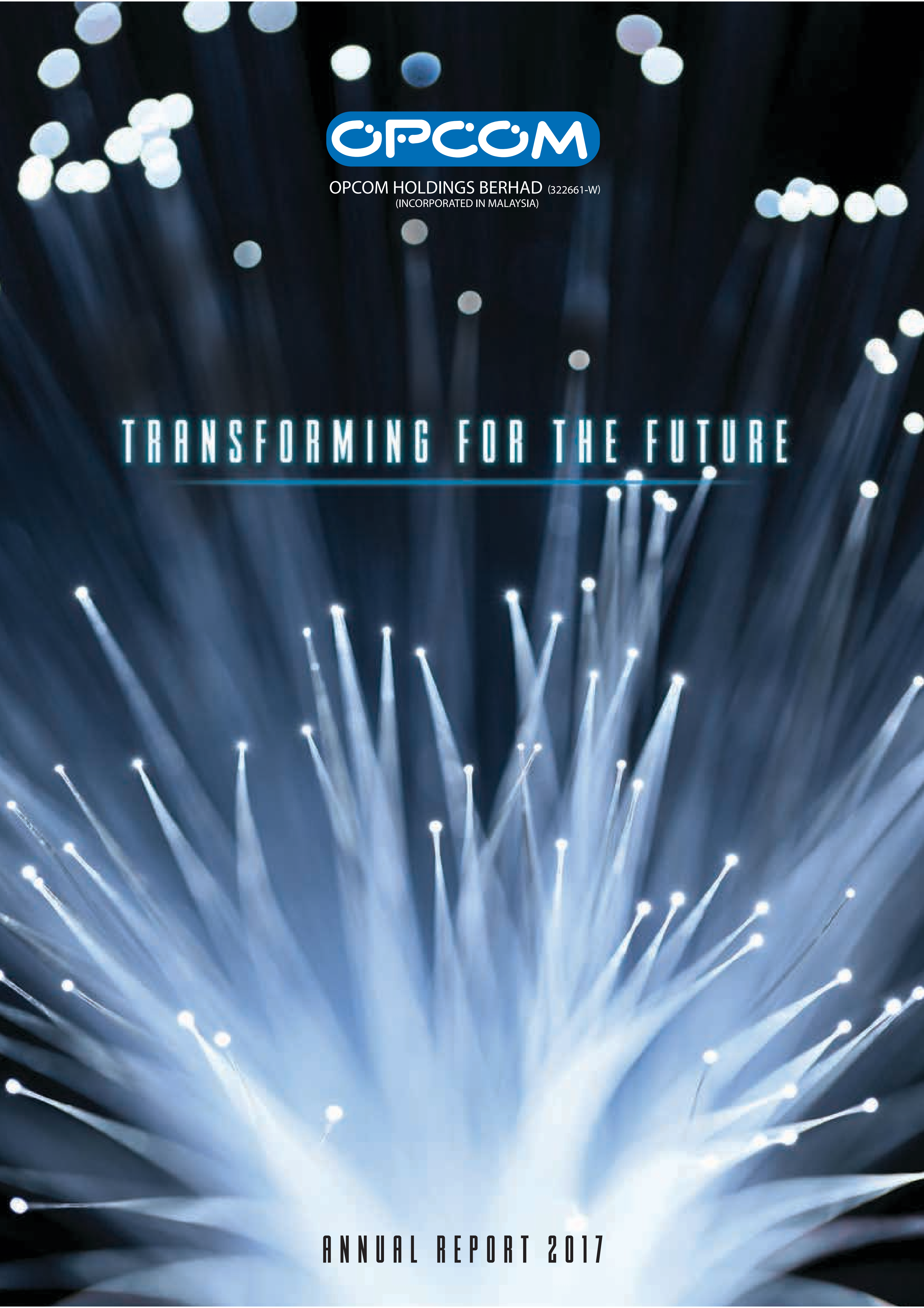


OPCOM

OPCOM HOLDINGS BERHAD (322661-W)
(INCORPORATED IN MALAYSIA)

TRANSFORMING FOR THE FUTURE

ANNUAL REPORT 2017

22nd

Annual General Meeting of Opcom Holdings Berhad will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 14 September 2017 at 10.00 a.m.

WHAT'S INSIDE

VISION

An affordable broadband infrastructure for all Malaysians.

MISSION

To deliver high quality and well-engineered products and services, 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.

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 standards.

VALUE

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

ATTITUDE

We believe that promoting and cultivating a 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 team of highly motivated and committed employees has been able to realise our true potential in offering our customers the best products and services at very competitive prices.

COMMITMENT

We are committed to our promises to clients and employees and their families.

COMMUNITY

OPCOM is a responsible corporate citizen towards creating significant national, economic and social impacts in ways that make a meaningful difference to people's lives.

CORPORATE INFORMATION

Board of Directors

Tan Sri Mokhzani Mahathir
Chairman
Executive Director

Chhoa Kwang Hua, Eric
Executive Director

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

Abdul Jabbar Bin Abdul Majid
Independent Non-Executive Director

Sven Janne Sjöden
Independent Non-Executive Director

Chan Bee Lean
Independent Non-Executive Director

Audit Committee

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

Members
Sven Janne Sjöden
Chan Bee Lean

Nominating & Remuneration Committee

Chairman
Abdul Jabbar Bin Abdul Majid

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

Tender Committee

Chairman
Tan Sri Mokhzani Mahathir

Members
Chhoa Kwang Hua, Eric
Abdul Jabbar Bin Abdul Majid

Company Secretaries

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

Registered Office

802, 8th 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 : 03-7849 0777
Fax : 03-7841 8151/03-7841 8152

Auditors

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Tel : 03-7610 8888
Fax : 03-7726 8986

Principal Bankers

RHB Bank Berhad (6171-M)
Level 7, Tower Three Level 6 Menara AA
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel : 03-9206 8118
Fax : 03-9206 8088

Hong Leong Bank Berhad (97141-X)
Level G, Tower A PJ City Development
15A, Jalan 219, Section 51A
46100 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-7951 1888
Fax : 03-7877 6011

Stock Exchange Listing

ACE Market
Bursa Malaysia Securities Berhad

Website

www.opcom.com.my

CORPORATE STRUCTURE

OPCOM HOLDINGS BERHAD
(Company No. 322661-W)

Investment holdings and other related activities

70%
OPCOM CABLES SDN BHD
(Company No. 322687-T)
Manufacturing of fiber optic cables, systems, accessories and provision of engineering services

100%
UNIGEL COMPOUNDS SDN BHD
(Company No. 442938-M)
Manufacturing and trading of cable filling and flooding compounds, and trading of industrial products

100%
OPCOM TRADING SDN BHD
(Company No. 1155217-D)
General trading of fiber and other cable production materials

100%
OPCOM SHARED SERVICES SDN BHD
(Company No. 665562-M)
Provision of human resource management services

90%
OPCOM ENGINEERING SERVICES SDN BHD
(Company No.1229899-M)
Provision of engineering services

Subsidiaries of Unigel Compounds Sdn Bhd:

40%
UNIGEL (UK) LIMITED
(Company No. 03032651)
(Incorporated in United Kingdom)
Manufacture and sales of cable filling and flooding compounds and associated pumping and delivery equipment

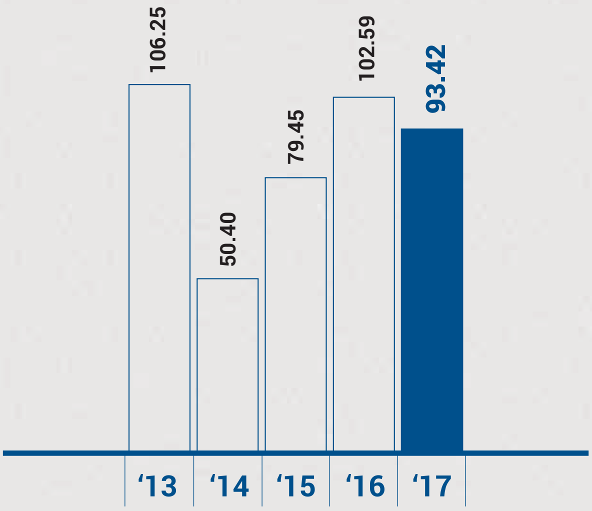
40%
UNIGEL IP LIMITED
(Company No. 2143521)
(Incorporated in Hong Kong)
Provision of licensing services for intellectual property rights

GROUP FINANCIAL HIGHLIGHTS

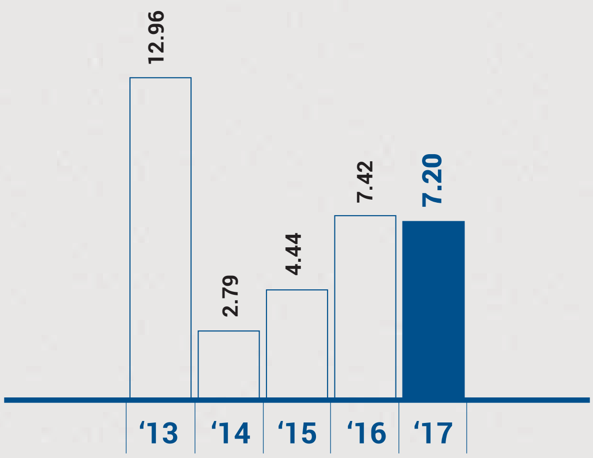
	2013	2014	2015	2016	2017
Operating Results (RM million)					
Revenue	106.25	50.40	79.45	102.59	**93.42**
Profit before taxation	22.10	3.37	4.82	8.30	**8.11**
Net profit attributable to owners of the Company	12.96	2.79	4.44	7.42	**7.20**
Key Financial Position Data (RM million)					
Property, plant and equipment	37.18	38.33	35.86	38.35	**42.27**
Total assets	140.44	122.60	135.04	121.32	**131.88**
Share capital	25.80	25.80	32.25	32.25	**32.25**
Shareholders' funds	77.52	72.57	77.23	81.87	**88.65**
Share Information					
Per share (sen):					
Basic earnings	10.04	2.16	2.75	4.60	**4.46**
Net dividend	12.50	6.00	1.25	1.50	**2.00**
Net assets	60.09	56.26	47.90	50.77	**54.98**
Financial Ratios (%)					
Return on total assets	11.97	2.16	2.96	4.50	**4.49**
Return on shareholders' equity	16.71	3.85	5.75	9.07	**8.12**

GROUP FINANCIAL HIGHLIGHTS

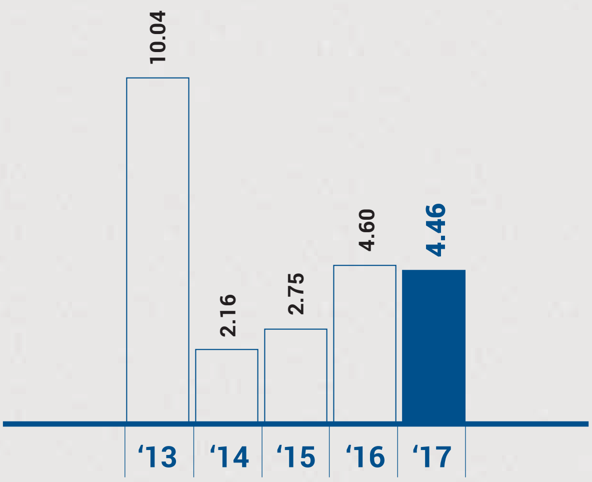
Revenue
RM million



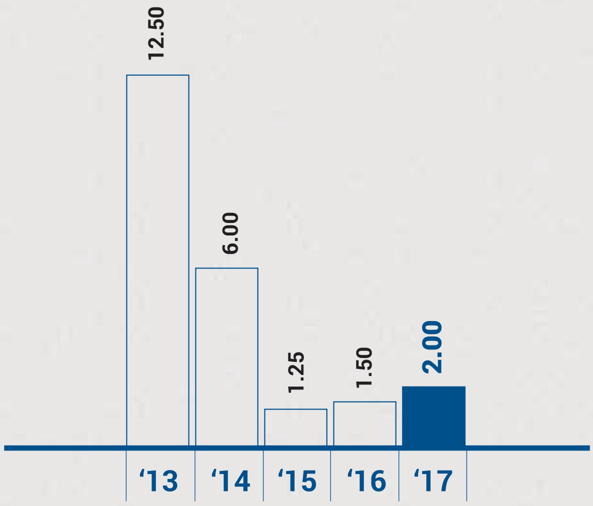
Net Profit Attributable to Owners of the Company
RM million



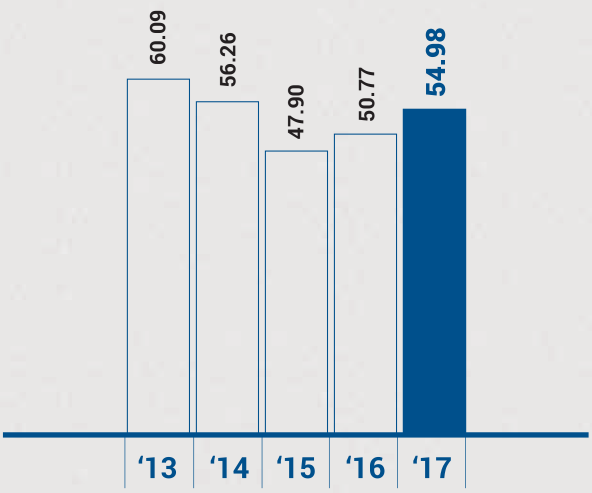
Basic Earnings Per Share
sen



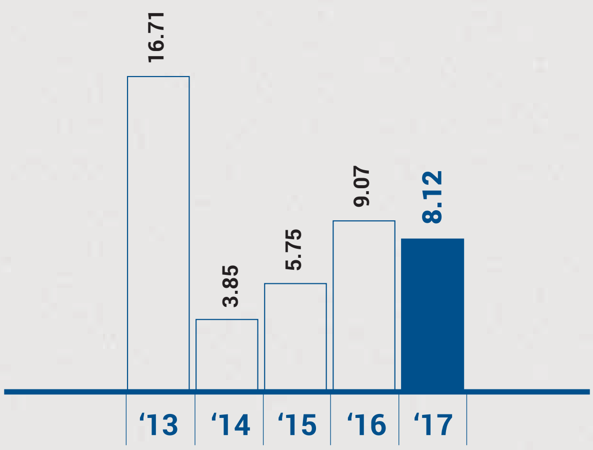
Net Dividend Per Share
sen



Net Assets Per Share
sen



Return on Shareholders' Equity
%



FINANCIAL CALENDAR

26 Aug 2016

Announcement of the unaudited results for the 1st quarter ended 30 June 2016

30 Nov 2016

Announcement of the unaudited results for the 2nd quarter ended 30 September 2016

18 Aug 2016

Interim dividend payment of 2.00 sen per ordinary share, under single-tier system in respect of the financial year ended 31 March 2017

8 Sep 2016

21st Annual General Meeting held at Sime Darby Convention Centre, Kuala Lumpur

24 Feb 2017

Announcement of the unaudited results for the 3rd quarter ended 31 December 2016

31 May 2017

Announcement of the unaudited results for the 4th quarter ended 31 March 2017

16 Dec 2016

Letter of Award for the Agreement for the supply and delivery of plastic based materials, PVC duct, HDPE corrugated subduct and accessories for Telekom Malaysia Berhad

8 May 2017

90% ownership interest in Opcom Engineering Services Sdn Bhd, a newly incorporated subsidiary

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to share with you the Annual Report and Audited Financial Statements for OPCOM Holdings Berhad ("OPCOM") and its group of companies ("Group") for the financial year ended 31 March 2017 ("FY2017").

FY2017 has been very challenging for the local fiber optic cables industry due to continued weak industry price levels, strengthening of the US dollar and a much more competitive market environment. Overall industry wide shipment of fiber optic cables also decreased this year in Malaysia, and our selling margins continue to be under pressure due to competition from imported cables.

However, I am happy to report that our diversification strategy is showing tangible results. From a single product company five (5) years ago, the OPCOM Group today has diversified successfully into engineering services, engineered plastic materials and thixotropic gels. These new businesses contributed approximately 18.7 percent of group turnover, and we expect both sales and operating profits from these new businesses to contribute substantially to the Group in the years to come.

During FY2017, the Group, through its wholly-owned subsidiary, Unigel Compounds Sdn Bhd has successfully commenced the manufacture of thixotropic gels and related compounds. Thixotropic compounds are used in the manufacture of fiber optic cables as well as in the specialty construction and clean energy industry. Our Malaysian plant, a modern automated state-of-the-art facility currently export its products to more than fifteen (15) countries in the Asia-Pacific and Middle East region.

In our engineering services and engineered plastics material businesses, we have a healthy backlog of contracts and customer orders, and we continue to add new production capacity to meet future market demands.

Dividend

For FY2017, an interim dividend of 2.0 sen per ordinary share, under the single-tier system, totaling RM3.2 million, was declared on 14 July 2016 and paid in full on 18 August 2016. OPCOM continue to take a balanced approach on dividend payout, balancing between paying returns to shareholders and at the same time, fulfilling the Group working capital requirements and re-investment programs.

Corporate Social Responsibility

OPCOM is committed in delivering on our social responsibilities through its primary business as we believe that responsible business leads to sustainable results.

We are committed to manufacture and deliver our products using environmentally sustainable and socially responsible methods. OPCOM plant and operations adopt innovative ways to reduce our environmental impact and waste while ensuring quality and value our customers and stakeholders demand. Our environmental management at cables production plant is MS ISO 9001:2008 and MS ISO 14001:2004 certified, and thixotropic compounds production plant is MS ISO 9001:2015 certified.

As part of OPCOM's commitment to disseminate greater technical awareness amongst our younger generation, OPCOM hosted study visits for tertiary students from Universiti Malaya and Politeknik Sultan Azlan Shah to our fiber optic cable production facility.

