



Integrating With
THE BROADBAND UNIVERSE

OPCOM

OPCOM HOLDINGS BERHAD

(322661-W)

(Incorporated in Malaysia)

annual report 2010



INTEGRATING WITH THE BROADBAND UNIVERSE

The striking cover design is an artistic masterpiece that is based on Opcom Holdings Berhad's vision of providing an affordable broadband infrastructure for all Malaysians. It is a massive undertaking that will enable Malaysians from all walks of life to fully integrate into the broadband world of the 21st century.

As such, the cover design features a hand controlling a mouse while its cord encircles a globe – a powerful image that conveys the mastery of internet's power by the Malaysian public. Dynamic and inspirational, the cover is a classic of modern design which has timeless appeal.

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OUR VISION

An affordable broadband infrastructure for all Malaysians.

OUR 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.

OUR VALUES

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

Superior Quality

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

Value

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

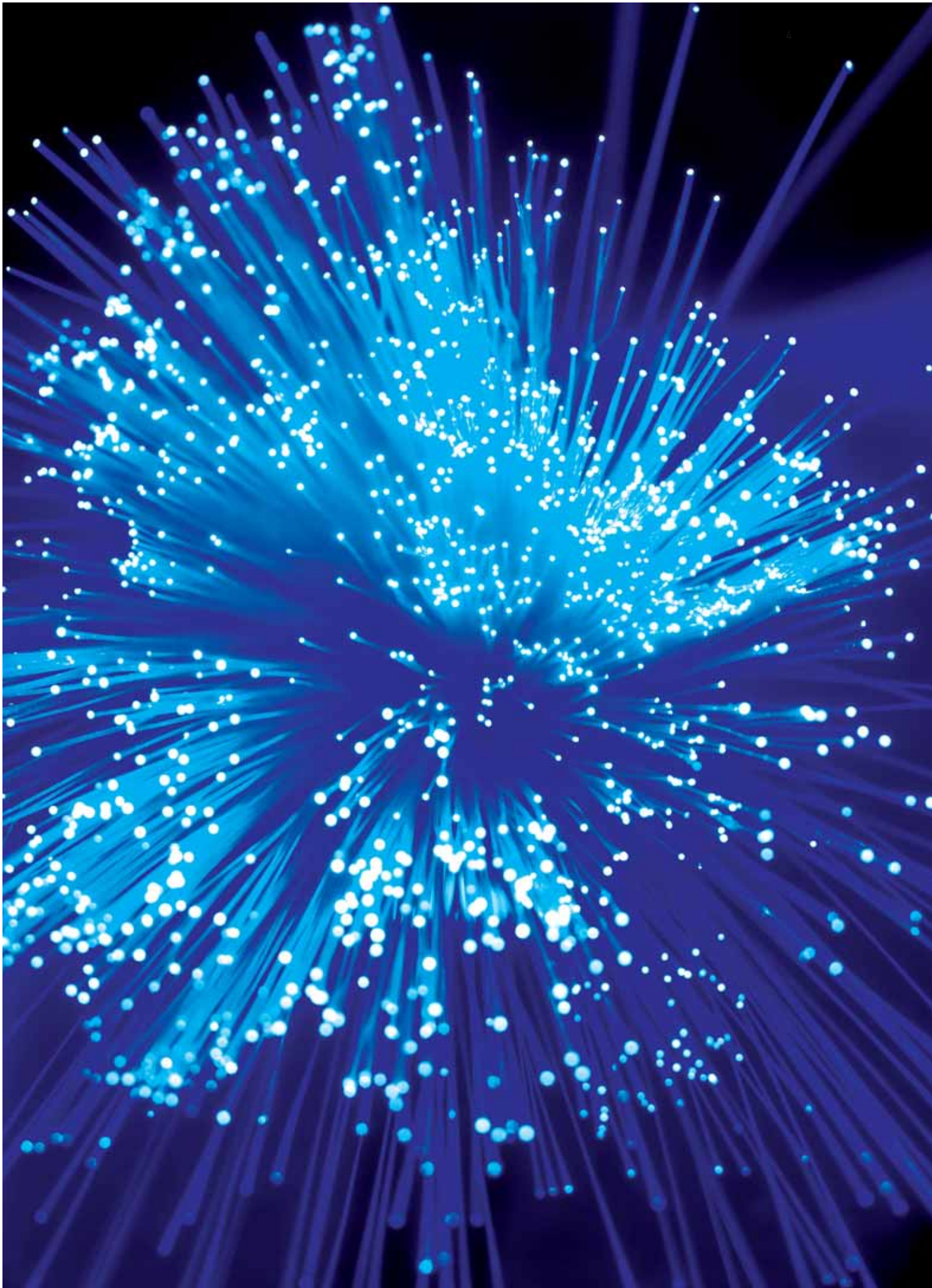
Attitude

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

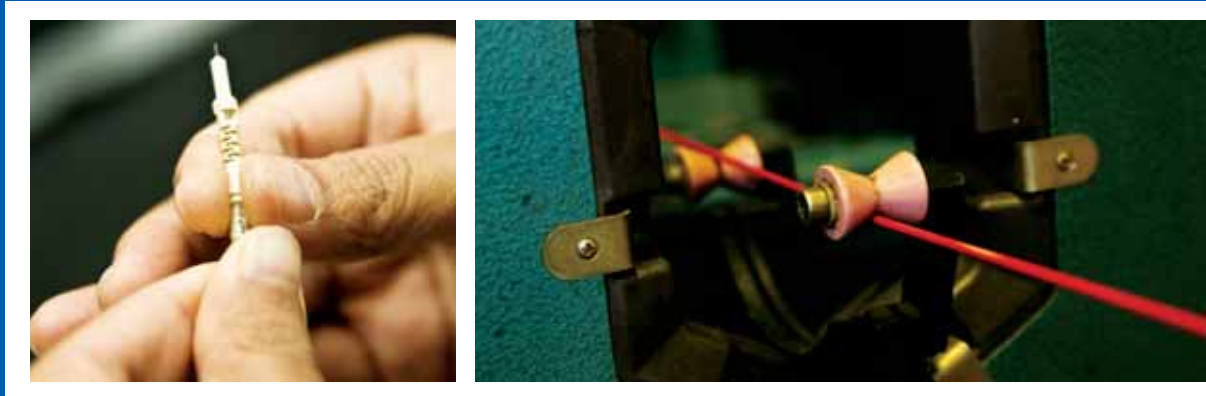
Challenge

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

Through the combination of foreign and local expertise, our teams of highly motivated and committed employees have been able to realise their true potential in offering our customers the best products at the most competitive prices.



OPCOM Holdings Berhad had successfully managed the challenges of escalating raw material prices, higher operating costs and the global economic crisis to deliver a stellar performance for the financial year ended 31 March 2010.



ACHIEVEMENT

FINANCIAL HIGHLIGHTS

5-YEAR FINANCIAL TRACK RECORD

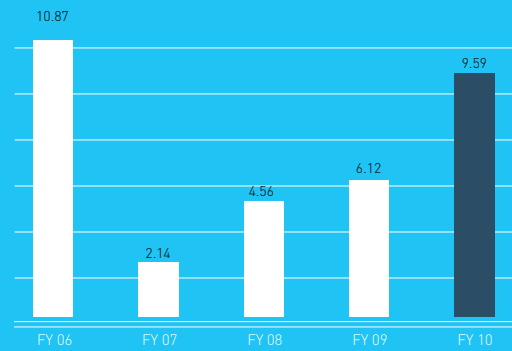
	Year Ended 31 March 10 (RM '000)	Year Ended 31 March 09 (RM '000)	Year Ended 31 March 08 (RM '000)	Year Ended 31 March 07 (RM '000)	Year Ended 31 March 06 (RM '000)
Income Statements					
Revenue	121.22	62.84	55.04	66.51	67.79
Profit before tax	16.24	10.58	8.50	4.53	18.22
Profit after tax & MI	9.59	6.12	4.56	2.14	10.87
Balance Sheets					
Property, plant and equipment	34.97	37.77	36.76	35.50	36.35
Current assets	93.21	64.30	61.57	54.76	62.78
Total assets	128.22	102.11	98.33	90.26	99.13
Share capital	25.80	25.80	25.80	25.80	25.80
Reserves	46.94	42.83	39.94	38.28	37.11
Shareholders' funds	72.74	68.63	65.74	64.08	62.91
Statistics					
Earnings per share (sen)	7.43	4.74	3.53	1.66	8.42
NTA per share (sen)	56.39	53.20	50.96	49.68	48.77
Net Dividends Per Share (sen)	4.24	2.50	2.25	0.75	3.25
Return on equity (%)	13.18	8.92	6.94	3.34	17.28

FOR FINANCIAL YEAR ENDED 31 MARCH 2010

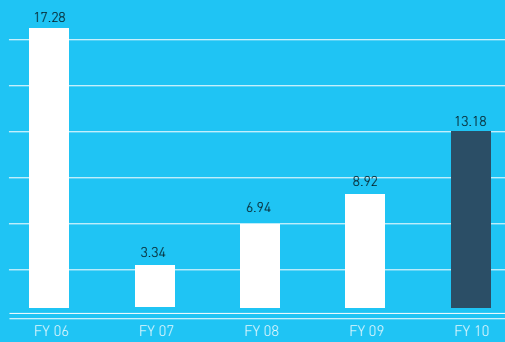
Revenue (RM '000)



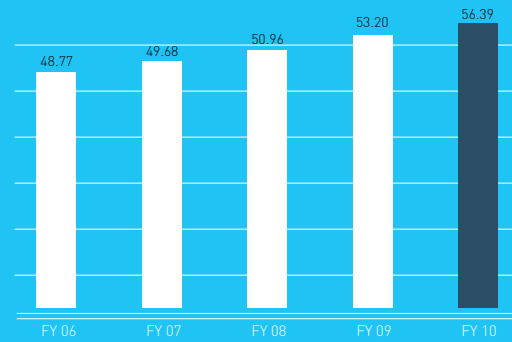
Profit After Tax & MI (RM '000)



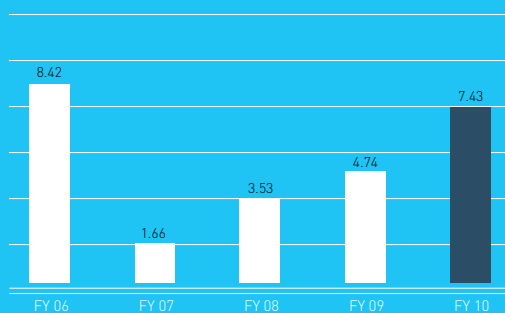
Return on Equity (%)



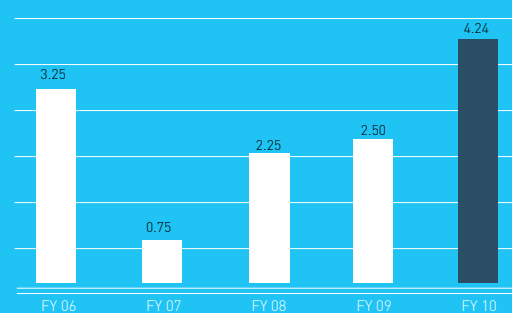
NTA Per Share (sen)



Earnings Per Share (sen)



Net Dividends Per Share (sen)





CHAIRMAN'S STATEMENT

Dato' Mokhzani Mahathir
Chairman

DEAR SHAREHOLDERS

On behalf of the Board of Directors of OPCOM Holdings Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2010.

Chairman's Statement

FINANCIAL PERFORMANCE

In the midst of the global economic crisis, financial year 2010 was a record year for OPCOM. Revenue increased by 92.9% to RM121.2 million and profit after tax increased 56.7% to RM9.6 million. Production and shipment of fiber optic cables almost doubled, and our trading activities increased significantly during the financial year. This is the first time in the Group's history that revenue has surpassed the RM100.0 million level.

Despite increased competition and generally lower unit selling price of some of our core products, the Group has been able to maintain its competitiveness through operational efficiency gains in its business practices. Our company-wide cost re-engineering program which we embarked in 2008 continues to contribute and position us as a cost leader in the industry despite increased cost pressures from higher raw materials and operating expenses.

