



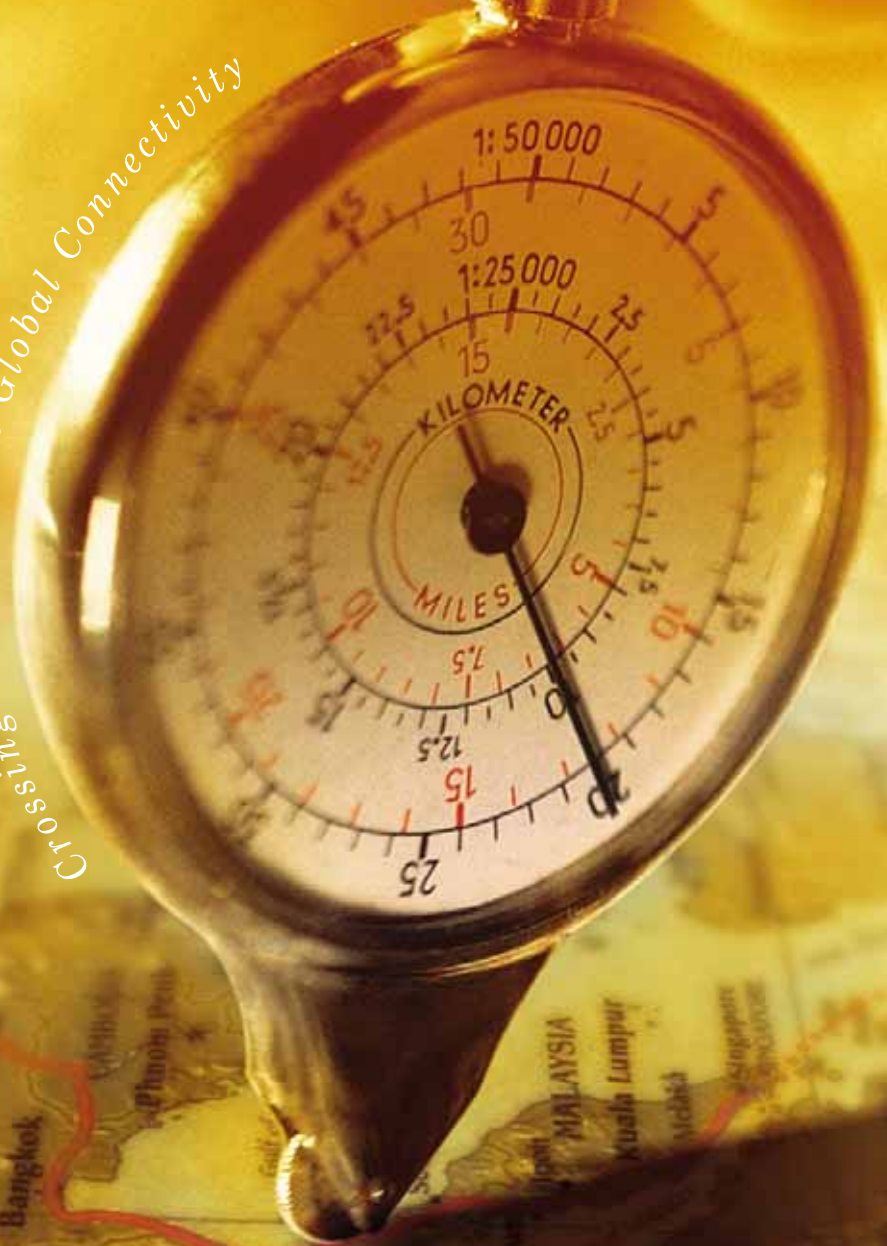
**OPCOM HOLDINGS BERHAD**

(322661-W)  
(Incorporated in Malaysia)

**ANNUAL REPORT 2007**



*Crossing Borders with Global Connectivity*



## rationale

A successful business knows no borders in today's inter-connected world. OPCOM perfectly understands this fundamental tenet of bringing its business across regional borders.

The Company's objective towards developing and expanding thriving global businesses is aptly depicted in the theme of this Annual Report. The distance-measuring device and world map featured on the cover of this report illustrate that for every small distance covered on the map, a huge leap has been taken in the world.

Indeed, for every big achievement in the world of business, small strategic steps need to be taken to ensure ultimate and lasting success. Similarly, through competent leadership and carefully calculated strategies, every small step that OPCOM takes is a measure of the great success that the Company slowly but surely achieves within the global industry. Every strategy has to be carefully plotted and premeditated, every achievement is a reflection of the OPCOM's experience and know-how.

To extend its business reach by reaching beyond international borders. This is one small step towards erasing world boundaries, one big leap for OPCOM's commitment in achieving ultimate global connectivity.



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## vision

An affordable broadband infrastructure for all Malaysians.

## mission

- To deliver high quality and well-engineered products, supported by timely delivery and excellent customer service.
- To provide the means and resources to promote equality, learning and growth initiatives aimed at the development of our employees to attain their true potential in order to sustain the future human resource needs of the organisation.
- To diversify and venture into other businesses which support the long term growth of the group.



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# notice of annual general meeting

**NOTICE IS HEREBY GIVEN THAT** the Twelfth Annual General Meeting of the Company will be held at Tiara Rini Ballroom, 1st Floor, The Royale Bintang Damansara, No. 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 18 September 2007 at 9.30 am to transact the following businesses:-

## AGENDA

- |    |  |  |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2007 and the Reports of Directors and Auditors thereon.                                | <i>Ordinary Resolution 1</i>                                 |
| 2. | To approve the payment of Directors' fees for the financial year ended 31 March 2007.  | <i>Ordinary Resolution 2</i>                                 |
| 3. | To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-<br>3.1 Dato' Mukhriz Mahathir<br>3.2 Sven Janne Sjöden | <i>Ordinary Resolution 3</i><br><i>Ordinary Resolution 4</i> |
| 4. | To re-elect the following Director who retires pursuant to Article 132 of the Company's Articles of Association:-<br>4.1 Lim Bee Khin                                    | <i>Ordinary Resolution 5</i>                                 |
| 5. | To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration.  | <i>Ordinary Resolution 6</i>                                 |
| 6. | <b>PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN BHD</b>                              | <i>Ordinary Resolution 7</i>                                 |

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

"THAT, pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the recurrent transactions with Opcom Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 27 August 2007 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said related party than those generally available to the public and not detrimental to minority shareholders of the Company.

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

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

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

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed renewal of shareholders' mandate for recurrent related party transactions.

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 27 August 2007 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM CABLES SDN BHD, ERICSSON NETWORK TECHNOLOGIES AB, SWEDEN AND BIRLA ERICSSON OPTICAL LIMITED** *Ordinary Resolution 8*

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

"THAT, pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the recurrent transactions with Opcom Cables Sdn Bhd, Ericsson Network Technologies AB, Sweden and Birla Ericsson Optical Limited as detailed in Section 2.3 of the Circular to Shareholders dated 27 August 2007 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said related parties than those generally available to the public and not detrimental to minority shareholders of the Company.

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

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

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

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed renewal of shareholders' mandate for recurrent related party transactions.

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 27 August 2007 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular."

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ZOOP SDN BHD AND PERENNIAL RENAISSANCE SDN BHD** *Ordinary Resolution 9*

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

"THAT, pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the recurrent transactions with Zoop Sdn Bhd and Perennial Renaissance Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 27 August 2007 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said related parties than those generally available to the public and not detrimental to minority shareholders of the Company.

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

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

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

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed renewal of shareholders' mandate for recurrent related party transactions.

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 27 August 2007 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular."

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH AIRZED NETWORKS SDN BHD AND AIRZED BROADBAND SDN BHD**

*Ordinary Resolution 10*

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

"THAT, pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the recurrent transactions with Airzed Networks Sdn Bhd and Airzed Broadband Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 27 August 2007 which are necessary for the Company's and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said related parties than those generally available to the public and not detrimental to minority shareholders of the Company.

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

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

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

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed renewal of shareholders' mandate for recurrent related party transactions.

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 27 August 2007 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular.”

10. **AUTHORITY TO ISSUE SHARES**

*Ordinary Resolution 11*

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

“THAT subject always to the Companies Act, 1965 (the Act) and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes that the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being.”

11. 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

27 August 2007

**Notes:**

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

**Ordinary Resolutions 7 - 10**

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

The Ordinary Resolutions proposed under items 6 - 9, if passed, will allow the Company and its subsidiaries to enter into recurrent transactions pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market. Further information on the Proposed Renewal of Shareholders' Mandate for recurrent transactions is set out in Section 2.3 of the Circular to Shareholders dated 27 August 2007, which is despatched together with the Company's Annual Report 2007.

**Ordinary Resolution 11**

**Authority to Issue Shares**

The proposed Ordinary Resolution 11, 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

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

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

<b>Place</b>	Tiara Rini Ballroom, 1st Floor, The Royale Bintang Damansara No. 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan
<b>Date</b>	Tuesday, 18 September 2007
<b>Time</b>	9.30 am

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

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

- The following Directors retire pursuant to Article 127 of the Company's Articles of Association:-
  - Dato' Mukhriz Mahathir
  - Sven Janne Sjöden
- Lim Bee Khin retires pursuant to Article 132 of the Company's Articles of Association.

The profiles of the Directors standing for re-election are set out on pages 14 to 17 of the Annual Report.

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

A total of four (4) Board Meetings were held in the financial year ended 31 March 2007. All the Board Meetings were held at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

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

<b>Director</b>	<b>Total Attendance</b>
Dato' Mukhriz Mahathir	4/4
Chhoa Kwang Hua	3/4
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	4/4
Tomio Alan Komatsu	3/4
Sven Janne Sjöden	4/4
Abdul Jabbar Bin Abdul Majid	4/4
Lim Bee Khin (appointed on 28 December 2006)	1/4



# corporate information

## BOARD OF DIRECTORS

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

**Chhoa Kwang Hua**  
(Executive Director)

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

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

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

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

**Lim Bee Khin**  
(Executive Director)

## AUDIT COMMITTEE

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

**Lim Bee Khin**  
Member

**Tomio Alan Komatsu**  
Member

## REMUNERATION COMMITTEE

**Abdul Jabbar Bin Abdul Majid**  
Chairman

**Dato' Mukhriz Mahathir**  
Member

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

**Sven Janne Sjöden**  
Member

## SECRETARIES

**Seow Fei San**  
(MAICSA 7009732)

**Loh Lai Ling**  
(MAICSA 7015412)

## REGISTRAR

**Symphony Share Registrars Sdn Bhd** (506293-D)  
Level 26, Menara Multi Purpose, Capital Square  
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur  
Tel : 03-2721 2222  
Fax : 03-2721 2530 / 2721 2531

## SPONSOR

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

## 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

## AUDITORS

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

## PRINCIPAL BANKER

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

## STOCK EXCHANGE LISTING

MESDAQ Market  
Bursa Malaysia Securities Berhad

# corporate structure



## OPCOM HOLDINGS BERHAD

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

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

70%

### OPCOM CABLES SDN BHD

(Company No. 322687-T)

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

100%

### OPCOM NIAGA SDN BHD

(Company No. 442938-M)

**Principal activities:**  
General trading of specialty chemicals and related materials

100%

### OPCOM SHARED SERVICES SDN BHD

(Company No. 665562-M)

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

100%

### OPCOM NETWORK TECHNOLOGIES SDN BHD

(Company No. 679927-A)

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

## chairman's statement



On behalf of the Board of Directors of Opcom Holdings Berhad (Opcom), it is my pleasure to present to you the Annual Report 2007 and the Audited Financial Statements for the financial year ended 31 March 2007.

