

# ANNUAL REPORT 2014



OPCOM HOLDINGS BERHAD 322661-W  
(INCORPORATED IN MALAYSIA)

- Preserving Values,  
Expanding Reach



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# VISION

An affordable broadband infrastructure for all Malaysians

# MISSION

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

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

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





# VALUES

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

## **Superior Quality**

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

## **Value**

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

## **Attitude**

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

## **Challenge**

We have, with the strong leadership of our management team over the years, managed to build up a healthy and successful working relationship for and with our employees. Our teams of highly motivated and committed employees have been able to realise their true potential in offering our customers the best products at the most competitive prices.

## **Commitment**

We are committed to our promises to clients and employees and their families.

## **Community**

OPCOM is a responsible corporate citizen towards creating significant national, economic and social impacts in ways that make a meaningful difference to people's lives.



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## Board of Directors

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### **Tan Sri 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

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## Audit Committee

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### **Chairman**

Lt. Jen. (B) Dato' Seri Panglima

Zaini Bin Hj. Mohd Said

### **Members**

Sven Janne Sjöden

Chan Bee Lean

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## Nominating & Remuneration Committee

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### **Chairman**

Abdul Jabbar Bin Abdul Majid

### **Members**

Lt. Jen. (B) Dato' Seri Panglima

Zaini Bin Hj. Mohd Said

Sven Janne Sjöden

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## Registrar

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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

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## Auditors

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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

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## Principal Bankers

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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

50480 Kuala Lumpur

Tel : 03 - 6203 4237

Fax : 03 - 2300 2409

# CORPORATE INFORMATION

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## Company Secretaries

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Seow Fei San (MAICSA 7009732)

Loh Lai Ling (MAICSA 7015412)

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## Registered Office

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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

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## Stock Exchange Listing

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ACE Market

Bursa Malaysia Securities Berhad

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## Website

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

# CORPORATE STRUCTURE

## 70%

**OPCOM CABLES SDN. BHD.**  
(Company No. 322687-T)

Manufacturer of fiber optic cables, systems and accessories



## 100%

**OPCOM NIAGA SDN. BHD.**  
(Company No. 442938-M)

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



## 100%

**OPCOM SHARED SERVICES SDN. BHD.**  
(Company No. 665562-M)

Provision of human resources management services

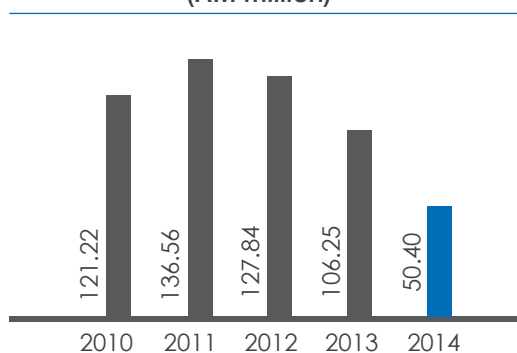
# GROUP FINANCIAL HIGHLIGHTS

5-year financial track record

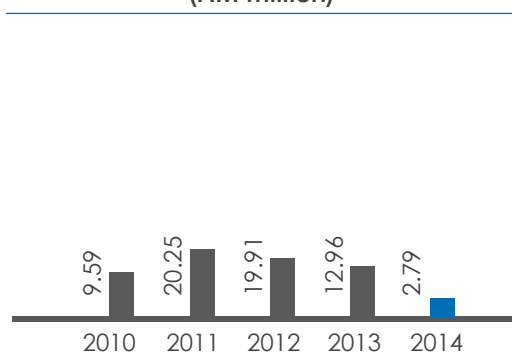
	Financial Year Ended 31 March				
	2010	2011	2012	2013	2014
<b>Operating Results (RM Million)</b>					
Revenue	121.22	136.56	127.84	106.25	50.40
Profit before taxation	16.24	37.31	35.67	22.10	3.37
Net profit attributable to owners of the Company	9.59	20.25	19.91	12.96	2.79
<b>Key Financial Position Data (RM Million)</b>					
Property, plant and equipment	34.97	32.93	38.52	37.18	38.33
Total assets	128.22	160.24	152.97	140.44	122.60
Share capital	25.80	25.80	25.80	25.80	25.80
Shareholders' funds	72.74	87.19	80.69	77.52	72.57
<b>Share Information Per share (sen)</b>					
Basic earnings	7.43	15.70	15.43	10.04	2.16
Net assets	56.39	67.59	62.55	60.09	56.26
Net dividend	4.24	4.50	24.50	12.50	6.00
<b>Financial Ratios (%)</b>					
Return on total assets	9.92	17.22	17.27	11.97	2.16
Return on shareholders' equity	13.18	23.23	24.68	16.71	3.85



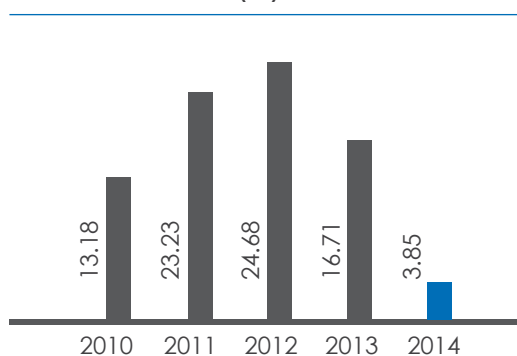
**Revenue**  
(RM million)



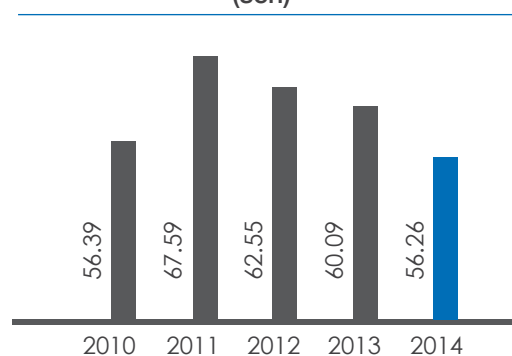
**Net Profit Attributable to Owners of The Company**  
(RM million)



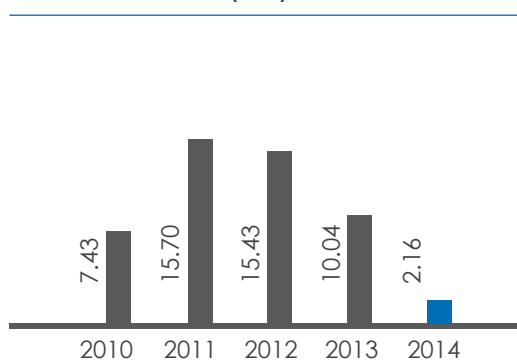
**Return on Shareholders' Equity**  
(%)



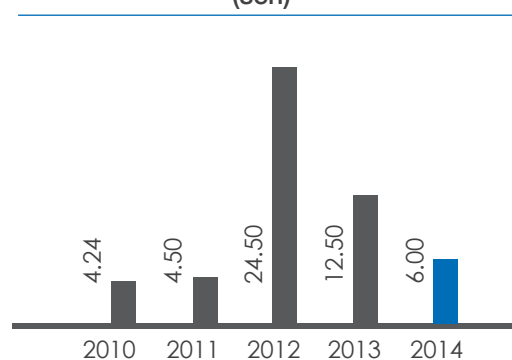
**Net Assets Per Share**  
(sen)



**Basic Earnings Per Share**  
(sen)



**Net Dividend Per Share**  
(sen)



# 2014 FINANCIAL CALENDAR

**11 September 2013**

18th Annual General meeting held at Tropicana Golf & Country Resort, Petaling Jaya, Selangor Darul Ehsan.

**20 September 2013**

Special interim dividend payment of 6.00 sen per ordinary share, under single tier system in respect of the financial year ended 31 March 2014.

**25 July 2013**

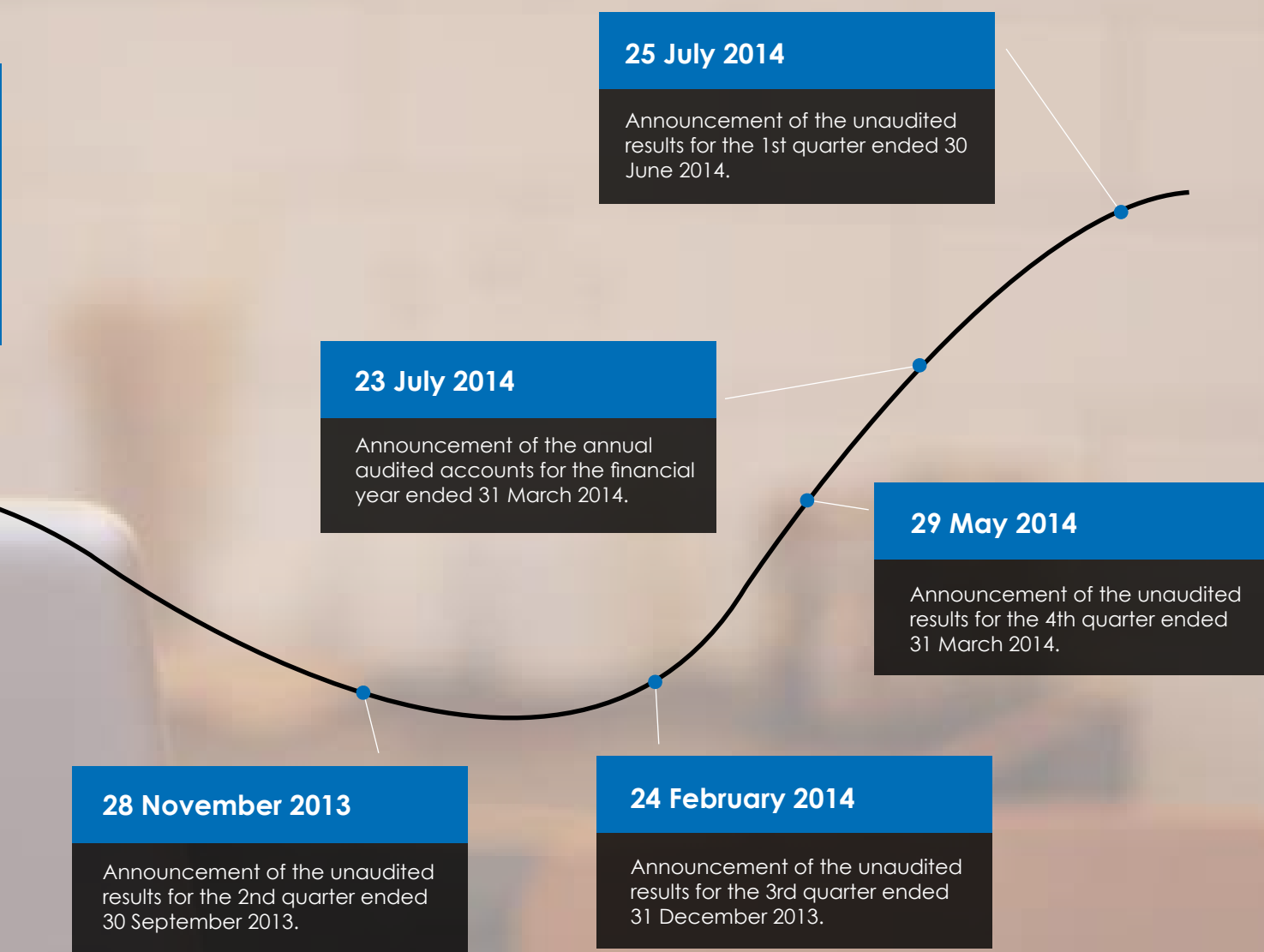
Announcement of the unaudited results for the 1st quarter ended 30 June 2013.