Every year, we continue our tradition of hosting Hari Raya Open House for orphanages from Institut Taufiq Islami, Klang, Selangor Darul Ehsan, and made contributions of cash and daily necessities to the children. Health talks and campaigns were held at OPCOM premise which were aimed at creating health awareness and spread goodwill among its employees. Blood donation drives were jointly organised with University Malaya Medical Centre.

Acknowledgement and Appreciation

On behalf of the Board of Directors, I would like to extend our sincere gratitude to our customers, business partners and associates for their continued trust and confidence in us. Our heartfelt appreciation goes to our shareholders for their continuing support and confidence in OPCOM.

I would like to also thank the management team and all employees for their hard work, dedication and commitment to drive OPCOM forward.

Last but not least, to my fellow board members, thank you for your wise counsel and invaluable support.

Tan Sri Mokhzani Mahathir
Chairman and Chief Executive Officer

"However, I am happy to report that our diversification strategy is showing tangible results. From a single product company five years ago, the OPCOM Group today has diversified successfully into engineering services, engineered plastic materials and thixotropic gels."

MANAGEMENT DISCUSSION & ANALYSIS

Despite a challenging market environment during the last financial year, Opcom Holdings Berhad ("Opcom" or "the Company") and its group of companies ("Opcom Group" or "the Group") was able to maintain its financial performance. A slowdown in the economy, strengthening of the US Dollar, and shortage of critical raw materials adversely affected the local fiber optic cable industry.

Opcom Group prevailed due to its diversification into other business ventures, namely trading, engineering services and manufacturing of thixotropic gels and engineered plastics products. Our thixotropic gel production facility in Malaysia commenced operations during the year, and to date, we have exported products to more than fifteen (15) countries. This year we are extending our reach to markets in the Middle East and Europe. Our associate company, Unigel (UK) Limited and its subsidiary reported better annual earnings in 2016. We continue to engage with both current and new customers to develop and formulate new compounds for the next generation of fiber optic cables. In engineered plastics, we won a supply mandate of RM28.0 million and we have increased our production capacity to cater for increased demand for our products.

Our Business Activities

Our fiber optic cable business remains as our core business and is the major contributor to our Group revenue and profit. For the financial year ended 31 March 2017 ("FY2017), our cable and accessories businesses comprised approximately 65.2 percent of our total turnover.

Five (5) years ago, our Company embarked on a strategic diversification initiative and identified niche technology, exports and services as key drivers of our future growth. Our group invested 40.0 percent equity interest in Unigel (UK) Limited, and subsequently set up a wholly-owned manufacturing facility for the production of thixotropic gels and compounds in Malaysia. Constructed and commissioned in record time, the Malaysian plant export its products to more than fifteen (15) countries in the Asia-Pacific and Middle East region.

In addition, the Group started to diversify into engineered plastic products such as specialty pipes and ducts for the cable and power industry in 2014. In 2016, we added capacity and commissioned our second production line, and in 2017—we plan to add a third line to address market opportunities in the infrastructure and agriculture sectors.

In our operations, we are committed to process and quality improvement. Such improvements have enabled us to lead the industry in terms of cost and quality. To sustain our leadership, we are looking at further automation, innovative manufacturing methods and supply chain initiatives.

We depend on capable and dedicated people to drive our business, and like all businesses—we are always faced with the challenges of attracting and retaining talents necessary to support our business growth.

Financial Performance

For the financial year under review, the Group's revenue was RM93.4 million, a slight reduction of 8.9 percent from the previous year mainly due to lower than anticipated demand for fiber optic cables in Malaysia. However, we registered sales growth in our engineering services, engineered plastic materials, and thixotropic gels businesses which contributed approximately 18.7 percent of the Group turnover. Profit was up 8.6 percent mainly due to contributions from our thixotropic gels, engineered plastic materials and engineering services businesses.

The Group reported a profit after tax of RM5.9 million, an increase of 8.6 percent from the preceding year. The profit growth was primarily due to profit contribution from our new business areas such as engineering services, thixotropic gels and engineered plastics products. We continue with our cost rationalisation program in our cable manufacturing business which helped to ameliorate the negative impact of the weak Malaysian Ringgit and increased cost from shortage of raw materials in the global optical fiber market.

The Group has been successful in reducing its over-reliance on its fiber optic cable business. Five (5) years ago, our fiber optic cable business comprised nearly all our business revenue—for the financial year under review, fiber optic cable and accessories sales comprised approximately 65.2 percent of our Group turnover. In the years to come, we expect our new business areas to account for more than 50.0 percent of the Group's revenue, which will contribute to a more balanced and diversified revenue stream.

Capital Expediture

The Group invested approximately RM4.4 millions in new plant and machinery during the financial year. Our state-of-the-art thixotropic gel manufacturing facility was successfully commissioned, and in May this year—we added a new production line. Our Group is very committed to our engineering services business and to date we have invested significantly in equipment and improving our service provisioning competency.

Business Risks

Robust global demand for optical fiber over the past two (2) years have caused an acute shortage of optical fibers, a raw material for the manufacture of fiber optic cables worldwide. The strong demand for optical fiber is expected to continue over the next year, and as a result, optical fiber prices have increased sharply and therefore, driving up manufacturing cost. In the case of Opcom, we have long term stable supply relationship with key suppliers of optical fibers and we are confident that we will be able to secure the necessary optical fiber required for our business requirement in the current financial year.

"We continue with our cost rationalisation program in our cable manufacturing business which helped to ameliorate the negative impact of the weak Malaysian Ringgit and increased cost from shortage of raw materials in the global optical fiber market."

Outlook

The global economic growth outlook remains weak—the World Bank's economic growth estimates is at 2.7 percent for 2017. Global policy uncertainties in the United States and other major economies, such as Brexit in the United Kingdom, weak demand and productivity growth around the globe continue to weight on a modest recovery from 2016. On the domestic front, the Malaysian economy is expected to recover this year with first quarter GDP growth at 5.6 percent compared to 4.2 percent annual growth in 2016.

We remain optimistic that our Group's 2017 business will remain stable, and we look forward to continued revenue contribution from our diversification initiatives. Exports from our cable compounds business is expected to grow at a healthy pace and profit contribution from our overseas affiliates is expected to be better than 2016.

The Group continue to have a healthy pipeline of book orders from its key customers in Malaysia for fiber optic cables. With a better economic outlook for 2017, we are expecting a sustained demand for fiber optic cables domestically. We hope that the current critical shortage of optical fiber will ease towards the second half of our operating period, and should the Malaysian ringgit recover vis-a-vis the major currencies—we will see a better operating results from our fiber optic cable business.

Services will be a key cornerstone of the Company's future, and in May 2017, the Group incorporated a new subsidiary, Opcom Engineering Services Sdn Bhd to focus on opportunities in the domestic engineering services and maintenance business. Our engineering service business initiatives have made solid progress in the past year, and we expect that in 2017—we will win new engineering services mandates from key customers.

The Group continue to pursue business expansion opportunities in the cable compounds and components space, and is on the look out to acquire niche technology businesses overseas.

BOARD OF DIRECTORS

Sven Janne Sjöden
Independent Non-Executive Director

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

Tan Sri Mokhzani Mahathir
Chairman
Executive Director

Chhoa Kwang Hua, Eric
Executive Director

Abdul Jabbar Bin Abdul Majid
Independent Non-Executive Director

Chan Bee Lean
Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

TAN SRI MOKHZANI MAHATHIR
Chairman/Executive Director | Aged 56, Male Malaysian

Date Appointed to the Board:
8 May 2009

Number of Board Meetings Attended in the Financial Year:
5/5

Qualifications:
- Bachelor of Science in Petroleum Engineering from University of Tulsa, Oklahoma, USA

Membership of Board Committee:
- Tender Committee (Chairman)

Skills, Experience and Expertise:
He 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. He was the Chairman and Group Chief Executive Officer of Pantai Holdings Berhad until 2001. He was the Non-Independent Vice-Chairman and Director of Sapura Energy Berhad (formerly known as SapuraKencana Petroleum Berhad) up to March 2015.

He was also formerly the Chairman of Sepang International Circuit Sdn Bhd, which host FIA Formula 1 World Championships and the FIM Motorcycle Grand Prix up until October 2016.

Presently, he sits on the board of Maxis Berhad, Malaysia's premier telecommunications company.

He is the brother of Dato' Seri Mukhriz Mahathir and brother-in-law of Tok Puan Norzieta Zakaria, who are both the major shareholders of the Company.

CHHOA KWANG HUA, ERIC
Executive Director | Aged 52, Male Malaysian

Date Appointed to the Board:
1 May 1994

Number of Board Meetings Attended in the Financial Year:
5/5

Qualifications:
- Master of Business Administration (MBA) from Harvard Business School, Boston, Massachusetts
- Bachelor of Science in Business Administration and Finance (Honours) from Sophia University, Tokyo, Japan

Membership of Board Committee:
- Tender Committee

Skills, Experience and Expertise:
As part of the leadership team of the Group, he focuses on driving the growth and diversification of the Group's business activities. He has over twenty (20) years of combined operational experience in the manufacturing and financial services industry.

LT JEN DATO' SERI PANGLIMA ZAINI BIN HJ MOHD SAID SP (B)
Independent Non-Executive Director | Aged 71, Male Malaysian

Date Appointed to the Board:
12 September 2003

Number of Board Meetings Attended in the Financial Year:
5/5

Qualifications:
- Graduate of the US Marine Corps Command and General Staff College, the Malaysian Armed Forces Defence College and the Pakistan National Defence College courses

Membership of Board Committee:
- Audit Committee (Chairman)
- Nominating & Remuneration Committee

Skills, Experience and Expertise:
He was a career soldier, having served in the Malaysian Army for over thirty six (36) years beginning in 1965.

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 (SP), the nation's highest award for gallantry.

BOARD OF DIRECTORS' PROFILE

ABDUL JABBAR BIN ABDUL MAJID
Independent Non-Executive Director | Aged 72, Male Malaysian

Date Appointed to the Board:
11 November 2003

Number of Board Meetings Attended in the Financial Year:
5/5

Qualifications:
- Fellow member of the Institute of Chartered Accountants in Australia
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Membership of Board Committee:
- Nominating & Remuneration Committee (Chairman)
- Tender Committee

Skills, Experience and Expertise:
He has more than forty (40) years experience in accounting, audit, receivership, liquidation, financial advisory and consultancy. He was formerly a director of Bank Muamalat Malaysia Berhad until October 2016.

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.

SVEN JANNE SJÖDEN
Independent Non-Executive Director | Aged 72, Male Swedish National

Date Appointed to the Board:
11 November 2003

Number of Board Meetings Attended in the Financial Year:
4/5

Qualifications:
- Bachelor of Science in Economics from Uppsala University, Sweden

Membership of Board Committee:
- Audit Committee
- Nominating & Remuneration Committee

Skills, Experience and Expertise:
He joined Ericsson Network Technologies AB, Sweden (ENT) in 1966 and has acquired extensive experience in the production of a wide range of telecom equipment.

He held various senior positions within production both at Telefonaktiebolaget LM Ericsson, Sweden and ENT. During the period 1988 to 1992, he served as Divisional Manager within the Telecom and Power Cables Divisions as well as Vice President for ENT.

Between 1992 and 2008, he was responsible for the Business Unit Cable and was at the same time appointed the President of ENT.

He is now the Chairman of Hoverline Group, Sweden and is a director of several other companies in Sweden and abroad.

CHAN BEE LEAN
Independent Non-Executive Director | Aged 46, Female Malaysian

Date Appointed to the Board:
7 January 2010

Number of Board Meetings Attended in the Financial Year:
5/5

Qualifications:
- Bachelor of Accounting Degree (Honours) from University Utara Malaysia
- Member of the Malaysian Institute of Accountants
- Member of the Institute of Internal Auditors Malaysia

Membership of Board Committee:
- Audit Committee

Skills, Experience and Expertise:
She has been in internal auditing for over nineteen (19) years. She is currently the Group Internal Audit Manager of Merge Housing Sdn Bhd and its related companies.

Notes:
1. *All directors except for Tan Sri Mokhzani Mahathir as disclosed, do not have any family relationship with any director and/or major shareholder of the Company.*
2. *All directors have no conflict of interest with the Company and have not been convicted for any offences within the past five (5) years.*
3. *All directors have no public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year ended 31 March 2017.*

SENIOR MANAGEMENT'S PROFILE

TAN SRI MOKHZANI MAHATHIR
Chief Executive Officer
Date first appointed to the key senior management position: 8 May 2009

Profile set out on page 18

CHHOA KWANG HUA, ERIC
Deputy Chief Executive Officer
Date first appointed to the key senior management position: 1 May 1994

Profile set out on page 18

YUSREE PUTRA ALIAS
Chief Executive Officer, Opcom Engineering Services Sdn Bhd
Date first appointed to the key senior management position: 1 January 2004

Yusree Putra Alias, a Male Malaysian, aged 47, joined the Group in 1997. He earned a Diploma in Electrical Engineering (Electronics) from Universiti Teknologi MARA (UiTM) in 1993. He started his career in Marconi (M) Sdn Bhd and joined the Group in April 1997 as a Project Manager. Since 2000, he has been responsible for sales & marketing of the Group's fiber optic cable products. He was appointed as Vice President in 2010 and subsequently as Chief Operating Officer of Opcom Cables Sdn Bhd in 2014. In the year 2017, he was appointed as Chief Executive Officer of Opcom Engineering Services Sdn Bhd.

LIM BEE KHIN
Executive Director, Unigel Compounds Sdn Bhd
Date first appointed to the key senior management position: 16 January 2017

Lim Bee Khin, a Female Malaysian, aged 44, joined Unigel Compounds Sdn Bhd, in January 2017. She earned a Bachelor of Business (Accounting) from Monash University, Australia and is a member of the Malaysian Institute of Accountants. She began her career with KPMG Malaysia in 1995. Prior to 2017, she held several finance positions within the Opcom Group from 1997 to 2015. She is responsible for the Group's manufacturing and sales of cable filling compounds and related products.

SENIOR MANAGEMENT'S PROFILE

ROHIZA HUSAIN

Plant Manager, Opcom Cables Sdn Bhd

Date first appointed to the key senior management position: 1 February 2011

Rohiza Husain, a Female Malaysian, aged 48, joined the Group in 2011. She earned a Bachelor in Electrical Engineering from Gunma University, Japan in 1993. She has over twenty-one (21) years experience in engineering where she was involved in machine maintenance, design/installation and commissioning of new machines and equipment. She is the Plant Manager responsible for all fiber optic cable manufacturing activities of the Group.

NOOR AKMAL FADZILA IBRAHIM

General Manager – Marketing, Opcom Cables Sdn Bhd

Date first appointed to the key senior management position: 14 July 2014

Noor Akmal Fadzila Ibrahim, a Female Malaysian, aged 37, joined the Group in 2014 as General Manager of the sales and marketing function at Opcom Cables Sdn Bhd. Trained as an engineer and project manager, she obtained her MSc. in Engineering Management from the University of Sunderland, United Kingdom in 2005. She has over eleven (11) years of experience in the field of information technology and telecommunications products.

KOO CHIEN FUI, JOHNNY

General Manager – Finance, Opcom Cables Sdn Bhd

Date first appointed to the key senior management position: 22 June 2015

Koo Chien Fui, Johnny, a Male Malaysian, aged 42, joined the Group in 2015. He earned his Master of Business Administration from the University of Western Australia in 2000. He has over sixteen (16) years of experience in the field of finance in various industries including property development, shipping and logistics. He is responsible for the financial operations of the Group's cable manufacturing and engineering services activities.

KHALIJAH BAKAR

Deputy General Manager – Group Human Resource and Administration

Date first appointed to the key senior management position: 21 September 2015

Khalijah Bakar, a Female Malaysian, aged 43, joined the Group in 2015. She earned a Bachelor Degree in Business Administration (majoring in Human Resource Management) in 2009 and Master of Business Administration (MBA) in 2013 from University Technology Mara (UiTM). Khalijah has over twenty-one (21) years experience in human resource and administration. She is responsible for the Group's human resource and administration function.

Notes:

1. *All senior management except for Tan Sri Mokhzani Mahathir as disclosed, do not have any family relationship with any director and/or major shareholder of the Company.*
2. *All senior management have no conflict of interest with the Company and have not been convicted for any offences within the past five (5) years.*
3. *All senior management have no public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year ended 31 March 2017.*

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") recognises the importance for the Company to maintain high standards of transparency, accountability and integrity 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 Note 11 on Corporate Governance, undertakes additional measures, principles and recommendation embodied in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and strives 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, Nominating and Remuneration Committee, Tender Committee and Risk Management Committee. The respective committees report to the Board on matters considered and their recommendation thereon for decision-making and approval.

1. The Board

The Board is responsible for the Company's overall strategic direction and objectives, its acquisition and divestment policies, financial policy, major investments and the consideration of significant financial matters. The 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 Executive Directors have many years of combined experience and have in-depth industry and market knowledge to lead and manage the Group's business operations. The Executive Directors are supported by a core team of Senior Management who manage the Group's various business activities on a day-to-day basis. The management leadership team executes and implements the policies and strategies approved by the Board in compliance with the corporate governance, risk management and internal control framework of the Group.

The Group has a well-structured and process oriented communications framework to keep the Board and its committees informed of the Group's business activities on a continuous basis. Business workgroup activities are reported and measured against agreed KPIs of the Group's yearly business plan on a monthly basis. The Group's financial and operational performance are reviewed by the various relevant committees of the Board on a quarterly basis (or as and when required). The Board meets with the management team at least once every quarter to review the Group's business activities, including important issues relating to business goals and objectives and internal controls.