**DATO' MUKHRIZ MAHATHIR**

Chairman/ Managing Director

#### UTILISATION OF PROCEEDS AS AT 31 MARCH 2007

Since the listing exercise, the Group has fully utilised its IPO proceeds amounting RM20.8 million. From this amount, RM11.55 million was spent on capital expenditure, RM7.75 million working capital and RM1.50 million towards listing expenses.

#### FINANCIAL HIGHLIGHTS

For the financial year ended 31 March 2007, the Group achieved a net profit of RM2.14 million on revenue of RM66.51 million, which was 80.3% and 1.9% lower respectively compared to the previous financial year. The dip in revenue and profit was mainly attributed by softer demand of fiber optic cables and intense competition from other cable manufacturers operating in the country. Margins were also impacted by higher petroleum-based raw materials.

Given the challenging environment, the Group recorded an earnings per share of 1.66 sen for the financial year ended 31 March 2007.

#### DIVIDENDS

An interim tax exempt dividend of 0.75 sen per ordinary share amounting to RM967,500 in respect of the financial year ended 31 March 2007 was paid out on 8 May 2007.

With the inclusion of the 2007 dividend payout, the Company had returned RM16,429,440 in cash to our shareholders since listing in 2003. The Board will continue to refine our dividend policy which seeks to balance the payment of a consistent dividend stream to shareholders and allocate sufficient funds to equity to allow for reinvestment into the growth of the Company.

#### CORPORATE GOVERNANCE

Statements on the Corporate Governance and Internal Control on pages 25 to 30 and 31 to 32 respectively affirms the Group's commitment in ensuring compliance with the Principles and Best Practices set out in the Malaysian Code as a fundamental part in discharging our duties to protect and enhance shareholders' value and the financial performance of Opcom Group.

There were no sanctions and / or penalties imposed on Opcom and its subsidiary companies or the directors by the relevant regulatory bodies for the financial year ended 31 March 2007.





## OUTLOOK

Our Malaysian Government continues to place great importance in the development of Information Communication Technology (ICT) in the Ninth Malaysia Plan (9MP). The focus in Chapter 5 of the 9MP is on the expansion of communications network to ensure more equitable access to information and services.

The implementation of the National Broadband Plan (NBP) in 2003 plays an important role towards the Government's aim of transforming Malaysia into a knowledge-based society. Under this Plan, the Government's priority was the creation of a critical mass of broadband connections to support business viability for service providers.

Statistics released by the Malaysian Communications and Multimedia Commission (MCMC), the number of dial-up users stood at 3.76 million users as at end of 2006, representing an increase of 2.2% year-on-year growth rate. Of more significance was the 54.1% year-on-year increase in broadband subscriptions to 0.74 million users in 2006 from 0.48 million in 2005. Following this trend, it is anticipated that customer migration from dial-up to broadband will accelerate. Such development bodes well for the fiber optic cables industry, generating higher demand of fiber optic cables capable of higher bandwidth for high speed broadband and global connectivity.

It is envisaged that more fiber optic cables will be required as the Government pursues the goals set out in the NBP with cellular network operators extending network coverage for 3G services. However, the operating environment in the industry remains competitive and challenging given the ever increasing raw material prices and operating expenditure.

## PROSPECTS

Moving forward, the Group will continue focusing on diversifying its customer base. Although demand continues to come from local incumbents such as Telekom Malaysia Berhad (Telekom) and Maxis Communications Berhad (Maxis), other emerging broadband players have given rise to interesting opportunities.

The Group has keen interest to venture into Indonesia, India, Sri Lanka, Bangladesh, Pakistan and Cambodia as it foresees huge demand for fiber optic cables. The entry of major Malaysian telecommunications companies into these markets is an added incentive. These efforts are expected to bear fruit within the next 12 months.

Opcom is well positioned to book sales in both the domestic and foreign markets. In Malaysia, Opcom hopes to capture 30% of the domestic market and the Group expects about 40% to come from overseas markets for the financial year ending 31 March 2008.

Meanwhile, Opcom is continuously seeking to increase sales contribution from the supply and delivery of connectorised cable products for various applications including wireline, infocomm and wireless network infrastructure. Exports have steadily increased over the year and are expected to continue to do so in the next financial year.

### RESEARCH AND DEVELOPMENT

In our continuous efforts to grow the value of our products, Opcom has been working on new product developments that complement its existing product line. Three key areas in which the Group is doing both product and applied research and development (R & D) are:-

- Structured Cables
- Jointing Closures
- Fiber-to-the-Home (FTTH)

For Structured Cables, the Group is working on new product development and product certification with its customers to increase the product range. Structured Cables sales are expected to increase by 20% in the financial year ending 31 March 2008. This Structured Cables R & D project is expected to be completed by March 2008.

The research and development efforts on the Jointing Closures is nearing conclusion and the commercial release of Jointing Closures is expected by March 2008. Opcom will be the sole owner of all intellectual rights to the Jointing Closures.

Opcom is also working closely with its partner, Ericsson Network Technologies AB, Sweden (Ericsson) to develop selected product components in the FTTH value chain for the export markets. The Group is also working with Ericsson on the FTTH product components for Ericsson's own FTTH projects.

### ACKNOWLEDGMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to put on record my sincere appreciation to our valued shareholders, customers and business partners for their invaluable support, trust and confidence for the Group.

I would also like to take this opportunity to express my heartfelt thanks to my fellow directors, the management team as well as all employees for their unflinching efforts and contribution in exploring new and exciting prospects for the Company.

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



## board of directors



Dato' Mukhriz Mahathir  
Chairman/ Managing Director



Chhoa Kwang Hua  
Executive Director



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



Tomio Alan Komatsu  
Independent Non-Executive Director



Sven Janne Sjöden  
Non-Independent Non-Executive Director



Abdul Jabbar Bin Abdul Majid  
Independent Non-Executive Director



Lim Bee Khin  
Executive Director

## directors' profile



### DATO' MUKHRIZ MAHATHIR

Chairman/ Managing Director

Dato' Mukhriz Mahathir, a Malaysian, aged 43, is the founder, Chairman and Managing Director of the Company and a member of the Remuneration Committee. Dato' Mukhriz is a substantial shareholder of the Company.

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

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

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

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







#### CHHOA KWANG HUA

Executive Director

Mr Chhoa Kwang Hua, a Malaysian, aged 43, co-founded the Company with Dato' Mukhriz in 1994. He is the Executive Director of the Company.

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

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

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



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

Independent Non-Executive Director

Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said, a Malaysian, aged 61, was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He serves as Chairman of the Audit Committee and is a member of the Remuneration Committee.

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

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

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

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

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



#### TOMIO ALAN KOMATSU

Independent Non-Executive Director

Mr Tomio Alan Komatsu, an American, aged 37 was appointed as a Director of Opcom Holdings Berhad on 12 September 2003. He is a member of the Audit Committee.

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

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

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



#### SVEN JANNE SJÖDEN

Non-Independent Non-Executive Director

Mr Sven Janne Sjöden, a Swedish, aged 63 was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He is a member of the Remuneration Committee.

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

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

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



**ABDUL JABBAR BIN ABDUL MAJID**

Independent Non-Executive Director

Encik Abdul Jabbar Bin Abdul Majid, a Malaysian, aged 62 was appointed as a Director of Opcom Holdings Berhad on 11 November 2003. He serves as Chairman of the Remuneration Committee.

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

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

He is also a director of public listed companies such as Perusahaan Otomobil Nasional Berhad, Tradewinds Corporation Berhad, Bank Muamalat Malaysia Berhad and Golden Pharos Berhad.

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

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



**LIM BEE KHIN**

Executive Director

Ms Lim Bee Khin, a Malaysian, aged 34, was appointed as a Director of Opcom Holdings Berhad on 28 December 2006. She is the Chief Financial Officer of the Company and a member of the Audit Committee.

She graduated from Monash University, Australia in 1994. She is a member of the Certified Practising Accountants in Australia and a Member of the Malaysian Institute of Accountants (MIA).

She joined Opcom Holdings Berhad Group (the Group) as an Accountant in 1997 and was the Deputy General Manager (Accounts) of the Group before her current appointment.

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

# management team



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



**CHHOA KWANG HUA**  
Executive Director



**LIM BEE KHIN**  
Chief Financial Officer



**YUSREE PUTRA ALIAS**  
General Manager



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



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



**NORLINA SULAIMAN**  
Human Resource Manager



**SOON SIEW ENG**  
Head of Administration & MIS

# leading the way to excellence

Great leaders know the way towards success with unerring accuracy. Possessing vision, integrity and perseverance, OPCOM's management team provides sure and strategic direction for the entire Company through forward-thinking guidance, leadership and expertise.



## financial highlights

	2003 RM mil	2004 RM mil	2005 RM mil	2006 RM mil	2007 RM mil
<b>Revenue</b>	46.04	58.08	78.29	67.79	66.51
<b>Profit before tax</b>	12.38	17.37	26.75	18.22	4.53
<b>Profit after tax &amp; MI</b>	6.83	10.57	17.20	10.87	2.14
<b>Property, plant and equipment</b>	27.10	35.35	38.93	36.35	35.50
<b>Current assets</b>	35.73	59.31	67.92	62.78	54.76
<b>Total assets</b>	62.83	94.65	106.85	99.13	90.26
<b>Share capital</b>	12.00	17.20	17.20	25.80	25.80
<b>Reserves</b>	8.12	28.72	39.04	37.11	38.28
<b>Shareholders' funds</b>	20.12	45.92	56.24	62.91	64.08
<b>Earnings per share (sen)*</b>	5.29	8.19	13.33	8.42	1.66
<b>NTA per share (sen)*</b>	15.60	35.60	43.60	48.77	49.68
<b>Return on equity (%)</b>	33.95	23.02	30.58	17.28	3.34

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

# audit committee report

## TERMS OF REFERENCE

### Primary Purposes

The Audit Committee (Committee) shall:-

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

### Members

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

1. The Audit Committee shall comprise of no fewer than three (3) members;
2. The majority of the Audit Committee must be independent directors;
3. The Chairman of the Audit Committee shall be an independent director;
4. The Managing Director shall not be a member of the Audit Committee;
5. At least one of the members of the Committee must:-
  - (a) be a member of the Malaysian Institute of Accountants; or
  - (b) have at least three (3) years working experience and;-
    - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967, or
    - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; and
  - (c) fulfils such other requirements as prescribed by the Bursa Malaysia Securities Berhad; and
6. No chief executive officer or alternate director is appointed as 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:-

1. have explicit authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;

3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
5. 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
6. be able to convene meetings with the external auditors excluding the attendance of the executive members of the Company, whenever deemed necessary.

