



OPCOM HOLDINGS BERHAD

(322661-W)

(Incorporated in Malaysia)

digitally bridging people



annual report | **2004** |



vision

An affordable broadband
infrastructure for all Malaysians.

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notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be held at Glenmarie Ballroom A, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 30 September 2004 at 9.00 a.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2004 and the Reports of Directors and Auditors thereon.

Ordinary Resolution 1

2. To approve the payment of Directors' fees of RM21,000 for the year ended 31 March 2004.

Ordinary Resolution 2

3. To re-elect Dato' Mukhriz Mahathir who retires pursuant to Article 127 of the Company's Articles of Association.

Ordinary Resolution 3

4. To re-elect the following Directors retiring in accordance with Article 132 of the Company's Articles of Association:-

(i) Sven Janne Sjöden

Ordinary Resolution 4

(ii) Abdul Jabbar Bin Abdul Majid

Ordinary Resolution 5

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

Ordinary Resolution 6

6. **PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Ordinary Resolution 7

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

"THAT, subject to compliance with the Companies Act, 1965, the Company's Memorandum & Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market, and the regulations, guidelines, guidance notes and/or such approvals as may be issued by Bursa Securities and/or other regulatory authorities from time to time, all transactions entered into by the Company and its subsidiaries as described in Section 2.3.1 of the Circular to Shareholders dated 8 September 2004 from 23 December 2003 (the listing date) to 30 September 2004, the date of passing this Ordinary Resolution, be and are hereby approved and ratified."

7. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Ordinary Resolution 8

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

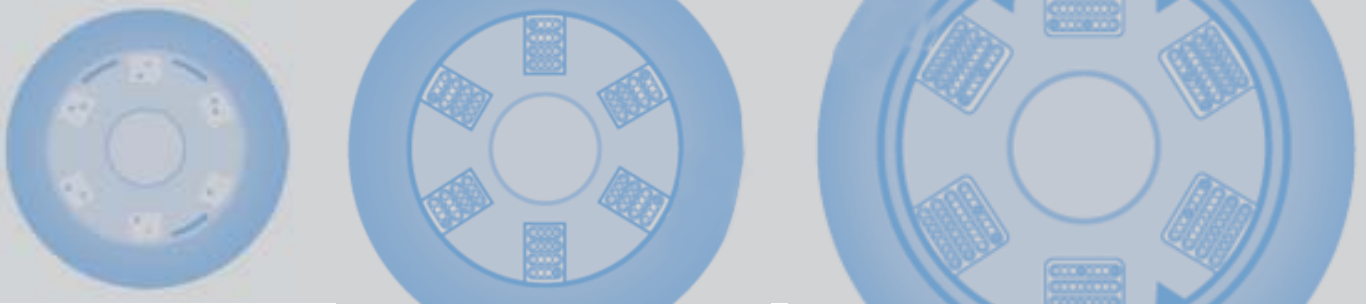
"THAT, pursuant to Rule 6.8 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with the Related Party as detailed in Section 2.3.2 of the Circular to Shareholders dated 8 September 2004 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 THAT the Directors of the Company be and hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions.



AND THAT, the estimates given on the recurrent related party transactions specified in Section 2.3.2 of the Circular to Shareholders dated 8 September 2004 being provisional in nature, the Directors and/or any of them be and 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."

8. AUTHORITY TO ISSUE SHARES

Ordinary Resolution 9

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

"THAT subject always to the Companies Act, 1965 ("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 in any one financial year of 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."

9. 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
8 September 2004

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 Resolution 7

Proposed Shareholders' Ratification for Recurrent Related Party Transactions

The Ordinary Resolution 7 proposed under item 6, if passed, will ratify the Recurrent Related Party Transactions entered into by the Company and its subsidiaries. Further information on the Proposed Shareholders' Ratification for Recurrent Related Party Transactions is set out in Section 2.3.1 of the Circular to Shareholders dated 8 September 2004, which is despatched together with the Company's Annual Report 2004.

Ordinary Resolution 8

Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The Ordinary Resolution 8 proposed under item 7, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions pursuant to Rule 6.8 of the Listing Requirements. Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions is set out in Section 2.3.2 of the Circular to Shareholders dated 8 September 2004, which is despatched together with the Company's Annual Report 2004.

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.





statement accompanying notice of annual general meeting of company

DETAILS OF MEETING

The Ninth Annual General Meeting of the Company will be held at Glenmarie Ballroom A, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 30 September 2004 at 9.00 a.m.

RE-ELECTION OF DIRECTORS

The Directors who are standing for re-election are as follows:

- Dato' Mukhriz Mahathir retires pursuant to Article 127 of the Company's Articles of Association.
- The following Directors retire pursuant to Article 132 of the Company's Articles of Association:
 - (i) Sven Janne Sjöden
 - (ii) Abdul Jabbar Bin Abdul Majid

The profiles of the Directors standing for re-election are set out on pages 12 and 14 of the Annual Report.

BOARD MEETING

There was one (1) Board Meeting held during the financial year ended 31 March 2004 since the listing of the Company on the MESDAQ Market of Bursa Malaysia Securities Berhad on 23 December 2003. The Meeting was held at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan. All the Directors with the exception of Sven Janne Sjöden attended the Meeting.

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

Director	Total Attendance
Dato' Mukhriz Mahathir	1/1
Chhoa Kwang Hua	1/1
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	1/1
Tomio Alan Komatsu	1/1
Sven Janne Sjöden	0/1
Abdul Jabbar Bin Abdul Majid	1/1



corporate information

BOARD OF DIRECTORS

Dato' Mukhriz Mahathir
Chairman/Managing Director

Chhoa Kwang Hua, Eric
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
Independent Non-Executive Director

Chhoa Kwang Hua, Eric
Member
Executive Director

Tomio Alan Komatsu
Member
Independent Non-Executive Director

SECRETARIES

Ms Seow Fei San
MAICSA 7009732

Ms Loh Lai Ling
MAICSA 7015412

REGISTERED OFFICE

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

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
(378993-D)
Level 26, Menara Multi Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530/2721 2531

AUDITORS

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

SPONSOR

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

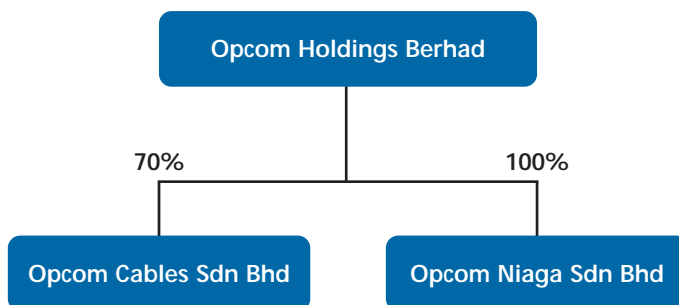
BANKER

RHB Bank Berhad (6171-M)
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

corporate structure





• OCTOBER 2003

In October 2003, Opcom Cables Sdn Bhd ("OCSB"), the manufacturing arm of the Group, had upgraded its MS ISO 9002 certification to MS ISO 9001 : 2000, which contains a large number of "checkpoints" that OCSB must satisfy from a quality stand-point. With such quality control being exercised in every step of the manufacturing process, the Group ensures that only the highest grade fiber optic cables leave the factory.

• NOVEMBER 2003

On 21 November 2003, Opcom Holdings Berhad ("Opcom") signed an underwriting agreement with AmMerchant Bank Berhad and AmSecurities Sdn Bhd for the open portion of the public issue shares of Opcom in conjunction with its listing on the MESDAQ market of the Bursa Malaysia Securities Berhad ("Bursa Securities").



• DECEMBER 2003

On 23 December 2003, Opcom was successfully listed on the MESDAQ Market of the Bursa Securities. Opcom made a public issue of 26 million shares of RM0.20 each at an offer price of RM0.80 per share. The shares were oversubscribed by 146.9 times. On the day of listing, the share price opened at RM1.50 per share and closed at RM1.31 per share, a 63.75% premium above its offer price.

