

2006  
annual report



Soaring to  
Greater Heights  
Together



**OPCOM HOLDINGS BERHAD**

(322661-W)

(Incorporated in Malaysia)

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vision  
vision

Soaring to  
Greater Heights  
Together

mission  
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 organization.
- To diversify and venture into other businesses which support the long term growth of the group.



In an increasingly competitive and globalised marketplace, we will continue to strive for excellence in manufacturing and supplying top quality fiber optic cable products serving the nation's broadband infrastructure. Our vision of success knows no boundaries. Through our highly motivated and committed team of employees, we will propel ourselves towards achieving a productivity-driven growth for a sustainable and continuous period.

As the cover concept shows, no sky is beyond the reach of technology. This reflects our promise to our customers, employees, shareholders and business associates that OPCOM will continue to grow and achieve greater heights and success together in the years ahead.



# notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Kristal Ballroom 2, 1st Floor West Wing, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 19 September 2006 at 9.30 a.m. to transact the following businesses:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2006 and the Reports of Directors and Auditors thereon.

### Ordinary Resolution 1

2. To approve the payment of Directors' fees for the financial year ended 31 March 2006.

### Ordinary Resolution 2

3. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-

- (i) Tomio Alan Komatsu

### Ordinary Resolution 3

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

### Ordinary Resolution 4

4. To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration.

### Ordinary Resolution 5

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN. BHD.**

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 Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Opcom Sdn. Bhd. as detailed in Section 2.3 of the Circular to Shareholders dated 25 August 2006 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said Related Party than those generally available to the public and not detrimental to minority shareholders of the Company.

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

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

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

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

AND THAT the estimates given on the Recurrent Related Party Transactions specified in Section 2.3 of the Circular to Shareholders dated 25 August 2006 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular."

**Ordinary Resolution 6**

**6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ERICSSON NETWORK TECHNOLOGIES AB, SWEDEN, BIRLA ERICSSON OPTICAL LIMITED, OPTIC FIBRE GOA LIMITED AND OPCOM CABLES SDN. BHD.**

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 Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Ericsson Network Technologies AB, Sweden, Birla Ericsson Optical Limited, Optic Fibre Goa Limited and Opcom Cables Sdn. Bhd. as detailed in Section 2.3 of the Circular to Shareholders dated 25

August 2006 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 Parties than those generally available to the public and not detrimental to minority shareholders of the Company.

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

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

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

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

AND THAT the estimates given on the Recurrent Related Party Transactions specified in Section 2.3 of the Circular to Shareholders dated 25 August 2006 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular."

#### **Ordinary Resolution 7**

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

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 Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Zoop Sdn. Bhd. as detailed in Section 2.3 of the Circular to Shareholders dated 25 August 2006 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said Related Party than those generally available to the public and not detrimental to minority shareholders of the Company.

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

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;

- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

- (c) revoked or varied by a resolution passed by the shareholders in a general meeting;

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

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

AND THAT the estimates given on the Recurrent Related Party Transactions specified in Section 2.3 of the Circular to Shareholders dated 25 August 2006 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular."

#### **Ordinary Resolution 8**

### **8. AUTHORITY TO ISSUE SHARES**

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

"THAT subject always to the Companies Act, 1965 ("Act") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered,

pursuant to Section 132D of the Act, to issue and to allot shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued by the Company pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution 9**

**9. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

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

"THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as contained in Appendix 1 attached to the Annual Report 2006 be and are hereby approved."

**Special Resolution 10**

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

BY ORDER OF THE BOARD

**SEOW FEI SAN** (MAICSA 7009732)

**LOH LAI LING** (MAICSA 7015412)

Secretaries

Petaling Jaya

25 August 2006

**NOTES:**

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

**Ordinary Resolutions 6 - 8**

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

The proposed Ordinary Resolutions 6-8, if passed, will allow the Company and its subsidiaries to enter into Recurrent Transactions pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market. Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Transactions is set out in Section 2.3 of the Circular to Shareholders dated 25 August 2006, which is despatched together with the Company's Annual Report 2006.

**Ordinary Resolution 9**

**Authority to Issue Shares**

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

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

**Special Resolution 10**

**Amendments to the Articles of Association**

The Proposed Amendments to the Articles of Association of the Company are made to comply with the revamped Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market. Please refer to the document marked Appendix 1 attached to the Annual Report 2006 for details of the proposed amendments.

# statement accompanying notice of annual general meeting

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

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

Place	Kristal Ballroom 2, 1st Floor West Wing, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan
Date	Tuesday, 19 September 2006
Time	9.30 a.m.

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

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

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

The profiles of the Directors standing for re-election are set out on page 15 of the Annual Report.

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

A total of five (5) Board Meetings were held in the financial year ended 31 March 2006. All the Board Meetings were held at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

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

DIRECTOR	TOTAL ATTENDANCE
Dato' Mukhriz Mahathir	5/5
Chhoa Kwang Hua	5/5
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	5/5
Tomio Alan Komatsu	5/5
Sven Janne Sjöden	3/5
Abdul Jabbar Bin Abdul Majid	4/5





# corporate information

## BOARD OF DIRECTORS

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

**Chhoa Kwang Hua**  
(Executive Director)

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

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

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

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

## AUDIT COMMITTEE

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

**Chhoa Kwang Hua**  
- Member

**Tomio Alan Komatsu**  
- Member

## REMUNERATION COMMITTEE

**Abdul Jabbar Bin Abdul Majid**  
- Chairman

**Dato' Mukhriz Mahathir**  
- Member

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

**Sven Janne Sjöden**  
- Member

## SECRETARIES

Seow Fei San  
(MAICSA 7009732)

Loh Lai Ling  
(MAICSA 7015412)

## REGISTRAR

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

## SPONSOR

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

## REGISTERED OFFICE

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

## AUDITORS

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

## PRINCIPAL BANKER

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

## STOCK EXCHANGE LISTING

MESDAQ Market  
Bursa Malaysia Securities Berhad



diversification and  
**growth**

Diversification  
in an increasingly  
competitive and globalised  
marketplace is important.

We, as a growing broadband  
solutions provider, have constantly sought  
opportunities to further diversify our product  
portfolio and customer base to meet the  
demanding requirements of the evolving  
telecommunications industry.

Diversification also means expansion and as such,  
we have introduced and promoted our products  
to new markets around the world. We believe  
that our success thus far in charting new  
frontiers, both locally and internationally,  
have contributed to our growth factors  
which have generally benefited our  
employees and shareholders  
in the long term.

● corporate  
structure

70%

**OPCOM CABLES  
SDN BHD**

(Company No. 322687-T)

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

100%

**OPCOM NIAGA  
SDN BHD**

(Company No. 442938-M)

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



**OPCOM HOLDINGS BERHAD**

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

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

100%

**OPCOM SHARED  
SERVICES SDN BHD**

(Company No. 665562-M)

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

100%

**OPCOM NETWORK  
TECHNOLOGIES  
SDN BHD**

(Company No. 679927-A)

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

A professional portrait of Dato' Mukhriz Mahathir, a middle-aged man with glasses and a goatee, wearing a dark blue pinstriped suit jacket, a white shirt, and a yellow patterned tie. He is standing with his arms crossed, looking directly at the camera with a slight smile. The background is a blurred office interior with large windows and greenery.

# chairman's statement

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

On behalf of the Board of Directors of Opcom Holdings Berhad ("Opcom or the Group"), it is my pleasure to present to you the Annual Report 2006 and Audited Financial Statements for the financial year ended 31 March 2006.

#### UTILIZATION OF PROCEEDS AS AT 31 MARCH 2006

The RM20.8 million raised from the listing exercise was utilized in the following manner:

Use of listing proceeds	Utilization period	Allocation RM'000	Utilized RM'000	Balance RM'000
Capital expenditure	2 years from the date of listing	11,554	11,554	-
Working capital	2 years from the date of listing	7,746	7,746	-
Finance listing expenses	Immediate	1,500	1,188	312*
		<b>20,800</b>	<b>20,488</b>	<b>312</b>

\* The unutilized amount of Finance Listing Expenses had been fully utilized for working capital purposes of the Group.

#### FINANCIAL HIGHLIGHTS

For the financial year ended 31 March 2006, the Group registered a profit before taxation of RM18.22 million on the back of revenue contribution of RM67.79 million. The dip in revenue and profit before taxation as compared to previous financial year was mainly attributable to softer demand of fiber optic cables and competitive operating condition in the fiber optic cable industry. The Group's raw material cost particularly was also marginally impacted by the increased oil price and petroleum based raw materials. Despite the challenging environment, the Group recorded an earnings per share of 8.42 sen and net tangible assets of 48.77 sen for the financial year ended 31 March 2006.

#### DIVIDENDS

An interim tax exempt dividend of 3.25 sen per share amounting to RM4,192,500 in respect of the financial year ended 31 March 2006 was paid out on 8 May 2006.

With the inclusion of the 2006 dividend payout, the Company had returned RM15.46 million in cash to our shareholders since listing in 2003. The Board will continue to refine our dividend policy which seeks to balance the payment of a consistent dividend stream to shareholders and allocate sufficient funds to equity to allow for reinvestment into the growth of the Company.

#### CORPORATE GOVERNANCE

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

Our statement on corporate governance can be found on pages 23 to 27.

There were no sanctions and / or penalties imposed on Opcom and its subsidiary companies or the directors by the relevant regulatory bodies for the financial year ended 31 March 2006.

## OUTLOOK

According to the Ninth Malaysia Plan 2006 – 2010 released recently, the Malaysian Government placed great importance in fostering the development of high technology. The Government had said that continuous measures will be implemented to ensure that Malaysia remains a choice destination for ICT-based investments. The Government also has plans to develop new fields such as the local digital content industry and bio-informatics.

In addition, the Multimedia Super Corridor (“MSC”) development will focus on improving the corridor networks, encompassing the 3 existing cyber cities and 4 new cyber centres that will be developed, as well as enhancing facilities at Cyberjaya. As such, an extensive ICT infrastructure with reliable broadband connectivity will be required for advanced multimedia applications.

The implementation of the National Broadband Plan (“NBP”) in 2003 was a strategic step to propel the country into a knowledge-base society. One of the strategic priorities of the NBP was propagation of broadband access. The focal point of the broadband plan is the creation of a critical mass of broadband connections to support business viability for service providers. Under the Ninth Malaysia Plan, the implementation of the NBP will be accelerated, with the Government aiming to reach a greater mass of the population in Malaysia.