The financial year also saw us localising some new and higher margin products which contribute to enhancing the margin contribution of our business.

With our prudent cash flow management, the Company was able to maintain a robust cash position and strong balance sheet against the market turmoil during the financial year. The Group is expected to finance its business growth with internally generated funds while maintaining a steady dividend distribution.

The Group recorded an Earnings Per Share ("EPS") of 7.4 sen for the financial year ended 31 March 2010, an increase of 56.7% over the corresponding period in 2009.

OPCOM Holdings Berhad had successfully managed the challenges of escalating raw material prices, higher operating costs and the global economic crisis to deliver a stellar performance for the financial year ended 31 March 2010.



DIVIDENDS

For the financial year ended 31 March 2010, the amount of dividends declared and paid by the Group were as follow:-

- (i) an interim dividend of 1.66 sen per ordinary share less 25.0% tax totaling RM1,606,047 in respect of the year ended 31 March 2010 on 3 June 2009;
- (ii) a tax exempt interim dividend of 1.50 sen per ordinary share totaling RM1,935,000 in respect of the year ended 31 March 2010 on 16 September 2009; and

- (iii) an interim dividend of 1.50 sen per ordinary share, under the single tier system, totaling RM1,935,000 in respect of the year ended 31 March 2010 on 17 December 2009.

The Group's ongoing business growth will require us to fund our capital expenditure, working capital requirement and other strategic initiatives with internally generated free cashflows and retained earnings. We believe that we will continue with our balanced approach in our dividend policy and maintain our current dividend payout practice. To date, the Company has declared and paid out approximately RM28.0 million of dividends to its shareholders since its listing in 2003.

Chairman's Statement

INDUSTRY OUTLOOK

The Malaysian broadband internet market grew approximately 53.0% in 2009 with a broadband internet subscriber base of 2.62 million which represents a broadband penetration rate of 9.0%. Broadband internet penetration is expected to register double digit growth over the next five years.

Telekom Malaysia Berhad's Official Launch of its High Speed Broadband (HSBB) Project on 24 March 2010 heralded a new era of broadband telecommunications in Malaysia. As of the middle of this year, Telekom Malaysia Berhad has achieved approximately 350,000 homes passed for its UniFi Fiber-to-the-Home (FTTH) Broadband project. UniFi offers Malaysian telecommunications consumers unparalleled high speed internet access service never experienced before in the ASEAN region.

The Malaysian fiber optic cables market is expected to register solid growth over the next 5 years with telecommunications industry players jumping into the bandwagon of connecting customer premises with fiber optic cables. It has been reported that Maxis Bhd, aiming to be an integrated telecommunications provider, will make significant capital investment commitment for its high speed fiber-to-the-premise broadband project. Other telecommunications providers in Malaysia are currently conducting technology trials or proof-of-concepts for their proposed FTTH networks.

In addition, with the encouraging and strong adoption of mobile data services from 3G and HSDPA services, OPCOM believes that mobile operators will continue with their capital expenditure programs to backhaul their mobile radio base stations with fiber optic cables which will enable them to provide faster, richer mobile broadband content services. The proliferation of innovative smartphone services platform such as Apple's iPhone and Google's Android application services will be a key driver in the fiber backhaul build up by mobile and WiMAX operators over the next 5 years.

PROSPECTS

The Group is positive that the current financial year performance will continue to improve on the back of accelerated deployment of Telekom Malaysia Berhad's HSBB project, and capital investment programs by other telecommunications providers in the country. OPCOM continues to be an anchor supply partner of fiber optic cables and passive optical sub-systems to the HSBB Project. OPCOM also continues to be a significant supplier to other telecommunications companies in Malaysia, and Original Equipment Manufacturers (OEM) overseas during the financial year.

In collaboration with its business partners, the Group is participating to supply various fiber optic cable supply projects in Malaysia and the region. We believe that as the global economy recovers and financial liquidity returns to this region, we will see an increase of broadband infrastructure investments in the region.

With its technology partners, the Group is developing certain passive optical components for both the local and overseas markets. The Group intends to capitalise on the knowledge and experience of its HSBB Project supply mandate which provide an important knowledge platform for the development of passive optical products for fiber-to-the-premise deployment. We aim to provide a cost effective end-to-end solution for the evolving fiber-to-the-premise passive component markets.

The Group is expected to maintain its primary business focus in the manufacture of fiber optic cables. However, in line with the development of the telecommunications industry, OPCOM is working with its business partners to formulate new business models around its core competency in passive optical networks. As project management, design and planning services become more important with mobile network operators and new telecommunications operators investing in new broadband networks, the Group may pursue managed infrastructure services as a new emerging business area. Such services may also include the provision of backend service offerings such as network maintenance and services.

The Group intends to build on its strengths of as a low cost efficient fiber optic cable manufacturer while diversifying its business competency to passive optical components and managed network services. We are committed to shareholder value creation and will continue to pursue both organic and opportunistic growth. Together with an anticipated recovery of the Malaysian economy in 2010, the Group is optimistic of its business performance in the current financial year.

RESEARCH & DEVELOPMENT

OPCOM continues to make significant headways in its R&D efforts, both in the areas of product development as well as manufacturing process improvements. Through our joint efforts with Ericsson, we have been able to increase the local manufacturing content of certain network components as well as passive optical products. With the proliferation of FTTH projects in the Asia-Pacific region, we are working towards exporting our fiber optic cables and optical component products in collaboration with our business partners in the region.

Chairman's Statement

In process manufacturing improvements, OPCOM is able to harness its decade long experience to reduce production cost and improve production efficiency. During the financial year, we have been able to almost double our production output with minimal capital expenditure. Our strong understanding and experience in process equipment optimisation and continued research in this area is expected to put us in a strong competitive position in the marketplace.

CORPORATE GOVERNANCE

Statement on the Corporate Governance and Internal Audit Control presented in this Annual Report 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 shareholders' value as well as the financial performance of the Group.

There were no sanctions and/or penalties imposed on OPCOM and its subsidiaries and their directors by any relevant regulatory bodies for the financial year ended 31 March 2010.

CORPORATE SOCIAL RESPONSIBILITY

OPCOM is consistent in its social responsibility agenda, and is committed to employing responsible practices with regard to the development and improvement of its employees, the environment as well as in our local communities.

Our fellow employees are the greatest assets of the Group. As such, we commit significant resources in nurturing human talents, technical skills upgrading, career development programs and lifelong learning.

During the financial year, we participated in various community activities including the Blood Donation Drive for University Malaya Medical Center Blood Bank where we have had an excellent turnout and participation by our employees. As in prior years, we hosted a Hari Raya Open House with over 100 under-privileged children from the Institute Taufiq Islami where they were entertained with magic shows, live performances, duit raya and other festive goodies. OPCOM also participated by way of a sponsorship to a Charity Musical-Sparks of Broadway in a fund raising event for Persatuan Sindrom Down Malaysia.



In our commitment to help preserve the environment, OPCOM participated in the 2010 Majlis Bandaraya Shah Alam Green Program which is a tree planting effort to make Shah Alam-A City in the Park. Team OPCOM participated with city council staff and officials, school representatives, local residents and NGOs in planting tree saplings around the Shah Alam area.

ACKNOWLEDGEMENT AND APPRECIATION

The Board and I would like to welcome Ms Chan Bee Lean who was appointed to the Board on 7 January 2010. Since our last Annual General Meeting, Ms Lim Bee Khin and Ms Chang Mei Chi have resigned from the Board.

On behalf of the Board, I would like to express my sincere gratitude to the Management Team and staff for their can-do spirit, hardwork and relentless efforts to drive the Group to greater heights. We would like to record our utmost appreciation to our customers, business partners, vendors and other stakeholders for their trust and consistent support extended to the Group for the past years.

Last but not least, my heartfelt appreciation to our shareholders for their support and confidence in the Group.

Dato' Mokhzani Mahathir

Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mokhzani Mahathir

(Chairman/Non-Independent Non-Executive Director)

Chhoa Kwang Hua

(Executive Director)

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

(Independent Non-Executive Director)

Tomio Alan Komatsu

(Independent Non-Executive Director)

Sven Janne Sjöden

(Independent Non-Executive Director)

Abdul Jabbar Bin Abdul Majid

(Independent Non-Executive Director)

Chan Bee Lean

(Independent Non-Executive Director)

REGISTERED OFFICE

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

REGISTRAR

Symphony Share Registrars Sdn. Bhd. (378993-D)

Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
Fax: 03-7841 8151

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad

AUDIT COMMITTEE

Chairman:-

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

Members:-

Tomio Alan Komatsu
Chan Bee Lean

REMUNERATION COMMITTEE

Chairman:-

Abdul Jabbar Bin Abdul Majid

Members:-

Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said
Sven Janne Sjöden

SECRETARIES

Seow Fei San (MAICSA 7009732)
Loh Lai Ling (MAICSA 7015412)

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

CORPORATE STRUCTURE

OPCOM HOLDINGS BERHAD

(Company No. 322661-W)

Incorporated: 7 November 1994

Principal activities:-

Renting of building, provision of management services to subsidiaries and investment holding

OPCOM CABLES SDN BHD

(Company No. 322687-T)

70% owned by Opcom Holdings Berhad

Principal activities:-

Manufacturing of fiber optic cables, systems and accessories

OPCOM NIAGA SDN BHD

(Company No. 442938-M)

100% owned by Opcom Holdings Berhad

Principal activities:-

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

OPCOM SHARED SERVICES SDN BHD

(Company No. 665562-M)

100% owned by Opcom Holdings Berhad

Principal activities:-

Provision of human resources management services

OPCOM continues to make significant headways in its R&D efforts, both in the areas of product development as well as manufacturing process improvements.

COMMITMENT





BOARD OF DIRECTORS



DATO' MOKHZANI MAHATHIR

Chairman

Non-Independent Non-Executive Director

Dato' Mokhzani Mahathir, a Malaysian, aged 49, was appointed as a Director of Opcom Holdings Berhad on 8 May 2009. He is also the Chairman of the Company.

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

Dato' Mokhzani began his career as a Wellsite Operations Engineer with Sarawak Shell Berhad in 1987. He later joined Tongkah Holdings Berhad in 1989 and was appointed as the Group Managing Director, a post he held until 2001. In addition, he was the Chairman and Group CEO of Pantai Holdings Berhad until 2001. Since 2003, he was appointed Chairman of Sepang International Circuit Sdn Bhd. Presently, he is the Group CEO of Kencana Petroleum Berhad.

Dato' Mokhzani also sits on the Board of Goldtron Ltd (Singapore), Kencana Capital Sdn Bhd and several other private limited companies.

Dato' Mokhzani Mahathir is the brother of Dato' Mukhriz Mahathir who is a substantial shareholder of the Company. He has no convictions for any offences within the past ten (10) years.

Board of Directors



CHHOA KWANG HUA

Executive Director

Mr Chhoa Kwang Hua, a Malaysian, aged 46, co-founded the Company with Dato' Mukhriz Mahathir in 1994. He is the Executive Director of the Company.

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

With his many years of experience gained overseas in the financial and telecommunications business, he continues to contribute favourably to Opcom Group's business operations. His involvement is primarily focused on the financial, strategy and business development areas of 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.



SVEN JANNE SJÖDEN

Independent Non-Executive Director

Mr Sven Janne Sjöden, a Swedish, aged 66, 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 2008, he has been responsible for the Business Unit Cable and was at the same time appointed the President of Ericsson Network Technologies AB, Sweden.

He is now the Chairman of Hoverline Group, Sweden and is a director 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.

Board of Directors



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 64, 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 36 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.



ABDUL JABBAR BIN ABDUL MAJID

Independent Non-Executive Director

Encik Abdul Jabbar Bin Abdul Majid, a Malaysian, aged 65, 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 more than 40 years experience in accounting, audit, receivership, liquidation, financial advisory and consultancy. He is also a director of public listed companies such as Tradewinds Corporation Berhad and Bank Muamalat Malaysia Berhad. He is an active contributor to the profession of accountancy and the financial industry. He was a member of the Exchange Committee of Bursa Malaysia Securities Berhad and Labuan International Financial Exchange Inc and was the Executive Chairman of Bursa Derivatives Berhad for three (3) years from 2001.