• FEBRUARY 2004

On 9 February 2004, OCSB and Opcom Niaga Sdn Bhd ("ONSB") have entered into a Supply Agreement with Opcom Sdn Bhd ("OSB") for the manufacture, supply and delivery of fiber optic cables for up to 80% of fiber optic cables ordered by Telekom Malaysia Berhad ("Telekom") in the contract dated 7 February 2004 entered between OSB and Telekom.

financial highlights

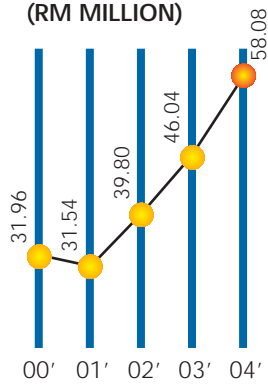
	2000 RM mil	2001 RM mil	2002 RM mil	2003 RM mil	2004 RM mil
Revenue	31.96	31.54	39.80	46.04	58.08
Profit before tax	4.01	3.98	6.72	12.38	17.37
Profit after tax & MI	2.88	2.76	4.46	6.83	10.57
Property, plant and equipment	30.09	28.79	28.60	27.10	35.35
Current assets	17.67	18.03	24.25	35.73	59.31
Total assets	47.76	46.82	52.85	62.83	94.65
Share capital	12.00	12.00	12.00	12.00	17.20
Reserves	3.07	5.83	7.27	8.12	28.72
Shareholders' funds	15.07	17.83	19.27	20.12	45.92
Earnings per share (sen) *	4.80	4.60	7.43	11.38	15.77
NTA per share (sen)	25.12	29.72	32.11	33.53	53.39
Return on equity (%)	19.11	15.48	23.14	33.95	23.01

* Adjusted for the effect of sub-division of 12 million shares of RM1.00 each into 60 million shares of RM0.20 each, and computed on weighted average basis.

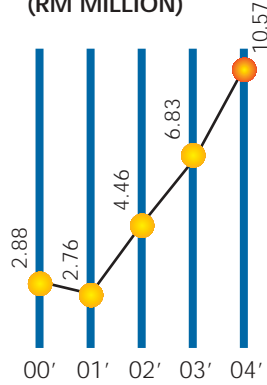
PERFORMANCE 2004 vs 2003



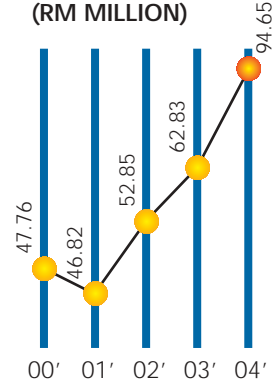
REVENUE
(RM MILLION)



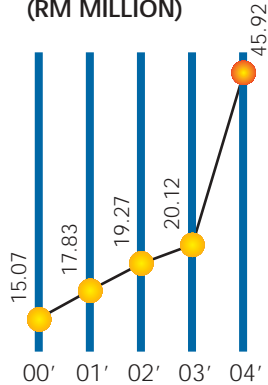
PROFIT AFTER TAX & MI
(RM MILLION)



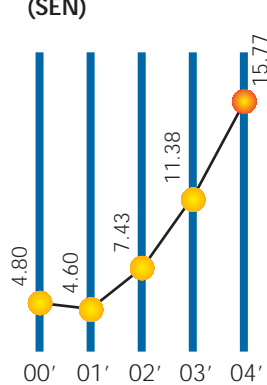
TOTAL ASSETS
(RM MILLION)



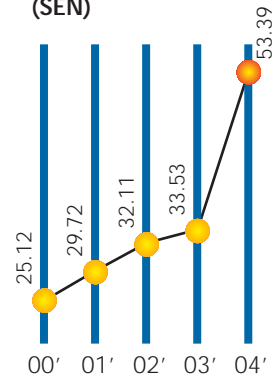
SHAREHOLDERS' FUNDS
(RM MILLION)



EARNINGS PER SHARE
(SEN)



NTA PER SHARE
(SEN)



total assets

51%

has increased from RM63 million to RM95 million



shareholders' funds

130%

has increased from RM20 million to RM46 million



NTA per share

56%

has increased from 34 sen to 53 sen

chairman's statement



On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Opcom Holdings Berhad ("Opcom") for the financial year ended 31 March 2004.

INITIAL PUBLIC OFFERING ("IPO")

The financial year under review was a new milestone for the Group, as Opcom had completed its IPO and was successfully listed on the MESDAQ Market of the Bursa Malaysia Securities Berhad ("Bursa Securities") on 23 December 2003.

Under the listing exercise, Opcom issued 26 million shares of RM0.20 each at an offer price of RM0.80 per share. The shares were oversubscribed by 146.9 times. On the day of listing, the share price opened at RM1.50 per share and closed at RM1.31 per share, a 63.75% premium above its offer price. This had reflected the optimism investors had in the growth prospect of the country's telecommunication industry and broadband infrastructure.

Although Opcom has the financial track record and is qualified to be listed on the second board of the Bursa Securities, we chose to list on MESDAQ Market instead. We believe that as a leading manufacturer of fiber optic cables, the presence of Opcom on the MESDAQ will be a boost for MESDAQ's development.

UTILISATION OF PROCEEDS AS AT 31 MARCH 2004

The listing exercise raised RM20.8 million from IPO of which was utilised in the following manner:-

Use of listing proceeds	Utilisation period	Allocated RM'000	Utilised RM'000	Balance RM'000
Capital expenditure	2 years from the date of listing	11,554	(10,568)	986
Working capital	2 years from the date of listing	7,746	(4,936)	2,810
Finance listing expenses	Immediate	1,500	(1,188)	312
		20,800	(16,692)	4,108

FINANCIAL HIGHLIGHTS

For the financial year under review, the Group's revenue achieved a 26% improvement from RM46 million to RM58 million as compared to the previous financial year. The higher revenue was due to the growth in the demand for fiber optic cables as fixed line, mobile telephony and internet access are expected to register robust growth in the country.

The increased demand coupled with better economies of scale has resulted in a profit after taxation of RM11 million, an increase of 57% as compared to RM7 million in 2003.



"Based on the latest statistics released by Malaysia Communications and Multimedia Commission, the number of broadband subscriptions has increased significantly from 19,302 in 2002 to 110,406 in 2003, which represented a remarkable growth of 472%."

The improved financial performance has enabled the Group to record an earnings per share (after adjusting for the effect of sub-division of 12 million shares of RM1.00 each into 60 million shares of RM0.20 each and also the issues of 26 million shares) of 15.77 sen for the year and net tangible assets per share of 53.39 sen, as compared to 11.38 sen and 33.53 sen respectively in the previous financial year.

With the completion of the IPO and the healthy financial improvement of the Group's performance, the shareholders' funds of the Group have increased significantly from RM20 million in 2003 to RM46 million as at 31 March 2004.

DIVIDEND

An interim dividend of 3.2 sen less tax per share amounting RM1,981,440 and an interim tax exempt dividend of 2.8 sen per share amounting RM2,408,000 in respect of the financial year ended 31 March 2004 were paid out on 30 April 2004.

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

CORPORATE GOVERNANCE

The Board is committed to ensuring that high standards of corporate governance are practiced throughout the Group with a view of discharging the Board's stewardship

responsibilities and to protect and enhance shareholders' value. The Group has embarked on a comprehensive Group-wide enterprise risk management review to enhance and maintain the Group's system of internal control.

Our statement on corporate governance can be found on pages 19 to 22.

There were no sanctions and/or penalties imposed on Opcom, its subsidiary companies or the directors by the relevant regulatory bodies during the year under review.

OUTLOOK

According to Eighth Malaysia Plan 2001-2005, Chapter 13, Information and Communication Technology ("ICT"), the government will undertake more efforts to position Malaysia as a competitive knowledge-based economy ("K-Based Economy"). As such, new skills, competencies and broadband connections will be required for advanced multimedia applications. Therefore, focus will be given to human resource development and network infrastructure.

Prior to the plan period, substantial investments were made in laying the communications infrastructure including an extensive fiber optic network covering 62,600 kilometers linking states and major towns across the country. Furthermore, a fiber optic backbone network covering 360 kilometers was also completed for Multimedia Super Corridor ("MSC").



Customer Focused, Solution Driven.

Today, the government's continued attentions and efforts have led to a rapid growth in ICT. Based on the latest statistics released by Malaysia Communications and Multimedia Commission ("MCMC"), the number of broadband subscriptions has increased significantly from 19,302 in 2002 to 110,406 in 2003, which represented a remarkable growth of 472%. As at 1 April 2004, the number of broadband subscriptions had grown to 142,332, an increase of 28.9% as compared to 2003. With only 142,332 out of a population of 25.45 million, it shows a penetration rate of only 0.56%, which indicates demand for broadband is set to grow significantly.

Meanwhile, the number of internet dial-up subscriptions have increased by 10.8% from 2,614 thousand in 2002 to 2,897 thousand in 2003. With its long existence in the market and lower usage charges, a penetration rate of 11.4% was achieved which was far higher than broadband. However, its growth rate was much lower than previous year, as the growth from 2001 to 2002 was 23.7%. The lower growth rate indicates that consumers have become more aware of the power of the broadband connections. Also, the 30% reduction for broadband internet charges by Telekom Malaysia Berhad ("Telekom") has made the broadband more affordable to consumer.