The Board operates within a robust set of governance as set out below:

1.1 Board Charter and Code of Conduct of the Board

The Board has formally adopted a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct of the Board provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligation during their appointment. In ensuring that the direction and control of the Company is in the hand of the Board, a formal Schedule of Reserved Matters has been implemented, to guide and reserved matters specifically to the Board for decision making. The Schedule of Reserved Matters is provided to Directors upon appointment and it is kept up to date on quarterly basis.

The Board Charter, Code of Conduct and the Schedule of Reserved Matters of the Board are made available for reference in the Company's website, www.opcom.com.my.

1.2 Composition and Balance of the Board

The Board has six (6) members comprising two (2) Executive Directors and four (4) Non- Executive Directors. All four (4) Non-Executive Directors are Independent Non-Executive Directors, thus, this complies with Rule 15.02 of the Listing Requirements that at least one-third (1/3) of the Board is independent directors.

The Directors have wide ranging experience and all have occupied or are currently occupying senior positions in the public and/or private sectors. A brief profile of each Board member is as set out on pages 18 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.

1.3 The Board Meeting

For the financial year ended 31 March 2017, the Board held five (5) meetings. At Board Meetings, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political.

The Board meets regularly, at least once in every quarter, to review the Group's operations and performance. Additional meeting would be convened when urgent and important decision needs the Board's review and consideration between scheduled meetings. During the financial year under review, all Directors have complied with the requirements in respect of Board Meeting attendance as provided in the Listing Requirements. Directors' profiles and attendance to these meetings can be found in the Board of Directors' profile on page 18 to 19.

1.4 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 sufficient time for any of the Board members to obtain further explanations or clarifications as may be needed from senior management and/or the company secretary or to consult independent advisers before the meetings.

Senior management personnel are invited to attend Board meetings to report on their areas of responsibility when necessary, to furnish the Board with detailed explanations and clarifications on issues that are tabled and/or raised at the Board meetings. External advisers may be invited to attend Board meetings at the expense of the Company when necessary.

At all times, all members of the Board have direct and unrestricted access to the senior management and the company secretary of the Company for information relating to business and affairs of the Group.

1.5 Training

The Directors assessed their own training needs and attended courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as directors of the Company. Additionally, the Directors kept themselves updated with the changes in the business and regulations through sharing and discussion in official Board meetings and unofficially through small group discussions among the Directors. Throughout the financial under review, regular updates/briefing on regulatory and industry trends were held at Board and Committee meetings.

The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as directors.

1.6 Appointment and Re-election

The Nominating and Remuneration Committee ("NRC"), which comprises wholly of Non-Executive and Independent Directors, are as follows:

Chairman:	Abdul Jabbar Bin Abdul Majid (Independent Non-Executive Director)
Members:	Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B) (Independent Non-Executive Director)
	Sven Janne Sjöden (Independent Non-Executive Director)

The NRC is empowered by the Board through clear defined terms of reference to oversee amongst others, reviewing the Board composition and making recommendations to the Board for appointments of new Directors by evaluating and assessing the suitability of candidates as Board member or Board Committee member by giving due consideration to the required mix of skills, knowledge, expertise and experience, professionalism and integrity that the proposed Directors shall bring to the Board, reviewing the remuneration packages of the Executive Directors and Senior Management.

The NRC is also responsible for the annual review of the required mix of skills and experience and core competency which Non-Executive Directors should bring to the Board and the annual assessment of the effectiveness of the Board as a whole, the Board Committees, the performance of each existing Director and its Independent Directors. With the latest compliance to the listing requirements, the NRC is responsible to review the term of office of the audit committee and performance of the audit committee and each of its members annually.

In accordance with the Company's Constitution, at every Annual General Meeting ("AGM") 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.

The director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC would be based on the yearly assessment conducted.

In May 2017 meeting, the Board approved that the one (1) Director, namely, Chan Bee Lean, who are due to retire by rotation at the forthcoming twenty-second AGM, be eligible to stand for re-election. The Director has expressed her intention for re-election at the forthcoming twenty-second AGM.

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the Listing Requirements. On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

The Company does not have term limits for Independent Directors as the Board believes there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs. The MCCG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years, however, the independent director may continue to serve on the board subject to board's justification as per the Listing Requirements.

The NRC had undertaken a review and assessment of the level of independence of the independent directors of the Board and based on the assessment, the Board is generally satisfied with the level of independency demonstrated by the Independent Directors, i.e. they are independent of management and free from any business dealing or other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgment. Therefore, it has determined at the assessment carried out that Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B), Abdul Jabbar Bin Abdul Majid and Sven Janne Sjöden, who has serve the Board for more than nine (9) years, remain objective and independent in expressing their views and in participating in deliberation and discussion making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Opcom Group. Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B), Abdul Jabbar Bin Abdul Majid and Sven Janne Sjöden have been demonstrably independent in carrying out their roles as members of the Board and Board Committees, notably in fulfilling their roles as Chairman of the Audit Committee and NRC. The Board is therefore recommending to the shareholders at the forthcoming twenty-second AGM to retain Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B), Abdul Jabbar Bin Abdul Majid and Sven Janne Sjöden as the independent directors of the Company respectively.

The Board has a strong commitment to increasing the representation of women and people from cultural and linguistically diverse background. In addition, the Board supports broad diversity principles across the full range of diversified groups of people. The Group is committed to creating a supportive, flexible and fair work environment where difference among employees is respected. The aim is to provide a workplace that is free from all forms of discrimination and harassment and where all employees are given equal opportunities.

The summary of the activities of the NRC during the financial year are as follows:

- Reviewed the mix of skill and experience and other qualities of the Board;
- Accessed the effectiveness of the Board as a whole, the Board committees and the Directors;
- Discussed the Company's Directors' retirement by rotation;
- Discussed the re-appointment of the Company's Independent Directors who have served the Company for more than nine (9) years;
- Reviewed the Company's Directors' meeting allowances; and
- Reviewed the Employment Contract/The Senior Management.

1.7 Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 March 2017 is as follows:

Company

Remuneration	Executives (RM)	Non-Executives (RM)
Directors' fees	48,000	96,000
Allowances	33,000	76,500
Total	**81,000**	**172,500**

Group

Remuneration	Executives (RM)	Non-Executives (RM)
Directors' fees	180,000	96,000
Salaries	344,265	–
Allowances	182,060	76,500
Benefits-in-kind	186,572	–
Total	**892,897**	**172,500**

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

Company

Band of Remuneration	Executives	Non-Executives
RM50,000 and below	2	3
RM50,001 to RM100,000	–	1
Total	**2**	**4**

Group

Band of Remuneration	Executives	Non-Executives
RM50,000 and below	–	3
RM50,001 to RM100,000	–	1
RM300,001 to RM350,000	1	–
RM351,000 to RM400,000	1	–
Total	**2**	**4**

The determination of the remuneration of the Non-Executive Directors will be a matter to be determined by the Board as a whole on the recommendation of the Chairman and Executive Director. Non-Executive Directors receive a fixed annual fees, as applicable, and allowances for attending Board and Board committee meetings.

The Board has established a policy and procedure to facilitate the NRC to review, consider and recommend to the Board for decision the remuneration package of the Executive Directors and Senior Management and is to be reviewed by the Board as required.

1.8 Succession Plan

The Board is notified of the appointments and replacements, if any, of senior management and the NRC monitors and evaluates the performance of the members of the Board with a view of continuous improvements and to plan for successors when the need arises.

2. Audit Committee

As of financial year ended 31 March 2017, 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, situations of potential conflict of interests and the internal controls of the Group.

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 objective of providing as clear and complete a picture of the Group's performance and position as possible. Such information is communicated on a timely basis through the following channels:

- the various disclosures and announcements on Bursa Securities website including quarterly and annual results;
- the website developed by the Group known as www.opcom.com.my;
- the yearly annual report; and
- participating in investor forum with research analysts, fund managers and investors.

The Shareholders' Communication Policy is made available for reference in the Company's website.

3.2 General Meeting

The 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.

As a best practice, the Chairman would at the commencement of the general meeting informs the shareholders of their rights to request to vote by poll. In line with the latest amendments to the Listing Requirements, the Board will take the requisite steps to comply with the requirement for poll voting at the forthcoming twenty-second AGM. Summary of key matters will be published on the Company's website at www.opcom.com.my.

4. Accountability And Audit

4.1 Financial Reporting

The Board aims to present a fair, balanced and meaningful assessment of the Group and the Company's financial performance and 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 release to Bursa Securities.

4.2 Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 2016 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 of 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, 2016 and the Listing Requirements of Bursa Securities have been applied. In preparing the 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 adopted; 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 of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 2016. 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.

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 Baker Tilly Monteiro Heng Governance Sdn Bhd, who reports directly to the Audit Committee, 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 sound and sufficient. The total cost incurred for the Internal Audit activities of the Group for the financial year under review was RM92,000.00. The Statement on Risk Management and Internal Control furnished on pages 33 and 35 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 is set out under the Audit Committee Report on pages 31 to 32 of the Annual Report.

The Audit Committee reviews and evaluates the performance of the audit committee on annual basis through a series of questionnaires assessment, based on feedback from management and against agreed performance criteria as outlined in the audit plan. The Audit Committee was satisfied with the suitability and independence of the external auditors based on quality and competence of services delivered and sufficient of the professional staff assigned to the annual audit for the financial year ended 31 March 2017 and has made recommendation to the Board on their re-appointment and remuneration.

5. Strategies Promoting Sustainability

The Group ensures its business strategies to drive a long-term corporate growth and profitability also inherently embrace social responsibility, good governance and overall sustainability. The Group maintains continual vigilance on all of its activities so that these have positive impact and enrich to communities, environment, employees and stakeholders on surrounding where the Group operates.

The strategies to promote sustainability and its implementation can be found at the Company's website.

6. Compliance with the MCCG 2012

The Board strives to ensure that the Group complies with the Principles and Best Practices of the Code. The Board will endeavour to improve and enhance procedures in the Group to ensure compliance from time to time. The Group has complied with the Best Practice of the Code during the financial year ended 31 March 2017.

7. Statement On Material Contracts Involving Directors' And Major Shareholders' Interest

There was no material contract entered into by the Group involving the directors' or major shareholders' interest during the financial year ended 31 March 2017.

8. Risk Management Committee

Risk Management Committee holds monthly meetings and reports to the Audit Committee. This Committee regularly reviews all risks including financial, operation and market risks and ensures risks and controls are kept updated to reflect current business 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 affected. The Management, in keeping with good corporate governance practices, takes a serious view of ensuring that the Group is always on alert of any situation that might adversely affects its assets, income and ultimately, its profits.

9. Tender Committee

The Tender Committee of the Board is mandated to review the Group's procurement activities as well as the Group's commitment to undertake major business mandates with third parties. For procurement activities, the Tender Board reviews the recommendation of the management team to undertake expenditure or investment activities which require Board approvals.

The Committee also looks into and review business transactions beyond a certain financial threshold set by the Board, including the nature of the transaction, risks associated with the proposed transaction and the risk-reward considerations of the proposed transaction.

10. Recurrent Related Party Transactions

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 2017 pursuant to the shareholders' mandate were as follows:

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Opcom Sdn Bhd ("OSB") Group and associated companies	• Purchase of goods and services from OSB • Accessories and related training • Business development commission • Motor vehicle expenses • Plant and machineries rental • Supply of capital equipment and related project management and engineering works	Tan Sri Mokhzani Mahathir [a] Dato' Seri Mukhriz Mahathir [b] Tok Puan Norzieta Zakaria [c] Mirzan Mahathir [d] MOCSB [e]	12,096,632
	Letting of office space of 225 sq. ft. at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan at RM225 per month to OSB		2,700
Airzed Broadband Sdn Bhd ("ABSB")	Letting of Opcom's open area of 4,890 sq. ft. at No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan at RM1,650 per month to ABSB	Dato' Seri Mukhriz Mahathir [b] Tok Puan Norzieta Zakaria [c] Mirzan Mahathir [d] MOCSB [e] Chhoa Kwang Hua [f]	19,050

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Perennial Renaissance Sdn Bhd ("PRSB")	Renting of PRSB's office space at 2,870 sq. ft. at D-10-P2 Plaza Mont' Kiara, No. 2 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan at RM5,600 per month by Opcom	Chhoa Kwang Hua [f] Emile Chhoa Yin-Ling [g]	51,600
Unigel (UK) Limited Group ("Unigel Group") and associated companies	Supply of goods and services to Unigel Group and its associated companies • All chemical including petroleum based products Purchase of goods and services from Unigel Group and its associated companies Cable related raw materials, components and other such related merchandise	Chhoa Kwang Hua [f] UL [h] Hikari [i]	15,438,326

Notes

Nature of interest:

a Tan Sri Mokhzani Mahathir is the Chairman/ Chief Executive Officer of Opcom and Opcom Cables Sdn Bhd ("OCSB"). Tan Sri Mokhzani Mahathir is the brother of Dato' Seri Mukhriz Mahathir and Mirzan Mahathir. He is also the brother-in-law of Tok Puan Norzieta Zakaria.

b Dato' Seri Mukhriz Mahathir is a major shareholder of Opcom.

c Tok Puan Norzieta Zakaria, the spouse of Dato' Seri Mukhriz Mahathir is a director of OCSB, Unigel Compounds Sdn Bhd and Opcom Shared Services Sdn Bhd ("OSSSB"). She is a major shareholder and director of M Ocean Capital Sdn Bhd ("MOCSB"), OSB and ABSB.

d Mirzan Mahathir, the brother of Tan Sri Mokhzani Mahathir and Dato' Seri Mukhriz Mahathir and the brother-in-law of Tok Puan Norzieta Zakaria is a director of OCSB and a shareholder of OSB. He is also a shareholder and director of MOCSB.

e MOCSB is a major shareholder of Opcom.

f Chhoa Kwang Hua, an Executive Director/Deputy Chief Executive Officer of Opcom and is a director of UCSB and OSSSB. He is an alternate director to Tok Puan Norzieta Zakaria in OCSB. He is a major shareholder and director of ABSB, PRSB, Hikari Capital Limited ("HCL"), Unigel Limited ("UL") and Unigel IP.

g Emile Chhoa Yin-Ling, the daughter of Chhoa Kwang Hua is a major shareholder and director of PRSB.

h UL, a 60% shareholder of Unigel Group and Unigel IP.

i Hikari is the holding company of UL.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the Audit Committee ("Committee") Report of the Company and its subsidiaries ("Group") for the financial year ended 31 March 2017.

1. COMPOSITION

The present members of the Committee comprised:

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

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

Chan Bee Lean
(Independent Non-Executive Director)

2. ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR

The Committee held a total of six (6) meetings. Details of attendance of the committee members are as follows:

Name of Committee	Number of Meetings Attended
Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B)	6/6
Sven Janne Sjöden	5/6
Chan Bee Lean	6/6

* *During the financial year under review, the members of the Committee had two (2) separate dialogues with the representatives of the external auditors of the Company without the presence of any executive directors and management personnel.*

3. SUMMARY OF WORK DONE BY THE COMMITTEE

The following were the work done by the Committee during the financial year in discharging its duties and responsibilities as set out in the terms of reference of the Committee:

(a) Financial Results and Corporate Governance

- Reviewed and deliberated the unaudited quarterly results and audited financial statements of the Group, including related announcements, compliance with Malaysian Financial Reporting Standards and Bursa Malaysia Securities Berhad ACE Market Listing Requirements ("Bursa Listing Requirements"), with management, before recommendation to the Board for approval;
- Reviewed quarterly internal finance policies and procedures of Opcom Cables Sdn Bhd;
- Reviewed and discussed the changes in law and regulations and regulatory updates relating to the Group's businesses;
- Reviewed annually the policies, procedures and processes established for 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 Listing Requirements;
- On quarterly basis, reviewed the related party transactions to ensure the transactions are complied within the approved mandated value given by the shareholders for recurrent related party transactions; and
- Reviewed the Risk Management Policies and Procedures and proposed refreshment training to head of workgroups of the Group.

(b) External Audit

- Reviewed the external auditor's audit plans activities to ensure audit scopes are adequately covered;
- Reviewed the audit progress, results of the final audit, audit report and assistance given by the employees of the Company with the external auditors;
- Reviewed and undertook annual assessment of the suitability, objectivity and independence of external auditors;
- Met with the external auditors twice a year without the presence of any executive directors and management personnel; and
- Reviewed and recommended to the Board the proposed final audit fees for the external auditors.

(c) Internal Audit

- Reviewed and assessed the adequacy of the annual scopes and functions of the Internal Audit Plan for the Company and the Group;
- Reviewed and recommended to the Board the renewal audit engagement;
- Reviewed and recommended to the Board the proposed annual audit fee for the internal auditors; and
- Reviewed the quarterly internal audit reports and internal audit progress report and corrective management action plans with management and internal auditors.

4. INTERNAL AUDIT ACTIVITIES

The Internal Audit function of the Group has been outsourced to Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly"), who reports directly to the Committee. Baker Tilly assists the Board in maintaining a sound system of internal controls and ensure that established policies and procedures are adhered to and continue to be effective and satisfactory.

Baker Tilly has conducted on-going reviews of the adequacy and effectiveness of the internal control systems, compliance with established policies and regulations and means of safeguarding assets of the Group. On a quarterly basis, audit findings and the plan progress reports are submitted for review and approval by the Committee. Included in the reports are recommended corrective measures on risks identified and/or weaknesses identified, if any, for implementation by Management. 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.

The reviews conducted by Baker Tilly during the financial year were as follows:

Group

- Procurement and vendor management
- Business continuity management
- Financial reporting, managing accounting and control data
- Contract administration and management

Opcom Cables Sdn Bhd

- Occupational, health and safety management
- Project and store management

Follow up Audit on the status of implementation/ improvement measures taken on addressing issues previously highlighted was also carried out by Baker Tilly during the financial year.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2017 is RM92,000.00.

