



PLACING OUR PRODUCTS ON THE MAP.



OPCOM HOLDINGS BERHAD

(322661-W)

(Incorporated in Malaysia)

ANNUAL REPORT 2008

cover rationale

The satisfaction of completing a jigsaw puzzle is simply amazing. Assembling numerous small, often oddly shaped, interlocking and tessellating pieces in producing a complete picture requires a lot of patience and determination.

The Annual Report cover illustrates a hand placing the last piece of a puzzle with OPCOM's brand name superimposed on it to a jigsaw masterpiece of the world. It depicts the sheer persistence of OPCOM in "Placing Our Products on the Map". Putting the pieces together in establishing itself as a world-class company that insists on creating quality products of the highest standards for its existing and potential customers.

The cover also reinforces the idea that OPCOM is making a name for itself not only locally, but at a global front. Committed in ensuring sustainable, long-term growth to its investors through diversification and continuous advancements.

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 Thirteenth Annual General Meeting of the Company will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 August 2008 at 10.30 am to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2008 and the Reports of Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of Directors' fees for the financial year ended 31 March 2008. **Ordinary Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-
 - 3.1 Chhoa Kwang Hua **Ordinary Resolution 3**
 - 3.2 Abdul Jabbar Bin Abdul Majid **Ordinary Resolution 4**
4. To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 5**
5. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN BHD **Ordinary Resolution 6**

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

"THAT, pursuant to Rule 10.09 of the 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 7 August 2008 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.

notice of
annual general meeting (cont'd)

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 7 August 2008 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."

6. 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 7

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

"THAT, pursuant to Rule 10.09 of the 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 7 August 2008 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 7 August 2008 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 ZOOP SDN BHD

Ordinary Resolution 8

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

notice of
annual general meeting (cont'd)

"THAT, pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the recurrent transactions with Zoop Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 7 August 2008 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 7 August 2008 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 AIRZED BROADBAND SDN BHD AND AIRZED NETWORKS 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 Airzed Broadband Sdn Bhd and Airzed Networks Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 7 August 2008 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

notice of annual general meeting (cont'd)

(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 in Section 2.3 of the Circular to Shareholders dated 7 August 2008 being provisional in nature, the Directors and/or any of them be and are hereby authorized the actual amount or amounts thereof provided always that such amount comply with the review procedures set out in Section 2.4 of the Circular."

9. AUTHORITY TO ISSUE SHARES

Ordinary Resolution 10

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

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

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

BY ORDER OF THE BOARD

SEOW FEI SAN
LOH LAI LING

Secretaries

Petaling Jaya
7 August 2008

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 hereof.
5. Explanatory Notes on Special Business:-

Ordinary Resolutions 6 - 9 **Proposed Renewal of Shareholders' Mandate for Recurrent Transactions**

The Ordinary Resolutions proposed under items 5 - 8, if passed, will allow the Company and its subsidiaries to enter into recurrent transactions pursuant to Rule 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market. Further information on the Proposed Renewal of Shareholders' Mandate for recurrent transactions is set out in Section 2.3 of the Circular to Shareholders dated 7 August 2008, which is dispatched together with the Company's Annual Report 2008.

Ordinary Resolution 10 **Authority to Issue Shares**

The proposed Ordinary Resolution 10, 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

PLACE, DATE AND TIME OF THE THIRTEENTH ANNUAL GENERAL MEETING

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

Place	:	Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya Selangor Darul Ehsan
Date	:	Friday, 29 August 2008
Time	:	10.30 am

DIRECTORS STANDING FOR RE-ELECTION AT THE THIRTEENTH ANNUAL GENERAL MEETING

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

- Chhoa Kwang Hua
- Abdul Jabbar Bin Abdul Majid

The profiles of the Directors standing for re-election are set out on pages 17 to 19 of the Annual Report.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

A total of four (4) Board Meetings were held in the financial year ended 31 March 2008. 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:-

Directors	Total Attendance
Dato' Mukhriz Mahathir	3/4
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	3/4
Abdul Jabbar Bin Abdul Majid	3/4
Lim Bee Khin	4/4

corporate information

BOARD OF DIRECTORS

Dato' Mukhriz Mahathir
(Chairman/Managing Director)

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

Chhoa Kwang Hua
(Executive Director)

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

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

Lim Bee Khin
(Executive Director)

Tomio Alan Komatsu
(Independent Non-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

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

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)
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7721 3388
Fax : 03-7721 3399

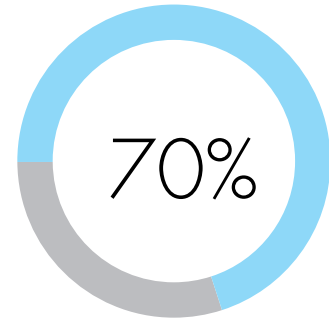
PRINCIPAL BANKER

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

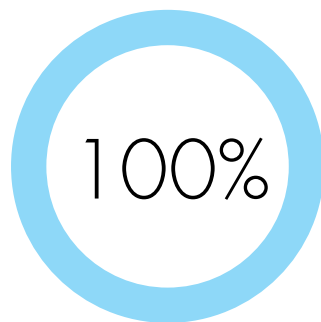
corporate structure



OPCOM CABLES SDN BHD

(Company No. 322687-T)

Principal activities:-
Manufacturing of fiber optic cables and systems



OPCOM NIAGA SDN BHD

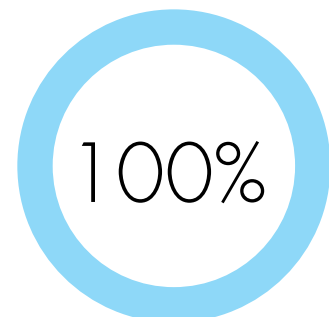
(Company No. 442938-M)

Principal activities:-
General trading of specialty chemicals,
related materials and provision of engineering services

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



OPCOM SHARED SERVICES SDN BHD

(Company No. 665562-M)

Principal activities:-
Provision of human resource management services



chairman's
statement

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chairman's statement

On behalf of the Board of Directors of Opcom Holdings Berhad (Opcom), I am pleased to report an excellent year of achievements for the Group. These are hereby presented in the Annual Report 2008 and the Audited Financial Statements for the financial year ended 31 March 2008.

DATO' MUKHRIZ MAHATHIR

Chairman / Managing Director



FINANCIAL HIGHLIGHTS

In the financial year ended 31 March 2008, Opcom attained a strong growth in earnings. A higher net profit of RM4.56 million was recorded, on the back of revenue amounting to RM55.07 million. This profit figure was a significant increase of 113.1% in spite of a 17.2% decline in revenue.

Opcom's improved performance was a direct result of the implementation of strategic procurement plans leading to improvement in the sourcing of raw materials and services, stringent cost controls, increased efficiency as well as proactive management of foreign exchange exposure. Consequently, Opcom's gross profit reached RM19.16 million, a significant rise of 35.3% when compared to the preceding financial year's figure of RM14.16 million.

The Group recorded earnings per share of 3.53 sen for the financial year ended 31 March 2008.

DIVIDENDS

In respect of the financial year ended 31 March 2008, the amount of dividends paid by the Group were as follows:-

- (i) an interim ordinary dividend of 0.75 sen per ordinary share tax exempt totaling RM967,500 in respect of the year ended 31 March 2007 on 8 May 2007; and
- (ii) an interim ordinary dividend of 1.35 sen per ordinary share less tax at 26% totaling RM1,288,710 in respect of the year ended 31 March 2008 on 31 January 2008.



shaping growth

The Company declared an interim dividend of 1.69 sen per share less tax at 26% in respect of the year ended 31 March 2008 totaling RM1,613,273, which was fully paid on 2 May 2008.

With the inclusion of the 2008 dividend payout, the Group has returned RM19,331,423 in cash to its shareholders since its listing in the year 2003. The Board will continue to refine our dividend policy which seeks to balance the payment of a consistent dividend stream to shareholders with the allocation of sufficient funds to equity to allow for reinvestment into the growth of the Group.

CORPORATE GOVERNANCE

Statements on the Corporate Governance and Internal Audit Control on pages 26 to 30 and 31 to 32 respectively affirm the Group's commitment in ensuring compliance with the Principles and Best Practices set out in the Malaysian Code - a crucial and fundamental requirement in the course of discharging our duty to protect and enhance shareholder value as well as the financial performance of the 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 2008.

chairman's statement (cont'd)

OUTLOOK

The market for fiber optic cables is expected to remain vibrant over the next 12 months with demands being driven by Malaysia's national broadband programme. Phase 1 of this project, known as High Speed Broadband (HSBB) and to be undertaken by Telekom Malaysia Berhad (Telekom), would involve investments of RM11.3 billion to be made over the next 10 years, with the Government co-investing RM2.4 billion over a period of 3 years. Trials using fiber optics are currently being undertaken in the Klang Valley.

