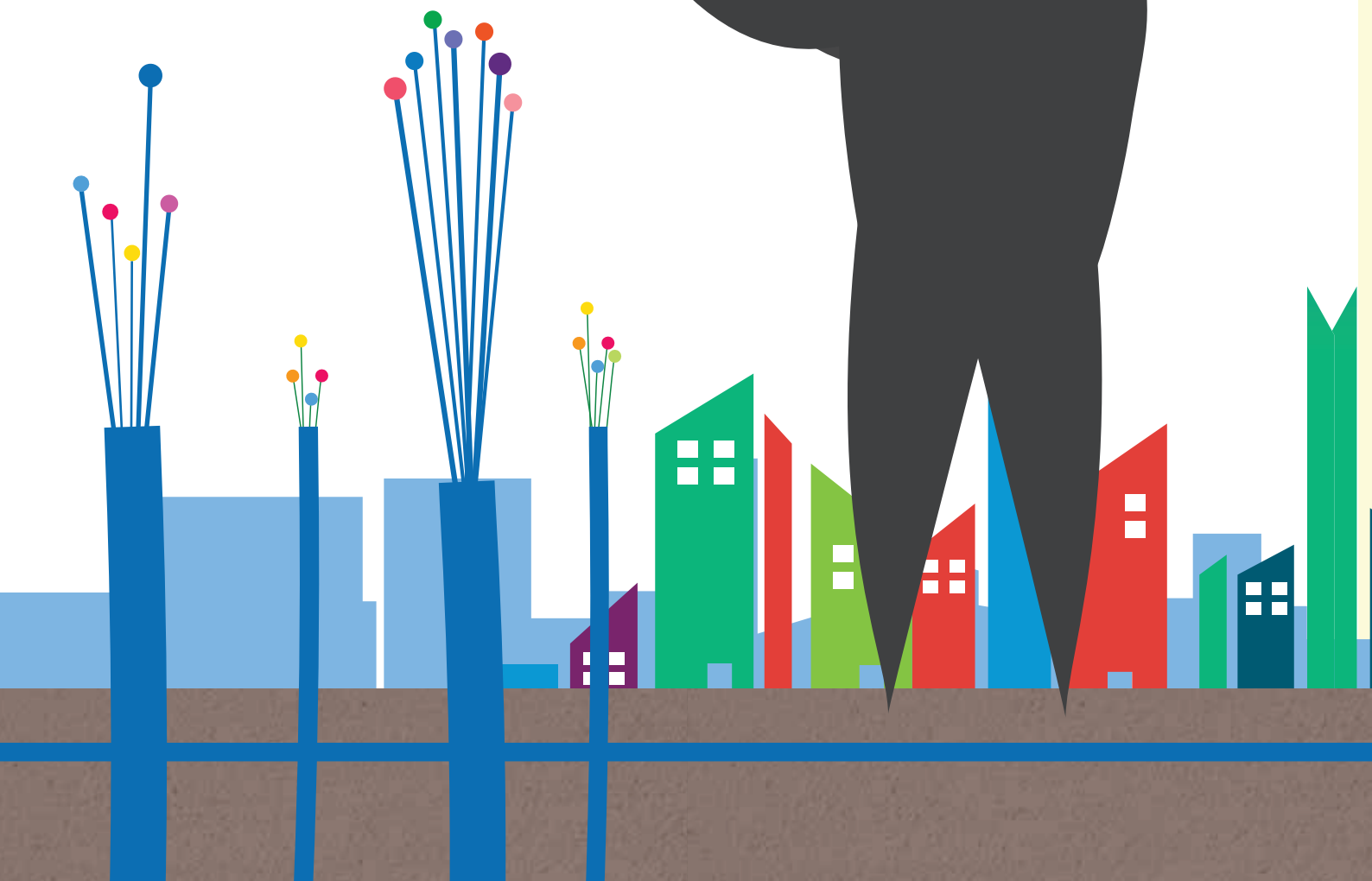
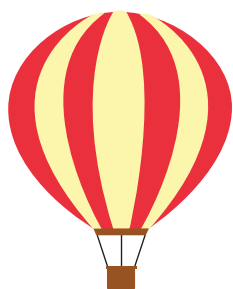
General trading of fiber and other cable production materials and provision of engineering services

OPCOM SHARED SERVICES SDN. BHD.

(Company No. 665562-M)

Provision of human resource management services

2013 FINANCIAL CALENDAR



9 May 2012

Payment of interim dividend of 1.50 sen per ordinary share under single tier system

30 May 2012

Announcement of the unaudited results for the 4th quarter ended 31 March 2012

16 July 2012

Announcement of the annual audited financial statements for the financial year ended 31 March 2012

20 July 2012

Announcement of the unaudited results for the 1st quarter ended 30 June 2012

19 September 2012

17th Annual General Meeting held at Tropicana Golf & Country Resort, Petaling Jaya, Selangor Darul Ehsan

3 October 2012

Payment of special interim dividend of 11.00 sen per ordinary share under single tier system

21 November 2012

Announcement of the unaudited results for the 2nd quarter ended 30 September 2012

28 February 2013

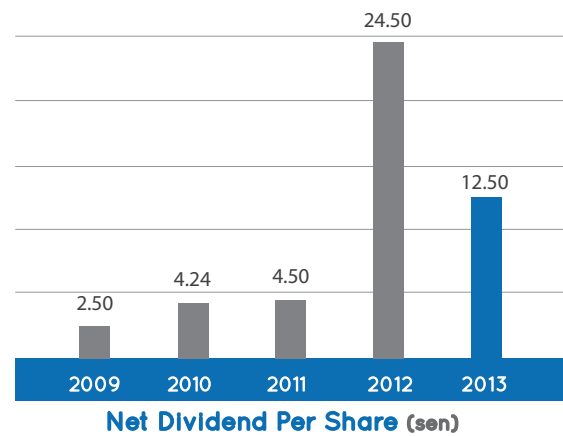
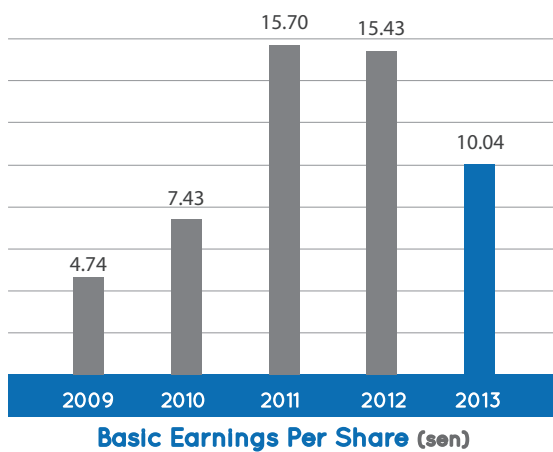
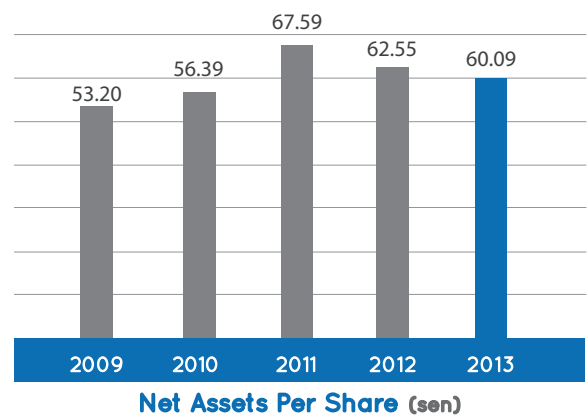
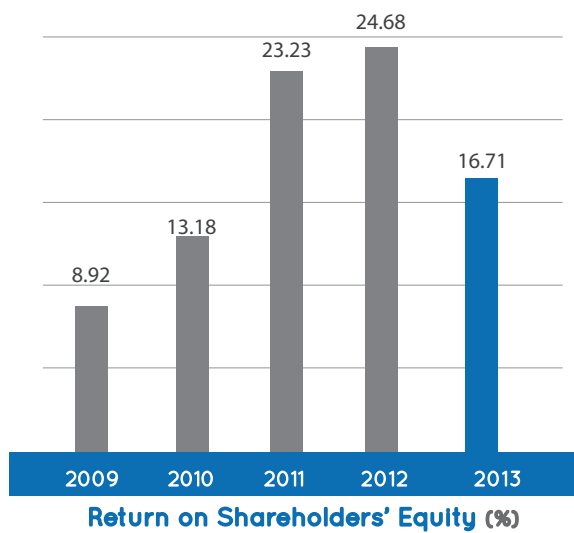
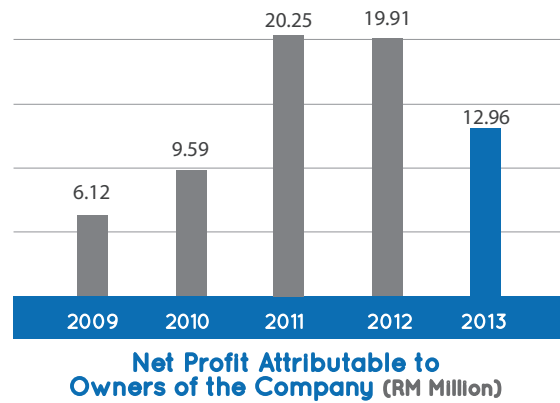
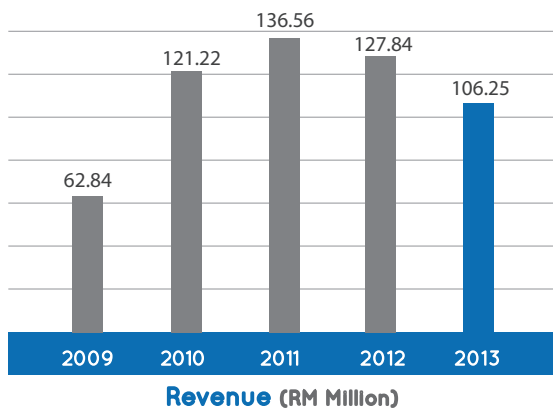
Announcement of the unaudited results for the 3rd quarter ended 31 December 2012