### **Functions and Duties**

The functions of the Audit Committee are as follows:-

1. To review:-
  - (a) the nomination of external auditors;
  - (b) the adequacy of existing external auditors audit arrangements, with particular emphasis on the scope and quality of the audit;
  - (c) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (d) the effectiveness of the internal control and management information systems;
  - (e) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (f) the external auditors' audit report;
  - (g) any management letter sent by the external auditors to the Company and the management's response to such letter;
  - (h) any letter of resignation from the Company's external auditors;
  - (i) the assistance given by the employees of the Company to the external auditors;
  - (j) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
  - (k) all related party transactions and potential conflict of interests situations that may arise within the Company/Group; and
  - (l) to review and verify the allocation of share options to eligible persons as being in compliance with the by-laws approved by the Board of Directors and shareholders of the Company.
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 to ensure the effectiveness in the discharge of the Committee's duties and responsibilities.
4. To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant and unusual events; and
  - (c) compliance with accounting standards and other legal requirements.
5. The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate.
6. To report to Bursa Malaysia Securities Berhad (Bursa Securities) on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities for the MESDAQ Market.



### **Retirement and Resignation**

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

### **Meetings**

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

### **Procedures of Audit Committee**

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

1. the calling of meetings;
2. the notice to be given of such meetings;
3. the voting and proceedings of such meetings;
4. the keeping of minutes; and
5. the custody, production and inspection of such minutes.

### **Secretary**

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

### **COMPOSITION AND DESIGNATION**

- Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said – *Chairman (Independent Non-Executive Director)*
- Lim Bee Khin – *Member (appointed on 28 December 2006) (Executive Director)*
- Tomio Alan Komatsu – *Member (Independent Non-Executive Director)*
- Chhoa Kwang Hua – *Member (resigned on 28 December 2006) (Executive Director)*

### Number of Audit Committee Meetings and Details of Attendance

During the financial year ended 31 March 2007, a total of five (5) Audit Committee Meetings were held and the details of attendance are as follows:-

Director	Total Attendance
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	5/5
Lim Bee Khin (appointed on 28 December 2006)	1/5
Chhoa Kwang Hua (resigned on 28 December 2006)	3/5
Tomio Alan Komatsu	5/5

### 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:-

1. Reviewed and assessed the adequacy of the scope, functions and resources of the Internal Audit and Risk Management procedures and reported any weakness or inadequacy to the Board.
2. 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.
3. 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.
4. Reviewed effectiveness of the internal control and management information systems.
5. Reviewed the related party transactions and ensured that they are not more favourable to the related parties than those generally available to the public and complies with the Listing Requirements of Bursa Securities for the MESDAQ Market.

### INTERNAL AUDIT FUNCTION

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

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

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

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

## corporate governance statement

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

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

### BOARD OF DIRECTORS

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

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

- **Composition of the Board**

The Board currently has seven (7) members comprising three (3) executive members and four (4) non-executive members, three (3) out of four (4) 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 14 to 17 of this Annual Report.

- **Board Meeting**

Board meetings are scheduled four (4) times per annum to review the Group's operations and to approve the quarterly reports and annual financial statements. The Board met four (4) times during the financial year ended 31 March 2007. Details of each director's attendance of the Board meetings are disclosed in the statement accompanying notice of annual general meeting in this Annual Report.

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

- (a) Audit Committee
- (b) Remuneration Committee

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

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

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

- **Directors' Training**

All Directors have attended and successfully completed the Mandatory Accreditation Programme within the time frame stipulated in the Listing Requirements.

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

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

Currently, the appointments of Directors are dealt with by the entire Board. The Board has decided not to set up a Nomination Committee, as the Board is of the opinion that given its current size and composition, appointments of new directors can be dealt with effectively and objectively by the entire Board.

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

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

- **Directors' Remuneration**

**REMUNERATION COMMITTEE**

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

**Composition and Designation**

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

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

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

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

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

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

The aggregate remuneration of the Directors for the financial year ended 31 March 2007 is as follows:-

	<b>RM</b>
Executive	476,400
Non-Executive	71,100

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

Range of Remuneration	<b>Number of Directors</b>	
	Executive	Non-Executive
<RM50,000	1	4
RM50,001 – RM100,000		
RM100,001 – RM150,000		
RM150,001 – RM200,000		
RM200,001 – RM250,000	2	
<b>Total:</b>	<b>3</b>	<b>4</b>

#### **AUDIT COMMITTEE**

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

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

The report detailing the activities of the Audit Committee is presented on pages 21 to 24 of this Annual Report.

#### **SHAREHOLDERS**

- **Dialogue between the Company and Investors**

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

- The Annual Report;
- The various disclosures and announcements to Bursa Malaysia Securities Berhad including quarterly and annual results;

- The website developed by the Group known as [www.opcom.com.my](http://www.opcom.com.my); and
  - Participating in Investor Forum with research analysts, fund managers and investors.
- **General Meeting**

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. AGM is held yearly to consider the ordinary business of the Company and any other special businesses. Each item of special businesses included in the notice is accompanied by a full explanation of the effects of the proposed resolution. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

## ACCOUNTABILITY & AUDIT

- **Financial Reporting**

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

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

The Board is responsible to review the adequacy and integrity of the Company's internal control systems. The Board has appointed experts, both internal and external, to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders' investment and the Company's assets. The Board reviews the effectiveness of the system of internal controls by the work of the internal auditors; the Audit Committee oversees the work of the internal audits and comments made by the internal auditors in their periodic reports.

The information on the Group's Internal Control Statement is as set out on pages 31 to 32 of this Annual Report.

## RISK MANAGEMENT COMMITTEE

The Group has a Risk Management framework which is regularly reviewed to ensure risks and controls are updated to reflect current business situations and ensure relevance at any given time. Steps are taken to identify outdated and irrelevant risks and new risks are identified, for which new controls will be

introduced. The Management, in keeping with good corporate governance practice, takes a serious view of ensuring that the Group is always on alert for any situation that might adversely affect its assets, income and ultimately, profits.

#### **RESPONSIBILITY STATEMENT BY DIRECTORS**

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

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

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

#### **STATEMENT ON MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST**

Save as disclosed below, there were no material contracts involving the Directors' Interest during the financial year ended 31 March 2007:-

- 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 was for investment, capital expenditure and/or working capital of the Company.

The advances were non-interest bearing for the years ended 31 March 2004 and 31 March 2005. However, after 31 March 2005, the advances were subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The interest was accrued from day to day and shall be calculated on the basis of a year of 365 days and was 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. All outstanding advances and interest due were fully paid to Dato' Mukhriz Mahathir during the financial year.

- 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 were non-interest bearing for the years ended 31 March 2004 and 31 March 2005. However, after 31 March 2005, the advances were subject to a fixed interest rate of 3.00% per annum on outstanding principal balance at beginning of financial year. The interest was accrued from day to day and shall be calculated on the basis of a year of 365 days and was 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. All outstanding advances and interest due were fully paid to Chhoa Kwang Hua during the financial year.

## RECURRENT RELATED PARTY TRANSACTION

The recurrent related party transactions of a revenue or trading nature of Opcom Holdings Berhad (Opcom) conducted pursuant to the shareholders' mandate during the financial year ended 31 March 2007 were as follows:-

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Person Connected	Aggregate Value (RM)
Opcom Sdn Bhd (OSB)	- Supply of goods and services to OSB <ul style="list-style-type: none"> <li>• Fiber optic cables</li> </ul>	Dato' Mukhriz Mahathir <sup>a</sup> Datin Norjita Zakaria <sup>b</sup> Mirzan Mahathir <sup>c</sup>	11,817,143
	- Renting of Opcom's premises and open area (11,462 square feet) on No.11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by OSB		50,000
Ericsson Network Technologies AB, Sweden (ENT)	- Supply of cables related products to ENT via a General Purchase Agreement	Sven Janne Sjöden <sup>d</sup> ENT <sup>e</sup>	1,978,070
	- Purchase of goods and services from ENT <ul style="list-style-type: none"> <li>• Cable production materials</li> <li>• Installation, commissioning, technical service, consultancy and maintenance services and other such related services to be supplied in conjunction with the provision of goods and services</li> </ul>	9,280,781	
Birla Ericsson Optical Limited (Birla)	- Purchase of cable production materials from Birla	Sven Janne Sjöden <sup>d</sup> ENT <sup>e</sup> Birla <sup>f</sup>	6,719,098
Opcom Cables Sdn Bhd (OCSB)	- Renting of Opcom's premises and open area (183,345 square feet) on No.11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by OCSB with rental of RM180,000 per month	Sven Janne Sjöden <sup>d</sup> ENT <sup>e</sup>	2,160,000
	- Provision of management services to OCSB		1,980,000
Zoop Sdn Bhd (Zoop)	- Provision of goods and services to Zoop for its business activities <ul style="list-style-type: none"> <li>• Bio-fuels production materials</li> </ul>	Chhoa Kwang Hua <sup>g</sup> Chhoa Kuang Yaw <sup>h</sup> Dera Otsubo (Chhoa) <sup>i</sup> Ailida Binti Baharum <sup>j</sup> Rezeki Tegas Sdn Bhd <sup>k</sup>	2,167,053
	• Other such services supplied with the good and services to Zoop		102,200

### Notes:-

#### Nature of Interest

- a. Dato' Mukhriz Mahathir, the Chairman/Managing Director and a major shareholder of Opcom is a director of Opcom Niaga Sdn Bhd ("ONSB"), Opcom Network Technologies Sdn Bhd (ONTSB), Opcom Shared Services Sdn Bhd (OSSSB) and Opcom Cables Sdn Bhd (OCSB). He is also a director and major shareholder of OSB.
- b. Datin Norjita Zakaria, the spouse of Dato' Mukhriz Mahathir is a director of OCSB and OSB.
- c. Mirzan Mahathir, the brother of Dato' Mukhriz Mahathir is a director of OCSB and a shareholder of OSB.
- d. Sven Janne Sjöden, a Director of Opcom, OCSB, ENT and Birla.
- e. ENT is the major shareholder of OCSB. ENT also directly holds 27.5% equity interest in Birla.
- f. Birla is a 27.5% associate company of ENT.
- g. Chhoa Kwang Hua, the Executive Director of Opcom is a director of ONSB, ONTSB and OSSSB. He is an alternate director to Datin Norjita Zakaria in OCSB. He is director and major shareholder of Zoop.
- h. Chhoa Kuang Yaw, the brother of Chhoa Kwang Hua is a director and major shareholder of Zoop.
- i. Dera Otsubo (Chhoa), the spouse of Chhoa Kwang Hua is a director and major shareholder of Zoop.
- j. Ailida Binti Baharum, the director and major shareholder of Zoop is a director and major shareholder of Rezeki Tegas Sdn Bhd.
- k. Rezeki Tegas Sdn Bhd is a major shareholder of Opcom.