According to the Malaysian Communications and Multimedia Commission (MCMC), broadband subscriptions have increased from 0.7 million users in 2006 to 1.0 million users in 2007. In view of this continuing trend, the HSBB initiative is expected to further increase broadband penetration from 15.5% per 100 households at the end of 2007 to 50% by year 2010. Consequently, a higher demand for fiber optic cables capable of higher bandwidth for HSBB would be observed.

Of interest is the Memorandum of Understanding recently signed between Telekom and Iskandar Regional Development Authority (IRDA) to provide broadband telecommunications infrastructure that will cater to approximately 718,000 commercial and residential premises within Iskandar Malaysia; including Nusajaya, Central Business District, Western Gate Development, East Gate Development and the Senai-Skudai corridor(s). Telekom is investing RM1.9 billion to provide broadband telecommunications infrastructure in Iskandar Malaysia. This investment would cover a 10-year period with the implementation of HSBB scheduled for the end of 2008.

Opcom believes that the fiber optic cable sector will maintain its upbeat trend given the proposed network infrastructure investments in areas such as Metro Ethernet, Next Generation Networks and High Speed Broadband Networks that are being carried out by Telekom and other licensed telecommunications companies. The Group estimates that there would be a minimum increase of 30% in the demand of fiber optic cables for the year 2008 as compared to 2007 as a result of the cable portion of these New Generation Internet Protocol-based networks being deployed for the nation's transport and access networks. In view of this, Opcom is targeting to supply up to 50% of the cable requirements for the Malaysian market.

PROSPECTS

The Board is positive that the Group's performance for the financial year ending 31 March 2009 will continue to further improve as Opcom is expected to benefit from the capital investments made by telecommunication companies to cater to the growing number of applications requiring large bandwidth. Notably, both the HSBB and IRDA initiatives would translate into a higher demand for fiber optic cables.

July and October 2007 saw Opcom receiving a variation order valued at RM54.6 million from Telekom. Together with new contracts secured over this financial year, including a RM2.1 million award from Celcom in January 2008 and a RM1.5 million contract from Fiberail Sdn Bhd in April 2008, these are positive indications of a healthy demand for fiber optic cables in the local market.

Since mid-2007, Opcom has also been working very closely with our technical partner, Ericsson Network Technologies AB of Sweden (Ericsson), in the latter's bids for contracts in Asian countries. Due to our proximity to other Asian countries, Ericsson is leveraging on our manufacturing facilities to supply fiber optic cables and related accessories to these regional markets.

Ericsson is one of the shortlisted consortiums for Singapore's Next Generation National Broadband Network project that is estimated to involve investments of between RM3.0 billion and RM5.0 billion. The result of the bid is expected to be known in the period between July and September 2008.

At the same time, Opcom is also looking at diversifying its current markets for fiber optic cables, including pursuing markets in the region such as Bangladesh, the Philippines, Pakistan, Indonesia and Sri Lanka. We are actively building relationships in these target markets by collaborating with local companies as well as working with local Ericsson companies within these respective markets.



PROSPECTS (cont'd)

We are actively increasing our competency in manufacturing connectorised cables, whereby the majority of the finished goods would be re-exported back to Sweden. The Group is targeting to double its current revenue obtained from connectorised cables by the end of the current financial year.

Indeed, all these developments augur well for Opcom. We are assured and optimistic of higher sales of fiber optic cables for the financial year ending 31 March 2009.

RESEARCH AND DEVELOPMENT (R & D)

Opcom's R & D efforts are yielding significant tangible results. We have successfully developed new products for the Fiber-to-the-Home (FTTH) scheme including Drop Cables for both indoor and outdoor applications. These new products are expected for commercial release in the third quarter of 2008. Concurrently, Opcom is also working on other new products for indoor cable applications.

Opcom is expected to invest approximately RM7.0 million in R & D activities as well as for capacity expansion. We plan to expand our annual production capacity to approximately 30,000 cable km of outdoor cables.

Opcom believes that its local R & D efforts will contribute positively to the future bottom line as technological and process improvements effectively lead to production efficiency and cost improvements. Some of our new products such as Drop Cables are already being developed at a fraction of the estimated R & D costs. We are confident that this new product will enhance our existing product portfolio to provide a complete cable solution for the FTTH network that Telekom is embarking on.

CORPORATE SOCIAL RESPONSIBILITY

There is an increasing awareness for the need to incorporate corporate social responsibility elements into part of the Group's business operations. While the main focus of Opcom remains the consistent achievement of profitable financial results, we have identified several initiatives for the simultaneous building of both business and social value, beyond the requisite legal and regulatory framework within which we operate.

Opcom's CSR initiatives will be an on-going commitment and some of the activities Opcom is undertaking include:-



- Encouraging employees' participation in community projects. A total of 40 of our employees take part in the 50th year Merdeka parade at Selangor State level on 31 August 2007.
- Organising factory visits for students of tertiary institutions so as to expose undergraduates to the workings of the manufacturing industry, especially the technical competency involved in the production of fiber optic cables. Two such visits were held - Opcom hosted 37 students from UNITAR Alor Setar on 7 August 2007 and another 67 undergraduates from Universiti Teknikal Malaysia Melaka on 27 March 2008.
- Partnering with Persatuan Sindrom Down Malaysia and its affiliated state-based associations to positively touch the lives of children with Down Syndrome by helping to improve their daily well-being, education and health. On 31 January 2008, Opcom presented a grant of RM50,000 as contribution towards the running of programmes such as speech and occupational therapy to help prepare these special children to contribute positively to society.

AWARD AND RECOGNITION

We at OPCOM are committed to meet and exceed customer expectations through high-quality products, timely delivery and excellent customer service whilst maintaining a high level of environmental awareness through best environmental practices.



Photo taken during the Award Ceremony Dinner on 14 December 2007

OPCOM's superior brand was given due recognition when our subsidiary OPCOM Cables Sdn Bhd won the Selangor Industry Award (AIS) under the category *Selangor Product Excellence Award 2007* at the Award Ceremony Dinner held in Shah Alam on 14 December 2007.

The AIS, initiated by the Selangor State Government, has its purpose the recognition and commendation for outstanding achievements of industries in Selangor. This award also serves as an added incentive given by the state government to further spur existing and burgeoning industries to continuously upgrade their quality and service levels. This award provides winners with the necessary thrust and competitive edge to gain entry into the global markets.

ACKNOWLEDGMENT AND APPRECIATION

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

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

DATO' MUKHRIZ MAHATHIR

Chairman / Managing Director



board of
directors

Team Work

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 44, 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 Branch with over ten (10) years experience in business and project development and served as the Senior Advisor to the Bank's President. His other past experiences were in areas of telecommunications, tourism as well as in the infrastructure business sectors.

His directorships in other public companies are in Reliance Pacific Berhad and Ajiya Berhad. He also sits on the Boards of several private limited companies.

Dato' Mukhriz is an elected Member of Parliament for Jerlun at his homestate of Kedah following the general election in March 2008.

His spouse, Datin Norzieta 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 44, 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 continues to contribute favourably to Opcom Group's business operations. His involvement is primarily focused on the financial, strategy and business development areas of the Opcom Group.

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 62, 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 General Staff College, the Malaysian Armed Forces Defence College and the Pakistan National Defence College courses.

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

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

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

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 38 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 an independent financial consultant based in the United States of America. He was most recently the Executive General Manager, Investment Operations with Shanghai Dragon Investment (SDI). Prior to SDI, he was Vice President with JP Morgan, specializing in corporate finance and mergers and acquisitions. Previously, he was Acquisition and 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 64 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. Between 1992 and March 2008, he had been responsible for the Business Unit Cable and President of Ericsson Network Technologies AB, Sweden.

He is now the Chairman of Hoverline Group, Sweden and is on the Board of Directors of several other companies in Sweden and abroad.

