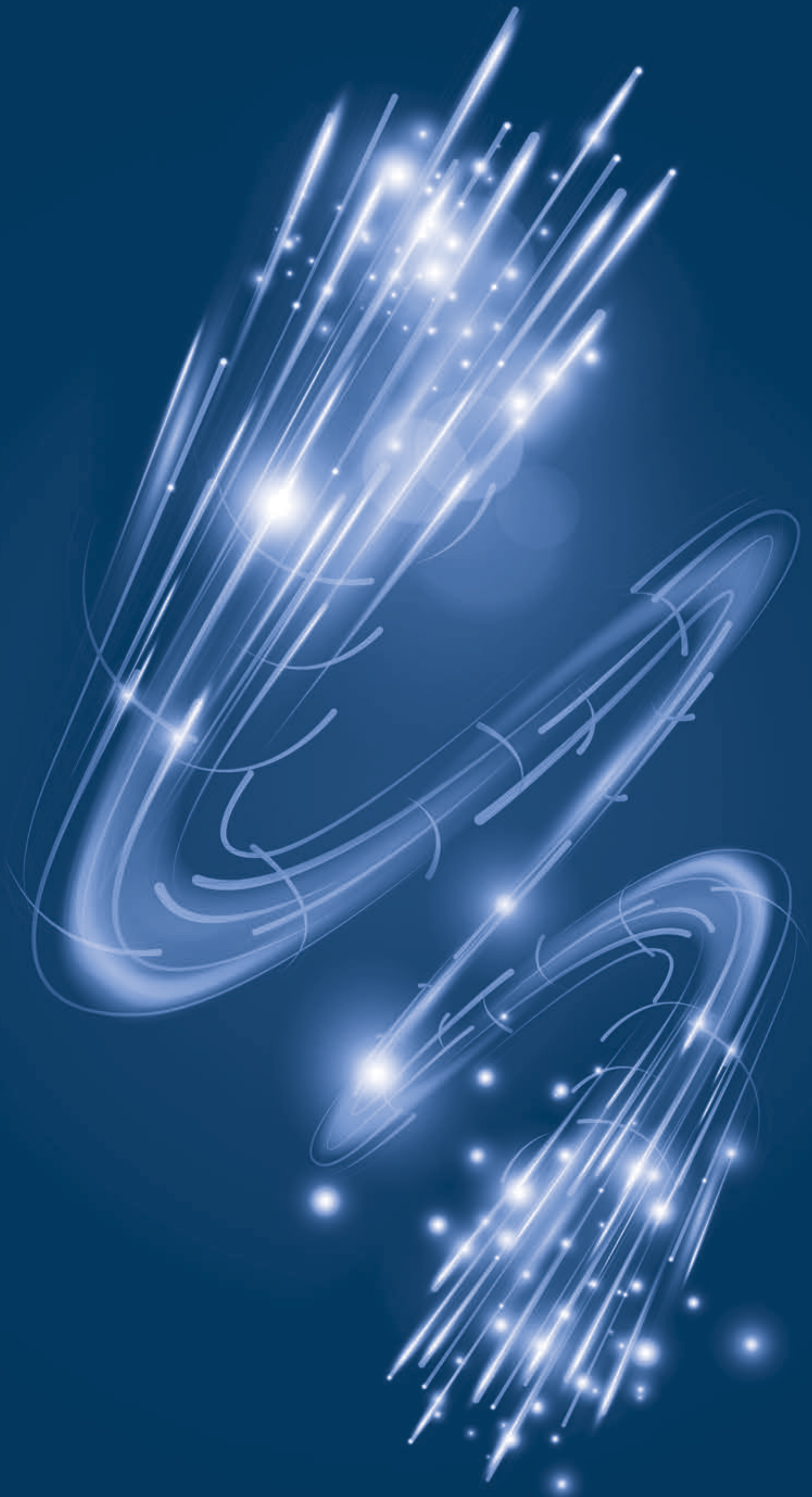
OPCOM HOLDINGS BERHAD (322661-W)
(INCORPORATED IN MALAYSIA)



FOCUS AND VERSATILITY

ANNUAL REPORT 2019

24th Annual General Meeting of Opcom Holdings Berhad will be held at **Danau 3, Kota Permai Golf & Country Club** of No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on **Thursday**, **12 September 2019** 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, 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.