# internal control statement

## INTRODUCTION

The Board of Directors (the Board) of Opcom Holdings Berhad and its subsidiaries (the Group) is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 March 2007, which has been prepared in accordance with the "Statement of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia Securities Berhad.

## BOARD RESPONSIBILITY

The Board recognises the importance of an effective and dynamic Board to lead and control the Group in enhancing the long term shareholders' value and also ensuring that other stakeholders' interest are also taken into consideration.

The Board is entrusted with the responsibility to exercise reasonable and proper care of the Group's resources in the best interest of its shareholders, whilst safeguarding its assets and shareholders' investments.

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

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

## RISK MANAGEMENT FRAMEWORK

The Board has a structured Risk Management framework that undertakes the Group's desires to identify, evaluate and manage significant business risks. The framework includes examining of business risks, assessing impact and likelihood of risks and taking management action plans to mitigate and minimize risks exposure. The Risk Management Committee met 10 times during the financial year ended 31 March 2007, and carried out its duties in accordance with the Group's Risk Management Policies and Procedures.

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

## INTERNAL AUDIT

The Group appointed an independent internal audit service provider to carry out internal audit reviews assessing the adequacy and integrity of the internal control systems of the business units. The internal audit team highlights to the executive and operational management on areas for improvement and subsequent reviews the extent to which its recommendations have been implemented. The reports are submitted to the Audit Committee, which reviews the findings with management at its quarterly meetings.

In addition, the management's prompt response to the control recommendations on deficiencies noted during the financial audits provides added assurance that certain control procedures on matters relating to finance are in place, and being followed.

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

### OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

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

- Control Procedures**  
 Established policies, procedures and practices to ensure clear accountabilities and control procedures for all business units. The policies and procedures are available and accessible by all employees.
- Organisational Structure and Accountability Levels**  
 The Group has a formally defined organisational structure with clear lines of accountability. The delegation of authority is properly documented and sets out the decisions that need to be taken and the appropriate authority levels of Management, including matters that require Board's approval. Key financial and procurement matters of the Group require the authorisation of Senior Management.
- Reporting Review**  
 The Group's management teams carry out monthly monitoring and review of financial results and forecasts for all business units within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. The Group's management teams communicate regularly to monitor operational and financial performance as well as to formulate action plans to address any areas of concern.

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

The Board is of the view that there is a continuous process in evaluating and managing significant risks and controls faced by the Group. There was no significant breakdown or weakness in the system of internal controls of the Group that may result in material loss to the Group for the financial year ended 31 March 2007.



financial statements



*Specialty Chemicals  
Trading*

*Fiber Optic  
Cables Supply*

*Human Resource  
Management*

*Telecommunication  
Network Systems*

**OPCOM  
Services Ahead**

# directors' report

## for the year ended 31 March 2007

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 2007.

### 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 5 to the financial statements. There has been no significant change in the nature of these activities during the year except as disclosed in Note 5 for Opcom Niaga Sdn Bhd.

### Results

	Group RM	Company RM
Profit for the year	<u>3,383,470</u>	<u>1,516,661</u>

### Dividend

The Company declared an interim dividend of 0.75 sen per share tax exempt in respect of the year ended 31 March 2007 totalling to RM967,500, which was fully paid on 8 May 2007.

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

### Reserves and provisions

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

### Directors of the Company

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

- Dato' Mukhriz Mahathir
- Chhoa Kwang Hua
- Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said
- Tomio Alan Komatsu
- Abdul Jabbar bin Abdul Majid
- Sven Janne Sjöden
- Lim Bee Khin (appointed on 28.12.2006)

## Directors of the Company (continued)

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 1.4.2006	Bought	Sold	At 31.3.2007
Shareholdings in which Directors have direct interest				
Dato' Mukhriz Mahathir	65,062,500	-	-	<b>65,062,500</b>
Chhoa Kwang Hua	2,062,500	-	-	<b>2,062,500</b>
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	-	-	<b>712,500</b>
Tomio Alan Komatsu	189,000	-	-	<b>189,000</b>
Sven Janne Sjöden	280,000	-	-	<b>280,000</b>
Abdul Jabbar bin Abdul Majid	375,000	-	-	<b>375,000</b>

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

The other Director did not hold any shares in the Company and its related corporations during the financial year.

## Directors' benefits

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

## Issue of shares

There were no changes in the authorised, 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 balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:-

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

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

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2007 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 on behalf of the Board of Directors in accordance with a resolution of the Directors:-



**Dato' Mukhriz Mahathir**



**Chhoa Kwang Hua**

Kuala Lumpur  
24 July 2007

# 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 41 to 73 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2007 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  
24 July 2007



# 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 41 to 73 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 24 July 2007.



**Dato' Mukhriz Mahathir**

Before me:-



Unit No 50-8-1, Tkt 10  
Wisma UOA Damansara  
50 Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur

# report of the auditors

## to the members of Opcom Holdings Berhad

We have audited the financial statements set out on pages 41 to 73. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. 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 for entities other than private entities issued by the Malaysian Accounting Standards Board 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 2007 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

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



.....  
**KPMG**  
Firm Number: AF 0758  
Chartered Accountants



.....  
**Mohamed Raslan Abdul Rahman**  
Partner  
Approval Number: 1825/05/09(J/PH)

Kuala Lumpur  
24 July 2007

# balance sheets

at 31 March 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
<b>Assets</b>					
Property, plant and equipment	3	<b>35,499,144</b>	36,349,188	<b>12,282,984</b>	12,299,213
Investment properties	4	-	-	<b>8,043,195</b>	8,288,464
Investments in subsidiaries	5	-	-	<b>11,300,002</b>	11,300,002
<b>Total non-current assets</b>		<b>35,499,144</b>	36,349,188	<b>31,626,181</b>	31,887,679
<b>Current assets</b>					
Inventories	6	<b>7,209,428</b>	3,619,964	-	-
Receivables, deposits and prepayments	7	<b>31,086,788</b>	13,977,326	<b>3,325,809</b>	9,381,941
Tax recoverable		<b>510,410</b>	142,654	<b>177,392</b>	702,654
Cash and cash equivalents	8	<b>15,958,089</b>	45,043,957	<b>749,005</b>	4,015,121
<b>Total current assets</b>		<b>54,764,715</b>	62,783,901	<b>4,252,206</b>	14,099,716
<b>Total assets</b>		<b>90,263,859</b>	99,133,089	<b>35,878,387</b>	45,987,395
<b>Equity</b>					
Share capital	9	<b>25,800,000</b>	25,800,000	<b>25,800,000</b>	25,800,000
Reserves	10	<b>38,283,183</b>	37,109,033	<b>7,503,285</b>	6,954,124
<b>Total equity attributable to shareholders of the Company</b>		<b>64,083,183</b>	62,909,033	<b>33,303,285</b>	32,754,124
<b>Minority interest</b>		<b>13,537,445</b>	12,595,625	-	-
<b>Total equity</b>		<b>77,620,628</b>	75,504,658	<b>33,303,285</b>	32,754,124
<b>Liabilities</b>					
Amount owing to Directors	11	-	3,471,436	-	3,471,436
Deferred tax liabilities	12	<b>2,521,633</b>	1,968,497	<b>460,000</b>	1,146,895
<b>Total non-current liabilities</b>		<b>2,521,633</b>	5,439,933	<b>460,000</b>	4,618,331
<b>Current Liabilities</b>					
Payables and accruals	11	<b>9,154,098</b>	13,887,028	<b>1,147,602</b>	4,422,440
Taxation		-	108,970	-	-
Dividends payable		<b>967,500</b>	4,192,500	<b>967,500</b>	4,192,500
<b>Total current liabilities</b>		<b>10,121,598</b>	18,188,498	<b>2,115,102</b>	8,614,940
<b>Total liabilities</b>		<b>12,643,231</b>	23,628,431	<b>2,575,102</b>	13,233,271
<b>Total equity and liabilities</b>		<b>90,263,859</b>	99,133,089	<b>35,878,387</b>	45,987,395

The notes on pages 46 to 73 are an integral part of these financial statements.

# income statements

for the year ended 31 March 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
<b>Revenue</b>	13	<b>66,508,428</b>	67,794,354	<b>6,906,673</b>	12,508,492
<b>Operating profit</b>	13	<b>4,663,516</b>	18,535,293	<b>2,119,525</b>	5,670,387
Interest expense		<b>(132,509)</b>	(313,499)	<b>(132,509)</b>	(313,499)
<b>Profit before taxation</b>		<b>4,531,007</b>	18,221,794	<b>1,987,016</b>	5,356,888
Tax expense	14	<b>(1,147,537)</b>	(5,456,505)	<b>(470,355)</b>	(828,658)
<b>Profit for the year</b>		<b>3,383,470</b>	12,765,289	<b>1,516,661</b>	4,528,230
<b>Attributable to:</b>					
Shareholders of the Company		<b>2,141,650</b>	10,866,312	<b>1,516,661</b>	4,528,230
Minority interests		<b>1,241,820</b>	1,898,977	-	-
<b>Profit for the year</b>		<b>3,383,470</b>	12,765,289	<b>1,516,661</b>	4,528,230
Basic earnings per ordinary share (sen)	15	<b>1.7</b>	8.4	-	-

The notes on pages 46 to 73 are an integral part of these financial statements.