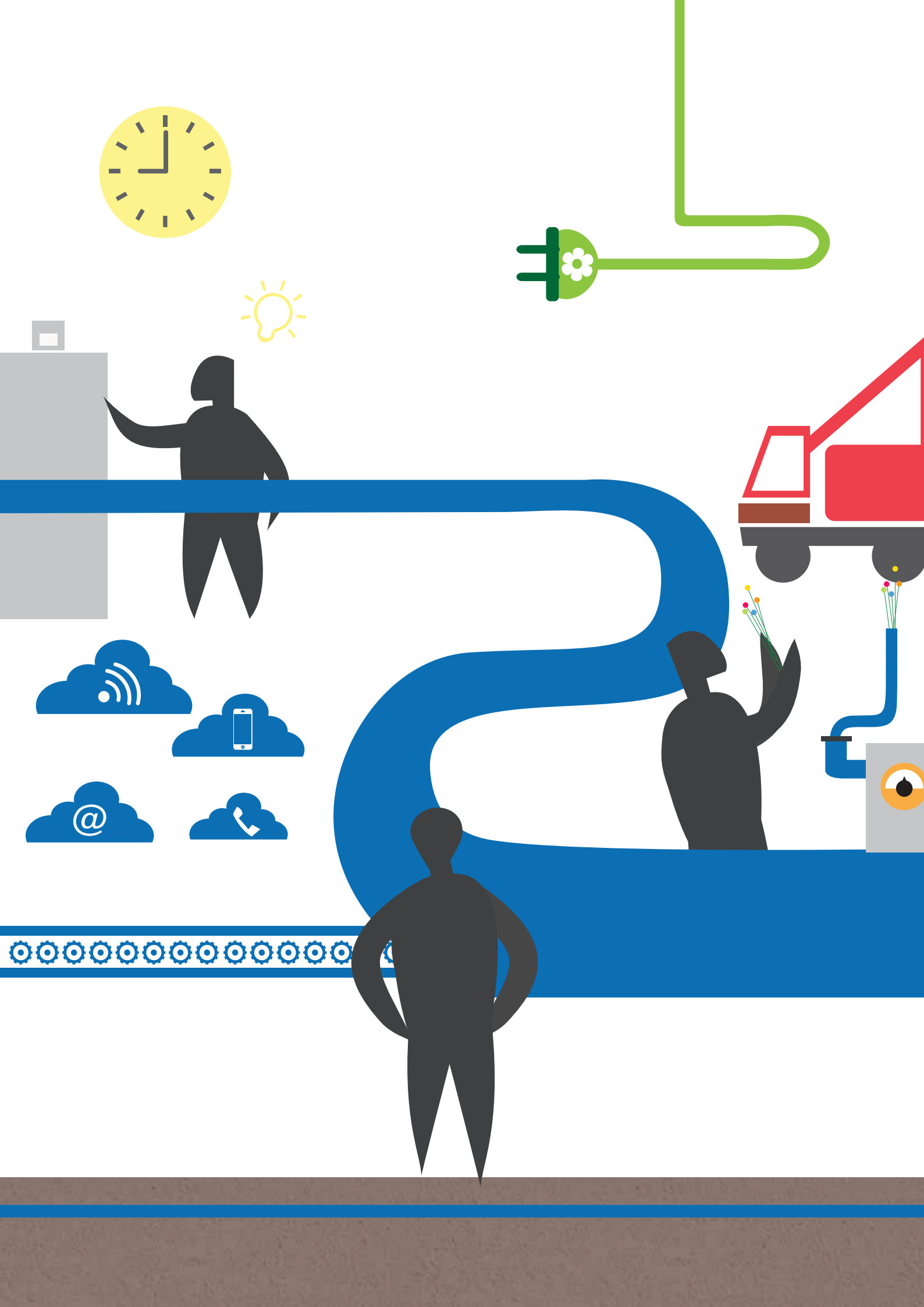


GROUP FINANCIAL HIGHLIGHTS

5-year financial track record

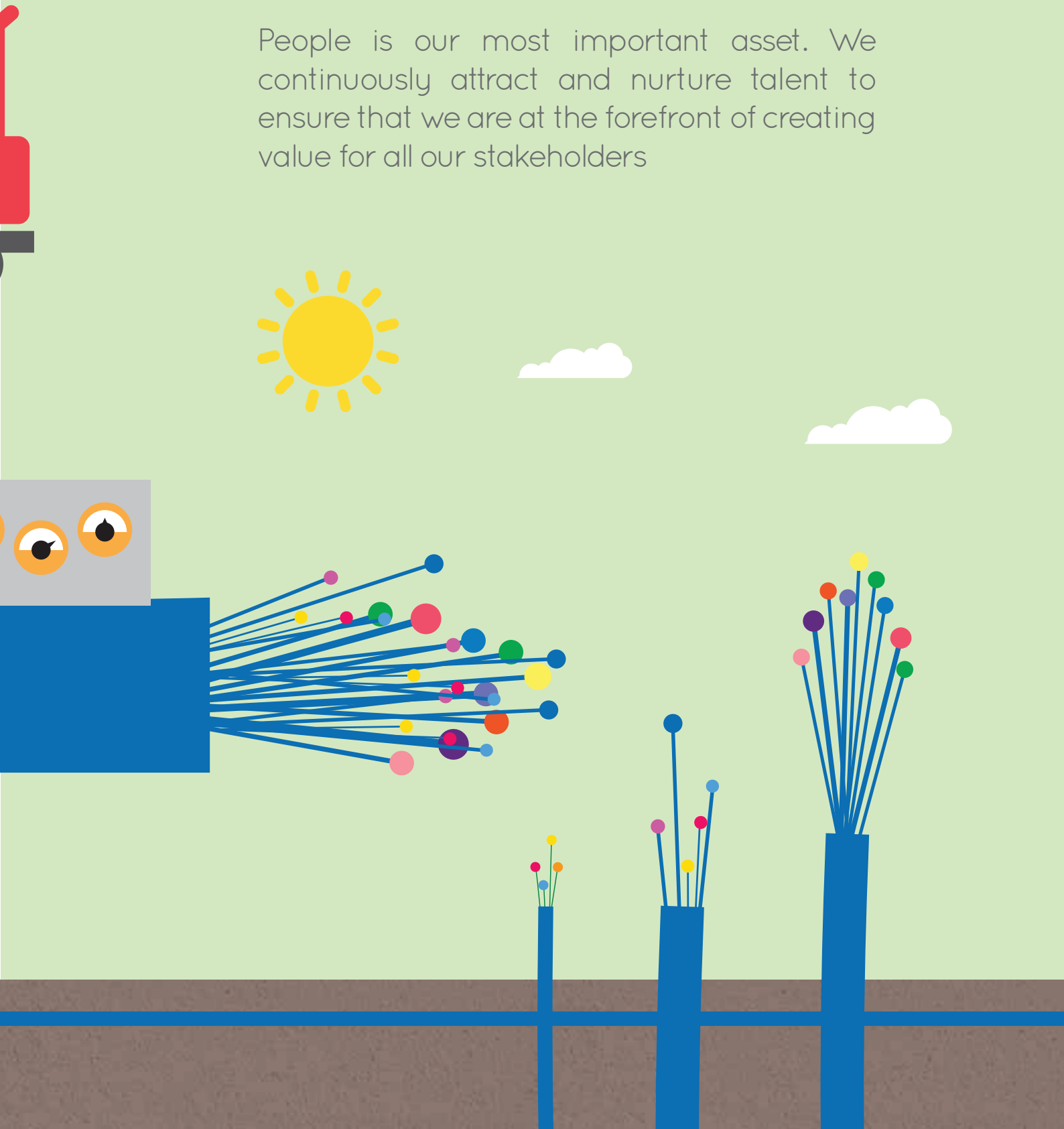
	Financial Year Ended 31 March				
	2009	2010	2011	2012	2013
Operating Results (RM Million)					
Revenue	62.84	121.22	136.56	127.84	106.25
Profit before taxation	10.58	16.24	37.31	35.67	22.10
Net profit attributable to owners of the Company	6.12	9.59	20.25	19.91	12.96
Key Financial Data (RM Million)					
Property, plant and equipment	37.77	34.97	32.93	38.52	37.18
Total assets	102.11	128.22	160.24	152.97	140.44
Share capital	25.80	25.80	25.80	25.80	25.80
Shareholders' funds	68.63	72.74	87.19	80.69	77.52
Share Information					
Per share (sen)					
Basic earnings	4.74	7.43	15.70	15.43	10.04
Net assets	53.20	56.39	67.59	62.55	60.09
Net dividend	2.50	4.24	4.50	24.50	12.50
Financial Ratios (%)					
Return on total assets	8.05	9.92	17.22	17.27	11.97
Return on shareholders' equity	8.92	13.18	23.23	24.68	16.71





POWERFUL SYNERGIES

People is our most important asset. We continuously attract and nurture talent to ensure that we are at the forefront of creating value for all our stakeholders



A professional portrait of Dato' Mokhzani Mahathir, a middle-aged man with short dark hair and a mustache, wearing a dark pinstriped suit, white shirt, and patterned tie. He is standing against a light gray background with horizontal lines.

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 2013.

Financial Performance

The financial year 2013 was a challenging year for OPCOM Holdings Berhad ("OPCOM" or "Company"). The competition in fiber optic cables and accessories supply market was more intense as suppliers in the industry were fighting for market share. The industry also continued to face close competition from foreign suppliers for local contracts. Despite the stiff competition, OPCOM has managed to record a profitable year.

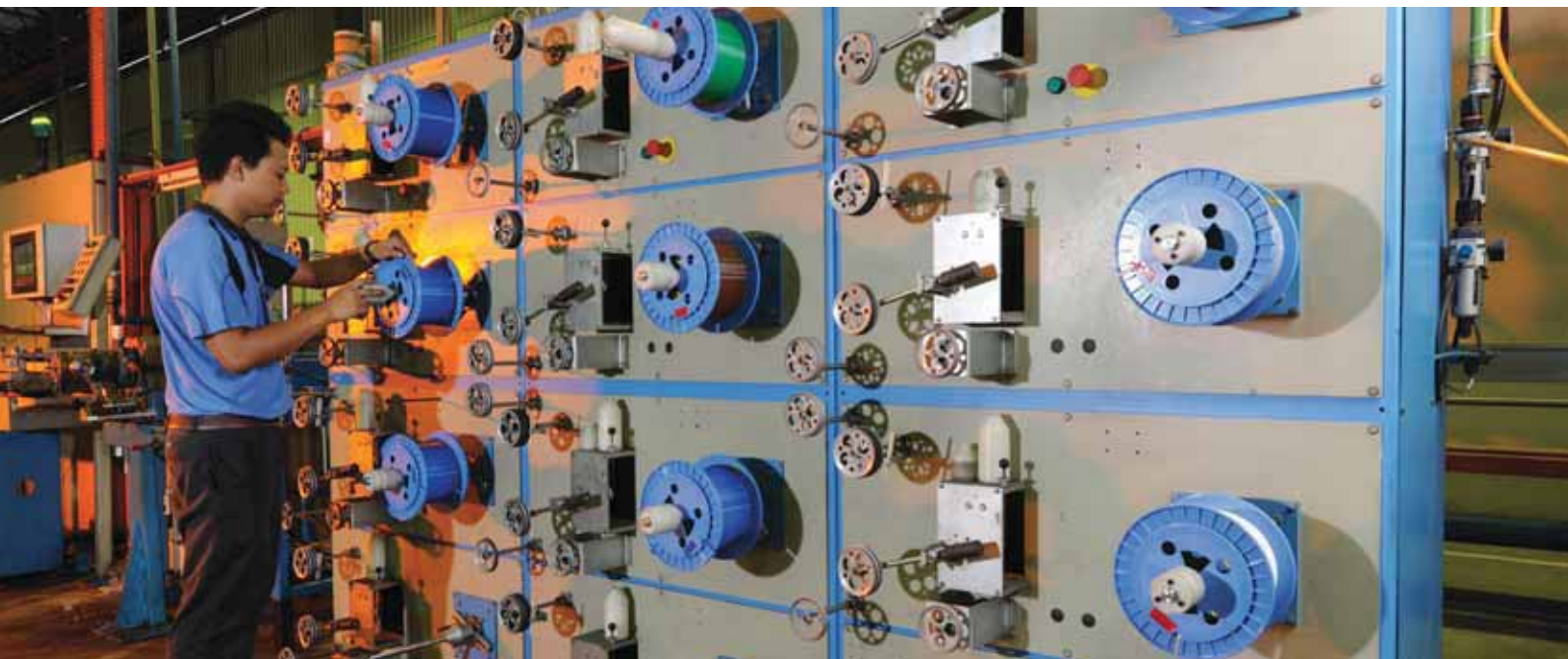
OPCOM and its subsidiaries ("OPCOM Group" or "the Group") recorded revenue of RM106.3 million and profit after tax of RM13.0 million during the financial year. The Group revenue was lowered by 16.9% while profit after tax was lowered by 34.9% compared to the preceding financial year. The competitive pricing and the increase in cost of logistics and customer service have impacted on the profit of OPCOM Group.

We are positive of the Group's business prospects, staying focus on meeting customer needs and demand changes, and implementing tight control over our products pricing and operational overheads.

The Group recorded an Earnings Per Share (EPS) of 10.0 sen for the financial year ended 31 March 2013 compared to 15.4 sen in the preceding financial year.

CHAIRMAN'S STATEMENT

(continued)



Dividends

For the financial year ended 31 March 2013, the amount of dividends declared and paid by the Group were as follows:

- i. An interim dividend of 1.50 sen per ordinary share, under the single tier system, totaling RM1,935,000 was declared on 12 April 2012 in respect of the financial year ended 31 March 2013 and paid on 9 May 2012; and
- ii. A special interim dividend of 11.00 sen per ordinary share, under the single tier system, totaling RM14,190,000 was declared on 3 September 2012 in respect of the financial year ended 31 March 2013 and paid on 3 October 2012.

Since OPCOM's listing in 2003, we have declared and paid out approximately RM81.5 million in dividends to our shareholders. OPCOM continues to take a prudent and balanced approach and will maintain our current dividend payout practice. The Group's ongoing business growth will require us to fund our capital expenditure programme, working capital requirement and potential strategic initiatives with internally generated cash flows.

Industry Outlook and Prospects

OPCOM is upbeat on the growth in demand for the Company's products as telecommunications service providers and infrastructure projects continue to drive the demand for fiber optic cables and related products. The Government has approved new spectrum to major telecommunications providers in the country to roll-out the country's first long-term evolution (LTE) network. It is forecasted that mobile data volumes would rise by a compounded rate of approximately 50% between 2012 and 2018. Mobile data subscription as at the end of 2012 was 39.3 million, the largest compared to fixed and broadband subscriptions.

The broadband demand from progressing cities in Sabah and Sarawak and the East Coast adds positively to the industry demand growth. The broadband subscription was 6.5 million as at end of 2012.

Telekom Malaysia Berhad and other telecommunications service providers continue to sustain the roll-out of its Fiber-to-the-Office (FTTO) and Fiber-to-the-Home (FTTH) access networks and with further content proliferation, FTTH is increasingly perceived as the more reliable and efficient alternative to deliver TV services into the home especially in the major metropolitan areas.

The Malaysian Communications and Multimedia Commission (MCMC) is looking toward increasing broadband quality and penetration. MCMC targets to attain 75% broadband penetration by 2015. As the demand for fiber optic cables and related products continue to grow, OPCOM continues to foster strategic alliances to expand its products and services to meet the increasing demand for cheaper and new products.

Research and Development (“R&D”)

To compete and maintain our leading position as a cost competitive and efficient fiber optic cable manufacturer, OPCOM continues to invest in process and product R&D. To ensure efficiency in our R&D investment, we collaborate with our joint-venture partner, Ericsson AB of Sweden and other strategic technology providers.

During the financial year, we have seen tangible results in our R&D efforts that has resulted in OPCOM introducing new products into the marketplace which has gradually generated new sales contribution to OPCOM Group. The Company introduced new types of fiber optic cables, ducts, accessories and related

products for the telecommunications industry and other industry applications such as mass transit, railway and transportation management.

As the requirement from our customers evolves, OPCOM continues to work closely with our customers to jointly design new fiber optic cable systems that would help them grow their telecommunications networks in a cost efficient manner.

Corporate Governance

Statement on Risk Management and Internal Control presented in this Annual Report affirms the OPCOM Board of Directors’ commitment in ensuring compliance with the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2012 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 OPCOM 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 2013.



CHAIRMAN'S STATEMENT

(continued)



Corporate Social Responsibility

As we drive towards the growth of our Company, OPCOM is committed to fulfilling its social responsibilities as we believe that responsible business leads to sustainable and profitable results.

We are committed to manufacturing and delivering our products in ways that are both environmentally sustainable and socially responsible. OPCOM plant and operations adopt innovative ways to reduce our environmental impact and waste while ensuring quality and value to our customers and stakeholders.

We strive to provide a dynamic and challenging workplace that gives employees the opportunity to develop their skills and talents as well as putting high priority on safety and healthy working environment for our employees.

We have not only transformed the business of manufacturing fiber optic cables, we have also established an enduring model of responsible community stewardship. We impact positively on

society and local communities where we live and work through corporate philanthropy, employee giving and volunteerism, and corporate contribution of time and expertise. During the financial year, OPCOM hosted Hari Raya Open House for more than 100 children from Institut Taufiq Islami, Klang, Selangor Darul Ehsan, with contributions of cash and products to the children. As part of OPCOM's commitment to educating the younger generation, we gave an insight on fiber optic technology and telecommunications to the students of Kolej Vocational Shah Alam. On another occasion, students from Faculty of Electronic & Electrical Engineering of University Tun Hussein Onn Malaysia were given a tutorial presentation on fiber optic technology and a tour of our manufacturing plant.

Other activities which the Company and its employees participated included the annual blood donation drive jointly organised by University Malaya Medical Centre, recycling programmes, health talk and awareness campaign on energy saving and promotion of an environmental friendly lifestyle.



Acknowledgement and Appreciation

On behalf of the Board of Directors, I would like to extend our sincere gratitude to our customers especially Telekom Malaysia Berhad for their trust and confidence in us. I would like to thank everyone at OPCOM for their dedication and passion to drive the Company forward with our company-wide continuous improvement programme.