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.

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.

VALUE

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

VALUES

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

COMMITMENT

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

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mohamed Sharil Bin Mohamed Tarmizi
Chairman
Independent Non-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

Magnus Kreuger
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
Magnus Kreuger

NOMINATING & REMUNERATION COMMITTEE

Chairman
Abdul Jabbar Bin Abdul Majid

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

TENDER COMMITTEE

Chairman
Dato' Mohamed Sharil Bin Mohamed Tarmizi

Members
Chhoa Kwang Hua, Eric
Abdul Jabbar Bin Abdul Majid
Sven Janne Sjöden

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

Boardroom Share Registrars Sdn. Bhd. (378993-D)
(Formerly known as Symphony Share Registrars Sdn Bhd)
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 BANKER

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

Tel : 03-9287 8888
Fax : 03-9287 9000

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad
Stock Code: 0035

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

- **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

100%
OPCOM TRADING SDN BHD
(Company No. 1155217-D)
Dormant

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)
Trading of industrial materials and provision of engineering services

FINANCIAL HIGHLIGHTS

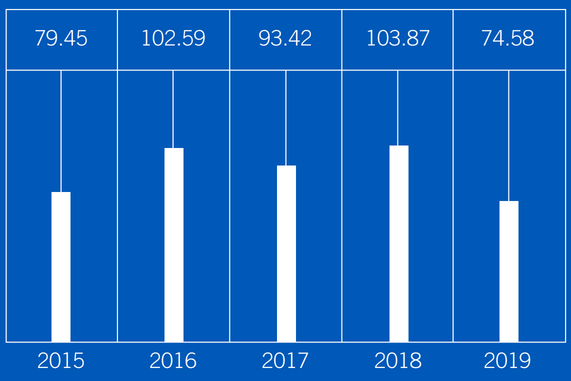
5-year financial track record

	2015	2016	2017	2018	2019
OPERATING RESULTS (RM MILLION)					
Revenue	79.45	102.59	93.42	103.87	74.58
(Loss)/Profit before taxation	4.82	8.30	8.11	6.18	(1.03)
Net profit attributable to owners of the Company	4.44	7.42	7.20	6.68	0.45
KEY FINANCIAL POSITION DATA (RM MILLION)					
Property, plant and equipment	35.86	38.35	42.27	40.59	44.52
Total assets	135.04	121.32	131.88	129.33	115.99
Share capital	32.25	32.25	32.25	32.25	32.25
Shareholders' funds	77.23	81.87	88.65	88.19	88.63
SHARE INFORMATION					
Per share (sen):					
Basic earnings	2.75	4.60	4.46	4.15	0.28
Net dividend	1.25	1.50	2.00	2.00	1.25
Net assets	47.90	50.77	54.98	54.69	54.96
FINANCIAL RATIOS (%)					
Return on total assets	2.63	5.76	5.50	4.20	(1.33)
Return on shareholders' equity	5.75	9.07	8.12	7.58	0.51