STATEMENT ON
RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Opcom Holdings Berhad ("Board") is pleased to provide the following statement on the state of risk management and internal control of the Company and its subsidiaries ("Group") for the financial year ended 31 March 2017, which has been prepared in accordance with the "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers" ("Guidelines") issued 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.

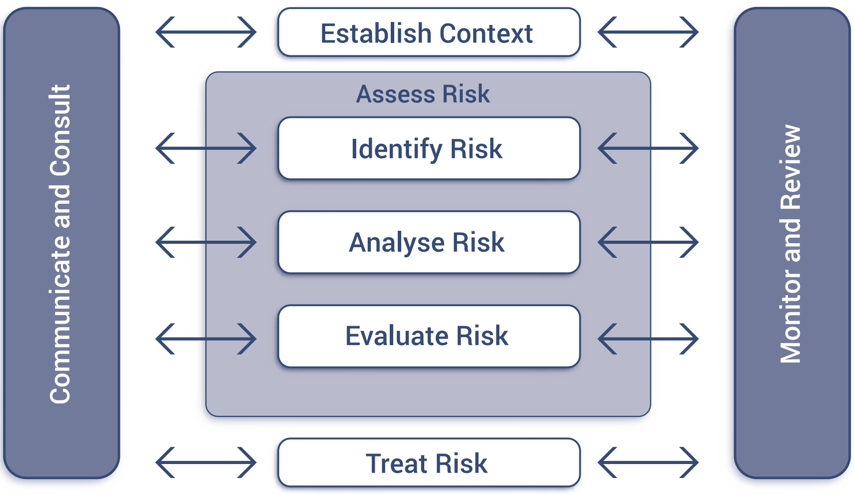
The Board is entrusted with the responsibility to exercise reasonable and proper care of the Group's resources in the best interest of its' shareholders, whilst safeguarding its assets and shareholders' investments.

The Board acknowledges that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. The Board through its Audit Committee reviews the results of this process quarterly, including measures that have been carried out by management to mitigate and address the key risks areas. This process has been in place for the financial year under review and up to the date of approval of this Statement.

The Board affirms its overall responsibilities for maintaining a sound system of risk management and internal controls, for reviewing its adequacy and integrity in supporting the achievement of the Group's strategic goals and business objectives, and for managing those risks efficiently, effectively and economically.

RISK MANAGEMENT FRAMEWORK

The Group's Risk Management Committee adopts the AN/NZS:4360/2004 Risk Management Standard for the establishment and implementation of the risk Management Process within the Group. The overview of the Risk Management Process is depicted in the following diagram:



(Reference: Standards Australia and Standards New Zealand (2004) HB 436:2004, Risk Management, Sydney, NSW.)

The overview of the Risk Management Process involves systematically establishment of strategic and organisational context, identifying, analysing, assessing, evaluation and monitoring and/or reporting on the risks that may affect the achievement of the business objectives. This process helps to reduce the Group's internal and external uncertainty environment, thus allowing it to maximise business opportunities.

The Board through its Audit Committee oversees the Risk Management Process. The Audit Committee, on a quarterly basis, performs formal reviews on the adequacy and integrity of the risk management profiles. The Risk Management Committee, which comprises of management and head of workgroups of the Company, meets on a monthly basis and reports to the Audit Committee on quarterly basis.

The major risks which the Group is exposed to are products and services, supplier, financial and operations. Through peer discussions and brainstorming in monthly meeting, respective management and head of workgroups identify respective workgroup's risk component and perceived risks. All risks identified are documented in a pre-designed risk sheet. The identified risks are then being categorised into inherent or controllable risk and assessment of likelihood of occurrence of the risk and its consequential impact.

Once the gross risk is being identified with its likelihood rating and impact level determined, the management further identifies the existing control procedures on identified risk and the controls effectiveness, to determine the remaining risk known as Residue Risks. The Group's Residue Risks are plotted in the Risk Map (as indicated in the below table) to assist management in prioritising their efforts and appropriately gauge the acceptability and managing the different classes of risks.

Probability/Likelihood	Consequences/Impact				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
5 - Almost Certain					
4 - Likely					
3 - Possible					
2 - Unlikely					
1 - Rare					

Insignificant Low Moderate High Extremely High

(Reference: Standards Australia and Standards New Zealand (2004) HB 436:2004, Risk Management, Sydney, NSW.)

The Board and management drive a proactive risk management culture to ensure that the Group's management and head of workgroups have a better and clear understanding on these risk management principles.

INTERNAL AUDIT

The Group appoints an independent outsourced internal audit service provider to carry out internal audit reviews, and to support the Board in 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.

Areas which the internal auditors reviewed during the year were as follows:

- Procurement and vendor management
- Business continuity management
- Financial reporting, managing accounting and control data
- Contract administration and management
- Project & store management
- Occupational, health and safety management

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 identified during the internal audits provide an added and independent assurance that control procedures are in place, and are being followed.

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

Deputy Chief Executive Officer, Chief Operating Officer, General Manager Finance of Opcom Cables Sdn Bhd and Deputy General Manager, Group Human Resource & Administration, based on the risk management framework adopted by the Company and is operating adequately and effectively. The results were presented by the Risk Management Committee to the Board. Additionally and separately, the Board is also of the view that the Internal Control system is adequate and effective based on the established Internal Control framework as reported by an independent outsourced internal audit service provider to the Audit Committee of the Board. The Board remains committed to ensuring a sound system of risk management and internal control and therefore recognises that the systems must continuously evolve to support growth and will take any appropriate action plans, when necessary, to further enhance the Company's system of risk management and internal control.

OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

The Group's system of internal controls also comprise the following key elements:

- **Control Procedures**

  Group-wide policies and procedures are in place to facilitate communications and awareness of accountability and control procedures for key business units. The policies and procedures are available and accessible by the relevant employees.

- **Organisational Structure and Accountability Levels**

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

- **Reporting Review**

  The Group's management team monitor and review the financial results and budgets for all business units within the Group on a monthly basis. The processes include monitoring and reporting of performance against the operating plans and annual budgets in operations committee meetings. The Group's management team communicate on a monthly basis 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 maybe circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Group to achieve its 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 faced by the Group and the underlying controls to mitigate these risks. 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 2017.

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Ace Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors of **OPCOM HOLDINGS BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is renting of buildings, provision of management services to its subsidiary companies and investment holding.

The principal activities of the subsidiary companies and associated companies are disclosed in Note 14 and Note 15 to the financial statements respectively.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	**The Company RM**
Profit before tax	8,110,217	4,592,837
Income tax expense	(2,187,106)	(471,824)
Profit for the year	5,923,111	4,121,013

Attributable to:	
Owners of the Company	7,196,763
Non-controlling interests	(1,273,652)
	5,923,111

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company in respect of the current financial year is as follows:

	RM
An interim single-tier dividend of 2.00 sen per ordinary share paid on 18 August 2016	3,224,999

The directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the current financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would require the writing off of bad debts or the setting up of allowance for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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

(d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability 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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Mokhzani Mahathir
Chhoa Kwang Hua
Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B)
Abdul Jabbar Bin Abdul Majid
Sven Janne Sjöden
Chan Bee Lean

DIRECTORS' INTERESTS

The shareholdings in the Company and in the related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	No. of ordinary shares of RM0.20* each			
	Balance as of 1.4.2016	Bought	Sold	Balance as of 31.3.2017
Shares in the Company				
Registered in the name of the directors				
Chhoa Kwang Hua	25,000	555,900	–	580,900
Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B)	715,625	–	–	715,625
Abdul Jabbar Bin Abdul Majid	625,000	–	–	625,000
Sven Janne Sjöden	120,000	–	–	120,000

* Upon the effective date of the Companies Act, 2016 on 31 January 2017, the ordinary shares do not have any par value.

By virtue of the above directors' interests in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiary companies to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during and at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of related party transactions as disclosed in Note 30 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM8,800.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the financial year ended 31 March 2017 is as disclosed in Note 8 to the financial statements.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the directors,

TAN SRI MOKHZANI MAHATHIR

CHHOA KWANG HUA

Petaling Jaya,
4 July 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OPCOM HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **OPCOM HOLDINGS BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 March 2017 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 46 to 96.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Revenue recognition	Our audit performed and responses thereon
Revenue from the sales of cables, accessories, oil based industrial materials and thixotropic gel amounting to RM84.0 million represents 90% of total revenue of the Group. We identified the revenue recognition as an area of significant risk as we consider the magnitude of sales transactions to be a possible cause of material misstatements in the timing and amount of revenue recognised. Refer to significant accounting policies in Note 3, and revenue in Note 5 to the financial statements.	Our audit included the following procedures: • We obtained update on our understanding of revenue recognition process and evaluated the business process controls over timing and amount of revenue recognised. • We read the terms of major sales transactions to determine the point of transfer of the risk and rewards. • We tested documents evidenced the delivery of goods to customers. • We tested the recording of sales transaction close to the year end to establish whether the transactions were recorded in the correct accounting period.

Key Audit Matters (Cont'd)

Impairment of investment in associated companies	**Our audit performed and responses thereon**
The Group's investment in associated companies amounted to RM16.6 million, is net of accumulated impairment losses of RM3.2 million. Valuation of investment in associated companies involved significant judgements and estimates made by the directors over the key assumptions supporting the projected cash flows. Refer to key sources of estimation uncertainty in Note 4, and investment in associated companies in Note 15 to the financial statements.	Our audit included the following procedures: • We involved our internal specialists in reviewing the impairment assessment performed by management on the investment in associated companies. • We evaluated management's projected cash flows and the process by which they were developed to ensure key inputs are in line with projected cash flows approved by the Board of Directors. • We evaluated whether the key assumptions on revenue are reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of the industry. • We challenged whether the rate used in discounting the future cash flows to its present value was appropriate.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out in Note 35 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2018 J
Chartered Accountant

4 July 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	The Group		The Company	
		2017	**2016**	**2017**	**2016**
		RM	**RM**	**RM**	**RM**
Revenue	5	**93,417,902**	102,587,590	**8,688,082**	7,137,402
Cost of sales	6	**(76,109,065)**	(81,752,413)	**(3,447,744)**	(3,411,083)
Gross profit		**17,308,837**	20,835,177	**5,240,338**	3,726,319
Other income		**2,289,376**	6,511,169	**170**	314
Interest income		**1,025,232**	1,464,205	**268,596**	342,808
Distribution costs		**(2,921,117)**	(4,120,944)	**–**	–
Administrative expenses		**(9,182,319)**	(10,054,160)	**(916,267)**	(1,140,682)
Other expenses		**(1,818,124)**	(3,939,576)	**–**	–
Impairment loss on investment in associated companies	15	**–**	(3,202,214)	**–**	–
Finance costs	7	**(129,033)**	(68,633)	**–**	–
Share of results of associated companies	15	**1,537,365**	871,454	**–**	–
Profit before tax	8	**8,110,217**	8,296,478	**4,592,837**	2,928,759
Income tax expense	10	**(2,187,106)**	(2,841,889)	**(471,824)**	(191,218)
Profit for the year		**5,923,111**	5,454,589	**4,121,013**	2,737,541
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss:					
Translation differences		**2,813,327**	(370,594)	**–**	–
Total comprehensive income for the year		**8,736,438**	5,083,995	**4,121,013**	2,737,541
Profit/(Loss) for the year attributable to:					
Owners of the Company		**7,196,763**	7,424,938	**4,121,013**	2,737,541
Non-controlling interests		**(1,273,652)**	(1,970,349)	**–**	–
		5,923,111	5,454,589	**4,121,013**	2,737,541
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company		**10,010,090**	7,054,344	**4,121,013**	2,737,541
Non-controlling interests		**(1,273,652)**	(1,970,349)	**–**	–
		8,736,438	5,083,995	**4,121,013**	2,737,541
Earnings per share					
Basic (sen per share)	11	**4.5**	4.6		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS OF 31 MARCH 2017

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	12	**42,271,895**	38,345,509	**13,186,660**	13,332,953
Investment properties	13	**–**	–	**10,966,730**	10,149,516
Investment in subsidiary companies	14	**–**	–	**14,200,004**	13,700,004
Investment in associated companies	15	**16,575,303**	13,171,544	**–**	–
Deferred tax assets	23	**30,623**	6,408	**–**	–
Total Non-current Assets		**58,877,821**	51,523,461	**38,353,394**	37,182,473
Current Assets					
Inventories	16	**9,982,934**	7,941,585	**–**	–
Tax recoverable		**918,792**	327,354	**108,743**	–
Trade receivables	17	**10,631,993**	10,541,248	**–**	–
Other receivables and prepaid expenses	18	**3,895,597**	1,479,534	**198,950**	363,355
Amount owing by subsidiary companies	30	**–**	–	**5,715,751**	5,650,648
Amount owing by associated companies	30	**10,939,801**	9,343,958	**–**	–
Amount owing by related party	30	**20,305**	2,250	**20,305**	2,250
Cash and cash equivalents	19	**36,610,475**	40,157,629	**7,357,855**	9,690,186
Total Current Assets		**72,999,897**	69,793,558	**13,401,604**	15,706,439
Total Assets		**131,877,718**	121,317,019	**51,754,998**	52,888,912

STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2017

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	20	**32,249,987**	32,249,987	**32,249,987**	32,249,987
Reserves	22	**56,402,875**	49,617,784	**13,170,121**	12,274,107
Equity attributable to owners of the Company		**88,652,862**	81,867,771	**45,420,108**	44,524,094
Non-controlling interests		**11,670,125**	12,943,777	**–**	–
Total Equity		**100,322,987**	94,811,548	**45,420,108**	44,524,094
Non-current Liabilities					
Deferred tax liabilities	23	**1,713,714**	1,520,474	**1,674,058**	1,511,766
Hire-purchase payables - non-current portion	29	**70,636**	–	**–**	–
Total Non-current Liabilities		**1,784,350**	1,520,474	**1,674,058**	1,511,766
Current Liabilities					
Trade payables	24	**8,387,129**	4,939,392	**–**	–
Other payables and accrued expenses	25	**5,067,992**	4,945,789	**502,564**	960,636
Amount owing to subsidiary companies	30	**–**	–	**4,156,693**	5,650,616
Amount owing to corporate shareholder of a subsidiary company	30	**8,913,457**	9,915,247	**–**	–
Amount owing to associated company	30	**562,205**	–	**–**	–
Amount owing to related parties	30	**2,646,714**	1,292,867	**1,575**	1,575
Bank borrowings (unsecured)	26	**3,898,194**	3,287,181	**–**	–
Tax liabilities		**111,194**	409,950	**–**	240,225
Derivative financial liabilities	27	**–**	99,003	**–**	–
Provision for liquidated damages	28	**134,504**	95,568	**–**	–
Hire-purchase payables - current portion	29	**48,992**	–	**–**	–
Total Current Liabilities		**29,770,381**	24,984,997	**4,660,832**	6,853,052
Total Liabilities		**31,554,731**	26,505,471	**6,334,890**	8,364,818
Total Equity and Liabilities		**131,877,718**	121,317,019	**51,754,998**	52,888,912

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

The Group

	Note	Share capital RM	← Non-distributable reserves → Capital reserve RM	Translation reserve RM	Distributable reserve - Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total RM
Balance as of 1 April 2015		32,249,987	3,283	1,832,843	43,146,065	77,232,178	14,914,126	92,146,304
Profit/(Loss) for the year		–	–	–	7,424,938	7,424,938	(1,970,349)	5,454,589
Other comprehensive loss		–	–	(370,594)	–	(370,594)	–	(370,594)
Total comprehensive income/(loss) for the year		–	–	(370,594)	7,424,938	7,054,344	(1,970,349)	5,083,995
Dividends	21	–	–	–	(2,418,751)	(2,418,751)	–	(2,418,751)
Balance as of 31 March 2016		32,249,987	3,283	1,462,249	48,152,252	81,867,771	12,943,777	94,811,548
Balance as of 1 April 2016		32,249,987	3,283	1,462,249	48,152,252	81,867,771	12,943,777	94,811,548
Profit/(Loss) for the year		–	–	–	7,196,763	7,196,763	(1,273,652)	5,923,111
Other comprehensive income		–	–	2,813,327	–	2,813,327	–	2,813,327
Total comprehensive income/(loss) for the year		–	–	2,813,327	7,196,763	10,010,090	(1,273,652)	8,736,438
Dividends	21	–	–	–	(3,224,999)	(3,224,999)	–	(3,224,999)
Balance as of 31 March 2017		**32,249,987**	**3,283**	**4,275,576**	**52,124,016**	**88,652,862**	**11,670,125**	**100,322,987**

The Company

	Note	Share capital RM	Distributable reserve - Retained earnings RM	Total RM
Balance as of 1 April 2015		32,249,987	11,955,317	44,205,304
Total comprehensive income for the year		–	2,737,541	2,737,541
Dividends	21	–	(2,418,751)	(2,418,751)
Balance as of 31 March 2016		32,249,987	12,274,107	44,524,094
Balance as of 1 April 2016		32,249,987	12,274,107	44,524,094
Total comprehensive income for the year		–	4,121,013	4,121,013
Dividends	21	–	(3,224,999)	(3,224,999)
Balance as of 31 March 2017		**32,249,987**	**13,170,121**	**45,420,108**