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.

Board of Directors



TOMIO ALAN KOMATSU

Independent Non-Executive Director

Mr Tomio Alan Komatsu, an American, aged 40, 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 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.

Prior to this, he was 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.



CHAN BEE LEAN

Independent Non-Executive Director

Ms Chan Bee Lean, a Malaysian, aged 39, was appointed as a Director of Opcom Holdings Berhad on 7 January 2010. She is a member of the Audit Committee.

She holds a Bachelor of Accounting Degree (Honours) from University Utara Malaysia. She is a member of the Malaysian Institute of Accountants and also a member of the Institute of Internal Auditors Malaysia.

She has been in internal auditing for over twelve (12) years. She is currently the Group Internal Audit Manager of Merge Housing Bhd.

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.

SENIOR MANAGEMENT



Yusree Putra Alias
Vice President

Mr Yusree Putra Alias, a Malaysian, aged 40, joined Opcom in 1997. He earned a Diploma in Electrical Engineering (Electronics) from the University of Technology of MARA (UiTM) in 1993. Yusree started his career in Marconi (M) Sdn Bhd as an Engineer where he was successfully involved in planning and design, installation and commissioning of Fibre Optic Cables and Systems. He joined Opcom in April 1997 as a Project Manager and since 2000 has been responsible for Marketing and Sales. As Vice President, Yusree assumed the day-to-day operational responsibility of Opcom Cables Sdn Bhd.



Wong Keet Wah
Plant Manager

Mr Wong Keet Wah, a Malaysian, aged 36, joined Opcom in 2001. He earned a Degree in Mechanical Engineering from the University of Leicester, England in 1996. Prior to joining Opcom, he had working experience in optical fiber drawing operations in Malaysia. He is responsible for Manufacturing and Engineering at Opcom Cables Sdn Bhd.



Chen Foong Leng
General Manager, Finance & Accounts

Ms Chen Foong Leng, a Malaysian, aged 42, joined Opcom in 2008. She is a fellow of the Association of Chartered Certified Accountants and a member of the Malaysia Institute of Accountants. She has over 14 years experience in accounting operations and general management. She oversees the day-to-day Finance and Accounts operations of the Company and its subsidiaries.

Senior Management



Nurzuraida Soon Abdullah

Senior Manager, Plant & Admin Operations

Ms Nurzuraida Soon Abdullah, a Malaysian, aged 50, joined Opcom in 2005. She has more than 20 years experience in general management and administration. She heads the Cable Assembly Operations and is also responsible for Human Resource and Administration at Opcom Cables Sdn Bhd.



Ahmad Sabri Abdul Manas

Senior Technical Manager

Mr Ahmad Sabri bin Abdul Manas, a Malaysian, aged 47, joined Opcom in 1995. He earned a Bachelor of Engineering (Mechanical) from University of Malaya, Kuala Lumpur in 1987. He has over 15 years experience in the fiber optic cable industry. Ahmad Sabri is responsible for the Technical function at Opcom Cables Sdn Bhd.



Jamaliah binti Zainal

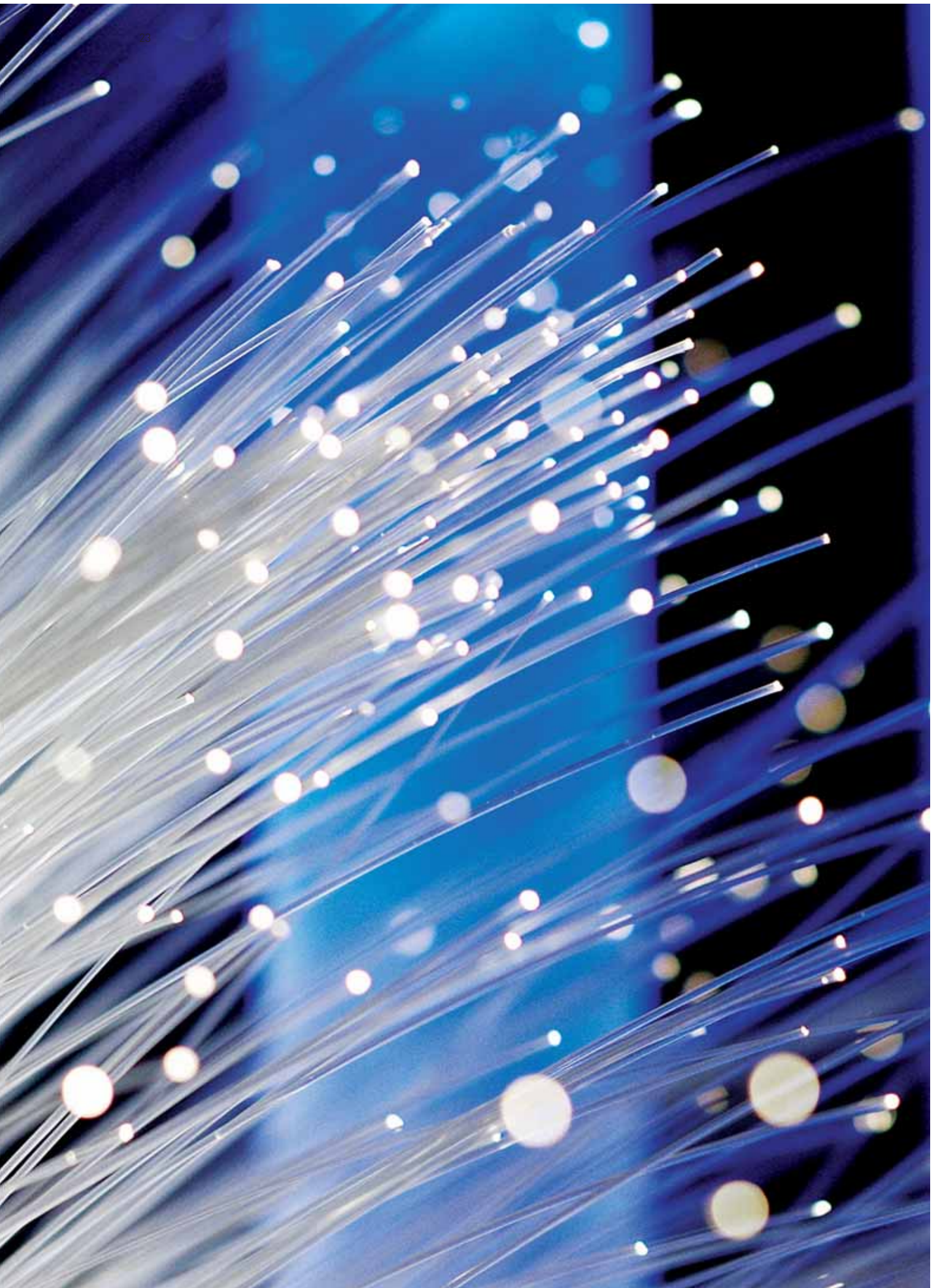
Group Human Resource Manager

Ms Jamaliah Zainal, a Malaysian, aged 43, joined Opcom in 1995. She earned a Bachelor Degree in Business Administration from the California State University, Chico in 1989. She started her career in Opcom as a Corporate Planning Officer. Since then, she has progressed at the Group to assume responsibilities for Human Resource and Administration.

Opcom takes a holistic approach to continuous improvement. Everyday, we seek and nurture improvement in man, machine and methods in all our business areas. We recognise and reward our people for their commitment and contribution.



CONTINUOUS IMPROVEMENT



AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee ("Committee") is to assist the Board of Directors ("Board") in discharging its statutory duties and responsibilities for corporate governance, timely and accurate financial reporting and adequacy of internal controls within the Company and its subsidiaries ("Group").

(A) MEMBERSHIP

As of financial year ended 31 March 2010, the Audit Committee comprised the following members:-

Chairman	:	Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said (Independent Non-Executive Director)
Members	:	Tomio Alan Komatsu (Independent Non-Executive Director)
		Chan Bee Lean * (Independent Non-Executive Director)

* Chan Bee Lean was appointed as member of the Audit Committee on 7 January 2010.

Chang Mei Chi, a Non-Independent Non-Executive Director, resigned as member of the Audit Committee on 7 August 2009.

(B) NUMBER OF AUDIT COMMITTEE MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 March 2010, 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
Tomio Alan Komatsu	4/4
Chan Bee Lean	1/1
Chang Mei Chi	2/2

Audit Committee Report

(C) SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee carried out the following activities in discharging its duties and responsibilities as set out in the terms of reference of the Committee:-

1. Reviewed and assessed the adequacy of the scopes, functions and resources of the Internal Audit and Risk Management.
2. Reviewed the external audit planning prepared by external auditors to ensure the audit scope is adequate and covers the activities of the Group.
3. Reviewed quarterly financial reports and annual financial statements prior to submission to the Board for consideration and approval, focusing particularly on the following:-
 - (i) significant and unusual events;
 - (ii) major accounting policy changes; and
 - (iii) compliance with accounting standards and other legal requirements.
4. Reviewed internal audit and risk management reports to ensure the adequacy and effectiveness of the internal control system.
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 Bursa Malaysia Securities Berhad ACE Market Listing Requirements.
6. Met with the external auditors twice a year without the presence of the executive Board members and management personnel.

(D) INTERNAL AUDIT FUNCTION

The Audit Committee has an independent internal audit function, whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of internal controls of the Group. The internal audit function of the Group has been outsourced to Deloitte Enterprise Risk Services Sdn Bhd ("Deloitte"), who reports directly to the Committee. The total costs incurred for the internal audit function of the Group for the financial year was RM57,750.

Deloitte has conducted on-going review of the adequacy and effectiveness of the internal control systems, compliance with established policies and regulations and means of safeguarding assets of the Group. 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.

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

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

Audit Committee Report

(F) TERMS OF REFERENCE

Primary Purposes

The Audit Committee shall:-

1. Provide assistance to the Board in fulfilling its fiduciary duties and responsibilities relating to the corporate accounting and practices for the 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 the internal auditors.
4. Enhance the independence of both the external and internal auditors' functions through active participation in the audit processes.
5. Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Group through their participation in the Committee.
6. Act upon the Board's request to investigate and report on any issues or concerns within 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 majority of the Audit Committee must be independent directors;
2. All members of the Audit Committee should be non-executive directors;
3. The Chairman of the Audit Committee shall be an independent director;
4. The Managing Director shall not be a member of the Audit Committee;
5. At least one of the members of the Committee must:-
 - (i) be a member of the Malaysian Institute of Accountants; or
 - (ii) 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.
 - (iii) fulfils 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.

Audit Committee Report

Authority

The Audit Committee shall in accordance with the procedures 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 adequate resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Group;
4. have direct communication channels with the external auditors, internal auditors and employees of the Group;
5. be able to obtain independent/external professional 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 Group, at least twice a year and whenever deemed necessary.

Functions and Duties

The functions of the Audit Committee are as follows:-

1. To review:-
 - (i) the nomination of external auditors and internal auditors;
 - (ii) the adequacy of external auditors audit arrangements, with particular emphasis on the scope and quality of the audit;
 - (iii) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary expertise to carry out the audits;
 - (iv) the effectiveness of the internal controls and management information systems;
 - (v) 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;
 - (vi) the external auditors' audit report;
 - (vii) any management letter sent by the external auditors to the Company and the management's response to such letter;
 - (viii) any letter of resignation from the Company's external auditors or internal auditors;
 - (ix) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
 - (x) all related party transactions and potential conflict of interests situations that may arise within the Company or Group.
2. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
3. To carry out any other function that may be mutually agreed upon by the Committee and the Board, which would benefit the Group.
4. To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.

Audit Committee Report

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

Retirement and Resignation

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

Meetings

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

Procedures of Audit Committee

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

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

Secretary

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of the Company is committed to maintaining a high standard of corporate governance in the conducts of the Company and its subsidiaries ("Group") business and affairs. The Board adopts and applies the principles and best practices as governed by the Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("Listing Requirements") and Guidance Notes 11 on Corporate Governance ("Guidance Notes"), to undertake additional measures, principles and recommendation embodied in the Malaysian Code on Corporate Governance ("Code") and strive to adopt the substance and not merely the form behind the corporate governance prescription.