Based on MCMC's statistics, the number of cellular phones subscriptions has increased from 9,053 thousand in 2002 to 11,124 thousand in 2003, a growth rate of 22.9% and a penetration rate of 43.9%. Voice revenue remained the largest contributor with 88.6%, while data usage only accounted for 11.4% of the entire industry. However, with the introduction of Multimedia Messaging Service ("MMS") and 3G service trial launch by the leading operators, the popularity of data usage and transferring through wireless service is expected to grow, and fiber optics will form the backbone for the wireless technology.

PROSPECTS

Today broadband is seen as playing a major role towards the national objective of emerging into a K-Based Economy. One of the core elements in broadband network infrastructure is the fiber optic cable, which is the key to high capacity transmission of large amounts of information such as audio and video.

Due to the potential and capacity of broadband, major telecommunication companies such as Telekom have been aggressively developing their broadband services such as TMNET Streamyx, which present the Group with opportunities for further business growth.





On 9 February 2004, Opcom Niaga Sdn Bhd ("ONSB") and Opcom Cables Sdn Bhd ("OCSB"), the subsidiary companies of Opcom entered into a Supply Agreement worth RM171.4 million with Opcom Sdn Bhd ("OSB"), an affiliated company of Opcom, to make and supply fiber optic cables to OSB. The supply mandate constitutes about 80% of a new three-year supply contract worth RM214.2 million which OSB had signed with Telekom on 7 February 2004. This will provide a regular stream of revenue of approximately RM60 million for the Group annually over the next three years.

Moving forward, the Group will continue to strengthen and foster its business relationship with Telekom whilst actively seeks opportunities to diversify its client base. Currently, the Group is in the process of expanding its production facilities by installing new lines to manufacture loose tube fiber optic cables. This line, coupled with strategic marketing efforts, will enable the Group to supply to other telecommunication companies which have preference in loose tube fiber optic cables.

Barring any unforeseen circumstances, we are indeed confident that the Group will continue to improve its shareholders' value and achieve an even stronger performance in 2005.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt gratitude to my fellow Directors, Management and all employees for their dedications and contributions to the Group. I am confident that our team spirit and effort will continue to drive the Group into the future and achieve further growth and profitability.

Last but not least, my sincere appreciation to our valued shareholders, customers and business associates for their support, trust and confidence in the Group.

DATO' MUKHRIZ MAHATHIR
Chairman/Managing Director

• • • • •

directors' profile



DATO' MUKHRIZ MAHATHIR

Chairman/Managing Director
Bachelor of Science in Business Administration
and Management - Marketing
(Boston University, USA)
40 years old, Malaysian

Dato' Mukhriz Mahathir is the founder, Chairman and Managing Director of the Company. Dato' Mukhriz is also a substantial shareholder of the Company.

Dato' Mukhriz has over ten (10) years experience in business and project development at Bank of Tokyo-Mitsubishi Ltd., Kuala Lumpur and was a Senior Advisor to the President of Bank of Tokyo-Mitsubishi Ltd. Dato' Mukhriz is also active in other areas of telecommunications as well as in the tourism and infrastructure business sectors. Currently, he sits on the Board of several private limited companies and is also a Chairman of the Photonics Interest Group at MIGHT, the Government's high technology think tank. Dato' Mukhriz currently holds positions as Non-Executive Director in both Reliance Pacific Berhad and Ajiya Berhad.

Dato' Mukhriz is also a Director and Substantial Shareholder of Opcom Sdn. Bhd., an affiliated company of the 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.

CHHOA KWANG HUA, ERIC

Executive Director
Bachelor of Science in Business Administration
and Finance, Honors
(Sophia University, Tokyo, Japan)
Master of Business Administration
(Harvard Business School, Boston Massachusetts)
40 years old, Malaysian

Eric co-founded the Company with Dato' Mukhriz in 1994. He is the Executive Director and Chief Financial Officer of Opcom Holdings Berhad and a member of the Audit Committee.

Eric focuses on the financial, corporate planning and development responsibilities of the Group.

Eric brings to the Group many years of experience gained overseas in the financial and telecommunications business. His previous work experience includes investment banking at a leading Wall Street firm, Lehman Brothers Inc., where he specialised in mergers and acquisitions at the Firm's Telecommunications Group prior to his return to Malaysia in 1994.

Eric 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.



LT. JEN. (B) DATO' SERI PANGLIMA ZAINI BIN HJ. MOHD SAID

**Independent Non-Executive Director
58 years old, Malaysian**

Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He is a Chairman of the Audit Committee. He is also a Director of public listed company, AV Ventures Corporation Berhad (formerly known as Autoindustries Ventures Berhad).

He had his early education in Kuala Lumpur and joined the Army as Cadet Officer in 1965. He had held many appointments throughout his career in the Malaysian Army and spent about 25 years out of his 35 years services time with the Malaysian Army Special Forces.

His primary experience was in the command and administration of elite and regular army formations, among which were as Deputy Commander of the 21 Special Service Group, as Commander of the 10 Parachute Brigade and as Commander of the 3rd Infantry Division. His last command was as the Commander of the Army Field Command HQ in the rank of Lieutenant General. He retired from the army in August 2001.

His higher level military education started with the US Marine Corps Command and Staff College Course in 1978/79, followed by the Malaysian Armed Forces Defence College Course in Kuala Lumpur in 1985 and finally the National Defence College Course in Pakistan in 1994/95. In 1997, he attended the Top Management Course in Phuket, Thailand run by the Asian Institute of Management. In 2000, he participated in the seminar program for Senior Executive in National and International Security at Harvard University, USA.

He is now the Chairman of RMS Technology Sdn. Bhd. and is on the Board of Directors of several other companies. He was awarded the highest award for gallantry, the Seri Pahlawan Gagah Perkasa (SPGP) by the Yang Di Pertuan Agong on 2 June 2001, for his act in capturing the Al'Maunah militants in Sauk, Perak.

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



TOMIO ALAN KOMATSU

**Independent Non-Executive Director
B.A. in Economics and Asian Studies
(Williams College in Massachusetts, USA)
34 years old, American**

Mr. Tomio Alan Komatsu was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He is a Member of the Audit Committee.

He began his career as an investment Banker with Lehman Brothers Inc. in New York, Tokyo, Hong Kong and Singapore from 1992 to 1996. Subsequently, he served as Acquisition and Development Manager of Vista Healthcare Asia Pte. Ltd., an investee company of Chase Capital Partners in Singapore from 1997 to 2000. From 2000 to 2002, he was a Vice President in the Mergers & Acquisitions and Corporate Finance Groups of JPMorgan Chase in Hong Kong and Singapore. He is currently an independent Financial Advisor.

He does not have any family relationship with any director and/or substantial shareholders 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
Bachelor of Science in Economics
(Uppsala University, Sweden)
60 years old, Swedish

Mr. Sven Janne Sjöden was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He joined Ericsson Network Technologies AB 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. 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. Since 1992 he has been responsible for the Business Unit Cable and was at the same time appointed President of Ericsson Network Technologies AB.

He does not have any family relationship with any director and/or substantial shareholders 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
Institute of Chartered Accountants, Australia
Malaysian Institute of Certified Public
Accountants (MICPA)
Malaysian Institute of Accountants (MIA)
59 years old, Malaysian

Encik Abdul Jabbar was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He is also a Director of public listed Malakoff Berhad, Perusahaan Otomobil Nasional Berhad and Pernas International Holdings Berhad. Encik Abdul Jabbar, a Chartered Accountant and Member of the Malaysian Institute of Accountants, has over 38 years experience in accounting, audit, receivership, liquidation, financial advisor 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 an active contributor to the profession of accountancy and the financial industry, he is a former president of MICPA, a council member and a member of the Executive Committee of MICPA. He is on the Labuan International Finance Exchange Inc. as a committee member and was a member of the Exchange Committee of Bursa Malaysia Securities Berhad until 28 February 2004.

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



**DATO' MUKHRIZ
MAHATHIR**
Managing Director



**CHHOA KWANG HUA,
ERIC**
Executive Director



KAJ ROLAND SJÖLIN
Plant



YUSREE PUTRA ALIAS
Marketing



LIM BEE KHIN
Finance



JAMALIAH ZAINAL
Human Resource



**AHMAD SABRI
ABDUL MANAS**
Technical and Quality



WONG KEET WAH
Engineering



audit committee report

TERMS OF REFERENCE

The Committee shall:

1. Provide assistance to the 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 function 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 participations in the Committee.
6. Act upon the Board of Directors' request to investigate and report on any issues or concerns in regards to the management of the Group.

Members

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

1. The Audit Committee shall be composed of no fewer than three (3) members;
2. A majority of the Audit Committee must be independent directors;
3. The Chairman of the Audit Committee shall be an independent director; and
4. The Chief Executive Officer 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 channel 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 and duties 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 financial statements of the Group with both the external auditors and management;
 - 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 or 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. The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate.
 5. 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 Bursa Securities Listing Requirements.
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.