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	**8,110,217**	8,296,478	**4,592,837**	2,928,759
Adjustments for:				
Depreciation of property, plant and equipment	**2,983,667**	2,603,124	**266,374**	270,176
Finance costs	**129,033**	68,633	**–**	–
Provision for liquidated damages/(Provision for liquidated damages no longer required) - net	**100,670**	(98,914)	**–**	–
Inventories written down to net realisable value	**89,062**	38,253	**–**	–
Property, plant and equipment written off	**35,567**	45,400	**1,569**	2,300
Share of results of associated companies	**(1,537,365)**	(871,454)	**–**	–
Interest income	**(1,025,232)**	(1,464,205)	**(268,596)**	(342,808)
(Allowance for inventory obsolescence no longer required)/ Allowance for inventory obsolescence	**(159,873)**	689,176	**–**	–
Net fair value (gain)/loss on financial liabilities at FVTPL	**(99,003)**	99,003	**–**	–
Gain on disposal of property, plant and equipment	**(73,870)**	(52,830)	**–**	–
Unrealised gain on foreign exchange	**(58,976)**	(278,662)	**–**	–
Impairment loss on investment in associated companies	**–**	3,202,214	**–**	–
Reversal of contingent consideration	**–**	(4,528,384)	**–**	–
Dividend income from subsidiary company	**–**	–	**(1,000,000)**	–
Depreciation of investment properties	**–**	–	**245,731**	205,952
Operating Profit Before Working Capital Changes	**8,493,897**	7,747,832	**3,837,915**	3,064,379
(Increase)/Decrease in:				
Inventories	**(1,796,445)**	421,434	**–**	–
Trade receivables	**(50,538)**	1,033,046	**–**	–
Other receivables and prepaid expenses	**(2,252,934)**	(702,867)	**164,405**	(114,194)
Amount owing by subsidiary companies	**–**	–	**(565,103)**	(804,525)
Amount owing by associated companies	**(230,643)**	3,128,545	**–**	–
Amount owing by related party	**(54,876)**	72,974	**(18,055)**	3,077
Increase/(Decrease) in:				
Trade payables	**3,037,583**	(7,819,947)	**–**	–
Other payables and accrued expenses	**55,534**	2,322,202	**(458,072)**	354,368
Amount owing to subsidiary companies	**–**	–	**(1,493,923)**	1,639,732
Amount owing to corporate shareholder of a subsidiary company	**–**	(21,146)	**–**	–
Amount owing to associated company	**499,292**	–	**–**	–
Amount owing to related parties	**1,650,028**	1,289,187	**–**	–
Cash From Operations	**9,350,898**	7,471,260	**1,467,167**	4,142,837
Income tax refunded	**–**	1,174,236	**–**	–
Income tax paid	**(2,923,798)**	(3,528,706)	**(658,500)**	(925,606)
Liquidated damages paid	**(61,734)**	(3,465)	**–**	–
Net Cash From Operating Activities	**6,365,366**	5,113,325	**808,667**	3,217,231

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment [Note (i)]	**(6,565,111)**	(5,135,815)	**(121,650)**	(75,876)
Additions to investment properties	**–**	–	**(1,062,945)**	(3,728,271)
Proceeds from disposal of property, plant and equipment	**73,870**	52,830	**–**	–
Interest received	**1,025,232**	1,464,205	**268,596**	342,808
Final adjusted consideration for the acquisition of associated companies	**(232,921)**	–	**–**	–
Refund of excess payment made upon acquisition of investment in associated companies	**–**	367,002	**–**	–
Dividend received	**–**	–	**1,000,000**	–
Net Cash (Used In)/From Investing Activities	**(5,698,930)**	(3,251,778)	**84,001**	(3,461,339)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Dividends paid	**(3,224,999)**	(2,418,751)	**(3,224,999)**	(2,418,751)
Proceeds from/(Repayments of) bank borrowings - net	**163,721**	(3,876,678)	**–**	–
Finance costs paid	**(129,033)**	(68,633)	**–**	–
Repayment to corporate shareholder of a subsidiary company	**(1,003,666)**	(5,514,000)	**–**	–
Acquisition of investment in subsidiary company	**–**	–	**–**	(2)
Repayment of hire-purchase payables	**(30,372)**	–	**–**	–
Net Cash Used In Financing Activities	**(4,224,349)**	(11,878,062)	**(3,224,999)**	(2,418,753)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,557,913)**	(10,016,515)	**(2,332,331)**	(2,662,861)
Effect of exchange rate fluctuations on cash held	**10,759**	717,302	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**40,157,629**	49,456,842	**9,690,186**	12,353,047
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 19)	**36,610,475**	40,157,629	**7,357,855**	9,690,186

Note (i)
During the financial year, the Group acquired property, plant and equipment at an aggregate cost of RM6,715,111 (2016: RM5,135,815) of which RM150,000 (2016: RMNil) is acquired under hire-purchase arrangement. Cash payments for the acquisition of property, plant and equipment of the Group amounted to RM6,565,111 (2016: RM5,135,815).

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is renting of buildings, provision of management services to its subsidiary companies and investment holding.

The principal activities of the subsidiary companies and associated companies are disclosed in Note 14 and Note 15 respectively.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 4 July 2017.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Application of new and revised MFRSs

In the current year, the Group and the Company have applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for accounting period that begins on or after 1 April 2016:

Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Classification of Acceptable Method of Depreciation and Amortisation
Amendments to MFRSs	Annual Improvements to MFRSs 2012-2014 Cycle

The adoption of these amendments to MFRSs have not affected the amounts reported in the financial statements of the Group and of the Company for the current year and prior year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards, Amendments and IC Interpretation ("IC Int") which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 9	Financial Instruments[2]
MFRS 15	Revenue from Contracts with Customers[2]
MFRS 16	Leases[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to MFRS 107	Disclosure Initiative[1]
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to MFRS 140	Transfers of Investment Property[2]
Amendments to MFRSs	Annual Improvements to MFRSs 2014-2016 Cycle[1 or 2]
IC Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The directors anticipate that the abovementioned Standards, Amendments and IC Int will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards, Amendments and IC Int will have no impact on the financial statements of the Group and of the Company in the period of initial applications, except as discussed below.

MFRS 9 Financial Instruments

MFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. MFRS 9 was subsequently amended in October 2010 to include the new requirements for general hedge accounting. Another revised version of MFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial asset and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

- All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regards to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liabilities, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9: (Cont'd)

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of MFRS 9 in the future may have a material impact on amounts reported in respect of the Group's and the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group and the Company complete a detailed review.

MFRS 15 Revenue from Contracts with Customers

In May 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Subsequently, amendments to MFRS 15 were issued in April 2016 which provide clarifications on certain requirements of MFRS 15 and provide additional transitional relief upon implementing MFRS 15. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretation when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligations is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group completes a detailed review.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors of the Company anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the basis of historical cost other than as disclosed in the summary of accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

Subsidiary Companies

Investments in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisition of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*s are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Investments in Associated Companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments in Associated Companies (Cont'd)

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associated company is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associated companies. When the Group's share of losses of an associated company exceeds the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

The Group's investment in associated companies includes goodwill identified on acquisition, is stated in the Group's financial statements at cost, less impairment losses.

The requirements of MFRS 139 applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associated company, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS139. The difference between the carrying amount of the associated company at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associated company is included in the determination of the gain or loss on disposal of the associated company. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would be required if that associated company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associated company of the Group, profit or losses resulting from the transactions with the associated company are recognised in the Group's financial statements only to the extent of interests in the associated company that are not related to the Group.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Revenue from sales of goods

Revenue is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of the goods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

(ii) Services income

Revenue from services rendered is recognised in profit or loss when services are rendered. Revenue from engineering services is recognised net of discounts when rendering of services has been completed.

(iii) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(v) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

Foreign Currencies

(i) Functional and Presentation Currencies

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency, the currency of the primary economic environment in which the Group and the Company operate, except for Unigel Compounds Sdn Bhd ("UCSB"), the subsidiary company, which the functional currency is the United States of America Dollar ("USD").

(ii) Foreign Currency Transactions

In preparing the financial statements of the Group, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

For the purpose of presenting financial statements, the assets and liabilities of the Group are translated to RM using the exchange rate prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the period, unless the exchange rate fluctuated significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences relating to the translation of the results and net assets of the Group from its functional currency to its presentation currency are recognised directly in other comprehensive income and classified under translation adjustment accounts. Such translation differences are recognised in profit or loss in the period in which the subsidiary company is disposed of.

Employee Benefits

(i) Short-term Employee Benefits

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

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits including unutilised reinvestment allowances can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Earnings Per Share

Basic earnings per share ("EPS") for the reporting period is calculated by dividing the profit for the reporting period attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the reporting period.

Diluted EPS for the reporting period is calculated by dividing the profit for the reporting period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period adjusted for the effects of dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Finance Lease

Leases in terms of which the Group and 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in comprehensive income as incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

Depreciation of property, plant and equipment is computed on the straight-line method to write off the cost of the various property, plant and equipment to their residual values over their estimated useful lives at the following rates:

Long-term leasehold land	64 years
Buildings	50 years
Motor vehicles	5 years
Office equipment	10 years
Computer equipment	4 years
Plant and machinery	15 years
Renovations	5 years
Tools and equipment	10 years
Furniture, fixtures and fittings	10 - 20 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations are treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Property, plant and equipment under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment Properties

Investment properties are properties which are held to earn rentals and/or for capital appreciation (including property under construction for such purpose).

Investment properties are measured at cost less accumulated depreciation and any impairment.

Building under construction within investment properties is not depreciated. Buildings are depreciated over the estimated economic useful lives of 50 years at an annual rate of 2%.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, include an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on weighted average method.

Cost of materials comprises the original purchase price plus the costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods include the costs of raw materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation by the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(i) Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(c) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

(d) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(b) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprises derivatives and financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

(c) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Non-Financial Assets (Cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(a) Impairment of investment in associated companies

The Group records an impairment of investment in associated companies when the recoverable amount of the investment in associated companies is less than the carrying value. This calculation requires the use of estimates and judgements. The recoverable amount of Unigel (UK) Limited and its subsidiary company was based on its value-in-use using the discounted cash flow method. The projected cash flows are estimated based on expected future cash flow that arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows covering a five year period, based on management's past experience and future expectations. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after fifth year. The key assumptions are disclosed in Note 15.

(b) Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits including unutilised reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(c) Allowance for inventory obsolescence

The Group provides an allowance for inventory losses whenever net realisable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realised. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The allowance account is reviewed periodically to reflect the accurate valuation in the financial records.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Allowance for inventory obsolescence (Cont'd)

The carrying amount of inventories and the allowance for inventory obsolescence at the end of the reporting period are as disclosed in Note 16.

5. REVENUE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Sales of cables	**55,468,868**	71,500,827	**–**	–
Sales of accessories	**5,403,833**	9,191,363	**–**	–
Sales of oil based industrial materials	**14,973,740**	20,696,923	**–**	–
Sales of thixotropic gel	**8,136,823**	–	**–**	–
Engineering services income	**9,366,016**	1,130,905	**–**	–
Rental income from:				
Related parties (Note 30)	**21,750**	20,700	**21,750**	20,700
Subsidiary companies (Note 30)	**–**	–	**4,127,460**	3,577,830
Others	**46,872**	46,872	**46,872**	46,872
Management fee receivable from subsidiary companies (Note 30)	**–**	–	**3,492,000**	3,492,000
Dividend income from subsidiary company (Note 30)	**–**	–	**1,000,000**	–
	93,417,902	102,587,590	**8,688,082**	7,137,402

6. COST OF SALES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cost of cables and accessories	**44,205,291**	60,161,894	**–**	–
Purchase of oil based industrial materials	**14,780,382**	20,522,685	**–**	–
Cost of thixotropic gel	**7,991,017**	–	**–**	–
Engineering services cost	**9,132,375**	1,067,834	**–**	–
Cost of property maintenance and management	**–**	–	**3,447,744**	3,411,083
	76,109,065	81,752,413	**3,447,744**	3,411,083

7. FINANCE COSTS

	The Group	
	2017	2016
	RM	RM
Interest expense on:		
Bank borrowings	**126,855**	68,633
Hire-purchase	**2,178**	–
	129,033	68,633

8. PROFIT BEFORE TAX

Profit before tax is arrived at after the following charges/(credits):

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Employee benefits expense (Note 9)	**8,596,994**	7,913,116	**117,604**	10,808
Loss/(Gain) on foreign exchange:				
Realised	**975,124**	5,856,591	**–**	–
Unrealised	**(58,976)**	(278,662)	**–**	–
Depreciation of property, plant and equipment (Note 12)	**2,983,667**	2,603,124	**266,374**	270,176
Directors' remuneration:				
Salaries and other emoluments	**712,897**	681,126	**109,500**	96,750
Fees	**292,575**	290,200	**144,000**	144,000
Auditors' remuneration:				
Statutory	**150,000**	130,000	**58,000**	48,000
Non-statutory	**5,000**	5,000	**5,000**	5,000
Provision for liquidated damages/(Provision for liquidated damages no longer required) - net (Note 28)	**100,670**	(98,914)	**–**	–
Rental payable to related parties (Note 30):				
Motor vehicles	**54,000**	54,000	**–**	–
Office	**51,600**	36,000	**51,600**	36,000
Property, plant and equipment written off	**35,567**	45,400	**1,569**	2,300
Inventories written down to net realisable value (Note 16)	**89,062**	38,253	**–**	–
Reversal of contingent consideration (Note 15)	**–**	(4,528,384)	**–**	–
Interest income from:				
Deposits with licensed banks	**(835,667)**	(1,330,895)	**(268,596)**	(342,808)
Amount owing by associated companies (Note 30)	**(189,565)**	(133,310)	**–**	–
	(1,025,232)	(1,464,205)	**(268,596)**	(342,808)
(Allowance for inventory obsolescence no longer required)/Allowance for inventory obsolescence (Note 16)	**(159,873)**	689,176	**–**	–
Net fair value (gain)/loss on financial liabilities at FVTPL	**(99,003)**	99,003	**–**	–
Gain on disposal of property, plant and equipment	**(73,870)**	(52,830)	**–**	–
Depreciation of investment properties (Note 13)	**–**	–	**245,731**	205,952

9. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Wages and salaries	**6,490,339**	5,234,233	**–**	–
Pension costs:				
Defined contribution plans	**855,758**	785,394	**–**	–
Social security costs	**83,962**	64,287	**–**	–
Other benefits	**1,166,935**	1,829,202	**117,604**	10,808
	8,596,994	7,913,116	**117,604**	10,808

The compensation of key management personnel, inclusive of directors' remuneration, are as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and other emoluments	**1,193,775**	1,177,005	**109,500**	96,750
Fees	**292,575**	290,200	**144,000**	144,000
	1,486,350	1,467,205	**253,500**	240,750

10. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Estimated tax payable:				
Current year	**2,306,959**	2,967,936	**844,571**	825,025
(Over)/Under provision in prior years	**(258,972)**	(92,103)	**(535,039)**	37,806
	2,047,987	2,875,833	**309,532**	862,831
Deferred tax (Note 23):				
Current year	**410,596**	212,537	**162,292**	(19,988)
Overprovision in prior years	**(271,477)**	(246,481)	**–**	(651,625)
	139,119	(33,944)	**162,292**	(671,613)
Total	**2,187,106**	2,841,889	**471,824**	191,218

10. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	**8,110,217**	8,296,478	**4,592,837**	2,928,759
Tax expense at statutory tax rate of 24% (2016: 24%)	**1,946,452**	1,991,155	**1,102,281**	702,902
Tax effects of:				
Expenses that are not deductible for income tax purposes	**386,064**	1,076,392	**144,582**	158,474
Income that are not taxable for income tax purposes	**(600,810)**	(1,292,028)	**(240,000)**	(56,339)
(Over)/Under provision in prior years:				
Current tax	**(258,972)**	(92,103)	**(535,039)**	37,806
Deferred tax	**(271,477)**	(246,481)	**–**	(651,625)
Deferred tax assets not recognised	**985,849**	1,321,989	**–**	–
Effects of changes in tax rates	**–**	82,965	**–**	–
	2,187,106	2,841,889	**471,824**	191,218

The Finance (No. 3) Act 2017 gazetted on 16 January 2017 reduced the corporate income tax rate from 24% to rates below based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment, effective for years of assessment 2017 and 2018.

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point of reduction income tax rate	Reduced income tax rate on increase in chargeable income %
Less than 5%	Nil	24
5% - 9.99%	1	23
10% - 14.99%	2	22
15% - 19.99%	3	21
20% and above	4	20

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("EPS") for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the number of ordinary shares during the financial year.

	The Group	
	2017 RM	2016 RM
Profit for the year attributable to owners of the Company	**7,196,763**	7,424,938
Number of ordinary shares	**161,249,937**	161,249,937
Basic EPS (sen)	**4.5**	4.6

(b) Diluted earnings per share

No diluted earnings per share computation is required as there are no potential dilutive shares or options.