The Board delegates certain responsibilities to the Board Committees, all of which operate within the defined terms of reference to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Remuneration Committee, Employees' Share Option Committee and Risk Management Committee. The respective committees report to the Board on matters considered and their recommendation thereon for approval and decision making.

1. BOARD OF DIRECTORS

The Board is responsible for the Company's strategic direction and objectives, its acquisition and divestment policies, financial policy, major investments 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 Board operates within a robust set of governance as set out below:-

1.1 Composition of the Board

The Board currently has seven (7) members comprising one (1) executive member and six (6) non-executive members, five (5) out of six (6) are independent. Thus, this complies with Rule 15.02 of the Listing Requirements that one-third (1/3) of the Board are independent directors.

The profiles of the Board members are as set out on pages 16 to 19 of this Annual Report. The presence of independent directors fulfils a pivotal role in corporate accountability and the role of the independent directors is particularly important as they provide unbiased and independent views, advice and judgement.

1.2 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 and additional meeting would be convened when urgent and important decisions need to be taken between scheduled meetings. The Board met four (4) times during the financial year ended 31 March 2010.

A total of four (4) Board meetings were held in the financial year ended 31 March 2010. The details of the Directors' attendance at the Board meetings held during the financial year ended 31 March 2010 were as follows:-

Director	Total Attendance
Dato' Mokhzani Mahathir	4/4
Chhoa Kwang Hua	4/4
Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	4/4
Tomio Alan Komatsu	4/4
Sven Janne Sjöden	4/4
Abdul Jabbar Bin Abdul Majid	4/4
Chan Bee Lean (appointed on 7 January 2010)	1/1
Lim Bee Khin (resigned on 31 May 2010)	4/4
Chang Mei Chi (resigned on 7 August 2009)	2/2

Corporate Governance Statement

1.3 Supply of and Access to Information and Advice

The Board has a formal schedule of matters reserved specifically for its decision. The Directors have full and timely access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. Prior to the Board meetings, the agenda for each meeting together with a full set of Board papers containing information relevant to the business of the meetings are circulated to the Directors. This allows the Directors sufficient time to obtain further explanations or clarifications, where necessary, in order to be properly briefed before the meetings.

Senior management officers and external advisers may be invited to attend the Board meetings when necessary, to furnish the Board with detailed explanations and clarifications on issues that are tabled or raised at the Board meetings. All members of the Board have direct and unrestricted access to the advice and services of the management and company secretary and the Directors may seek external professional advice at the Company's expense, if required.

1.4 Directors' Training

All Directors had attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. Directors are encouraged to continue to attend other education programmes and seminars to keep themselves updated with the developments in the Information and Communication Technology industry as well as the Malaysian economy.

During the financial year ended 31 March 2010, all Directors have attended conferences/seminars/training and the Directors have constantly updated themselves with the relevant knowledge via industrial statistics, forum and business discussions.

The Directors also received briefings from Company Secretary and external auditors from time to time on updates in the Listing Requirements of Bursa Securities and accounting standards applicable to the Group.

1.5 Directors' Appointment and Re-election

For the financial year ended 31 March 2010, Chan Bee Lean was appointed as an additional Director of the Company. Currently, the appointment of Directors is dealt with by the entire Board. The Board has decided not to set up a Nomination Committee as the Board was of the view that given the current size of the Board, any appointment of new directors could be dealt with effectively and objectively by the entire Board.

In the absence of the Nomination Committee, the assessment of the effectiveness and contribution of the Board as a whole, the Board Committees and contribution of each individual director would be reviewed 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 such that each Director shall retire from office once in every three (3) years and if there is only one (1) Director who is subject to retirement by rotation, he shall retire. All Directors who retire from office shall be eligible for re-election.

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

Corporate Governance Statement

1.6 Directors' Remuneration

i. Remuneration Committee

The Remuneration Committee was established with the objective of providing a transparent and formal procedure for formulating and proposing the remuneration for 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 or her individual package.

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

ii. Composition and designation

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

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

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

The aggregate remuneration of the Directors for the financial year ended 31 March 2010 was as follows:-

	RM
Executive	470,505
Non-Executive	119,632

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

Band of Remuneration	Executive Directors	Non-Executive Directors
Less than RM50,000	1	7
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
Total:	3	7

2. AUDIT COMMITTEE

As of financial year ended 31 March 2010, the Company has in place an Audit Committee which comprises three (3) independent non-executive directors.

The role of the Audit Committee is to oversee the processes for preparation and completion of the financial data. The Audit Committee reviews financial reports, related party transactions, potential conflict of interests' situations and the internal controls of the Group.

The terms of reference of the Audit Committee have been approved by the Board and complied with the recommendations of the Code.

The report detailing the activities of the Audit Committee is presented on pages 24 to 28 of this Annual Report.

Corporate Governance Statement

3. SHAREHOLDERS

3.1 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 via Bursa Website 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.

3.2 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.

4. ACCOUNTABILITY & AUDIT

4.1 Financial Reporting

The Board aims to present a fair, balanced, and meaningful assessment of the Group's financial performance for the current financial year and its prospects. This is achieved primarily through the announcements of quarterly financial results and annual financial statements to Bursa Securities and the circulation of annual report to the shareholders. The Audit Committee assists the Board by reviewing the financial information to be disclosed, to ensure completeness, accuracy and adequacy prior to releasing to Bursa Securities.

4.2 Statement of Directors' Responsibility for preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year. In preparing the financial statements, the Directors have ensured that the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities have been applied.

In preparing the above financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

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

Corporate Governance Statement

4.3 Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Currently, the Group does not maintain an Internal Audit Department but had outsourced its internal audit function to ensure independent reviews be carried out on the adequacy and integrity of the Group's system of internal controls. The Board considers the system of internal controls instituted throughout the Group is sound and sufficient.

The Statement on Internal Control furnished on pages 36 and 37 of the annual report provides an overview on the state of internal controls within the Group.

4.4 Relationship with the Auditors

Through the Audit Committee, the Board has established and maintained a formal and transparent relationship with the Group's external and internal auditors.

A summary of the activities of the Audit Committee during the financial year are set out under the Audit Committee Report on pages 24 to 28 of the Annual Report.

4.5 Compliance with the Code

The Board strives 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 Practice of the Code.

5. STATEMENT ON MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group involving the directors' or major shareholders' interest during the financial year ended 31 March 2010.

6. RISK MANAGEMENT COMMITTEE

Risk Management framework that was in implementation since June 2004 is regularly reviewed to ensure risks and controls are kept updated to reflect current situations and ensure relevance at any given time. Steps are taken to eliminate outdated and irrelevant risks and identify new and vulnerable risks, for which new controls will be effected.

The Management, in keeping with good corporate governance 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, its profits.

Corporate Governance Statement

7. RECURRENT RELATED PARTY TRANSACTION

The recurrent related party transactions of a revenue or trading nature of Opcom Holdings Berhad ("Opcom") and its subsidiaries ("Opcom Group") made during the financial year ended 31 March 2010 pursuant to the shareholders' mandate were as follows:-

Transacting Party	Nature of Transaction	Interested Directors, Substantial Shareholders and Persons Connected	Aggregate Value (RM)
Opcom Sdn Bhd ("OSB")	Purchase of goods and services from OSB <ul style="list-style-type: none"> • Fiber optic cables supply contract commission • Purchase of accessories • Business development fee 	Dato' Mokhzani Mahathir ^a Dato' Mukhriz Mahathir ^b Datin Norzieta Zakaria ^c Mirzan Mahathir ^d	29,680,402
Ericsson AB, Sweden ("EAB")	Supply of cables related products to EAB via a General Purchase Agreement. Purchase of goods and services from EAB <ul style="list-style-type: none"> • Cable production materials • Installation, commissioning, technical services, consultancy and maintenance services and other such related services to be supplied in conjunction with the provision of goods and services. 	ENT ^e EAB ^f	3,596,924 27,801,465
AU Networks Sdn Bhd ("AUSB")	Renting of ANSB's office space [2,063 square feet] at Penthouse 2, Block D, Plaza Mont' Kiara, 50480 Kuala Lumpur by Opcom with a month rental of RM3,000.	Dato' Mokhzani Mahathir ^a Dato' Mukhriz Mahathir ^b Datin Norzieta Zakaria ^c Mirzan Mahathir ^d Chhoa Kwang Hua ^g Chhoa Kuang Yaw ^h	36,000
Airzed Broadband Sdn Bhd ("ABSB")	Renting of Opcom's open area at No.11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan by ABSB with a monthly rental of RM500.	Dato' Mokhzani Mahathir ^a Dato' Mukhriz Mahathir ^b Datin Norzieta Zakaria ^c Mirzan Mahathir ^d Chhoa Kwang Hua ^g Chhoa Kuang Yaw ^h	6,000
Airzed Services Sdn Bhd ("ASSB")	Purchase of wireless broadband access from ASSB.	Dato' Mokhzani Mahathir ^a Dato' Mukhriz Mahathir ^b Datin Norzieta Zakaria ^c Mirzan Mahathir ^d Chhoa Kwang Hua ^g Chhoa Kuang Yaw ^h	42,000
Perennial Renaissance Sdn Bhd ("PRSB")	Renting of PRSB's apartment (2,939 square feet) at D-16-02, Flora Murni, 3 Jalan Kiara 3, Mont' Kiara, 50480 Kuala Lumpur by Opcom Group with a monthly rental of RM10,000.	Chhoa Kwang Hua ^f Chhoa Kuang Yaw ^g	125,000

Corporate Governance Statement

Notes:-

Nature of Interest

- a. Dato' Mokhzani Mahathir is a Chairman of Opcom and Chairman/Managing Director of Opcom Cables Sdn Bhd ("OCSB"). Dato' Mokhzani Mahathir is the brother of Dato' Mukhriz Mahathir and Mirzan Mahathir. He is the brother in-law of Datin Norzieta Zakaria.
- b. Dato' Mukhriz Mahathir, is a major shareholder of Opcom. He was a director of OCSB. He was a director and major shareholder of OSB, AUSB and ABSB.
- c. Datin Norzieta Zakaria, the spouse of Dato' Mukhriz Mahathir is a director and major shareholder of OSB, AUSB and ABSB.
- d. Mirzan Mahathir, the brother of Dato' Mokhzani Mahathir and Dato' Mukhriz Mahathir and the brother in-law of Datin Norzieta Zakaria is a director of OCSB and a shareholder of OSB.
- e. Ericsson Network Technologies, Sweden ("ENT") is the major shareholder of OCSB.
- f. EAB and ENT are controlled by a same parent company.
- g. Chhoa Kwang Hua, the Executive Director of Opcom is an alternate director to Datin Norzieta Zakaria in OCSB. He is a director and major shareholder of ABSB, AUSB and PRSB.
- h. Chhoa Kuang Yaw, the brother of Chhoa Kwang Hua is a director and shareholder of PRSB.

INTERNAL CONTROL STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Opcom Holdings Berhad and its subsidiaries ("the Group") is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 March 2010, which has been prepared in accordance with the "Statement of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

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

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

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

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

RISK MANAGEMENT FRAMEWORK

The Board has a structured Risk Management framework that undertakes the Group's desires to identify, evaluate and manage significant business risks. The framework includes examining of business risks, assessing impact and likelihood of risks and taking management action plans to mitigate and minimize risks exposure. The Risk Management Committee met 10 times during the financial year ended 31 March 2010, 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 Control Statement

INTERNAL AUDIT

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

In addition, the management's response to the control recommendations on deficiencies found during the internal audits provides added assurance that control procedures are in place, and being followed.