**19 July 2013**

Announcement of the annual audited accounts for the financial year ended 31 March 2013.

**29 May 2013**

Announcement of the unaudited results for the 4th quarter ended 31 March 2013.



“ 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 2014. ”

## CHAIRMAN'S STATEMENT





# CHAIRMAN'S STATEMENT (cont'd)

## Financial Performance

The financial year 2014 was a challenging year for OPCOM Holdings Berhad ("OPCOM" or "Company"). The competition in the fiber optic cables and accessories supply market was more intense as the number of industry suppliers has increased. The RM1.8 billion program for Highspeed Broadband Phase Two ("HSBB2") announced by the Malaysian government in the 2013 budget has yet to take off.

The country's deployment of fiber optic cables and accessories was slower compared to prior years. We faced intense competition fighting for market share. Furthermore, the industry continued to face competition from foreign suppliers bidding and taking up some local supply contracts.

OPCOM and its subsidiaries ("OPCOM Group" or "Group") did not perform as well in financial year 2014 compared to prior years but managed to pull through the year and recorded revenue of RM50.4 million and profit after tax of RM2.8 million. The Group recorded an Earnings Per Share of 2.2 sen for the financial year ended 31 March 2014 compared to 10.0 sen in the preceding financial year.

We are staying focus on our business and realigning our processes to tighten product and operational costs. We strive to deliver our products and services to meet every customer demands.

## Dividends

For the financial year ended 31 March 2014, the amount of dividends declared and paid by the Group was a special interim dividend of 6.0 sen per ordinary share, under the single tier system, totaling RM7,740,000, which was declared on 26 August 2013 in respect of the financial year ended 31 March 2014 and paid on 20 September 2013.

Since OPCOM's listing in 2003, we have declared and paid out approximately RM89.2 million of dividends to our shareholders. OPCOM will take a balanced approach to dividend payout, balancing between paying a return to shareholders and fulfilling the Group's working capital requirement. The Group's ongoing business growth will require us to fund our capital expenditure program, working capital requirement and potential strategic initiatives with internally generated cash flows.





## CHAIRMAN'S STATEMENT (cont'd)



### Industry Outlook and Prospects

The market demand for fiber optic cables is stable and we expect continuous demand from customers for our cables. The demand included the anticipated roll-out of HSBB2 which is designed to increase broadband speed to households across the country, 10mbps in the cities and 4mbps - 10mbps in the suburban areas. In October 2013, the Malaysian government announced a RM5.8 billion allocation in the 2013 budget. Of the total RM5.8 billion, RM1.8 billion was to be allocated for HSBB2 and the remaining for roll-out of other projects including RM1.6 billion for broadband to rural areas and RM0.9 billion undersea cables access to East Malaysia in the next three (3) years by expanding coverage of fiber-based technology.

According to Malaysian Communications and Multimedia Commission ("MCMC") Quarter 1, 2014 report, current broadband penetration rate was 67.3%, which is below the 75.0% target set by the MCMC to be attained by year 2015. The growth in year 2014 was seen in the broadband category and majority of these subscriptions were wired as opposed

to wireless. The industry growth and country's demand for fiber optic cables will continue to increase at gradual rate as we have seen from statistics report.

Telekom Malaysia Berhad and other telecommunications service providers in the country continue to sustain the build-out of its Fiber-to-the-Office 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 major metropolitan areas. Furthermore, the continued broadband demand from progressing cities in east Malaysia and the East Coast adds positively to the industry demand growth.

### Research and Development ("R&D")

During the financial year, we saw positive results from our R&D efforts. We have commercial release of a number of our new products which gained favourable response from the customers in the marketplace. The Company introduced new types of ducts, accessories and related products.

# CHAIRMAN'S STATEMENT (cont'd)

OPCOM works closely with its customers to jointly design new fiber optic cable systems to meet requirement for new application or specification. Customers are going for lower cost products. We run product trials and re-designs to deliver products at lower price to our customer and help customers grow their telecommunications networks in a cost efficient manner. OPCOM continues to invest in process and product R&D.

## Corporate Governance

Statement on Risk Management and Internal Control presented in this Annual Report affirms OPCOM Board of Directors commitment in ensuring compliance with the Principles and Best Practices set out in the Malaysian Code on Corporate Governance which is a crucial and fundamental requirement in the course of discharging our duties 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 2014.

## Corporate Social Responsibility

OPCOM is committed to shouldering its social responsibilities through its primary business as we believe that responsible business leads to sustainable results.

We are committed to manufacture and deliver 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 the quality and value for our customers and stakeholders.

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.

As part of OPCOM's commitment to educating the younger generations, OPCOM invites students to a seminar and visit at its plant in Shah Alam every year. This year we invited Electronic & Electrical Engineering students from Politeknik Sultan Mirzan Zainal Abidin, Dungun, Terengganu to our plant for an introduction to fiber optic technology and telecommunication.



## CHAIRMAN'S STATEMENT (cont'd)



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. The Company held health talks and campaigns at its premise which were to create health and wellbeing awareness among its employees. A blood donation drive was jointly organised with University Malaya Medical Centre in the year. Besides, there were recycling and energy saving programs.

Last but not least, I like to extend my gratitude to my fellow board members for their invaluable commitment and services.

**Tan Sri Mokhzani Mahathir**  
Chairman

### Acknowledgement and Appreciation

On behalf of the Board of Directors, I would like to thank our customers, business partners and associates for their trust and confidence in us. Our heartfelt appreciation goes to our shareholders for their continued support in OPCOM.

I would like to also thank the employees in the Group for their contribution, dedication and hard work to drive the Group forward.



The image is a full-page background photograph of a large industrial manufacturing facility. The left half of the image is covered by a semi-transparent blue overlay. On the right half, which is in grayscale, a robotic arm is visible in the foreground, positioned over a workbench. The background shows a vast factory floor with various pieces of machinery and structural elements under a high ceiling with a complex steel truss system.

## **ADVANCING RESOURCES, ENHANCING PERFORMANCE**

Drawing from our resilient foundation of experience and synergistic workforce, we continuously re-engineer more innovative and productive processes to expand's beyond our standards of excellence. By capitalising each potential, we remain focused, adaptive and strategic in progressing forward towards greater horizons.



# BOARD OF DIRECTORS' PROFILES

## TAN SRI MOKHZANI MAHATHIR

Chairman

Non-Independent Non-Executive Director

Tan Sri Mokhzani Mahathir, a Malaysian, aged 53, was appointed as a Director of Opcom Holdings Berhad on 8 May 2009. He is also the Chairman of the Company.

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

He began his working career as a Wellsite Operations Engineer with Sarawak Shell Berhad in 1987. He later joined Tongkah Holdings Berhad in 1989 and was appointed as the Group Managing Director, a post he held until 2001. He was the Chairman and Group Chief Executive Officer of Pantai Holdings Berhad until 2001. Presently, he sits on the board of Maxis Berhad, Malaysia's premier telecommunications company. He is also founding member and significant shareholder at SapuraKencana Petroleum Berhad, one of the world's largest oil and gas services companies. He serves as Non-Independent Non-Executive Director and Vice Chairman of SapuraKencana Petroleum Berhad.

He is the Chairman of Sepang International Circuit Sdn. Bhd., which host FIA Formula 1 World Championships and the FIM Motorcycle Grand Prix. He also sits on the board of Kencana Capital Sdn. Bhd. and several other private limited companies.

He is the brother of Dato' Seri Mukhriz Mahathir and brother-in-law of Tok Puan 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' Seri 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 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 68, 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 & Remuneration Committee.

He was a career soldier, having served in the Malaysian Army for over thirty six (36) years beginning in 1965. 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.



### ABDUL JABBAR BIN ABDUL MAJID

#### Independent Non-Executive Director

Encik Abdul Jabbar Bin Abdul Majid, a Malaysian, aged 69, was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He serves as the Chairman of the Nominating & Remuneration Committee. He is a fellow of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

He has more than forty (40) years experience in accounting, audit, receivership, liquidation, financial advisory and consultancy. He is a director of 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 Nominating & Remuneration Committee.

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

He had held various senior positions within production both at Telefonaktiebolaget LM Ericsson, Sweden and ENT. During the period 1988 to 1992, he served as Divisional Manager within the Telecom and Power Cables Divisions as well as Vice President for ENT.

Between 1992 and 2008, he was responsible for the Business Unit Cable and was at the same time appointed the President of ENT.

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



## CHAN BEE LEAN

### Independent Non-Executive Director

Ms Chan Bee Lean, a Malaysian, aged 43, was appointed as a Director of Opcom Holdings Berhad on 7 January 2010. She is a member of the Audit Committee.

She holds a Bachelor of Accounting Degree (Honours) from 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 sixteen (16) years. She is currently the Group Internal Audit Manager of Merge Housing Sdn. Bhd. and its related companies.

#### Notes:

1. All directors except for Tan Sri 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

*from left to right:*

1. **YUSREE PUTRA ALIAS**  
Chief Operating Officer
2. **LIM BEE KHIN**  
Chief Financial Officer
3. **AHMAD SABRI ABDUL MANAS**  
Project Development Director
4. **ROHIZA HUSSAIN**  
Plant Manager
5. **SAMANTHA YEONG WAI YEE**  
Deputy Head-Procurement  
and Supply Chain

## SENIOR MANAGEMENT PROFILES (cont'd)

### YUSREE PUTRA ALIAS

#### Chief Operating Officer

Encik Yusree Putra Alias, a Malaysian, aged 44, joined the Group in 1997. He earned a Diploma in Electrical Engineering (Electronics) from Universiti Teknologi MARA in 1993. He 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 in 2010 and subsequently as Chief Operating Officer of Opcom Cables Sdn. Bhd. in 2014. As Chief Operating Officer, he 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 41, 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 51, joined the Group in 1995. He earned a Bachelor of Engineering (Mechanical) from Universiti of Malaya, Kuala Lumpur in 1987. He has over eighteen (18) years experience in the fiber optic cables 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 HUSSAIN

#### Plant Manager

Puan Rohiza Husain, a Malaysian, aged 45, joined the Group in 2011. She earned a Bachelor in Electrical Engineering from Gunma University, Japan in 1993. Rohiza has over nineteen (19) 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 entire plant management including manufacturing and engineering functions at Opcom Cables Sdn. Bhd.