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

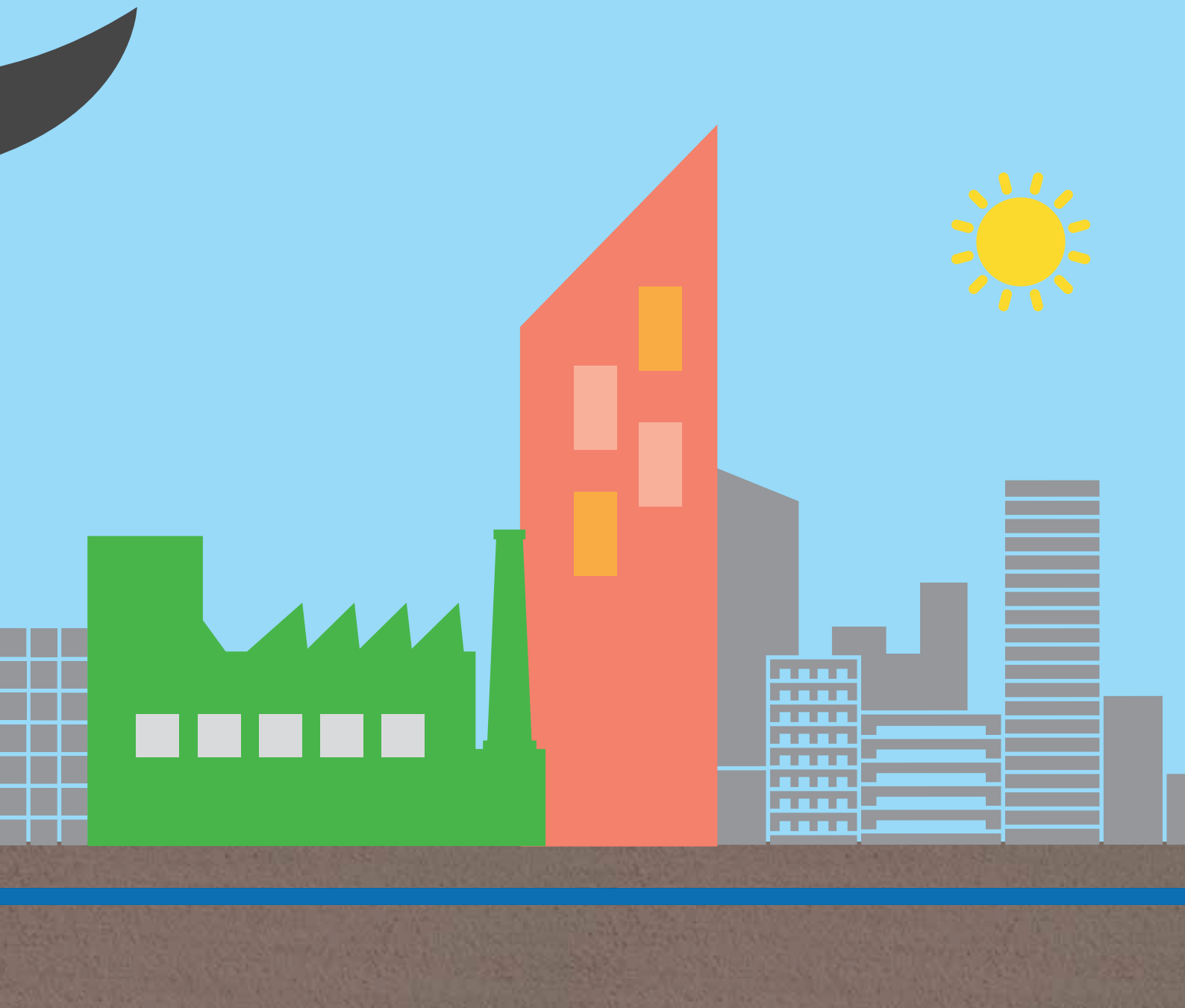
Last but not least, my heartfelt appreciation to our shareholders for their support and confidence in OPCOM.

Dato' Mokhzani Mahathir
Chairman



PUSHING BOUNDARIES

With our commitment to meet and exceed our customers' expectation through high quality products, timely deliveries and excellent customer service while maintaining a high level of environmental performance through best environmental practices



BOARD OF DIRECTORS' PROFILES



DATO' MOKHZANI MAHATHIR

Chairman

Non-Independent Non-Executive Director

Dato' Mokhzani Mahathir, a Malaysian, aged 52, was appointed as a Director of Opcom Holdings Berhad on 8 May 2009. He is the Chairman of the Company.

He earned a Bachelor of Science in Petroleum Engineering from the University of Oklahoma, Tulsa 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 CEO of Pantai Holdings Berhad until 2001. Presently, he sits on the board of Maxis Berhad and SapuraKencana Petroleum Berhad. He is the Executive Director and Executive Vice Chairman of SapuraKencana Petroleum Berhad.

Dato' Mokhzani is the Chairman of Sepang International Circuit Sdn. Bhd., a position he held since 2003.

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

Dato' Mokhzani Mahathir is the brother of Dato' Paduka Mukhriz Mahathir and brother-in-law of Datin Paduka Norzieta Zakaria, both are major shareholders of the Company.



CHHOA KWANG HUA, ERIC

Executive Director

Mr Chhoa Kwang Hua, a Malaysian, aged 49, co-founded the Company with Dato' Paduka Mukhriz Mahathir in 1994. He is the Executive Director of the Company.

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

With his many years of experience gained overseas in the financial and telecommunications business, he continues to contribute favourably to Opcom Group's business operations. His involvement is primarily focused on the financial, strategy and business development areas of the Opcom Group.



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 67, 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 Nominating and Remuneration Committee.

He was a career soldier, having served in the Malaysian Army for over 36 years beginning in 1965. His early military training was mainly in Infantry and Special Forces skills. He is also a graduate of the US Marine Corps Command and General Staff College, the Malaysian Armed Forces Defence College and the Pakistan National Defence College courses.

He held various command and staff appointments in the Army, notably as the Brigade Commander of 10 Parachute Brigade, General Officer Commanding 3rd Infantry Division and finally the General Officer Commanding Army Field Command. On 2 June 2001, he was awarded the Seri Pahlawan Gagah Perkasa (SPGP), the nation's highest award for gallantry. He is the Chairman of NS Construction Sdn. Bhd. He also sits on the boards of a number of other private limited companies.

BOARD OF DIRECTORS' PROFILES

(continued)



ABDUL JABBAR BIN ABDUL MAJID

Independent Non-Executive Director

Encik Abdul Jabbar Bin Abdul Majid, a Malaysian, aged 68, was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He serves as the Chairman of the Nominating and Remuneration Committee.

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

He has more than 40 years experience in accounting, audit, receivership, liquidation, financial advisory and consultancy. He is also 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.



SVEN JANNE SJÖDEN

Independent Non-Executive Director

Mr Sven Janne Sjöden, a Swedish, aged 69, was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He is a member of the Audit Committee and the Nominating and Remuneration Committee.

He holds a Bachelor of Science in Economics from Uppsala University, Sweden. He joined Ericsson Network Technologies AB, Sweden in 1966 and has acquired extensive experience in the production of a wide range of telecom equipment.

He has since held various senior positions within production both at LME and Ericsson Technologies AB, Sweden. During the period 1988 to 1992, he served as Divisional Manager within the Telecom and Power Cables Divisions as well as Vice President for Ericsson Network Technologies AB, Sweden.

Between 1992 and 2008, he was responsible for the Business Unit Cable and was at the same time appointed the President of Ericsson Network Technologies AB, Sweden. He is the Chairman of Hoverline Group, Sweden and is a director of several companies in Sweden.



CHAN BEE LEAN

Independent Non-Executive Director

Ms Chan Bee Lean, a Malaysian, aged 42, 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 (Honours) from Universiti 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 fifteen (15) years. She is currently the Internal Audit Manager of Merge Housing Sdn. Bhd. and its related companies.

Notes:

1. All directors except for Dato' Mokhzani Mahathir as disclosed, do not have any family relationship with any director and/or major shareholder of the Company.
2. All directors have no conflict of interest with the Company and have not been convicted for any offence within the past ten (10) years.

SENIOR MANAGEMENT PROFILES



YUSREE PUTRA ALIAS

Vice President

Encik Yusree Putra Alias, a Malaysian, aged 43, joined the Group in 1997. He earned a Diploma in Electrical Engineering (Electronics) from Universiti Teknologi 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 at Opcom Cables Sdn. Bhd.

LIM BEE KHIN

Chief Financial Officer

Ms Lim Bee Khin, a Malaysian, aged 40, joined the Group in April 2013. She earned a Bachelor of Business (Accounting) from Monash University, Australia. She is a member of the Malaysian Institute of Accountants (MIA). She was an auditor at KPMG Malaysia after her graduation. She had held several Finance and Accounts positions in the Group between 1997 to 2010 prior to rejoining the Group.

AHMAD SABRI ABDUL MANAS

Project Development Director

Encik Ahmad Sabri Abdul Manas, a Malaysian, aged 50, joined the Group in 1995. He earned a Bachelor of Engineering (Mechanical) from University of Malaya, Kuala Lumpur in 1987. He has over seventeen (17) years experience in the fiber optic cable industry. Ahmad Sabri was responsible for the Technical function and subsequently with his array of experience, he assumes the Project Development function in the Group.

**ROHIZA HUSAIN**

Plant Manager

Puan Rohiza Husain, a Malaysian, aged 44, joined the Group in 2011. She earned a Bachelor in Electrical Engineering from Gunma University, Japan in 1993. Rohiza has over eighteen (18) years experience in engineering where she was involved in machine maintenance, design / installation and commissioning of new machines and equipment. She is responsible for the manufacturing and engineering functions at Opcom Cables Sdn. Bhd.

JAMALIAH ZAINAL

Group Human Resource Manager

Puan Jamaliah Zainal, a Malaysian, aged 46, joined the Group in 1995. She earned a Bachelor 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.

SAMANTHA YEONG

Deputy Head - Supply Chain

Ms Samantha Yeong, a Malaysian, aged 32, joined the Group in 2012. She earned an Advanced Diploma in Business Administration from Institut Sarjana accredited by University of Oxford in 2000. She has many years of experience in purchasing and material planning. She is responsible for the Supply Chain function of the Group.

CORPORATE GOVERNANCE

27 Corporate Governance Statement

36 Statement On Risk Management & Internal Control

39 Audit Committee Report



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 Note 11 on Corporate Governance, undertakes additional measures, principles and recommendation embodied in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") 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, Nominating and 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 give 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 Board Charter and Code of Conduct of the Board

The Board has formally adopted a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance.

The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct of the Board provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligation during their appointment.

The Board Charter and Code of Conduct of the Board are made available for reference in the Company's website, www.opcom.com.my.

1.2 Composition and Balance of the Board

The Board has six (6) members comprising one (1) Executive Director and five (5) Non-Executive Directors. Four (4) of the five (5) 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 is 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.

The Executive Director takes on primary responsibility for managing the Group's business operations and organisational effectiveness.

CORPORATE GOVERNANCE STATEMENT

(continued)

1.3 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. 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	3/4
Chhoa Kwang Hua	4/4
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	4/4
Abdul Jabbar Bin Abdul Majid	4/4
Sven Janne Sjöden	4/4
Chan Bee Lean	4/4
Tomio Alan Komatsu (resigned on 4 October 2012)	2/2

1.4 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.

1.5 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 were in the following areas:

- Advocacy Sessions on Corporate Disclosure for Directors
- Understanding Related Party & Conflict of Interest Transactions Reporting Compliance
- Enterprise Risk Management – What a Director Must Know

CORPORATE GOVERNANCE STATEMENT

(continued)

- Malaysian Financial Reporting Standards Briefing by KPMG
- Understanding Islamic Finance: Investment Opportunities and Challenges
- Assessing the Risk and Control Environment
- Equity Market Functionality
- Fiber Optic Technology
- Fraud Detection & Prevention – A Necessity, Not A Choice

1.6 Appointment and Re-election

The Board had previously decided not to set up a Nominating Committee as the Board was of the view that given the current size of the Board, any appointment of new directors and also assessment of the effectiveness and contribution of the Board, Board Committees and contribution of each individual director could be dealt with effectively and objectively by the entire Board.

With the recommendation of MCGG 2012 in regard to the setting up of a Nominating Committee and the amendments to the Listing Requirements in line with the MCGG 2012, the Board had on 30 May 2013 established a Nominating and Remuneration Committee ("NRC"), combining the role of both the nominating committee and the existing remuneration committee into one (1) given the role of nominating committee and remuneration committee and the current size of the Board.

The NRC, which comprises wholly of Non-Executive and Independent

Directors is as follows:

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 NRC is empowered by the Board through clear defined terms of reference to oversee amongst others, reviewing the Board composition and making recommendations to the Board for appointments of new Directors by evaluating and assessing the suitability of candidates as Board member or Board Committee member by giving due consideration to the required mix of skills, knowledge, expertise and experience, professionalism and integrity that the proposed Directors shall bring to the Board and reviewing the remuneration packages of the Executive Director and Senior Management.

The NRC is also responsible for annual review of the required mix of skills and experience and core competency which Non-Executive Directors should bring to the Board and annual assessment of the effectiveness of the Board as a whole, the Board Committees, the performance of each existing Director and its Independent Directors.

In accordance with the Company's Articles of Association, at every Annual General Meeting ("AGM") 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

CORPORATE GOVERNANCE STATEMENT

(continued)

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 seventy (70) are required to offer themselves for re-election at every AGM.

The director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC would be based on the yearly assessment conducted.

Criteria has been set to assess the independence of candidate for directors and existing Directors based on the guidelines set out in the Listing Requirements. On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

The Company does not have term limits for Independent Directors as the Board believes there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs. The MCGG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years, however, the independent director may continue to serve on the board subject to board's justification as per the Listing Requirements.

The NRC had undertaken a review and assessment of the level of independence of the Independent Directors of the Board and based on the assessment, the Board is satisfied with the level of independency demonstrated by the Independent Directors, i.e. they are independent of management and free from any business dealing or other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgment. Therefore,

the NRC has determined at the assessment carried out that Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said and Abdul Jabbar Bin Abdul Majid, who both serve the Board for more than nine (9) years, remain objective and independent in expressing their views and in participating in deliberation and discussion of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Opcom Group. Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said and Abdul Jabbar Bin Abdul Majid have been demonstrably independent in carrying out their roles as members of the Board and Board Committees, notably in fulfilling their roles as Chairman of the Audit Committee and NRC.

The Board has also established a gender diversity policy and shall review the policy as and when needed.

1.7 Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 March 2013 is as follows:

Remuneration	Executive Director (RM)	Non-Executive Directors (RM)
Fees	60,000.00	168,600.00
Salaries	246,722.11	246,767.11
Allowances	77,000.00	41,500.00
Bonus	65,920.00	65,920.00
Benefits -in-kind	67,284.00	-
Total	516,926.11	522,787.11

CORPORATE GOVERNANCE STATEMENT

(continued)

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

Band of Remuneration	Executive Director	Non-Executive Directors
Less than RM50,000.00	-	5
RM350,001.00 to RM400,000.00	-	1
RM500,001.00 to RM550,000.00	1	-
Total	1	6

The determination of the remuneration of the Non-Executive Directors will be a matter to be determined by the Board as a whole on the recommendation of the Chairman and Executive Director. Non-Executive Directors receive a fixed annual fees, as applicable, and allowances for attending Board and Board committee meetings.