# statement of changes in equity

## for the year ended 31 March 2007

Group	Note	Non-distributable		Distributable		Minority interest	Total equity	
		Share capital	Share premium	Capital reserve	Retained profits			Total
		RM	RM	RM	RM	RM	RM	
<b>At 1 April 2005</b>		17,200,000	14,411,530	3,283	24,620,408	56,235,221	12,496,648	68,731,869
Profit for the year		-	-	-	10,866,312	10,866,312	1,898,977	12,765,289
Dividends	16	-	-	-	(4,192,500)	(4,192,500)	(1,800,000)	(5,992,500)
Bonus issue		8,600,000	(8,600,000)	-	-	-	-	-
<b>At 31 March 2006/ 1 April 2006</b>		25,800,000	5,811,530	3,283	31,294,220	62,909,033	12,595,625	75,504,658
Profit for the year		-	-	-	2,141,650	2,141,650	1,241,820	3,383,470
Dividends	16	-	-	-	(967,500)	(967,500)	(300,000)	(1,267,500)
<b>At 31 March 2007</b>		25,800,000	5,811,530	3,283	32,468,370	64,083,183	13,537,445	77,620,628

Note 9

Company	Note	Non-distributable		Distributable		Total
		Share capital	Share premium	Retained profits	Total	
		RM	RM	RM	RM	RM
<b>At 1 April 2005</b>		17,200,000	14,411,530	806,864	32,418,394	
Profit for the year		-	-	4,528,230	4,528,230	
Dividends	16	-	-	(4,192,500)	(4,192,500)	
Bonus issue		8,600,000	(8,600,000)	-	-	
<b>At 31 March 2006/ 1 April 2006</b>		25,800,000	5,811,530	1,142,594	32,754,124	
Profit for the year		-	-	1,516,661	1,516,661	
Dividends	16	-	-	(967,500)	(967,500)	
<b>At 31 March 2007</b>		25,800,000	5,811,530	1,691,755	33,303,285	

Note 9

The notes on pages 46 to 73 are an integral part of these financial statements.

# cash flow statements

for the year ended 31 March 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Cash flows from operating activities</b>				
Profit before tax	<b>4,531,007</b>	18,221,794	<b>1,987,016</b>	5,356,888
Adjustments for:				
Depreciation				
- Property, plant and equipment	<b>2,530,271</b>	4,417,132	<b>475,817</b>	476,925
- Investment properties	-	-	<b>202,742</b>	203,612
Dividend income	-	-	<b>(2,200,000)</b>	(6,200,000)
Impairment in value of investment in a subsidiary	-	-	-	100,000
Interest expense	<b>132,509</b>	313,499	<b>132,509</b>	313,499
Interest income	<b>(830,592)</b>	(1,050,605)	<b>(35,874)</b>	(303,968)
(Gain)/Loss on disposal of property, plant and equipment	<b>(2,749)</b>	(20,939)	<b>(2,749)</b>	1,417
Property, plant and equipment written off	<b>351,085</b>	38,113	<b>4,851</b>	4,419
Investment properties written off	-	-	<b>343,527</b>	-
Operating profit/(loss) before changes in working capital	<b>6,711,531</b>	21,918,994	<b>907,839</b>	(47,208)
Inventories	<b>(3,589,464)</b>	10,702,016	-	-
Receivables, deposits and prepayments	<b>(17,109,462)</b>	(8,899,654)	<b>6,047,822</b>	(7,754,699)
Payables and accruals	<b>(8,504,366)</b>	(20,372,085)	<b>(6,746,275)</b>	(3,497,913)
<b>Cash (used in)/ generated from operations</b>	<b>(22,491,761)</b>	3,349,271	<b>209,386</b>	(11,299,820)
Tax paid	<b>(1,071,127)</b>	(5,493,293)	<b>(211,988)</b>	(338,871)
<b>Net cash used in operating activities</b>	<b>(23,562,888)</b>	(2,144,022)	<b>(2,602)</b>	(11,638,691)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Cash flows from investing activities</b>				
Dividends received	-	-	<b>1,780,000</b>	4,200,000
Purchase of property, plant and equipment	<b>(2,031,880)</b>	(1,883,676)	<b>(465,007)</b>	(872,630)
Purchase of investment properties	-	-	<b>(301,000)</b>	(417,763)
Proceeds from disposal of property, plant and equipment	<b>3,317</b>	27,847	<b>3,317</b>	5,000
Interest received	<b>830,592</b>	991,532	<b>44,185</b>	292,936
Increase in deposit pledged to bank	-	(200,000)	-	-
<b>Net cash (used in)/ generated from investing activities</b>	<b>(1,197,971)</b>	(1,064,297)	<b>1,061,495</b>	3,207,543
<b>Cash flows from financing activities</b>				
Dividend paid	<b>(4,192,500)</b>	-	<b>(4,192,500)</b>	-
Interest paid	<b>(132,509)</b>	(312,430)	<b>(132,509)</b>	(312,430)
<b>Net cash used in financing activities</b>	<b>(4,325,009)</b>	(312,430)	<b>(4,325,009)</b>	(312,430)
Net decrease in cash and cash equivalents	<b>(29,085,868)</b>	(3,520,749)	<b>(3,266,116)</b>	(8,743,578)
Cash and cash equivalents at beginning of year	<b>44,843,957</b>	48,364,706	<b>4,015,121</b>	12,758,699
<b>Cash and cash equivalents at end of year</b>	<b>15,758,089</b>	44,843,957	<b>749,005</b>	4,015,121

**i) Cash and cash equivalents**

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits placed with licensed banks	<b>9,064,318</b>	25,916,000	<b>285,000</b>	2,700,000
Cash and bank balances	<b>6,893,771</b>	19,127,957	<b>464,005</b>	1,315,121
	<b>15,958,089</b>	45,043,957	<b>749,005</b>	4,015,121
Less: Deposit pledged with a licensed bank	<b>(200,000)</b>	(200,000)	-	-
	<b>15,758,089</b>	44,843,957	<b>749,005</b>	4,015,121

The notes on pages 46 to 73 are an integral part of these financial statements.

# notes to the financial statements

Opcom Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the MESDAQ market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:-

**Registered office**

312, 3rd Floor, Block C, Kelana Square  
17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

**Principal place of business**

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

The consolidated financial statements as at and for the year ended 31 March 2007 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 March 2007 do not include other entities.

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 5 to the financial statements.

## 1. Basis of preparation

**(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has issued the following new and revised Financial Reporting Standards (FRSs) that are effective for periods beginning on or after 1 January 2006, and that have not been applied in preparing these financial statements:-

- (i) FRS 117, Leases – This FRS is effective for annual periods beginning on or after 1 October 2006. By virtue of the exemption in paragraph 67B of FRS 117, the impact of applying FRS 117 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed;
- (ii) FRS 124, Related Party Disclosure – This FRS is effective for annual periods beginning on or after 1 October 2006. By virtue of the exemption in paragraph 22A of FRS 124, the impact of applying FRS 124 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not disclosed; and
- (iii) FRS 139, Financial Instruments: Recognition and Measurement – This FRS has been issued by the MASB but the MASB has yet to announce the effective date of this standard. By virtue of



## 1. Basis of preparation (continued)

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

the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not disclosed.

On 15 February 2007, the MASB issued the following amendments to FRS and Interpretations (ICs) for entities other than private entities:-

- (i) Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation;
- (ii) IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities;
- (iii) IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments;
- (iv) IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- (v) IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;
- (vi) IC Interpretation 7, Applying the Restatement Approach under FRS 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies; and
- (vii) IC Interpretation 8, Scope of FRS 2 Share-based Payment.

The above amendments to FRSs and ICs are effective for annual period beginning on or after 1 July 2007. The initial application of the Amendment to FRS 121 and IC Interpretation 1 do not have any significant impact on the financial statements of the Group and of the Company. Other ICs as issued above are not applicable to the Group and the Company.

The Group and the Company have not early adopted FRS 117 and FRS 124 which are effective for annual periods commencing on or after 1 October 2006.

The MASB has also issued a number of revised Financial Reporting Standards (FRSs) that are effective for accounting periods beginning on or after 1 July 2007.

FRS 120, Accounting for Government Grants and Disclosure of Government Assistance and FRS 129, Financial Reporting in Hyperinflationary Economies are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The effect of adopting the new/revised FRSs in 2007 is set out in Note 21.

The financial statements were approved by the Board of Directors on 24 July 2007.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

## 1. Basis of preparation (continued)

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 12 - recognition of unutilised tax losses and unabsorbed capital allowances.

## 2. Significant accounting policies

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

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 22).

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (ii) Minority interest

Minority interest at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company.

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

Minority interest in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

### (iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

### (c) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and impairment losses. It is the Group's policy to state property, plant and equipment at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

## 2. Significant accounting policies (continued)

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### (ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment, the property is reclassified as investment property.

#### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

#### (iv) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Long term leasehold land is amortised on a straight line basis over the length of the lease of 75 years.

The estimated useful lives for the current and comparative periods are as follows:-

Buildings	50 years
Motor vehicles	5 years
Office equipment	10 years
Computer equipment	4 years
Plant and machinery	15 years
Renovation	5 years
Tools and equipment	10 years
Furniture and fittings	10-20 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

## 2. Significant accounting policies (continued)

### (d) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

In the previous years, all investment properties were included in property, plant and equipment. Following the adoption of FRS 140, Investment Property, these investment properties are now classified separately. Transfers between investment property and property, plant and equipment do not change the carrying amount and the cost of the property transferred.

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

### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (f) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

### (g) Affiliated company

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

### (h) Cash and cash equivalents

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

## 2. Significant accounting policies (continued)

### (i) Impairment of assets

The carrying amounts of assets, except for financial assets, inventories, deferred tax assets and investments (other than investment in subsidiaries and associates) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

### (j) Employee benefits

#### (i) Short term employee benefits

Short term employee benefit obligations in respect of wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when 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) Defined contribution plans

The Group's contribution to the Employees Provident Fund (EPF) is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

## 2. Significant accounting policies (continued)

### (k) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### (l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (m) Revenue

#### (i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (ii) Services

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

#### (iii) Dividend income

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

#### (iv) Interest income

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

#### (v) Rental income

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

## 2. Significant accounting policies (continued)

### (n) Tax expense

Tax expense comprises current and deferred tax. Tax expense 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 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 recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