### SAMANTHA YEONG WAI YEE

#### Deputy Head-Procurement and Supply Chain

Ms Samantha Yeong, a Malaysian, aged 33, 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 Procurement and Supply Chain functions of the Group.







## **SHAPING THE MINDS, MOULDING THE FUTURE**

The key to fulfilling our commitment to stakeholders not only lies in building sustainability into every aspect of our business, but also in nurturing the communities and igniting the spark for future generations.

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

### 1.1 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](http://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, complies with Rule 15.02 of the Listing Requirements of having at least one-third (1/3) of the Board as independent directors.

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

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

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

## 1.3 Board Meeting

The Board meets regularly, at least once in every quarter, to review the Group's operations and to approve the quarterly financial 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, five (5) 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
Tan Sri Mokhzani Mahathir	5/5
Chhoa Kwang Hua	5/5
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	
Zaini Bin Hj. Mohd Said	5/5
Abdul Jabbar Bin Abdul Majid	5/5
Sven Janne Sjöden	5/5
Chan Bee Lean	5/5

## 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 explanation or clarification 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 explanation and clarification 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.

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## 1. The Board (cont'd)

### 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 during the financial year were in the following areas:-

- Fraud Detection and Prevention
- Risk Management and Internal Control Workshop for AC
- Building Blue Ocean Strategies for Success
- Svenska Handelshanken Workshop Financial Market
- Financial Data Analysis
- Leadership Practices for Building an Agile and Sustainable talent Pool
- The Future is Here - Engaging the New Malaysian
- Equity Market Functionality
- Advocacy session on Corporate Disclosure for Directors of Listed Issuers

### 1.6 Appointment and Re-election

Following to the recommendation of MCCG 2012 in regard to the setting up of a Nominating Committee and the amendments to the Listing Requirements in line with the MCCG 2012, the Board had established a Nominating and Remuneration Committee ("NRC"), combined the role of both the nominating committee and the previous remuneration committee into one (1) after considering 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 are as follows:-

<b>Chairman:</b>	Abdul Jabbar Bin Abdul Majid (Independent Non-Executive Director)
<b>Members:</b>	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, reviewing the remuneration packages of the Executive Director and Senior Management.

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## 1. The Board (cont'd)

### 1.6 Appointment and Re-election (cont'd)

The NRC is also responsible for the annual review of the required mix of skills and experience and core competency which Non-Executive Directors should bring to the Board and the 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 to retirement by rotation, he shall retire. All Directors who retire from office shall be eligible for re-election. Further, pursuant to Section 129(6) of the Companies Act, 1965, Directors over the age of 70 are required to offer themselves for re-election at every 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 have 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 MCCG 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 annual review and assessment of the level of independence of the independent directors of the Board and based on the assessment, the Board is generally 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 Board has determined at the annual assessment carried out that Dato' Zaini 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 making 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 respectively.

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## 1. The Board (cont'd)

### 1.6 Appointment and Re-election (cont'd)

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

The summary of the activities of the NRC during the financial year are as follows:

- Reviewed the mix of skill and experience and other qualities of the Board;
- Accessed the effectiveness of the Board as a whole, the Board committees and the Directors;
- Discussed the Company's Directors' retirement by rotation;
- Discussed the re-appointment of the Company's Independent Directors who have served the Company for more than nine (9) years;
- Reviewed the Company's Directors' meeting allowances; and
- Reviewed the Employment Contract/The Senior Management.

### 1.7 Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 March 2014 is as follows:-

Remuneration	Executive Director (RM)	Non-Executive Directors (RM)
Fees	60,000.00	159,450.00
Salaries	209,705.00	209,705.00
Allowances	78,250.00	49,500.00
Bonus	33,948.80	33,948.80
Benefits-in-kind	99,990.60	-
Total	481,894.40	452,603.80

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

Band of Remuneration are as follows:	Executive Director	Non-Executive Directors
Less than RM50,000.00	-	4
RM300,001.00 to RM350,000.00	-	1
RM350,001.00 to RM400,000.00	-	-
RM400,001.00 to RM450,000.00	-	-
RM450,001.00 to RM500,000.00	1	-
Total	1	5



# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## 1. The Board (cont'd)

### 1.7 Directors' Remuneration (cont'd)

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 on 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 2014, 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 maintains 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](http://www.opcom.com.my);
- The yearly annual report; and
- Participating in investor forum with research analysts, fund managers and investors.

### 3.2 General Meeting

The 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 deliberation. AGM is held yearly to consider the ordinary business of the Company and any other special businesses. Each special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## 3. Shareholders (cont'd)

### 3.2 General Meeting (cont'd)

The Board takes note of the recommendation by the MCGG 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 and the Board will ensure that any vote of shareholders taken at the general meeting on the resolution approving related party transactions is taken on a poll. Announcement will also be made after general meeting on the detailed results showing the number of votes cast for and against each resolution.

## 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

(cont'd)

## 4. Accountability And Audit (cont'd)

### 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 37 to 39 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 40 to 44 of the Annual Report.

## 5. Sustainability Policy

The strategies to promote sustainability and its implementation can be found at the Company's website at [www.opcom.com.my](http://www.opcom.com.my).

## 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. The Group has complied with the Best Practice of the MCCG 2012 during the financial year ended 31 March 2014.

## 7. 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 2014.

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## **8. 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 affects its assets, income and ultimately, its profits.

## **9. Recurrent Related Party Transactions**

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 2014 pursuant to the shareholders' mandate were as disclosed in the following page:-

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## 9. Recurrent Related Party Transactions (cont'd)

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Opcom Sdn. Bhd. ("OSB") and Associated Companies	Supply of goods and services to OSB	Tan Sri Mokhzani Mahathir <sup>a</sup>	6,723,189
	Purchase of goods and services from OSB	Dato' Seri Mukhriz Mahathir <sup>b</sup>	9,361,777
	<ul style="list-style-type: none"> <li>Accessories and related training</li> <li>Business development commission</li> <li>Corporate and accounting</li> </ul>	Tok Puan Norzieta Zakaria <sup>c</sup>	
	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	Mirzan Mahathir <sup>d</sup> MOCSB <sup>e</sup>	2,700
Ericsson AB ("EAB")	Purchase of goods and services from EAB <ul style="list-style-type: none"> <li>Cable production materials</li> <li>Cables</li> </ul>	ENT <sup>f</sup> EAB <sup>g</sup>	969,761
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 RM1,500	Dato' Seri Mukhriz Mahathir <sup>b</sup>  Tok Puan Norzieta Zakaria <sup>c</sup>  Mirzan Mahathir <sup>d</sup>  MOCSB <sup>e</sup>  Chhoa Kwang Hua <sup>h</sup>  Chhoa Kuang Yaw <sup>i</sup>	13,000
Perennial Renaissance Sdn. Bhd. ("PRSB")	Renting of PRSB's office space at 1,000 sq.ft. at D-10-P2, Plaza Mont' Kiara, No.2 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur at a monthly rental of RM3,000	Chhoa Kwang Hua <sup>h</sup>  Chhoa Kuang Yaw <sup>i</sup>	36,000

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## 9. Recurrent Related Party Transactions (cont'd)

### Notes:

#### Nature of Interest

- a. Tan Sri Mokhzani Mahathir is the Chairman of Opcom and Chairman/Managing Director of Opcom Cables Sdn. Bhd. ("OCSB"). Tan Sri Mokhzani Mahathir is the brother of Dato' Seri Mukhriz Mahathir and Mirzan Mahathir. He is the brother-in-law of Tok Puan Norzieta Zakaria.
- b. Dato' Seri Mukhriz Mahathir is a major shareholder of Opcom.
- c. Tok Puan Norzieta Zakaria, the spouse of Dato' Seri 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 the major shareholder of ABSB.
- d. Mirzan Mahathir, the brother of Tan Sri Mokhzani Mahathir and Dato' Seri Mukhriz Mahathir and the brother-in-law of Tok Puan 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 the major shareholder of OCSB.
- g. EAB and ENT are controlled by a same parent company.
- h. Chhoa Kwang Hua, the Executive Director of Opcom is a director of ONSB and OSSSB. He is a director and major shareholder of PRSB and ABSB. He is also an alternate director to Tok Puan Norzieta Zakaria in OCSB.
- i. Chhoa Kuang Yaw, the brother of Chhoa Kwang Hua is a director of PRSB.

# STATEMENT ON RISK MANAGEMENT AND 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 2014, which has been prepared in accordance with the "Statement on Risk Management and 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' interests 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 reviews the results of this process quarterly, including measures that have been carried out by Management to mitigate and address the key risks areas. 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 Board delegates its authority to Audit Committee, to oversee the Risk Management Committee. The Risk Management Committee, which comprise of Management and Head of Workgroups of the Company, met twelve (12) times during the financial year ended 31 March 2014, 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 plan to mitigate these risks;
- 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.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

## **Risk Management Framework (cont'd)**

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 effectiveness of the risk management and internal control system.

## **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.

## **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.



# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

## Other Key Elements of the Internal Control System (cont'd)

- **Reporting Review**

The Group's management teams monitor and review the financial results and budgets for all business units within the Group, on a monthly basis. The processes include monitoring and reporting of performance against the operating plans and annual budgets in operation committee meetings. The Group's management teams communicate on a monthly basis to monitor operational and financial performance as well as to formulate action plans to address any areas of concern.

The nature of risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Group's system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses from occurring. It is possible that internal control maybe circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Group to achieve its strategic and business objectives within an acceptable risk profile and cannot be expected to eliminate all risks. The system of internal controls will continue to be reviewed, added on or updated in line with the changes in the operating environment.

The Board is of the view that there is a continuous process in evaluating and managing significant risks faced by the Group and the underlying controls to mitigate these risks. There was no significant breakdown or weakness in the system of internal controls of the Group that may result in material loss to the Group for the financial year ended 31 March 2014.

# 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)

## 2. Attendance At Meetings During The Financial Year 2014

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

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

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

## 3. Summary of Activities of The Committee

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

1. Reviewed and assessed the adequacy of the scopes and functions of the Internal Audit Plan and Risk Management for the Company and the Group and authorised resources to address risk areas that have been identified.
2. Reviewed the External Audit Plan for the Company and the Group with the external auditors to ensure the audit scope and activities is adequately covered.