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

En Abdul Jabbar Bin Abdul Majid, a Malaysian, aged 63 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 35, 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 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



KAJ ROLAND SJOLIN
General Manager
Structured Cables



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



DANNY KHOO KAY POH
Head of Safety & Security



ROZITA AWANG
Group Human Resource
Manager



SOON SIEW ENG
Head of Administration
& MIS



WONG KEET WAH
Senior Manager
Group Engineering & Facility

financial highlights

	2004 RM mil	2005 RM mil	2006 RM mil	2007 RM mil	2008 RM mil
Revenue	58.08	78.29	67.79	66.51	55.07
Profit before tax	17.37	26.75	18.22	4.53	8.50
Profit after tax & MI	10.57	17.20	10.87	2.14	4.56
Property, plant and equipment	35.35	38.93	36.35	35.50	36.76
Current assets	59.31	67.92	62.78	54.76	61.57
Total assets	94.65	106.85	99.13	90.26	98.33
Share capital	17.20	17.20	25.80	25.80	25.80
Reserves	28.72	39.04	37.11	38.28	39.94
Shareholders' funds	45.92	56.24	62.91	64.08	65.74
Earnings per share (sen)*	8.19	13.33	8.42	1.66	3.53
NTA per share (sen)*	35.60	43.60	48.77	49.68	50.96
Return on equity (%)	23.02	30.58	17.28	3.34	6.94

* 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 be composed of no fewer than three (3) members;
2. The majority of the Audit Committee must be independent directors;
3. The Chairman of the Audit Committee shall be an independent director;
4. The Managing Director shall not be a member of the Audit Committee;
5. At least one of the members of the Audit 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.
 - (c) fulfills such other requirements as prescribed by the Exchange; 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;

audit committee report (cont'd)

AUTHORITY (cont'd)

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, the internal auditors or both excluding the attendance of the executive members of the Company, at least twice a year and 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, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (d) the effectiveness of the internal control and management information systems;
 - (e) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (f) the external auditors' audit report;
 - (g) any management letter sent by the external auditors to the Company and the management's response to such letter;
 - (h) any letter of resignation from the Company's external auditors;
 - (i) the assistance given by the employees of the Company to the external auditors;
 - (j) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
 - (k) all related party transactions and potential conflict of interests situations that may arise within the Company/Group.
2. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
3. To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board which would be beneficial to the Company and ensure the effectiveness discharge of the Audit 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 Audit Committee actions shall be reported to the Board of Directors with such recommendations as the Audit 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.
7. 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.

audit committee report (cont'd)

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 Audit Committee, the external auditors or the internal auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit 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 Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.
5. The Audit Committee may invite any Board member or any member of management or any employee of the Company who the Audit 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
(Executive Director)
- Tomio Alan Komatsu – Member
(Independent Non-Executive Director)

audit committee report (cont'd)

NUMBER OF AUDIT COMMITTEE MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 March 2008, a total of four (4) Audit Committee Meetings were held and the details of attendance are as follows:-

Director	Total Attendance
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	4/4
Lim Bee Khin	4/4
Tomio Alan Komatsu	4/4

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

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

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 Audit 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 Audit 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 17 to 19 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 2008. 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; and
- (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.

corporate governance statement (cont'd)

- **Directors' Training** (cont'd)

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)

Dato' Mukhriz Mahathir – Member
(Chairman/Managing 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)

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 2008 is as follows:-

	RM
Executive	407,700
Non-Executive	69,100

corporate governance statement (cont'd)

Composition and Designation (cont'd)

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
<RM50,000	1	4
RM 50,001 – RM100,000		
RM100,001 – RM150,000		
RM150,001 – RM200,000	2	
RM200,001 – RM250,000		
Total	3	4

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 22 to 25 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; 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.

corporate governance statement (cont'd)

ACCOUNTABILITY & AUDIT (cont'd)

- **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

There were no material contracts involving the Directors' Interest during the financial year ended 31 March 2008.

COMPLIANCE WITH THE CODE

The Board serves to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavour to improve and enhance the procedures from time to time. The Group has complied with the Best Practices of the Code with the exception of the composition of the Audit Committee. The Board will make the necessary arrangements to ensure that the Audit Committee is made up of all Non-Executive Directors before the deadline set by Bursa Malaysia Securities Berhad of 31 January 2009.

corporate
governance statement (cont'd)

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 2008 were as follows:-

Transacting Party	Nature of Transaction	Interested Directors, Substantial Shareholders and Person Connected	Aggregate Value (RM)
Opcom Sdn Bhd (OSB)	<ul style="list-style-type: none"> — Purchase of services from OSB <ul style="list-style-type: none"> • Fiber optic cables supply contract commission 	Dato' Mukhriz Mahathir ^a Datin Norzieta Zakaria ^b Mirzan Mahathir ^c	2,676,000
Ericsson Network Technologies AB (ENT)	<ul style="list-style-type: none"> — Supply of cables related products to ENT via a General Purchase Agreement — Purchase of goods and services from ENT <ul style="list-style-type: none"> • Cable production materials • 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 	Sven Janne Sjöden ^d ENT ^e	3,763,203 7,115,838
Birla Ericsson Optical Limited (Birla)	<ul style="list-style-type: none"> — Purchase of cable production materials from Birla 	Sven Janne Sjöden ^d ENT ^e Birla ^f	4,167,060
Opcom Cables Sdn Bhd (OCSB)	<ul style="list-style-type: none"> — 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 — Provision of management services to OCSB 	Sven Janne Sjöden ^d ENT ^e	2,160,000 2,400,000
Zoop Sdn Bhd (Zoop)	<ul style="list-style-type: none"> — Provision of goods and services to Zoop for its business activities <ul style="list-style-type: none"> • Bio-fuels production materials 	Chhoa Kwang Hua ^g Chhoa Kuang Yaw ^h Dera Otsubo (Chhoa) ⁱ Ailida Binti Baharum ^j Rezeki Tegas Sdn Bhd ^k	3,532,384
Airzed Networks Sdn Bhd (ANSB)	<ul style="list-style-type: none"> — Renting of ANSB's office space (2,063 square feet) at Penthouse 2, Block D, Plaza Mont Kiara, 50480 Kuala Lumpur by Opcom for 3 years with rental of RM3,000 per month — Renting of Opcom's open area at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by ANSB for 3 years with rental of RM500 per month — Provision of Tower Maintenance by Opcom to ANSB at RM150 per month — Purchase of Unlimited Wireless Access Plan 	Dato' Mukhriz Mahathir ^a Chhoa Kwang Hua ^g	36,000 4,000 1,200 2,400
Airzed Broadband Sdn Bhd (ABSB)	<ul style="list-style-type: none"> — Renting of Opcom's open area at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by ABSB for 3 years with rental of RM500 per month — Provision of Tower Maintenance by Opcom to ABSB at RM150 per month — Purchase of wireless broadband access from ABSB 	Dato' Mukhriz Mahathir ^a Chhoa Kwang Hua ^g	2,000 600 52,000
Perennial Renaissance Sdn Bhd (PRSB)	<ul style="list-style-type: none"> — Renting of PRSB's apartment (2,939 square feet) at D-16-01, Flora Mumi, 3 Jalan Kiara 3, Mon't Kiara, 50480 Kuala Lumpur by Opcom Group for 2 years with rental of RM10,000 per month 	Chhoa Kwang Hua ^g Chhoa Kuang Yaw ^h	50,000

Notes :-

Nature of Interest

- a. Dato' Mukhriz Mahathir, the Chairman/Managing Director and a substantial shareholder of Opcom is a director of Opcom Niaga Sdn Bhd (ONSB), Opcom Network Technologies Sdn Bhd (ONTSB), Opcom Shared Services Sdn Bhd (OSSSB) and Opcom Cables Sdn Bhd (OCSB). He is also a director and substantial shareholder of OSB, ANSB and ABSB.
- b. Datin Norzieta 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. He ceased to be a Director of ENT on 1 March 2008.
- e. ENT is the substantial 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, OCSB and OSSSB. He is a director and substantial shareholder of ANSB, ABSB, PRSB and Zoop.
- h. Chhoa Kuang Yaw, the brother of Chhoa Kwang Hua is a director and substantial shareholder of PRSB and Zoop.
- i. Dera Otsubo (Chhoa), the spouse of Chhoa Kwang Hua is a director and shareholder of Zoop.
- j. Ailida Binti Baharum, the director and substantial shareholder of Zoop is a director and substantial shareholder of Rezeki Tegas Sdn Bhd.
- k. Rezeki Tegas Sdn Bhd is a substantial shareholder of Opcom.

internal control statement

INTRODUCTION

The Board of Directors (Board) of Opcom Holdings Berhad and its subsidiaries (Group) is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 March 2008, 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 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 the adequacy and integrity of the system of internal control is an on-going process and it should be noted that such system are designed to manage, rather than eliminate, risk of failure to achieve strategic goals and business objectives. Accordingly, it can only provide reasonable but not absolute assurances against material misstatement or loss.

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 11 times during the financial year ended 31 March 2008, 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.

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.

internal control statement (cont'd)

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 Board is of the view that there is a continuous process in evaluating and managing significant risks and controls faced by the Group. They were no material weaknesses in the system of internal control that would require separate disclosure in this Annual Report.



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directors' report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2008.

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 6 to the financial statements. There has been no significant change in the nature of these activities during the year except as disclosed in Note 6 for Opcom Niaga Sdn Bhd.