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

OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

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

- **Control Procedures**

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

- **Organisational Structure and Accountability Levels**

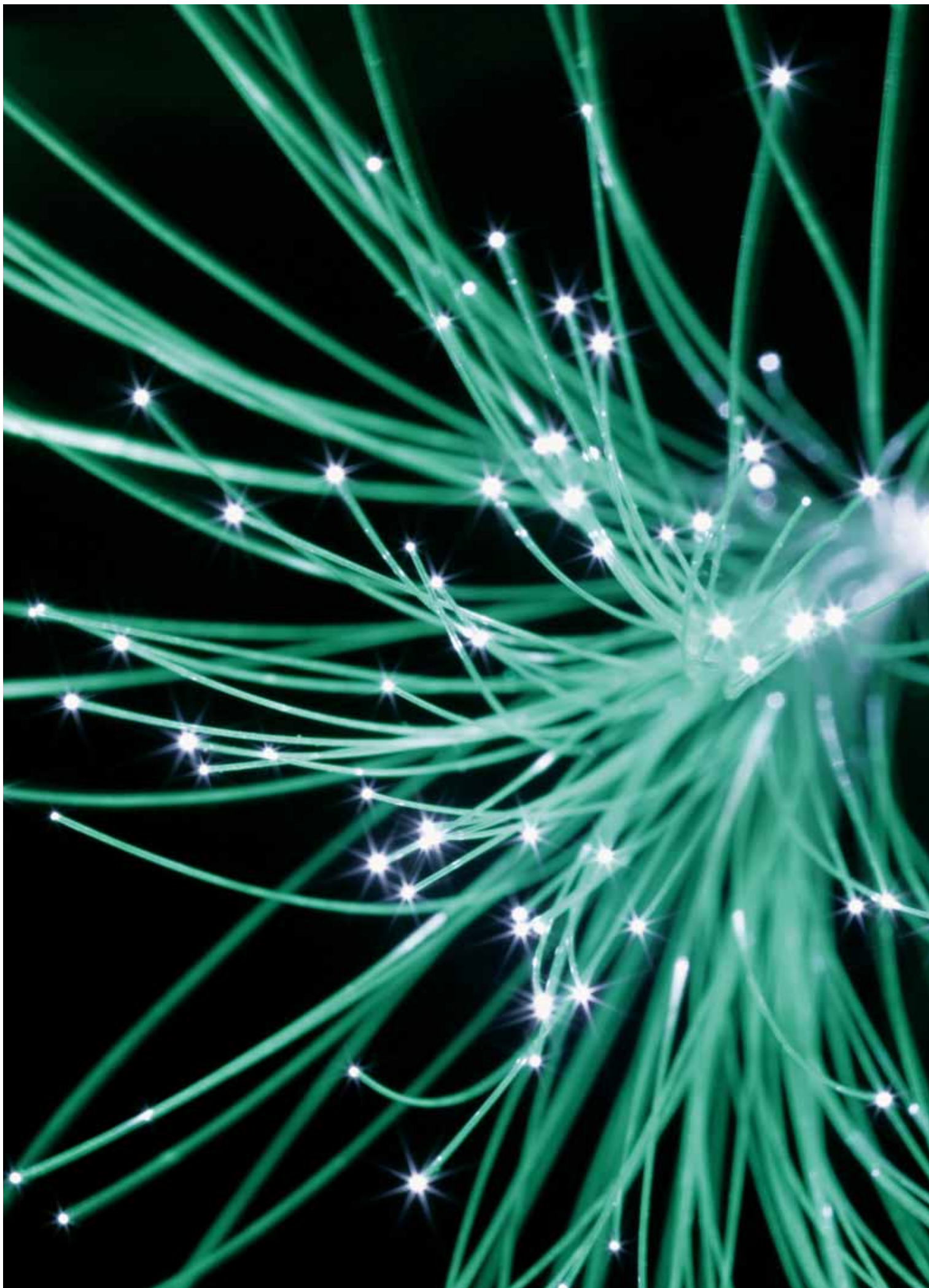
The Group has a formally defined organisational structure with clear lines of accountability. The delegation of authority is properly documented and sets out the decisions that need to be taken and the appropriate authority levels of Management, including matters that require Board's approval. Key financial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

- **Reporting Review**

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

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

The Board is of the view that there is a continuous process in evaluating and managing significant risks and controls faced by the Group. There was no significant breakdown or weakness in the system of internal controls of the Group that may result in material loss to the Group for the financial year ended 31 March 2010.



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DIRECTORS' REPORT

for the year ended 31 March 2010

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 2010.

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 financial year.

RESULTS

	Group RM	Company RM
Profit attributable to:		
Shareholders of the Company	9,594,604	5,725,460
Minority interests	3,125,122	-
	12,719,726	5,725,460

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review.

DIVIDENDS

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

- i) an interim dividend of 1.66 sen per ordinary share less 25% tax totalling RM1,606,047 in respect of the year ended 31 March 2010 on 3 June 2009;
- ii) a tax exempt interim dividend of 1.50 sen per ordinary share totalling RM1,935,000 in respect of the year ended 31 March 2010 on 16 September 2009; and
- iii) an interim dividend of 1.50 sen per ordinary share, under the single tier system, totalling RM1,935,000 in respect of the year ended 31 March 2010 on 17 December 2009.

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' Mokhzani Mahathir
 Abdul Jabbar Bin Abdul Majid
 Chhoa Kwang Hua
 Lt. Jen. (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said
 Sven Janne Sjöden
 Tomio Alan Komatsu
 Chan Bee Lean (appointed on 7 January 2010)
 Chang Mei Chi (resigned on 7 August 2009)
 Lim Bee Khin (resigned on 31 May 2010)

Directors' Report

for the year ended 31 March 2010

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 (including the interests of the spouse or children of the Director who is not director of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.20 each			At 31.3.2010
	At 1.4.2009	Bought	Sold	
Shareholdings in which Directors have direct interest				
Chhoa Kwang Hua	2,088,500	-	-	2,088,500
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	-	(344,000)	217,000
Lim Bee Khin*	250,000	-	(69,000)	181,000

* 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.

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Opcom Holdings Berhad has an interest.

None of the other Directors holding office at 31 March 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in the Note 23 to financial statements.

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

ISSUE OF SHARES

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.

Directors' Report

for the year ended 31 March 2010

OTHER STATUTORY INFORMATION

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

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

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the 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 financial performance of the Group and of the Company for the financial year ended 31 March 2010 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' Mokhzani Mahathir

Chhoa Kwang Hua

Petaling Jaya,
Date: 9 July 2010

BALANCE SHEETS

at 31 March 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Assets					
Property, plant and equipment	3	27,464,582	26,825,544	517,989	657,314
Prepaid lease payments	4	7,508,038	10,944,360	7,508,038	10,944,360
Investment properties	5	-	-	7,465,084	8,207,425
Investments in subsidiaries	6	-	-	11,300,002	11,300,002
Deferred tax assets	7	39,163	48,151	-	-
Total non-current assets		35,011,783	37,818,055	26,791,113	31,109,101
Current assets					
Inventories	8	16,819,888	9,570,083	-	-
Receivables, deposits and prepayments	9	22,357,654	18,249,333	1,329,719	1,740,651
Tax recoverable		53,878	199,539	-	86,964
Cash and cash equivalents	10	53,977,700	36,276,151	9,340,567	3,442,919
Total current assets		93,209,120	64,295,106	10,670,286	5,270,534
Total assets		128,220,903	102,113,161	37,461,399	36,379,635
Equity					
Share capital	11	25,800,000	25,800,000	25,800,000	25,800,000
Reserves	12	46,944,283	42,825,726	9,509,311	9,259,898
Total equity attributable to equity holders of the Company		72,744,283	68,625,726	35,309,311	35,059,898
Minority interest		16,592,737	15,137,235	-	-
Total equity		89,337,020	83,762,961	35,309,311	35,059,898
Liabilities					
Deferred tax liabilities	7	2,033,536	2,261,546	457,540	398,778
Total non-current liability		2,033,536	2,261,546	457,540	398,778
Provisions	13	1,625,337	-	-	-
Payables and accruals	14	35,059,842	16,009,231	1,560,817	920,959
Tax payable		165,168	79,423	133,731	-
Total current liabilities		36,850,347	16,088,654	1,694,548	920,959
Total liabilities		38,883,883	18,350,200	2,152,088	1,319,737
Total equity and liabilities		128,220,903	102,113,161	37,461,399	36,379,635

The notes on pages 48 to 74 are an integral part of these financial statements.

INCOME STATEMENTS

for the year ended 31 March 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	15	121,217,965	62,836,366	12,691,047	9,367,277
Operating profit	15	15,552,204	9,739,222	7,313,769	4,893,449
Interest income		689,115	845,377	123,260	73,090
Profit before tax		16,241,319	10,584,599	7,437,029	4,966,539
Tax expense	17	(3,521,593)	(2,366,125)	(1,711,569)	(657,079)
Profit for the year		12,719,726	8,218,474	5,725,460	4,309,460
Attributable to:					
Equity holders of the Company		9,594,604	6,117,994	5,725,460	4,309,460
Minority interest		3,125,122	2,100,480	-	-
Profit for the year		12,719,726	8,218,474	5,725,460	4,309,460
Basic earnings per ordinary share (sen)	18	7.4	4.7		

The notes on pages 48 to 74 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2010

Group	Note	Share capital RM	Non-distributable		Distributable		Minority interest RM	Total equity RM
			Share premium RM	Capital reserve RM	Retained earnings RM	Total RM		
At 1 April 2008		25,800,000	5,811,530	3,283	34,124,366	65,739,179	14,458,755	80,197,934
Profit for the year		-	-	-	6,117,994	6,117,994	2,100,480	8,218,474
Dividends	19	-	-	-	(3,231,447)	(3,231,447)	(1,422,000)	(4,653,447)
At 31 March 2009/ 1 April 2009		25,800,000	5,811,530	3,283	37,010,913	68,625,726	15,137,235	83,762,961
Profit for the year		-	-	-	9,594,604	9,594,604	3,125,122	12,719,726
Dividends	19	-	-	-	(5,476,047)	(5,476,047)	(1,669,620)	(7,145,667)
At 31 March 2010		25,800,000	5,811,530	3,283	41,129,470	72,744,283	16,592,737	89,337,020

Note 11

Company	Note	Non-distributable		Distributable		Total RM
		Share capital RM	Share premium RM	Retained earnings RM	Total RM	
At 1 April 2008		25,800,000	5,811,530	2,370,355		33,981,885
Profit for the year		-	-	4,309,460		4,309,460
Dividends	19	-	-	(3,231,447)		(3,231,447)
At 31 March 2009/1 April 2009		25,800,000	5,811,530	3,448,368		35,059,898
Profit for the year		-	-	5,725,460		5,725,460
Dividends	19	-	-	(5,476,047)		(5,476,047)
At 31 March 2010		25,800,000	5,811,530	3,697,781		35,309,311

Note 11

Note 12

CASH FLOW STATEMENTS

for the year ended 31 March 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from operating activities				
Profit before tax	16,241,319	10,584,599	7,437,029	4,966,539
Adjustments for:				
Amortisation of prepaid lease payments	147,393	173,658	147,393	173,658
Depreciation				
- Property, plant and equipment	2,698,876	2,480,840	200,563	231,274
- Investment properties	-	-	207,633	213,918
Dividend income	-	-	(6,682,440)	(3,752,000)
Gain on disposal of subsidiary	-	(50,000)	-	(50,000)
Gain on disposal of leasehold land	(285,447)	-	(285,447)	-
Interest income	(689,115)	(845,377)	(123,260)	(73,090)
Investment property written off	-	-	561,158	-
Loss/(Gain) on disposal of property, plant and equipment	1,883	(67,782)	-	-
Property, plant and equipment written off	597,125	10,407	-	10,128
Unrealised loss on foreign exchange	396,836	676,656	-	-
Operating profit before changes in working capital	19,108,870	12,963,001	1,462,629	1,720,427
Inventories	(7,249,805)	(1,278,256)	-	-
Receivables, deposits and prepayments	(4,108,321)	698,415	410,932	11,166
Provisions	1,625,337	-	-	-
Payables and accruals	19,626,292	226,754	639,858	(269,406)
Cash generated from operations	29,002,373	12,609,914	2,513,419	1,462,187
Tax paid	(3,509,209)	(2,700,165)	(1,432,112)	(419,945)
Net cash generated from operating activities	25,493,164	9,909,749	1,081,307	1,042,242
Cash flows from investing activities				
Dividends received	-	-	6,682,440	4,317,999
Purchase of property, plant and equipment	(3,938,283)	(3,721,399)	(61,238)	(127,109)
Purchase of investment properties	-	-	(26,450)	-
Proceeds from disposal of subsidiary	-	50,000	-	50,000
Proceeds from disposal of leasehold land	3,574,376	-	3,574,376	-
Proceeds from disposal of property, plant and equipment	1,361	83,883	-	-
Interest received	689,115	845,377	123,260	73,090
Increase in deposits pledged to bank	(3,500,000)	-	-	-
Net cash (used in)/generated from investing activities	(3,173,431)	(2,742,139)	10,292,388	4,313,980