Based on the latest statistics for Quarter 1, 2006 released by Malaysia Communications and Multimedia Commission (“MCMC”), the number of broadband subscriptions increased from 297,177 (Q1:2005) to 575,816 (Q1:2006), representing a significant 93.8% year-on-year growth rate. Penetration rate increased from 1.2% (Q1:2005) to 2.2% (Q1:2006). Internet dial-up subscription grew at a much slower rate of 1.0% in the first quarter of 2006, from a total subscription of 3.67 million (Q4:2005) to 3.69 million (Q1:2006). Following the current trend, customer migration from dial-up to broadband is expected to speed up. Such development augur well for the fiber optic cables



industry as it would generate a higher demand for fiber optic cables, capable of higher bandwidth for high speed transmission for broadband connectivity. However, the operating environment in the industry continues to be highly competitive and challenging with continuous increase in raw material prices and operating expenditure.

### PROSPECT

Opcom has been actively working on broadening its customer base and has expanded steadily in the international arena, notably for its footprint in Pakistan after signing a Letter of Intent ("LOI") on 18 April 2006 with Fiberail Sdn Bhd for the manufacture, supply and delivery of optical fiber cables to Multinet Pakistan Private Limited in Karachi, Pakistan. The LOI is expected to be completed by calendar year 2006 and will contribute positively to the Group's earnings for the next financial year.

To ensure that Opcom remains a competitive player, our 70% owned subsidiary Opcom Cables Sdn Bhd ("OCSB") had on 21 April 2006 signed the Addendum II Agreement to extend and supplement the Technical Collaboration Agreement with Ericsson Network Technologies AB, Sweden ("ENT") for a period of five years commencing on 10 April 2006 and ending 9 April 2011. This positive development will ensure that ENT will continue to provide technology know-how, technical assistance and rights to OCSB for the purpose of producing certain fiber optic cables by OCSB in Malaysia.

Following the signing of the General Purchase Agreement with ENT in year 2005, Opcom is continuously involved in supplying connectorized cable products for various applications including wireline, infocomm and wireless network infrastructure. Exports to Ericsson Group of Companies and its global authorized sellers have increased steadily over the year and this has contributed towards increase in export sales and our product base overseas. Contribution from this product range is expected to increase in the next financial year and will form a larger pie of the Group's revenue and bottom line.

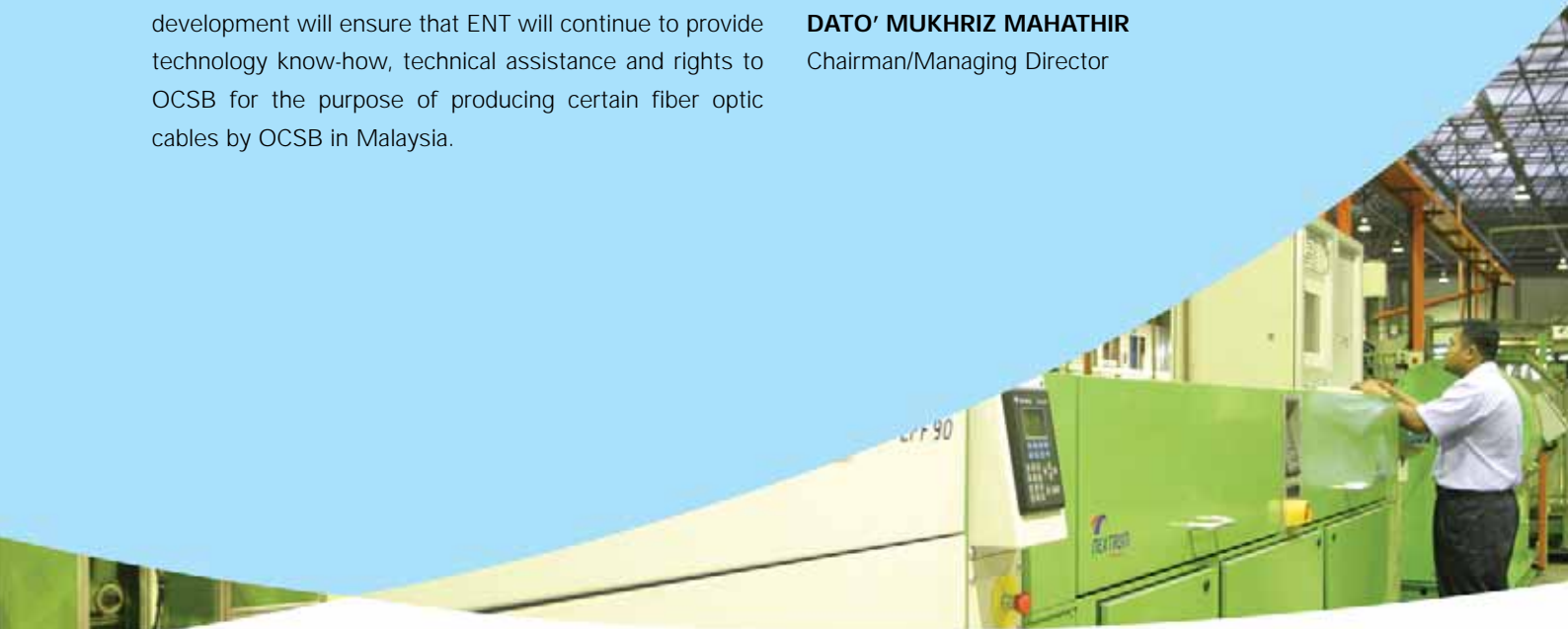
Moving forward, the Group will focus on diversifying its customer base and growing the value of its exports. We are confident of Opcom's performance and are committed to continuously improve shareholders' value.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my gratitude to our management team, employees, customers, valued shareholders and business partners for their invaluable support, trust and confidence for the Group.

### DATO' MUKHRIZ MAHATHIR

Chairman/Managing Director



# directors' profile

## **DATO' MUKHRIZ MAHATHIR**

Chairman/Managing Director

Dato' Mukhriz Mahathir, a Malaysian, aged 42, is the founder, Chairman and Managing Director of the Company and a member of the Remuneration Committee. Dato' Mukhriz is a substantial shareholder of the Company.

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

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

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

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

## **CHHOA KWANG HUA, ERIC**

Executive Director

Mr Eric Chhoa, a Malaysian, aged 42, co-founded the Company with Dato' Mukhriz in 1994. He is the Executive Director and Chief Financial Officer of the Company and a member of the Audit Committee.

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

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

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





### **TOMIO ALAN KOMATSU**

Independent Non-Executive Director

Mr Tomio Alan Komatsu, an American, aged 36 was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He is a member of the Audit Committee.

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

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

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

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

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

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

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

He is the Chairman of RMS Technologies Sdn Bhd. He also sits on the boards of a number of other private limited companies.

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



### SVEN JANNE SJÖDEN

Non-Independent Non-Executive Director

Mr Sven Janne Sjöden, a Swedish, aged 62 was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He is a member of the Remuneration Committee.

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

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

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

### ABDUL JABBAR BIN ABDUL MAJID

Independent Non-Executive Director

Encik Abdul Jabbar, a Malaysian, aged 61 was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He serves as Chairman of the Remuneration Committee.

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

He has 40 years experience in accounting, audit, receivership, liquidation, financial advisory and consultancy. His extensive experience involves working with companies in a wide range of sectors including property development and construction, manufacturing, retailing, trading, oil and gas and investment holding.

He is also a director of public listed companies such as Malakoff Berhad, Perusahaan Otomobil Nasional Berhad and Tradewinds Corporation Berhad.

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

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





# senior management



From left:

**CHHOA KWANG HUA, ERIC**  
Executive Director

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

**KAJ ROLAND SJÖLIN**  
Plant Manager



From left:

**YUSREE PUTRA ALIAS**  
Assistant General Manager  
(Marketing)

**LIM BEE KHIN**  
Deputy General Manager  
(Accounts)

**DANNY KHOO KAY POH**  
Head of Facility, Security and Safety



From left:

**AHMAD SABRI ABDUL MANAS**  
Assistant Plant & IMS Manager

**NORLINA SULAIMAN**  
Human Resource Manager

**CHING EAN EAN**  
Corporate Services Manager



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

Our total commitment to product quality and customer care have seen us moving forward in the continued development of our employees to meet future human resources needs of our organisation.

Synergy through  
**teamwork**





# financial highlights

	2002 RM mil	2003 RM mil	2004 RM mil	2005 RM mil	2006 RM mil
Revenue	39.80	46.04	58.08	78.29	<b>67.79</b>
Profit before tax	6.72	12.38	17.37	26.75	<b>18.22</b>
Profit after tax & MI	4.46	6.83	10.57	17.20	<b>10.87</b>
Property, plant and equipment	28.60	27.10	35.35	38.93	<b>36.35</b>
Current assets	24.25	35.73	59.31	67.92	<b>62.78</b>
Total assets	52.85	62.83	94.65	106.85	<b>99.13</b>
Share capital	12.00	12.00	17.20	17.20	<b>25.80</b>
Reserves	7.27	8.12	28.72	39.04	<b>37.11</b>
Shareholders' funds	19.27	20.12	45.92	56.24	<b>62.91</b>
Earnings per share (sen)*	3.46	5.29	8.19	13.33	<b>8.42</b>
NTA per share (sen)*	14.94	15.60	35.60	43.60	<b>48.77</b>
Return on equity (%)	23.14	33.95	23.02	30.58	<b>17.28</b>

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



# audit committee report

## TERMS OF REFERENCE

### Primary Purposes

The Audit Committee ("Committee") shall:

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

### Members

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

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

### Authority

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

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

### Functions and Duties

The functions of the Audit Committee are as follows:-

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

- e. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - f. the external auditors' audit report;
  - g. any management letter sent by the external auditors to the Company and the management's response to such letter;
  - h. any letter of resignation from the Company's external auditors;
  - i. the assistance given by the employees of the Company to the external auditors;
  - j. all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
  - k. all related party transactions and potential conflict of interests situations that may arise within the Company/Group.
2. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
  3. To carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effectiveness discharge of the Committee's duties and responsibilities.
  4. To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements.