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.

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 officer 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, Eric

Member, Executive Director

Tomio Alan Komatsu

Member, Independent Non-Executive Director

AUDIT COMMITTEE MEETING

After the listing of the Company on 23 December 2003, the Audit Committee had one (1) meeting during the financial year ended 31 March 2004, which was attended by all members.

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 policies.
- 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 the related party transactions and ensured that they were not more favourable to the related parties than those generally available to the public, which are not detrimental to the minority shareholders and comply with the Listing Requirements of Bursa Securities for MESDAQ Market.

INTERNAL AUDIT FUNCTION

The Group has outsourced its Internal Audit Functions to an independent internal audit service provider for the financial years ending March 31, 2005 and 2006.

The functions of internal audit are:

- Perform audit work as per approved internal audit plan.
- Carry out review on the system of internal controls of the Group as well as the level of compliance with Group policies and procedures.
- Review and comment on the effectiveness and adequacy of the existing control policies and procedures, and perform compliance testing to ensure that the intended controls are in place and operating effectively.
- Provide recommendations, if any, for the improvement to and amendment of the Group's polices and procedures during the course of engagement.



The Board recognises the importance of corporate governance in discharging the Board's stewardship responsibilities and to protect and enhance the shareholders' value. Premised on this, the Board is committed to ensuring high standards of corporate governance are practised throughout the Opcom and its subsidiaries ("Group") and to apply with the principles and best practices as governed by the Listing Requirements of the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and Guidance Notes 2 on Corporate Governance ("Guidance Notes"), both of which were issued in March 2002. The Group is endeavouring to comply with the Malaysian Code on Corporate Governance.

BOARD OF DIRECTORS

The Board

Opcom Holdings Berhad is led and managed by an experienced Board of Directors with a wide and varied range of expertise. Together, the Directors possess the wide range of business, commercial and financial experiences essential in the management and direction of the Group.

With the overall responsibility for the Group's strategic direction, the Board is committed to ensure that matters pertaining to the Group's corporate strategy, business operations and performance are given proper attention.

Board Balance

The Board currently has six (6) members comprising two (2) executive members and four (4) non-executive members, three (3) out of four (4) non-executive members are independent. The Board complies with the Listing Requirements for the Board 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 12 to 14 of this Annual Report.

Board Meeting

The Board is scheduled to meet at least four (4) times a year to review the Group's operations and to approve the quarterly and annual financial statements. For the financial year ended 31 March 2004, only one (1) Board meeting was held shortly after the Company's listing on the MESDAQ Market of Bursa Securities on 23 December 2003. All the Directors with the exception of Sven Janne Sjöden attended the Meeting.

Supply of and Access to Information and Advice

At all times, the Directors have full and unrestricted access to all information concerning the Group's business and affairs to enable it to discharge its duties and responsibilities effectively. Prior to the Board Meetings, all the Directors are provided with the agenda and a full set of Board documents containing information relevant to the business of the meetings. This provision allows the Directors to obtain further explanations or clarifications, where necessary, for them to be properly informed before the meetings.

All Directors have full access to the advice and services of the Company Secretaries who ensure that Board procedures are adhered to at all times during meetings; and advise the Board on matters pertaining to corporate governance issues and directors' responsibilities in complying with relevant legislation and regulations. Indeed when the need arises, the Directors are encouraged to and not restricted from seeking external guidance at the Company's expense.

Directors' Training

Following the Company's listing on 23 December 2003, all Directors have attended the Mandatory Accreditation Programme pursuant to Bursa Securities guidelines on Training for Directors.

The Directors will continue to attend the Continuous Education Programmes prescribed by the Bursa Securities to enhance their knowledge in the latest statutory and regulatory requirements to assist them in discharging their duties as Directors.



Directors' Appointment and Re-election

All appointments were finalised prior to the Company's listing last year. There has been no new appointment since listing.

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

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

Directors' Remuneration

The remuneration of Directors is determined at levels that enable the Company to attract and retain experienced and capable Directors to run the Company successfully.

The remuneration package for the Executive Directors comprises of salary and allowances.

The aggregate remuneration of the Directors for the financial year ended 31 March 2004 is as follows:-

	RM
Executive	219,500
Non-Executive	16,000

The number of Directors whose total remuneration fell within specified bands were as follows:-

Range of Remuneration	No. of Directors	
	Executive	Non-Executive
<RM50,000	-	4
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	2	-
Total	2	4

AUDIT COMMITTEE

The Company has formed an Audit Committee which comprises of 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 the financial reports, all related party transactions, potential conflict of interests' situations and the internal controls of the Group.

The report detailing the activities of the Audit Committee is presented on page 18 of this Annual Report.

SHAREHOLDERS

Dialogue between the Company and Investors

The Group values dialogue with investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. Such information is communicated through the following channels:-

- The Annual Report;
- The various disclosures and announcements to Bursa Securities including quarterly and annual results; and
- The Group's website known as www.opcom.com.my.

Annual General Meeting

The audited financial statements of the Group and the Company will be tabled at the Annual General Meeting ("AGM").

The Board provides opportunities for shareholders to participate in the question and answer session. The Board of Directors will respond to shareholders' questions during the meeting. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

ACCOUNTABILITY & AUDIT

Financial Reporting

The Board acknowledges its responsibility for presenting a balanced and understandable assessment of the performance and prospects of the Group, primarily through annual financial statements and quarterly announcements of results to shareholders, as well as chairman's statement in annual report. On this matter, the Board is assisted by the Audit Committee, whose terms of reference are defined in the Audit Committee Report published on pages 16 to 18 in this Annual Report.

Relationship with the Auditors

The Company maintains an appropriate relationship with the Company's auditors through the Audit Committee. The external and internal auditors meet with the Committee on issues relating to the audit or on other issues when required.

Internal Control

The Board acknowledges its overall responsibility for maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with law and regulations as well as with internal financial administration policies and procedures.

The Group's Internal Control Statement is as set out on pages 23 to 24 of this Annual Report.

RISK MANAGEMENT COMMITTEE

A Risk Management Committee was formed recently to establish an integrated risk management process with the primary purpose to assist the Board in fulfilling its risk management and control responsibilities, provide oversight of the risk management process and facilitate communication between the Board, Audit Committee, management, internal auditors and other parties involved in risk management activities.

The Risk Management Process within the Group is summarised in the diagram below:



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 Securities.

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 Group and the Company 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 Group 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 2004:-

- (i) Agreement between Dato' Mukhriz Mahathir and Opcom 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.

- (ii) Agreement between Chhoa Kwang Hua and Opcom 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.

The Company is also seeking shareholders' ratification and mandate on Recurrent Related Party Transactions of revenue or trading nature for transactions entered and to be entered by the Company and/or its subsidiaries with related parties in the ordinary course of business in the forthcoming annual general meeting. The details of Recurrent Related Party Transactions of revenue or trading nature for transactions entered and to be entered by the Company and/or its subsidiaries are included in the Circular to Shareholders dated 8 September 2004 which is enclosed together with this Annual Report.

INTRODUCTION

The Board of Directors of Opcom Holdings Berhad ("the Board") is pleased to provide the following statement on the state of internal control of Opcom Holdings Berhad and its subsidiaries ("the Group") for the financial year ended 31 March 2004, which has been prepared in accordance with the "Statement of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal controls, and for reviewing its adequacy and integrity. The Board recognises that reviewing of the Group's system of internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. The internal controls system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has initiated an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives towards the end of the financial year. This process has been reviewed by the Board.

RISK MANAGEMENT FRAMEWORK

The Group has carried out its first risk assessment and identified the principal risks faced by the Group. The risk assessment process involved risk identification, prioritisation and formulation of action plans to enhance the internal control system and better manage the critical risks. The main objective for the risk assessment is to achieve a better management of the risks and controls through formulation of action plans to be implemented and championed by identified members of the management. The risk assessment exercise was carried out by an independent internal audit service provider who has assisted the management in developing a formalised risk

management framework for the Group to facilitate the management of high impact risks at various levels within the Group. The risk management framework facilitates the continuous identification of significant risks and that instituted controls are appropriate and effectively applied by the management to achieve the risk exposures level acceptable to the Board. The risk management framework has been adopted by the Board and the following were implemented:

- (1) A Group Risk Management Committee has been established with the responsibility to continuously identify and communicate to the Audit Committee and the Board of the Company the critical risks the Group faces, their existing controls, and the management action plans to better manage the risks.
- (2) A Risk Management Policies and Procedures Document has been developed and adopted in accordance with the outlines of the risk management framework for the Group.
- (3) Workshops and interviews were conducted with Executive Directors and operational managers from all the business units in the Group. A profile of risks and controls has been identified, and information was filtered to produce a detailed risk register for the Group. The risks are scored for likelihood of the risks occurring and the magnitude of impact to the Group.
- (4) Key management staff in the Group's business units have been nominated to prepare action plans, with implementation time-scales to address any risk and control issues.
- (5) To further instill a risk management culture within the Group, risk management training for selected management and staff has been conducted.