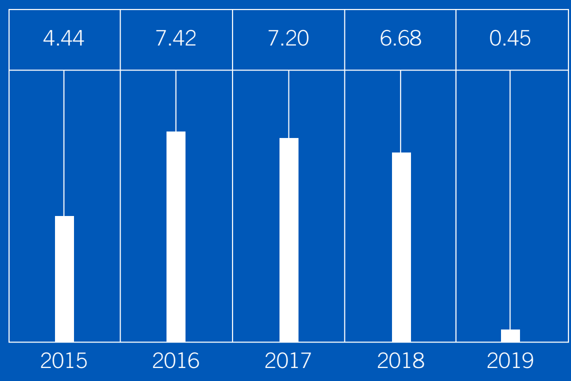
FINANCIAL HIGHLIGHTS

5-year financial track record

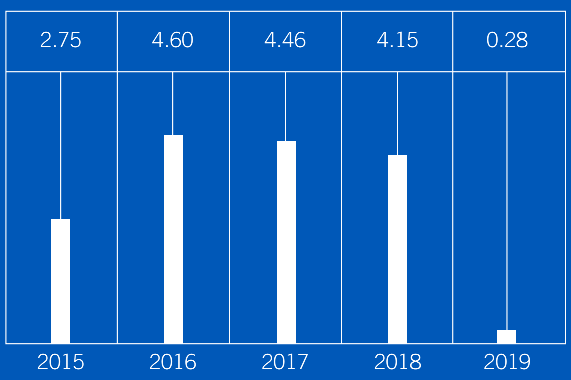
REVENUE (RM Million)



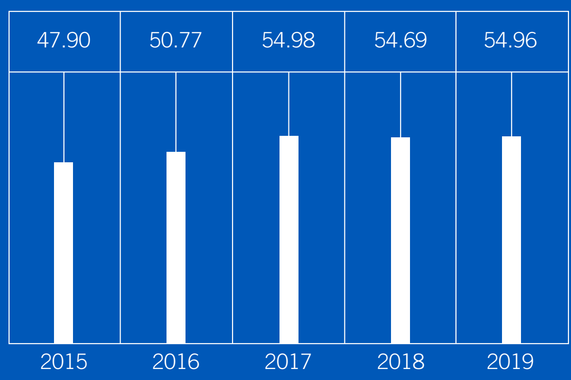
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM Million)



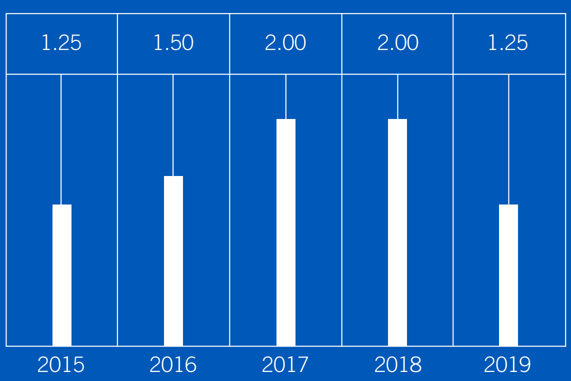
BASIC EARNINGS PER SHARE (sen)



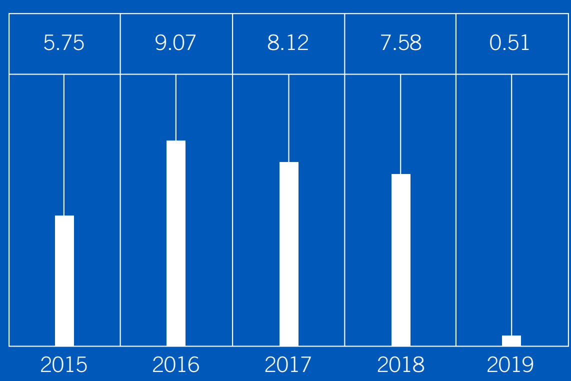
NET ASSETS PER SHARE (sen)



NET DIVIDEND PER SHARE (sen)



RETURN ON SHAREHOLDERS' EQUITY (%)



FINANCIAL CALENDAR

24 August 2018

Announcement of the unaudited results for the 1st quarter ended 30 June 2018

7 September 2018

Payment of interim dividend of 1.25 sen per ordinary share, under single-tier system in respect of the financial year ended 31 March 2019

12 September 2018

23rd Annual General Meeting held at Kota Permai Golf & Country Club

23 November 2018

Announcement of the unaudited results for the 2nd quarter ended 30 September 2018

26 February 2019

Announcement of the unaudited results for the 3rd quarter ended 31 December 2018

29 May 2019

Announcement of the unaudited results for the 4th quarter ended 31 March 2019

CHAIRMAN'S STATEMENT

Dato' Mohamed Sharil Bin Mohamed Tarmizi
Chairman

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" or "Company") and its Group of Companies ("Group") for the financial year ended 31 March 2019 ("FY2019").