The Board has established a policy and procedure to facilitate the NRC to review, consider and recommend to the Board for decision the remuneration package of the Executive Director and Senior Management and is to be reviewed by the Board as required.

2. Audit Committee

As of financial year ended 31 March 2013, 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.

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 objective 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;
- The yearly annual report; and
- Participating in investor forum with research analysts, fund managers and investors.

3.2 General Meeting

The 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

CORPORATE GOVERNANCE STATEMENT

(continued)

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.

The Board takes note of the recommendation by the MCCG 2012 on the adoption of electronic voting and encourage poll voting to facilitate greater shareholders' participation. The shareholders are informed of their rights to demand a poll vote prior to the commencement of general meeting. In the event a poll is taken, announcement of the detailed results showing the number of votes cast for and against each resolution will be made.

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.

CORPORATE GOVERNANCE STATEMENT

(continued)

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 Deloitte Enterprise Risk Services Sdn. Bhd., who reports directly to the Audit Committee, 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. The Statement on Risk Management and Internal Control furnished on pages 36 to 38 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 39 to 42 of the Annual Report.

4.5 Sustainability Policy

The strategies to promote sustainability and its implementation can be found at the Company's website at www.opcom.com.my.

4.6 Compliance with the MCCG 2012

The Board strives to ensure that the Group complies with the Principles and Best Practices of the MCCG 2012. The Board will endeavour to improve and enhance procedures in the Group to ensure compliance from time to time.

5. Statement On Material Contracts Involving Directors' And Major Shareholders' Interest

There was no material contract entered into by the Group involving the Directors' or major shareholders' interest during the financial year ended 31 March 2013.

6. Risk Management Committee

Risk Management Committee holds monthly meetings. This Committee regularly reviews all risks including financial, operation and market risks and ensures 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 affect its assets, income and ultimately, its profits.

CORPORATE GOVERNANCE STATEMENT

(continued)

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 2013 pursuant to the shareholders' mandate were as follow:

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Opcom Sdn. Bhd. ("OSB") and Associated Companies	Purchase of goods and services from OSB	Dato' Mokhzani Mahathir ^a Dato' Paduka Mukhriz Mahathir ^b Datin Paduka Norzieta Zakaria ^c Mirzan Mahathir ^d MOCSB ^e	14,218,550
	<ul style="list-style-type: none"> • Accessories and related training • Business development commission • Corporate and accounting services 		
	Letting of office space of 1,200 sq.ft. at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan at RM3,000 per month to OSB		18,000
Ericsson AB ("EAB")	Letting of office space of 225 sq.ft. at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan at RM225 per month to OSB	ENT ^f EAB ^g	1,350
	Supply of cables related products to EAB		106,732
	Purchase of goods and services from EAB <ul style="list-style-type: none"> • Cable production materials • Fiber optic cables 		12,598,640
Airzed Broadband Sdn. Bhd. ("ABSB")	Letting of Opcom's open area of 4,895 sq.ft. at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan to ABSB at a monthly rental of RM500	Dato' Paduka Mukhriz Mahathir ^b Datin Paduka Norzieta Zakaria ^c MOCSB ^e Chhoa Kwang Hua ^h Chhoa Kuang Yaw ⁱ	6,000
Perennial Renaissance Sdn. Bhd. ("PRSB")	Renting of PRSB's office space of 1,000 sq.ft. at D-10-P2, Plaza Mont' Kiara No. 2, Jalan Kiara, 50480 Kuala Lumpur at a monthly rental of RM3,000	Chhoa Kwang Hua ^h Chhoa Kuang Yaw ⁱ	19,100

CORPORATE GOVERNANCE STATEMENT

(continued)

Notes:

Nature of Interest

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

STATEMENT ON RISK MANAGEMENT & 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 risk management and internal control of the Group for the financial year ended 31 March 2013, which has been prepared in accordance with the “Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers” (the “Guidelines”) issued 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 acknowledges that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The Board through its Audit Committee regularly reviews the results of this process, including mitigating measures taken by management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

The Board affirms its overall responsibilities for maintaining a sound system of risk management and 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 2013, and carried out its duties in accordance with the Group’s Risk Management Policies and Procedures.

The Board acknowledges that maintaining a sound system of risk management is founded on a clear understanding and appreciation of the following key elements of the Group’s risk management framework:

- A risk management structure which outlines the lines and responsibilities at different levels. i.e. the Board, Audit Committee and Management;
- Identification of principal risks (present and potential) faced by operating workgroups in the Group and Management’s action of plan to mitigate these risks;

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(continued)

- Risk appetite and parameters for the Group and respective Workgroups have been articulated so as to gauge acceptability of risk exposure;
- Brainstorming of action plans to address risk and control issues on an on-going basis.

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.

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.

Executive Director, Vice President and the Chief Financial Officer assured that the current established framework of risk management system is based on the risk management framework adopted by the Company and is operating adequately and effectively. The results were presented by the Risk Management Committee to the Board. Additionally and separately, the Board is also of the view that the Internal Control system is adequate and effective based on the established Internal Control framework as reported by an independent outsourced internal audit service provider to the Audit Committee of the Board. The Board remains committed to ensuring a sound system of risk management and internal control and therefore recognises that the systems must continuously evolve to support growth and will take any appropriate action plans, when necessary, to further enhance the Company's system of risk management and internal control.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(continued)

Other Key Elements of the Internal Control System

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

- **Control Procedures**

Group-wide policies and procedures are in place to facilitate communication and awareness of accountability 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 regular 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 control 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 control 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 2013.

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 : Chan Bee Lean
(Independent Non-Executive Director)

Sven Janne Sjöden
(Independent Non-Executive Director)
(appointed as member of the Audit Committee on 3 January 2013)

Tomio Alan Komatsu
(Independent Non-Executive Director)
(resigned as member of the Audit Committee on 4 October 2012)

2. Attendance at Meetings During the Financial Year 2013

The Committee held a total of five (5) meetings. Details of attendance of the committee members are as follows:

Name of Committee	Number of Meetings Attended
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	5/5
Chan Bee Lean	5/5
Tomio Alan Komatsu	3/3
Sven Janne Sjöden	1/1

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:

- i. 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.
- ii. Reviewed the External Audit Plan for the Company and the Group with the external auditors to ensure the audit scope and activities are adequately covered.
- iii. Reviewed quarterly and annual financial reports for the Company and the Group prior to submission to the Board for consideration and approval, focusing particularly on the following:
 - a. significant and unusual events;
 - b. changes in or implementation of major accounting policy; and
 - c. compliance with accounting standards and other legal requirements.
- iv. Reviewed the related party transactions and ensured that they are not more favourable to the related parties than those generally available to the public and complies with the Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements.
- v. Reviewed the policies, procedures and processes established for related party transactions.
- vi. Reviewed and approved the proposed final audit fees for the external auditors and internal auditors in respect of their audit of the Company and the Group.

AUDIT COMMITTEE REPORT

(continued)

- vii. Considered the re-appointment of the external auditors and renewal of internal audit engagement.
- viii. Met with the external auditors twice a year without the presence of any executive director and management personnel.
- ix. Reviewed the policies and procedures of the Finance Manual for Opcom Cables Sdn. Bhd.

4. Internal Audit Activities

The Internal Audit function of the Group has been outsourced to Deloitte Enterprise Risk Services Sdn. Bhd. ("Deloitte"), which 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 system, 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 Committee. Included in the reports are recommended corrective measures on risks identified 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:

- i. Provide assistance to the Board in fulfilling its fiduciary duties and responsibilities relating to the corporate accounting and practices of the Group.
- ii. 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.
- iii. Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as the internal auditors.
- iv. Enhance the independence of both external and internal auditors' functions through active participation in the audit processes.
- v. 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.
- vi. Act upon the Board's request to investigate, report on any issues or concerns within the Group.

6.2 Members

The Board shall appoint from amongst themselves not fewer than three (3) members, all of whom must be non-executive directors, with a majority of independent non-executive directors. The Chairman of the Audit Committee shall be an independent director.

AUDIT COMMITTEE REPORT

(continued)

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 ACE Market Listing Requirements.

6.3 Authority

The Audit Committee shall, in accordance with the procedures determined by the Board and at the cost of the Company have authority to investigate any matter within its terms of reference, have full and unrestricted access to any information pertaining to the Company and all the resources required to perform its duties. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and be able to obtain independent professional advice and to secure the attendance of external advisers with relevant expertise in its meetings. The Committee meets with the external auditors without the attendance of the Executive Director and employees of the Group at least twice a year.

6.4 Functions and Duties

The functions of the Audit Committee are as follows:

i. To review:

a. External Audit

- the appointment of the external auditors, the audit fee and any question of resignation or dismissal and reason (supported by grounds) for resignation or dismissal of the Company's external auditors;
- the adequacy of external auditors audit plans and arrangements, with particular emphasis on the scope and quality of audit;
- the external auditors' audit reports;

- Management letter by the external auditors to the Group and the management's response to such letter;
- the policies and procedures for assessment of suitability and independence of external auditors; and
- the policies and procedures governing the provision of non-audit services by external auditors.

b. Internal Audit

- nomination and any letter of resignation of the 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; and
- the effectiveness of the internal controls and management information systems.

c. Risk Management

- all areas of significant financial risk and the arrangement 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.

AUDIT COMMITTEE REPORT

(continued)

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.
- ii. To carry out any other functions that may be mutually agreed upon by the Committee and the Board, which would benefit the Company and/or the Group.
- iii. 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.
- iv. 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 ACE Market Listing Requirements.
- v. To report to the Board with recommendations as the Committee may deem appropriate.

Group who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary.

6.6 Procedure of Committee

The Committee may regulate its own procedures, in particular:

- i. The calling of meetings;
- ii. The notice to be given of such meetings;
- iii. The voting and proceedings of such meetings;
- iv. The keeping of minutes; and
- v. The custody, production and inspection of such minutes.

6.7 Secretary

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

6.5 Meetings

The Committee shall meet at least four (4) times a year subject to the quorum of at least two (2) independent directors or more frequently as circumstances may require or upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. The Committee may invite any Board member, any member of Management and/or any employee of the

FINANCIAL STATEMENTS

44 Directors' Report

49 Statements of Financial Position

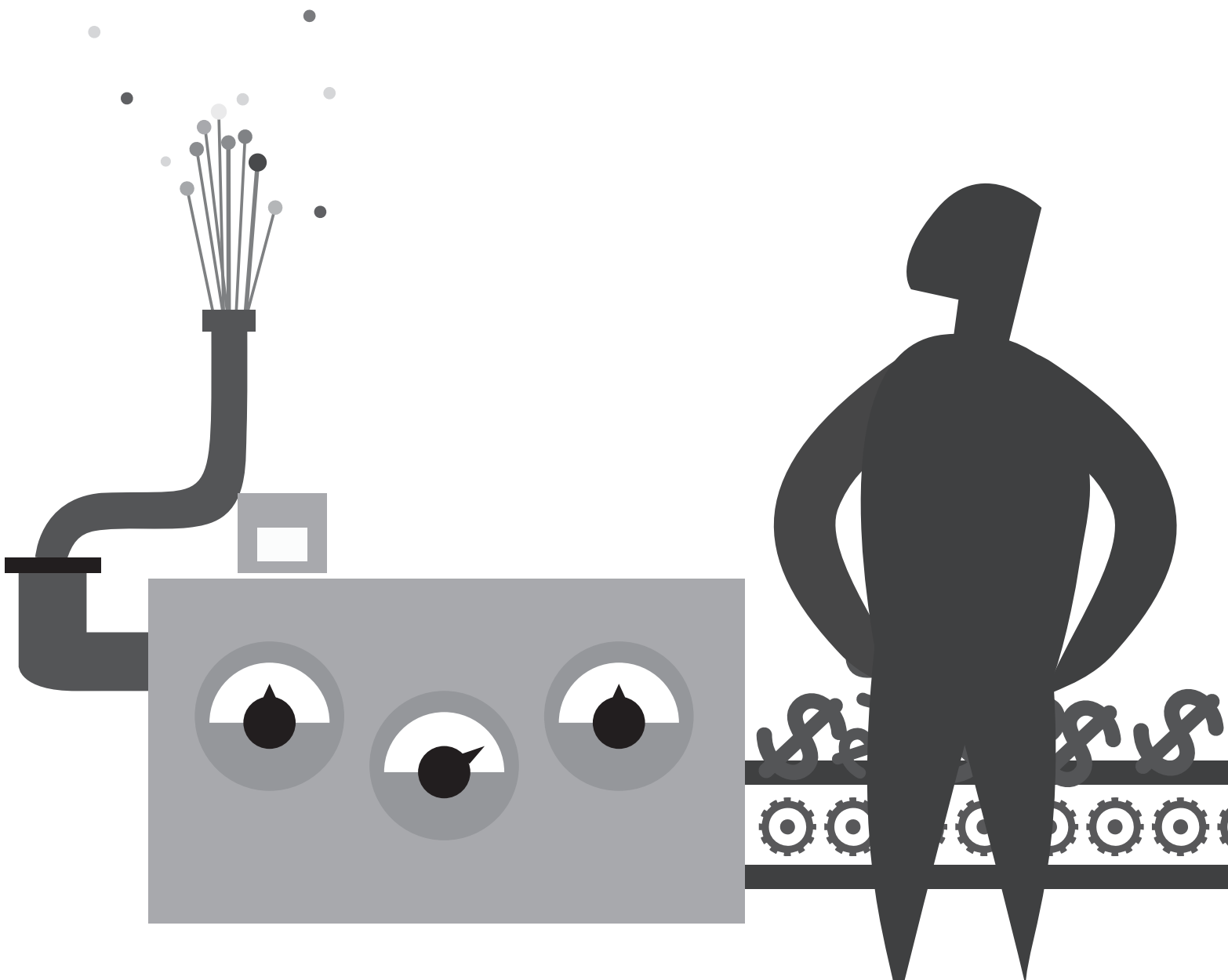
50 Statements Of Profit Or Loss And Other
Comprehensive Income

51 Consolidated Statement of Changes in Equity

52 Statement of Changes in Equity

53 Statements of Cash Flows

55 Notes to the Financial Statements



DIRECTORS' REPORT

for the year ended 31 March 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

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 have been no significant changes 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	12,957,138	17,402,827
Non-controlling interest	3,855,943	-
	<hr/> 16,813,081	<hr/> 17,402,827

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

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

- i. a single tier interim dividend of 1.50 sen per ordinary share, with the total amounting to RM1,935,000 in respect of the financial year ended 31 March 2013 on 9 May 2012; and
- ii. a single tier special interim dividend of 11.00 sen per ordinary share, with the total amounting to RM14,190,000 in respect of the financial year ended 31 March 2013 on 3 October 2012.