5. The Committee actions shall be reported to the Board with such recommendations as the Committee deemed appropriate.
6. To report to the Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities for the MESDAQ Market.

### **Retirement and Resignation**

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

### **Meetings**

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

## Procedures of Audit Committee

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

- 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.

## Secretary

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

## COMPOSITION AND DESIGNATION

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

Chhoa Kwang Hua  
– Member (Executive Director)

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

## Number of Audit Committee Meetings and Details of Attendance

During the financial year ended 31 March 2006, a total of four (4) Audit Committee Meetings were held and the details of attendance are as follows:-

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

## SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

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

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

## INTERNAL AUDIT FUNCTION

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

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

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

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





# corporate governance statement

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

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

## BOARD OF DIRECTORS

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

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

- **Composition of the Board**

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

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

- **Board Meeting**

Board meetings are scheduled four (4) times per annum to review the Group's operations and to approve the quarterly reports and annual financial statements. The Board met five (5) times during the

financial year ended 31 March 2006. Details of each director's attendance of the Board meetings are disclosed in the statement accompanying notice of annual general meeting in this Annual Report.

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

- i) Audit Committee
- ii) Remuneration Committee

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

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

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

- **Directors' Training**

All Directors have attended and successfully completed the Mandatory Accreditation Programme and the Continuing Educational Programme within the timeframe stipulated in the Listing Requirements.

The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge so as to keep abreast with developments in the marketplace and to assist them in the discharge of their duties as Director. The Board will discuss and determine the training needs of the Directors and the Directors are encouraged to attend various training on their own and submit the certificate of attendance to the Company Secretary for record.

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

In financial year ended 31 March 2006, there was no new appointment to the Board as the Board was satisfied that the present Board possesses adequate experience and expertise to efficiently oversee the management of the Group.

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

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

• **Directors' Remuneration**

**Remuneration Committee**

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

**Composition and designation**

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

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

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

Dato' Mukhriz Mahathir  
– Member (Chairman/Managing Director)

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

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

The aggregate remuneration of the Directors for the financial year ended 31 March 2006 is as follows:-

Category	RM
Executive	710,290
Non-Executive	69,804

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
<RM50,000		4
RM50,001 – RM100,000		
RM100,001 – RM150,000		
RM150,001 – RM200,000		
RM200,001 – RM250,000		
RM250,001 – RM300,000		
RM300,001 – RM350,000	1	
RM350,001 – RM400,000	1	
<b>Total:</b>	<b>2</b>	<b>4</b>

## AUDIT COMMITTEE

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

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

The report detailing the activities of the Audit Committee is presented on pages 20 to 22 of this Annual Report.

## SHAREHOLDERS

### • Dialogue between the Company and Investors

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

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

### • General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. AGM is held yearly to consider the

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

## ACCOUNTABILITY & AUDIT

### • Financial Reporting

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

### • Relationship with the Auditors

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

### • Internal Control

The Board is responsible to review the adequacy and integrity of the Company's internal control systems. The Board has appointed experts, both internal and external, to ensure that the Company maintains a sound system of internal controls to safeguard the

shareholders' investment and the Company's assets. The Board reviews the effectiveness of the system of internal controls by the work of the internal auditors; the Audit Committee oversees the work of the internal audit and comments made by the internal auditors in their periodic reports.

The information on the Group's Internal Control Statement is as set out on pages 28 to 29 of this Annual Report.

### RISK MANAGEMENT COMMITTEE

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

### RESPONSIBILITY STATEMENT BY DIRECTORS

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

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

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

### STATEMENT ON MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST

Save as disclosed below, there were no material contracts involving the Directors' interest during the financial year ended 31 March 2006:-

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

The advances are non-interest bearing for the years ended 31 March 2003 and 31 March 2004. However, after 31 March 2004, the advances are subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The interest shall accrue from day to day and shall be calculated on the basis of a year of 365 days and is payable together with the advances forthwith on demand by Dato' Mukhriz Mahathir or at any time by the Company. There was no security provided by the Company on the advances.

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

The advances are non-interest bearing for the years ended 31 March 2003 and 31 March 2004. However, after 31 March 2004, the advances are subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The interest shall accrue from day to day and shall be calculated on the basis of a year of 365 days and is payable together with the advances forthwith on demand by Chhoa Kwang Hua or at any time by the Company. There was no security provided by the Company on the advances.

## RECURRENT RELATED PARTY TRANSACTION

The recurrent related party transactions of a revenue or trading nature of Opcom Holdings Berhad for the financial year ended 31 March 2006 were as follows:-

Transacting Party	Nature of Transaction	Interested Directors, Substantial Shareholders and Person Connected	Aggregate Value (RM)
Opcom Sdn. Bhd. ("OSB")	- Supply of goods and services to OSB <ul style="list-style-type: none"> <li>• Fiber optic cables</li> </ul>	Dato' Mukhriz Mahathir <sup>a</sup> Datin Norjita Zakaria <sup>b</sup> Mirzan Mahathir <sup>c</sup>	3,612,913
	- Purchase of services from OSB <ul style="list-style-type: none"> <li>• Commission payable to OSB</li> </ul>		1,868,437
Airzed Networks Sdn. Bhd. ("ANSB")	- Purchase of goods and services from ANSB <ul style="list-style-type: none"> <li>• Unlimited access plan</li> </ul>	Dato' Mukhriz Mahathir <sup>a</sup> Chhoa Kwang Hua <sup>d</sup>	5,400
OSB	Renting of Opcom's premises and open area (11,462 square feet) on No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by OSB	Dato' Mukhriz Mahathir <sup>a</sup> Datin Norjita Zakaria <sup>b</sup> Mirzan Mahathir <sup>c</sup>	391,572
ANSB	Renting of ANSB's office space (2,062.7 square feet) at Penthouse 2, Block D, Plaza Mont Kiara, Mont Kiara, 50480 Kuala Lumpur by Opcom	Dato' Mukhriz Mahathir <sup>a</sup> Chhoa Kwang Hua <sup>d</sup>	36,000
	Renting of Opcom's area at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by ANSB		7,650

### Notes :

#### Nature of Interest

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



# internal control statement

## INTRODUCTION

The Board of Directors ("the Board") of Opcom Holdings Berhad and its subsidiaries ("the Group") is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 March 2006, which has been prepared in accordance with the "Statement of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia Securities Berhad.

## BOARD'S RESPONSIBILITY

The Board 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 interests of its shareholders, whilst safeguarding its assets and shareholders' investments.

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

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

## RISK MANAGEMENT FRAMEWORK

The Board has a structured Risk Management framework that projects the Group's desires to identify, evaluate and manage significant business risks. The Risk Management Committee met 12 times during the financial year ended 31 March 2006, and carried out its duties in accordance with the Group's Risk Management Policies and Procedures.

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

## INTERNAL AUDIT

The Group appointed an independent internal audit service provider to carry out internal audit reviews assessing the adequacy and integrity of the internal control systems of the business units. 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 prompt response to the control recommendations on deficiencies noted during the financial audits provides added assurance that certain control procedures on matters relating to finance are in place, and being followed.

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

#### **OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM**

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

- **Control Procedures**

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

- **Organisational Structure and Accountability Levels**

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

- **Reporting and Review**

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

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

The Board is of the view that there is a continuous process in evaluating and managing significant risks and controls faced by the Group. There was no significant breakdown or weakness in the system of internal controls of the Group that may result in material loss to the Group for the financial year ended 31 March 2006.



# financial statements

<b>31-33</b> Directors' Report	<b>34</b> Statement by Directors	<b>35</b> Statutory Declaration
<b>36</b> Report of the Auditors	<b>37</b> Group Balance Sheet	<b>38</b> Group Income Statement
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# directors' report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2006.

## PRINCIPAL ACTIVITIES

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

## RESULTS

	Group RM	Company RM
Net profit for the year	10,866,312	4,528,230

## DIVIDEND

The Company declared an interim dividend of 3.25 sen per share tax exempt in respect of the year ended 31 March 2006 totalling to RM4,192,500, which was fully paid on 8 May 2006.

## RESERVES AND PROVISIONS

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

## DIRECTORS OF THE COMPANY

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

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

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

	Number of ordinary shares of RM0.20 each				At 31.3.2006
	At 1.4.2005	Bought	Bonus Issue*	Sold	
Shareholdings in which Directors have direct interest					
Dato' Mukhriz Mahathir	43,375,000	–	21,687,500	–	65,062,500
Chhoa Kwang Hua	1,375,000	–	687,500	–	2,062,500
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	475,000	–	237,500	–	712,500
Tomio Alan Komatsu	126,000	–	63,000	–	189,000
Sven Janne, Sjoden	350,000	–	175,000	(245,000)	280,000
Abdul Jabbar bin Abdul Majid	250,000	–	125,000	–	375,000

\* Bonus issue via capitalisation of share premium as fully paid-up on the basis of one (1) new ordinary share of RM0.20 each for every two (2) existing ordinary shares of RM0.20 each.

## **DIRECTORS OF THE COMPANY (CONTINUED)**

By virtue of his substantial interest in the shares of the Company, Dato' Mukhriz Mahathir is deemed to have an interest in the shares of all subsidiaries of the Company to the extent the Company has an interest.

## **DIRECTORS' BENEFITS**

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

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

## **SIGNIFICANT EVENTS DURING THE YEAR**

### **(a) Bonus issue**

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

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

The ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 14 April 2005. The ESOS has not been implemented as at the date of the financial statements.

## **ISSUE OF SHARES**

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

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

## **OPTIONS GRANTED OVER UNISSUED SHARES**

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

## **OTHER STATUTORY INFORMATION**

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

- i) all known bad debts have been written off and adequate provisions made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

## OTHER STATUTORY INFORMATION (CONTINUED)

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent, 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 or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2006 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## AUDITORS

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

Signed in accordance with a resolution of the Directors:



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



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

Kuala Lumpur,  
Date: 31 July 2006

# statement by directors

Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 37 to 63 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



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



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

Kuala Lumpur,

Date: 31 July 2006

# statutory declaration

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

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

Subscribed and solemnly declared by the above named in Kuala Lumpur on 31 July 2006.