For the purpose of further enhancing the risk management process, the following initiatives would be undertaken:

- (1) The Group Risk Management Committee will meet on a monthly basis to discuss on the Risk Management issues and review Risk Management plan and activities, and report to the Audit Committee on a quarterly basis.



internal control statement

- (2) Formal reviews by the Audit Committee on the adequacy and integrity of the system of internal controls will be conducted on a quarterly basis.

INTERNAL AUDIT

The Group has, in March 2004, outsourced its internal audit function to an independent internal audit service provider to review the adequacy and integrity of the internal control systems of the business units for the financial years ending 31 March 2005 and 31 March 2006. The results of the Risk Assessment Workshops held for the Group and management's current concerns provided a baseline to determine new audit areas for the Opcom Group. These identified audit areas had been incorporated into a risk-based Internal Audit Plan and was approved by the Audit Committee.

The objective of the Internal Audit Plan and of each individual audit to be carried out for the Opcom Group will be to assist management to mitigate risks, to assist the Board of Directors in performing its oversight responsibilities, and to assist in the creation of shareholder confidence in the Group's system of internal controls.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

Control procedures

Operating Procedures Manuals that set out the policies, procedures and practices are adopted by all companies in the Group, to ensure clear accountabilities and control procedures are in place for all business units.

Organisational structure and accountability levels

The Group has a well defined organisational structure with clear lines of accountability and which has a documented delegation of authority that sets out the decisions that need to be taken and the appropriate authority levels of management including matters that require Board's approval.

Reporting and review

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

Risk means that an event may occur which would give rise to unanticipated or unavoidable losses. The Group's system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses from occurring. It is possible that internal control may be circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all risks.

The Group continues to take the necessary measures to strengthen its internal controls.

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directors' report

for the year ended 31 March 2004

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 2004.

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	10,574,495	5,386,943

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid an interim dividend of 5% less tax and 31.8% tax exempt totalling RM4,248,000 in respect of the year ended 31 March 2003 on 17 April 2003.

The interim dividend recommended by the Directors in respect of the year ended 31 March 2004 were 3.2% less tax totalling RM1,981,440 and 2.8% tax exempt totalling RM2,408,000.

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

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	(appointed on 12.9.2003)
Tomio Alan Komatsu	(appointed on 12.9.2003)
Abdul Jabbar bin Abdul Majid	(appointed on 11.11.2003)
Sven Janne Sjöden	(appointed on 11.11.2003)

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 31.3.2004
	At 1.4.2003	Bought	Sold	
Shareholdings in which Directors have direct interest				
Dato' Mukhriz Mahathir	42,000,000	1,375,000	-	43,375,000
Chhoa Kwang Hua	-	1,375,000	-	1,375,000
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	-	500,000	-	500,000
Tomio Alan Komatsu	-	500,000	(374,000)	126,000
Sven Janne Sjoden	-	500,000	(150,000)	350,000
Abdul Jabbar bin Abdul Majid	-	250,000	-	250,000
Shareholdings in which Director has deemed interest				
Chhoa Kwang Hua	18,000,000	-	-	18,000,000

* On 10 November 2003, the Company had sub-divided its ordinary shares of RM1.00 each into 5 ordinary shares of RM0.20 each.

By virtue of their interests in the shares of the Company, Dato' Mukhriz Mahathir and Chhoa Kwang Hua are also 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) Conversion from private company to public company

The Company was converted from a private company to a public company on 13 May 2003.

(b) Sub-division of shares

On 10 November 2003, the Company had sub-divided its authorised and issued and paid up share capital of RM25,000,000 and RM12,000,000 respectively consisting of 25,000,000 and 12,000,000 ordinary shares respectively of RM1.00 each into 125,000,000 and 60,000,000 ordinary shares respectively of RM0.20 each.

(c) Initial public offering

The Company was listed on MESDAQ market of the Bursa Malaysia Securities Berhad on 23 December 2003.

Pursuant to the listing of and quotation for the entire issued and paid-up capital of the Company of the MESDAQ market of the Bursa Malaysia Securities Berhad, the Company had made a public issue of 26,000,000 new ordinary shares of RM0.20 each at an issue price of RM0.80 per ordinary share.

ISSUE OF SHARES

During the financial year, the Company:

- i) had sub-divided its ordinary shares of RM1.00 each into five (5) ordinary shares of RM0.20 each.
- ii) made a public issue of 26,000,000 new ordinary shares of RM0.20 each at an issue price of RM0.80 per ordinary share comprising 1,000,000 new ordinary shares of RM0.20 each for application by the Malaysian public; 17,000,000 new ordinary shares of RM0.20 each available for placement to selected investors; and 8,000,000 new ordinary shares of RM0.20 each available for application by the eligible directors, employees and business associates of the Group.

All additional new ordinary shares issued during the financial year rank pari-passu with the existing shares of the Company. The entire issued and paid up capital of the Company comprising 86,000,000 ordinary shares of RM0.20 each were admitted to the Official List of the Bursa Malaysia Securities Berhad on 23 December 2003. The shares were granted quotation on the MESDAQ market of Bursa Malaysia Securities Berhad on the same date.

There were no other changes to 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) there are no bad debts to be written off and no provision need to be made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render it necessary to write off any bad debts, or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, 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 2004 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: 12 July 2004



statement by directors

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

In the opinion of the Directors, the financial statements set out on pages 32 to 55 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 2004 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: 12 July 2004



statutory declaration

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

I, **Dato' Mukhriz Mahathir**, 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 32 to 55 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 12 July 2004.

DATO' MUKHRIZ MAHATHIR

Before me:

HJ. SHEIKH SALIM ABOD (No. W359)
Commissioner for Oaths



report of the auditors

to the members of **Opcom Holdings Berhad** (Company No. 322661-W) (Incorporated in Malaysia)

We have audited the financial statements set out on pages 32 to 55. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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 2004 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 of which we have acted as auditors 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: 1825/05/05(J/PH)

Kuala Lumpur,
Date: 12 July 2004





group balance sheet

at 31 March 2004

	Note	2004 RM	2003 RM
Property, plant and equipment	2	35,348,882	27,100,411
Current assets			
Inventories	4	9,898,255	8,905,009
Trade and other receivables	5	7,500,873	11,197,621
Cash and cash equivalents	6	41,906,031	15,631,357
		59,305,159	35,733,987
Current liabilities			
Trade and other payables	7	22,418,531	28,048,914
Taxation		581,391	1,161,666
Dividends payable		4,389,440	4,248,000
		27,389,362	33,458,580
Net current assets		31,915,797	2,275,407
		67,264,679	29,375,818
Financed by:			
Capital and reserves			
Share capital	8	17,200,000	12,000,000
Reserves	9	28,718,248	8,121,663
Shareholders' funds		45,918,248	20,121,663
Minority shareholders' interest	10	10,339,075	7,720,155
Long term and deferred liabilities			
Amount owing to Directors	7	10,414,311	-
Deferred taxation	11	593,045	1,534,000
		67,264,679	29,375,818

The financial statements were approved and authorised for issue by the Board of Directors on 12 July 2004.