# AUDIT COMMITTEE REPORT

(cont'd)

## 3. Summary of Activities of The Committee (cont'd)

3. 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:
  - (i) significant and unusual events;
  - (ii) changes in or implementation of major accounting policy; and
  - (iii) compliance with accounting standards and other legal requirements;
4. Reviewed the related party transactions and ensured that they are not more favourable to the related parties than those generally available to the public and complies with the Bursa Malaysia Securities Berhad ACE Market Listing Requirements.
5. Reviewed the policies, procedures and processes established for related party transactions.
6. 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.
7. Considered the re-appointment of the external auditors and renewal of internal audit engagement.
8. Met with the external auditors twice a year without the presence of any executive director and management personnel.
9. Reviewed the policies and procedures in 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"), who reports directly to the Committee. Deloitte assists the Board in maintaining a sound system of internal controls and ensure that established policies and procedures are adhered to and continue to be effective and satisfactory.

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

# AUDIT COMMITTEE REPORT

(cont'd)

## 6. Terms of Reference

### 6.1 Members

The Board shall appoint Committee members 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.

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 Malaysia Securities Berhad ACE Market Listing Requirements.

### 6.2 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, to convene meetings with the external auditors and/or the internal auditors, excluding the attendance of other Directors and employees of the Group at least twice a year.

### 6.3 Functions and Duties

The functions of the Audit Committee are as follows:-

1. 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 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; and
    - To review and consider the change of external auditors of the Group or any company within the Group every three (3) to five (5) years cycle. In order is to retain the independent of amount review and opinion purposes.

# AUDIT COMMITTEE REPORT

(cont'd)

## 6. Terms of Reference (cont'd)

### 6.3 Functions and Duties (cont'd)

- 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 program, processes, the results of the internal audit program, processes and/or investigation undertaken and whether or not appropriate remedial actions are taken by Management on the recommendations of the internal auditors; 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.
  - e. Related Party Transactions
    - any related party transactions and situations of potential conflict of interests that may arise within the Company and/or the Group including any transactions, procedures or courses of conduct that raise questions of management integrity.
2. To carry out any other function that may be mutually agreed upon by the Committee and the Board, which would benefit the Company and/or the Group.
  3. To review and verify the allocation of share options to eligible persons as being in compliance with the by-laws approved by the Board and shareholders of the Company.
  4. To promptly report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements.
  5. The Committee actions shall be reported to the Board with such recommendations as the Committee deemed appropriate.

# AUDIT COMMITTEE REPORT

(cont'd)

## 6. Terms of Reference (cont'd)

### 6.4 Meetings

The Committee shall meet at least four (4) times in 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 Group who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary.


### 6.5 Procedure of Committee

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

- (a) The calling of meetings;
- (b) The notice to be given of such meetings;
- (c) The voting and proceedings of such meetings;
- (d) The keeping of minutes; and
- (e) The custody, production and inspection of such minutes.

### 6.6 Secretary

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



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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

## 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/(Loss) for the year attributable to:		
Owners of the Company	2,791,193	9,416,496
Non-controlling interests	(142,503)	-
	2,648,690	9,416,496

## 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 a single tier interim dividend of 6.00 sen per ordinary share, with the total amounting to RM7,740,000 in respect of the financial year ended 31 March 2014 on 20 September 2013.

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

## Directors of the Company

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

Tan Sri 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

# DIRECTORS' REPORT

(cont'd)

## 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 31.3.2014
	At 1.4.2013	Bought	Sold	
Shareholdings in the Company in which Directors have direct interest				
Chhoa Kwang Hua	2,339,700	106,100	(266,700)	2,179,100
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	812,500	-	-	812,500
Sven Janne Sjöden	280,000	-	-	280,000
Abdul Jabbar Bin Abdul Majid	500,000	-	-	500,000

None of the other Directors holding office at 31 March 2014 had any interest in the shares of the Company and of its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related 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 24 to financial statements.

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

## Issue of shares and debentures

There were no changes in the authorised, issued and paid-up 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.

# DIRECTORS' REPORT

(cont'd)

## 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.

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, except for reversal of provision for liquidated damages as disclosed in Note 12, the financial performance of the Group and of the Company for the financial year ended 31 March 2014 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

(cont'd)

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

**Tan Sri Mokhzani Mahathir**

**Chhoa Kwang Hua**

Petaling Jaya,  
Date: 23 June 2014

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
<b>Assets</b>					
Property, plant and equipment	3	38,325,999	37,180,143	13,787,329	14,075,122
Investment properties	4	-	-	6,832,880	7,038,563
Investments in subsidiaries	5	-	-	13,700,002	11,300,002
Deferred tax assets	6	6,570	12,424	-	-
<b>Total non-current assets</b>		<b>38,332,569</b>	<b>37,192,567</b>	<b>34,320,211</b>	<b>32,413,687</b>
Inventories	7	14,532,153	16,169,217	-	-
Current tax assets		1,232,987	151,254	-	-
Trade and other receivables	8	19,943,891	26,057,126	221,262	260,570
Derivative financial assets	9	29,810	-	-	-
Cash and cash equivalents	10	48,531,625	60,872,087	13,571,673	12,380,499
<b>Total current assets</b>		<b>84,270,466</b>	<b>103,249,684</b>	<b>13,792,935</b>	<b>12,641,069</b>
<b>Total assets</b>		<b>122,603,035</b>	<b>140,442,251</b>	<b>48,113,146</b>	<b>45,054,756</b>
<b>Equity</b>					
Share capital	11	25,800,000	25,800,000	25,800,000	25,800,000
Share premium	11	5,811,530	5,811,530	5,811,530	5,811,530
Reserves		40,958,449	45,907,256	11,794,509	10,118,013
<b>Total equity attributable to owners of the Company</b>		<b>72,569,979</b>	<b>77,518,786</b>	<b>43,406,039</b>	<b>41,729,543</b>
Non-controlling interest		15,361,090	17,603,593	-	-
<b>Total equity</b>		<b>87,931,069</b>	<b>95,122,379</b>	<b>43,406,039</b>	<b>41,729,543</b>
<b>Liabilities</b>					
Deferred tax liabilities	6	3,043,604	3,147,090	2,242,825	2,176,432
<b>Total non-current liability</b>		<b>3,043,604</b>	<b>3,147,090</b>	<b>2,242,825</b>	<b>2,176,432</b>
Provision of liquidated damages	12	260,683	3,099,574	-	-
Trade and other payables	13	31,236,953	39,073,208	2,222,202	901,111
Current tax liabilities		130,726	-	242,080	247,670
<b>Total current liabilities</b>		<b>31,628,362</b>	<b>42,172,782</b>	<b>2,464,282</b>	<b>1,148,781</b>
<b>Total liabilities</b>		<b>34,671,966</b>	<b>45,319,872</b>	<b>4,707,107</b>	<b>3,325,213</b>
<b>Total equity and liabilities</b>		<b>122,603,035</b>	<b>140,442,251</b>	<b>48,113,146</b>	<b>45,054,756</b>

The notes on pages 56 to 104 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Revenue</b>		50,402,149	106,254,551	13,682,072	22,081,222
<b>Results from operating activities</b>	14	1,794,427	20,785,077	9,578,519	17,796,487
Finance income	15	1,578,035	1,313,313	403,158	362,466
<b>Profit before tax</b>		3,372,462	22,098,390	9,981,677	18,158,953
Income tax expense	17	(723,772)	(5,285,309)	(565,181)	(756,126)
<b>Profit/Total comprehensive income for the year</b>		2,648,690	16,813,081	9,416,496	17,402,827
<b>Profit and total comprehensive income attributable to:</b>					
Owners of the Company		2,791,193	12,957,138	9,416,496	17,402,827
Non-controlling interest		(142,503)	3,855,943	-	-
<b>Profit/Total comprehensive income for the year</b>		2,648,690	16,813,081	9,416,496	17,402,827
Basic earnings per ordinary share (sen)	18	2.2	10.0		

The notes on pages 56 to 104 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014

----- Attributable to owners of the Company-----									
-----Non-distributable-----   Distributable									
	Note	Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	Total RM	Non controlling interest RM	Total equity RM	
<b>Group</b>									
<b>At 1 April 2012</b>									
Profit for the year		25,800,000	5,811,530	3,283	49,071,835	80,686,648	18,835,650	99,522,298	
Dividends to owners of the Company and non-controlling interest	19	-	-	-	12,957,138	12,957,138	3,855,943	16,813,081	
<b>At 31 March 2013/1 April 2013</b>									
Profit for the year		25,800,000	5,811,530	3,283	45,903,973	77,518,786	17,603,593	95,122,379	
Dividends to owners of the Company and non-controlling interest	19	-	-	-	2,791,193	2,791,193	(142,503)	2,648,690	
<b>At 31 March 2014</b>									
		25,800,000	5,811,530	3,283	40,955,166	72,569,979	15,361,090	87,931,069	



# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014

Company	Note	----- Attributable to owners of the Company -----			
		Share capital RM	Share premium RM	Distributable Retained earnings RM	Total RM
<b>At 1 April 2012</b>		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	19	-	-	(16,125,000)	(16,125,000)
<b>At 31 March 2013/1 April 2013</b>		25,800,000	5,811,530	10,118,013	41,729,543
Profit for the year		-	-	9,416,496	9,416,496
Dividends to owners of the Company	19	-	-	(7,740,000)	(7,740,000)
<b>At 31 March 2014</b>		25,800,000	5,811,530	11,794,509	43,406,039