Chhoa Kwang Hua

Before me:



Tingkat 10 Wisma UOA Damansara  
50, Jalan Dangan,  
Bukit Damansara,  
50490 Kuala Lumpur

# report of the auditors

## to the members of Opcom Holdings Berhad

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

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

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 March 2006 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

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



**KPMG**

Firm Number: AF 0758  
Chartered Accountants



**Mohamed Raslan Abdul Rahman**

Partner  
Approval Number: 1825/05/07(J/PH)

Kuala Lumpur,  
Date: 31 July 2006

# group balance sheet

at 31 March 2006

	Note	2006 RM	2005 RM
<b>Property, plant and equipment</b>	2	<b>36,349,188</b>	38,927,665
<b>Current assets</b>			
Inventories	4	<b>3,619,964</b>	14,321,980
Trade and other receivables	5	<b>13,977,326</b>	5,018,599
Tax recoverable		<b>142,654</b>	218,468
Cash and cash equivalents	6	<b>45,043,957</b>	48,364,706
		<b>62,783,901</b>	67,923,753
<b>Current liabilities</b>			
Trade and other payables	7	<b>13,887,028</b>	28,986,606
Taxation		<b>108,970</b>	1,021,298
Dividends payable		<b>4,192,500</b>	–
		<b>18,188,498</b>	30,007,904
<b>Net current assets</b>		<b>44,595,403</b>	37,915,849
		<b>80,944,591</b>	76,843,514
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	8	<b>25,800,000</b>	17,200,000
Reserves	9	<b>37,109,033</b>	39,035,221
<b>Shareholders' funds</b>		<b>62,909,033</b>	56,235,221
<b>Minority shareholders' interest</b>	10	<b>12,595,625</b>	12,496,648
<b>Long term and deferred liabilities</b>			
Amount owing to Directors	7	<b>3,471,436</b>	6,942,874
Deferred tax liabilities	11	<b>1,968,497</b>	1,168,771
		<b>80,944,591</b>	76,843,514

The financial statements were approved and authorised for issue by the Board of Directors on 31 July 2006.

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# group income statement

for the year ended 31 March 2006

	Note	2006 RM	2005 RM
<b>Revenue</b>	12	<b>67,794,354</b>	78,291,195
<b>Operating profit</b>	12	<b>18,535,293</b>	26,750,891
Interest expense		<b>(313,499)</b>	–
<b>Profit before taxation</b>		<b>18,221,794</b>	26,750,891
Tax expense	14	<b>(5,456,505)</b>	(6,496,344)
<b>Profit after taxation</b>		<b>12,765,289</b>	20,254,547
Less: Minority interests		<b>(1,898,977)</b>	(3,057,574)
<b>Net profit for the year</b>		<b>10,866,312</b>	17,196,973
Basic earnings per ordinary share (sen)	15	<b>8.4</b>	13.3
Dividends per ordinary share (net) (sen)	16	<b>3.3</b>	8.0

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.



group statement of **changes in equity**  
for the year ended 31 March 2006

	Note	Share capital RM	Non- distributable Share premium RM	Capital reserve RM	Distributable Retained profits RM	Total RM
<b>At 1 April 2004</b>		17,200,000	14,411,530	3,283	14,303,435	45,918,248
Net profit for the year		–	–	–	17,196,973	17,196,973
Dividends	16	–	–	–	(6,880,000)	(6,880,000)
<b>At 31 March 2005</b>		17,200,000	14,411,530	3,283	24,620,408	56,235,221
Net profit for the year		–	–	–	10,866,312	10,866,312
Dividends	16	–	–	–	(4,192,500)	(4,192,500)
Bonus issue		8,600,000	(8,600,000)	–	–	–
<b>At 31 March 2006</b>		25,800,000	5,811,530	3,283	31,294,220	62,909,033

Note 8

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# group cash flow statement

for the year ended 31 March 2006

	2006 RM	2005 RM
<b>Cash flows from operating activities</b>		
Profit before taxation	<b>18,221,794</b>	26,750,891
Adjustments for:		
Depreciation	<b>4,417,132</b>	4,414,518
Interest expense	<b>313,499</b>	–
Interest income	<b>(1,050,605)</b>	(1,135,958)
Net gain on disposal of property, plant and equipment	<b>(20,939)</b>	(30,767)
Property, plant and equipment written off	<b>38,113</b>	15,110
	<hr/>	<hr/>
Operating profit before working capital changes	<b>21,918,994</b>	30,013,794
Changes in working capital:		
Inventories	<b>10,702,016</b>	(4,423,725)
Trade and other receivables	<b>(8,899,654)</b>	2,479,831
Trade and other payables	<b>(20,372,085)</b>	2,196,637
	<hr/>	<hr/>
Cash generated from operations	<b>3,349,271</b>	30,266,537
Tax paid	<b>(5,493,293)</b>	(5,651,689)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,144,022)</b>	24,614,848
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(1,883,676)</b>	(8,109,824)
Proceeds from disposal of property, plant and equipment	<b>27,847</b>	132,180
Interest received	<b>991,532</b>	1,090,911
Increase in deposit pledged to bank	<b>(200,000)</b>	–
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(1,064,297)</b>	(6,886,733)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Dividends paid	–	(11,269,440)
Interest paid	<b>(312,430)</b>	–
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(312,430)</b>	(11,269,440)
	<hr/>	<hr/>

	<b>2006 RM</b>	<b>2005 RM</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,520,749)</b>	6,458,675
<b>Cash and cash equivalents at beginning of year</b>	<b>48,364,706</b>	41,906,031
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>44,843,957</b>	48,364,706
	<hr/>	<hr/>

**i) Cash and cash equivalents**

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

	<b>2006 RM</b>	<b>2005 RM</b>
Deposits with licensed banks	<b>25,916,000</b>	46,850,000
Cash and bank balances	<b>19,127,957</b>	1,514,706
	<hr/>	<hr/>
	<b>45,043,957</b>	48,364,706
Less: Deposit pledged with a licensed bank	<b>(200,000)</b>	–
	<hr/>	<hr/>
	<b>44,843,957</b>	48,364,706
	<hr/>	<hr/>

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# company balance sheet

at 31 March 2006

	Note	2006 RM	2005 RM
<b>Property, plant and equipment</b>	2	<b>20,587,677</b>	19,988,657
<b>Investments in subsidiaries</b>	3	<b>11,300,002</b>	11,400,002
<b>Current assets</b>			
Trade and other receivables	5	<b>9,381,941</b>	176,210
Tax recoverable		<b>702,654</b>	–
Cash and cash equivalents	6	<b>4,015,121</b>	12,758,699
		<b>14,099,716</b>	12,934,909
<b>Current liabilities</b>			
Trade and other payables	7	<b>4,422,440</b>	4,447,846
Taxation		–	65,631
Dividends payable		<b>4,192,500</b>	–
		<b>8,614,940</b>	4,513,477
<b>Net current assets</b>		<b>5,484,776</b>	8,421,432
		<b>37,372,455</b>	39,810,091
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	8	<b>25,800,000</b>	17,200,000
Reserves	9	<b>6,954,124</b>	15,218,394
<b>Shareholders' funds</b>		<b>32,754,124</b>	32,418,394
<b>Long term and deferred liabilities</b>			
Amount owing to Directors	7	<b>3,471,436</b>	6,942,874
Deferred tax liabilities	11	<b>1,146,895</b>	448,823
		<b>37,372,455</b>	39,810,091

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# company income statement

for the year ended 31 March 2006

	Note	2006 RM	2005 RM
<b>Revenue</b>	12	<b>12,508,492</b>	12,447,933
<b>Operating profit</b>	12	<b>5,670,387</b>	8,466,434
Interest expense		<b>(313,499)</b>	–
<b>Profit before taxation</b>		<b>5,356,888</b>	8,466,434
Tax expense	14	<b>(828,658)</b>	(1,909,326)
<b>Profit after taxation</b>		<b>4,528,230</b>	6,557,108
Dividends per ordinary share (net) (sen)	16	<b>3.3</b>	8.0

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

company statement of **changes in equity**  
for the year ended 31 March 2006

	Note	Non-distributable Share capital RM	Share premium RM	Distributable Retained profits RM	Total RM
<b>At 1 April 2004</b>		17,200,000	14,411,530	1,129,756	32,741,286
Net profit for the year		–	–	6,557,108	6,557,108
Dividends	16	–	–	(6,880,000)	(6,880,000)
<b>At 31 March 2005</b>		17,200,000	14,411,530	806,864	32,418,394
Net profit for the year		–	–	4,528,230	4,528,230
Dividends	16	–	–	(4,192,500)	(4,192,500)
Bonus issue		8,600,000	(8,600,000)	–	–
<b>At 31 March 2006</b>		25,800,000	5,811,530	1,142,594	32,754,124

Note 8

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.

# company cash flow statement

for the year ended 31 March 2006

	2006 RM	2005 RM
<b>Cash flows from operating activities</b>		
Profit before taxation	5,356,888	8,466,434
Adjustments for:		
Allowance for diminution in value of investment	100,000	–
Depreciation	680,537	599,478
Dividend income	(6,200,000)	(6,900,000)
Interest expense	313,499	–
Interest income	(303,968)	(450,273)
Loss on disposal of property, plant and equipment	1,417	15,079
Property, plant and equipment written off	4,419	2,886
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(47,208)	1,733,604
Changes in working capital:		
Trade and other receivables	(7,754,699)	106,172
Trade and other payables	(3,497,913)	(3,606,737)
	<hr/>	<hr/>
Cash used in operations	(11,299,820)	(1,766,961)
Tax paid	(338,871)	(487,885)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	(11,638,691)	(2,254,846)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	–	(100,002)
Purchase of property, plant and equipment	(1,290,393)	(666,332)
Proceed from disposal of property, plant and equipment	5,000	6,000
Dividends received	4,200,000	5,556,000
Interest received	292,936	438,848
	<hr/>	<hr/>
<b>Net cash generated from investing activities</b>	3,207,543	5,234,514
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Dividends paid	–	(11,269,440)
Interest paid	(312,430)	–
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(312,430)	(11,269,440)
	<hr/>	<hr/>

	<b>2006 RM</b>	<b>2005 RM</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,743,578)</b>	(8,289,772)
<b>Cash and cash equivalents at beginning of year</b>	<b>12,758,699</b>	21,048,471
<b>Cash and cash equivalents at end of year</b>	<b>4,015,121</b>	12,758,699

**i) Cash and cash equivalents**

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

	<b>2006 RM</b>	<b>2005 RM</b>
Deposits with licensed banks	<b>2,700,000</b>	12,050,000
Cash and bank balances	<b>1,315,121</b>	708,699
	<b>4,015,121</b>	12,758,699

The notes set out on pages 47 to 63 form an integral part of, and should be read in conjunction with, these financial statements.