RESULTS

	Group RM	Company RM
Profit attributable to:		
Shareholders of the Company	4,557,979	3,580,583
Minority interests	1,791,452	-
	<u>6,349,431</u>	<u>3,580,583</u>

RESERVES AND PROVISIONS

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

DIVIDEND

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

- (i) an interim ordinary dividend of 0.75 sen per ordinary share tax exempt totaling RM967,500 in respect of the year ended 31 March 2007 on 8 May 2007; and
- (ii) an interim ordinary dividend of 1.35 sen per ordinary share less tax at 26% totaling RM1,288,710 in respect of the year ended 31 March 2008 on 31 January 2008.

The Company declared an interim dividend of 1.69 sen per share less tax at 26% in respect of the year ended 31 March 2008 totaling RM1,613,273 which was fully paid on 2 May 2008.

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

DIRECTORS OF THE COMPANY

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

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

for the year ended 31 March 2008

directors' report (cont'd)

DIRECTORS' INTERESTS

The interests and deemed interests 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 1.4.2007	Bought	Sold	At 31.3.2008
Shareholdings in which Directors have direct interest				
Dato' Mukhriz Mahathir	65,062,500	-	-	65,062,500
Chhoa Kwang Hua	2,062,500	14,500	-	2,077,000
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	-	-	712,500
Tomio Alan Komatsu	189,000	-	-	189,000
Sven Janne Sjöden	280,000	-	-	280,000
Abdul Jabbar Bin Abdul Majid	375,000	-	-	375,000
Shareholdings in which Directors have indirect interest				
Tomio Alan Komatsu*	561,000	-	-	561,000
Lim Bee Khin*	150,000	100,000	-	250,000

By virtue of their interests in the shares of the Company, Dato' Mukhriz Mahathir, Chhoa Kwang Hua, Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said, Tomio Alan Komatsu, Sven Janne Sjöden, Abdul Jabbar Bin Abdul Majid and Lim Bee Khin are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Opcom Holdings Berhad has an interest.

* These are the interests held by the respective spouses of Tomio Alan Komatsu and Lim Bee Khin. In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interest of the spouses shall be treated as the respective interests of Tomio Alan Komatsu and Lim Bee Khin.

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 the 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.

for the year ended 31 March 2008
directors' report (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2008 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

Petaling Jaya
18 July 2008

at 31 March 2008

balance sheets

	Note	Group		Company	
		2008 RM	2007 RM Restated	2008 RM	2007 RM Restated
Assets					
Property, plant and equipment	3	25,640,403	24,207,468	771,607	991,308
Prepaid lease payments	4	11,118,018	11,291,676	11,118,018	11,291,676
Investment properties	5	-	-	8,421,343	8,043,195
Investments in subsidiaries	6	-	-	11,300,002	11,300,002
Total non-current assets		36,758,421	35,499,144	31,610,970	31,626,181
Current assets					
Inventories	7	8,291,827	7,209,428	-	-
Receivables, deposits and prepayments	8	18,947,748	31,086,788	2,751,816	3,325,809
Tax recoverable		436,097	510,410	534,735	177,392
Cash and cash equivalents	9	33,894,811	15,958,089	2,931,417	749,005
Total current assets		61,570,483	54,764,715	6,217,968	4,252,206
Total assets		98,328,904	90,263,859	37,828,938	35,878,387
Equity					
Share capital	10	25,800,000	25,800,000	25,800,000	25,800,000
Reserves	11	39,939,179	38,283,183	8,181,885	7,503,285
Total equity attributable to shareholders of the Company		65,739,179	64,083,183	33,981,885	33,303,285
Minority interest		14,458,755	13,537,445	-	-
Total equity		80,197,934	77,620,628	33,981,885	33,303,285
Liabilities					
Deferred tax liabilities	12	2,863,415	2,521,633	1,043,415	460,000
Total non-current liabilities		2,863,415	2,521,633	1,043,415	460,000
Current Liabilities					
Payables and accruals	13	13,654,282	9,154,098	1,190,365	1,147,602
Dividends payable		1,613,273	967,500	1,613,273	967,500
Total current liabilities		15,267,555	10,121,598	2,803,638	2,115,102
Total liabilities		18,130,970	12,643,231	3,847,053	2,575,102
Total equity and liabilities		98,328,904	90,263,859	37,828,938	35,878,387

The notes on pages 42 to 67 are an integral part of these financial statements.

for the year ended 31 March 2008

income statements

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	14	55,068,961	66,508,428	9,225,516	6,906,673
Operating profit	14	8,495,293	4,663,516	5,086,695	2,119,525
Interest expense		-	(132,509)	-	(132,509)
Profit before tax		8,495,293	4,531,007	5,086,695	1,987,016
Tax expense	16	(2,145,862)	(1,147,537)	(1,506,112)	(470,355)
Profit for the year		6,349,431	3,383,470	3,580,583	1,516,661
Attributable to:					
Shareholders of the Company		4,557,979	2,141,650	3,580,583	1,516,661
Minority interests		1,791,452	1,241,820	-	-
Profit for the year		6,349,431	3,383,470	3,580,583	1,516,661
Basic earnings per ordinary share (sen)	17	3.5	1.7	-	-

The notes on pages 42 to 67 are an integral part of these financial statements.

for the year ended 31 March 2008

statement of changes in equity

Group	Note	Share capital RM	Share premium RM	Non-distributable		Total RM	Minority interest RM	Total equity RM
				Capital reserve RM	Retained profits RM			
At 1 April 2006		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	18	-	-	-	(967,500)	(967,500)	(300,000)	(1,267,500)
At 31 March 2007/ 1 April 2007		25,800,000	5,811,530	3,283	32,468,370	64,083,183	13,537,445	77,620,628
Profit for the year		-	-	-	4,557,979	4,557,979	1,791,452	6,349,431
Dividends	18	-	-	-	(2,901,983)	(2,901,983)	(870,142)	(3,772,125)
At 31 March 2008		25,800,000	5,811,530	3,283	34,124,366	65,739,179	14,458,755	80,197,934

Note 10

Company	Note	Share capital RM	Non-distributable		Total RM
			Share premium RM	Distributable Retained profits RM	
At 1 April 2006		25,800,000	5,811,530	1,142,594	32,754,124
Profit for the year		-	-	1,516,661	1,516,661
Dividends	18	-	-	(967,500)	(967,500)
At 31 March 2007/ 1 April 2007		25,800,000	5,811,530	1,691,755	33,303,285
Profit for the year		-	-	3,580,583	3,580,583
Dividends	18	-	-	(2,901,983)	(2,901,983)
At 31 March 2008		25,800,000	5,811,530	2,370,355	33,981,885

Note 10

The notes on pages 42 to 67 are an integral part of these financial statements.

for the year ended 31 March 2008

cash flow statements

	Group		Company	
	2008 RM	2007 RM Restated	2008 RM	2007 RM Restated
Cash flows from operating activities				
Profit before tax	8,495,293	4,531,007	5,086,695	1,987,016
Adjustments for:				
Amortisation of prepaid lease payments	173,658	172,169	173,658	172,169
Depreciation				
- Property, plant and equipment	2,461,453	2,358,102	253,195	303,648
- Investment properties	-	-	201,361	202,742
Dividend income	-	-	(4,095,047)	(2,200,000)
Interest expense	-	132,509	-	132,509
Interest income	(576,500)	(830,592)	(24,642)	(35,874)
Gain on disposal of property, plant and equipment	(29,104)	(2,749)	(9,661)	(2,749)
Property, plant and equipment written off	4,646	351,085	-	4,851
Investment properties written off	-	-	-	343,527
Operating profit before changes in working capital	10,529,446	6,711,531	1,585,559	907,839
Inventories	(1,082,399)	(3,589,464)	-	-
Receivables, deposits and prepayments	12,139,040	(17,109,462)	2,274,328	6,047,822
Payables and accruals	3,630,042	(8,504,366)	42,763	(6,746,275)
Cash generated from/(used in) operations	25,216,129	(22,491,761)	3,902,650	209,386
Tax paid	(1,729,767)	(1,071,127)	(215,328)	(211,988)
Net cash generated from/(used in) operating activities	23,486,362	(23,562,888)	3,687,322	(2,602)
Cash flows from investing activities				
Dividends received	-	-	1,330,000	1,780,000
Prepayment of land lease	-	(447,831)	-	(447,831)
Purchase of property, plant and equipment	(4,214,674)	(1,584,049)	(74,703)	(17,176)
Purchase of investment properties	-	-	(579,509)	(301,000)
Proceeds from disposal of property, plant and equipment	344,744	3,317	50,870	3,317
Interest received	576,500	830,592	24,642	44,185
Decrease in deposits pledged to bank	100,000	-	-	-
Net cash (used in)/generated from investing activities	(3,193,430)	(1,197,971)	751,300	1,061,495
Cash flows from financing activities				
Dividend paid	(2,256,210)	(4,192,500)	(2,256,210)	(4,192,500)
Interest paid	-	(132,509)	-	(132,509)
Net cash used in financing activities	(2,256,210)	(4,325,009)	(2,256,210)	(4,325,009)
Net increase/(decrease) in cash and cash equivalents	18,036,722	(29,085,868)	2,182,412	(3,266,116)
Cash and cash equivalents at beginning of year	15,758,089	44,843,957	749,005	4,015,121
Cash and cash equivalents at end of year	33,794,811	15,758,089	2,931,417	749,005