12. PROPERTY, PLANT AND EQUIPMENT

	Long-term leasehold land RM	Buildings RM	Construction in progress RM	Motor vehicles RM	Office equipment RM	Computer equipment RM	Plant and machinery RM	Renovations RM	Tools and equipment RM	Furniture, fixtures and fittings RM	Total RM
The Group											
Cost											
As of 1 April 2015	14,304,000	10,284,139	–	851,048	763,170	1,644,090	46,190,484	2,059,938	17,505	1,267,411	77,381,785
Additions	–	40,500	3,687,771	130,120	58,298	209,948	927,983	21,000	–	60,195	5,135,815
Disposals	–	–	–	(159,025)	–	–	–	–	–	–	(159,025)
Write-offs	–	–	–	–	(36,760)	(261,781)	(78,976)	(15,536)	–	(18,645)	(411,698)
Currency translation differences	–	–	–	18,600	9,516	1,272	–	–	–	–	29,388
As of 31 March 2016/1 April 2016	14,304,000	10,324,639	3,687,771	840,743	794,224	1,593,529	47,039,491	2,065,402	17,505	1,308,961	81,976,265
Additions	–	–	1,062,945	542,785	86,401	85,045	4,437,737	81,576	342,932	75,690	6,715,111
Disposals	–	–	–	(400,055)	–	(44,165)	(434,373)	–	–	(500)	(879,093)
Write-offs	–	–	–	–	(9,539)	(190,749)	(82,760)	(1,480)	(151)	(23,176)	(307,855)
Reclassification	–	4,750,716	(4,750,716)	–	–	–	–	–	–	–	–
Currency translation differences	–	–	–	50,333	24,205	17,859	186,877	–	17,498	1,873	298,645
As of 31 March 2017	**14,304,000**	**15,075,355**	**–**	**1,033,806**	**895,291**	**1,461,519**	**51,146,972**	**2,145,498**	**377,784**	**1,362,848**	**87,803,073**
Accumulated Depreciation											
As of 1 April 2015	894,173	3,656,942	–	850,754	543,369	1,587,707	31,030,857	2,024,651	13,876	924,030	41,526,359
Charge for the year	223,571	205,952	–	6,795	49,902	54,421	1,992,321	23,410	1,341	45,411	2,603,124
Disposals	–	–	–	(159,025)	–	–	–	–	–	–	(159,025)
Write-offs	–	–	–	–	(34,441)	(258,151)	(43,375)	(15,536)	–	(14,795)	(366,298)
Currency translation differences	–	–	–	18,600	5,052	2,944	–	–	–	–	26,596
As of 31 March 2016/1 April 2016	1,117,744	3,862,894	–	717,124	563,882	1,386,921	32,979,803	2,032,525	15,217	954,646	43,630,756
Charge for the year	223,572	245,731	–	114,704	53,607	80,593	2,166,108	24,820	35,569	38,963	2,983,667
Disposals	–	–	–	(400,054)	–	(44,165)	(434,374)	–	–	(500)	(879,093)
Write-offs	–	–	–	–	(9,162)	(190,716)	(49,146)	(1,096)	(140)	(22,028)	(272,288)
Currency translation differences	–	–	–	31,951	16,500	10,646	7,125	–	1,758	156	68,136
As of 31 March 2017	**1,341,316**	**4,108,625**	**–**	**463,725**	**624,827**	**1,243,279**	**34,669,516**	**2,056,249**	**52,404**	**971,237**	**45,531,178**
Net Book Value											
As of 31 March 2016	13,186,256	6,461,745	3,687,771	123,619	230,342	206,608	14,059,688	32,877	2,288	354,315	38,345,509
As of 31 March 2017	**12,962,684**	**10,966,730**	**–**	**570,081**	**270,464**	**218,240**	**16,477,456**	**89,249**	**325,380**	**391,611**	**42,271,895**

	Long-term leasehold land RM	Office equipment RM	Computer equipment RM	Renovations RM	Tools and equipment RM	Furniture, fixtures and fittings RM	Total RM
The Company							
Cost							
As of 1 April 2015	14,304,000	349,458	652,945	450,577	17,505	589,053	16,363,538
Additions	–	9,500	66,376	–	–	–	75,876
Write-offs	–	(21,072)	(135,802)	–	–	(3,257)	(160,131)
As of 31 March 2016/1 April 2016	14,304,000	337,886	583,519	450,577	17,505	585,796	16,279,283
Additions	–	38,381	30,224	38,876	1,300	12,869	121,650
Write-offs	–	(9,539)	(190,749)	–	(151)	(23,176)	(223,615)
As of 31 March 2017	**14,304,000**	**366,728**	**422,994**	**489,453**	**18,654**	**575,489**	**16,177,318**
Accumulated Depreciation							
As of 1 April 2015	894,173	296,955	648,052	440,651	13,876	540,278	2,833,985
Charge for the year	223,571	15,027	9,867	4,038	1,341	16,332	270,176
Write-offs	–	(18,814)	(135,761)	–	–	(3,256)	(157,831)
As of 31 March 2016/1 April 2016	1,117,744	293,168	522,158	444,689	15,217	553,354	2,946,330
Charge for the year	223,572	9,679	22,619	3,258	1,243	6,003	266,374
Write-offs	–	(9,162)	(190,716)	–	(140)	(22,028)	(222,046)
As of 31 March 2017	**1,341,316**	**293,685**	**354,061**	**447,947**	**16,320**	**537,329**	**2,990,658**
Net Book Value							
As of 31 March 2016	13,186,256	44,718	61,361	5,888	2,288	32,442	13,332,953
As of 31 March 2017	**12,962,684**	**73,043**	**68,933**	**41,506**	**2,334**	**38,160**	**13,186,660**

Included in property, plant and equipment of the Group is a motor vehicle under hire-purchase arrangement with net book value of RM236,760 (2016: RMNil).

Included in additions to property, plant and equipment of the Group is an amount of RM2,574,613 (2016: RMNil) purchased from a related party during the year (Note 30).

13. INVESTMENT PROPERTIES

The Company	Buildings RM	Construction in progress RM	Total RM
Cost			
As of 1 April 2015	10,284,139	–	10,284,139
Additions	40,500	3,687,771	3,728,271
As of 31 March 2016/1 April 2016	10,324,639	3,687,771	14,012,410
Additions	–	1,062,945	1,062,945
Reclassification	4,750,716	(4,750,716)	–
As of 31 March 2017	**15,075,355**	**–**	**15,075,355**
Accumulated Depreciation			
As of 1 April 2015	3,656,942	–	3,656,942
Charge for the year	205,952	–	205,952
At 31 March 2016/1 April 2016	3,862,894	–	3,862,894
Charge for the year	245,731	–	245,731
At 31 March 2017	**4,108,625**	**–**	**4,108,625**
Net Book Value			
At 31 March 2016	6,461,745	3,687,771	10,149,516
At 31 March 2017	**10,966,730**	**–**	**10,966,730**

The buildings of the Company are located at the leasehold land as disclosed in Note 12.

Rental income earned by the Company from investment properties of which are leased out under operating leases, amounted to RM4,196,082 (2016: RM3,645,402) (Note 5). Direct operating expenses incurred in respect of the investment properties during the financial year amounted to RM567,744 (2016: RM307,512).

Fair value of the investment properties of the Company as at 31 March 2017 are estimated at RM21,050,000 (2016: RM17,130,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

The fair value of the Company's investment properties are classified as a Level 3 for the purposes of fair value hierarchy disclosures.

The fair value of investment property at Level 3 are reference to previous sales of similar properties in the vicinity on a price per square foot basis. Any changes in the price per square foot would result in a reasonable change in the fair value of the investment property.

Property that is occupied by the subsidiary companies of the Company are accounted for as owner-occupied rather than as investment property. As such, investment property of the Company amounting to RM10,966,730 (2016: RM10,149,516), which are occupied by its subsidiary companies, have been reclassified as property, plant and equipment of the Group.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2017 RM	The Company 2016 RM
Unquoted shares, at cost	**14,200,004**	13,700,004

(a) During the financial year, the Company acquired additional equity interests in Unigel Compounds Sdn Bhd amounting to RM500,000 (2016: RMNil) through the offsetting against amount owing by subsidiary company.

(b) Subsequent to the financial year, the Company acquired 90% equity interests in Opcom Engineering Services Sdn Bhd, a newly incorporated company in Malaysia, for a total cash consideration of RM900,000.

Details of the Company's subsidiary companies as at the end of the reporting period are as follows:

Name of subsidiary	Principal activities	Proportion of ownership interest and voting power 2017 %	Proportion of ownership interest and voting power 2016 %	Place of incorporation
Opcom Cables Sdn Bhd ("OCSB")	Manufacturing of fiber optic cables, systems accessories and provision of engineering services	**70**	70	Malaysia
Unigel Compounds Sdn Bhd ("UCSB")	Manufacturing and trading of cable filling and flooding compounds, and trading of industrial products	**100**	100	Malaysia
Opcom Shared Services Sdn Bhd	Provision of human resource management services	**100**	100	Malaysia
Opcom Trading Sdn Bhd	Dormant	**100**	100	Malaysia

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiary companies 2017	2016
Manufacturing and trading of cable filling and flooding compounds, and trading of industrial products	Malaysia	**1**	1
Provision of human resource management services	Malaysia	**1**	1
Dormant company	Malaysia	**1**	1
		3	3

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiary companies	
Manufacturing of fiber optic cables, systems and accessories and provision of engineering services	Malaysia	**1**	1

Non-controlling interest in a subsidiary company

The Group's subsidiary company that has material non-controlling interest ("NCI") is as follows:

	2017 RM	2016 RM
OCSB		
NCI percentage of ownership interest and voting interest	**30%**	30%
Carrying amount of NCI	**11,670,125**	12,943,777
Loss allocated to NCI	**(1,273,652)**	(1,970,349)

	2017 RM	2016 RM
Summarised financial information before intra-group elimination		
As of 31 March		
Non-current assets	**13,935,708**	15,203,254
Current assets	**42,586,142**	51,085,470
Current liabilities	**(17,621,435)**	(23,142,801)
Net assets	**38,900,415**	43,145,923

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	2017 RM	2016 RM
Year ended 31 March		
Revenue	**70,239,005**	81,823,095
Total comprehensive loss for the year	**(4,245,508)**	(6,567,829)
Cash flows used in operating activities	**(4,651,688)**	(4,108,153)
Cash flows used in investing activities	**(465,541)**	(266,067)
Cash flows used in financing activity	**(1,003,666)**	(5,514,000)
Net decrease in cash and cash equivalents	**(6,120,895)**	(9,888,220)
Dividends paid to NCI	**–**	–

15. INVESTMENT IN ASSOCIATED COMPANIES

	The Group	
	2017 RM	2016 RM
Cost:		
At beginning of year	**16,373,758**	14,951,624
Final adjusted consideration for the acquisition of associated companies	**232,921**	–
Refund of excess payment made upon acquisition	**–**	(367,002)
Currency translation differences	**1,633,473**	917,682
Share of post-acquisition reserves	**1,537,365**	871,454
At end of year	**19,777,517**	16,373,758
Less: Accumulated impairment losses	**(3,202,214)**	(3,202,214)
	16,575,303	13,171,544

(a) On 5 November 2014, the Group completed the acquisition of Unigel (UK) Limited, a company incorporated in the United Kingdom and its subsidiary company, Unigel Incorporated, a company incorporated in the United States of America, for a total consideration of USD3,675,388 (equivalent to RM12,001,980*).

15. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(a) (Cont'd)

Pursuant to the Sale and Purchase agreement ("SPA"), the Group has set performance targets for Unigel (UK) Limited and its subsidiary company, Unigel Incorporated, for the subsequent twenty four (24) months after the completion of the SPA, as the purchase consideration. Subject to achieving the performance targets, the Group is required to pay second and final tranches, as follows:

	Consideration payable USD	Equivalent in 2015* RM	Equivalent in 2016** RM
Second tranche:			
Subject to meeting the first measurement target, after the first measurement period	520,000	1,698,060	2,102,464
Final tranche:			
Subject to meeting the second measurement target, after the second measurement period	600,000	1,959,300	2,425,920
	1,120,000	3,657,360	4,528,384

* exchange rate used at the date of acquisition was USD1 equivalent to RM3.2655.

** exchange rate used at the date of measurement period as of 5 November 2015 was USD1 equivalent to RM4.0432.

No payment shall be made if the relevant measurement target is not met and where the profit before tax exceeds the relevant measurement target, only the consideration payable for the relevant measurement period as specified in the table above shall be payable.

In line with the requirement of MFRS 3 Business Combinations, the Group had considered its right to the shortfall under the arrangement if the measurement targets are not achieved. During the previous financial year, the Group had reversed the contingent consideration totalling RM4,528,384 (equivalent to USD1,120,000 as of the date of measurement period) (Note 8), as the first measurement target for Unigel (UK) Limited and its subsidiary company, was not met. The directors also considered it probable that the second measurement target may also not be achievable, in view of the less conducive economic and business conditions in general. During the period under review, selling prices of goods, which were primarily determined by crude oil prices suffered from a collapse in crude oil prices, also contributed to the substantial decrease in revenue and operating margins of Unigel (UK) Limited and its subsidiary company.

(b) Details of the Group's associated companies as at the end of the financial year are as follows:

Name of associated companies	Place of incorporation	Proportion of ownership interest and voting power 2017 %	2016 %	Principal activities
Direct				
Unigel IP Limited intellectual	Hong Kong	**40**	40	Provision of licensing services for intellectual property rights
Unigel (UK) Limited	United Kingdom	**40**	40	Manufacture and sales of cable filling and flooding compounds and associated pumping and delivery equipment
Indirect				
Unigel Incorporated[i]	United States of America	**40**	40	Manufacture and sales of cable filling and flooding compounds

[i] Unigel Incorporated is a wholly-owned subsidiary of Unigel (UK) Limited.

15. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(c) Pursuant to the Shareholders' Agreement, the Group has the right to cast 40% of the votes at shareholder meetings of the associated companies.

(d) The financial year end dates of the associated companies are 31 December. For the purposes of applying the equity method of accounting, the financial statements of the associated companies for the year ended 31 December 2016 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2017.

(e) Summarised financial information in respect of each of the associated companies are set out below:

	2017 RM	2016 RM
Current assets	**25,476,836**	21,767,321
Non-current assets	**8,174,801**	7,358,100
Current liabilities	**(21,439,584)**	(19,894,917)
Non-current liabilities	**(29,558)**	(907,657)
Net assets	**12,182,495**	8,322,847
Share of net assets of associated companies	**4,872,998**	3,329,139

	2017 RM	2016 RM
Revenue	**63,091,352**	65,831,229
Profit for the year	**3,843,414**	2,178,635

(f) Reconciliation of the above summarised financial information to the carrying amount of the interest in the associated companies recognised in the financial statements:

	2017 RM	2016 RM
Goodwill	**11,702,305**	9,842,405
Share of net assets of associated companies	**4,872,998**	3,329,139
	16,575,303	13,171,544

(g) The Company records an impairment of investment in associated companies when the recoverable amount of the investment in associated companies is less than the carrying value. This calculation required the use of estimates and judgements.

The recoverable amount of Unigel (UK) Limited was based on its value-in-use using the discounted cash flow ("DCF") method. The projected cash flows are estimated based on expected future cash flows that arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows covering a five year period, based on management's past experience and future expectations. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after fifth year. The growth rates applied are those customarily for the country or market.

15. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

The key assumptions underlying the calculations are as follows:

(a) Terminal value growth rate of 2.10% (2016: 3.39%) per annum; and
(b) Discount rate of 9.00% (2016: 14.00%).

Based on the impairment assessment performed, the Company recorded an impairment loss on the total cost of investment in Unigel (UK) Limited amounting to RMNil (2016: RM3,202,214).

16. INVENTORIES

	The Group	
	2017	**2016**
	RM	**RM**
Raw materials	**4,797,459**	3,921,174
Work-in-progress	**584,811**	498,884
Finished goods	**4,600,664**	3,521,527
	9,982,934	7,941,585

Recognised in profit or loss:

	The Group	
	2017	**2016**
	RM	**RM**
Cost of inventories recognised as expenses in cost of sales	**42,298,653**	55,369,081
(Allowance for inventory obsolescence no longer required)/ Allowance for inventory obsolescence (Note 8)	**(159,873)**	689,176
Inventories written down to net realisable value (Note 8)	**89,062**	38,253

17. TRADE RECEIVABLES

	The Group	
	2017	**2016**
	RM	**RM**
Neither past due nor impaired	**10,426,301**	10,051,301
Past due but not impaired	**205,692**	489,947
	10,631,993	10,541,248

Trade receivables are classified as loans and receivables and are therefore measured at amortised cost.

The Group's primary exposure to credit risk arises through its trade receivables. The credit terms granted to customers ranges from 30 to 120 days (2016: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group is subject to significant concentration of credit risk as 78% (2016: 86%) of its trade receivable from one (1) [2016: one (1)] customer.

17. TRADE RECEIVABLES (CONT'D)

Trade receivables include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Ageing of past due but not impaired

	The Group	
	2017 RM	2016 RM
30 days to 60 days	**49,504**	328,240
60 days to 90 days	**90,183**	95,930
90 days to 120 days	**66,005**	65,777
	205,692	489,947

The currency profile of trade receivables is as follows:

	The Group	
	2017 RM	2016 RM
United States Dollar	**184,023**	100,216
Ringgit Malaysia	**10,447,970**	10,441,032
	10,631,993	10,541,248

18. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	**905,171**	738,692	**22,121**	155,082
Deposits	**162,830**	142,769	**112,559**	120,259
Prepaid expenses	**2,827,596**	598,073	**64,270**	88,014
	3,895,597	1,479,534	**198,950**	363,355

19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	**18,610,475**	26,957,629	**4,357,855**	5,690,186
Deposits with licensed banks	**18,000,000**	13,200,000	**3,000,000**	4,000,000
	36,610,475	40,157,629	**7,357,855**	9,690,186

The effective interest rates of deposits with licensed banks of the Group and of the Company at the end of the reporting period range from 3.05% to 3.50% (2016: 3.30% to 3.65%) per annum.

The average maturities of deposits with licensed banks of the Group and of the Company at the end of the reporting period is 1 month (2016: 1 month).