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

DIRECTORS' REPORT

for the year ended 31 March 2013
(continued)

DIRECTORS OF THE COMPANY

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

Dato' Mokhzani Mahathir
Chhoa Kwang Hua
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said
Abdul Jabbar Bin Abdul Majid
Sven Janne Sjöden
Chan Bee Lean
Tomio Alan Komatsu (Resigned on 4 October 2012)

DIRECTORS' INTERESTS IN SHARES

The interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.20 each			
	At 1.4.2012	Bought	Sold	At 31.3.2013
<i>Shareholdings in the Company in which Directors have direct interest</i>				
Chhoa Kwang Hua	2,195,000	144,700	-	2,339,700
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	100,000	-	812,500
Sven Janne Sjöden	280,000	-	-	280,000
Abdul Jabbar Bin Abdul Majid	490,000	10,000	-	500,000

None of the other Directors holding office at 31 March 2013 has 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 2013
(continued)

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 corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in the Note 22 to financial statements.

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up share capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

- i. there are no bad debts to be written off and no provision 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.

DIRECTORS' REPORT

for the year ended 31 March 2013
(continued)

OTHER STATUTORY INFORMATION (CONTINUED)

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.

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 and of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2013 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.

DIRECTORS' REPORT

for the year ended 31 March 2013
(continued)

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,
Date: 21 June 2013

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2013

	Note	31.3.2013 RM	Group 31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	Company 31.3.2012 RM	1.4.2011 RM
Assets							
Property, plant and equipment	3	37,180,143	38,524,927	39,851,613	14,075,122	14,391,878	14,720,651
Investment properties	4	-	-	-	7,038,563	7,244,246	7,449,929
Investments in subsidiaries	5	-	-	-	11,300,002	11,300,002	11,300,002
Deferred tax assets	6	12,424	3,004	3,004	-	-	-
Total non-current assets		37,192,567	38,527,931	39,854,617	32,413,687	32,936,126	33,470,582
Inventories	7	16,169,217	17,086,754	14,968,966	-	-	-
Trade and other receivables	8	26,057,126	47,005,395	35,933,844	260,570	306,537	214,469
Current tax assets		151,254	-	-	-	-	-
Cash and cash equivalents	9	60,872,087	50,351,792	76,400,091	12,380,499	10,533,744	9,361,724
Total current assets		103,249,684	114,443,941	127,302,901	12,641,069	10,840,281	9,576,193
Total assets		140,442,251	152,971,872	167,157,518	45,054,756	43,776,407	43,046,775
Equity							
Share capital	10	25,800,000	25,800,000	25,800,000	25,800,000	25,800,000	25,800,000
Share premium		5,811,530	5,811,530	5,811,530	5,811,530	5,811,530	5,811,530
Reserves		45,907,256	49,075,118	60,770,051	10,118,013	8,840,186	8,051,557
Total equity attributable to owners of the Company		77,518,786	80,686,648	92,381,581	41,729,543	40,451,716	39,663,087
Non-controlling interest		17,603,593	18,835,650	22,682,885	-	-	-
Total equity		95,122,379	99,522,298	115,064,466	41,729,543	40,451,716	39,663,087
Liabilities							
Deferred tax liabilities	6	3,147,090	3,438,765	3,562,128	2,176,432	2,255,276	2,260,233
Total non-current liability		3,147,090	3,438,765	3,562,128	2,176,432	2,255,276	2,260,233
Provision of liquidated damages	11	3,099,574	2,021,439	3,164,553	-	-	-
Trade and other payables	12	39,073,208	45,583,463	43,059,597	901,111	940,701	1,070,955
Current tax liabilities		-	2,405,907	2,306,774	247,670	128,714	52,500
Total current liabilities		42,172,782	50,010,809	48,530,924	1,148,781	1,069,415	1,123,455
Total liabilities		45,319,872	53,449,574	52,093,052	3,325,213	3,324,691	3,383,688
Total equity and liabilities		140,442,251	152,971,872	167,157,518	45,054,756	43,776,407	43,046,775

The notes on pages 55 to 109 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue		106,254,551	127,836,022	22,081,222	39,344,612
Results from operating activities	13	20,785,077	34,190,763	17,796,487	35,130,746
Finance income		1,313,313	1,482,976	362,466	322,699
Profit before tax		22,098,390	35,673,739	18,158,953	35,453,445
Income tax expense	15	(5,285,309)	(9,257,907)	(756,126)	(3,059,816)
Profit for the year and total comprehensive income for the year		16,813,081	26,415,832	17,402,827	32,393,629
Profit and total comprehensive income attributable to:					
Owners of the Company		12,957,138	19,910,067	17,402,827	32,393,629
Non-controlling interest		3,855,943	6,505,765	-	-
Profit for the year and total comprehensive income for the year		16,813,081	26,415,832	17,402,827	32,393,629
Basic earnings per ordinary share (sen)	16	10.0	15.4		

The notes on pages 55 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

Group	Note	Attributable to owners of the Company				Total RM	Non- controlling interest RM	Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM			
At 1 April 2011		25,800,000	5,811,530	3,283	60,766,768	92,381,581	22,682,885	115,064,466
Profit for the year		-	-	-	19,910,067	19,910,067	6,505,765	26,415,832
Dividends to owners of the Company and non-controlling interests	17	-	-	-	(31,605,000)	(31,605,000)	(10,353,000)	(41,958,000)
At 31 March 2012/1 April 2012		25,800,000	5,811,530	3,283	49,071,835	80,686,648	18,835,650	99,522,298
Profit for the year		-	-	-	12,957,138	12,957,138	3,855,943	16,813,081
Dividends to owners of the Company and non-controlling interests	17	-	-	-	(16,125,000)	(16,125,000)	(5,088,000)	(21,213,000)
At 31 March 2013		25,800,000	5,811,530	3,283	45,903,973	77,518,786	17,603,593	95,122,379

The notes on pages 55 to 109 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

Company	Note	Attributable to owners of the Company			Total RM
		Share capital RM	Share premium RM	Distributable Retained earnings RM	
At 1 April 2011		25,800,000	5,811,530	8,051,557	39,663,087
Profit for the year		-	-	32,393,629	32,393,629
Dividends to owners of the Company	17	-	-	(31,605,000)	(31,605,000)
At 31 March 2012/1 April 2012		25,800,000	5,811,530	8,840,186	40,451,716
Profit for the year		-	-	17,402,827	17,402,827
Dividends to owners of the Company	17	-	-	(16,125,000)	(16,125,000)
At 31 March 2013		25,800,000	5,811,530	10,118,013	41,729,543

The notes on pages 55 to 109 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2013

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash flows from operating activities				
Profit before tax	22,098,390	35,673,739	18,158,953	35,453,445
Adjustments for:				
Depreciation				
- Property, plant and equipment	2,771,129	2,978,730	317,578	349,301
- Investment properties	-	-	205,683	205,683
Dividend income	-	-	(16,129,000)	(33,375,740)
Gain on disposal of plant and equipment	-	(18,528)	-	(82)
Interest income	(1,313,313)	(1,482,976)	(362,466)	(322,699)
Provisions for liquidated damages	1,970,283	1,821,065	-	-
Reversal of provision for liquidated damages	(832,687)	(2,936,164)	-	-
Plant and equipment written off	8,313	45,771	8,294	144
Unrealised foreign exchange losses	32,376	192,338	-	-
Operating profit before changes in working capital	24,734,491	36,273,975	2,199,042	2,310,052
Changes in working capital:				
Inventories	917,537	(2,117,788)	-	-
Trade and other receivables	21,035,046	(11,287,300)	129,814	(186,774)
Trade and other payables	(11,622,598)	(4,485,681)	(39,590)	(130,254)
Cash generated from operations	35,064,476	18,383,206	2,289,266	1,993,024
Tax paid	(8,143,565)	(9,282,137)	(716,014)	(574,824)
Net cash from operating activities	26,920,911	9,101,069	1,573,252	1,418,200

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2013
(continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash flows from investing activities				
Dividends received	-	-	16,129,000	30,962,005
Purchase of property, plant and equipment	(1,437,538)	(1,715,235)	(9,116)	(22,548)
Proceeds from disposal of plant and equipment	2,880	35,948	-	1,958
Interest received	1,182,173	1,698,596	278,619	417,405
Net cash (used in)/from investing activities	(252,485)	19,309	16,398,503	31,358,820
Cash flows from financing activities				
Dividends paid to owners of the Company	(16,125,000)	(31,605,000)	(16,125,000)	(31,605,000)
Dividends paid to non-controlling interest	-	(3,332,084)	-	-
Net cash used in financing activities	(16,125,000)	(34,937,084)	(16,125,000)	(31,605,000)
Net increase/(decrease) in cash and cash equivalents	10,543,426	(25,816,706)	1,846,755	1,172,020
Effect of exchange rate fluctuations on cash held	(23,131)	(231,593)	-	-
Cash and cash equivalents at beginning of year	50,351,792	76,400,091	10,533,744	9,361,724
Cash and cash equivalents at end of year (Note 9)	60,872,087	50,351,792	12,380,499	10,533,744

The notes on pages 55 to 109 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

802, 8th 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 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 March 2013 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 authorised for issue by the Board of Directors on 21 June 2013.

1. Basis of preparation

a. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impact of transition to MFRSs are disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. Basis of preparation (continued)

a. Statement of compliance (continued)

The Group and the Company has early adopted the amendments to MFRS 101, Presentation of Financial Statements which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statements of profit or loss and other comprehensive income.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. Basis of preparation (continued)

a. Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 April 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013 except for MFRS 11, 12, 119, 128, Amendments to MFRS 11, Amendments to MFRS 12 and IC Interpretation 20 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2014 for those amendments that are effective for annual periods beginning on or after 1 January 2014, except for Amendments to MFRS 12 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2015 for those standards or amendments that are effective for annual periods beginning on or after 1 January 2015.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. Basis of preparation (continued)

a. Statement of compliance (continued)

The initial application of the applicable standards, amendments and interpretations are not expected to give rise to any material financial impact to the current and prior period financial statements upon their adoption.

b. Basis of measurement

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

c. Functional and presentation currency

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

d. Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs 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 notes:

- Note 4 - Valuation of investment properties

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in the financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 April 2011 (the transition date to MFRS framework), unless otherwise stated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from date that control commences until the date that control ceases. Control exists when the Company 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

ii. Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 April 2011

For acquisitions on or after 1 April 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

ii. Business combinations (continued)

Acquisitions on or after 1 April 2011 (continued)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 April 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 April 2011. Goodwill arising from acquisitions before 1 April 2011 has been carried forward from the previous FRS framework as at the date of transition.

iii. Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

iv. Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, 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. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

a. Basis of consolidation (continued)

v. 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.

b. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of 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.

c. Financial instruments

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

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 are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

(continued)

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 any 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. 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 gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

ii. Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

d. Property, plant and equipment (continued)

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods for the other assets are as follows:

• Long term leasehold land	64 years
• 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 at the end of the reporting period and adjusted as appropriate.

e. Leased assets

Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

f. Investment property

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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).

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

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.

The cost of inventories is measured based on standard cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress, manufactured inventories and 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.

h. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances and deposits with banks.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

i. Impairment of assets

i. Financial assets

All financial assets (except for investments in subsidiaries) 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 is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

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 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 or cash-generating unit.

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

i. Impairment of assets (continued)

ii. Other assets (continued)

Impairment losses are recognised in profit or loss. 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 financial year in which the reversals are recognised.

j. Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

k. 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.

ii. State plans

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

l. 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.

m. Revenue and other income

i. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

ii. Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of reporting period.

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, which in the case of quoted securities is the ex-dividend date.

iv. Interest income

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

v. Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

n. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 financial 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 be applied 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. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Significant accounting policies (continued)

o. Earnings per share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

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, adjusted for own shares held.

p. 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 to assess its performance, and for which discrete financial information is available.

q. Contingencies

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 not recognised in the statements of financial position and 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

(continued)

3. Property, plant and equipment

Group	Long term leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment RM	Computer equipment RM	Plant and machinery RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
Cost										
At 1 April 2011	14,304,000	10,284,139	1,050,319	638,918	4,590,670	41,756,269	2,018,608	19,805	1,202,442	75,865,170
Additions	-	-	-	98,045	93,385	1,352,197	43,750	-	127,858	1,715,235
Disposals	-	-	(99,907)	(3,300)	(1,958)	(33,462)	-	-	(19,658)	(158,285)
Write-off	-	-	-	(6,409)	-	(272,529)	-	-	(1,600)	(280,538)
At 31 March 2012 / 1 April 2012	14,304,000	10,284,139	950,412	727,254	4,682,097	42,802,475	2,062,358	19,805	1,309,042	77,141,582
Additions	-	-	-	43,516	83,085	1,238,102	37,100	-	35,735	1,437,538
Reclassification	-	-	-	(3,687)	1,195	-	-	-	2,492	-
Disposals	-	-	-	(1,299)	(3,428)	(39,064)	-	-	(2,045)	(45,836)
Write-off	-	-	-	(75,717)	(2,999,376)	-	-	(1,900)	(49,962)	(3,126,955)
At 31 March 2013	14,304,000	10,284,139	950,412	690,067	1,763,573	44,001,513	2,099,458	17,905	1,295,262	75,406,329
Accumulated depreciation										
At 1 April 2011	-	2,834,210	443,288	422,346	4,408,712	25,557,667	1,622,154	9,580	715,600	36,013,557
Charge for the year	223,500	205,682	190,082	49,694	105,443	1,902,766	212,104	1,646	87,813	2,978,730
Disposals	-	-	(99,906)	(660)	(82)	(33,462)	-	-	(6,755)	(140,865)
Write-off	-	-	-	(3,884)	-	(229,727)	-	(256)	(900)	(234,767)
At 31 March 2012 / 1 April 2012	223,500	3,039,892	533,464	467,496	4,514,073	27,197,244	1,834,258	10,970	795,758	38,616,655
Charge for the year	223,530	205,683	184,781	52,356	86,625	1,735,247	202,419	1,532	78,956	2,771,129
Disposals	-	-	-	(915)	(2,571)	(39,064)	-	-	(406)	(42,956)
Write-off	-	-	-	(73,383)	(2,997,729)	-	-	(1,306)	(46,224)	(3,118,642)
At 31 March 2013	447,030	3,245,575	718,245	445,554	1,600,398	28,893,427	2,036,677	11,196	828,084	38,226,186