The notes on pages 56 to 104 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash flows from operating activities</b>				
Profit before tax	3,372,462	22,098,390	9,981,677	18,158,953
Adjustments for:				
Depreciation				
- Property, plant and equipment	2,630,985	2,771,129	307,920	317,578
- Investment properties	-	-	205,683	205,683
Dividend income	-	-	(7,740,000)	(16,129,000)
Loss on disposal of plant and equipment	49	-	-	-
Interest income	(1,578,035)	(1,313,313)	(403,158)	(362,466)
Provisions of liquidated damages	128,096	1,970,283	-	-
Provisions for stock obsolescence	260,468	1,508,703	-	-
Reversal of provision of liquidated damages	(2,908,231)	(832,687)	-	-
Reversal of provision for stock obsolescence	(454,257)	(1,792,968)	-	-
Plant and equipment written off	5,397	8,313	853	8,294
Unrealised foreign exchange losses	55,132	32,376	-	-
<b>Operating profit before changes in working capital</b>	1,512,066	24,450,226	2,352,975	2,199,042
Changes in working capital:				
Inventories	1,830,853	1,201,802	-	-
Trade and other receivables	6,909,732	21,035,046	52,714	129,814
Provision of liquidated damages	(58,756)	(59,461)	-	-
Trade and other payables	(10,820,400)	(11,563,137)	1,321,091	(39,590)
<b>Cash (used in)/generated from operations</b>	(626,505)	35,064,476	3,726,780	2,289,266
Tax paid	(1,772,411)	(8,143,565)	(504,378)	(716,014)
<b>Net cash (used in)/from operating activities</b>	(2,398,916)	26,920,911	3,222,402	1,573,252
<b>Cash flows from investing activities</b>				
Dividends received	-	-	7,740,000	16,129,000
Purchase of property, plant and equipment	(3,783,156)	(1,437,538)	(20,980)	(9,116)
Proceeds from disposal of plant and equipment	869	2,880	-	-
Increase in investment in a subsidiary	-	-	(2,400,000)	-
Interest received	1,426,373	1,182,173	389,752	278,619
<b>Net cash (used in)/from investing activities</b>	(2,355,914)	(252,485)	5,708,772	16,398,503

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2014 (cont'd)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the Company (Note 19)	(7,740,000)	(16,125,000)	(7,740,000)	(16,125,000)
<b>Net cash used in financing activities</b>	(7,740,000)	(16,125,000)	(7,740,000)	(16,125,000)
Net (decrease)/increase in cash and cash equivalents	(12,494,830)	10,543,426	1,191,174	1,846,755
Effect of exchange rate fluctuations on cash held	154,368	(23,131)	-	-
Cash and cash equivalents at beginning of year	60,872,087	50,351,792	12,380,499	10,533,744
<b>Cash and cash equivalents at end of year</b>	48,531,625	60,872,087	13,571,673	12,380,499

The notes on pages 56 to 104 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 financial year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group 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 23 June 2014.

## **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.

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

### **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*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. Basis of preparation (cont'd)

### (a) Statement of compliance (cont'd)

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

#### **MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- 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 accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 April 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 April 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company except as mentioned below:

#### **(i) MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

**(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**

The Group classifies a property as an investment property in accordance with requirements of MFRS 140, Investment Property. Investment property is a property held to earn rentals or for capital appreciation or both. In estimating fair value of investment properties, the Group uses market observable data to the extent it is available. Information about the valuation techniques and inputs used in determining the fair value of investment properties are disclosed in Note 4.

- **Note 7 - Inventories**

The saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

- **Note 12 - Provision for liquidated damages**

The Group assess the provision for liquidated damages at each reporting date. Significant judgment is used in determining whether there is an over provision for liquidated damages. This includes making assumptions on the reversal of unclaimed amounts based on historical claiming records and past business experience with the customers.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies

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

### (a) Basis of consolidation

#### (i) Subsidiaries

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

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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.

For new acquisitions, 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.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (a) Basis of consolidation (cont'd)

#### (ii) Business combinations (cont'd)

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

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.

#### (iii) Accounting 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 of 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 the owners of the Company.

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

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (b) Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies at the 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.

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

The Group and the Company categorise financial instruments as follows:

##### **Financial assets**

#### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives or financial assets that are specifically designated into this category upon initial recognition.

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

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (c) Financial instruments (cont'd)

#### (ii) Financial instrument categories and subsequent measurement (cont'd)

##### (b) Loans and receivables

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

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

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

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (d) Property, plant and equipment (cont'd)

#### (i) Recognition and measurement (cont'd)

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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (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.

### (f) Investment property

#### **Investment property carried at cost**

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 initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use and capitalised borrowing costs.

Investments properties are depreciated over the estimated economic useful life of 50 years at an annual rate of 2%. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(i).

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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (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 includes of raw materials, direct labour and an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and 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 and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

### (i) Impairment

#### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and 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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (i) Impairment (cont'd)

#### (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 units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (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 contributions to the statutory pension fund are charged to profit or loss in the financial year to which they relate.

### (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 persuasive evidence exist that the significant risks and rewards of ownership have been transferred to the customer, 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. The stage of completion is assessed by reference to surveys of work performed.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (m) Revenue and other income (cont'd)

#### (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.

### (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 a business combination or items recognised directly in equity or other comprehensive income.

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 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (n) Income tax (cont'd)

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.

### (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.

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

### (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) 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.

### (r) Affiliates

An affiliated company is defined as a company which a Director of the Company has interests.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. Significant accounting policies (cont'd)

### (s) Fair value measurements

From 1 April 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 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
<b>Cost</b>										
At 1 April 2012	14,304,000	10,284,139	950,412	727,254	4,682,097	42,802,475	2,062,358	19,405	1,309,442	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/										
1 April 2013	14,304,000	10,284,139	950,412	690,067	1,763,573	44,001,513	2,099,458	17,505	1,295,662	75,406,329
Additions	-	-	-	27,708	9,308	3,724,560	-	-	21,580	3,783,156
Disposals	-	-	-	-	(980)	-	-	-	-	(980)
Write-off	-	-	-	(6,450)	(26,064)	(4,800)	-	-	(8,546)	(45,860)
At 31 March 2014	14,304,000	10,284,139	950,412	711,325	1,745,837	47,721,273	2,099,458	17,505	1,308,696	79,142,645

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 3. Property, plant and equipment (cont'd)

	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
<b>Accumulated depreciation</b>										
At 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/ 1 April 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
Charge for the year	223,571	205,683	142,976	55,726	71,963	1,828,941	21,998	1,340	78,787	2,630,985
Disposals	-	-	-	-	(62)	-	-	-	-	(62)
Write-off	-	-	-	(5,151)	(26,050)	(3,439)	-	-	(5,823)	(40,463)
At 31 March 2014	670,601	3,451,258	861,221	496,129	1,646,249	30,718,929	2,058,675	12,536	901,048	40,816,646
<b>Carrying amounts</b>										
At 31 March 2013/ 1 April 2013	13,856,970	7,038,564	232,167	244,513	163,175	15,108,086	62,781	6,309	467,578	37,180,143
At 31 March 2014	13,633,399	6,832,881	89,191	215,196	99,588	17,002,344	40,783	4,969	407,648	38,325,999

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 3. Property, plant and equipment (cont'd)

Company Cost	Long term leasehold land RM	Office equipment RM	Computer equipment RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
At 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 2013/1 April 2013	14,304,000	360,130	677,173	442,177	17,505	561,675	16,362,660
Additions	-	-	-	-	-	20,980	20,980
Write-off	-	(2,680)	(26,064)	-	-	(3,031)	(31,775)
At 31 March 2014	14,304,000	357,450	651,109	442,177	17,505	579,624	16,351,865
<b>Accumulated depreciation</b>							
At 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 2013/1 April 2013	447,030	259,112	657,341	432,251	11,196	480,608	2,287,538
Charge for the year	223,571	28,331	10,009	3,760	1,340	40,909	307,920
Write-off	-	(1,944)	(26,050)	-	-	(2,928)	(30,922)
At 31 March 2014	670,601	285,499	641,300	436,011	12,536	518,589	2,564,536
<b>Carrying amounts</b>							
At 31 March 2013/1 April 2013	13,856,970	101,018	19,832	9,926	6,309	81,067	14,075,122
At 31 March 2014	13,633,399	71,951	9,809	6,166	4,969	61,035	13,787,329

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 4. Investment properties

Company	Buildings RM
<b>Cost</b>	
At 1 April 2012/31 March 2013/1 April 2013/31 March 2014	10,284,139
<b>Depreciation</b>	
At 1 April 2012	3,039,893
Charge for the year	205,683
At 31 March 2013/1 April 2013	3,245,576
Charge for the year	205,683
At 31 March 2014	3,451,259
<b>Carrying amounts</b>	
At 31 March 2013/1 April 2013	7,038,563
At 31 March 2014	6,832,880

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	
	2014 RM	2013 RM
Rental income	2,450,072	2,460,222
Direct operating expenses	(288,774)	(353,343)

### 4.1 Fair value information

Fair value of investment properties are categorised as follows:

2014	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Company</b>				
Buildings	-	-	17,130	17,130

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 4. Investment properties (cont'd)

### 4.1 Fair value information (cont'd)

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

#### Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Replacement cost approach: The valuation method considers the cost of building, current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes, contractors' overheads, fees and profits.	<ul style="list-style-type: none"> <li>- Construction costs</li> <li>- Costs for substructure</li> <li>- Costs of demolitions and debris removal</li> <li>- Professional fees</li> <li>- Costs for site inspectorate</li> <li>- Authorities' fees and charges</li> </ul>	<p>The estimated fair value would increase (decrease) if :</p> <ul style="list-style-type: none"> <li>- Construction costs were higher (lower)</li> <li>- Costs for substructure were (lower) higher</li> <li>- Costs of demolitions and debris removal were higher (lower)</li> <li>- Professional fees were higher (lower)</li> <li>- Costs for site inspectorate were higher (lower)</li> <li>- Authorities' fees and charges were higher (lower)</li> </ul>



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 4. Investment properties (cont'd)

### 4.1 Fair value information (cont'd)

#### Valuation processes applied by the Company for Level 3 fair value

The fair value of investment properties is determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Company's investment property portfolio every three years.