# notes to the financial statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of accounting

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

### (b) Basis of consolidation

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

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

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

### (c) Property, plant and equipment

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

#### Depreciation

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

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

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

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

### (d) Investments in subsidiaries

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

### (e) Inventories

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

### (f) Trade and other receivables

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

### (g) Affiliated company

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

### (h) Cash and cash equivalents

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

### (i) Impairment

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

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

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

### (j) Liabilities

Borrowings and trade and other payables are stated at cost.

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

### (k) Employee benefits

#### (i) Short term benefits

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

#### (ii) Employees Provident Fund

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

### (l) Provisions

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

### (m) Income tax

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

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

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

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

### (n) Foreign currency

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

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

### (n) Foreign currency (continued)

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

	2006 RM	2005 RM
USD	3.7150	3.8300
SEK	0.4940	0.5288
SGD	2.3000	2.3285
EURO	4.5230	4.9660

### (o) Revenue

#### i) Goods sold

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

#### ii) Dividend income

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

#### iii) Interest income

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

#### iv) Rental income

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

#### v) Management fee

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

#### vi) Administrative fee

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

### (p) Expenses

#### i) Financing costs

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

#### ii) Operating lease payments

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

## 2. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land	Buildings	Motor vehicles	Office equipment	Computer equipment	Plant and machinery	Renovation	Tools and equipment	Furniture and fittings	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 April 2005	12,609,184	9,762,817	530,940	396,123	4,299,907	31,905,690	649,964	3,769	917,823	61,076,217
Additions	-	417,763	-	167,377	265,636	465,068	347,487	400	219,945	1,883,676
Disposals	-	-	(46,790)	(10,000)	(40,215)	(3,044)	-	-	-	(100,049)
Write off	-	-	-	(8,199)	(56,851)	(63,137)	(3,575)	-	(48,155)	(179,917)
At 31 March 2006	12,609,184	10,180,580	484,150	545,301	4,468,477	32,304,577	993,876	4,169	1,089,613	62,679,927
<b>Depreciation</b>										
At 1 April 2005	1,425,468	1,688,504	165,210	113,928	2,362,985	15,611,968	521,520	2,045	256,924	22,148,552
Charge for the year	167,702	203,612	96,831	60,902	757,214	2,909,634	141,942	417	78,878	4,417,132
Disposals	-	-	(46,790)	(3,583)	(40,028)	(2,740)	-	-	-	(93,141)
Write off	-	-	-	(5,643)	(56,756)	(55,265)	(2,085)	-	(22,055)	(141,804)
At 31 March 2006	1,593,170	1,892,116	215,251	165,604	3,023,415	18,463,597	661,377	2,462	313,747	26,330,739
<b>Net book value</b>										
At 31 March 2006	11,016,014	8,288,464	268,899	379,697	1,445,062	13,840,980	332,499	1,707	775,866	36,349,188
At 31 March 2005	11,183,716	8,074,313	365,730	282,195	1,936,921	16,293,723	128,444	1,724	660,899	38,927,665
Depreciation charge for the year ended 31 March 2005	167,703	195,256	116,221	43,786	906,501	2,812,707	106,274	377	65,693	4,414,518

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Long term leasehold land	Buildings	Office equipment	Computer equipment	Renovation	Tools and equipment	Furniture and fittings	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM
At 1 April 2005	12,609,184	9,762,817	218,397	679,527	91,591	3,769	436,736	23,802,021
Additions	-	417,763	140,336	226,573	337,636	400	167,685	1,290,393
Disposals	-	-	(10,000)	-	-	-	-	(10,000)
Write off	-	-	(2,799)	-	-	-	(4,405)	(7,204)
At 31 March 2006	12,609,184	10,180,580	345,934	906,100	429,227	4,169	600,016	25,075,210
<b>Depreciation</b>								
At 1 April 2005	1,425,468	1,688,504	61,503	462,512	68,954	2,045	104,378	3,813,364
Charge for the year	167,702	203,612	37,345	168,072	53,218	417	50,171	680,537
Disposals	-	-	(3,583)	-	-	-	-	(3,583)
Write off	-	-	(723)	-	-	-	(2,062)	(2,785)
At 31 March 2006	1,593,170	1,892,116	94,542	630,584	122,172	2,462	152,487	4,487,533
<b>Net book value</b>								
At 31 March 2006	11,016,014	8,288,464	251,392	275,516	307,055	1,707	447,529	20,587,677
At 31 March 2005	11,183,716	8,074,313	156,894	217,015	22,637	1,724	332,358	19,988,657
Depreciation charge for the year ended 31 March 2005	167,703	195,256	23,321	150,435	18,317	377	44,069	599,478

### 3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	11,400,002	11,400,002
Less: Impairment loss	(100,000)	–
	<b>11,300,002</b>	11,400,002

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

Name of Company	Principal Activities	Effective Ownership Interest	
		2006 %	2005 %
Opcom Cables Sdn. Bhd.	Manufacture of fiber optic cables and systems	70.0	70.0
Opcom Niaga Sdn. Bhd.	Supply of fiber optic cables and related accessories	100.0	100.0
Opcom Shared Services Sdn. Bhd.	Provision of human resource management services	100.0	100.0
Opcom Network Technologies Sdn. Bhd.	Design, integration, installation & provision of telecommunication network systems & services	100.0	100.0

### 4. INVENTORIES

	Group	
	2006 RM	2005 RM
Cost:		
Raw materials	456,746	1,127,610
Work-in-progress	697,105	1,075,043
Finished goods	667,088	8,914,396
Net realisable value:		
Raw materials	1,799,025	3,204,931
	<b>3,619,964</b>	14,321,980

## 5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	<b>6,266,288</b>	552,564	–	–
Other receivables, deposits and prepayments	<b>1,731,096</b>	1,379,965	<b>310,824</b>	134,538
Subsidiaries	–	–	<b>9,069,929</b>	41,672
Affiliated company	<b>5,967,239</b>	3,086,070	<b>1,188</b>	–
Corporate shareholder	<b>12,703</b>	–	–	–
	<b>13,977,326</b>	5,018,599	<b>9,381,941</b>	176,210

### Amount due from affiliated company

The amount due from affiliated company to the Group is trade related, unsecured and subject to normal trade terms except for an amount of RM1,188 (2005 – RM Nil) which is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

### Amount due from corporate shareholder

The amount due from corporate shareholder is trade related, unsecured and subject to normal trade terms.

## 6. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits with licensed banks	<b>25,916,000</b>	46,850,000	<b>2,700,000</b>	12,050,000
Cash and bank balances	<b>19,127,957</b>	1,514,706	<b>1,315,121</b>	708,699
	<b>45,043,957</b>	48,364,706	<b>4,015,121</b>	12,758,699

Included in the Group's deposits with licensed banks is an amount of RM200,000 (2005 – RM Nil) pledged for bank guarantees.



## 7. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Short term</b>				
Trade payables	177,812	1,010,214	–	–
Other payables and accrued expenses	7,405,879	23,397,146	927,302	925,333
Dividends payable	2,700,000	900,000	–	–
Amount owing to Directors	3,471,438	3,471,437	3,471,438	3,471,437
Employee benefits	131,899	207,809	23,700	51,076
	<b>13,887,028</b>	28,986,606	<b>4,422,440</b>	4,447,846
<b>Long term</b>				
Amount owing to Directors	3,471,436	6,942,874	3,471,436	6,942,874
	<b>17,358,464</b>	35,929,480	<b>7,893,876</b>	11,390,720

Included in the Group's other payables and accrued expenses in previous year was an amount due to a minority shareholder of a subsidiary amounting to RM3,571,590 which was trade related, unsecured and subject to normal trade terms and RM9,943,285 which arose from the acquisition of plant and machinery which was unsecured and subject to normal terms.

Dividends payable relates to interim dividend declared to a minority shareholder of a subsidiary in respect for the financial years ended 2006 and 2005 respectively.

### Employee benefits

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cost of sales	–	27,313	–	–
Administrative expenses	(75,910)	46,147	(27,376)	18,076
	<b>(75,910)</b>	73,460	<b>(27,376)</b>	18,076

### Amount due to Directors

The amount due to Directors is repayable by 5 instalments at the end of each financial year commencing from financial year ended 31 March 2004. First and second year are interest free. From third to fifth year, it is subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The amount due to Directors is unsecured.

## 8. SHARE CAPITAL

	Group and Company			
	2006		2005	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM0.20 each Authorised	<b>250,000,000</b>	<b>50,000,000</b>	125,000,000	25,000,000
Issued and fully paid:				
Balance at beginning of the year	<b>86,000,000</b>	<b>17,200,000</b>	86,000,000	17,200,000
Bonus issue	<b>43,000,000</b>	<b>8,600,000</b>	–	–
Balance at end of the year	<b>129,000,000</b>	<b>25,800,000</b>	86,000,000	17,200,000

During the financial year, the Company issued 43,000,000 ordinary shares of RM0.20 each arising from the issuance of bonus shares from the capitalisation of share premium as fully paid-up on the basis of one (1) new ordinary share of RM0.20 each for every two (2) existing ordinary shares of RM0.20 each.

## 9. RESERVES

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank in full all its retained profits as at 31 March 2006 if paid out as dividends without incurring additional tax liability.