Cash Flow Statements

for the year ended 31 March 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from financing activities					
Dividends paid to shareholders of the Company		(5,476,047)	(4,844,720)	(5,476,047)	(4,844,720)
Dividends paid to minority shareholders		(2,000,000)	-	-	-
Net cash used in financing activities		(7,476,047)	(4,844,720)	(5,476,047)	(4,844,720)
Net increase in cash and cash equivalents		14,843,686	2,322,890	5,897,648	511,502
Effect of exchange rate fluctuations on cash held		(642,137)	58,450	-	-
Cash and cash equivalents at beginning of year		36,176,151	33,794,811	3,442,919	2,931,417
Cash and cash equivalents at end of year	(i)	50,377,700	36,176,151	9,340,567	3,442,919

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Deposits placed with licensed banks		41,985,160	32,677,805	7,155,145	3,240,258
Cash and bank balances		11,992,540	3,598,346	2,185,422	202,661
	10	53,977,700	36,276,151	9,340,567	3,442,919
Less: Deposit pledged with a licensed bank	10	(3,600,000)	(100,000)	-	-
		50,377,700	36,176,151	9,340,567	3,442,919

The notes on pages 48 to 74 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business

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

Registered office

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 2010 comprise the Company and its subsidiaries. The financial statements of the Company as at and for the year ended 31 March 2010 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 9 July 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 April 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, FRS 123, Amendments to FRS 2, IC Interpretation 10, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 April 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, Amendments to FRS 5, Amendments to FRS 138, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Initial application of a standard, an amendment or an interpretation, which may have material impacts to the financial statements are disclosed below:

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that may have an impact is on FRS 117, *Leases*.

The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in reclassification of lease of land amounting to RM7,508,038 as at 31 March 2010 from prepaid lease payments to property, plant and equipment.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated in the notes.

(c) Functional and presentation currency

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

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(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 judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - Valuation of investment property

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including 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, if any.

(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 holders 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 holders of the Company.

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

(iii) Transactions eliminated on consolidation

Intra-group balances and 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group and the Company at exchange rates at the dates of the transactions. 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 are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which 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 statements.

(c) Property, plant and equipment

(i) Recognition and measurement

Construction in progress is stated at cost. All other property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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) 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 statements as incurred.

(iii) Depreciation

Construction in progress is not depreciated. Depreciation is recognised in the income statements 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

Other leases are operating leases and, except for leasehold land, classified as prepaid lease payments, 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 prepaid lease payment is amortised over the lease term of 75 years.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value with standard cost approximating actual being the main basis for cost. Variances in standard and actual costs are charged to cost of production. In the case of work-in-progress/manufactured inventories/finished goods, cost consists of raw materials, direct labour and appropriate proportion of fixed and variable production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(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) Affiliated company

An affiliated company is defined as company which has common shareholders with that of the Company.

(j) Impairment of assets

The carrying amounts of assets, except for financial assets (other than investment in subsidiaries), inventories and deferred tax assets 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").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable 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 statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated 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 statements in the year in which the reversals are recognised.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 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 statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(l) 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.

(m) 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.

(n) 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 statements 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 statements as and when the services are performed.

(iii) Dividend income

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue (continued)

(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 statements as it accrues.

(o) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements 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 substantively 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.

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when it is utilised.

(p) Earnings per share

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

(q) Segment reporting

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

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Group	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	Construction in progress RM	Total RM
Cost										
At 1 April 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
Additions	-	306,000	15,083	152,502	3,151,807	7,350	6,030	82,627	-	3,721,399
Disposals	-	(187,368)	(6,108)	(1,740)	-	-	-	-	-	(195,216)
Disposal of subsidiary	-	-	(7,469)	(31,534)	-	-	-	(22,342)	-	(61,345)
Write off	-	-	(1,538)	(790)	(8,700)	-	-	(23,210)	-	(34,238)
At 31 March 2009/										
1 April 2009	10,647,598	1,443,416	567,743	4,480,243	37,906,160	1,994,958	19,805	1,167,008	-	58,226,931
Additions	26,450	339,195	20,110	111,092	3,393,385	-	-	7,355	40,696	3,938,283
Disposals	-	-	-	(5,310)	-	-	-	-	-	(5,310)
Write off	(579,509)	-	-	-	(150,745)	-	-	(1,680)	-	(731,934)
At 31 March 2010	10,094,539	1,782,611	587,853	4,586,025	41,148,800	1,994,958	19,805	1,172,683	40,696	61,427,970
Depreciation										
At 1 April 2008	2,226,255	386,599	280,241	4,212,185	20,719,566	850,632	4,269	476,181	-	29,155,928
Charge for the year	213,918	249,297	61,904	109,717	1,486,269	272,178	1,908	85,649	-	2,480,840
Disposals	-	(178,000)	(898)	(217)	-	-	-	-	-	(179,115)
Disposal of subsidiary	-	-	(2,938)	(23,427)	-	-	-	(6,070)	-	(32,435)
Write off	-	-	(115)	(789)	(8,421)	-	-	(14,506)	-	(23,831)
At 31 March 2009/										
1 April 2009	2,440,173	457,896	338,194	4,297,469	22,197,414	1,122,810	6,177	541,254	-	31,401,387
Charge for the year	207,633	283,324	52,302	89,543	1,704,575	269,980	1,702	89,817	-	2,698,876
Disposals	-	-	-	(2,066)	-	-	-	-	-	(2,066)
Write off	(18,351)	-	-	-	(116,017)	-	-	(441)	-	(134,809)
At 31 March 2010	2,629,455	741,220	390,496	4,384,946	23,785,972	1,392,790	7,879	630,630	-	33,963,388
Carrying amounts										
At 1 April 2008	8,421,343	938,185	287,534	149,620	14,043,487	1,136,976	9,506	653,752	-	25,640,403
At 31 March 2009/										
1 April 2009	8,207,425	985,520	229,549	182,774	15,708,746	872,148	13,628	625,754	-	26,825,544
At 31 March 2010	7,465,084	1,041,391	197,357	201,079	17,362,828	602,168	11,926	542,053	40,696	27,464,582

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM	Computer equipment RM	Renovation RM	Tools and equipment RM	Furniture and fittings RM	Construction in progress RM	Total RM
Cost							
At 1 April 2008	345,511	807,894	423,377	13,775	605,760	-	2,196,317
Additions	4,358	100,819	-	6,030	15,902	-	127,109
Write off	(1,538)	(790)	-	-	(23,210)	-	(25,538)
At 31 March 2009/ 1 April 2009	348,331	907,923	423,377	19,805	598,452	-	2,297,888
Additions	5,400	10,107	-	-	5,035	40,696	61,238
At 31 March 2010	353,731	918,030	423,377	19,805	603,487	40,696	2,359,126
Depreciation							
At 1 April 2008	162,284	720,485	265,032	4,269	272,640	-	1,424,710
Charge for the year	34,880	68,832	66,357	1,908	59,297	-	231,274
Write off	(115)	(789)	-	-	(14,506)	-	(15,410)
At 31 March 2009/ 1 April 2009	197,049	788,528	331,389	6,177	317,431	-	1,640,574
Charge for the year	28,397	45,097	66,355	1,702	59,012	-	200,563
At 31 March 2010	225,446	833,625	397,744	7,879	376,443	-	1,841,137
Carrying amounts							
At 1 April 2008	183,227	87,409	158,345	9,506	333,120	-	771,607
At 31 March 2009/ 1 April 2009	151,282	119,395	91,988	13,628	281,021	-	657,314
At 31 March 2010	128,285	84,405	25,633	11,926	227,044	40,696	517,989

Notes to the Financial Statements

4. PREPAID LEASE PAYMENTS

Group and Company	Unexpired period of more than 50 years RM
Cost	
At 1 April 2008/31 March 2009/1 April 2009	13,057,015
Disposal	(3,949,687)
	<hr/>
At 31 March 2010	9,107,328
	<hr/>
Amortisation	
At 1 April 2008	1,938,997
Amortisation for the year	173,658
	<hr/>
At 31 March 2009/1 April 2009	2,112,655
Amortisation for the year	147,393
Disposal	(660,758)
	<hr/>
At 31 March 2010	1,599,290
	<hr/>
Carrying amounts	
At 1 April 2008	11,118,018
	<hr/>
At 31 March 2009/1 April 2009	10,944,360
	<hr/>
At 31 March 2010	7,508,038
	<hr/>

5. INVESTMENT PROPERTIES

Company	Buildings RM
Cost	
At 1 April 2008/31 March 2009/1 April 2009	10,647,598
Additions	26,450
Write off	(579,509)
	<hr/>
At 31 March 2010	10,094,539
	<hr/>
Depreciation	
At 1 April 2008	2,226,255
Charge for the year	213,918
	<hr/>
At 31 March 2009/1 April 2009	2,440,173
Charge for the year	207,633
Write off	(18,351)
	<hr/>
At 31 March 2010	2,629,455
	<hr/>

Notes to the Financial Statements

5. INVESTMENT PROPERTIES (CONTINUED)

Company	Buildings RM
Carrying amounts	
At 1 April 2008	8,421,343
At 31 March 2009/1 April 2009	8,207,425
At 31 March 2010	7,465,084

The Directors' estimation of the fair value of investment properties, based on their assessment by reference to market evidence of transaction prices within the same location, is RM10,377,126 (2009 - RM9,428,366).

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 RM	2009 RM
Unquoted shares, at cost	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	
		2010 %	2009 %
Opcom Cables Sdn. Bhd.	Manufacture of fiber optic cables, systems and accessories	70	70
Opcom Niaga Sdn. Bhd.	General trading of fiber and other cable production materials and provision of engineering services	100	100
Opcom Shared Services Sdn. Bhd.	Provision of human resource management services	100	100

Notes to the Financial Statements

7. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and (liabilities) are attributable to the following:

Group	Assets		Liabilities		Net	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM
Property, plant and equipment	-	-	(3,584,153)	(3,595,200)	(3,584,153)	(3,595,200)
Provisions	1,431,488	1,381,805	-	-	1,431,488	1,381,805
Inventories	23,569	-	-	-	23,569	-
Unrealised foreign exchange loss	134,723	-	-	-	134,723	-
Tax assets/(liabilities)	1,589,780	1,381,805	(3,584,153)	(3,595,200)	(1,994,373)	(2,213,395)
Set off	(1,550,617)	(1,333,654)	1,550,617	1,333,654	-	-
Net tax assets/(liabilities)	39,163	48,151	(2,033,536)	(2,261,546)	(1,994,373)	(2,213,395)

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

	Company	
	2010 RM	2009 RM
Property, plant and equipment	(494,865)	(425,555)
Provisions	37,325	26,777
Net tax liabilities	(457,540)	(398,778)

8. INVENTORIES

	Group	
	2010 RM	2009 RM
Raw materials	5,598,414	4,864,224
Work-in-progress	696,463	1,624,315
Finished goods	10,525,011	3,081,544
	16,819,888	9,570,083

At 31 March 2010, the inventory written down amounted to RM1,082,965 (2009 - RM2,099,298). The write down is included in cost of sales.

Notes to the Financial Statements

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Trade					
Trade receivables		19,543,312	8,518,264	-	-
Affiliated company	9.1	-	1,813,547	-	355,561
		19,543,312	10,331,811	-	355,561
Non-trade					
Other receivables	9.2	2,306,473	4,899,069	1,084,891	758,809
Deposits		185,567	151,767	146,106	111,906
Prepayments		318,762	382,553	61,703	114,285
Subsidiaries	9.3	-	-	33,479	392,940
Affiliated companies	9.1	3,540	2,484,133	3,540	7,150
		2,814,342	7,917,522	1,329,719	1,385,090
		22,357,654	18,249,333	1,329,719	1,740,651

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	22,349,140	16,899,510	1,329,719	1,740,651
US Dollar	8,514	5,714	-	-
Euro	-	1,344,109	-	-
	22,357,654	18,249,333	1,329,719	1,740,651

9.1 Affiliated companies

In the previous year, the trade receivables from affiliated company was subject to normal trade terms.