### (o) Borrowing costs

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

### (p) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### (q) Segment reporting

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



### 3. Property, plant and equipment

Group	Long term leasehold land	Buildings	Motor vehicles	Office equipment	Computer equipment	Plant and machinery	Renovation equipment	Tools and furniture	Total	
										RM
<b>Cost</b>										
At 1 April 2005	12,609,184	9,762,817	530,940	396,123	4,299,907	31,905,690	649,964	3,769	917,823	61,076,217
Additions	-	417,763	-	167,377	265,636	465,068	347,487	400	219,945	1,883,676
Disposals	-	-	(46,790)	(10,000)	(40,215)	(3,044)	-	-	-	(100,049)
Write off	-	-	-	(8,199)	(56,851)	(63,137)	(3,575)	-	(48,155)	(179,917)
At 31 March 2006/1 April 2006	12,609,184	10,180,580	484,150	545,301	4,468,477	32,304,577	993,876	4,169	1,089,613	62,679,927
Additions	447,831	301,000	-	3,357	34,215	1,228,949	-	3,206	13,322	2,031,880
Disposals	-	-	-	-	-	-	-	-	(1,578)	(1,578)
Write off	-	(413,491)	-	(1,550)	(800)	(1,850)	(5,850)	-	(2,237)	(425,778)
At 31 March 2007	13,057,015	10,068,089	484,150	547,108	4,501,892	33,531,676	988,026	7,375	1,099,120	64,284,451
<b>Depreciation</b>										
At 1 April 2005	1,425,468	1,688,504	165,210	113,928	2,362,985	15,611,968	521,520	2,045	256,924	22,148,552
Charge for the year	167,702	203,612	96,831	60,902	757,214	2,909,634	141,942	417	78,878	4,417,132
Disposals	-	-	(46,790)	(3,583)	(40,028)	(2,740)	-	-	-	(93,141)
Write off	-	-	-	(5,643)	(56,756)	(55,265)	(2,085)	-	(22,055)	(141,804)
At 31 March 2006/1 April 2006	1,593,170	1,892,116	215,251	165,604	3,023,415	18,463,597	661,377	2,462	313,747	26,330,739
Charge for the year	172,169	202,742	96,830	57,723	712,426	1,104,146	97,621	1,105	85,509	2,530,271
Disposals	-	-	-	-	-	-	-	-	(1,010)	(1,010)
Write off	-	(69,964)	-	(775)	(433)	(740)	(1,366)	-	(1,415)	(74,693)
At 31 March 2007	1,765,339	2,024,894	312,081	222,552	3,735,408	19,567,003	757,632	3,567	396,831	28,785,307
<b>Carrying amounts</b>										
At 1 April 2005	11,183,716	8,074,313	365,730	282,195	1,936,922	16,293,722	128,444	1,724	660,899	38,927,665
At 31 March 2006/1 April 2006	11,016,014	8,288,464	268,899	379,697	1,445,062	13,840,980	332,499	1,707	775,866	36,349,188
At 31 March 2007	11,291,676	8,043,195	172,069	324,556	766,484	13,964,673	230,394	3,808	702,289	35,499,144

### 3. Property, plant and equipment (continued)

Company	Long term leasehold land RM	Buildings RM	Office equipment RM	Computer equipment RM	Renovation equipment RM	Tools and equipment RM	Furniture and fittings RM	Total RM
<b>Cost</b>								
At 1 April 2005	12,609,184	9,762,817	218,397	679,527	91,591	3,769	436,736	23,802,021
Effect of adopting FRS 140	-	(9,762,817)	-	-	-	-	-	(9,762,817)
Additions	-	-	140,336	226,573	337,636	400	167,685	872,630
Disposals	-	-	(10,000)	-	-	-	-	(10,000)
Write off	-	-	(2,799)	-	-	-	(4,405)	(7,204)
At 31 March 2006/1 April 2006 - restated	12,609,184	-	345,934	906,100	429,227	4,169	600,016	14,894,630
Additions	447,831	-	1,888	4,760	-	3,206	7,322	465,007
Disposals	-	-	-	-	-	-	(1,578)	(1,578)
Write off	-	-	-	(800)	(5,850)	-	-	(6,650)
At 31 March 2007	13,057,015	-	347,822	910,060	423,377	7,375	605,760	15,351,409
<b>Depreciation</b>								
At 1 April 2005	1,425,468	1,688,504	61,503	462,512	68,954	2,045	104,378	3,813,364
Effect of adopting FRS 140	-	(1,688,504)	-	-	-	-	-	(1,688,504)
Charge for the year	167,702	-	37,345	168,072	53,218	417	50,171	476,925
Disposals	-	-	(3,583)	-	-	-	-	(3,583)
Write off	-	-	(723)	-	-	-	(2,062)	(2,785)
At 31 March 2006/1 April 2006 - restated	1,593,170	-	94,542	630,584	122,172	2,462	152,487	2,595,417
Charge for the year	172,169	-	34,781	129,265	77,869	1,105	60,628	475,817
Disposals	-	-	-	-	-	-	(1,010)	(1,010)
Write off	-	-	-	(433)	(1,366)	-	-	(1,799)
At 31 March 2007	1,765,339	-	129,323	759,416	198,675	3,567	212,105	3,068,425
<b>Carrying amounts</b>								
At 1 April 2005	11,183,716	8,074,313	156,894	217,015	22,637	1,724	332,358	19,988,657
Effect of adopting FRS 140	-	(8,074,313)	-	-	-	-	-	(8,074,313)
At 1 April 2005 - restated	11,183,716	-	156,894	217,015	22,637	1,724	332,358	11,914,344
At 31 March 2006/1 April 2006 - restated	11,016,014	-	251,392	275,516	307,055	1,707	447,529	12,299,213
At 31 March 2007	11,291,676	-	218,499	150,644	224,702	3,808	393,655	12,282,984

#### 4. Investment properties

<b>Company</b>	<b>Buildings RM</b>
<b>Cost</b>	
At 1 April 2005	-
Effect of adopting FRS 140	9,762,817
	.....
Restated balance	9,762,817
Additions	417,763
	.....
At 31 March 2006/ 1 April 2006 - restated	10,180,580
Additions	301,000
Write off	(413,491)
	.....
At 31 March 2007	<u>10,068,089</u>
<b>Depreciation</b>	
At 1 April 2005	-
Effect of adopting FRS 140	1,688,504
	.....
Restated balance	1,688,504
Charge for the year	203,612
	.....
At 31 March 2006/ 1 April 2006 - restated	1,892,116
Charge for the year	202,742
Write off	(69,964)
	.....
At 31 March 2007	<u>2,024,894</u>
<b>Carrying amounts</b>	
At 1 April 2005	-
Effect of adopting FRS 140	8,074,313
	.....
At 1 April 2005 - restated	<u>8,074,313</u>
At 31 March 2006/ 1 April 2006 - restated	<u>8,288,464</u>
At 31 March 2007	<u>8,043,195</u>

The fair value of investment properties based on available valuation reports prepared by an independent valuer is RM9,197,860 (2006 – RM9,172,220).

## 5. Investments in subsidiaries

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	11,400,002	11,400,002
Less: Impairment loss	(100,000)	(100,000)
	<u>11,300,002</u>	<u>11,300,002</u>

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

Name of subsidiary	Principal activities	Effective ownership interest	
		2007 %	2006 %
Opcom Cables Sdn Bhd	Manufacture of fiber optic cables and systems	70.0	70.0
Opcom Niaga Sdn Bhd	General trading of specialty chemicals and related materials	100.0	100.0
Opcom Shared Services Sdn Bhd	Provision of human resource management services	100.0	100.0
Opcom Network Technologies Sdn Bhd	Design, integration, installation & provision of telecommunication network systems and services	100.0	100.0

The principal activity for Opcom Niaga Sdn Bhd has been changed from supplying of fiber optic cables and related accessories to the above-mentioned principal activity.

## 6. Inventories

	Group	
	2007 RM	2006 RM
Cost:		
Raw materials	259,821	456,746
Work-in-progress	988,166	697,105
Finished goods	2,865,047	667,088
Net realisable value:		
Raw materials	2,878,606	1,799,025
Finished goods	217,788	-
	<u>7,209,428</u>	<u>3,619,964</u>

In 2007, inventories recognised as cost of sales amounted to RM52,485,663 (2006 - RM39,284,724). In 2007, the write-down of inventories to net realisable value amounted to RM204,831 (2006 - RM437,608). The write-down is included in cost of sales.

## 7. Receivables, deposits and prepayments

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Trade</b>				
Trade receivables	<b>18,801,147</b>	6,266,288	-	-
Affiliated company	<b>10,972,555</b>	5,966,051	-	-
Corporate shareholder	<b>262,353</b>	12,703	-	-
	<b>30,036,055</b>	12,245,042	-	-
<b>Non-trade</b>				
Other receivables, deposits and prepayments	<b>1,050,733</b>	1,731,096	<b>256,864</b>	310,824
Subsidiaries	-	-	<b>3,068,945</b>	9,069,929
Affiliated company	-	1,188	-	1,188
	<b>1,050,733</b>	1,732,284	<b>3,325,809</b>	9,381,941
	<b>31,086,788</b>	13,977,326	<b>3,325,809</b>	9,381,941

The amount due from affiliated company to the Group is trade related, unsecured and subject to normal trade terms except for an amount of RM1,188 in year 2006 which is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

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

The amount due from subsidiaries is unsecured, interest free and has no fixed terms of repayment.

## 8. Cash and cash equivalents

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits placed with licensed banks	<b>9,064,318</b>	25,916,000	<b>285,000</b>	2,700,000
Cash and bank balances	<b>6,893,771</b>	19,127,957	<b>464,005</b>	1,315,121
	<b>15,958,089</b>	45,043,957	<b>749,005</b>	4,015,121

Included in the Group's deposits with licensed banks is an amount of RM200,000 (2006 - RM200,000) pledged for bank guarantee facilities.

## 9. Share capitals

	Number of shares 2007	Group and Company		
		Amount 2007 RM	Number of shares 2006	Amount 2006 RM
Ordinary shares of RM0.20 each				
Authorised	<b>250,000,000</b>	<b>50,000,000</b>	250,000,000	50,000,000
Issued and fully paid:				
Balance at beginning of the year	<b>129,000,000</b>	<b>25,800,000</b>	86,000,000	17,200,000
Bonus issue	-	-	43,000,000	8,600,000
Balance at end of the year	<b>129,000,000</b>	<b>25,800,000</b>	129,000,000	25,800,000

In year 2006, the Company issued 43,000,000 ordinary shares of RM0.20 each arising from the issuance of bonus shares from the capitalisation of share premium as fully paid-up on the basis of one (1) new ordinary shares of RM0.20 each for every two (2) existing ordinary shares of RM0.20 each.

## 10. Reserves

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Distributable:				
Retained profits	<b>32,468,370</b>	31,294,220	<b>1,691,755</b>	1,142,594
Non-distributable:				
Share premium	<b>5,811,530</b>	5,811,530	<b>5,811,530</b>	5,811,530
Capital reserve	<b>3,283</b>	3,283	-	-
	<b>38,283,183</b>	37,109,033	<b>7,503,285</b>	6,954,124

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank in full all its retained profits at 31 March 2007 if paid out as dividends without incurring additional tax liability.

## 11. Payables and accruals

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Current</b>				
<b>Trade</b>				
Trade payables	<b>3,128,811</b>	177,812	-	-
<b>Non-trade</b>				
Other payables and accrued expenses	<b>3,025,287</b>	7,537,778	<b>967,602</b>	951,002
Subsidiaries	-	-	<b>180,000</b>	-
Dividends payable	<b>3,000,000</b>	2,700,000	-	-
Amount owing to Directors	-	3,471,438	-	3,471,438
	<b>9,154,098</b>	13,887,028	<b>1,147,602</b>	4,422,440
<b>Non-current</b>				
<b>Non-trade</b>				
Amount owing to Directors	-	3,471,436	-	3,471,436

The amount due to subsidiaries is unsecured, interest free and has no fixed terms of repayment.