## 10. MINORITY SHAREHOLDERS' INTEREST

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

## 11. DEFERRED TAX

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deferred tax liabilities	<b>1,968,497</b>	1,168,771	<b>1,146,895</b>	448,823

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

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Property, plant and equipment	<b>2,787,744</b>	2,719,223	<b>593,531</b>	489,161
Provisions	<b>(817,161)</b>	(1,261,495)	<b>(6,636)</b>	(40,338)
Dividend receivable	–	–	<b>560,000</b>	–
Others	<b>(2,086)</b>	(288,957)	–	–
	<b>1,968,497</b>	1,168,771	<b>1,146,895</b>	448,823

## 11. DEFERRED TAX (CONTINUED)

No deferred tax has been recognised for the following items:

	Group	
	2006 RM	2005 RM
Unutilised tax losses	(1,012,028)	(49,802)
Unabsorbed capital allowance	(27,863)	(14,747)
Temporary difference	17,323	14,235
	<b>(1,022,568)</b>	(50,314)

The unutilised tax losses, unabsorbed capital allowance and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

## 12. OPERATING PROFIT

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Revenue				
- sale of cables	<b>67,091,164</b>	77,448,850	-	-
- rental income	<b>399,222</b>	392,072	<b>2,998,524</b>	3,587,660
- interest income	<b>303,968</b>	450,273	<b>303,968</b>	450,273
- dividend income	-	-	<b>6,200,000</b>	6,900,000
- management fee	-	-	<b>3,006,000</b>	1,510,000
	<b>67,794,354</b>	78,291,195	<b>12,508,492</b>	12,447,933
Cost of manufactured goods	<b>(39,358,660)</b>	(38,790,332)	-	-
Cost of property maintenance and management	<b>(831,538)</b>	(1,402,640)	<b>(3,882,418)</b>	(1,671,427)
	<b>(40,190,198)</b>	(40,192,972)	<b>(3,882,418)</b>	(1,671,427)
Gross profit	<b>27,604,156</b>	38,098,223	<b>8,626,074</b>	10,776,506
Distribution costs	<b>(1,384,292)</b>	(1,887,407)	-	-
Administrative expenses	<b>(7,041,840)</b>	(9,040,264)	<b>(1,820,371)</b>	(2,313,712)
Other operating expenses	<b>(1,492,364)</b>	(1,135,361)	<b>(1,139,871)</b>	-
Other operating income	<b>849,633</b>	715,700	<b>4,555</b>	3,640
Operating profit	<b>18,535,293</b>	26,750,891	<b>5,670,387</b>	8,466,434
<b>Operating profit is arrived at after crediting:</b>				
Gain on disposal of property, plant and equipment	<b>22,356</b>	45,846	-	-
Gross dividends from subsidiaries	-	-	<b>6,200,000</b>	6,900,000
Interest income	<b>1,050,605</b>	1,135,958	<b>303,968</b>	450,273
Realised gain on foreign exchange	<b>167,147</b>	49,454	-	-
Rental income on land and buildings	<b>399,222</b>	392,072	<b>2,998,524</b>	3,587,660

## 12. OPERATING PROFIT (CONTINUED)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>and after charging:</b>				
Allowance for slow moving inventories	<b>642,013</b>	349,225	–	–
Allowance for diminution in value of investment	–	–	<b>100,000</b>	–
Allowance for doubtful debts	–	–	<b>1,039,871</b>	–
Audit fees	<b>38,000</b>	32,500	<b>11,500</b>	6,000
Depreciation	<b>4,417,132</b>	4,414,518	<b>680,537</b>	599,478
Directors' remuneration	<b>695,291</b>	560,550	<b>695,291</b>	560,550
Directors' fees	<b>266,091</b>	205,544	<b>84,803</b>	84,000
Interest expenses	<b>313,499</b>	–	<b>313,499</b>	–
Inventories written down	<b>437,608</b>	308,703	–	–
Loss on disposal of property, plant and equipment	<b>1,417</b>	15,079	<b>1,417</b>	15,079
Property, plant and equipment written off	<b>38,113</b>	15,110	<b>4,419</b>	2,886
Rental of apartment	<b>105,000</b>	109,480	–	–
Rental of motor vehicles	<b>3,881</b>	8,907	–	1,950
Rental of office	<b>36,000</b>	36,000	<b>36,000</b>	36,000

## 13. EMPLOYEE INFORMATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Staff costs	<b>5,580,817</b>	4,710,379	<b>575,027</b>	1,134,322

The number of employees of the Group and the Company (including Executive Directors) at end of the year were 133 (2005 - 117) and 2 (2005 - 3) respectively.

Staff costs of the Group and of the Company include contributions to the Employees Provident Fund of RM611,513 (2005 – RM457,225) and RM56,268 (2005 – RM108,864).

## 14. TAX EXPENSE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current tax expense				
Malaysia - current	<b>4,589,848</b>	6,053,358	<b>85,112</b>	1,714,316
- prior years	<b>66,931</b>	(132,740)	<b>45,474</b>	19,187
	<b>4,656,779</b>	5,920,618	<b>130,586</b>	1,733,503
Deferred tax expense				
Origination and reversal of temporary differences				
- current	<b>773,536</b>	603,129	<b>670,429</b>	209,051
- prior year	<b>26,190</b>	(27,403)	<b>27,643</b>	(33,228)
	<b>5,456,505</b>	6,496,344	<b>828,658</b>	1,909,326

#### 14. TAX EXPENSE (CONTINUED)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Reconciliation of tax expense</b>				
Profit before taxation	<b>18,221,794</b>	26,750,891	<b>5,356,888</b>	8,466,434
Income tax using Malaysian tax rates	<b>5,102,103</b>	7,490,249	<b>1,499,929</b>	2,370,601
Effect of changes in tax rate for chargeable income up to RM500,000	<b>(80,000)</b>	(54,583)	–	–
Non-deductible expenses	<b>156,316</b>	176,833	<b>449,240</b>	140,765
Tax incentives	<b>(78,131)</b>	(809,985)	<b>(1,176,000)</b>	(588,000)
Deferred tax assets not recognised	<b>272,231</b>	–	–	–
Other items	<b>(9,135)</b>	(146,027)	<b>(17,628)</b>	–
	<b>5,363,384</b>	6,656,487	<b>755,541</b>	1,923,367
Under/ (Over) provision in prior years	<b>93,121</b>	(160,143)	<b>73,117</b>	(14,041)
Tax expense	<b>5,456,505</b>	6,496,344	<b>828,658</b>	1,909,326

#### 15. EARNINGS PER ORDINARY SHARE – GROUP

##### Basic earnings per share

The calculation of basic earnings per share for 2006 is based on the net profit attributable to ordinary shareholders of RM10,866,312 (2005 – RM17,196,973) and the weighted average number of ordinary shares during the year of 129,000,000 (2005 - 129,000,000).

Weighted average number of ordinary shares

	2006	2005
Issued ordinary shares at the beginning of the year	<b>86,000,000</b>	86,000,000
Bonus issue	<b>43,000,000*</b>	43,000,000*
Weighted average number of ordinary shares	<b>129,000,000</b>	129,000,000

\* Since the bonus issue was an issue without consideration, it is treated as if it had occurred at the beginning of the financial year ended 31 March 2005. The comparative figure has been restated to disclose this fact.

## 16. DIVIDENDS

	Group and Company	
	2006 RM	2005 RM
Ordinary		
Interim paid/payable:		
3.25 sen per share tax exempt	<b>4,192,500</b>	–
(2005 – 2.06 sen per share tax exempt)	–	1,771,600
(2005 – 8.25 sen per share less tax)	–	5,108,400
	<b>4,192,500</b>	<b>6,880,000</b>

The calculation of net dividends per ordinary share as disclosed in the Income Statement is based on the total interim dividend for the financial year and the number of ordinary shares outstanding during the financial year of 129,000,000 (2005 - 86,000,000).

## 17. CONTINGENT LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Performance and warranty bonds issued to customers	<b>973,664</b>	187,000	–	100,000
Bank guarantees issued to government bodies	<b>2,850</b>	–	–	–

### Corporate guarantee

The Company has executed corporate guarantees in favour of a licensed bank of up to RM19.5 million (2005 – RM17.5 million) for banking facilities granted to its subsidiaries.

## 18. RELATED PARTIES

Controlling related party relationships are as follows:

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

## 18. RELATED PARTIES (CONTINUED)

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

Transactions	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Affiliates				
Company in which Dato' Mukhriz Mahathir, a Director, has interests:				
Opcom Sdn. Bhd.				
Sales	<b>3,612,913</b>	75,718,490	–	–
Commission payable	<b>(1,868,437)</b>	(2,854,501)	–	–
Rental income receivable	<b>391,572</b>	391,572	<b>391,572</b>	391,572
Company in which Dato' Mukhriz Mahathir and Mr. Chhoa Kwang Hua, Directors, have interests:				
Airzed Networks Sdn. Bhd.				
Purchase of plant & machinery	–	(299,598)	–	–
Rental payable	<b>(36,000)</b>	(36,000)	<b>(36,000)</b>	(36,000)
Purchase of unlimited wireless access plan	<b>(5,400)</b>	(6,600)	<b>(2,400)</b>	(2,400)
Rental income receivable	<b>7,650</b>	500	<b>7,650</b>	500
Subsidiaries				
Opcom Cables Sdn. Bhd.				
Rental income receivable	–	–	<b>2,160,000</b>	2,844,000
Gross dividend receivable	–	–	<b>4,200,000</b>	2,100,000
Management fees receivable	–	–	<b>882,000</b>	812,000
Opcom Niaga Sdn. Bhd.				
Rental income receivable	–	–	<b>319,302</b>	319,302
Gross dividend receivable	–	–	<b>2,000,000</b>	4,800,000
Management fees receivable	–	–	<b>1,956,000</b>	659,633
Opcom Shared Services Sdn. Bhd.				
Administrative fee payable	–	–	<b>(3,050,880)</b>	(908,000)
Rental income receivable	–	–	<b>84,000</b>	28,000
Management fees receivable	–	–	<b>84,000</b>	28,000
Opcom Network Technologies Sdn. Bhd.				
Rental income receivable	–	–	<b>36,000</b>	4,286
Management fees receivable	–	–	<b>84,000</b>	10,000

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

## 19. SEGMENTAL REPORTING

The Group operates wholly in Malaysia.

The financial information by industry segment is not presented as the Group's activities are principally in the manufacturing and supplying of fiber optic cables and related accessories.

## 20. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

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

#### Credit risk

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

At the balance sheet date, there were no significant concentration of credit risk, except for the amount due from an affiliated company and a corporate debtor which represents 93% (2005 – 85%) of the Group's total trade receivables. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of the receivables presented in the balance sheet.

#### Interest rate risk

The Group and the Company's exposure to interest rate risk arises through the amount owing to Directors and is managed through the use of fixed rate debt.

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

#### Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than the Ringgit Malaysia. The currency giving rise to the risk is primarily US Dollars. In relation to this, the Group and the Company did not hedge this exposure but the management monitors this exposure on an ongoing basis. The transactions in other foreign currencies are minimal.