The non-trade amounts of the current and previous year are unsecured and interest free.

In the previous year, included in the non-trade amount due from affiliated companies of the Group was an amount of RM2,000,000 pursuant to an agreement which represented advance fee to secure a project. The project was successfully secured during the financial year and the advance fee was charged out accordingly to the income statements.

Notes to the Financial Statements

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

9.2 Other receivables

At year end, included in other receivables of the Group and Company is an amount of RM1,855,559 (2009 - RM744,126) and RM993,177 (2009 - RM744,126) respectively receivable pursuant to an agreement between the Company and a former related company in connection with a tender for a project by a third party. The amount is:

- i) unsecured;
- ii) receivable via monthly schedular payments commencing March 2010; and
- iii) earns a share of the contract value awarded to the former related company as stipulated in the agreement, if successful.

The amounts receivable for the Group and Company were fully settled subsequent to year end.

In the previous year, included in other receivables, deposits and prepayments of the Group was an amount of RM3,744,186 which represented a trade debt taken over from a subsidiary prior to its disposal. The amount was unsecured, interest free and repayable on demand. The amount was also fully settled during the year.

9.3 Subsidiaries

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

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deposits placed with licensed banks	41,985,160	32,677,805	7,155,145	3,240,258
Cash and bank balances	11,992,540	3,598,346	2,185,422	202,661
	53,977,700	36,276,151	9,340,567	3,442,919

A subsidiary has pledged a deposit of RM3,600,000 (2009 - Nil) to a licensed bank for bank guarantee facilities in favour of a customer as performance bonds on a contract.

Included in the Group's deposits with licensed banks in the previous year was RM100,000 pledged for bank guarantee facilities which was uplifted during the financial year.

Cash and cash equivalents denominated in currencies other than Ringgit Malaysia comprise RM4,092,581 (2009 - RM22,365) and RM2,716,489 (2009 - RM253,682) of cash and cash equivalents denominated in US Dollar and Euro respectively.

Notes to the Financial Statements

11. SHARE CAPITAL

	Number of shares 2010	Group and Company		Amount 2009 RM
		Amount 2010 RM	Number of shares 2009	
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

12. RESERVES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Distributable:				
Retained earnings	41,129,470	37,010,913	3,697,781	3,448,368
Non-distributable:				
Share premium	5,811,530	5,811,530	5,811,530	5,811,530
Capital reserve	3,283	3,283	-	-
	46,944,283	42,825,726	9,509,311	9,259,898

Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank up to RM1,225,000 (2009 - RM1,114,000) of its distributable reserves at 31 March 2010 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 March 2010 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.

13. PROVISIONS

	Group	
	2010 RM	2009 RM
Balance at 1 April 2009/2008	-	-
Provisions made during the year	1,625,337	-
Balance at 31 March 2010/2009	1,625,337	-

This represents provision for liquidated damages in respect of a sales contract undertaken by a subsidiary. The provision is recognised based on the term stipulated in the contract.

Notes to the Financial Statements

14. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Trade					
Trade payables		8,128,311	3,836,413	-	-
Corporate shareholder	14.1	9,380,876	1,427,621	-	-
Affiliated company	14.2	2,188,142	-	-	-
Subsidiary		-	-	108,000	-
		19,697,329	5,264,034	108,000	-
Non-trade					
Other payables		1,876,631	1,167,592	111,292	64,982
Accrued expenses		3,258,204	4,209,523	357,401	325,733
Subsidiaries	14.3	-	-	984,124	462,130
Corporate shareholder	14.1	4,961,764	5,292,144	-	-
Affiliated companies	14.2	5,265,914	75,938	-	68,114
		15,362,513	10,745,197	1,452,817	920,959
		35,059,842	16,009,231	1,560,817	920,959

The currency profile of payables and accruals is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	28,148,366	13,116,611	1,560,817	920,959
US Dollar	6,873,150	3,674,800	-	-
Euro*	(224,881)	(919,116)	-	-
Swedish Kroner	237,087	88,866	-	-
Pound Sterling	9,602	-	-	-
Singapore Dollar	16,518	48,070	-	-
	35,059,842	16,009,231	1,560,817	920,959

* Represent receivables from a corporate shareholder of a subsidiary which is offset against payables to the same party denominated in other foreign currencies due to the availability of a legal right to set off.

14.1 Corporate shareholder

The trade payable to the corporate shareholder of a subsidiary is subject to the normal trade terms. The non-trade payable is unsecured, interest free and repayable on demand.

14.2 Affiliated companies

The trade payable to affiliated company is subject to the normal trade terms. The non-trade payable is unsecured, interest free and repayable on demand.

14.3 Subsidiaries

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

Notes to the Financial Statements

15. OPERATING PROFIT

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Revenue				
- sale of cables	98,027,378	62,437,034	-	-
- sale of network equipment	-	148,055	-	-
- sale of accessories	23,061,980	-	-	-
- rental income	128,607	251,277	2,516,607	2,459,277
- dividend income	-	-	6,682,440	3,752,000
- management fee	-	-	3,492,000	3,156,000
	121,217,965	62,836,366	12,691,047	9,367,277
Cost of sales	(83,007,906)	(41,990,089)	-	-
Cost of property maintenance and management	-	-	(3,148,448)	(3,003,164)
	(83,007,906)	(41,990,089)	(3,148,448)	(3,003,164)
Gross profit	38,210,059	20,846,277	9,542,599	6,364,113
Other operating income	3,461,127	23,568	285,447	195
Distribution costs	(5,001,688)	(3,046,606)	-	-
Administrative expenses	(9,005,268)	(6,190,059)	(2,514,277)	(1,470,859)
Other operating expenses	(12,112,026)	(1,893,958)	-	-
Operating profit	15,552,204	9,739,222	7,313,769	4,893,449

Operating profit is arrived at after crediting:

Gain on disposal of property, plant and equipment	-	67,782	-	-
Gain on disposal prepaid lease payments	285,447	-	285,447	-
Gain on disposal of subsidiary	-	50,000	-	50,000
Gross dividends from subsidiaries	-	-	6,682,440	3,752,000
Realised gain on foreign exchange	2,169,666	34,410	-	-
Rental income on land and buildings	128,607	251,277	2,516,607	2,459,277

Notes to the Financial Statements

15. OPERATING PROFIT (CONTINUED)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
and after charging:				
Amortisation of prepaid lease payments	147,393	173,658	147,393	173,658
Audit fees				
- current year	50,700	48,500	20,000	17,000
- over provision in prior year	(5,262)	-	(6,300)	-
Bad debts written off	120,000	-	262,847	-
Business development fee	10,787,489	-	-	-
Depreciation				
- property, plant and equipment	2,698,876	2,480,840	200,563	231,274
- investment properties	-	-	207,633	213,918
Inventories written down	1,082,965	2,099,298	-	-
Investment property written off	-	-	561,158	-
Loss on disposal of property, plant and equipment	1,883	-	-	-
Personnel expenses				
(including key management personnel):				
- contributions to EPF	816,728	644,179	46,263	72,404
- wages, salaries and others	8,865,154	5,338,961	737,885	600,673
Property, plant and equipment written off	597,125	10,407	-	10,128
Provision for late penalty	1,625,337	-	-	-
Realised loss on foreign exchange	-	976,926	-	-
Rental of apartment	125,000	120,000	-	-
Rental of motor vehicles	-	3,681	-	-
Rental of office	36,000	47,772	36,000	47,772
Rental of storage area	-	37,800	-	-
Research and development expensed as incurred	5,591	93,625	-	-
Unrealised loss on foreign exchange	396,836	676,556	-	-

16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors				
- fees	296,632	269,633	140,632	101,633
- remuneration	936,046	957,343	449,505	673,077
	1,232,678	1,226,976	590,137	774,710
Other key management personnel				
- remuneration	846,119	686,945	-	-
	846,119	686,945	-	-
	2,078,797	1,913,921	590,137	774,710

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

17. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense				
Current year	3,611,986	3,276,308	1,580,002	1,357,214
Under/(Over) provision in prior year	128,628	(260,162)	72,807	(55,496)
	3,740,614	3,016,146	1,652,809	1,301,718
Deferred tax expense				
Origination and reversal of temporary differences	122,627	(966,960)	(33,542)	(586,860)
(Over)/Under in prior year	(341,648)	316,939	92,302	(57,779)
	(219,021)	(650,021)	58,760	(644,639)
	3,521,593	2,366,125	1,711,569	657,079
Reconciliation of effective tax expense				
Profit before taxation	16,241,319	10,584,599	7,437,029	4,966,539
Tax calculated using Malaysian tax rates of 25%	4,060,330	2,646,150	1,859,257	1,241,635
Non-deductible expenses	183,291	269,785	177,203	32,719
Tax exempt income	-	-	(490,000)	(504,000)
Tax incentive*	(509,008)	(593,326)	-	-
Utilisation of previously unrecognised capital allowance	-	(13,261)	-	-
	3,734,613	2,309,348	1,546,460	770,354
Under/(Over) provision in prior years				
- current tax expense	128,628	(260,162)	72,807	(55,496)
- deferred tax expense	(341,648)	316,939	92,302	(57,779)
	3,521,593	2,366,125	1,711,569	657,079

* The tax incentives are in respect of reinvestment allowances on acquisition of plant and machinery utilised during the year. There are no unutilised reinvestment allowances as at year end.

Notes to the Financial Statements

18. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2010 is based on the net profit attributable to ordinary shareholders of RM9,594,604 (2009 - RM6,117,994) and the weighted average number of ordinary shares during the year of 129,000,000 (2009 - 129,000,000).

19. DIVIDENDS

Dividends recognised in the current year by the Company are:

2010	Sen per share (net of tax)	Gross Total amount RM	Date of payment
1 st Interim 2010 ordinary	1.245	1,606,047	3 June 2009
2 nd Interim 2010 ordinary – tax exempt	1.500	1,935,000	16 September 2009
3 rd Interim 2010 ordinary – single tier	1.500	1,935,000	17 December 2009
		5,476,047	
2009			
1 st Interim 2009 ordinary	1.005	1,296,447	17 October 2008
2 nd Interim 2009 ordinary – tax exempt	1.500	1,935,000	20 February 2009
		3,231,447	

20. SEGMENT 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 fiber optic cables and systems.
Trading and engineering services	General trading of fiber, accessories and other cable production materials and provision of engineering services.
Other operations activities	Management services and investment holding.