The currency profile of cash and bank balances of the Group is as follows:

	The Group	
	2017 RM	2016 RM
Ringgit Malaysia	**32,860,492**	24,308,084
United States Dollar	**3,572,608**	15,787,601
Sterling Pound	**112,380**	32,903
Euro	**62,817**	923
Japanese Yen	**2,013**	27,967
Swiss Franc	**165**	151
	36,610,475	40,157,629

20. SHARE CAPITAL

	The Group and the Company			
	2017	2016	2017	2016
	No. of Shares		RM	RM
Authorised:				
Ordinary shares of RM0.20 each	–	250,000,000	–	50,000,000
Issued and fully paid:				
Ordinary shares	**161,249,937**	161,249,937	**32,249,987**	32,249,987

The Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM0.20 each. The new Companies Act, 2016 (Act), which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

21. DIVIDENDS

	The Group and the Company	
	2017	2016
	RM	RM
In respect of financial year ended 31 March 2017:		
Interim dividend of 2.00 sen per ordinary share under single-tier tax system	**3,224,999**	–
In respect of financial year ended 31 March 2016:		
Interim dividend of 1.50 sen per ordinary share under single-tier tax system	**–**	2,418,751
	3,224,999	2,418,751

22. RESERVES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable:				
Translation reserve	**4,275,576**	1,462,249	**–**	–
Capital reserve	**3,283**	3,283	**–**	–
Distributable:				
Retained earnings	**52,124,016**	48,152,252	**13,170,121**	12,274,107
	56,402,875	49,617,784	**13,170,121**	12,274,107

Translation reserve
The translation reserve comprises all foreign currency differences arising from translation of the financial statements of a subsidiary company.

Retained earnings
Retained earnings at the end of the reporting period are distributable as dividends under the single-tier income tax system.

23. DEFERRED TAX ASSETS/(LIABILITIES)

The Group

	Opening balance RM	Recognised in profit or loss (Note 10) RM	Translation differences RM	Closing balance RM
2017				
Deferred tax assets				
Provision for liquidated damages	**22,936**	**9,345**	**–**	**32,281**
Inventories	**34,629**	**263,312**	**–**	**297,941**
Unabsorbed tax losses	**1,217,983**	**–**	**–**	**1,217,983**
Unabsorbed capital allowances	**1,165,169**	**(760,127)**	**–**	**405,042**
Unutilised reinvestment allowances	**604,660**	**(32,919)**	**–**	**571,741**
Others	**6,408**	**24,215**	**–**	**30,623**
	3,051,785	**(496,174)**	**–**	**2,555,611**
Deferred tax liabilities				
Property, plant and equipment	**(4,174,417)**	**(13,919)**	**(12,431)**	**(4,200,767)**
Others	**(391,434)**	**370,974**	**(17,475)**	**(37,935)**
	(4,565,851)	**357,055**	**(29,906)**	**(4,238,702)**
	(1,514,066)	**(139,119)**	**(29,906)**	**(1,683,091)**
2016				
Deferred tax assets				
Provision for liquidated damages	49,487	(26,551)	–	22,936
Inventories	178,029	(143,400)	–	34,629
Unabsorbed tax losses	1,217,983	–	–	1,217,983
Unabsorbed capital allowances	1,034,762	130,407	–	1,165,169
Unutilised reinvestment allowances	604,660	–	–	604,660
Others	261,672	(255,264)	–	6,408
	3,346,593	(294,808)	–	3,051,785
Deferred tax liabilities				
Property, plant and equipment	(4,902,947)	720,453	8,077	(4,174,417)
Others	–	(391,701)	267	(391,434)
	(4,902,947)	328,752	8,344	(4,565,851)
	(1,556,354)	33,944	8,344	(1,514,066)

23. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The Company

	Opening balance RM	Recognised in profit or loss (Note 10) RM	Closing balance RM
2017			
Deferred tax liabilities			
Property, plant and equipment	**(1,511,766)**	**(162,292)**	**(1,674,058)**
2016			
Deferred tax liabilities			
Property, plant and equipment	(2,183,379)	671,613	(1,511,766)

The following is an analysis of deferred tax balances (after offset) for statements of financial position purposes:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets	**30,623**	6,408	**–**	–
Deferred tax liabilities	**(1,713,714)**	(1,520,474)	**(1,674,058)**	(1,511,766)
	(1,683,091)	(1,514,066)	**(1,674,058)**	(1,511,766)

As of 31 March 2017, the details of the unused tax losses and unabsorbed capital allowances which are not recognised in the financial statements due to uncertainty of its realisation is as follows:

	The Group	
	2017 RM	2016 RM
Unabsorbed tax losses	**2,304,279**	1,603,770
Unabsorbed capital allowances	**5,352,654**	1,945,458
	7,656,933	3,549,228

The unused tax losses and unabsorbed capital allowances which are subject to agreement by the tax authorities are available for offset against future chargeable income of the Group and do not expire under the current tax legislation.

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2016: 30 to 90 days).

The currency profile of trade payables is as follows:

	The Group	
	2017	**2016**
	RM	**RM**
United States Dollar	**6,937,869**	4,243,474
Ringgit Malaysia	**1,449,260**	695,918
	8,387,129	4,939,392

25. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other payables	**2,159,995**	3,564,741	**70,150**	519,354
Accrued expenses	**2,907,997**	1,381,048	**432,414**	441,282
	5,067,992	4,945,789	**502,564**	960,636

The currency profile of other payables and accrued expenses are as follows:

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**4,984,480**	4,316,105	**502,564**	960,636
United States Dollar	**81,213**	144,583	**–**	–
Singapore Dollar	**2,299**	20,059	**–**	–
Euro	**–**	465,042	**–**	–
	5,067,992	4,945,789	**502,564**	960,636

26. BANK BORROWINGS (UNSECURED)

	The Group	
	2017	**2016**
	RM	**RM**
Current - at amortised cost		
Unsecured:		
Foreign currency trade facilities	**3,898,194**	3,287,181

As of the end of the reporting period, the Group has obtained foreign currency trade and other credit facilities amounting to RM13,000,000 (2016: RM13,000,000) from a local bank. These facilities are covered by a corporate guarantee from the Company and the average effective interest rate is 3.38% (2016: 2.67%) per annum. The bank borrowings are denominated in United States Dollar.

27. DERIVATIVE FINANCIAL LIABILITIES

	The Group	
	2017	**2016**
	RM	**RM**
Financial liabilities at fair value through profit or loss:		
Current:		
Foreign currency forward contracts	**–**	99,003

28. PROVISION FOR LIQUIDATED DAMAGES

	The Group	
	2017	**2016**
	RM	**RM**
At beginning of year	**95,568**	197,947
Provision during the year (Note 8)	**949,604**	497,529
Reversal during the year (Note 8)	**(848,934)**	(596,443)
Utilised during the year	**(61,734)**	(3,465)
At end of year	**134,504**	95,568

Provision for liquidated damages is in respect of sales contracts undertaken by a subsidiary company and is recognised based on the terms stipulated in the contracts.

29. HIRE-PURCHASE PAYABLES

	The Group	
	2017 RM	2016 RM
Total outstanding	**129,859**	–
Interest-in-suspense outstanding	**(10,231)**	–
Principal outstanding	**119,628**	–
Less:		
Current portion:		
Amount due within 12 months	**(48,992)**	–
Non-current portion	**70,636**	–

The non-current portion is payables as follows:

	The Group	
	2017 RM	2016 RM
Between 1 - 2 years	**70,636**	–

For the financial year ended 31 March 2017, the hire-purchase payables bear a weighted average effective interest rate of 6.00% (2016: Nil) per annum.

30. RELATED PARTY TRANSACTIONS AND BALANCES

Amount owing by/to subsidiary companies, which arose mainly from rental of premises receivable, management fee receivable and payments made on behalf, is unsecured, interest-free and repayable on demand.

Amount owing to corporate shareholder of a subsidiary company, which arose mainly from trade transactions and dividend payable, is unsecured, interest-free and repayable on demand.

Amount owing to corporate shareholder of a subsidiary company consists of:

	The Group	
	2017 RM	2016 RM
Dividend payable	**8,897,534**	9,901,200
Trade in nature	**15,923**	14,047
	8,913,457	9,915,247

Amount owing by associated companies, which is denominated in United States Dollar, arose mainly from trade transactions, is unsecured, bears interest at 4.50% (2016: 4.50%) per annum and repayable on demand.

Amount owing to associated company, which is denominated in United States Dollar, arose mainly from payments on behalf, is unsecured, interest fee and repayable on demand.

Amount owing by/to related parties, which arose mainly from trade transactions and payments made on behalf, is unsecured, interest-free and repayable on demand.

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

The related parties of the Company and subsidiary companies and its relationships are as follows:

Related Parties	Nature of Relationship
Ericsson Network Technologies AB ("Ericsson Network")	Ericsson Network is a corporate shareholder of Opcom Cables Sdn Bhd, a subsidiary of the Company
Opcom Sdn Bhd ("OSB")	OSB has a common director with the subsidiary companies
Airzed Broadband Sdn Bhd ("Airzed Broadband")	Airzed Broadband has a common director with the Company
Perennial Renaissance Sdn Bhd ("PRSB")	PRSB has a common director with the Company

During the financial year, the Group and the Company have the following related party transactions which were determined based on negotiation agreed between the parties:

	The Group		The Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Associated companies:				
Trade sales	**15,438,326**	20,563,613	**–**	–
Interest income (Note 8)	**189,565**	133,310	**–**	–
Purchase of cable production materials	**–**	(1,336,976)	**–**	–
Related parties:				
Rental income (Note 5)	**21,750**	20,700	**21,750**	20,700
Purchase of accessories	**(8,008,333)**	(5,836,490)	**–**	–
Purchase of property, plant and equipment (Note 12)	**(2,574,613)**	–	**–**	–
Business development commission payable	**(1,418,886)**	(2,841,755)	**–**	–
Rental payables (Note 8):				
Motor vehicles	**(54,000)**	(54,000)	**–**	–
Office	**(51,600)**	(36,000)	**(51,600)**	(36,000)
Corporate services expenses payable	**(30,000)**	(108,000)	**(30,000)**	(108,000)
Accounting expenses payable	**(10,800)**	(141,520)	**(7,800)**	(72,600)
Subsidiary companies:				
Rental income (Note 5)	**–**	–	**4,127,460**	3,577,830
Management fee (Note 5)	**–**	–	**3,492,000**	3,492,000
Dividend income (Note 5)	**–**	–	**1,000,000**	–
Administrative expenses payable	**–**	–	**(2,880,000)**	(2,880,000)

31. OPERATING SEGMENTS

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided, as follows:

Manufacturing	Manufacturing of fiber optic cables, systems, accessories and thixotropic gel.
Trading and engineering services	Trading of cable filling, flooding compounds and industrial products, and provision of engineering services.
Other operations	Management services and investment holding activities.

Information regarding the Group's reportable segments is presented as follows:

2017	Manufacturing RM	Trading and engineering services RM	Other operations RM	The Group RM
Segment revenue:				
Revenue from external customers	69,009,524	24,339,756	68,622	93,417,902
Segment profit:				
Operating profit/(loss) for reportable segments	9,153,949	114,764	(3,592,060)	5,676,653
Interest income				1,025,232
Finance costs				(129,033)
Share of results of associated companies				1,537,365
Profit before tax				8,110,217
Segment assets				
Total segment assets				130,928,303
Unallocated				949,415
Consolidated total assets				131,877,718
Segment liabilities				
Total segment liabilities				29,729,823
Unallocated				1,824,908
Consolidated total liabilities				31,554,731
Other segment information				
Depreciation of property, plant and equipment	2,406,682	64,880	512,105	2,983,667
Provision for liquidated damages - net	100,670	–	–	100,670
Capital expenditure:				
Property, plant and equipment	5,106,731	423,785	1,184,595	6,715,111

31. OPERATING SEGMENTS (CONT'D)

2016	Manufacturing RM	Trading and engineering services RM	Other operations RM	The Group RM
Segment revenue:				
Revenue from external customers	80,692,190	21,827,828	67,572	102,587,590
Segment profit:				
Operating profit/(loss) for reportable segments	8,271,454	1,831,702	(4,073,704)	6,029,452
Interest income				1,464,205
Finance costs				(68,633)
Share of results of associated companies				871,454
Profit before tax				8,296,478
Segment assets				
Total segment assets				120,983,257
Unallocated				333,762
Consolidated total assets				121,317,019
Segment liabilities				
Total segment liabilities				24,575,047
Unallocated				1,930,424
Consolidated total liabilities				26,505,471
Other segment information				
Impairment loss on investment in associated companies	–	3,202,214	–	3,202,214
Depreciation of property, plant and equipment	2,100,424	26,572	476,128	2,603,124
Provision for liquidated damages no longer required - net	(98,914)	–	–	(98,914)
Capital expenditure:				
Property, plant and equipment	1,276,611	55,057	3,804,147	5,135,815

32. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of debt comprising bank borrowings - unsecured, and equity of the Group comprising share capital, reserves and non-controlling interests.

The Group is not subject to any externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS (CONT'D)

Capital Risk Management (Cont'd)

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	The Group	
	2017	2016
	RM	RM
Debt	**3,898,194**	3,287,181
Equity	**100,322,987**	94,811,548
Debt to equity ratio	**4%**	3%

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Categories of financial instruments

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial Assets				
Loans and receivables, at amortised cost:				
Trade receivables	**10,631,993**	10,541,248	**–**	–
Other receivables and deposits	**1,068,001**	881,461	**134,680**	275,341
Amount owing by subsidiary companies	**–**	–	**5,715,751**	5,650,648
Amount owing by associated companies	**10,939,801**	9,343,958	**–**	–
Amount owing by related party	**20,305**	2,250	**20,305**	2,250
Cash and cash equivalents	**36,610,475**	40,157,629	**7,357,855**	9,690,186
Financial Liabilities				
Other financial liabilities, at amortised cost:				
Trade payables	**8,387,129**	4,939,392	**–**	–
Other payables and accrued expenses	**5,067,992**	4,945,789	**502,564**	960,636
Amount owing to subsidiary companies	**–**	–	**4,156,693**	5,650,616
Amount owing to corporate shareholder of a subsidiary company	**8,913,457**	9,915,247	**–**	–
Amount owing to related parties	**2,646,714**	1,292,867	**1,575**	1,575
Amount owing to associated company	**562,205**	–	**–**	–
Bank borrowings	**3,898,194**	3,287,181	**–**	–
Hire-purchase payables	**119,628**	–	**–**	–
FVTPL:				
Derivative financial liabilities	**–**	99,003	**–**	–

32. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies

The operations of the Group and the Company are subject to a variety of financial risks, including credit risk, interest risk, liquidity risk, foreign currency risk and cash flow risk. The Group and the Company have taken measures to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and the Company.

Credit risk management

The Group's and the Company's principal financial assets are cash and bank balances, trade receivables, other receivables, amount owing by related party, amount owing by associated companies and amount owing by subsidiary companies.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group is subject to significant concentration of credit risk as 78% (2016: 86%) of its trade receivable from one (1) [2016: one (1)] customer. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group's and the Company's exposure to credit risk in relation to its trade and other receivables, should all its customers fail to perform their obligations as of 31 March 2017, is the carrying amount of these receivables as disclosed in the statements of financial position.

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on short-term borrowings. The risk is managed by the Group by maintaining a floating rate borrowing on trade facilities.

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease in the interest rate is used when reporting interest rate risk internally to management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2017 would be decrease/increase as a result of the following:

	The Group	
	2017	**2016**
	RM	**RM**
Decrease/Increase in interest expense on:		
Foreign currency trade facilities	**19,491**	16,436

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

32. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	Weighted average effective rate % per annum	Within 1 Year RM	1 - 5 Years RM	Total RM
The Group				
2017				
Non-interest bearing:				
Trade payables	–	8,387,129	–	8,387,129
Other payables and accrued expenses	–	5,067,992	–	5,067,992
Amount owing to corporate shareholder of a subsidiary company	–	8,913,457	–	8,913,457
Amount owing to related parties	–	2,646,714	–	2,646,714
Amount owing to associated company	–	562,205	–	562,205
Interest bearing:				
Hire-purchase payables	6.00	53,736	76,123	129,859
Bank borrowings	3.38	3,898,194	–	3,898,194
		29,529,427	76,123	29,605,550
The Company				
2017				
Non-interest bearing:				
Other payables and accrued expenses	–	502,564	–	502,564
Amount owing to subsidiary companies	–	4,156,693	–	4,156,693
Amount owing to related parties	–	1,575	–	1,575
		4,660,832	–	4,660,832

32. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (Cont'd)

	Weighted average effective rate % per annum	Within 1 Year RM	1 - 5 Years RM	Total RM
The Group				
2016				
Non-interest bearing:				
Trade payables	–	4,939,392	–	4,939,392
Other payables and accrued expenses	–	4,945,789	–	4,945,789
Amount owing to corporate shareholder of a subsidiary company	–	9,915,247	–	9,915,247
Amount owing to related parties	–	1,292,867	–	1,292,867
Interest bearing:				
Bank borrowings	2.67	3,287,181	–	3,287,181
		24,380,476	–	24,380,476
The Company				
2016				
Non-interest bearing:				
Other payables and accrued expenses	–	960,636	–	960,636
Amount owing to subsidiary companies	–	5,650,616	–	5,650,616
Amount owing to related parties	–	1,575	–	1,575
		6,612,827	–	6,612,827

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

In the previous financial year, the Group entered into foreign currency forward contracts in order to hedge its exposure to foreign exchange risks. Gain and losses on foreign currency forward contracts was the difference between the contracted rate and forward exchange rate at the end of the reporting period applied to a contract of similar quantum and maturity profile.

The following table details the foreign currency ("FC") contracts outstanding at the end of the previous reporting period:

Outstanding contracts	Average exchange rate	Foreign currency USD	Notional value RM	Fair value loss RM
2016				
Buy USD	3.977	1,500,000	5,965,500	(99,003)

32. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (Cont'd)

There were no forward exchange contracts at the end of the reporting period.

Fair values of the abovementioned foreign currency forward contracts (Level 2) have been determined based on discounted cash flow analysis. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting date) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currencies of United States Dollar ("USD").

The following table details the Group's sensitivity to a 5% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates a gain in the profit or loss where the Ringgit Malaysia strengthens 5% against the relevant currency. For a 5% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the profit or loss, the balances below would be negative.