The notes set out on pages 41 to 55 form an integral part of, and should be read in conjunction with, these financial statements.



group income statement

for the year ended 31 March 2004

	Note	2004 RM	2003 RM
Revenue	12	58,083,734	46,041,611
Operating profit	12	17,369,330	12,380,254
Finance costs	14	-	(4,114)
Profit before taxation		17,369,330	12,376,140
Tax expense	15	(3,119,913)	(3,531,031)
Profit after taxation		14,249,417	8,845,109
Less: Minority interests		(3,674,922)	(2,015,014)
Net profit for the year		10,574,495	6,830,095
Basic earnings per ordinary share (sen)	16	15.8	11.4
Dividends per ordinary share (net) (sen)	17	5.1	35.4

The notes set out on pages 41 to 55 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 2004

	Note	Share capital RM	Non-distributable Share premium RM	Capital reserve RM	Distributable retained profits RM	Total RM
At 1 April 2002		12,000,000	-	3,283	7,264,285	19,267,568
Net profit for the year		-	-	-	6,830,095	6,830,095
Dividends	17	-	-	-	(5,976,000)	(5,976,000)
At 31 March 2003		12,000,000	-	3,283	8,118,380	20,121,663
Issue of shares		5,200,000	15,600,000	-	-	20,800,000
Listing expenses		-	(1,188,470)	-	-	(1,188,470)
Net profit for the year		-	-	-	10,574,495	10,574,495
Dividends	17	-	-	-	(4,389,440)	(4,389,440)
At 31 March 2004		17,200,000	14,411,530	3,283	14,303,435	45,918,248

Note 8

The notes set out on pages 41 to 55 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 2004

	2004 RM	2003 RM
Cash flows from operating activities		
Profit before taxation	17,369,330	12,376,140
Adjustments for:		
Depreciation	3,173,607	2,529,861
Gain on disposal of property, plant and equipment	(32,706)	(160)
Interest expense	-	4,114
Interest income	(542,197)	(219,330)
Property, plant and equipment written off	694	17,440
Operating profit before working capital changes	19,968,728	14,708,065
Changes in working capital:		
Inventories	(993,246)	371,655
Trade and other receivables	3,731,477	874,300
Trade and other payables	(6,206,357)	2,661,379
Cash generated from operations	16,500,602	18,615,399
Tax paid	(4,631,511)	(1,872,764)
Net cash generated from operating activities	11,869,091	16,742,635
Cash flows from investing activities		
Acquisition of additional shares in a subsidiary	(2)	-
Purchase of property, plant and equipment	(1,488,757)	(1,159,312)
Proceeds from disposal of property, plant and equipment	32,976	2,294
Interest received	497,836	219,330
Net cash used in investing activities	(957,947)	(937,688)
Cash flows from financing activities		
Repayment of short term borrowing	-	(900,000)
Interest paid	-	(4,114)
Dividends paid	(4,248,000)	(1,728,000)
Proceeds from issuance of shares net of listing expenses	19,611,530	-
Net cash generated from/(used in) financing activities	15,363,530	(2,632,114)
Net increase in cash and cash equivalents	26,274,674	13,172,833
Cash and cash equivalents at beginning of year	15,631,357	2,458,524
Cash and cash equivalents at end of year	41,906,031	15,631,357

The notes set out on pages 41 to 55 form an integral part of, and should be read in conjunction with, these financial statements.



group cash flow statement (cont'd)

for the year ended 31 March 2004

i) Cash and cash equivalents

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

	2004 RM	2003 RM
Deposits with a licensed bank	38,140,931	13,932,518
Cash and bank balances	3,765,100	1,698,839
	<hr/>	<hr/>
	41,906,031	15,631,357

ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM11,423,042 (2003-RM1,159,312) of which cash payments of RM1,488,757 (2003-RM1,159,312) were made to purchase the property, plant and equipment.

company balance sheet

at 31 March 2004

	Note	2004 RM	2003 RM
Property, plant and equipment	2	19,945,768	20,284,851
Investments in subsidiaries	3	11,300,000	11,299,998
Current assets			
Trade and other receivables	5	270,957	4,606,526
Cash and cash equivalents	6	21,048,471	420,380
		21,319,428	5,026,906
Current liabilities			
Trade and other payables	7	4,583,146	19,825,502
Taxation		164,013	33,000
Dividends payable		4,389,440	4,248,000
		9,136,599	24,106,502
Net current assets/(liabilities)		12,182,829	(19,079,596)
		43,428,597	12,505,253
Financed by:			
Capital and reserves			
Share capital	8	17,200,000	12,000,000
Reserves	9	15,541,286	132,253
Shareholders' funds		32,741,286	12,132,253
Long term and deferred liabilities			
Amount owing to Directors	7	10,414,311	-
Deferred taxation	11	273,000	373,000
		43,428,597	12,505,253

The notes set out on pages 41 to 55 form an integral part of, and should be read in conjunction with, these financial statements.



company income statement

for the year ended 31 March 2004

	Note	2004 RM	2003 RM
Revenue	12	9,393,722	7,093,500
Operating profit/Profit before taxation	12	6,556,828	5,475,071
Tax expense	15	(1,169,885)	(568,943)
Profit after taxation		5,386,943	4,906,128
Dividends per ordinary share (net) (sen)	17	5.1	35.4

The notes set out on pages 41 to 55 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 2004

	Note	Share capital RM	Non-distributable Share premium RM	Distributable retained profits RM	Total RM
At 1 April 2002		12,000,000	-	1,202,125	13,202,125
Net profit for the year		-	-	4,906,128	4,906,128
Dividends	17	-	-	(5,976,000)	(5,976,000)
At 31 March 2003		12,000,000	-	132,253	12,132,253
Issue of shares		5,200,000	15,600,000	-	20,800,000
Listing expenses		-	(1,188,470)	-	(1,188,470)
Net profit for the year		-	-	5,386,943	5,386,943
Dividends	17	-	-	(4,389,440)	(4,389,440)
At 31 March 2004		17,200,000	14,411,530	1,129,756	32,741,286

Note 8

The notes set out on pages 41 to 55 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 2004

	2004 RM	2003 RM
Cash flows from operating activities		
Profit before taxation	6,556,828	5,475,071
Adjustments for:		
Depreciation	555,704	513,892
Property, plant and equipment written off	-	6,441
Interest income	(193,180)	(1,468)
Dividend income	(6,364,000)	(5,486,368)
Operating profit before working capital changes	555,352	507,568
Changes in working capital:		
Trade and other receivables	(89,363)	(32,281)
Trade and other payables	(4,828,045)	1,606,352
Cash (used in)/generated from operations	(4,362,056)	2,081,639
Tax paid	(41,440)	(614,397)
Net cash (used in)/generated from operating activities	(4,403,496)	1,467,242
Cash flows from investing activities		
Acquisition of additional shares in a subsidiary	(2)	-
Purchase of property, plant and equipment	(216,621)	(470,625)
Dividends received	9,712,436	575,989
Interest received	172,244	1,468
Net cash generated from investing activities	9,668,057	106,832
Cash flows from financing activities		
Dividends paid	(4,248,000)	(1,728,000)
Proceeds from issuance of shares net of listing expenses	19,611,530	-
Net cash generated from/(used in) financing activities	15,363,530	(1,728,000)
Net increase/(decrease) in cash and cash equivalents	20,628,091	(153,926)
Cash and cash equivalents at beginning of year	420,380	574,306
Cash and cash equivalents at end of year	21,048,471	420,380

i) Cash and cash equivalents

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

	2004 RM	2003 RM
Deposits with a licensed bank	19,590,931	32,518
Cash and bank balances	1,457,540	387,862
	21,048,471	420,380

The notes set out on pages 41 to 55 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 the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes;
- (ii) MASB 27, Borrowing Costs;
- (iii) MASB 28, Discontinuing Operations; and
- (iv) MASB 29, Employee Benefits.

Apart from the new policies and extended disclosures where required by these new standards, there is no effect on these financial statements.

(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.



notes to the financial statements (cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer to note 1(j)).

(e) Investments in subsidiaries

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

(f) 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.

(g) Trade and other receivables

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

(h) Affiliated company

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

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(j) 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, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

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 in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and 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, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Liabilities

Borrowings, trade and other payables are stated at cost.

(l) 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.

(m) 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.

(n) 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.



notes to the financial statements (cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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.

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

	2004 RM	2003 RM
USD	3.8300	3.8300
SEK	-	0.4528
GBP	-	6.0320
CHF	-	2.8081
SGD	-	2.1695

(p) 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.

(q) Finance costs

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



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 2003	12,609,184	9,520,317	286,950	211,260	1,899,672	16,238,566	614,694	2,779	607,237	41,990,659
Additions	-	-	196,390	34,566	235,479	10,850,443	33,480	990	71,694	11,423,042
Disposals	-	-	(73,952)	-	(589)	-	-	-	-	(74,541)
Write off	-	-	-	(1,399)	(1,830)	-	-	-	(150)	(3,379)
At 31 March 2004	12,609,184	9,520,317	409,388	244,427	2,132,732	27,089,009	648,174	3,769	678,781	53,335,781
Depreciation										
At 1 April 2003	1,090,063	1,302,842	153,984	68,425	1,175,737	10,630,226	312,158	1,291	155,522	14,890,248
Charge for the year	167,702	190,406	54,831	24,292	410,513	2,172,145	103,088	377	50,253	3,173,607
Disposals	-	-	(73,952)	-	(319)	-	-	-	-	(74,271)
Write off	-	-	-	(793)	(1,830)	-	-	-	(62)	(2,685)
At 31 March 2004	1,257,765	1,493,248	134,863	91,924	1,584,101	12,802,371	415,246	1,668	205,713	17,986,899
Net book value										
At 31 March 2004	11,351,419	8,027,069	274,525	152,503	548,631	14,286,638	232,928	2,101	473,068	35,348,882
At 31 March 2003	11,519,121	8,217,475	132,966	142,835	723,935	5,608,340	302,536	1,488	451,715	27,100,411
Depreciation charge for the year ended 31 March 2003										
	167,702	190,406	33,242	22,304	370,239	1,604,144	98,400	278	43,146	2,529,861