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Property, plant and equipment (continued)

Group	Long term leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment RM	Computer equipment RM	Plant and machinery RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
Carrying amounts										
At 1 April 2011	14,304,000	7,449,929	607,031	216,572	181,958	16,198,602	396,454	10,225	486,842	39,851,613
At 31 March 2012/1 April 2012	14,080,500	7,244,247	416,948	259,758	168,024	15,605,231	228,100	8,835	513,284	38,524,927
At 31 March 2013	13,856,970	7,038,564	232,167	244,513	163,175	15,108,086	62,781	6,709	467,178	37,180,143

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Property, plant and equipment (continued)

Company	Long term leasehold land RM	Office equipment RM	Computer equipment RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
Cost							
At 1 April 2011	14,304,000	409,835	896,203	442,177	19,805	605,467	16,677,487
Additions	-	6,505	14,847	-	-	1,196	22,548
Write-off	-	-	-	-	(400)	-	(400)
Disposal	-	-	(1,958)	-	-	-	(1,958)
At 31 March 2012 / 1 April 2012	14,304,000	416,340	909,092	442,177	19,405	606,663	16,697,677
Additions	-	2,170	4,464	-	-	2,482	9,116
Reclassification	-	(3,687)	1,195	-	-	2,492	-
Write-off	-	(54,693)	(237,578)	-	(1,900)	(49,962)	(344,133)
At 31 March 2013	14,304,000	360,130	677,173	442,177	17,505	561,675	16,362,660
Accumulated depreciation							
At 1 April 2011	-	-	-	-	-	-	-
Charge for the year	223,500	248,459	841,807	424,731	9,580	432,259	1,956,836
Write-off	-	33,048	34,231	3,760	1,646	53,116	349,301
Disposal	-	-	-	-	(256)	-	(256)
At 31 March 2012 / 1 April 2012	223,500	281,507	875,956	428,491	10,970	485,375	2,305,799
Charge for the year	223,530	29,973	17,326	3,760	1,532	41,457	317,578
Write-off	-	(52,368)	(235,941)	-	(1,306)	(46,224)	(335,839)
At 31 March 2013	447,030	259,112	657,341	432,251	11,196	480,608	2,287,538

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Property, plant and equipment (continued)

Company	Long term leasehold land RM	Office equipment RM	Computer equipment RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
Carrying amounts							
At 1 April 2011	14,304,000	161,376	54,396	17,446	10,225	173,208	14,720,651
At 31 March 2012 / 1 April 2012	14,080,500	134,833	33,136	13,686	8,435	121,288	14,391,878
At 31 March 2013	13,856,970	101,018	19,832	9,926	6,309	81,067	14,075,122

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Investment properties

Company Cost	Buildings RM
At 1 April 2011/31 March 2012/1 April 2012/31 March 2013	10,284,139
Depreciation	
At 1 April 2011	2,834,210
Charge for the year	205,683
At 31 March 2012/1 April 2012	3,039,893
Charge for the year	205,683
At 31 March 2013	3,245,576
Carrying amounts	
At 1 April 2011	7,449,929
At 31 March 2012/1 April 2012	7,244,246
At 31 March 2013	7,038,563

The Directors estimated the fair value of the investment properties is RM 11,850,120 (31.3.2012: RM11,850,120; 1.4.2011: RM11,850,120) by reference to market evidence of transaction prices of similar properties that performed by an independent valuer. The latest estimation was performed on 15 April 2011. The Directors do not expect the value to fluctuate significantly since the last estimation made.

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	
	2013 RM	2012 RM
Rental income	2,460,222	2,476,872
Direct operating expenses	353,343	418,931

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5. Investments in subsidiaries

	31.3.2013 RM	Company 31.3.2012 RM	1.4.2011 RM
Unquoted shares, at cost	11,300,002	11,300,002	11,300,002

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows:

Name of subsidiary	Principal activities	Effective ownership interest		
		31.3.2013 %	31.3.2012 %	1.4.2011 %
Opcom Cables Sdn. Bhd.	Manufacturer of fiber optic cables, systems and accessories	70	70	70
Opcom Niaga Sdn. Bhd.	General trading of fiber and other cable production materials and provision of engineering services	100	100	100
Opcom Shared Services Sdn. Bhd.	Provision of human resource management services	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets			Liabilities			Net		
	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Property, plant and equipment	-	-	-	(5,034,933)	(4,986,728)	(5,230,461)	(5,034,933)	(4,986,728)	(5,230,461)
Provisions	1,900,267	1,512,526	1,789,441	-	-	-	1,900,267	1,512,526	1,789,441
Inventories	-	184,671	59,097	-	-	-	-	184,671	59,097
Others	-	-	-	-	(146,230)	(177,201)	-	(146,230)	(177,201)
Tax assets/(liabilities)	1,900,267	1,697,197	1,848,538	(5,034,933)	(5,132,958)	(5,407,662)	(3,134,666)	(3,435,761)	(3,559,124)
Set off of tax	(1,887,843)	(1,694,193)	(1,845,534)	1,887,843	1,694,193	1,845,534	-	-	-
Net tax assets/(liabilities)	12,424	3,004	3,004	(3,147,090)	(3,438,765)	(3,562,128)	(3,134,666)	(3,435,761)	(3,559,124)

Movement in temporary differences during the years

	At 1.4.2011 RM	Recognised in profit or loss (Note 15) RM	At 31.3.2012 RM	Recognised in profit or loss (Note 15) RM	At 31.3.2013 RM
Property, plant and equipment	(5,230,461)	243,733	(4,986,728)	(48,205)	(5,034,933)
Provisions	1,789,441	(276,915)	1,512,526	387,741	1,900,267
Inventories	59,097	125,574	184,671	(184,671)	-
Others	(177,201)	30,971	(146,230)	146,230	-
	(3,559,124)	123,363	(3,435,761)	301,095	(3,134,666)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Company	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Property, plant and equipment	(2,176,432)	(2,262,430)	(2,267,387)
Provisions	-	7,154	7,154
Net tax liabilities	(2,176,432)	(2,255,276)	(2,260,233)

Movement in temporary differences during the years

	At 1.4.2011 RM	Recognised in profit or loss (Note 15) RM	At 31.3.2012 RM	Recognised in profit or loss (Note 15) RM	At 31.3.2013 RM
Property, plant and equipment	(2,267,387)	4,957	(2,262,430)	85,998	(2,176,432)
Provisions	7,154	-	7,154	(7,154)	-
	(2,260,233)	4,957	(2,255,276)	78,844	(2,176,432)

7. Inventories

	31.3.2013 RM	Group 31.3.2012 RM	1.4.2011 RM
At Cost:			
Raw materials	6,380,745	1,647,031	5,172,003
Work-in-progress	278,141	755,817	849,533
Finished goods	8,237,562	10,813,160	4,991,330
	14,896,448	13,216,008	11,012,866
At net realisable value:			
Raw materials	1,272,769	3,870,746	3,956,100
	16,169,217	17,086,754	14,968,966

	2013 RM	2012 RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	74,535,933	80,668,477
Write-off of inventories	879,791	457,078
Write-down to net realisable value	266,372	34,527

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. Trade and other receivables

	Note	31.3.2013 RM	Group 31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	Company 31.3.2012 RM	1.4.2011 RM
Trade							
Trade receivables	8.1	24,445,218	46,194,898	35,329,315	-	-	-
Non-trade							
Other receivables		710,180	252,830	120,468	24,296	18,794	32,161
Deposits		123,620	117,068	117,068	119,159	112,607	112,607
Prepayments		761,087	439,754	320,057	56,626	166,967	57,765
Amount due from subsidiaries	8.2	-	-	-	43,468	-	-
Amount due from affiliated companies	8.3	17,021	845	46,936	17,021	8,169	11,936
		1,611,908	810,497	604,529	260,570	306,537	214,469
		26,057,126	47,005,395	35,933,844	260,570	306,537	214,469

8.1 Trade receivables

Included in trade receivables is a retention sum of RM9,252,083 (31.3.2012: RM13,170,988; 1.4.2011: RM12,959,219) held by a customer of its subsidiary pursuant to the contract with the customer.

8.2 Amount due from subsidiaries

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

8.3 Amount due from affiliated companies

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9. Cash and cash equivalents

	31.3.2013 RM	Group 31.3.2012 RM	1.4.2011 RM	31.3.2013 RM	Company 31.3.2012 RM	1.4.2011 RM
Deposits placed with licensed banks	57,587,858	35,190,609	64,183,121	12,200,000	8,800,000	8,600,000
Cash and bank balances	3,284,229	15,161,183	12,216,970	180,499	1,733,744	761,724
	60,872,087	50,351,792	76,400,091	12,380,499	10,533,744	9,361,724

10. Share capital

	Amount 31.3.2013 RM	Number of shares 31.3.2013	Amount 31.3.2012 RM	Number of shares 31.3.2012	Amount 1.4.2011 RM	Number of shares 1.4.2011
Ordinary shares of RM0.20 each						
Authorised	50,000,000	250,000,000	50,000,000	250,000,000	50,000,000	250,000,000
Issued and fully paid	25,800,000	129,000,000	25,800,000	129,000,000	25,800,000	129,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. Provision for liquidated damages

	2013 RM	Group 2012 RM
Balance at beginning of the year	2,021,439	3,164,553
Provisions made during the year	1,970,283	1,821,065
Reversal during the year	(832,687)	(2,936,164)
Utilised during the year	(59,461)	(28,015)
Balance at the end of the year	3,099,574	2,021,439

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. Trade and other payables

	Note	31.3.2013 RM	Group 31.3.2012 RM	14.2011 RM	31.3.2013 RM	Company 31.3.2012 RM	14.2011 RM
Trade							
Trade payables		8,465,240	10,001,932	13,137,336	-	-	-
Deferred income	12.1	15,631	7,406	7,406	494,631	497,406	497,406
Amount due to a corporate shareholder	12.2	4,587,609	10,063,420	9,506,232	-	-	-
Amount due to an affiliated company	12.3	3,151,506	8,855,688	6,230,734	-	6,000	7,000
Amount due to subsidiaries	12.4	-	-	-	-	108,217	119,360
		16,219,986	28,928,446	28,881,708	494,631	611,623	623,766
Non-trade							
Other payables		1,179,938	1,091,313	1,073,600	155,759	52,916	95,667
Accrued expenses		5,356,959	4,336,504	4,178,516	249,596	276,162	351,522
Amount due to a corporate shareholder	12.2	16,315,200	11,227,200	4,206,284	-	-	-
Amount due to an affiliated company	12.3	1,125	-	4,719,489	1,125	-	-
		22,853,222	16,655,017	14,177,889	406,480	329,078	447,189
		39,073,208	45,583,463	43,059,597	901,111	940,701	1,070,955

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. Trade and other payables (continued)

12.1 Deferred income

The amount is an advance billing on management fees and rental charged to its subsidiaries and affiliated companies.

12.2 Amount due to a corporate shareholder

The trade amount due to a corporate shareholder of a subsidiary is subject to normal trade terms.

The non-trade amount is unsecured, interest free and repayable on demand.

12.3 Amount due to an affiliated company

An affiliated company is defined as a company which has common directors and shareholder of the Company.

The trade amount to an affiliated company is subject to normal trade terms.

The non-trade amount is unsecured, interest free and repayable on demand.

12.4 Amount due to subsidiaries

The trade amounts due to subsidiaries are unsecured, interest free and subject to normal trade terms.

13. Results from operating activities

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Revenue				
- sale of cables	93,408,518	99,767,620	-	-
- sale of accessories	12,773,811	27,979,530	-	-
- rental income	72,222	88,872	2,460,222	2,476,872
- dividend income	-	-	16,129,000	33,375,740
- management fee	-	-	3,492,000	3,492,000
	106,254,551	127,836,022	22,081,222	39,344,612
Cost of sales	(71,881,308)	(86,014,594)	-	-
Cost of property maintenance and management	-	-	(3,160,632)	(3,226,192)
	(71,881,308)	(86,014,594)	(3,160,632)	(3,226,192)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. Results from operating activities (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Gross profit	34,373,243	41,821,428	18,920,590	36,118,420
Other income	176,733	1,292,213	1,471	337
Distribution costs	(4,811,662)	(2,335,717)	-	-
Administrative expenses	(6,192,037)	(6,141,052)	(1,125,574)	(988,011)
Other operating expenses	(2,761,200)	(446,109)	-	-
Results from operating activities	20,785,077	34,190,763	17,796,487	35,130,746
Results from operating activities is arrived at after crediting:				
Dividends from subsidiaries	-	-	16,129,000	33,375,740
Gain on disposal of plant and equipment	-	18,528	-	82
Interest income	1,313,313	1,482,976	362,466	322,699
Realised foreign exchange gains	-	866,688	-	-
Rental income on land and buildings	72,222	88,872	2,460,222	2,476,782
Reversal of provision for liquidated damages	832,687	2,964,179	-	-
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
KPMG Malaysia				
- audit fees	87,000	71,520	35,000	30,740
- under provision in prior year	8,480	21,932	3,260	19,678
Other services				
- current year	12,000	12,000	12,000	-
- under provision in prior year	-	5,000	-	-
Depreciation				
- property, plant and equipment	2,771,129	2,978,730	317,578	349,301
- investment properties	-	-	205,683	205,683
Inventories write-down to net realisable value	266,372	34,527	-	-
Write-off of inventories	879,791	457,078	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. Results from operating activities (continued)

Results from operating activities is arrived at after charging (continued):

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Personnel expenses (including key management personnel):				
- contributions to EPF	779,331	748,101	-	3,376
- wages, salaries and others	7,452,584	7,293,367	-	220,590
Property, plant and equipment written off	8,313	45,771	8,294	144
Provision for liquidated damages	1,970,283	1,821,065	-	-
Realised foreign exchange losses	156,663	-	-	-
Unrealised foreign exchange losses	32,376	192,338	-	-

14. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors:				
- fees	324,600	336,342	180,600	192,600
- remuneration	622,739	761,638	46,500	53,254
- other short term employees benefits	109,090	99,908	-	-
	1,056,429	1,197,888	227,100	245,854
Other key management personnel:				
- short term employee benefits	714,262	721,191	-	-
	1,770,691	1,919,079	227,100	245,854

NOTES TO THE FINANCIAL STATEMENTS

(continued)

15. Income tax expense

Recognised in profit or loss

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax expense				
Current year	6,194,966	9,234,162	835,464	3,034,802
(Over)/Under provision in prior year	(608,562)	147,108	(494)	29,971
	5,586,404	9,381,270	834,970	3,064,773
Deferred tax expense				
Origination and reversal of temporary differences	(359,496)	(123,269)	(63,505)	(4,957)
Under/(Over) provision in prior year	58,401	(94)	(15,339)	-
	(301,095)	(123,363)	(78,844)	(4,957)
	5,285,309	9,257,907	756,126	3,059,816
Reconciliation of effective tax expense				
Profit before tax	22,098,390	35,673,739	18,158,953	35,453,445
Tax calculated using Malaysian tax rates of 25%	5,524,598	8,918,435	4,539,738	8,863,361
Non-deductible expenses	440,873	334,439	264,471	96,684
Non-taxable income	-	-	(4,032,250)	(5,930,200)
Reinvestment allowance utilised	(130,001)	(141,981)	-	-
	5,835,470	9,110,893	771,959	3,029,845
(Over)/Under provision in prior years	(550,161)	147,014	(15,833)	29,971
	5,285,309	9,257,907	756,126	3,059,816

NOTES TO THE FINANCIAL STATEMENTS

(continued)

16. Earnings per ordinary share

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 March 2013 is based on the profit attributable to the owners of the Company of RM12,957,138 (2012: RM19,910,067) and the weighted average number of ordinary shares during the year of 129,000,000 (2012: 129,000,000).