The notes on pages 42 to 67 are an integral part of these financial statements.

for the year ended 31 March 2008

cash flow statements (cont'd)

i) Cash and cash equivalents

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits placed with licensed banks	21,121,869	9,064,318	1,385,000	285,000
Cash and bank balances	12,772,942	6,893,771	1,546,417	464,005
	33,894,811	15,958,089	2,931,417	749,005
Less: Deposit pledged with a licensed bank	(100,000)	(200,000)	-	-
	33,794,811	15,758,089	2,931,417	749,005

The notes on pages 42 to 67 are an integral part of these financial statements.

notes to the financial statements

Opcorn 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 the principal place of business and registered office of the Company are as follows:-

Principal place of business

11, Jalan Utas 15/7

40200 Shah Alam

Selangor Darul Ehsan

Registered office

312, 3rd Floor, Block C, Kelana Square

17 Jalan SS7/26

47301 Petaling Jaya

Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 March 2008 comprise the Company and its subsidiaries. The financial statements of the Company as at and for the year ended 31 March 2008 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 6 to the financial statements.

The financial statements were approved by the Board of Directors on 18 July 2008.

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 Financial Reporting Standards (FRS) 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.

notes to the financial statements (cont'd)

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 April 2007, and that have not been applied in preparing these financial statements:-

FRSs / Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates</i> - <i>Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market</i> - <i>Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129,</i> <i>Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Group and the Company plans to apply the rest of the abovementioned FRSs except for FRS 111, FRS 120, Amendment to FRS 121 and the IC Interpretations as explained below for the annual period beginning 1 April 2008, and FRS 139, Financial Instruments: Recognition and measurement of which the effective date has yet to be announced.

FRS 111, FRS 120, Amendment to FRS 121 and the IC Interpretations are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

notes to the financial statements (cont'd)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:-

- Note 5 - valuation of investment property
- 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 the 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 24).

(a) Basis of consolidation

(i) SUBSIDIARIES

Subsidiaries are entities, including unincorporated 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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, 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 identifiable 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. Minority interest in the results of the Group are 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.

notes to the financial statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iii) TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

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

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of 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 are stated at cost less any accumulated depreciation and any accumulated 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.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(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 remeasured to fair value and reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, 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 the replaced parts is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

notes to the financial statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

(d) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

Other leases are operating leases and, except for leasehold land classified as investment property, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payment as property within its property, plant and equipment. Upon adoption of FRS 117, *Leases*, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payment in accordance with the transitional provisions in FRS 117.67A.

The prepaid lease payment is amortised over the lease term of 75 years.

notes to the financial statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold 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 any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

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

Determination of fair value

The Directors estimate the fair value of the investment properties without the involvement of independent valuers. This is determined by considering the market value per area by reference to market evidence of transaction prices for similar properties within the same location.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the 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.

(g) 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.

(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 equivalents are presented net of pledged deposits.

(i) Impairment of assets

The carrying amounts of assets, except for financial assets and inventories 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.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

notes to the financial statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of assets (cont'd)

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. 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(j) Employee benefits

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the statutory pension fund are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(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.

notes to the financial statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 as it accrues, using the effective interest method.

(v) RENTAL INCOME

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

(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 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.

(o) 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.

(p) 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 RM	Buildings RM	Motor vehicles RM	Office equipment RM	Computer equipment RM	Plant and machinery RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
Cost										
At 1 April 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
Effect of adopting FRS 117 (Note 4)	(12,609,184)	-	-	-	-	-	-	-	-	(12,609,184)
At 1 April 2006, restated	-	10,180,580	484,150	545,301	4,468,477	32,304,577	993,876	4,169	1,089,613	50,070,743
Additions	-	301,000	-	3,357	34,215	1,228,949	-	3,206	13,322	1,584,049
Disposals	-	-	-	-	-	-	-	-	(1,578)	(1,578)
Write off	-	(413,491)	-	(1,550)	(800)	(1,850)	(5,850)	-	(2,237)	(425,778)
At 31 March 2007/ 1 April 2007, restated	-	10,068,089	484,150	547,108	4,501,892	33,531,676	988,026	7,375	1,099,120	51,227,436
Additions	-	579,509	941,025	29,417	78,462	1,530,975	999,582	6,400	49,304	4,214,674
Disposals	-	-	(100,391)	(4,750)	(184,576)	(299,598)	-	-	(17,292)	(606,607)
Write off	-	-	-	(4,000)	(33,973)	-	-	-	(1,199)	(39,172)
At 31 March 2008	-	10,647,598	1,324,784	567,775	4,361,805	34,763,053	1,987,608	13,775	1,129,933	54,796,331
Depreciation										
At 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
Effect of adopting FRS 117 (Note 4)	(1,593,170)	-	-	-	-	-	-	-	-	(1,593,170)
At 1 April 2006, restated	-	1,892,116	215,251	165,604	3,023,415	18,463,597	661,377	2,462	313,747	24,737,569
Charge for the year	-	202,742	96,830	57,723	712,426	1,104,146	97,621	1,105	85,509	2,358,102
Disposals	-	-	-	-	-	-	-	-	(1,010)	(1,010)
Write off	-	(69,964)	-	(775)	(433)	(740)	(1,366)	-	(1,415)	(74,693)
At 31 March 2007/ 1 April 2007, restated	-	2,024,894	312,081	222,552	3,735,408	19,567,003	757,632	3,567	396,831	27,019,968
Charge for the year	-	201,361	153,158	59,286	654,480	1,212,132	93,000	702	87,334	2,461,453
Disposals	-	-	(78,640)	(1,464)	(143,730)	(59,569)	-	-	(7,564)	(290,967)
Write off	-	-	-	(133)	(33,973)	-	-	-	(420)	(34,526)
At 31 March 2008	-	2,226,255	386,599	280,241	4,212,185	20,719,566	850,632	4,269	476,181	29,155,928
Carrying amounts										
At 1 April 2006, restated	-	8,288,464	268,899	379,697	1,445,062	13,840,980	332,499	1,707	775,866	25,333,174
At 31 March 2007/ 1 April 2007, restated	-	8,043,195	172,069	324,556	766,484	13,964,673	230,394	3,808	702,289	24,207,468
At 31 March 2008	-	8,421,343	938,185	287,534	149,620	14,043,487	1,136,976	9,506	653,752	25,640,403

notes to the

financial statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Long term leasehold land RM	Office equipment RM	Computer equipment RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Total RM
Cost							
At 1 April 2006	12,609,184	345,934	906,100	429,227	4,169	600,016	14,894,630
Effect of adopting FRS 117 (Note 4)	(12,609,184)	-	-	-	-	-	(12,609,184)
At 1 April 2006, restated	-	345,934	906,100	429,227	4,169	600,016	2,285,446
Additions	-	1,888	4,760	-	3,206	7,322	17,176
Disposals	-	-	-	-	-	(1,578)	(1,578)
Write off	-	-	(800)	(5,850)	-	-	(6,650)
At 31 March 2007/ 1 April 2007, restated	-	347,822	910,060	423,377	7,375	605,760	2,294,394
Additions	-	2,439	65,864	-	6,400	-	74,703
Disposals	-	(4,750)	(152,435)	-	-	-	(157,185)
Write off	-	-	(15,595)	-	-	-	(15,595)
At 31 March 2008	-	345,511	807,894	423,377	13,775	605,760	2,196,317
Depreciation							
At 1 April 2006	1,593,170	94,542	630,584	122,172	2,462	152,487	2,595,417
Effect of adopting FRS 117 (Note 4)	(1,593,170)	-	-	-	-	-	(1,593,170)
At 1 April 2006, restated	-	94,542	630,584	122,172	2,462	152,487	1,002,247
Charge for the year	-	34,781	129,265	77,869	1,105	60,628	303,648
Disposals	-	-	-	-	-	(1,010)	(1,010)
Write off	-	-	(433)	(1,366)	-	-	(1,799)
At 31 March 2007/ 1 April 2007, restated	-	129,323	759,416	198,675	3,567	212,105	1,303,086
Charge for the year	-	34,425	91,176	66,357	702	60,535	253,195
Disposals	-	(1,464)	(114,512)	-	-	-	(115,976)
Write off	-	-	(15,595)	-	-	-	(15,595)
At 31 March 2008	-	162,284	720,485	265,032	4,269	272,640	1,424,710
Carrying amounts							
At 1 April 2006, restated	-	251,392	275,516	307,055	1,707	447,529	1,283,199
At 31 March 2007/ 1 April 2007, restated	-	218,499	150,644	224,702	3,808	393,655	991,308
At 31 March 2008	-	183,227	87,409	158,345	9,506	333,120	771,607

notes to the financial statements (cont'd)