## 5. Investments in subsidiaries

	Company	
	2014 RM	2013 RM
Unquoted shares, at cost	13,700,002	11,300,002

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

Name of subsidiary	Principal activities	Effective ownership and voting interest	
		2014 %	2013 %
Opcom Cables Sdn. Bhd. ("OCSB")	Manufacture of fiber optic cables, systems and accessories	70	70
Opcom Niaga Sdn. Bhd.	General trading of fiber and other cable production materials and provision of engineering services	100	100
Opcom Shared Services Sdn. Bhd.	Provision of human resource management services	100	100

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 5. Investments in subsidiaries (cont'd)

### Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

OCSB	2014 RM	2013 RM
<b>NCI percentage of ownership interest and voting interest</b>	30%	30%
Carrying amount of NCI	15,361,090	17,603,593
(Loss)/Profit allocated to NCI	(142,503)	3,855,943
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 March</b>		
Non-current assets	18,222,182	16,589,278
Current assets	63,411,205	84,365,929
Non-current liabilities	(869,037)	(1,101,124)
Current liabilities	(29,560,717)	(41,175,438)
Net assets	51,203,633	58,678,645
<b>Year ended 31 March</b>		
Revenue	41,464,354	106,182,329
(Loss)/Profit/Total comprehensive (expense)/income for the year	(475,012)	12,853,146
Cash flows (used in)/from operating activities	(3,567,585)	17,313,987
Cash flows used in investing activities	(2,647,192)	(552,384)
Cash flows used in financing activities	(4,900,000)	(11,872,000)
Net (decrease)/increase in cash and cash equivalents	(11,114,777)	4,889,603
Dividends paid to NCI	-	-

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 6. Deferred tax assets/(liabilities)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Property, plant and equipment	-	-	(4,488,227)	(5,034,933)	(4,488,227)	(5,034,933)
Provisions	270,883	1,900,267	-	-	270,883	1,900,267
Tax loss carry-forwards	1,144,996	-	-	-	1,144,996	-
Others temporary differences	121,148	-	(85,834)	-	35,314	-
Tax assets/(liabilities)	1,537,027	1,900,267	(4,574,061)	(5,034,933)	(3,037,034)	(3,134,666)
Set-off of tax	(1,530,457)	(1,887,843)	1,530,457	1,887,843	-	-
Net tax assets/(liabilities)	6,570	12,424	(3,043,604)	(3,147,090)	(3,037,034)	(3,134,666)

### Movement in temporary differences during the years

Group	Recognised in profit or loss		Recognised in profit or loss		At 31.3.2014 RM
	At 1.4.2012 RM	(Note 17) RM	At 31.3.2013 RM	(Note 17) RM	
Property, plant and equipment	(4,986,728)	(48,205)	(5,034,933)	546,706	(4,488,227)
Provisions	1,512,526	387,741	1,900,267	(1,629,384)	270,883
Tax loss carry-forwards	-	-	-	1,144,996	1,144,996
Others temporary differences	(146,230)	146,230	-	35,314	35,314
Inventories	184,671	(184,671)	-	-	-
	(3,435,761)	301,095	(3,134,666)	97,632	(3,037,034)

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 6. Deferred tax assets/(liabilities) (cont'd)

Company	Liabilities	
	2014 RM	2013 RM
Property, plant and equipment	(2,242,825)	(2,176,432)

### Movement in temporary differences during the years

Company	At 1.4.2012 RM	Recognised in profit or loss (Note 17) RM	At 31.3.2013 RM	Recognised in profit or loss (Note 17) RM	At 31.3.2014 RM
Property, plant and equipment	(2,262,430)	85,998	(2,176,432)	(66,393)	(2,242,825)
Provisions	7,154	(7,154)	-	-	-
	(2,255,276)	78,844	(2,176,432)	(66,393)	(2,242,825)

## 7. Inventories

	Group	
	2014 RM	2013 RM
<b>At cost:</b>		
Raw materials	7,379,241	6,380,745
Work-in-progress	118,165	278,141
Finished goods	6,895,564	8,237,562
	14,392,970	14,896,448
<b>At net realisable value:</b>		
Raw materials	139,183	1,272,769
	14,532,153	16,169,217
Recognised in profit or loss:		
Inventories recognised as cost of sales	33,027,843	74,535,933
Provision for stock obsolescence	260,468	1,508,703
Reversal of provision for stock obsolescence	(454,257)	(1,792,968)
Write-off of inventories	-	698,140
Write-down to net realisable value	3,550	266,372

The reversal and provision for stock obsolescence, and write-down are included in cost of sales.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 8. Trade and other receivables

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
<b>Trade</b>					
Trade receivables	8.1	15,581,551	24,445,218	-	-
Amount due from an affiliated company	8.3	3,411,306	-	-	-
		18,992,857	24,445,218	-	-
<b>Non-trade</b>					
Other receivables		186,144	710,180	27,815	24,296
Deposits		123,620	123,620	119,159	119,159
Prepayments		641,270	761,087	68,927	56,626
Amount due from subsidiaries	8.2	-	-	-	43,468
Amount due from affiliated companies	8.4	-	17,021	5,361	17,021
		951,034	1,611,908	221,262	260,570
		19,943,891	26,057,126	221,262	260,570

### 8.1 Trade receivables

Included in trade receivables is a retention sum of RM1,618,985 (2013: RM9,252,083) held by a customer of its subsidiary pursuant to the terms of 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 an affiliated company

The trade amount due from an affiliated company is unsecured, interest free and is subject to normal trade term.

### 8.4 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

(cont'd)

## 9. Derivative financial assets

	Group 2014	
	Nominal Value RM	Assets RM
Derivatives classified as fair value through profit or loss		
- Forward exchange contracts	1,966,250	29,810

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. All of the forward exchange contracts have maturities of less than one year after the end of the reporting year.

## 10. Cash and cash equivalents

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits placed with licensed banks	45,032,871	57,587,858	12,800,000	12,200,000
Cash and bank balances	3,498,754	3,284,229	771,673	180,499
	48,531,625	60,872,087	13,571,673	12,380,499

## 11. Share capital

	Group and Company			
	Amount 2014 RM	Number of shares 2014	Amount 2013 RM	Number of shares 2013
Ordinary shares of RM0.20 each Authorised	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

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.

### Share premium

Share premium arose from the prior issuance of shares at a premium.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 12. Provision for liquidated damages

	Group	
	2014 RM	2013 RM
Balance at beginning of the year	3,099,574	2,021,439
Provision made during the year	128,096	1,970,283
Reversal during the year	(2,908,231)	(832,687)
Utilised during the year	(58,756)	(59,461)
Balance at the end of the year	260,683	3,099,574

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.

During the financial year, the Group reversed the provision for liquidated damages in relation to an expired sales contract with a major customer of the Group. As a result, reversal of RM2,377,769 were credited to profit or loss. At the end of the reporting period, the provision for liquidated damages had decreased in comparison to the corresponding provision in the previous reporting period.

## 13. Trade and other payables

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
<b>Trade</b>					
Trade payables		10,759,037	8,465,240	-	-
Deferred income	13.1	-	15,631	-	494,631
Amount due to a corporate shareholder	13.2	53,034	4,587,609	-	-
Amount due to an affiliated company	13.3	-	3,151,506	-	-
		10,812,071	16,219,986	-	494,631
<b>Non-trade</b>					
Other payables		1,217,018	1,179,938	246,877	155,759
Accrued expenses		779,661	5,356,959	261,058	249,596
Amount due to a corporate shareholder	13.2	18,415,200	16,315,200	-	-
Amount due to subsidiaries	13.4	-	-	1,669,753	-
Amount due to an affiliated company	13.3	13,003	1,125	44,514	1,125
		20,424,882	22,853,222	2,222,202	406,480
		31,236,953	39,073,208	2,222,202	901,111

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## **13. Trade and other payables (cont'd)**

### **13.1 Deferred income**

In 2013, the amount was an advance billing of management fees and rental charged to its subsidiaries and affiliated companies.

### **13.2 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 due to a corporate shareholder is dividend payable which is unsecured, interest free and repayable on demand.

### **13.3 Amount due to an affiliated company**

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

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

### **13.4 Amount due to subsidiaries**

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



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 14. Results from operating activities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Revenue				
- sale of cables	40,299,008	93,408,518	-	-
- sale of accessories	2,230,500	12,773,811	-	-
- sale of petrol based raw materials	7,810,569	-	-	-
- rental income	62,072	72,222	2,450,072	2,460,222
- dividend income	-	-	7,740,000	16,129,000
- management fee	-	-	3,492,000	3,492,000
	50,402,149	106,254,551	13,682,072	22,081,222
Cost of sales	(42,428,884)	(71,881,308)	-	-
Cost of property maintenance and management	-	-	(3,096,105)	(3,160,632)
	(42,428,884)	(71,881,308)	(3,096,105)	(3,160,632)
Gross profit	7,973,265	34,373,243	10,585,967	18,920,590
Other income	2,950,623	176,733	-	1,471
Distribution costs	(1,605,565)	(4,811,662)	-	-
Administrative expenses	(5,936,629)	(6,192,037)	(1,007,448)	(1,125,574)
Other operating expenses	(1,587,267)	(2,761,200)	-	-
Results from operating activities	1,794,427	20,785,077	9,578,519	17,796,487

Results from operating activities is arrived at after crediting:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Dividends from subsidiaries	-	-	7,740,000	16,129,000
Rental income on land and buildings	62,072	72,222	2,450,072	2,460,222
Reversal of provision for liquidated damages	2,908,231	832,687	-	-
Reversal of provision for stock obsolescence	454,257	1,792,968	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 14. Results from operating activities (cont'd)

Results from operating activities is arrived at after charging:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration:				
KPMG Malaysia				
- audit fees	90,000	87,000	36,000	35,000
- under provision in prior year	-	8,480	-	3,260
Other services				
- current year	12,000	12,000	12,000	12,000
Depreciation				
- property, plant and equipment	2,630,985	2,771,129	307,920	317,578
- investment properties	-	-	205,683	205,683
Inventories write-down to net realisable value	3,550	266,372	-	-
Personnel expenses (including key management personnel):				
- contributions to EPF	740,454	779,331	-	-
- wages, salaries and others	6,007,730	7,452,584	-	-
Loss on disposal of plant and equipment	49	-	-	-
Plant and equipment written off	5,397	8,313	853	8,294
Provision for liquidated damages	128,096	1,970,283	-	-
Provision for stock obsolescence	260,468	1,508,703	-	-
Realised foreign exchange losses	181,185	156,663	-	-
Unrealised foreign exchange losses	55,132	32,376	-	-
Write-off of inventories	-	698,140	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 15. Interest income

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest income of financial assets that are not at fair value through profit or loss	1,578,035	1,313,313	403,158	362,466

## 16. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors:				
- fees	314,644	324,600	171,450	180,600
- remuneration	673,953	622,739	55,750	46,500
- other short term employees benefits	99,991	109,090	-	-
	1,088,588	1,056,429	227,200	227,100
Other key management personnel:				
- short term employee benefits	789,135	714,262	-	-
	1,877,723	1,770,691	227,200	227,100

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 17. Income tax expense

### Recognised in profit or loss

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Current tax expense</b>				
Current year	1,121,170	6,194,966	700,075	835,464
Over provision in prior year	(299,766)	(608,562)	(201,287)	(494)
	821,404	5,586,404	498,788	834,970
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(110,771)	(359,496)	10,813	(63,505)
Effect of changes in tax rates	(201,866)	-	(83,213)	-
Under/(Over) provision in prior year	215,005	58,401	138,793	(15,339)
	(97,632)	(301,095)	66,393	(78,844)
	723,772	5,285,309	565,181	756,126

### Reconciliation of effective tax expense

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit for the year	2,648,690	16,813,081	9,416,496	17,402,827
Total income tax expense	723,772	5,285,309	565,181	756,126
Profit before tax	3,372,462	22,098,390	9,981,677	18,158,953
Tax calculated using Malaysian tax rates of 25%	843,116	5,524,598	2,495,419	4,539,738
Effect of changes in tax rates	(201,866)	-	(83,213)	-
Non-deductible expenses	167,283	440,873	150,469	264,471
Non-taxable income	-	-	(1,935,000)	(4,032,250)
Reinvestment allowance utilised	-	(130,001)	-	-
Over provision in prior years	808,533	5,835,470	627,675	771,959
	(84,761)	(550,161)	(62,494)	(15,833)
	723,772	5,285,309	565,181	756,126

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 17. Income tax expense (cont'd)

### Income tax savings arising from tax losses

	Group	
	2014 RM	2013 RM
Income tax savings arising from utilisation of current year tax losses	273,712	-

## 18. Earnings per ordinary share

### Group

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 March 2014 is based on the profit attributable to the owners of the Company of RM2,791,193 (2013: RM12,957,138) and the weighted average number of ordinary shares during the year of 129,000,000 (2013: 129,000,000).