	The Group	
	Net impact on profit or loss	
	2017	**2016**
	RM	**RM**
USD/RM - Strengthened 5%	**160,848**	877,827
- Weakened 5%	**(160,848)**	(877,827)

UCSB, one of the subsidiary companies of the Company is mainly exposed to the currency of Ringgit Malaysia (RM).

The following table details the UCSB sensitivity to a 5% increase and decrease in the USD against the relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the USD strengthens 5% against the relevant currency. For a 5% weakening of the USD against the relevant currency, there would be a comparable impact on the profit and other equity, and the balance below would be negative/positive.

	The Group	
	Net impact on profit or loss	
	2017	**2016**
	RM	**RM**
RM/USD - Strengthened 5%	**102,928**	258,343
- Weakened 5%	**(102,928)**	(258,343)

32. FINANCIAL INSTRUMENTS (CONT'D)

Cash flow risk management

The Group and the Company review its cash position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

Fair values management

The carrying amounts of the financial assets and financial liabilities of the Group and the Company at the end of the reporting period approximate their fair values due to the relatively short maturities of these financial instruments, except for the following financial liability:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Carrying amount				
Hire-purchase payables (Note 29)	**119,628**	–	**–**	–
Fair value				
Hire-purchase payables	**119,628**	–	**–**	–

The fair values of the above financial liability are estimated by Level 3 input which is in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk counterparties.

33. CAPITAL COMMITMENT

	The Group	
	2017 RM	2016 RM
Approved and contracted for:		
Purchase of property, plant and equipment	**–**	522,454

34. CORPORATE GUARANTEES

	The Company	
	2017 RM	2016 RM
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary company	**13,000,000**	13,000,000

35. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFIT/LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive, are as follows:

	The Group	
	2017	**2016**
	RM	**RM**
Total retained earnings of the Company and its subsidiary companies		
Realised	**57,589,092**	57,437,230
Unrealised	**(633,284)**	(1,511,766)
	56,955,808	55,925,464
Total share of retained earnings from associated companies		
Realised	**2,564,440**	1,027,075
Unrealised	**–**	–
	2,564,440	1,027,075
Less: Consolidation adjustments	**(7,396,232)**	(8,800,287)
Total retained earnings as per statements of financial position	**52,124,016**	48,152,252

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1 "*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements*" as issued by Malaysian Institute of Accountants on 20 December 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The Directors of **OPCOM HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 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 2017 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 35, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

TAN SRI MOKHZANI MAHATHIR

CHHOA KWANG HUA

Petaling Jaya,
4 July 2017

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHHOA KWANG HUA**, the director primarily responsible for the financial management of **OPCOM HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

CHHOA KWANG HUA

Subscribed and solemnly declared by the
above named **CHHOA KWANG HUA** at
PETALING JAYA this 4th day of July 2017.

Before me,

NG SAY HUNG
No : B185
Commissioner for Oaths

Petaling Jaya, Selangor Darul Ehsan

LIST OF PROPERTY

Location & Description	Existing Use	Tenure	Date of Valuation	Built Up Area	Age of Property	Net Book Value (RM'000)
HSD238315 PT 787 Seksyen 15 Tapak Perusahaan Shah Alam, City of Shah Alam, District of Petaling and State of Selangor being land, factories and office buildings bearing the address of No. 11 Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan	– Manufacturing blocks – Office building – Warehouses – Open storage yards – Car parks – Guard house	99 year leasehold expiring on 18.04.2074	Land: 10.07.2012 Buildings: 15.04.2011	Land area: 29,270 sq. m. Built-up area: 10,832 sq. m.	Age of manufacturing blocks: approximately 20 years and less Age of other building/ structures: Not more than 30 years	23,929

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017

Class of shares : Ordinary shares

Voting rights : One vote per ordinary share on a poll

Distribution of Shareholdings

Holdings	No. of Holders	% of Holders	Total Holdings	% of Issued Share Capital
Less than 100	284	11.21	9,152	0.01
100 - 1,000	243	9.59	124,007	0.08
1,001 - 10,000	1,184	46.74	6,296,579	3.90
10,001 - 100,000	734	28.98	21,660,485	13.43
100,001 to less than 5% of issued shares	82	3.24	35,976,214	22.31
5% and above of issued shares	6	0.24	97,183,500	60.27
	2,533	**100.00**	**161,249,937**	**100.00**

Thirty Largest Shareholders

Rank	Name	No. of Shares Held	% of Issued Share Capital
1	Rezeki Tegas Sdn Bhd	21,296,000	13.21
2	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Al Rajhi Bank for M Ocean Capital Sdn Bhd	20,000,000	12.40
3	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato' Seri Mukhriz Mahathir (PJCAC)	19,137,500	11.87
4	KAF Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato' Seri Mukhriz Mahathir	17,750,000	11.01
5	Rezeki Tegas Sdn Bhd	10,000,000	6.20
6	M Ocean Capital Sdn Bhd	9,000,000	5.58
7	Chan Ee Lin	5,587,875	3.47
8	Sierra Partners Sdn Bhd	4,701,425	2.92
9	Md. Shah Bin Abu Hasan	4,267,400	2.65
10	Amanahraya Trustees Berhad - MIDF Amanah Strategic Fund	2,224,900	1.38
11	Aida Bt Shamsuddin	1,139,650	0.71
12	Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B)	715,625	0.44
13	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Muhd Adam Low Bin Abdullah (Margin)	678,800	0.42
14	Md. Shah Bin Abu Hasan	666,300	0.41
15	Abdul Jabbar Bin Abdul Majid	625,000	0.39
16	Teh Poh Hong	611,900	0.38
17	Chhoa Kwang Hua	590,900	0.37
18	Chang Lee Ming	520,500	0.32

19	DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An for the Bank of New York Mellon SA/NV (Charles Stanley)	498,389	0.31
20	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Eng Hoo	458,925	0.28
21	Tan Chee Siang	450,000	0.28
22	Maybank Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Mahli B. Othman	411,825	0.26
23	Public Invest Nominees (Asing) Sdn Bhd - Exempt An for Phillip Securities Pte Ltd	398,200	0.24
24	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Mohamed Rashdan Bin Baba (PB)	375,000	0.23
25	Chua Gaik Suwan	347,500	0.21
26	Lim Kooi Fui	330,000	0.20
27	Muhamad Aloysius Heng	305,300	0.19
28	Thian Boon Keong	284,000	0.18
29	Navamani A/P V. Seevaratnam	272,600	0.17
30	Teo Han Wah	270,325	0.17
	Total	**123,915,839**	**76.85**

Substantial Shareholders (as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Seri Mukhriz Mahathir	36,887,500	22.88	–	–
Rezeki Tegas Sdn Bhd	31,296,000	19.41	–	–
Ahmad Sabri Bin Abdul Manas	–	–	31,296,000	19.41
M Ocean Capital Sdn Bhd	29,000,000	17.98	–	–
Tok Puan Norzieta Zakaria	–	–	29,000,000	17.98

* Deemed interest by virtue of Section 8 of the Companies Act, 2016

Directors' Shareholding (as per register of directors' shareholdings)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Mokhzani Mahathir	–	–	–	–
Chhoa Kwang Hua	590,900	0.37	–	–
Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B)	715,625	0.44	–	–
Abdul Jabbar Bin Abdul Majid	625,000	0.39	–	–
Sven Janne Sjöden	120,000	0.07	–	–
Chan Bee Lean	–	–	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 14 September 2017 at 10.00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 and the Reports of Directors and Auditors thereon. — **Please refer to Explanatory Note A**

2. To approve the payment of Directors' fees of RM144,000.00 for the financial year ended 31 March 2017. — **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM150,000.00 from 1 February 2017 until the next Annual General Meeting of the Company. — **Ordinary Resolution 2**

4. To re-elect Ms Chan Bee Lean who retires pursuant to Article 127 of the Company's Constitution. — **Ordinary Resolution 3**

5. To re-appoint the following Directors:

   (i) Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B) — **Ordinary Resolution 4**

   (ii) Encik Abdul Jabbar Bin Abdul Majid — **Ordinary Resolution 5**

   (iii) Mr. Sven Janne Sjöden — **Ordinary Resolution 6**

6. To re-appoint Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to determine their remuneration. — **Ordinary Resolution 7**

7. **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

   "**THAT** pursuant to Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 and subject to the passing of Resolution 4, approval be and is hereby given to Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B), who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director until the conclusion of the next Annual General Meeting." — **Ordinary Resolution 8**

   "**THAT** pursuant to Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 and subject to the passing of Resolution 5, approval be and is hereby given to Encik Abdul Jabbar Bin Abdul Majid, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director until the conclusion of the next Annual General Meeting." — **Ordinary Resolution 9**

8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH OPCOM SDN BHD GROUP AND ITS ASSOCIATED COMPANIES** — **Ordinary Resolution 10**

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

   "THAT pursuant to Rule 10.09 of the 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 Group and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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.

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 340(2) of the Companies Act, 2016 ("Act") (but will not extend to such extension as may be allowed pursuant to Section 340(4) 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.

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 Shareholders' Mandate for Recurrent Related Party Transactions.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH ERICSSON (MALAYSIA) SDN BHD GROUP AND ITS ASSOCIATED COMPANIES** **Ordinary Resolution 11**

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 (Malaysia) Sdn Bhd Group and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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.

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 340(2) of the Companies Act, 2016 ("Act") (but will not extend to such extension as may be allowed pursuant to Section 340(4) 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.

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 Shareholders' Mandate for Recurrent Related Party Transactions.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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."

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH UNIGEL (UK) LIMITED GROUP AND ITS ASSOCIATED COMPANIES** **Ordinary Resolution 12**

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 Unigel (UK) Limited Group and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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.

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 340(2) of the Companies Act, 2016 ("Act") (but will not extend to such extension as may be allowed pursuant to Section 340(4) 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.

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 Shareholders' Mandate for Recurrent Related Party Transactions.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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."

11. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH UNIGEL IP LIMITED GROUP AND ITS ASSOCIATED COMPANIES** **Ordinary Resolution 13**

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 Unigel IP Limited Group and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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.

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 340(2) of the Companies Act, 2016 ("Act") (but will not extend to such extension as may be allowed pursuant to Section 340(4) 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.

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 Shareholders' Mandate for Recurrent Related Party Transactions.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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."

12. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH AIRZED BROADBAND SDN BHD** **Ordinary Resolution 14**

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 and to give effect to specified recurrent related party transactions of a revenue or trading nature with Airzed Broadband Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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.

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 340(2) of the Companies Act, 2016 ("Act") (but will not extend to such extension as may be allowed pursuant to Section 340(4) 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.

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 Shareholders' Mandate for Recurrent Related Party Transactions.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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."

13. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PERENNIAL RENAISSANCE SDN BHD** **Ordinary Resolution 15**

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 Perennial Renaissance Sdn Bhd as detailed in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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.

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 340(2) of the Companies Act, 2016 ("Act") (but will not extend to such extension as may be allowed pursuant to Section 340(4) 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.

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.

THAT the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular to Shareholders dated 28 July 2017 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."

14. **AUTHORITY TO ALLOT SHARES** **Ordinary Resolution 16**

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, 2016 ("Act") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act to allot 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."

15. 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
Dated: 28 July 2017

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 08 September 2017 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting.*
2. *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. A proxy appointed to attend and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the Member to speak at the meeting.*
3. *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, he shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *Where a Member of the Company is an authorised nominee as defined under Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *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 802, 8th 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.*
7. *Explanatory Notes:*

Note A *- The shareholders' approval on the Audited Financial Statements are not required pursuant to Section 340(1) of the Act, hence, the matter will not be put for voting.*

Ordinary Resolutions 1 and 2
Proposed Payment of Directors' Fees
Proposed Payment of Directors' Benefits to Non-Executive Directors

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Twenty-Second Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as below:-

- *Ordinary Resolution 1 on payment of Directors' fees in respect of the financial year ended 31 March 2017; and*
- *Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) from 01 February 2017 until the next AGM.*

The Directors' benefits of the Company which is estimated not to exceed RM150,000.00 is basically the meeting allowances for Board/Board Committee meetings attended/to be attend for period from 01 February 2017 until the conclusion of the next AGM. The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/ Board Committee meetings and/or increase in Board size.

Details of the Directors' fees and benefits paid to the Non-Executive Directors are disclosed on page 25 to 26 of the Statement on Corporate Governance in the Annual Report 2017.

Ordinary Resolutions 4 – 6
Proposed Re-appointment of Directors

With the enforcement of the Companies Act, 2016 on 31 January 2017, there is no age limit for directors.

At the Twenty-First Annual General Meeting of the Company held on 08 September 2016, Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B), Encik Abdul Jabbar Bin Abdul Majid and Mr. Sven Janne Sjöden who are above the age of 70, were reappointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the Twenty-Second Annual General Meeting. Their term of office will end at the conclusion of the Twenty-Second Annual General Meeting and they have offered themselves for re-appointment.

The proposed Ordinary Resolutions 4 – 6, if passed, will enable Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B), Encik Abdul Jabbar Bin Abdul Majid and Mr. Sven Janne Sjöden to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date.

Ordinary Resolutions 8 and 9
Proposed Retention of Independent Non-Executive Directors

The Proposed Ordinary Resolutions 8 and 9, if passed, will enable Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B) and Encik Abdul Jabbar Bin Abdul Majid to continue serving as the Independent Non-Executive Directors of the Company as recommended under Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B) and Encik Abdul Jabbar Bin Abdul Majid were appointed on 12 September 2003 and 11 November 2003 respectively.

An assessment of the independence of all Independent Directors was undertaken as part of the Board's assessment in 2017. The Board of Directors has considered the results of the independence assessment of Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B) and Encik Abdul Jabbar Bin Abdul Majid, which was undertaken pursuant to the guidelines as set out in the ACE Market Listing Requirements of Bursa Securities and MCCG 2012, and are satisfied that they meet the guidelines for independence and their ability to exercise independent judgement. Therefore, the Board recommends that Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B) and Encik Abdul Jabbar Bin Abdul Majid should be retained as the Independent Non-Executive Directors of the Company.

Ordinary Resolutions 10 – 15
Proposed Shareholders' Mandate for Recurrent Transactions

The proposed Ordinary Resolutions 10 – 15, if passed, will allow the Company and/or its subsidiaries to enter into Recurrent Transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Ordinary Resolution 16
Authority to Allot Shares

At last year's Annual General Meeting, mandate was given to Directors to allot and issue 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 16, if passed, will empower the Directors of the Company to 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, repayment of bank borrowing(s), if any, 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.

PERSONAL DATA PROTECTION ACT 2010

Dear Valued Shareholders,

Re: Notice to Shareholders Pursuant to the Personal Data Protection Act 2010

This Notice is given in connection with you being a shareholder of Opcom Holdings Berhad (322661-W) ("Company"). The Personal Data Protection Act 2010 (hereinafter referred to as "PDPA"), which regulates the processing of personal data in commercial transactions, applies to the Company. For the purposes of this Notice, the terms "personal data" and "processing" shall have the same meaning as prescribed in the PDPA.

1. This written notice ("Notice") serves to inform you that your personal data is being processed by or on behalf of the Company.
2. The personal data processed by us may include name, national identity card number, contact number and address and other particulars provided by you or on your behalf in connection with your shareholding in the Company.
3. We are processing your personal data, including any additional information you may subsequently provide, for the following purposes ("Purposes"):
   a) Sending you notices and circulars relating to your status as a shareholder in the Company;
   b) Paying you dividends and giving you other benefits relating to your shareholding in the Company;
   c) Dealing with all matters in connection with your shareholding in the Company; or such other purposes as may be related to the foregoing.
4. The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.
5. Please refer to your stockbroker/investment bank where your CDS account is opened for any updates/changes of your personal information.
6. Your personal data may be disclosed by us in connection with the above Purposes, to all governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligation which is imposed on us and to our lawyers, auditors and/or service providers.
7. You are responsible for ensuring that the personal data you provide us is accurate, complete and not misleading and that such personal data is kept up to date.
8. If you fail to supply to us the abovementioned personal data, we may not be able to process your personal data for any of the Purposes.

Proxy Form

OPCOM HOLDINGS BERHAD (322661-W)
(INCORPORATED IN MALAYSIA)

I/We ______________________________ NRIC/Co. No. ______________________________
(Full name in block capitals)

of ______________________________
(Full address)

being a member/members of **OPCOM HOLDINGS BERHAD** hereby appoint ______________________________
(Full name in block capitals & NRIC. No.)

of ______________________________
(Full address)

or failing him/her, ______________________________
(Full name in block capitals & NRIC. No.)

of ______________________________
(Full address)

my/our proxy to vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company which will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 14 September 2017 at 10.00 a.m. and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

ORDINARY RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		
Ordinary Resolution 12		
Ordinary Resolution 13		
Ordinary Resolution 14		
Ordinary Resolution 15		
Ordinary Resolution 16		

Number of shares held: ______________________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

____
Signature/Common Seal of Shareholder(s)

Dated: ______________________________

____
Tel. No.

Notes:-

1. *Only depositors whose names appear in the Record of Depositors as at 08 September 2017 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting,*

2. *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. A proxy appointed to attend and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the Member to speak at the meeting.*

3. *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, he shall specify the proportion of his shareholdings to be represented by each proxy.*

4. *Where a Member of the Company is an authorised nominee as defined under Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

6. *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 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.*

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AFFIX
STAMP

The Company Secretary

Opcom Holdings Berhad
(Company No. 322661-W)

802, 8th Floor, Block C, Kelana Square,
17, Jalan SS7/26, 47301 Petaling Jaya,
Selangor Darul Ehsan

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www.opcom.com.my

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Selangor Darul Ehsan, Malaysia
Tel +603 5519 5599
Fax +603 5519 6063