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

17. Dividends

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
Financial year 2013			
Interim 2013 ordinary - single tier	1.50	1,935,000	9.5.2012
Special interim 2013 ordinary - single tier	11.00	14,190,000	3.10.2012
		16,125,000	
Financial year 2012			
Interim 2012 ordinary - single tier	2.00	2,580,000	6.5.2011
Special interim 2012 ordinary - single tier	22.50	29,025,000	28.9.2011
		31,605,000	

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. 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	Manufacturer of fiber optic cables, systems and accessories.
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 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 assets and liabilities

The total of segment asset and liability are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's chief executive officer.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. Operating segments (continued)

	Manufacturing RM	Trading and engineering services RM	Other operations RM	Total RM	Elimination RM	Consolidated RM
2013						
Segment profit	16,501,540	2,330,843	18,977,345	37,809,728	(15,711,338)	22,098,390
Included in the measure of segment profit are:						
Revenue from external customers	93,222,227	12,960,102	72,222	106,254,551	-	106,254,551
Inter-segment revenue	-	20,589,160	24,589,000	45,178,160	(45,178,160)	-
Inventories write-down to net realisable value	(266,372)	-	-	(266,372)	-	(266,372)
Depreciation	(2,227,362)	(78,189)	(523,262)	(2,828,813)	57,684	(2,771,129)
Interest income	809,471	101,082	402,760	1,313,313	-	1,313,313
2012						
Segment profit	26,684,393	6,327,968	36,481,731	69,494,092	(33,820,353)	35,673,739
Included in the measure of segment profit are:						
Revenue from external customers	99,767,620	27,979,530	88,872	127,836,022	-	127,836,022
Inter-segment revenue	-	28,155,484	41,835,740	69,991,224	(69,991,224)	-
Inventories write-down to net realisable value	(34,527)	-	-	(34,527)	-	(34,527)
Depreciation	(2,404,752)	(76,679)	(554,983)	(3,036,414)	57,684	(2,978,730)
Interest income	1,038,835	88,392	355,749	1,482,976	-	1,482,976

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. Operating segments (continued)

	Manufacturing RM	Trading and engineering services RM	Other operations RM	Total RM	Elimination RM	Consolidated RM
2013						
Segment assets / Total assets	100,955,206	9,017,161	47,067,242	157,039,609	(16,597,358)	140,442,251
Segment liabilities / Total liabilities	42,276,562	4,024,281	3,571,113	49,871,956	(4,552,084)	45,319,872
Capital expenditure	1,402,546	25,876	9,116	1,437,538	-	1,437,538
Depreciation	2,227,363	78,189	523,261	2,828,813	(57,684)	2,771,129
2012						
Segment assets / Total assets	119,500,810	17,522,646	45,216,926	182,240,382	(29,268,510)	152,971,872
Segment liabilities / Total liabilities	56,715,311	10,050,067	3,594,186	70,359,564	(16,909,990)	53,449,574
Capital expenditure	1,668,410	24,277	22,548	1,715,235	-	1,715,235
Depreciation	2,404,752	76,679	554,983	3,036,414	(57,684)	2,978,730

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Financial instruments

19.1 Categories of financial instruments

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

- a. Loans and receivables ("L&R"); and
- b. Financial liabilities measured at amortised cost ("FL").

Group	Carrying amount RM	L&R/ (FL) RM
31 March 2013		
Financial assets		
Trade and other receivables*	25,296,039	25,296,039
Cash and cash equivalents	60,872,087	60,872,087
	86,168,126	86,168,126
Financial liabilities		
Trade and other payables	(39,073,208)	(39,073,208)
31 March 2012		
Financial assets		
Trade and other receivables*	46,565,641	46,565,641
Cash and cash equivalents	50,351,792	50,351,792
	96,917,433	96,917,433
Financial liabilities		
Trade and other payables	(45,583,463)	(45,583,463)
1 April 2011		
Financial assets		
Trade and other receivables*	35,613,787	35,613,787
Cash and cash equivalents	76,400,091	76,400,091
	112,013,878	112,013,878
Financial liabilities		
Trade and other payables	(43,059,597)	(43,059,597)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Financial instruments (continued)

19.1 Categories of financial instruments (continued)

Company	Carrying amount RM	L&R/ (FL) RM
31 March 2013		
Financial assets		
Trade and other receivables*	203,944	203,944
Cash and cash equivalents	12,380,499	12,380,499
	12,584,443	12,584,443
Financial liabilities		
Trade and other payables	(901,111)	(901,111)
31 March 2012		
Financial assets		
Trade and other receivables*	139,570	139,570
Cash and cash equivalents	10,533,744	10,533,744
	10,673,314	10,673,314
Financial liabilities		
Trade and other payables	(940,701)	(940,701)
1 April 2011		
Financial assets		
Trade and other receivables*	156,704	156,704
Cash and cash equivalents	9,361,724	9,361,724
	9,518,428	9,518,428
Financial liabilities		
Trade and other payables	(1,070,955)	(1,070,955)

* Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Financial instruments

19.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Net gains/(losses) arising on:				
Loans and receivables				
- Interest income	1,313,313	1,482,976	362,466	322,699
- Realised foreign exchange (losses)/gains	(156,663)	769,830	-	-
- Unrealised foreign exchange (losses)/gains	(67,494)	(231,722)	-	-
Net gains/(losses) arising on:				
Financial liabilities measured at amortised cost				
- Realised foreign exchange gains	-	96,858	-	-
- Unrealised foreign exchange gains	35,118	39,384	-	-

19.3 Financial risk management

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

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

19.4 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 advances to subsidiaries and affiliated companies, balances maintained with licensed banks and financial guarantees given to banks for credit facilities granted to a subsidiary.

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Financial instruments (continued)

19.4 Credit risk (continued)

Receivables (continued)

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.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. 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 90 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of receivables as at the end of the reporting period as disclosed in Note 8 was:

	Gross RM	Individual Impairment RM	Net RM
31 March 2013			
Not past due	24,388,457	-	24,388,457
Past due more than 90 days	56,761	-	56,761
	24,445,218	-	24,445,218
31 March 2012			
Not past due	45,614,592	-	45,614,592
Past due more than 90 days	580,306	-	580,306
	46,194,898	-	46,194,898
1 April 2011			
Not past due	35,311,309	-	35,311,309
Past due more than 90 days	18,006	-	18,006
	35,329,315	-	35,329,315

As at 31 March 2013, there was significant concentration of credit for the amount due from one (1) single customer, which represents approximately 88% (31.3.2012: 98%; 1.4.2011: 98%) of total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Financial instruments (continued)

19.4 Credit risk (continued)

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 a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM24.1 million (31.3.2012: RM19.4 million; 1.4.2011: RM19.0 million) representing the letter of credit and guarantee facilities utilised by its subsidiary 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.

19.5 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

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
31 March 2013				
Trade and other payables	39,073,208	-	39,073,208	39,073,208
31 March 2012				
Trade and other payables	45,583,463	-	45,583,463	45,583,463
1 April 2011				
Trade and other payables	43,059,597	-	43,059,597	43,059,597

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Financial instruments (continued)

19.5 Liquidity risk (continued)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
31 March 2013				
Trade and other payables	901,111	-	901,111	901,111
31 March 2012				
Trade and other payables	940,701	-	940,701	940,701
1 April 2011				
Trade and other payables	1,070,955	-	1,070,955	1,070,955

19.6 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.

19.6.1 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) and Euro.

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

(continued)

19. Financial instruments (continued)

19.6 Market risk (continued)

19.6.1 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:

Group	31.3.2013 RM	Denominated in USD	
		31.3.2012 RM	1.4.2011 RM
Trade receivables	-	-	4,585
Cash and cash equivalents	7,471,083	7,754,327	8,971,247
Trade payables	(6,143,352)	(10,858,532)	(10,889,604)
	1,327,731	(3,104,205)	(1,913,772)

Group	31.3.2013 RM	Denominated in Euro	
		31.3.2012 RM	1.4.2011 RM
Cash and cash equivalents	13,809	291,985	2,530,189

Currency risk sensitivity analysis

A 10% strengthening of the RM against the following currencies at the end of the reporting period would have (decreased) / increased pre-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.

Group	Profit or loss		Equity	
	2013 RM	2012 RM	2013 RM	2012 RM
USD	(99,580)	232,815	(99,580)	232,815
Euro	(1,036)	21,899	(1,036)	21,899

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Financial instruments (continued)

19.6 Market risk (continued)

19.6.2 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.

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:

	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Group			
Fixed rate instruments			
Financial assets	57,587,858	35,190,609	64,183,121
Company			
Fixed rate instruments			
Financial assets	12,200,000	8,800,000	8,600,000

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.

19.7 Fair value of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

20. 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.

21. Contingent liabilities

Company

Corporate guarantee

The Company has executed corporate guarantees in favour of licensed banks of up to RM39.5 million (31.3.2012: RM52.0 million; 1.4.2011: RM74.5 million) for banking facilities (mainly trade facility lines) granted to its subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

22. Related parties

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel comprise persons other than the Directors of the Company and its subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The Group has related party transactions with its subsidiaries, an affiliated company, a corporate shareholder and key management personnel.

The significant related party transactions of the Group during the financial year, other than key management personnel compensation (see Note 14) are as follows:

Significant transactions with related parties during the financial year

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Affiliated company				
<i>A Company in which a Director of the Company has interests:</i>				
Rental of office	19,350	36,000	19,350	36,000
Purchase of accessories	(11,725,650)	(24,492,391)	-	-
Business development commission paid	(2,263,610)	-	-	-
Accounting expenses paid	(189,290)	-	(99,903)	-
Corporate services paid	(40,000)	-	(40,000)	-
Rental of motor vehicles	(23,850)	-	-	-
Corporate shareholder of a subsidiary company				
Purchases of cables	(12,598,640)	(13,263,635)	-	-
Sales of cables related products	106,732	329,985	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

22. Related parties (continued)

Identity of related parties (continued)

Significant transactions with related parties during the financial year (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Subsidiaries				
Rental income charged	-	-	2,388,000	2,388,000
Gross dividend charged	-	-	16,129,000	33,375,740
Management fees charged	-	-	3,492,000	3,492,000
Administrative fee paid	-	-	(2,580,000)	(2,580,000)

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

23. Capital commitment

	31.3.2013 RM	31.3.2012 RM	1.4.2011 RM
Group			
Capital expenditure commitment			
Contracted but not provided for	231,213	-	-

24. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 March 2013, the comparative information presented in these financial statements for the year ended 31 March 2012 and in the preparation of the opening MFRS statement of financial position at 1 April 2011 (the Company's date of transition to MFRSs).

In preparing the opening consolidated statement of financial position at 1 April 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows is set out as follows:

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.1 Reconciliation of financial position

Group			1.4.2011 Effect of transition to MFRSs RM			31.3.2012 Effect of transition to MFRSs RM	
	Note	FRSs RM		MFRSs RM		FRSs RM	MFRSs RM
Assets							
Property, plant and equipment	24.4 a	32,934,523	6,917,090	39,851,613	31,710,209	6,814,718	38,524,927
Deferred tax asset		3,004	-	3,004	3,004	-	3,004
Total non-current assets		32,937,527	6,917,090	39,854,617	31,713,213	6,814,718	38,527,931
Inventories		14,968,966	-	14,968,966	17,086,754	-	17,086,754
Trade and other receivables		35,933,844	-	35,933,844	47,005,395	-	47,005,395
Cash and cash equivalents		76,400,091	-	76,400,091	50,351,792	-	50,351,792
Total current assets		127,302,901	-	127,302,901	114,443,941	-	114,443,941
Total assets		160,240,428	6,917,090	167,157,518	146,157,154	6,814,718	152,971,872
Equity							
Share capital		25,800,000	-	25,800,000	25,800,000	-	25,800,000
Share premium		5,811,530	-	5,811,530	5,811,530	-	5,811,530
Reserves	24.4 a, 24.4 c	55,582,233	5,187,818	60,770,051	43,962,652	5,112,466	49,075,118
Total equity attributable to owners of the Company		87,193,763	5,187,818	92,381,581	75,574,182	5,112,466	80,686,648
Non-controlling interest		22,682,885	-	22,682,885	18,835,650	-	18,835,650
Total equity		109,876,648	5,187,818	115,064,466	94,409,832	5,112,466	99,522,298
Liabilities							
Deferred tax liabilities	24.4 b	1,832,856	1,729,272	3,562,128	1,736,513	1,702,252	3,438,765
Total non-current liability		1,832,856	1,729,272	3,562,128	1,736,513	1,702,252	3,438,765

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.1 Reconciliation of financial position (continued)

Group	1.4.2011			31.3.2012		
	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Provision of liquidated damages	3,164,553	-	3,164,553	2,021,439	-	2,021,439
Trade and other payables	43,059,597	-	43,059,597	45,583,463	-	45,583,463
Current tax liabilities	2,306,774	-	2,306,774	2,405,907	-	2,405,907
Total current liabilities	48,530,924	-	48,530,924	50,010,809	-	50,010,809
Total liabilities	50,363,780	1,729,272	52,093,052	51,747,322	1,702,252	53,449,574
Total equity and liabilities	160,240,428	6,917,090	167,157,518	146,157,154	6,814,718	152,971,872