Dividends payable relates to interim dividends declared to a minority shareholder of a subsidiary for the previous financial years.

The amount owing to the Directors was fully paid during the year.

## 12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Property, plant and equipment/ Investment properties	<b>2,836,184</b>	2,787,744	<b>466,636</b>	593,531
Provisions	<b>(292,636)</b>	(817,161)	<b>(6,636)</b>	(6,636)
Dividend receivable	-	-	-	560,000
Other items	-	(2,086)	-	-
Unabsorbed capital allowances	<b>(15,142)</b>	-	-	-
Unutilised tax losses	<b>(6,773)</b>	-	-	-
	<b>2,521,633</b>	1,968,497	<b>460,000</b>	1,146,895

## 12. Deferred tax assets and liabilities (continued)

### Movement in temporary differences during the year

Group	At	Recognised	At	Recognised	At
	1.4.2005	in income	31.3.2006	in income	31.3.2007
	RM	statement	RM	statement	RM
		(note 14)		(note 14)	
	RM	RM	RM	RM	RM
Property, plant and equipment/ Investment properties	2,719,223	68,521	2,787,744	48,440	<b>2,836,184</b>
Provisions	(1,261,495)	444,334	(817,161)	524,525	<b>(292,636)</b>
Other items	(288,957)	286,871	(2,086)	2,086	-
Unabsorbed capital allowances	-	-	-	(15,142)	<b>(15,142)</b>
Unutilised tax losses	-	-	-	(6,773)	<b>(6,773)</b>
	<u>1,168,771</u>	<u>799,726</u>	<u>1,968,497</u>	<u>553,136</u>	<u><b>2,521,633</b></u>
<b>Company</b>					
Property, plant and equipment/ Investment properties	489,161	104,370	593,531	(126,895)	<b>466,636</b>
Provisions	(40,338)	33,702	(6,636)	-	<b>(6,636)</b>
Dividend receivable	-	560,000	560,000	(560,000)	-
	<u>448,823</u>	<u>698,072</u>	<u>1,146,895</u>	<u>(686,895)</u>	<u><b>460,000</b></u>

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2007	2006
	RM	RM
Unutilised tax losses	<b>(1,048,856)</b>	(1,012,028)
Unabsorbed capital allowance	<b>(44,573)</b>	(27,863)
Deductible temporary differences	<b>6,375</b>	17,323
	<u><b>(1,087,054)</b></u>	<u>(1,022,568)</u>

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which a company in the Group can utilise the benefits there from. Unutilised tax loss carry-forwards and unabsorbed capital allowance carry-forwards amounting to approximately RM283,191 and RM12,035 respectively, will not be available to the Group if there is substantial change in shareholders (more than 50%).



### 13. Operating profit

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Revenue				
- sale of cables	<b>45,296,790</b>	67,091,164	-	-
- sale of network equipment	<b>1,855,960</b>	-	-	-
- trading of specialty chemicals	<b>2,167,053</b>	-	-	-
- engineering services	<b>16,991,820</b>	-	-	-
- rental income	<b>159,999</b>	399,222	<b>2,376,399</b>	2,998,524
- interest income	<b>36,806</b>	303,968	<b>35,874</b>	303,968
- dividend income	-	-	<b>2,200,000</b>	6,200,000
- management fee	-	-	<b>2,294,400</b>	3,006,000
	<b>66,508,428</b>	67,794,354	<b>6,906,673</b>	12,508,492
Cost of sales	<b>(52,353,340)</b>	(39,538,660)	-	-
Cost of property maintenance and management	<b>(818,272)</b>	(831,538)	<b>(2,834,272)</b>	(3,882,418)
	<b>(53,171,612)</b>	(40,190,198)	<b>(2,834,272)</b>	(3,882,418)
Gross profit	<b>13,336,816</b>	27,604,156	<b>4,072,401</b>	8,626,074
Other income	<b>876,261</b>	849,633	-	4,555
Distribution costs	<b>(1,819,562)</b>	(1,384,292)	-	-
Administrative expenses	<b>(7,032,916)</b>	(7,041,840)	<b>(1,952,876)</b>	(1,820,371)
Other expenses	<b>(697,083)</b>	(1,492,364)	-	(1,139,871)
Operating profit	<b>4,663,516</b>	18,535,293	<b>2,119,525</b>	5,670,387

### 13. Operating profit (continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Operating profit is arrived at after crediting:				
Gain on disposal of property, plant and equipment	<b>2,749</b>	22,356	<b>2,749</b>	-
Gross dividends from subsidiaries	-	-	<b>2,200,000</b>	6,200,000
Interest income	<b>830,592</b>	1,050,605	<b>35,874</b>	303,968
Realised gain on foreign exchange	<b>544,116</b>	167,147	-	-
Rental income on land and buildings	<b>159,999</b>	399,222	<b>2,376,399</b>	2,998,524
and after charging:				
Allowance for slow moving inventories	<b>(37,126)</b>	642,013	-	-
Allowance for doubtful debts	-	-	-	1,039,871
Audit fees	<b>38,000</b>	38,000	<b>11,500</b>	11,500
Directors:				
- Remuneration	<b>628,668</b>	847,691	<b>456,798</b>	695,291
- Fees	<b>260,550</b>	264,270	<b>90,729</b>	84,803
Depreciation				
- Property, plant and equipment	<b>2,530,271</b>	4,417,132	<b>475,817</b>	476,925
- Investment properties	-	-	<b>202,742</b>	203,612
Interest expenses	<b>132,509</b>	313,499	<b>132,509</b>	313,499
Inventories written down	<b>204,831</b>	437,608	-	-
Loss on disposal of property, plant and equipment	-	1,417	-	1,417
Personnel expenses:				
- Contributions to EPF	<b>596,057</b>	611,513	<b>40,117</b>	56,268
- Wages, salaries and others	<b>4,593,540</b>	4,951,383	<b>416,681</b>	639,022
Property, plant and equipment written off	<b>351,085</b>	38,113	<b>4,851</b>	4,419
Impairment in value of investment in a subsidiary	-	-	-	100,000
Investment properties written off	-	-	<b>343,527</b>	-
Rental of apartment	<b>105,000</b>	105,000	-	-
Rental of motor vehicles	<b>1,957</b>	3,881	-	-
Rental of office	<b>36,000</b>	36,000	<b>36,000</b>	36,000

## 14. Tax expense

### Recognised in the income statements

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense				
Malaysia - current	<b>582,475</b>	4,589,848	<b>1,157,250</b>	85,112
- prior years	<b>11,926</b>	66,931	-	45,474
	<b>594,401</b>	4,656,779	<b>1,157,250</b>	130,586
Deferred tax expense				
Origination and reversal of temporary differences				
- current	<b>505,136</b>	773,536	<b>(686,895)</b>	670,429
- prior year	<b>48,000</b>	26,190	-	27,643
	<b>1,147,537</b>	5,456,505	<b>470,355</b>	828,658

### Reconciliation of effective tax expense

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation	<b>4,531,007</b>	18,221,794	<b>1,987,016</b>	5,356,888
Tax calculated using Malaysian tax rates of 27% (2006: 28%)	<b>1,223,372</b>	5,102,103	<b>536,494</b>	1,499,929
Tax concession	<b>(169,036)</b>	(80,000)	-	-
Non-deductible expenses	<b>214,366</b>	156,316	<b>157,861</b>	449,240
Tax exempt income	-	(78,131)	<b>(189,000)</b>	(1,176,000)
Deferred tax assets not recognised	<b>19,599</b>	272,231	-	-
Other items	-	(9,135)	-	(17,628)
Effect of change in tax rate*	<b>(200,690)</b>	-	<b>(35,000)</b>	-
	<b>1,087,611</b>	5,363,384	<b>470,355</b>	755,541
Under provision in prior years	<b>59,926</b>	93,121	-	73,117
	<b>1,147,537</b>	5,456,505	<b>470,355</b>	828,658

\* With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2007 also announced the reduction of corporate tax rate to 26% in 2008. Consequently, deferred tax assets and liabilities are measured using these tax rates.

## 15. Earnings per ordinary share – Group

### Basic earnings per ordinary share

The calculation of basic earnings per share for 2007 is based on the net profit attributable to ordinary shareholders of RM2,141,650 (2006 - RM10,866,312) and the weighted average number of ordinary shares during the year of 129,000,000 (2006 - 129,000,000).

Weighted average number of ordinary shares

	2007	2006
Issued ordinary shares at the beginning of the year	129,000,000	86,000,000
Bonus issue	-	43,000,000*
Weighted average number of ordinary shares	<u>129,000,000</u>	<u>129,000,000</u>

\* Since the bonus issue was an issue without consideration, it is treated as if it had occurred at the beginning of the financial year ended 31 March 2006.

## 16. Dividends

	Group and Company	
	2007	2006
	RM	RM
Ordinary		
Interim paid/payable:		
0.75 sen per share tax exempt	967,500	-
(2006 - 3.25 sen per share tax exempt)	-	4,192,500
	<u>967,500</u>	<u>4,192,500</u>

## 17. Segmental information

Segment information is presented in respect of the Group's business segments. The business segments are based on the Group's management and internal reporting structure. Segment information by geographical segments is not provided as the activities of the Group are located principally in Malaysia. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of corporate assets, expenses and tax assets and liabilities.

## 17. Segmental information (continued)

### Business segments

The Group comprises of the following main business segments:-

Manufacturing	Manufacture of fibre optic cables and systems.
Trading and engineering services	Network and engineering services and general trading activities of specialty chemicals and related materials.
Other operations	Management services and investment holding activities.

	Manufacturing 2007 RM	Trading and engineering services 2007 RM	Other operations 2007 RM	Total 2007 RM	Elimination 2007 RM	Consolidated 2007 RM
<b>Revenue</b>						
External revenue	45,313,772	20,997,851	196,805	66,508,428	-	66,508,428
Intersegment revenue	-	(78,783)	4,472,400	4,393,617	(4,393,617)	-
<b>Total revenue</b>	<b>45,313,772</b>	<b>20,919,068</b>	<b>4,669,205</b>	<b>70,902,045</b>	<b>(4,393,617)</b>	<b>66,508,428</b>
<b>Segment results</b>	<b>4,890,689</b>	<b>(993,838)</b>	<b>253,861</b>	<b>4,150,712</b>	<b>-</b>	<b>4,150,712</b>
Unallocated expense						(280,982)
Interest income						793,786
Operating profit						4,663,516
Interest expense						(132,509)
Profit before tax						4,531,007
Tax expenses						(1,147,537)
Profit for the year						<b>3,383,470</b>

## 17. Segmental information (continued)

	Manufacturing	Trading and engineering services	Other operations	Total	Elimination	Consolidated
	2007	2007	2007	2007	2007	2007
	RM	RM	RM	RM	RM	RM
Segment assets	41,261,895	21,039,594	25,740,121	88,041,610	(14,246,251)	73,795,359
Unallocated assets						16,468,500
<b>Total assets</b>						<b>90,263,859</b>
Segment liabilities	2,684,073	15,354,191	2,702,563	20,740,827	(14,586,729)	6,154,098
Unallocated assets						6,489,133
<b>Total liabilities</b>						<b>12,643,231</b>
Capital expenditure	1,265,873	-	766,007	2,031,880	-	2,031,880
Depreciation and amortisation	1,245,222	606,490	678,559	2,530,271	-	2,530,271

The financial information by industry segment for year 2006 is not presented as the Group's activities were principally in the manufacturing and supplying of fiber optic cables and related accessories.