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

## 19. Dividends

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
<b>Financial year ended 31 March 2014</b>			
Special interim 2014 ordinary - single tier	6.00	7,740,000	20.09.2013
<b>Financial year ended 31 March 2013</b>			
Interim 2013 ordinary - single tier	1.50	1,935,000	09.05.2012
Special interim 2013 ordinary - single tier	11.00	14,190,000	03.10.2012
		16,125,000	

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 20. Operating segments

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

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

Manufacturing	Manufacture 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.

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 Executive Director.

### 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

(cont'd)

## 20. Operating segments (cont'd)

	Manufacturing RM	Trading and engineering services RM	Other operations RM	Total RM	Elimination RM	Consolidated RM
<b>2014</b>						
<b>Segment (loss)/profit</b>	(758,584)	1,421,251	10,536,960	11,199,627	(7,827,165)	3,372,462
<b>Included in the measure of segment profit are:</b>						
Revenue from external customers	41,464,355	8,875,722	62,072	50,402,149	-	50,402,149
Inter-segment revenue	-	9,157,767	16,200,000	25,357,767	(25,357,767)	-
Inventories write down to net realisable value	(3,550)	-	-	(3,550)	-	(3,550)
Depreciation	(2,116,205)	(58,862)	(513,602)	(2,688,669)	57,684	(2,630,985)
Interest income	1,094,846	59,078	424,111	1,578,035	-	1,578,035
<b>2013</b>						
<b>Segment profit</b>	16,501,540	2,330,843	18,977,345	37,809,728	(15,711,338)	22,098,390
<b>Included in the measure of segment profit are:</b>						
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

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 20. Operating segments (cont'd)

	Manufacturing RM	Trading and engineering services RM	Other operations RM	Total RM	Elimination RM	Consolidated RM
<b>2014</b>						
Segment assets/Total assets	81,633,387	15,378,081	48,886,973	145,898,441	(23,295,406)	122,603,035
Segment liabilities/Total liabilities	30,429,754	8,203,328	4,823,644	43,456,726	(8,784,760)	34,671,966
Capital expenditure	3,754,008	8,168	20,980	3,783,156	-	3,783,156
Depreciation	2,116,205	58,862	513,602	2,688,669	(57,684)	2,630,985
<b>2013</b>						
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	2,227,362	78,189	523,262	2,828,813	(57,684)	2,771,129



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 20. Operating segments (cont'd)

### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment asset information by geographical segments is not provided as the activities of the Group are located principally in Malaysia.

Group	Revenue	
	2014 RM	2013 RM
<b>Geographical information</b>		
Malaysia	42,591,580	106,254,551
The United States of America	6,765,777	-
United Kingdom	1,044,792	-
	50,402,149	106,254,551

### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

Group	Revenue	
	2014 RM	2013 RM
Major customers:		
<b>Manufacturing</b>		
Customer A	18,466,624	93,720,895
Customer B	5,557,842	-
Customer C	5,190,400	1,714,600
<b>Trading and engineering services</b>		
Customer D	6,765,777	-

## 21. Financial instruments

### 21.1 Categories of financial instruments

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

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL");
  - Held for trading ("HFT"); and
- (c) Financial liabilities measured at amortised cost ("FL").

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.1 Categories of financial instruments (cont'd)

Group	Carrying amount RM	L&R/ (FL) RM	FVTPL -HFT RM
<b>2014</b>			
<b>Financial assets</b>			
Trade and other receivables*	19,302,621	19,302,621	-
Derivative financial assets	29,810	-	29,810
Cash and cash equivalents	48,531,625	48,531,625	-
	67,864,056	67,834,246	29,810
<b>Financial liabilities</b>			
Trade and other payables	(31,236,953)	(31,236,953)	-
<b>2013</b>			
<b>Financial assets</b>			
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	-
<b>Financial liabilities</b>			
Trade and other payables	(39,073,208)	(39,073,208)	-
<b>Company</b>			
<b>2014</b>			
<b>Financial assets</b>			
Trade and other receivables*	152,335	152,335	-
Cash and cash equivalents	13,571,673	13,571,673	-
	13,724,008	13,724,008	-
<b>Financial liabilities</b>			
Trade and other payables	(2,222,202)	(2,222,202)	-
<b>2013</b>			
<b>Financial assets</b>			
Trade and other receivables*	203,944	203,944	-
Cash and cash equivalents	12,380,499	12,380,499	-
	12,584,443	12,584,443	-
<b>Financial liabilities</b>			
Trade and other payables	(901,111)	(901,111)	-

\* Excludes prepayments

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Net gains/(losses) arising on:				
<b>Loans and receivables</b>				
- Finance income	1,578,035	1,313,313	403,158	362,466
- Realised foreign exchange losses	(181,185)	(156,663)	-	-
- Unrealised foreign exchange gains	799,203	67,494	-	-
<b>Fair value through profit or loss</b>				
- Held for trading				
- Unrealised foreign exchange gains	29,810	-	-	-
<b>Financial liabilities measured at amortised cost</b>				
- Unrealised foreign exchange losses	(884,145)	(35,118)	-	-

### 21.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and amount due from affiliated companies. The Company's exposure to credit risk arises principally from advances to subsidiaries and affiliated companies 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.

*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 exposure of credit risk for trade receivables, net of impairment loss, as at the end of the reporting period by geographic region was:

	Group	
	2014 RM	2013 RM
Malaysia	13,586,338	24,445,218
The United States of America	5,225,100	-
United Kingdom	181,419	-
	18,992,857	24,445,218

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.4 Credit risk (cont'd)

#### Receivables (cont'd)

*Exposure to credit risk, credit quality and collateral (cont'd)*

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
<b>2014</b>			
Not past due	18,992,857	-	18,992,857
Past due more than 90 days	-	-	-
	18,992,857	-	18,992,857
<b>2013</b>			
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

As at 31 March 2014, there was significant concentration of credit for the amount due from one (1) single customer, which represents approximately 36% (2013: 88%) of total trade receivables.

#### 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 RM7.0 million (2013: RM24.1 million) representing the letter of credit and guarantee facilities utilised by its subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised by the Company since the fair value on initial recognition was not material.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.5 Liquidity risk

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

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

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

#### *Maturity analysis*

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
<b>2014</b>				
Trade and other payables	31,236,953	-	31,236,953	31,236,953
<b>2013</b>				
Trade and other payables	39,073,208	-	39,073,208	39,073,208
<b>Company</b>				
<b>2014</b>				
Trade and other payables	2,222,202	-	2,222,202	2,222,202
<b>2013</b>				
Trade and other payables	901,111	-	901,111	901,111

### 21.6 Market risk

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

#### 21.6.1 Currency risk

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

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.6 Market risk (cont'd)

#### 21.6.1 Currency risk(cont'd)

*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.

*Exposure to foreign currency risk*

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

	Denominated in USD	
	2014 RM	2013 RM
<b>Group</b>		
<b>Balances recognised in the statement of financial position</b>		
Trade receivables	10,998,275	-
Cash and cash equivalents	276,555	7,471,083
Trade payables	(9,253,278)	(6,143,352)
Other payables	(86,908)	-
	1,934,644	1,327,731
<b>Forecast transactions</b>		
Forward exchange contract on forecast sales	1,166,106	-
Forecast sales	(1,150,740)	-
	15,366	-
	1,950,010	1,327,731

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.6 Market risk (cont'd)

#### 21.6.1 Currency risk (cont'd)

*Exposure to foreign currency risk (cont'd)*

	Denominated in EUR	
	2014 RM	2013 RM
<b>Group</b>		
<b>Balances recognised in the statement of financial position</b>		
Trade receivables	181,419	-
Other payables	(17,862)	-
Cash and cash equivalents	605,784	13,809
	769,341	13,809
<b>Forecast transactions</b>		
Forward exchange contract on forecast sales	800,144	-
Forecast sales	(785,700)	-
	14,444	-
	783,785	13,809

*Currency risk sensitivity analysis*

A 10% (2013: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have (decreased) increased post-tax profit or loss 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.

	Profit or loss	
	2014 RM	2013 RM
<b>Group</b>		
USD	(145,098)	(99,580)
EUR	(57,700)	(1,036)

A 10% (2013: 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 remained constant.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.6 Market risk (cont'd)

#### 21.6.2 Interest rate risk

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

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

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

*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:

	2014 RM	2013 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
Financial assets	45,032,871	57,587,858
<b>Company</b>		
<b>Fixed rate instruments</b>		
Financial assets	12,800,000	12,200,000

*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. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.7 Fair value of information

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.

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statement of financial position.

2014	-----Fair value of financial instruments-----				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Group</b>						
<b>Financial asset</b>						
Forward exchange contracts	-	29,810	-	29,810	29,810	29,810

There were no forward exchange contracts in the previous financial year. Therefore, no comparative figure is presented.

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

#### Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. Financial instruments (cont'd)

### 21.7 Fair value of information (cont'd)

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either directions)

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

## 22. Capital management

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

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

## 23. Contingent liabilities

### Company

#### Corporate guarantee

The Company has executed corporate guarantees in favour of licensed banks of up to RM34.5 million (2013: RM39.5 million) for banking facilities (mainly trade facility lines) granted to its subsidiary.