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.1 Reconciliation of financial position (continued)

Company		14.2011			31.3.2012		
	Note	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Assets							
Property, plant and equipment	24.4 a	7,803,561	6,917,090	14,720,651	7,577,161	6,814,717	14,391,878
Investment properties		7,449,929	-	7,449,929	7,244,246	-	7,244,246
Investment in subsidiaries		11,300,002	-	11,300,002	11,300,002	-	11,300,002
Total non-current assets		26,553,492	6,917,090	33,470,582	26,121,409	6,814,717	32,936,126
Trade and other receivables		214,469	-	214,469	306,537	-	306,537
Cash and cash equivalents		9,361,724	-	9,361,724	10,533,744	-	10,533,744
Total current assets		9,576,193	-	9,576,193	10,840,281	-	10,840,281
Total assets		36,129,685	6,917,090	43,046,775	36,961,690	6,814,717	43,776,407
Equity							
Share capital		25,800,000	-	25,800,000	25,800,000	-	25,800,000
Share premium		5,811,530	-	5,811,530	5,811,530	-	5,811,530
Reserves	24.4 a, 24.4 c	2,863,739	5,187,818	8,051,557	3,727,721	5,112,465	8,840,186
Total equity attributable to owners of the Company		34,475,269	5,187,818	39,663,087	35,339,251	5,112,465	40,451,716
Non-controlling interest		-	-	-	-	-	-
Total equity		34,475,269	5,187,818	39,663,087	35,339,251	5,112,465	40,451,716
Liabilities							
Deferred tax liabilities	24.4 b	530,961	1,729,272	2,260,233	553,024	1,702,252	2,255,276
Total non-current liability		530,961	1,729,272	2,260,233	553,024	1,702,252	2,255,276

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.1 Reconciliation of financial position (continued)

Company	14.2.2011			31.3.2012		
	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Trade and other payables	1,070,955	-	1,070,955	940,701	-	940,701
Current tax liabilities	52,500	-	52,500	128,714	-	128,714
Total current liabilities	1,123,455	-	1,123,455	1,069,415	-	1,069,415
Total liabilities	1,654,416	1,729,272	3,383,688	1,622,439	1,702,252	3,324,691
Total equity and liabilities	36,129,685	6,917,090	43,046,775	36,961,690	6,814,717	43,776,407

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.2 Reconciliation of profit or loss and other comprehensive income for the year ended 31 March 2012

Group	Note	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Revenue		127,836,022	-	127,836,022
Results from operating activities	24.4 a	34,293,135	(102,372)	34,190,763
Finance income		1,482,976	-	1,482,976
Profit before tax		35,776,111	(102,372)	35,673,739
Income tax expense	24.4 b	(9,284,927)	27,020	(9,257,907)
Profit for the year and total comprehensive income for the year		26,491,184	(75,352)	26,415,832
Profit and total comprehensive income attributable to:				
Owners of the Company		19,985,419	(75,352)	19,910,067
Non-controlling interest		6,505,765	-	6,505,765
Profit for the year and total comprehensive income for the year		26,491,184	(75,352)	26,415,832
Basic earnings per ordinary share (sen)		15.5		15.4

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.2 Reconciliation of profit or loss and other comprehensive income for the year 31 March 2012 (continued)

Company	Note	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Revenue		39,344,612	-	39,344,612
Results from operating activities	24.4 a	35,233,119	(102,373)	35,130,746
Finance income		322,699	-	322,699
Profit before tax		35,555,818	(102,373)	35,453,445
Income tax expense	24.4 a	(3,086,836)	27,020	(3,059,816)
Profit for the year and total comprehensive income for the year		32,468,982	(75,353)	32,393,629

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.3 Material adjustments to the statements of cash flows for 2012

There are no material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented under FRSS.

24.4 Notes to reconciliations

a. Property, plant and equipment – Deemed cost exemption

The Group and the Company elected to apply the optional exemption to measure long term leasehold land at fair value at the date of transition to MFRSs and use that fair value as deemed cost under MFRSs.

The fair value of the long term leasehold land at 1 April 2011 was determined to be RM14,304,000 compared to the carrying amount of RM7,386,910 under FRSS.

The impact arising from the change is summarised as follows:

	Group		Company	
	1.4.2011 RM	31.3.2012 RM	1.4.2011 RM	31.3.2012 RM
Statements of financial position				
Property, plant and equipment	6,917,090	6,814,718	6,917,090	6,814,717
Deferred tax liabilities	(1,729,272)	(1,702,252)	(1,729,272)	(1,702,252)
Adjustment to retained earnings	5,187,818	5,112,466	5,187,818	5,112,465
Statements of profit or loss and other comprehensive income				
Cost of sales – Depreciation	-	(102,372)	-	(102,373)
Income tax expenses	-	27,020	-	27,020
	-	(75,352)	-	(75,353)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Explanation of transition to MFRSs (continued)

24.4 Notes to reconciliations (continued)

b. Income tax

The changes that affected the deferred tax liabilities are as follows:

	Group		Company	
	1.4.2011 RM	31.3.2012 RM	1.4.2011 RM	31.3.2012 RM
Increase in deferred tax liabilities				
Property, plant and equipment	1,729,272	1,702,252	1,729,272	1,702,252

The effect on the statement of profit or loss and other comprehensive income for the year ended 31 March 2012 was to decrease the previously reported income tax expense for the year of the Group and of the Company by RM27,020.

c. Retained earnings

The changes that affected the retained earnings are as follows :

	Group		Company	
	1.4.2011 RM	31.3.2012 RM	1.4.2011 RM	31.3.2012 RM
Property, plant and equipment	6,917,090	6,814,718	6,917,090	6,814,717
Deferred tax liabilities	(1,729,272)	(1,702,252)	(1,729,272)	(1,702,252)
Increase in retained earnings	5,187,818	5,112,466	5,187,818	5,112,465

NOTES TO THE FINANCIAL STATEMENTS

(continued)

25. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2013, into realised and unrealised profits, pursuant to the issuance of a directive by Bursa Malaysia Securities Berhad ("Bursa Malaysia") to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirement, is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
The retained earnings of the Company and its subsidiaries				
- Realised	65,860,011	69,556,843	12,294,445	9,393,210
- Unrealised	(6,403,889)	(5,387,556)	(2,176,432)	(553,024)
	59,456,122	64,169,287	10,118,013	8,840,186
Less: Consolidation adjustments	(13,552,149)	(15,097,452)	-	-
Total retained earnings	45,903,973	49,071,835	10,118,013	8,840,186

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 49 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 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 25 on page 110 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
Date: 21 June 2013

STATUTORY DECLARATION

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

I, Lim Bee Khin, 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 49 to 110 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 21 June 2013.

Lim Bee Khin

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 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 109.

Directors' Responsibility for the Financial Statements

The Directors of the Group and of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

to the members of Opcom Holdings Berhad (continued)

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 25 on page 110 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by Malaysian Financial Reporting Standards. 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

Date: 21 June 2013

Abdullah Abu Samah

Approval Number: 2013/06/14(J)
Chartered Accountant

LIST OF PROPERTY

Location & Description	Existing Use	Tenure	Date of Valuation	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, factory and buildings bearing the address of No.11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan	- Manufacturing block - Office building - Warehouses - Open storage yards - Car parks - Guard house	99 year leasehold expiring on 18.04.2074	Land: 10.07.2012 Buildings: 15.04.2011	Land area: 29,450 sq.m. Built-up area: 9,145 sq. m.	Age of manufacturing block: approximately 17 years Age of other building / structures: Not more than 25 years	20,896

ANALYSIS OF SHAREHOLDINGS

as at 15 July 2013

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	60	3.93%	2,500	0.00%
100 - 1,000	145	9.51%	90,110	0.07%
1,001 - 10,000	909	59.61%	4,318,840	3.35%
10,001 - 100,000	344	22.56%	11,135,750	8.63%
100,001 to less than 5% of issued shares	62	4.06%	21,390,300	16.58%
5% and above of issued shares	5	0.33%	92,062,500	71.37%
Total	1,525	100.00%	129,000,000	100.00%

Thirty Largest Shareholders

Rank	Name	No. of Shares Held	% of Issued Share Capital
1	Rezeki Tegas Sdn. Bhd.	27,000,000	20.93
2	EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Dato' Paduka Mukhriz Mahathir	23,310,000	18.07
3	M Ocean Capital Sdn. Bhd.	18,752,500	14.54
4	SJ Sec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for - Al Rahji Bank for M Ocean Capital Sdn. Bhd.	16,000,000	12.40
5	Dato' Paduka Mukhriz Mahathir	7,000,000	5.43
6	Chan Ee Lin	5,245,000	4.07
7	Chhoa Kwang Hua	2,074,000	1.61
8	Tay Chong Kiat	1,278,600	0.99
9	Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	812,500	0.63
10	Kam Lai Yong	686,200	0.53
11	Sierra Partners Sdn. Bhd.	667,000	0.52
12	Abdul Jabbar Bin Abdul Majid	500,000	0.39
13	Muhamad Aloysius Heng	471,000	0.37
14	Tan Chee Siang	395,800	0.31
15	Tay Kak Chok	394,000	0.31
16	Nirmala A/P Damodaram	310,000	0.24

ANALYSIS OF SHAREHOLDINGS

as at 15 July 2013 (continued)

Thirty Largest Shareholders (continued)

Rank	Name	No. of Shares Held	% of Issued Share Capital
17	Mah Yong Sang	300,300	0.23
18	Mohamed Rashdan Bin Baba	300,000	0.23
19	Sven Janne Sjöden	280,000	0.22
20	Yeo Khee Huat	280,000	0.22
21	Chua Gaik Suwan	278,000	0.21
22	Wong Ng Shon	263,400	0.20
23	Lok Meow Tuck	255,200	0.20
24	Kwan Chee Tong	248,600	0.19
25	Ng Inn Jwee	241,000	0.19
26	Victor Lim Fung Tuang	239,400	0.18
27	Pui Cheng Tiong	230,500	0.18
28	Aida Bt Shamsuddin	201,000	0.15
29	Thian Boon Keong	201,000	0.15
30	Foo See Chiew @ Ah Mooi	200,000	0.15
Total		108,415,000	84.04

Substantial Shareholders (As per register of substantial shareholders)

Name	No. of Shares Held			
	Direct	%	Indirect	%
Rezeki Tegas Sdn. Bhd.	27,000,000	20.93	-	-
Ailida Binti Baharum	-	-	27,000,000 *	20.93
M Ocean Capital Sdn. Bhd.	34,752,500	26.94	-	-
Datin Paduka Norzieta Zakaria	-	-	34,752,500 *	26.94
Dato' Paduka Mukhriz Mahathir	30,310,000	23.50	-	-

* 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	2,108,000	1.63	-	-
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	812,500	0.63	-	-
Abdul Jabbar Bin Abdul Majid	500,000	0.39	-	-
Sven Janne Sjöden	280,000	0.22	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth 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 Wednesday, 11 September 2013 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 2013 and the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees for the financial year ended 31 March 2013. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:
 - 3.1 Abdul Jabbar Bin Abdul Majid **Ordinary Resolution 2**
 - 3.2 Sven Janne Sjöden **Ordinary Resolution 3**
4. To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 4**
5. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN. BHD. AND ITS ASSOCIATED COMPANIES **Ordinary Resolution 5**

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

"THAT pursuant to Rule 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. and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 20 August 2013 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.

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

NOTICE OF ANNUAL GENERAL MEETING

(continued)

- (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.

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.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 20 August 2013 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 AND ITS ASSOCIATED COMPANIES AND BIRLA ERICSSON OPTICAL LIMITED *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 Ericsson AB and its associated companies and Birla Ericsson Optical Limited as detailed in Section 2.3 of the Circular to Shareholders dated 20 August 2013 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.

NOTICE OF ANNUAL GENERAL MEETING

(continued)

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.

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.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 20 August 2013 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 SAPURAKENCANA PETROLEUM BERHAD AND ITS ASSOCIATED COMPANIES *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 SapuraKencana Petroleum Berhad and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 20 August 2013 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.

NOTICE OF ANNUAL GENERAL MEETING

(continued)

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.

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.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 20 August 2013 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 8

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

"**THAT** subject always to the Companies Act, 1965 ("Act") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes that 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."

NOTICE OF ANNUAL GENERAL MEETING

(continued)

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

Petaling Jaya
Date: 20 August 2013

NOTICE OF ANNUAL GENERAL MEETING

(continued)

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 2 September 2013 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting.
2. 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. A proxy appointed to attend and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.
3. 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, he shall specify the proportion of his shareholdings to be represented by each proxy. The appointment shall be invalid if proportion of his shareholdings to be represented by each proxy is not specified.
4. Where a member of the Company is an authorised nominee as defined under Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. 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 802, 8th 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.

NOTICE OF ANNUAL GENERAL MEETING

(continued)

Notes:

7. Explanatory Notes on Special Business:

Ordinary Resolutions 5 - 7

Proposed Shareholders' Mandate for Recurrent Transactions

The proposed Ordinary Resolutions 5 - 7, if passed, will allow 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 8

Authority to Issue Shares

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 8, 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.

PROXY FORM



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)

NRIC. No. _____ of _____

(Full Address)

or failing him/her, _____ NRIC. No. _____
(Full Name)

of _____
(Full Address)

as my/our proxy to vote which for me/us and if necessary to demand a poll at the Eighteenth Annual General Meeting of the Company which will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 11 September 2013 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.

Resolution	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		

Dated: _____

CDS Account No: _____

Number of Shares Held: _____

Signature/Common Seal of Shareholder(s)

Notes:-

1. Only depositors whose names appear in the Record of Depositors as at 2 September 2013 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting,
2. 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. A proxy appointed to attend and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.
3. 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, he shall specify the proportion of his shareholdings to be represented by each proxy. The appointment shall be invalid if proportion of his shareholdings to be represented by each proxy is not specified.
4. Where a member of the Company is an authorised nominee as defined under Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. 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 802, 8th 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.

1st fold here

**Affix
Stamp**

The Company Secretary

Opcom Holdings Berhad
(Company No. 322661-W)

802, 8th Floor, Block C,
Kelana Square,
17, Jalan SS7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan

2nd fold here

OPCOM HOLDINGS BERHAD
(322661-W)



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

T: +603 5519 5599 F: +603 5519 6063

www.opcom.com.my