## 18. Financial instruments

### Financial risk management objectives and policies

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

#### Credit risk

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

## 18. Financial instruments (continued)

### Credit risk (continued)

At the balance sheet date, there were no significant concentration of credit risk, except for the amount due from an affiliated company and a corporate debtor which represents 48% (2006 - 93%) of the Group's total trade receivables. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of the receivables presented in the balance sheet.

### Interest rate risk

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

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

### Foreign currency risk

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

### Liquidity risk

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

### Effective interest rates and repricing analysis

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

## 18. Financial instruments (continued)

<b>Group</b>	<b>Effective interest rate %</b>	<b>Total RM</b>	<b>Within 1 year RM</b>	<b>1 - 2 years RM</b>
<b>2007</b>				
Deposits with licensed banks	2.78	<u>9,064,318</u>	<u>9,064,318</u>	-
<b>2006</b>				
Deposits with licensed banks	2.86	25,916,000	25,916,000	-
Amount owing to Directors	3.00	<u>6,942,874</u>	<u>3,471,438</u>	<u>3,471,436</u>
<b>Company</b>				
<b>2007</b>				
Deposits with licensed banks	3.68	<u>285,000</u>	<u>285,000</u>	-
<b>2006</b>				
Deposits with licensed banks	2.91	2,700,000	2,700,000	-
Amount owing to Directors	3.00	<u>6,942,874</u>	<u>3,471,438</u>	<u>3,471,436</u>

### Fair values

#### Recognised financial instruments

As at the balance sheet date, the carrying amounts of cash and cash equivalents, receivables, deposits and prepayments and payables and accruals 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:-

	<b>Carrying amount RM</b>	<b>Fair value RM</b>
<b>2006</b>		
Amount owing to Directors	<u>6,942,874</u>	<u>6,597,515</u>

#### Unrecognised financial instruments

There are no unrecognised financial instruments in the balance sheet at 31 March 2007.



## 19. Contingent liabilities

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Performance and warranty bonds issued to customers	<b>1,310,045</b>	973,664	-	-
Bank guarantees issued to government bodies	<b>60,000</b>	2,850	-	-

### Corporate guarantee

The Company has executed corporate guarantees in favour of licensed banks of up to RM28.5 million (2006 - RM19.5 million) for banking facilities granted to its subsidiaries.

## 20. Related parties

### Controlling related party relationships are as follows:-

- companies in which certain Directors have interests; and
- its subsidiaries as disclosed in note 5.

### Transactions with Directors

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Affiliated companies</b>				
Company in which Dato' Mukhriz Mahathir, a Director, has interests:				
Sales	<b>11,817,143</b>	54,717,742	-	-
Commission payable	-	(1,868,437)	-	-
Rental income receivable	<b>50,000</b>	391,572	<b>50,000</b>	391,572

## 20. Related parties (continued)

### Transactions with Directors (continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Affiliated companies</b>				
Company in which				
Dato' Mukhriz Mahathir and				
Chhoa Kwang Hua,				
Directors, have interests:				
Rental payable	(36,000)	(36,000)	(36,000)	(36,000)
Purchase of unlimited wireless access plan	(2,400)	(5,400)	(2,400)	(2,400)
Rental income receivable	6,000	6,000	6,000	6,000
Company in which				
Chhoa Kwang Hua,				
a Director, has interests:				
Sales	2,167,053	-	-	-
Rental income receivable	102,200	-	102,200	-
<b>Corporate shareholder of a subsidiary company</b>				
Purchases of raw materials and machinery				
	(9,280,781)	(7,529,840)	-	-
Sales	1,978,070	-	-	-

### Transactions with related parties during the financial year:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<i>Subsidiary companies</i>				
Rental income receivable	-	-	2,216,400	2,599,302
Gross dividend receivable	-	-	2,200,000	6,200,000
Management fees receivable	-	-	2,294,400	3,006,000
Administrative fee payable	-	-	(2,016,000)	(3,050,880)

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

## 21. Changes in accounting policies

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2007.

The change in accounting policy arising from the adoption of FRS 140, Investment Property is summarised below:-

### FRS 140, Investment Property

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment loss.

Investment property previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets. In accordance with the transitional provisions, FRS 140 has been applied retrospectively and the comparatives have been restated. The change in accounting policy is made in accordance with the transitional provisions.

The change in accounting policy has had no impact to the opening balance of retained profits reported for 2006 or prior periods.

## 22. Comparative figures

Certain comparative figures have been reclassified as a result of the change in accounting policy as stated in Note 21 and to conform with the presentation requirements of FRS 101.

	Company	
	As restated RM	As previously stated RM
<b>Balance sheets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12,299,213	20,587,677
Investment properties	8,288,464	-
<b>Income statements</b>		
Depreciation		
- property, plant and equipment	476,925	680,537
- investment properties	203,612	-
<b>Cash flow statements</b>		
Depreciation		
- property, plant and equipment	476,925	680,537
- investment properties	203,612	-
Purchase of:		
- property, plant and equipment	(872,630)	(1,290,393)
- investment properties	(417,763)	-

## list of property

Location & Description	Existing Use	Tenure	Built Up Area	Age of Property	Book Value (RM'000)
HSD238315 PT 787 Seksyen 15 Tapak Perusahaan Shah Alam, Bandar Shah Alam District of Petaling and State of Selangor being land bearing the address of No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan	* Guard House, Car Parks Substation Building and Pump House  * Office Buildings  * Warehouses  * Manufacturing Block	99-year leasehold expiring on 18.04.2074	Land area: 42,222 sq m  Built-up area: 9,310 sq m	Age of Manufacturing Block:- approximately 11 years  Age of other buildings / structures:- more than 20 years	19,335

# analysis of shareholdings

as at 31 July 2007

Class of shares : Ordinary shares of RM0.20 each

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

## DISTRIBUTION OF SHAREHOLDINGS

Size of holding	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital
Less than 100	37	1.82	1,850	-
100 to 1,000	155	7.62	106,950	0.08
1,001 to 10,000	1,375	67.57	5,927,750	4.60
10,001 to 100,000	423	20.79	11,680,200	9.05
100,001 to less than 5% of issued shares	43	2.10	19,220,750	14.90
5% and above of issued shares	2	0.10	92,062,500	71.37
<b>Total</b>	<b>2,035</b>	<b>100.00</b>	<b>129,000,000</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS

No	Name	Number of Shares	% of Issued Share Capital
1	Dato' Mukhriz Mahathir	65,062,500	50.44
2	Rezeki Tegas Sdn Bhd	27,000,000	20.93
3	Asfah Logistics Sdn Bhd	5,332,500	4.13
4	Chhoa Kwang Hua	2,062,500	1.60
5	HSBC Nominees (Tempatan) Sdn Bhd	1,000,000	0.78
6	Sierra Partners Sdn Bhd	976,000	0.76
7	Rampai Dedikasi Sdn Bhd	730,400	0.57
8	Zaini Bin Mohd Said	712,500	0.55
9	ECM Libra Avenue Nominees (Tempatan) Sdn Bhd	570,000	0.44
10	Nan Nan Nancy	561,000	0.43
11	Public Nominees (Tempatan) Sdn Bhd	529,900	0.41
12	Ho Sai Ming	520,000	0.40
13	Zainal Abidin Bin Pit	466,500	0.36
14	Abdul Jabbar Bin Abdul Majid	375,000	0.29
15	Aziz Bin Abdullah	375,000	0.29
16	Md Shah Bin Abu Hasan	367,300	0.28
17	Mohamed Rashdan Bin Baba	300,000	0.23
18	Sven Janne Sjoden	280,000	0.22
19	Chua Gaik Suwan	278,000	0.22
20	EB Nominees (Tempatan) Sendirian Berhad	225,300	0.17
21	Tan Choon Paik	205,000	0.16
22	Chan Foong Cheng	199,100	0.15
23	Tomio Alan Komatsu	189,000	0.14
24	Quantumcap Sdn Bhd	181,500	0.14
25	Teoh Hunt Thuim	175,000	0.13
26	Ahmad Murshid Bin Mansor	150,000	0.12
27	Chin Chin Min	150,000	0.12
28	Pan Kau @ Pan Chew Kong	150,000	0.12
29	Patrick Cheok Poh Suan	150,000	0.12
30	Wong Yoon Tet	149,000	0.12
<b>Total</b>		<b>109,423,000</b>	<b>84.82</b>

**SUBSTANTIAL SHAREHOLDERS**

(As per register of substantial shareholders)

Name	← Number and % of Shares held →			
	Direct	%	Indirect	%
Dato' Mukhriz Mahathir	65,062,500	50.44	-	-
Rezeki Tegas Sdn Bhd	27,000,000	20.93	-	-
Ailida Binti Baharum	-	-	27,000,000	20.93

**STATEMENT OF DIRECTORS' INTERESTS**

Name	← Number and % of Shares held →			
	Direct	%	Indirect	%
Dato' Mukhriz Mahathir	65,062,500	50.44	-	-
Chhoa Kwang Hua	2,062,500	1.60	-	-
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	0.55	-	-
Tomio Alan Komatsu	189,000	0.15	-	-
Sven Janne Sjoden	280,000	0.22	-	-
Abdul Jabbar Bin Abdul Majid	375,000	0.29	-	-



# OPCOM HOLDINGS BERHAD

(322661-W)  
(Incorporated in Malaysia)

# proxy form

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

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

being a member/members of **OPCOM HOLDINGS BERHAD** hereby appoint \_\_\_\_\_  
(Full Name)

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

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

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

as my/our proxy to vote for me/us and if necessary to demand a poll at the Annual General Meeting of the Company to be held at Tiara Rini Ballroom, 1st Floor, The Royale Bintang Damansara, No. 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 18 September 2007 at 9.30 am and at any adjournment thereof. The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		

Dated:

Number of shares held	
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Signature/Common Seal of Shareholder(s)

**Notes:-**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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 Darul Ehsan, Malaysia.  
Tel: +6(03) 5519 5599 Fax: +6(03) 5519 6063

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