Notes to the Financial Statements

20. SEGMENT REPORTING (CONTINUED)

	Manufacturing 2010 RM	Trading and engineering services 2010 RM	Other operations 2010 RM	Total 2010 RM	Elimination 2010 RM	Consolidated 2010 RM
Revenue						
External revenue	98,027,377	23,061,981	128,607	121,217,965	-	121,217,965
Intersegment revenue	-	20,478,360	5,844,000	26,322,360	(26,322,360)	-
Total revenue	98,027,377	43,540,341	5,972,607	147,540,325	(26,322,360)	121,217,965
Segment results	10,223,861	3,952,487	8,039,808	22,216,156	(6,418,173)	15,797,983
Unallocated expenses						(245,779)
Interest income						689,115
Profit before tax						16,241,319
Tax expense						(3,521,593)
Profit for the year						12,719,726

	Manufacturing 2009 RM	Trading and engineering services 2009 RM	Other operations 2009 RM	Total 2009 RM	Elimination 2009 RM	Consolidated 2009 RM
Revenue						
External revenue	62,437,034	148,056	251,276	62,836,366	-	62,836,366
Intersegment revenue	-	13,134,328	5,328,000	18,462,328	(18,462,328)	-
Total revenue	62,437,034	13,282,384	5,579,276	81,298,694	(18,462,328)	62,836,366
Segment results	8,041,717	2,014,794	1,484,625	11,541,136	(1,626,712)	9,914,424
Unallocated expenses						(175,202)
Interest income						845,377
Profit before tax						10,584,599
Tax expense						(2,366,125)
Profit for the year						8,218,474

Notes to the Financial Statements

20. SEGMENT REPORTING (CONTINUED)

	Manufacturing 2010 RM	Trading and engineering services 2010 RM	Other operations 2010 RM	Total 2010 RM	Elimination 2010 RM	Consolidated 2010 RM
Segment assets	89,477,504	17,781,372	39,079,477	146,338,353	(18,210,491)	128,127,862
Unallocated assets						93,041
Total assets						128,220,903
Segment liabilities	34,468,694	6,461,106	1,927,069	42,856,869	(6,171,691)	36,685,178
Unallocated liabilities						2,198,705
Total liabilities						38,883,883
Capital expenditure	3,820,195	30,400	87,688	3,938,283	-	3,938,283
Depreciation and amortisation	2,282,143	80,642	555,590	2,918,375	(72,106)	2,846,269

	Manufacturing 2009 RM	Trading and engineering services 2009 RM	Other operations 2009 RM	Total 2009 RM	Elimination 2009 RM	Consolidated 2009 RM
Segment assets	68,196,264	13,268,914	36,920,000	118,385,178	(16,519,706)	101,865,472
Unallocated assets						247,689
Total assets						102,113,161
Segment liabilities	10,688,607	3,557,272	687,849	14,933,728	(4,216,641)	10,717,087
Unallocated liabilities						7,633,113
Total liabilities						18,350,200
Capital expenditure	3,288,290	306,000	127,109	3,721,399	-	3,721,399
Depreciation and amortisation	1,979,689	55,959	618,850	2,654,498	-	2,654,498

Notes to the Financial Statements

21. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, 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 two (2) debtors which represents approximately 94% and 54% in previous year which consisted of a debtor and an affiliated company of the Group's total 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 Dollar. 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, 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

21. FINANCIAL INSTRUMENTS (CONTINUED)

Group	Average effective interest rate %	Total RM	Within 1 year RM
2010			
Deposits placed with licensed bank	2.26	41,985,160	41,985,160
2009			
Deposits placed with licensed bank	1.90	32,677,805	32,677,805
Company			
2010			
Deposits placed with licensed bank	2.29	7,155,145	7,155,145
2009			
Deposits placed with licensed bank	2.11	3,240,258	3,240,258

Fair values

Recognised financial instruments

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

22. CONTINGENT LIABILITIES

Corporate guarantee - Company

The Company has executed corporate guarantees in favour of licensed banks of up to RM44.5 million (2009 - RM26.5 million) for banking facilities granted to its subsidiary.

Notes to the Financial Statements

23. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group 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 corporate shareholder, affiliated companies and Directors.

Significant transactions with related parties are as follows:

Transactions with affiliated companies:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Affiliated companies				
<i>- Companies in which a Director of the Company and a Director of a subsidiary has interests:</i>				
Rental income receivable	6,000	6,000	6,000	6,000
Purchase of wireless broadband access	(42,000)	(42,000)	(42,000)	(42,000)
<i>- Company in which a Director of the Company and a subsidiary has interests:</i>				
Rental income receivable	-	245,277	-	245,277
Rental expense payable	(161,000)	(193,800)	(36,000)	(36,000)
<i>- Company in which substantial shareholders of the Company and a Director of a subsidiary has interests:</i>				
Commission payable	(463,178)	-	-	-
Advance commission for business development cost	-	(2,000,000)	-	-
Business development fee	(10,787,489)	-	-	-
Purchase of motor vehicles	(339,195)	-	-	-
Purchase of accessories	(20,429,735)	-	-	-
Transactions with corporate shareholder of a subsidiary company				
Purchases	(16,369,406)	(5,410,632)	-	-
Sales	3,596,924	7,753,519	-	-

Notes to the Financial Statements

23. RELATED PARTIES (CONTINUED)

Transactions with related companies during the financial year:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<i>Subsidiary companies</i>				
Rental income receivable	-	-	2,388,000	2,208,000
Gross dividend receivable	-	-	6,682,440	3,318,000
Management fees receivable	-	-	3,492,000	3,156,000
Administrative fee payable	-	-	(2,580,000)	(2,364,000)

Transactions with key management personnel:

<i>Key management personnel other than disclosed in Note 16</i>				
Consultancy fee for product development	160,569	-	-	-

Balances with related companies and corporate shareholder at balance sheet date are disclosed in Notes 9 and 14 to the financial statements.

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

24. SUBSEQUENT EVENT

Subsequent to year end, the pledged fixed deposit of the Group of RM3.6 million as mentioned in Note 10 was uplifted.

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 43 to 74 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the year then ended.

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

Dato' Mokhzani Mahathir

Chhoa Kwang Hua

Petaling Jaya,
Date: 9 July 2010

STATUTORY DECLARATION

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

I, **Chen Foong Leng**, the Officer primarily responsible for the financial management of Opcom Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 74 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 9 July 2010.

Chen Foong Leng

Before me:

P. Thurirajoo

W 438

Commissioner for Oaths

Kuala Lumpur,
Malaysia.

INDEPENDENT AUDITORS' REPORT

to the members of Opcom Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Opcom Holdings Berhad, which comprise the balance sheets as at 31 March 2010 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 43 to 74.

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 2010 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.

Independent Auditors' Report

to the members of Opcom Holdings Berhad

Other Matters

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Mohamed Raslan Abdul Rahman

Approval Number: 1825/05/11(J/PH)
Chartered Accountant

Petaling Jaya, Selangor
Date: 9 July 2010

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 and Substation Building Office Buildings Warehouses Manufacturing Block	99-year leasehold expiring on 18.04.2074	Land area: 29,450 sq m Built up area: 9,145 sq m	Age of Manufacturing Block: approximately 14 years Age of other buildings / structures: more than 25 years	14,973

ANALYSIS OF SHAREHOLDINGS

as at 5 August 2010

Class of shares : Ordinary Shares of RM0.20 each

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

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	55	3.38	2,369	-
100 - 1,000	136	8.37	87,581	0.07
1,001 - 10,000	1,010	62.15	4,507,300	3.49
10,001-100,000	362	22.28	10,713,100	8.30
100,001 to less than 5% of issued shares	59	3.63	21,627,150	16.77
5% and above of issued shares	3	0.19	92,062,500	71.37
Total	1,625	100.00	129,000,000	100.00

THIRTY LARGEST SHAREHOLDERS

Rank	Name	No. of Shares	Ownership (%)
1	M Ocean Capital Sdn Bhd	34,752,500	26.94
2	EB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato' Mukhriz Mahathir	30,310,000	23.50
3	Rezeki Tegas Sdn Bhd	27,000,000	20.93
4	Chan Ee Lin	5,245,000	4.06
5	Chhoa Kwang Hua	2,074,000	1.61
6	Tay Chong Kiat	1,111,400	0.86
7	HSBC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Amanah Saham Sarawak	988,000	0.77
8	Sierra Partners Sdn Bhd	926,900	0.72
9	Zaini Bin Mohd Said	712,500	0.55
10	Zainal Abidin Bin Pit	466,500	0.36
11	Tan Eng Hoo	381,100	0.30
12	Abdul Jabbar Bin Abdul Majid	375,000	0.29
13	Rampai Dedikasi Sdn Bhd	350,600	0.27
14	Mah Yong Sang	350,000	0.27
15	Tan Eng Piow	339,300	0.26
16	Tan Chee Siang	322,800	0.25
17	Mohamed Rashdan Bin Baba	300,000	0.23
18	Sven Janne Sjöden	280,000	0.22
19	Chua Gaik Suwan	278,000	0.22
20	Aris Bin Abdullah	275,000	0.21
21	Choo Wing Kong	270,000	0.21
22	Wong Ng Shon	257,300	0.20
23	Lim Kah Leng	255,000	0.20

Analysis of Shareholdings

as at 5 August 2010

Rank	Name	No. of Shares	Ownership (%)
24	Teo Tin Lun	248,700	0.19
25	Victor Lim Fung Tuang	239,400	0.19
26	Tan Cheoh Leong	235,000	0.18
27	Ong Aik Khoon	227,000	0.18
28	Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities Account for Mahli Bin Othman	225,500	0.17
29	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mah Law Hong	222,000	0.17
30	Teoh Hunt Thuim	205,000	0.16
Total		109,223,500	84.67

SUBSTANTIAL SHAREHOLDERS (As per register of substantial shareholders)

Name	No. of Shares held			
	Direct	%	Indirect	%
M Ocean Capital Sdn Bhd	34,752,500	26.94	-	-
Dato' Mukhriz Mahathir	30,310,000	23.50	-	-
Rezeki Tegas Sdn. Bhd.	27,000,000	20.93	-	-
Datin Norzieta Zakaria	-	-	34,752,500	26.94
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	No. of Shares held			
	Direct	%	Indirect	%
Chhoa Kwang Hua	2,138,500	1.66	-	-
Lt. Jen (B) Dato' Seri Panglima Zaini Bin Hj. Mohd Said	712,500	0.55	-	-
Sven Janne Sjöden	280,000	0.22	-	-
Abdul Jabbar Bin Abdul Majid	375,000	0.29	-	-
Tomio Alan Komatsu	-	-	56,000**	0.04

**Spouse Interest

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Fifteenth Annual General Meeting** of the Company will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya on Thursday, 23 September 2010 at 10.30 am to transact the following businesses:-

AGENDA

- | | | |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2010 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 2010. | 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 Sven Janne Sjöden | Ordinary Resolution 3 |
| | 3.2 Abdul Jabbar Bin Abdul Majid | Ordinary Resolution 4 |
| 4. | To re-elect the following Director who retires pursuant to Article 132 of the Company's Articles of Association:- | |
| | 4.1 Chan Bee Lean | Ordinary Resolution 5 |
| 5. | To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to determine their remuneration. | Ordinary Resolution 6 |
| 6. | PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN. BHD. | Ordinary Resolution 7 |

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

"THAT pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Opcom Sdn. Bhd. as detailed in Section 2.3 of the Circular to Shareholders dated 1 September 2010 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 will only continue in force until:-

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

Notice of Annual 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 1 September 2010 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures set out in Section 2.4 of the Circular."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ERICSSON AB, SWEDEN AND BIRLA ERICSSON OPTICAL LIMITED**

Ordinary Resolution 8

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

"THAT pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Ericsson AB, Sweden and Birla Ericsson Optical Limited as detailed in Section 2.3 of the Circular to Shareholders dated 1 September 2010 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 will only continue in force until:-

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

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

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 1 September 2010 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures set out in Section 2.4 of the Circular."

Notice of Annual General Meeting

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH AIRZED SERVICES SDN. BHD. AND AIRZED BROADBAND 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 Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with Airzed Services Sdn. Bhd. and Airzed Broadband Sdn. Bhd. as detailed in Section 2.3 of the Circular to Shareholders dated 1 September 2010 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 will only continue in force until:-

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

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

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 1 September 2010 being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures set out in Section 2.4 of the Circular."

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

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
Date: 1 September 2010

Notice of Annual General Meeting

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

Ordinary Resolutions 7 - 9

Proposed Renewal of Shareholders' Mandate for Recurrent Transactions

The proposed Ordinary Resolutions 7-9, if passed, will allow the Company and its subsidiaries to enter into Recurrent Transactions pursuant to Rule 10.09 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements. 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 1 September 2010, which is despatched together with the Company's Annual Report 2010.

Ordinary Resolution 10

Authority to Issue Shares

At last year's Annual General Meeting, mandate was given to Directors to issue and allot no more than 10% of the issued share capital of the Company. However, the mandate was not utilised and accordingly will lapse at the forthcoming Annual General Meeting. As such, the Board would like to seek for a renewal of the mandate.

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

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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

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**OPCOM HOLDINGS BERHAD**

(322661-W)

(Incorporated in Malaysia)

PROXY FORMI/We _____ NRIC/Co. No. _____
(Please Use Block Capitals)of _____
(Full Address)

being a member of OPCOM HOLDINGS BERHAD hereby appoint _____

_____ of _____
(Full Name)_____ or failing him/her, _____
(Full Address)_____ of _____
(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 on Thursday, 23 September 2010 at 10.30 am and at any adjournment thereof. The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

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

Dated:

Number of shares held	
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Signature/Common Seal of Shareholder**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.
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AFFIX STAMP

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

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