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 2003	12,609,184	9,520,317	131,850	411,161	91,591	2,779	212,125	22,979,007
Additions	-	-	18,998	158,346	-	990	38,287	216,621
At 31 March 2004	12,609,184	9,520,317	150,848	569,507	91,591	3,769	250,412	23,195,628
Depreciation								
At 1 April 2003	1,090,063	1,302,842	37,108	193,919	32,319	1,291	36,614	2,694,156
Charge for the year	167,702	190,406	15,085	138,775	18,318	377	25,041	555,704
At 31 March 2004	1,257,765	1,493,248	52,193	332,694	50,637	1,668	61,655	3,249,860
Net book value								
At 31 March 2004	11,351,419	8,027,069	98,655	236,813	40,954	2,101	188,757	19,945,768
At 31 March 2003	11,519,121	8,217,475	94,742	217,242	59,272	1,488	175,511	20,284,851
Depreciation charge for the year ended 31 March 2003								
	167,702	190,406	13,185	102,790	18,318	278	21,213	513,892

3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	11,300,000	11,299,998

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

Name of Company	Principal Activities	Effective Ownership Interest	
		2004 %	2003 %
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	99.9

4. INVENTORIES

	Group	
	2004 RM	2003 RM
Cost:		
Work-in-progress	949,379	1,402,220
Finished goods	6,511,481	5,457,717
Net realisable value:		
Raw materials	2,437,395	2,045,072
	9,898,255	8,905,009

5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	808,641	301,695	-	-
Other receivables, deposits and prepayments	747,909	714,181	223,467	152,113
Subsidiaries	-	-	-	4,144,915
Affiliated companies	5,896,833	10,124,623	-	256,576
Tax recoverable	47,490	57,122	47,490	52,922
	7,500,873	11,197,621	270,957	4,606,526

Amount due from affiliated companies

The amount due from affiliated companies of RM5,896,833 (2003- RM9,868,048) is trade related and bears interest at 7.25% (2003- 7.65%) per annum on overdue balances during the year.

The non-trade balance of the amount due from affiliated companies of RM256,576 in 2003 was unsecured, interest free and had no fixed terms of repayment.

6. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits with a licensed bank	38,140,931	13,932,518	19,590,931	32,518
Cash and bank balances	3,765,100	1,698,839	1,457,540	387,862
	41,906,031	15,631,357	21,048,471	420,380

7. TRADE AND OTHER PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Short term				
Trade payables	784,510	516,173	-	-
Other payables and accrued expenses	18,028,235	9,720,293	1,078,709	2,049,512
Affiliated companies	-	455,263	-	418,805
Amount owing to Directors	3,471,437	17,357,185	3,471,437	17,357,185
Employee benefits	134,349	-	33,000	-
	22,418,531	28,048,914	4,583,146	19,825,502
Long term				
Amount owing to Directors	10,414,311	-	10,414,311	-
	32,832,842	28,048,914	14,997,457	19,825,502

Included in the Group's other payables and accrued expenses is an amount due to a minority shareholder of a subsidiary of RM12,082,318 (2003 - RM4,514,372) and amount due to a corporate shareholder of RM Nil (2003 - RM1,260,579).

Employee benefits

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cost of sales	36,409	-	-	-
Administrative expenses	97,940	-	33,000	-
	134,349	-	33,000	-

Amount due to Directors

The amount due to Directors is repayable by 5 instalments at the end of each financial year commencing 1 April 2003. 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.

8. SHARE CAPITAL

	Group and Company			
	2004		2003	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM0.20/1.00 each				
Authorised	125,000,000	25,000,000	25,000,000	25,000,000
Issued and fully paid:				
Balance at 1 April	12,000,000	12,000,000	12,000,000	12,000,000
Sub-division of shares	48,000,000	-	-	-
Issued during the year	26,000,000	5,200,000	-	-
Balance at 31 March	86,000,000	17,200,000	12,000,000	12,000,000

On 10 November 2003, the Company had sub-divided its authorised and issued and paid up share capital of RM25,000,000 and RM12,000,000 respectively consisting of 25,000,000 and 12,000,000 ordinary shares respectively of RM1.00 each into 125,000,000 and 60,000,000 ordinary shares respectively of RM0.20 each.

On 23 December 2003, the Company made a public issue of 26,000,000 new ordinary shares of RM0.20 each at an issue price of RM0.80 per ordinary share comprising 1,000,000 new ordinary shares of RM0.20 each for application by the Malaysian public; 17,000,000 new ordinary shares of RM0.20 each available for placement to selected investors; and 8,000,000 new ordinary shares of RM0.20 each available for application by the eligible directors, employees and business associates of the Group.

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 its retained profits at 31 March 2004 if paid out as dividends.

10. MINORITY SHAREHOLDERS' INTEREST

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

11. DEFERRED TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax liabilities	593,045	1,534,000	273,000	373,000

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.

11. DEFERRED TAXATION (CONT'D)

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Property, plant and equipment	2,305,000	1,835,000	403,000	373,000
Provisions	(1,350,000)	(301,000)	(130,000)	-
Others	(361,955)	-	-	-
	593,045	1,534,000	273,000	373,000

12. OPERATING PROFIT

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Revenue				
- sale of cables	57,498,982	45,682,543	-	-
- rental income	391,572	357,600	2,044,542	1,567,164
- interest income	193,180	1,468	193,180	1,468
- dividend income	-	-	6,364,000	5,486,368
- management fee	-	-	792,000	-
- network management fees	-	-	-	38,500
	58,083,734	46,041,611	9,393,722	7,093,500
Cost of manufactured goods	(30,101,319)	(26,837,001)	-	-
Cost of property maintenance	(1,059,970)	(662,950)	(1,059,970)	(662,950)
	(31,161,289)	(27,499,951)	(1,059,970)	(662,950)
Gross profit	26,922,445	18,541,660	8,333,752	6,430,550
Distribution costs	(1,090,825)	(871,215)	-	-
Administrative expenses	(8,493,824)	(5,166,988)	(1,776,924)	(955,479)
Other operating expenses	(349,494)	(344,348)	-	-
Other operating income	381,028	221,145	-	-
Operating profit	17,369,330	12,380,254	6,556,828	5,475,071
Operating profit is arrived at after crediting:				
Gross dividends from subsidiaries	-	-	6,364,000	5,486,368
Gain on foreign exchange - realised	81,200	78,865	-	-
Rental income on land and building	391,572	357,600	2,044,542	1,567,164
Gain on disposal of property, plant and equipment	32,706	160	-	-
Interest income	542,197	219,330	193,180	1,468

12. OPERATING PROFIT (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
and after charging:				
Allowance for slow moving inventories	1,311,882	1,427	-	-
Audit fees	28,000	27,850	6,000	7,000
Directors' remuneration	235,500	201,600	235,500	201,600
Depreciation	3,173,607	2,529,861	555,704	513,892
Inventories written down	164,839	-	-	-
Property, plant and equipment written off	694	17,440	-	6,441
Rental of apartment	108,600	102,300	-	-
Rental of motor vehicles	-	90,101	-	13,851
Rental of office	72,000	-	72,000	-

13. EMPLOYEE INFORMATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Salaries, wages, bonus and SOCSO	3,710,067	2,488,020	861,722	485,254
Employees Provident Fund	393,296	270,367	102,384	59,281
	4,103,363	2,758,387	964,106	544,535

The number of employees of the Group and the Company (including Executive Directors) at end of the year were 84 (2003 - 72) and 29 (2003 - 20) respectively.