4. PREPAID LEASE PAYMENTS

Group and Company	Unexpired period of more than 50 years RM
Cost	
At 1 April 2006	-
Effect of adopting FRS 117 (Note 3)	12,609,184
At 1 April 2006, restated	12,609,184
Additions	447,831
At 31 March 2007/1 April 2007, restated/ 31 March 2008	<u>13,057,015</u>
Amortisation	
At 1 April 2006	-
Effect of adopting FRS 117 (Note 3)	1,593,170
At 1 April 2006, restated	1,593,170
Amortisation for the year	172,169
At 31 March 2007/ 1 April 2007, restated	1,765,339
Amortisation for the year	173,658
At 31 March 2008	<u>1,938,997</u>
Carrying amounts	
At 1 April 2006, restated	<u>11,016,014</u>
At 31 March 2007/ 1 April 2007, restated	<u>11,291,676</u>
At 31 March 2008	<u>11,118,018</u>

5. INVESTMENT PROPERTIES

Company	Buildings RM
Cost	
At 1 April 2006	10,180,580
Additions	301,000
Write off	(413,491)
At 31 March 2007/ 1 April 2007	10,068,089
Additions	579,509
At 31 March 2008	<u>10,647,598</u>
Depreciation	
At 1 April 2006	1,892,116
Charge for the year	202,742
Write off	(69,964)
At 31 March 2007/ 1 April 2007	2,024,894
Charge for the year	201,361
At 31 March 2008	<u>2,226,255</u>

notes to the financial statements (cont'd)

5. INVESTMENT PROPERTIES (cont'd)

Company	Buildings RM
Carrying amounts	
At 1 April 2006	8,288,464
At 31 March 2007/ 1 April 2007	8,043,195
At 31 March 2008	8,421,343

The Directors' valuation on the fair value of investment properties based on their assessment is RM9,312,214 (2007 – RM9,197,860).

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Unquoted shares, at cost	11,400,002	11,400,002
Less: Impairment loss	(100,000)	(100,000)
	11,300,002	11,300,002

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

Name of subsidiary	Principal activities	Effective ownership interest	
		2008 %	2007 %
Opcom Cables Sdn Bhd	Manufacture of fiber optic cables and systems	70.0	70.0
Opcom Niaga Sdn Bhd	General trading of specialty chemicals, related materials and provision of engineering services	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 and provision of telecommunication network systems and services	100.0	100.0

The principal activity of Opcom Niaga Sdn Bhd has been changed from general trading of specialty chemicals and related materials to the above mentioned principal activity.

notes to the financial statements (cont'd)

7. INVENTORIES

	Group	
	2008 RM	2007 RM
Cost:		
Raw materials	2,199,075	259,821
Work-in-progress	1,395,053	988,166
Finished goods	936,411	2,865,047
Net realisable value:		
Raw materials	3,655,727	2,878,606
Finished goods	105,561	217,788
	8,291,827	7,209,428

In 2008, inventories recognised as cost of sales amounted to RM32,907,174 (2007 - RM52,485,663). At 31 March 2008, the allowance for the write-down of inventories to net realisable value amounted to RM719,623 (2007 - RM642,439).

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade				
Trade receivables	15,430,230	18,801,147	-	-
Related company	2,108,487	10,972,555	61,319	-
Corporate shareholder	-	262,353	-	-
	17,538,717	30,036,055	61,319	-
Non-trade				
Other receivables, deposits and prepayments	1,243,718	1,050,733	272,782	256,864
Subsidiaries	-	-	2,369,902	3,068,945
Related company	165,313	-	47,813	-
	1,409,031	1,050,733	2,690,497	3,325,809
	18,947,748	31,086,788	2,751,816	3,325,809

The amount due from related company to the Group is trade related, unsecured and subject to normal trade terms. The amount included under non-trade is unsecured, interest free and has no fixed terms of repayment.

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

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

notes to the financial statements (cont'd)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The foreign currency profile of receivables, deposits and prepayments is as follows:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	18,947,748	30,727,588	2,751,816	3,325,809
US Dollar	-	359,200	-	-
	18,947,748	31,086,788	2,751,816	3,325,809

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits placed with licensed banks	21,121,869	9,064,318	1,385,000	285,000
Cash and bank balances	12,772,942	6,893,771	1,546,417	464,005
	33,894,811	15,958,089	2,931,417	749,005

Included in the Group's deposits with licensed banks is an amount of RM100,000 (2007 - RM200,000) pledged for bank guarantee facilities.

10. SHARE CAPITALS

	Group and Company			
	Number of shares 2008	Amount 2008 RM	Number of shares 2007	Amount 2007 RM
Ordinary shares of RM0.20 each Authorised	250,000,000	50,000,000	250,000,000	50,000,000
Issued and fully paid	129,000,000	25,800,000	129,000,000	25,800,000

11. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Distributable:				
Retained profits	34,124,366	32,468,370	2,370,355	1,691,755
Non-distributable:				
Share premium	5,811,530	5,811,530	5,811,530	5,811,530
Capital reserve	3,283	3,283	-	-
	39,939,179	38,283,183	8,181,885	7,503,285

notes to the financial statements (cont'd)

11. RESERVES (cont'd)

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 of its retained profits at 31 March 2008 if paid out as dividends without incurring additional tax liability.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

12. DEFERRED TAX LIABILITIES

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

Group	Assets		Liabilities		Net	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Property, plant and equipment	-	-	(3,200,000)	(2,836,184)	(3,200,000)	(2,836,184)
Provisions	956,000	292,636	-	-	956,000	292,636
Dividend receivable	-	-	(597,415)	-	(597,415)	-
Unabsorbed capital allowance	-	15,142	-	-	-	15,142
Unutilised tax losses	-	6,773	-	-	-	6,773
Other items	-	-	(22,000)	-	(22,000)	-
Tax assets / (liabilities)	956,000	314,551	(3,819,415)	(2,836,184)	(2,863,415)	(2,521,633)
Set off	(956,000)	(314,551)	956,000	314,551	-	-
Net tax liabilities	-	-	(2,863,415)	(2,521,633)	(2,863,415)	(2,521,633)
Company						
Property, plant and equipment/ Investment properties	-	-	(482,000)	(466,636)	(482,000)	(466,636)
Provisions	58,000	6,636	-	-	58,000	6,636
Dividend receivable	-	-	(597,415)	-	(597,415)	-
Other items	-	-	(22,000)	-	(22,000)	-
Tax assets / (liabilities)	58,000	6,636	(1,101,415)	(466,636)	(1,043,415)	(460,000)
Set off	(58,000)	(6,636)	58,000	6,636	-	-
Net tax liabilities	-	-	(1,043,415)	(460,000)	(1,043,415)	(460,000)

notes to the financial statements (cont'd)

12. DEFERRED TAX LIABILITIES (cont'd)

Movement in temporary differences during the year

Group	At	Recognised	At	Recognised	At
	1.4.2006	in income	31.3.2007	in income	31.3.2008
	RM	statement	RM	statement	RM
		(note 16)		(note 16)	
		RM		RM	
Property, plant and equipment	2,787,744	48,440	2,836,184	363,816	3,200,000
Provisions	(817,161)	524,525	(292,636)	(663,364)	(956,000)
Dividend receivable	-	-	-	597,415	597,415
Other items	(2,086)	2,086	-	22,000	22,000
Unabsorbed capital allowances	-	(15,142)	(15,142)	15,142	-
Unutilised tax losses	-	(6,773)	(6,773)	6,773	-
	<u>1,968,497</u>	<u>553,136</u>	<u>2,521,633</u>	<u>341,782</u>	<u>2,863,415</u>

Company

Property, plant and equipment/ Investment properties	593,531	(126,895)	466,636	15,364	482,000
Provisions	(6,636)	-	(6,636)	(51,364)	(58,000)
Dividend receivable	560,000	(560,000)	-	597,415	597,415
Other items	-	-	-	22,000	22,000
	<u>1,146,895</u>	<u>(686,895)</u>	<u>460,000</u>	<u>583,415</u>	<u>1,043,415</u>

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

	Group	
	2008	2007
	RM	RM
Unutilised tax losses	(960,392)	(1,048,856)
Unabsorbed capital allowance	-	(44,573)
Deductible temporary differences	17,514	6,375
	<u>(942,878)</u>	<u>(1,087,054)</u>

notes to the financial statements (cont'd)

13. PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current				
Trade				
Trade payables	5,169,529	3,128,811	-	-
Corporate shareholder	1,063,506	-	-	-
Non-trade				
Other payables and accrued expenses	7,421,247	6,025,287	1,190,365	967,602
Subsidiaries	-	-	-	180,000
	13,654,282	9,154,098	1,190,365	1,147,602

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

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

The foreign currency profile of payables and accruals is as follows:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	6,568,736	8,611,982	1,190,365	1,147,602
US Dollar	7,572,411	521,097	-	-
EURO	(892,942)	3,182	-	-
Swedish Kroner	346,661	31	-	-
Sterling Pound	40,107	12,316	-	-
Singapore Dollar	19,309	5,490	-	-
	13,654,282	9,154,098	1,190,365	1,147,602

notes to the
financial statements (cont'd)

14. OPERATING PROFIT

	Group		Company	
	2008 RM	2007 RM Restated	2008 RM	2007 RM Restated
Revenue				
- sale of cables	48,363,602	45,296,790	-	-
- sale of network equipment	2,694,583	1,855,960	-	-
- trading of specialty chemicals	3,287,107	2,167,053	-	-
- engineering services	446,000	16,991,820	-	-
- rental income	253,027	159,999	2,469,427	2,376,399
- interest income	24,642	36,806	24,642	35,874
- dividend income	-	-	4,095,047	2,200,000
- management fee	-	-	2,636,400	2,294,400
	55,068,961	66,508,428	9,225,516	6,906,673
Cost of sales	(35,913,992)	(52,353,340)	-	-
Cost of property maintenance and management	-	-	(2,648,213)	(2,834,272)
	(35,913,992)	(52,353,340)	(2,648,213)	(2,834,272)
Gross profit	19,154,969	14,155,088	6,577,303	4,072,401
Other income	634,856	876,261	9,661	-
Distribution costs	(1,723,242)	(1,819,562)	-	-
Administrative expenses	(8,845,450)	(7,851,188)	(1,500,269)	(1,952,876)
Other expenses	(725,840)	(697,083)	-	-
Operating profit	8,495,293	4,663,516	5,086,695	2,119,525
Operating profit is arrived at after crediting:				
Gain on disposal of property, plant and equipment	29,104	2,749	9,661	2,749
Gross dividends from subsidiaries	-	-	4,095,047	2,200,000
Interest income	576,500	830,592	24,642	35,874
Realised gain on foreign exchange	517,089	544,116	-	-
Rental income on land and buildings	253,027	159,999	2,469,427	2,376,399
Reversal of allowance for slow moving inventories	-	37,126	-	-

notes to the financial statements (cont'd)

14. OPERATING PROFIT (cont'd)

	Group		Company	
	2008 RM	2007 RM Restated	2008 RM	2007 RM Restated
and after charging:				
Allowance for slow moving inventories	771,499	-	-	-
Amortisation of prepaid lease payments	173,658	172,169	173,658	172,169
Audit fees				
- current year	45,000	38,000	14,000	11,500
- under provision in prior year	7,000	-	2,500	-
Depreciation				
- Property, plant and equipment	2,461,453	2,358,102	253,195	303,648
- Investment properties	-	-	201,361	202,742
Interest expense	-	132,509	-	132,509
Inventories written down	77,184	204,831	-	-
Personnel expenses (including key management personnel):				
- Contributions to EPF	506,860	596,057	29,198	40,117
- Wages, salaries and others	4,946,162	4,593,540	347,984	416,681
Property, plant and equipment written off	4,646	351,085	-	4,851
Investment properties written off	-	-	-	343,527
Rental of apartment	50,000	105,000	-	-
Rental of motor vehicles	2,827	1,957	-	-
Rental of office	36,000	36,000	36,000	36,000

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors				
- Fees	267,600	260,550	99,600	90,729
- Remuneration	615,929	628,668	377,182	456,798
	883,529	889,218	476,782	547,527
Other key management personnel				
- Remuneration	200,715	425,651	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	7,279	36,996	-	-
	207,994	462,647	-	-
	1,091,523	1,351,865	476,782	547,527

Other key management personnel comprises persons other than the Directors of Company, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

notes to the
financial statements (cont'd)

16. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
Malaysia - current	1,804,404	582,475	923,021	1,157,250
- prior year	-	11,926	-	-
	1,804,404	594,401	923,021	1,157,250
Deferred tax expense				
Origination and reversal of temporary differences				
- current	372,164	505,136	548,797	(686,895)
- prior year	(30,706)	48,000	34,294	-
	2,145,862	1,147,537	1,506,112	470,355
Reconciliation of effective tax expense				
Profit before taxation	8,495,293	4,531,007	5,086,695	1,987,016
Tax calculated using Malaysian tax rates of 26% (2007: 27%)	2,208,776	1,223,372	1,322,541	536,494
Non-deductible expenses	186,078	214,366	149,277	157,861
Tax exempt income	-	-	-	(189,000)
Deferred tax assets not recognised	-	19,599	-	-
Tax incentive	(167,182)	(169,036)	-	-
Utilisation of previously unrecognised tax losses	(23,001)	-	-	-
Utilisation of previously unrecognised capital allowance	(11,589)	-	-	-
Other items	(6,627)	-	-	-
Effect of change in tax rate*	(9,887)	(200,690)	-	(35,000)
	2,176,568	1,087,611	1,471,818	470,355
(Over)/Under provision in prior years	(30,706)	59,926	34,294	-
	2,145,862	1,147,537	1,506,112	470,355

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

17. Earnings per ordinary share – Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2008 was based on the net profit attributable to ordinary shareholders of RM4,557,979 (2007 - RM2,141,650) and the weighted average number of ordinary shares during the year of 129,000,000 (2007 - 129,000,000).

	2008	2007
Weighted average number of ordinary shares at 31 March	129,000,000	129,000,000

notes to the financial statements (cont'd)

18. DIVIDENDS

Dividends recognised in the current year by the Company are:-

	Sen per share (net of tax)	Total amount RM	Date of payment
2008			
Interim 2008 ordinary	1.00	1,288,710	31 January 2008
Interim 2008 ordinary	1.25	<u>1,613,273</u>	2 May 2008
		<u>2,901,983</u>	
2007			
Interim 2007 ordinary	0.75	<u>967,500</u>	8 May 2007

19. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business segment. The business segment is 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 comprise mainly of corporate assets, expenses and tax assets and liabilities.

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 RM	Trading and engineering services RM	Other operations RM	Total RM	Elimination RM	Consolidated RM
2008						
Revenue						
External revenue	48,363,602	6,427,690	277,669	55,068,961	-	55,068,961
Intersegment revenue	-	446,000	4,814,400	5,260,400	(5,260,400)	-
Total revenue	<u>48,363,602</u>	<u>6,873,690</u>	<u>5,092,069</u>	<u>60,329,361</u>	<u>(5,260,400)</u>	<u>55,068,961</u>
Segment results						
Unallocated expenses						8,062,603
Interest income						(119,168)
						<u>551,858</u>
Operating profit						8,495,293
Interest expense						-
Profit before tax						8,495,293
Tax expense						<u>(2,145,862)</u>
Profit for the year						<u>6,349,431</u>

notes to the
financial statements (cont'd)

19. SEGMENTAL REPORTING (cont'd)

	Manufacturing RM	Trading and engineering services RM	Other operations RM	Total RM	Elimination RM	Consolidated RM
2007						
Revenue						
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)	-
Total revenue	<u>45,313,772</u>	<u>20,919,068</u>	<u>4,669,205</u>	<u>70,902,045</u>	<u>(4,393,617)</u>	<u>66,508,428</u>
Segment results						4,150,712
Unallocated expenses						(280,982)
Interest income						793,786
Operating profit						4,663,516
Interest expense						(132,509)
Profit before tax						4,531,007
Tax expense						(1,147,537)
Profit for the year						<u>3,383,470</u>
2008						
Segment assets	36,551,540	14,141,215	23,089,036	73,781,791	(9,783,795)	63,997,996
Unallocated assets						34,330,908
Total assets						<u>98,328,904</u>
Segment liabilities	8,419,398	9,092,660	1,396,017	18,908,075	(9,123,939)	9,784,136
Unallocated liabilities						8,346,834
Total liabilities						<u>18,130,970</u>
Capital expenditure	3,550,462	10,000	654,212	4,214,674	-	4,214,674
Depreciation and amortisation	1,402,810	604,087	628,214	2,635,111	-	2,635,111
2007						
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
Total assets						<u>90,263,859</u>
Segment liabilities	2,684,073	15,354,191	2,702,563	20,740,827	(14,586,729)	6,154,098
Unallocated liabilities						6,489,133
Total liabilities						<u>12,643,231</u>
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

notes to the financial statements (cont'd)

20. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate, foreign currency and liquidity risks arises in the normal course of the Group and of the Company's business. 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.