#### Liquidity risk

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



## 20. FINANCIAL INSTRUMENTS (CONTINUED)

### Effective interest rates and repricing analysis

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

Group	Effective interest rate %	Total RM	Within 1 year RM	1-2 years RM
<b>2006</b>				
Deposits with licensed banks	2.86	25,916,000	25,916,000	–
Amount owing to Directors	3.00	6,942,874	3,471,438	3,471,436
<b>2005</b>				
Deposits with a licensed bank	2.46	46,850,000	46,850,000	–
<b>Company</b>				
<b>2006</b>				
Deposits with licensed banks	2.91	2,700,000	2,700,000	–
Amount owing to Directors	3.00	6,942,874	3,471,438	3,471,436
<b>2005</b>				
Deposits with a licensed bank	2.58	12,050,000	12,050,000	–

### Fair values

#### Recognised financial instruments

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

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

	Carrying amount RM	Fair value RM
<b>2006</b>		
Amount owing to Directors	6,943,943	6,597,515
<b>2005</b>		
Amount owing to Directors	10,414,311	9,732,409

#### Unrecognised financial instruments

There are no unrecognised financial instruments in the balance sheets at 31 March 2006.

# list of properties

Location & Description	Existing Use	Tenure	Build up area	Age of Properties	Book Value (RM'000)
1. PN 22504, No. Lot 64, Seksyen 15 Tapak Perusahaan Shah Alam, Bandar Shah Alam District of Petaling and State of Selangor being land bearing the address of No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan	<ul style="list-style-type: none"> <li>• Guard House, Car Parks Substation Building and Pump House</li> <li>• Office Buildings</li> <li>• Warehouses</li> <li>• Manufacturing Block</li> </ul>	99-year leasehold expiring on 08.08.2068	Land area: 29,270 sq. meters  Built-up area: 9,310 sq. meters	<ul style="list-style-type: none"> <li>• Age of manufacturing block: approximately 10 years</li> <li>• Age of other buildings/ structures: more than 20 years</li> </ul>	Land: 11,016 (for both items 1 & 2)  Building: 8,288
2. PN 22505, No. Lot 65, Seksyen 15 Tapak Perusahaan Shah Alam, Bandar Shah Alam District of Petaling and State of Selangor being land bearing the address of No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan	Vacant Land	99-year leasehold expiring on 18.04.2074	Land area: 12,952 sq. meters	Not applicable	Refer above

# analysis of **shareholdings** as at 31 July 2006

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

## DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	25	1.10	1,250	–
100 – 999	91	4.02	40,450	0.03
1,000 – 4,999	1,118	49.36	2,675,800	2.08
5,000 – 10,000	544	24.02	3,871,550	3.00
10,001–100,000	441	19.47	12,175,900	9.44
100,001 – 1,000,000	41	1.81	9,472,550	7.34
Above 1,000,000	5	0.22	100,762,500	78.11
<b>Total</b>	<b>2,265</b>	<b>100.00</b>	<b>129,000,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	% of Issued Share Capital
1. Dato' Mukhriz Mahathir	65,062,500	50.44
2. Rezeki Tegas Sdn Bhd	27,000,000	20.93
3. Asfah Logistics Sdn Bhd	5,332,500	4.13
4. Chhoa Kwang Hua	2,062,500	1.60
5. Sierra Partners Sdn Bhd	1,305,000	1.01
6. Zaini Bin Mohd Said	712,500	0.55
7. Nan Nan Nancy	561,000	0.43
8. Ho Sai Ming	520,000	0.40
9. A.A. Assets Nominees (Tempatan) Sdn Bhd Kestrel Capital Partners (M) Sdn Bhd for Lau Chee Tong	500,000	0.39
10. HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	500,000	0.39
11. Zainal Abidin Bin Pit	466,500	0.36
12. Aziz Bin Abdullah	375,000	0.29
13. Abdul Jabbar Bin Abdul Majid	375,000	0.29
14. Rampai Dedikasi Sdn Bhd	305,500	0.24
15. Mohamed Rashdan Bin Baba	300,000	0.23
16. Sven Janne Sjoden	280,000	0.22
17. Chua Gaik Suwan	278,000	0.22
18. Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Lim Kian Seng (Smart)	240,000	0.19
19. Chu @ Chew So Tuan	235,000	0.18
20. Loo Hwee Lim	228,000	0.18
<b>Total</b>	<b>106,639,000</b>	<b>82.67</b>

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

Name	Direct	No. of Shares held		%
		%	Indirect	
Dato' Mukhriz Mahathir	65,062,500	50.44	–	–
Rezeki Tegas Sdn. Bhd.	27,000,000	20.93	–	–

**STATEMENT OF DIRECTORS' INTERESTS**

Name	Direct	No. of Shares held		%
		%	Indirect	
Dato' Mukhriz Mahathir	65,062,500	50.44	–	–
Chhoa Kwang Hua	2,062,500	1.60	–	–
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	0.55	–	–
Tomio Alan Komatsu	189,000	0.15	–	–
Sven Janne Sjöden	280,000	0.22	–	–
Abdul Jabbar Bin Abdul Majid	375,000	0.29	–	–

# appendix 1

## DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF THE COMPANY

It is proposed that the Articles of Association of the Company be amended in the following manner:

### 1. Article 2 - Definitions

- i. THAT the existing definition of "Approved Market Place" in Article 2(1)(b) which reads as follows:

"Approved Market Place – A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order (No. 2) 1998."

be amended by deleting the definition of "Approved Market Place" in its entirety and substituting with the following:

**"Approved Market Place – A stock exchange which is specified to be an approved market place pursuant to an exemption order made under section 62A of the Securities Industry (Central Depositories) Act 1991."**

- ii. THAT the existing definition of "Central Depository" in Article 2(1)(d) which reads as follows:

"Central Depository – Malaysian Central Depository Sdn. Bhd."

be amended by deleting the definition of "Central Depository" in its entirety and substituting with the following:

**"Central Depository – Bursa Malaysia Depository Sdn. Bhd."**

- iii. THAT the existing definition of "Central Depositories Act" in Article 2(1)(e) which reads as follows:

"Central Depositories Act – The Securities Industry (Central Depositories) Act 1991."

be amended by deleting the definition of "Central Depositories Act" in its entirety and substituting with the following:

**"Central Depositories Act – The Securities Industry (Central Depositories) Act 1991 as amended from time to time and any re-enactment thereof."**

- iv. THAT the existing definition of "Depositor" in Article 2(1)(h) which reads as follows:

"Depositor – A holder of a Securities Account."

be amended by deleting the definition of "Depositor" in its entirety and substituting with the following:

**"Depositor – A holder of a Securities Account established by the Central Depository."**

- v. THAT the existing definition of "Deposited Security" in Article 2(1)(i) which reads as follows:

"Deposited Security – A security in the Company standing to the credit of a Securities Account and includes, securities in a Securities Account that is in suspense subject to the provisions of the Central Depositories Act."

be amended by deleting the definition of "Deposited Security" in its entirety and substituting with the following:

**"Deposited Security – shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991."**

vi. THAT the existing definition of "KLSE" in Article 2(1)(k) which reads as follows:

"KLSE – Kuala Lumpur Stock Exchange."

be deleted and in place thereof the following definition be inserted:

**"Bursa Securities – Bursa Malaysia Securities Berhad."**

AND THAT the term "KLSE" wherever it appears in these Articles be replaced with the term "Bursa Securities".

vii. THAT the existing definition of "MMLR" in Article 2(1)(l) which reads as follows:

"MMLR – Listing Requirements of the KLSE for the MESDAQ Market."

be amended by deleting the definition of "MMLR" in its entirety and substituting with the following:

**"MMLR – Listing Requirements of Bursa Securities for the MESDAQ Market including any amendments to the Listing Requirements that may be made from time to time."**

viii. THAT the existing definition of "Rules" in Article 2(1)(w) which reads as follows:

"Rules – Rules of the Central Depository."

be amended by deleting the definition of "Rules" in its entirety and substituting with the following:

**"Rules – shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991."**

## **2. Article 16 – Restrictions on Issue**

THAT the existing Article 16(2)(b) which reads as follows be deleted in its entirety:

**"16(2)(b) such Director holds office in an executive capacity or if he does not hold such office, participates in an issue of shares pursuant to an offer or issue of shares to the public."**

THAT the existing Article 16(4) which reads as follows be deleted in its entirety:

**"16(4) the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time."**

### 3. Article 44 – Execution Requirements

THAT the existing Article 44 which reads as follows:

“The instrument of transfer of any shares in the Company shall be executed by or on behalf of the transferor and transferee and the transferor shall be deemed to remain the holder of the share until the transferee’s name is entered in the Register as the holder of that share and/or the Record of Depositors, as the case may be.”

be amended by deleting the words **“The instrument of transfer of any shares in the Company shall be executed by or on behalf of the transferor and transferee and”** and the amended Article 44 shall read as follows:

**“44.** The transferor shall be deemed to remain the holder of the share until the transferee’s name is entered in the Register as the holder of that share and/or the Record of Depositors, as the case may be.”

### 4. Article 78 – Specifications on Notice

THAT the existing Article 78 which reads as follows:

“Every notice convening general meetings shall specify the place, day and hour of the meeting and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty one days (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special businesses. At least fourteen (14) days’ notice, or twenty one (21) days’ in the case where the special resolution is to be proposed or where it is an annual general meeting, of every such meeting shall be given by advertisement in the daily newspaper in the National or English language press and in writing to each stock exchange upon which the Company is listed including the MESDAQ Market.”

be amended by replacing the words **“the daily newspaper in the National or English language press”** in the last sentence with the words **“at least one nationally circulated Bahasa Malaysia or English daily newspaper”** and the amended Article 78 shall read as follows:

**“78.** Every notice convening general meetings shall specify the place, day and hour of the meeting and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special businesses. At least fourteen (14) days’ notice, or twenty one (21) days’ in the case where the special resolution is to be proposed or where it is an annual general meeting, of every such meeting shall be given by advertisement in **at least one nationally circulated Bahasa Malaysia or English daily newspaper** and in writing to each stock exchange upon which the Company is listed including the MESDAQ Market.”