14. FINANCE COSTS

	Group	
	2004 RM	2003 RM
Interest:		
Bank overdrafts	-	322
Others	-	3,792
	-	4,114

15. TAX EXPENSE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax expense				
Malaysia - current	4,356,118	2,378,000	1,573,000	502,943
- prior years	(295,250)	31	(303,115)	-
	<u>4,060,868</u>	<u>2,378,031</u>	<u>1,269,885</u>	<u>502,943</u>
Deferred tax expense				
- Origination and reversal of temporary differences				
- current	(1,085,586)	1,153,000	(342,252)	66,000
- prior year	144,631	-	242,252	-
	<u>3,119,913</u>	<u>3,531,031</u>	<u>1,169,885</u>	<u>568,943</u>

Reconciliation of effective tax rate

Group	2004		2003	
	%	RM	%	RM
Profit before taxation		<u>17,369,330</u>		<u>12,376,140</u>
Income tax using Malaysian tax rates	28	4,863,413	28	3,465,319
Non-deductible expenses	1	96,838	1	120,411
Tax incentives	(10)	(1,764,000)	-	(66,824)
Other items	-	74,281	-	12,094
	<u>19</u>	<u>3,270,532</u>	<u>29</u>	<u>3,531,000</u>
(Over)/Under provision in prior years	(1)	(150,619)	-	31
Tax expense	<u>18</u>	<u>3,119,913</u>	<u>29</u>	<u>3,531,031</u>
Company				
Profit before taxation		<u>6,556,828</u>		<u>5,475,071</u>
Income tax using Malaysian tax rates	28	1,835,912	28	1,533,020
Non-deductible expenses	1	72,145	1	81,384
Tax exempt dividend	(10)	(689,920)	(19)	(1,066,240)
Other items	-	12,611	-	20,779
	<u>19</u>	<u>1,230,748</u>	<u>10</u>	<u>568,943</u>
Over provision in prior years	(1)	(60,863)	-	-
Tax expense	<u>18</u>	<u>1,169,885</u>	<u>10</u>	<u>568,943</u>

16. EARNINGS PER ORDINARY SHARE – GROUP

Basic earnings per share

The calculation of basic earnings per share for 2004 is based on the net profit attributable to ordinary shareholders of RM10,574,495 (2003- RM6,830,095) and the weighted average number of ordinary shares outstanding during the year of 67,052,055 (2003- 60,000,000).

Weighted average number of ordinary shares

	2004	2003
Issued ordinary shares at the beginning of the year	12,000,000	12,000,000
Effect of sub-division of shares	48,000,000*	48,000,000*
Issued during the year	7,052,055	-
Weighted average number of ordinary shares	<u>67,052,055</u>	<u>60,000,000</u>

* Since the sub-division of shares is an issue without consideration, the issue is treated as if it had occurred at the beginning of the financial year ended 31 March 2003.

17. DIVIDENDS

	Group and Company	
	2004	2003
	RM	RM
Ordinary		
Final paid:		
Nil (2002 - 20% per share less tax)	-	1,728,000
Interim payable:		
3.2% per share less tax (2003 – 5% per share less tax)	1,981,440	432,000
2.8% per share tax exempt (2003 – 31.8% per share tax exempt)	2,408,000	3,816,000
	<u>4,389,440</u>	<u>5,976,000</u>

The calculation of net dividends per ordinary share as disclosed in the Income Statement is based on the total interim and final proposed dividends for the financial year and the number of ordinary shares outstanding during the year of 86,000,000 (2003- 12,000,000).

18. CONTINGENT LIABILITIES

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Performance and warranty bonds issued to customers	456,715	484,230	-	-
Bank guarantee issued to the local authorities	2,500	108,000	-	-
Bank guarantee issued to utilities supplier	40,000	32,000	40,000	32,000
	<u>499,215</u>	<u>624,230</u>	<u>40,000</u>	<u>32,000</u>

19. 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.

Transactions with Directors

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

Transactions	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Affiliates				
Company in which Dato' Mukhriz Mahathir, a Director, has interests:				
Opcom Sdn. Bhd.				
Sales	56,515,723	39,917,799	-	-
Marketing commitment fee payable	(1,000,000)	-	-	-
Commission payable	(1,819,905)	(1,100,294)	-	-
Subsidiaries				
Opcom Cables Sdn Bhd				
Rental income receivable	-	-	1,333,668	917,964
Gross dividend receivable	-	-	2,464,000	3,886,400
Opcom Niaga Sdn Bhd				
Gross dividend receivable	-	-	3,900,000	1,599,968

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

20. 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.

21. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

notes to the financial statements (cont'd)

21. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

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

At the balance sheet date, there were no significant concentration of credit risk, except for the amount due from affiliated companies. 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.

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 did not hedge the exposure as US Dollars is pegged against the Ringgit Malaysia. 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 and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their 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
2004				
	Deposits with a licensed bank	2.57	38,140,931	38,140,931
2003				
	Deposits with a licensed bank	2.74	13,932,518	13,932,518
Company				
2004				
	Deposits with a licensed bank	2.70	19,590,931	19,590,931
2003				
	Deposit with a licensed bank	3.20	32,518	32,518

21. FINANCIAL INSTRUMENTS (CONT'D)

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 sheet as at 31 March is shown below:

	2004 Carrying amount RM	2004 Fair value RM
Amount owing to Directors	13,885,748	12,376,063

Unrecognised financial instruments

There are no unrecognised financial instruments in the balance sheet at 31 March 2004.



list of properties

Location & Description	Existing Use	Tenure	Build up area (sq. ft.)	Age of Properties	Book Value (RM'000)
1 No. HSD 167493, Mukim Damansara, 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"> • Guard House, Substation Building and Pump House • Office Buildings • Warehouses • Manufacturing Block 	99-year leasehold expiring on 08.08.2068	Land area: 28,327.068 sq. meters Built-up area: 9,310 sq. meters	Age of manufacturing block: approximately 8 years Age of other buildings/structures: more than 20 years	Land: 11,351 (for both items 1 & 2) Building: 8,027
2 No. HSD 172516, Mukim Damansara, 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	Refer above	Land area: 14,005.127 sq. meters	Not applicable	Refer above



analysis of shareholdings

as at 16 August 2004

Class of shares : Ordinary Shares of RM0.20 each
 Voting rights : One vote per shareholder on a show of hand 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	2	0.11	100	0.00
100 - 999	72	3.92	29,700	0.03
1,000 - 4,999	1,192	64.85	2,184,000	2.54
5,000 - 10,000	368	20.02	2,518,900	2.93
10,001-100,000	177	9.63	5,389,100	6.27
100,001 - 1,000,000	21	1.14	4,988,900	5.80
Above 1,000,000	6	0.33	70,889,300	82.43
Total	1,838	100.00	86,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	% of Issued Share Capital
1 Dato' Mukhriz Mahathir	43,375,000	50.44
2 Rezeki Tegas Sdn. Bhd.	18,000,000	20.93
3 Asfah Logistics Sdn. Bhd.	3,555,000	4.13
4 Sierra Partners Sdn. Bhd.	3,070,200	3.57
5 Employees Provident Fund Board	1,514,100	1.76
6 Chhoa Kwang Hua	1,375,000	1.60
7 Harun Aminulrashid Bin Malek	555,900	0.65
8 Zaini Bin Mohd Said	495,000	0.58
9 Johan Kuok Indot	380,000	0.44
10 Nan Nan Nancy	374,000	0.43
11 Sven Janne Sjöden	350,000	0.41
12 Zainal Abidin Bin Pit	311,000	0.36
13 Aziz Bin Abdullah	250,000	0.29
14 Abdul Jabbar Bin Abdul Majid	250,000	0.29
15 Chua Gaik Suwan	250,000	0.29
16 Abdul Rahman Bin Mohammed Hashim	219,500	0.26
17 Mohamed Rashdan Bin Baba	200,000	0.23
18 Aida bt Shamsuddin	180,000	0.21
19 Yusree Putra Bin Alias	170,000	0.20
20 Loo Hwee Lim	152,000	0.18
Total	75,026,700	87.25

analysis of shareholdings (cont'd)

as at 16 August 2004

SUBSTANTIAL SHAREHOLDERS

(As per register of substantial shareholders)

Name	Direct	No. of Shares held		%
		%	Indirect	
Dato' Mukhriz Mahathir	43,375,000	50.44	-	-
Rezeki Tegas Sdn. Bhd.	18,000,000	20.93	-	-
Chhoa Kwang Hua	1,375,000	1.60	18,000,000*	20.93

STATEMENT OF DIRECTORS' INTERESTS

Name	Direct	No. of Shares held		%
		%	Indirect	
Dato' Mukhriz Mahathir	43,375,000	50.44	-	-
Chhoa Kwang Hua, Eric	1,375,000	1.60	18,000,000*	20.93
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	495,000	0.58	-	-
Tomio Alan Komatsu	126,000	0.15	-	-
Sven Janne Sjöden	350,000	0.41	-	-
Abdul Jabbar Bin Abdul Majid	250,000	0.29	-	-

Note:

* Deemed interested by virtue of Section 6A of the Companies Act, 1965 pursuant to his substantial interest in Rezeki Tegas Sdn. Bhd.



OPCOM HOLDINGS BERHAD

(322661-W)
(Incorporated in Malaysia)

● ● ● ● ● ●
proxy form

I/We _____ NRIC 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 Glenmarie Ballroom A, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 30 September 2004 at 9.00 a.m. and at any adjournment thereof. The proxy is to vote on the Ordinary 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
For									
Against									

Dated this _____ day of _____ 2004.

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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OPCOM HOLDINGS BERHAD (322661-W)

11 Jalan Utas 15/7

40200 Shah Alam

Selangor

Tel : (603) 5519 5599

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<http://www.opcom.com.my>