## 24. 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 or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company 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. The key management personnel comprise all the Directors of the Group, and certain members of senior management of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 24. Related parties (cont'd)

### Identity of related parties (cont'd)

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

### Significant related party transactions

The significant related party transactions of the Group and of the Company during the financial year, other than key management personnel compensation (see Note 16) are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Affiliated companies</b>				
Sales of cables	5,557,842	-	-	-
Sales of accessories	1,165,347	-	-	-
Rental of office charged	15,700	19,350	15,700	19,350
Finance income	73,889	-	-	-
Purchase of accessories	(7,943,662)	(11,725,650)	-	-
Business development commission paid	(1,110,115)	(2,263,610)	-	-
Accounting expenses paid	(216,000)	(189,290)	(114,000)	(99,903)
Corporate services paid	(92,000)	(40,000)	(92,000)	(40,000)
Rental of office paid	(36,000)	(19,100)	(36,000)	(19,100)
Rental of motor vehicles	(54,000)	(23,850)	-	-
<b>Corporate shareholder of a subsidiary company</b>				
Purchases of cables	(969,761)	(12,598,640)	-	-
Sales of cables related products	-	106,732	-	-
Waiver of royalty	3,225,250	-	-	-
<b>Subsidiaries</b>				
Rental income charged	-	-	2,388,000	2,388,000
Gross dividend charged	-	-	7,740,000	16,129,000
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. The balances related to the above transactions are shown in Note 8 and Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. Capital Commitment

	Group	
	2014 RM	2013 RM
<b>Capital expenditure commitment</b>		
<b>Plant and equipment</b>		
Authorised but not contracted for	18,667	231,213

## 26. Subsequent event

### Group

On 17 April 2014, the subsidiary, Opcom Niaga Sdn. Bhd., entered into Heads of Agreement with Unigel Limited, Hong Kong to acquire 400,000 ordinary shares of GBP 1 each in Unigel (UK) Limited, which representing 40% of the issued and paid-up share capital of the entity for a cash consideration of approximately USD4,320,000, equivalent to RM13,988,160.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 27. 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 2014, 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 2.05 and 2.23 of Bursa Malaysia ACE Market Listing Requirement, is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
The retained earnings of the Company and its subsidiaries				
- Realised	55,842,097	65,860,011	14,037,334	12,294,445
- Unrealised	(3,511,913)	(6,403,889)	(2,242,825)	(2,176,432)
Less : Consolidation adjustments	52,330,184 (11,375,018)	59,456,122 (13,552,149)	11,794,509 -	10,118,013 -
Total retained earnings	40,955,166	45,903,973	11,794,509	10,118,013

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 50 to 104 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 2014 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 27 on page 105 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:

**Tan Sri Mokhzani Mahathir**

**Chhoa Kwang Hua**

Petaling Jaya,  
Date: 23 June 2014

# 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 50 to 105 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 23 June 2014.

**Lim Bee Khin**

Before me:

Ng Say Hung  
No. : B185  
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 2014 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 50 to 104.

## ***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 entity'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 entity'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 of 31 March 2014 and of their 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 (cont'd)

## 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 27 on page 105 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 or International 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 on 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

### Hasman Yusri Yusoff

Approval Number: 2583/08/14(J)  
Chartered Accountant

Petaling Jaya,  
Date: 23 June 2014

# LIST OF PROPERTY

Location & Description	Existing Use	Tenure	Date of Valuation	Built Up Area	Age of Property	Book Value (RM'000)
98721 Seksyen 15 Tapak Perusahaan Shah Alam, City of Shah Alam, District of Petaling and State of Selangor being land, factory and office buildings bearing the address of No.11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.	- Manufacturing block	99 year leasehold expiring on 18.04.2074	Land: 10.07.2012	Land area: 29,450 sq. m.	Age of manufacturing block: approximately 18 years	20,466
	- Office building		Buildings: 15.04.2011	Built-up area: 9,145 sq. m.		
	- Warehouses				Age of other building / structures: More than 30 years	
	- Open storage yards					
	- Car Parks					
	- Guard House					

# ANALYSIS OF SHAREHOLDINGS

## as at 21 July 2014

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

	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	66	4.34	2,630	0.00
100 - 1,000	146	9.61	85,180	0.07
1,001 - 10,000	888	58.42	4,255,940	3.30
10,001 - 100,000	354	23.29	11,654,850	9.03
100,001 to less than 5% of issued shares	61	4.01	20,938,900	16.23
5% and above of issued shares	5	0.33	92,062,500	71.37
	<b>1,520</b>	<b>100.00</b>	<b>129,000,000</b>	<b>100.00</b>

### Thirty Largest Shareholders

Rank	Name	No. of Shares Held	% of Issued Share Capital
1	Rezeki Tegas Sdn. Bhd.	27,000,000	20.93
2	EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Dato' Seri 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 Rajhi Bank for M Ocean Capital Sdn. Bhd.	16,000,000	12.40
5	Dato' Seri Mukhriz Mahathir	7,000,000	5.43
6	Chan Ee Lin	5,245,500	4.06
7	Chhoa Kwang Hua	2,074,000	1.61
8	HLIB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Eng Hoo	820,100	0.64
9	Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Mohd Said	812,500	0.63
10	Sierra Partners Sdn. Bhd.	809,800	0.63
11	Muhamad Aloysius Heng	638,600	0.50
12	Kam Lai Yong	537,500	0.42
13	Abdul Jabbar Bin Abdul Majid	500,000	0.39
14	Tan Chee Siang	455,800	0.35
15	Tay Chong Kiat	368,300	0.29
16	Cimsec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Rashdan Bin Baba	300,000	0.23
17	On Thiam Chai	297,000	0.23
18	Lok Meow Tuck	280,000	0.22
19	Sven Janne Sjöden	280,000	0.22
20	Yeo Khee Huat	280,000	0.22

# ANALYSIS OF SHAREHOLDINGS

as at 21 July 2014 (cont'd)

## Thirty Largest Shareholders (cont'd)

Rank	Name	No. of Shares Held	% of Issued Share Capital
21	Chua Gaik Suwan	278,000	0.21
22	Tan Eng Piow	265,800	0.21
23	Ng Inn Jwee	250,000	0.19
24	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Mahli Bin Othman	240,900	0.18
25	Victor Lim Fung Tuang	239,400	0.18
26	Kwan Chee Tong	232,800	0.18
27	Pui Cheng Tiong	230,500	0.18
28	Thian Boon Keong	214,000	0.17
29	Teo Han Wah	211,700	0.16
30	Aida Bt Shamsuddin	201,000	0.15
<b>Total</b>		<b>108,125,700</b>	<b>83.82</b>

## Substantial Shareholders (as per register of substantial shareholders)

Name	Direct	No. of Shares Held		%
		%	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	-	-
Tok Puan Norzieta Zakaria	-	-	34,752,500*	26.94
Dato' Seri Mukhriz Mahathir	30,310,000	23.50	-	-

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

## Directors' Shareholding (as per register of directors' shareholdings)

Name	Direct	No. of Shares Held		%
		%	Indirect	
Chhoa Kwang Hua	2,179,100	1.69	-	-
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 Nineteenth Annual General Meeting of the Company will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 September 2014 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 2014 and the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees for the financial year ended 31 March 2014. **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 Chhoa Kwang Hua **Ordinary Resolution 2**
  - 3.2 Chan Bee Lean **Ordinary Resolution 3**
4. To appoint auditors in place of the retiring auditors and to authorise the Directors to determine their remuneration. **Ordinary Resolution 4**

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 as attached to the Annual Report 2014, has been received by the Company of the intention to propose the following Ordinary Resolution:

"**THAT** Messrs Deloitte be and are hereby appointed Auditors of the Company in place of the retiring auditors, Messrs KPMG to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

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 27 August 2014 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

(cont'd)

**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 27 August 2014 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 (MALAYSIA) SDN. BHD. 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: -

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

**“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 (Malaysia) Sdn. Bhd. and its associated companies and Birla Ericsson Optical Limited as detailed in Section 2.3 of the Circular to Shareholders dated 27 August 2014 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
- (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 27 August 2014 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures set out in Section 2.4 of the Circular.”



# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

## 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 27 August 2014 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
- (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 27 August 2014 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures set out in Section 2.4 of the Circular.”

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

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

*Ordinary Resolution 8*

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

**"THAT** pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Perennial Renaissance Sdn. Bhd. as detailed in Section 2.3 of the Circular to Shareholders dated 27 August 2014 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
- (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 27 August 2014 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures set out in Section 2.4 of the Circular."

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH UNIGEL (UK) LIMITED SUBSEQUENT TO THE COMPLETION OF THE PROPOSED ACQUISITION OF FORTY PERCENT (40%) EQUITY INTEREST IN UNIGEL (UK) LIMITED BY OPCOM NIAGA SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

*Ordinary Resolution 9*

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

**“THAT** subject to fulfilment of all the conditions precedent of the Share Purchase Agreement dated 26 July 2014 for the acquisition of forty percent (40%) equity interest in Unigel (UK) Limited by Opcom Niaga Sdn. Bhd., a wholly-owned subsidiary of the Company, 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 and to give effect to specified recurrent related party transactions of a revenue or trading nature with Unigel (UK) Limited as detailed in Section 2.3 of the Circular to Shareholders dated 27 August 2014 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
- (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.

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

**THAT** the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 27 August 2014 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures set out in Section 2.4 of the Circular."

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

### *Ordinary Resolution 10*

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 ten percent (10%) of the issued share capital of the Company for the time being."

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

BY ORDER OF THE BOARD

**SEOW FEI SAN**  
**LOH LAI LING**  
Secretaries

Petaling Jaya  
Date: 27 August 2014

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

## Notes:

1. Only depositors whose names appear in the Record of Depositors as at 11 September 2014 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 the 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.
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 share 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 notariably 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.
7. Explanatory Notes on Special Business:

### **Ordinary Resolutions 5 –9**

#### **Proposed Shareholders' Mandate for Recurrent Transactions**

The proposed Ordinary Resolutions 5 - 9, 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 10**

#### **Authority to Issue Shares**

At last year's Annual General Meeting, mandate was given to Directors to issue and allot no more than ten percent (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 10, if passed, will empower the Directors of the Company to issue and allot not more than ten percent (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.

# NOTICE OF NOMINATION OF AUDITORS

1 August 2014

The Directors  
**Opcom Holdings Berhad**  
 802, 8th Floor, Block C  
 Kelana Square  
 17 Jalan SS 7/26  
 47301 Petaling Jaya  
 Selangor Darul Ehsan

Dear Sirs

## **NOTICE OF NOMINATION OF MESSRS DELOITTE**

We, being a shareholder of Opcom Holdings Berhad hereby give notice, pursuant to Section 175 of the Companies Act, 1965 of our nomination of Messrs Deloitte as auditors of the Company in place of the retiring auditors, Messrs KPMG and of our intention to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the Company:

### **RESOLUTION**

*"THAT Messrs Deloitte be and are hereby appointed Auditors of the Company in place of the retiring auditors, Messrs KPMG to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."*



**M Ocean Capital Sdn. Bhd.**

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# 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 for me/us on my/our behalf at the Nineteenth 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 Thursday, 18 September 2014 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.

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

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 11 September 2014 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 the 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.
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 ordinary shares with 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 share 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.

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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

**AFFIX  
STAMP**

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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

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