### 5. Article 79 – Manner of Notice

THAT the existing Article 79 which reads as follows:

“Subject to these Articles and to any restrictions imposed on any shares, every notice calling a general meeting shall be given by advertisement in one (1) daily newspaper in the National or English language and in writing to the stock exchange on which the Company is listed, all the Members, to all persons entitled to a share (who have produced such evidence as may from time to time be required by the Central Depository in accordance with the Rules or as the Central Depository may determine) in consequence of the death, bankruptcy or mental disorder of a Member or by operation of law and to the Directors and auditors of the Company. A notice by advertisement under this Article shall be deemed given on the day on which the advertisement appears in the daily newspaper through which such advertisement is made.”

be amended by replacing the words **“one (1) daily newspaper in the National or English language”** with the words **“at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper”** and the amended Article 79 shall read as follows:

**“79.** Subject to these Articles and to any restrictions imposed on any shares, every notice calling a general meeting shall be given by advertisement in **at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper** and in writing to the stock exchange on which the Company is listed, all the Members, to all persons entitled to a share (who have produced such evidence as may from time to time be required by the Central Depository in accordance with the Rules or as the Central Depository may determine) in consequence of the death, bankruptcy or mental disorder of a Member or by operation of law and to the Directors and auditors of the Company. A notice by advertisement under this Article shall be deemed given on the day on which the advertisement appears in the daily newspaper through which such advertisement is made.”

## **6. Article 97 - Vote**

THAT the existing Article 97 which reads as follows:

“Subject to any rights or restrictions attached to any shares, every Member who:

- (1) being an individual, is present in person or by proxy or attorney; or
- (2) being a corporation, is present by a duly authorised representative or by proxy or attorney,

shall on a show of hands have one (1) vote and on a poll every Member shall have one (1) vote for every share of which he is the holder. On a poll votes may be given either personally or by proxy or by attorney or by a duly authorised representative of a corporate Member. A proxy shall be entitled to vote on any question at any general meeting.”

be amended by inserting the words **“who has the right to vote”** immediately after the word **“Member”** in first sentence and the amended Article 97 shall read as follows:

**“97.** Subject to any rights or restrictions attached to any shares, every Member **who has the right to vote**:

- (1) being an individual, is present in person or by proxy or attorney; or
- (2) being a corporation, is present by a duly authorised representative or by proxy or attorney,

shall on a show of hands have one (1) vote and on a poll every Member who **has the right to vote** shall have one (1) vote for every share of which he is the holder. On a poll votes may be given either personally or by proxy or by attorney or by a duly authorised representative of a corporate Member. A proxy shall be entitled to vote on any question at any general meeting.”

## **7. Article 101 – Appointment of Proxies**

THAT the existing Article 101 which reads as follows:

“A Member may appoint up to two (2) proxies to attend on the same occasion. A proxy need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. Where a Member is an authorised nominee as defined under the 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.”



be amended by replacing the words **“at least one (1) proxy”** in the last sentence with the words **“not more than two (2) proxies”** and the amended Article 101 shall read as follows:

**“101.** A Member may appoint up to two (2) proxies to attend on the same occasion. A proxy need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint **not more than two (2) proxies** in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.”

## **8. Article 127 - Retirement**

THAT the existing Article 127 which reads as follows:

“An election of Directors shall take place each year during the annual general meeting. At every annual general meeting, one-third of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office such that each Director shall retire from office once in every three (3) years and if there is only one (1) Director who is subject to retirement by rotation, he shall retire. All Directors who retire from office shall be eligible for re-election.”

be amended by deleting the last sentence **“All Directors who retire from office shall be eligible for re-election”** and the amended Article 127 shall read as follows:

**“127.** An election of Directors shall take place each year during the annual general meeting. At every annual general meeting, one-third of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office such that each Director shall retire from office once in every three (3) years and if there is only one (1) Director who is subject to retirement by rotation, he shall retire.”

## **9. 136(7) – Vacation of Office**

THAT the existing Article 136(7) which reads as follows:

“is absent from more than 50% of the total Directors’ meetings held during a financial year.”

be amended by adding the words **“unless an exemption or waiver is obtained from the Exchange.”** to the sentence and the amended Article 136(7) shall read as follows:

**“136(7)** is absent from more than 50% of the total Directors’ meetings held during a financial year, **unless an exemption or waiver is obtained from the Exchange.”**

## **10. Article 140 – Appointment to Executive Office**

THAT the existing Article 140 which reads as follows:

“Subject to the Act, the Directors may appoint one (1) or more of their number to any executive office (by whatever title it is known) including (without limitation) that of president, vice president, managing director, joint, deputy or assistant managing director and may procure the Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, contract or arrangement may be made (subject to these Articles) on such terms as to remuneration and otherwise as the Directors think fit except that any appointment of a managing director for a fixed term shall not be for a term exceeding five (5) years (which may be renewable from time to time by the Company (but any such renewal shall not be for a term exceeding five (5) years at a time)). A Director may be appointed to hold more than one executive office at a time. A managing director shall be subject to the control of the Board of Directors. References in these Articles to ‘president’ or ‘vice president’ shall mean a president or vice president (as the case may be) appointed under this Article. References in these Articles to ‘managing director’ shall mean a managing director appointed under this Article or (subject to such person appointed being a Director) a managing director appointed under any previous articles of association of the Company.”

be amended by deleting from the second sentence the words **“except that any appointment of a managing director for a fixed term shall not be for a term exceeding five (5) years (which may be renewable from time to time by the Company (but any such renewal shall not be for a term exceeding five (5) years at a time))”** and the amended Article 140 shall read as follows:

**“140.** Subject to the Act, the Directors may appoint one (1) or more of their number to any executive office (by whatever title it is known) including (without limitation) that of president, vice president, managing director, joint, deputy or assistant managing director and may procure the Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, contract or arrangement may be made (subject to these Articles) on such terms as to remuneration and otherwise as the Directors think fit. A Director may be appointed to hold more than one executive office at a time. A managing director shall be subject to the control of the Board of Directors. References in these Articles to ‘president’ or ‘vice president’ shall mean a president or vice president (as the case may be) appointed under this Article. References in these Articles to ‘managing director’ shall mean a managing director appointed under this Article or (subject to such person appointed being a Director) a managing director appointed under any previous articles of association of the Company.”

## **11. Article 150 – Disqualification from Voting**

THAT the existing Article 150 which reads as follows:

“Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

- (1) in a case where the contract or proposed contract relates to any loan to the company that he has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or
- (2) in a case where the contract or proposed contract has been or will be made with or (or the benefit of or on behalf of a Related Corporation) that he is a director of that corporation.

A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.”

be amended by deleting in its entirety and substituting with the following:

**“150. Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, an interest.**

**A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.”**

## **12. Article 176 – Copy of Reports to Members**

THAT the existing Article 176 which reads as follows:

“A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (at least twenty-one (21) days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. The interval between the close of a financial year of the Company and the issue of the annual report, audited accounts, the directors’ and auditors’ reports shall not exceed six (6) months. The required number of copies of each of these documents shall at the same time be sent to each stock exchange on which the Company is listed. Nothing in this Article shall require the Company to send to any Member whose address the Company is not aware a copy of these documents but any Member who is entitled but has not been sent a copy of these documents may collect such documents at the Office of the Company at no charge.”

be amended by deleting the word **“report,”** and changing the word **“six (6)”** to **“four (4)”** in second sentence and the amended Article 176 shall read as follows:

**“176.** A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (at least twenty-one (21) days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. The interval between the close of a financial year of the Company and the issue of the annual audited accounts; the directors’ and auditors’ reports shall not exceed **four (4)** months. The required number of copies of each of these documents shall at the same time be sent to each stock exchange on which the Company is listed. Nothing in this Article shall require the Company to send to any Member whose address the Company is not aware a copy of these documents but any Member who is entitled but has not been sent a copy of these documents may collect such documents at the Office of the Company at no charge.”

### **13. Article 185 – Advertisement**

THAT the existing Article 185 which reads as follows:

“Any notice required to be given by the Company to Members and not expressly provided for by these Articles shall be sufficiently given if given by advertisement. Any notice required to be or which may be given by advertisement shall be advertised once in one (1) daily newspaper (in either the National or English language).”

be amended by replacing the words **“one (1) daily newspaper (in either the National or English language)”** with the words **“at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper”** and the amended Article 185 shall read as follows:

**“185.** Any notice required to be given by the Company to Members and not expressly provided for by these Articles shall be sufficiently given if given by advertisement. Any notice required to be or which may be given by advertisement shall be advertised once in **at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.**”

### **14. Article 196 – Effect of MMLR**

THAT the existing Article 196 which reads as follows:

“Notwithstanding anything contained in these Articles:

- (a) an act prohibited by the MMLR shall not be done;
  - (b) an act required to be done by the MMLR can be done;
  - (c) authority is given for an act required to be done or not to be done (as the case may be) by the MMLR;
  - (d) these Articles are deemed to contain a provision required to be contained in these Articles by the MMLR;
  - (e) these Articles are deemed not to contain a provision not required to be contained in the Articles by the MMLR;
- these Articles are deemed not to contain anything inconsistent with the MMLR to the extent of the inconsistency.”

be deleted in its entirety and substituting with the following new provisions:

- “196.**
- (a) Notwithstanding anything contained in these Articles, if the Listing Requirements prohibit an act being done, the act shall not be done.**
  - (b) Nothing contained in these Articles prevents an act being done that the Listing Requirements require to be done.**
  - (c) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).**
  - (d) If the Listing Requirements require these Articles to contain a provision and they do not contain such a provision, these Articles are deemed to contain that provision.**
  - (e) If the Listing Requirements require these Articles not to contain a provision and they contain such a provision, these Articles are deemed not to contain that provision.**
  - (f) If any provision of these Articles is or becomes inconsistent with the Listing Requirements, these Articles are deemed not to contain that provision to the extent of the inconsistency.”**

proxy  
**form**



**OPCOM HOLDINGS BERHAD**

(322661-W)  
(Incorporated in Malaysia)

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

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

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

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

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

as my/our proxy to vote for me/us and if necessary to demand a poll at the Annual General Meeting of the Company to be held at Kristal Ballroom 2, 1st Floor West Wing, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 19 September 2006 at 9.30 a.m. and at any adjournment thereof. The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

Resolution No.	1	2	3	4	5	6	7	8	9	10
<b>For</b>										
<b>Against</b>										

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

Number of shares held

\_\_\_\_\_  
Signature

**Notes:-**

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

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AFFIX  
STAMP

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

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

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