At the balance sheet date, there were no significant concentration of credit risk, except for the amount due from a related company and a corporate debtor which represents 41% (2007 - 48%) 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 invest in financial assets which 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 this 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 average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

notes to the financial statements (cont'd)

20. FINANCIAL INSTRUMENTS (cont'd)

	Average effective interest rate %	Total RM	1 year RM
Group			
2008			
Deposits with licensed banks	3.07	21,121,869	21,121,869
2007			
Deposits with licensed banks	2.78	9,064,318	9,064,318
Company			
2008			
Deposits with licensed banks	2.92	1,385,000	1,385,000
2007			
Deposits with licensed banks	3.68	285,000	285,000

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.

21. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Performance and warranty bonds issued to customers	5,494,512	1,310,045	-	-
Bank guarantees issued to government bodies	5,397	60,000	-	-

Corporate guarantee

The Company has executed corporate guarantees in favour of licensed banks of up to RM28.5 million (2007 - RM28.5 million) for banking facilities granted to its subsidiaries.

notes to the financial statements (cont'd)

22. RELATED PARTIES

Identity of related parties

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its related company, corporate shareholder, related company and Directors.

Significant transactions with related parties are as follows:-

Transactions with Directors

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Related companies				
Company in which Dato' Mukhriz Mahathir, a Director, has interests:-				
Sales	-	11,817,143	-	-
Sales return	(95,765)	-	-	-
Commission payable	(2,676,000)	-	-	-
Rental income receivable	-	50,000	-	50,000
Purchase of motor vehicle	(510,000)	-	-	-
Company in which Dato' Mukhriz Mahathir and Mr. Chhoa Kwang Hua, Directors, have interests:-				
Rental payable	(36,000)	(36,000)	(36,000)	(36,000)
Purchase of unlimited wireless access plan	(2,400)	(2,400)	(2,400)	(2,400)
Rental income receivable	6,000	6,000	6,000	6,000
Purchase of wireless broadband access	(52,000)	(42,000)	(52,000)	(42,000)
Company in which Mr. Chhoa Kwang Hua, a Director, has interests:-				
Sales	3,382,872	2,167,053	-	-
Rental income receivable	245,277	102,200	245,277	102,200
Rental expense payable	(50,000)	-	-	-
Corporate shareholder of a subsidiary company				
Purchases of raw materials and machinery	(7,115,838)	(9,280,781)	-	-
Sales	3,763,203	1,978,070	-	-
Transactions with related parties during the financial year				
Subsidiary companies				
Rental income receivable	-	-	2,469,427	2,216,400
Gross dividend receivable	-	-	4,095,047	2,200,000
Management fees receivable	-	-	2,636,400	2,294,400
Administrative fee payable	-	-	(1,896,000)	(2,016,000)

notes to the financial statements (cont'd)

22. RELATED PARTIES (cont'd)

Transactions with related parties during the financial year (cont'd)

Balances with related company and corporate shareholder at balance sheet date are disclosed in Notes 8 and 13 to the financial statements.

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

The Group does not have any other significant transactions with key management personnel other than as disclosed in Note 15.

23. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

On 27 June 2008, the Company disposed its entire interest of 100,000 ordinary shares of RM1.00 each in Opcom Network Technologies Sdn Bhd to Lingkar Senada Sdn Bhd for a total consideration of RM50,000. The disposal was completed on 10 July 2008.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of the adoption of FRS 117, *Leases* and to conform with current year presentation:-

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Balance sheets				
Non-current assets				
Property, plant and equipment	24,207,468	35,499,144	991,308	12,282,984
Prepaid lease payments	11,291,676	-	11,291,676	-
Cash flow statements				
Depreciation				
- property, plant and equipment	2,358,102	2,530,271	303,648	475,817
- prepaid lease payments	172,169	-	172,169	-
Purchase of property, plant and equipment	(1,584,049)	(2,031,880)	(17,176)	(465,007)
Prepayment of land lease	(447,831)	-	(447,831)	-

pursuant to section 169(15) of the companies act, 1965
statement by directors

In the opinion of the Directors, the financial statements set out on pages 37 to 67 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting Financial Reporting Standards 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 2008 and of the results of their operations and cash flows for the year ended on that date.

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



Dato' Mukhriz Mahathir



Chhoa Kwang Hua

Petaling Jaya
18 July 2008

pursuant to section 169(16) of the companies act, 1965 statutory declaration

I, **Lim Bee Khin**, the Director primarily responsible for the financial management of Opcom Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 67 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 18 July 2008.



Lim Bee Khin

Before me:-



to the members of Opcom Holdings Berhad independent auditors' report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Opcom Holdings Berhad, which comprise the balance sheets as at 31 March 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 67.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2008 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

to the members of Opcom Holdings Berhad
independent auditors' report (cont'd)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG

Firm Number: AF 0758

Chartered Accountants

Petaling Jaya

18 July 2008



Hasman Yusri Yusoff

Partner

Approval Number: 2583/08/08(J)

Chartered Accountants

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 12 years Age of other buildings / structures:- more than 20 years	19,539

as at 30 June 2008

analysis of shareholdings

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	45	2.44	2,100	0.00
100 to 1,000	146	7.92	95,450	0.07
1,001 to 10,000	1,193	64.77	5,087,100	3.95
10,001 to 100,000	405	21.99	11,177,000	8.66
100,001 to less than 5% of issued shares	51	2.77	20,575,850	15.95
5% and above of issued shares	2	0.11	92,062,500	71.37
Total	1,842	100.00	129,000,000	100.00

THIRTY LARGEST SHAREHOLDERS

Rank	Name	No. of Shares	Ownership (%)
1.	Dato' Mukhriz Mahathir	65,062,500	50.44%
2.	Rezeki Tegas Sdn Bhd	27,000,000	20.93%
3.	Chan Ee Lin	5,255,000	4.07%
4.	Chhoa Kwang Hua	2,062,500	1.60%
5.	HSBC Nominees (Tempatan) Sdn Bhd (Qualifier: Pledged Securities Account for Amanah Saham Sarawak)	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.	Nan Nan Nancy	561,000	0.43%
10.	Zainal Abidin Bin Pit	466,500	0.36%
11.	EB Nominees (Tempatan) Sendirian Berhad (Qualifier: Pledged Securities Account for Lim Kian Seng)	428,000	0.33%
12.	Md Shah Bin Abu Hasan	407,300	0.32%
13.	Abdul Jabbar Bin Abdul Majid	375,000	0.29%
14.	Aziz Bin Abdullah	375,000	0.29%
15.	Public Nominees (Tempatan) Sdn Bhd (Qualifier: Pledged Securities Account for Chuah Swee Huat)	330,000	0.26%
16.	Simfoni Klasik Sdn Bhd	311,000	0.24%
17.	Mohamed Rashdan Bin Baba	300,000	0.23%
18.	Tan Eng Hoo	293,500	0.23%
19.	Sven Janne Sjöden	280,000	0.22%
20.	Chua Gaik Suwan	278,000	0.22%
21.	Tan Choon Paik	275,000	0.21%
22.	Tan Teck Chong	261,800	0.20%

as at 30 June 2008

analysis of shareholdings (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

Rank	Name	No. of Shares	Ownership (%)
23.	Chin Chin Min	250,000	0.19%
24.	Tan Eng Yee	242,700	0.19%
25.	Ho Sai Ming	219,000	0.17%
26.	Yau Li Za	214,000	0.17%
27.	Teoh Hunt Thuim	205,000	0.16%
28.	Tan Choon Piew	200,000	0.15%
29.	Yap Ching Chwan	200,000	0.15%
30.	Chan Foong Cheng	199,100	0.15%
Total		109,470,800	84.86%

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%

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

DIRECTORS' SHAREHOLDINGS (As per register of directors' shareholdings)

Name	Number and % of Shares held			
	Direct	%	Indirect	%
Dato' Mukhriz Mahathir	65,062,500	50.44%	-	-
Chhoa Kwang Hua	2,077,000	1.61%	-	-
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	0.55%	-	-
Tomio Alan Komatsu	189,000	0.15%	561,000**	0.43%
Sven Janne Sjöden	280,000	0.22%	-	-
Abdul Jabbar Bin Abdul Majid	375,000	0.29%	-	-
Lim Bee Khin	-	0.00%	250,000**	0.19%

** Spouse Interest

** Deemed interest by virtue of Section 134 of the Companies Act, 1965.

Proxy form



OPCOM HOLDINGS BERHAD

(322661-W)

(Incorporated in Malaysia)

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

of _____
(Full Address)

being a member/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 Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 August 2008 at 10.30am and at any adjournment thereof. The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

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

Dated:

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.

Then fold here

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)

(Incorporated in Malaysia)

11, Jalan Utas 15/7, 40200 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel: +6(03) 5519 5599 Fax: +6(03) 5519 6063

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