FY2019 was a difficult year for the fiber optic cables industry in Malaysia. Factors including rising raw materials cost, lower industry price levels, ringgit weakness and the influx of cheap imports contributed to the overall weak industry situation. In addition, general macro uncertainties over the past twelve (12) months saw a big drop in demand for fiber optic cable, and our selling margins were adversely reduced due to foreign competition and the inability to pass on increased cost to key customers.

Our revenue profile continues to shift away from fiber optic cables to our new business of engineering services, manufacturing of engineered plastics, and production and export of thixotropic compounds which were nonexistent five years ago - constituted about 62% of the Group's turnover in 2019. We expect our new businesses to further increase their contribution to the Group's revenue in the years to come.

Unigel Compounds Sdn Bhd, a wholly-owned subsidiary, exports thixotropic compounds to over twenty-four (24) countries during FY2019. Thixotropic compounds are used in the manufacture of fiber optic cables as well as in the specialty construction and clean energy industry. Our associate company, Unigel (UK) Limited - a global leader in the production, marketing and sales of thixotropic compounds continue to make significant inroads in the diversification of its business activities.

In our engineering services and engineered plastics businesses, we have added operational capacity and won several supply mandates during the financial year. We invested and commissioned an additional production line for specialty ducts for the telecommunications and agriculture market.

DIVIDEND

For FY2019, due to the general business performance and challenging outlook in financial year 2020, the Company has decided not to declare a dividend for FY2019. Opcom continues to take a balanced approach on dividend payout, balancing between paying returns to shareholders when it can afford to do so, and at the same time, fulfilling the Group's working capital requirements and re-investment programs.

CORPORATE SOCIAL RESPONSIBILITY

Opcom believe that the Company's social responsibility initiatives are an integral part of the Company's believe sustainability policies. We have improved on our past year's initiatives to reduce our carbon footprint by sourcing locally and deliver our products using environmentally sustainable and socially responsible methods. In the current financial year, our manufacturing operations improved on waste segregation and recycling activities by rationalising our packaging requirements and delivery systems. The environmental management at our cables production plant is MS ISO 9001:2008 and MS ISO 14001:2004 certified, and our thixotropic compounds production plant is MS ISO 9001:2015 certified and we are working towards MS ISO 14001:2015 certification.

As part of Opcom's yearly commitment, Opcom continued our tradition of hosting the Hari Raya Open House for orphanages from Institut Taufiq Islami, Klang, Selangor Darul Ehsan, and made contributions of cash and stationery to the children. During the financial year, we conducted motivational and health talks as well as town hall meetings amongst the employees with the aim of improving communications and cultivating goodwill with our employees. Blood donation drives were jointly organised with University Malaya Medical Centre as part of our corporate social responsibility initiative.

CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of our Board of Directors, I would like to thank our customers, business partners and associates for their continued trust and confidence in us. Our heartfelt gratitude to our shareholders for their continuing support and confidence in Opcom.

I would like to also thank the Board, management team and all employees for their wise counsel, hard work, and commitment to drive Opcom forward.

Last but not least, I would also like to thank our past Chairman, Tan Sri Mokhzani Mahathir for his stewardship of the Group over the past ten (10) years.

Dato' Mohamed Sharil Bin Mohamed Tarmizi
Chairman and Independent Non-Executive Director

MANAGEMENT
DISCUSSION & ANALYSIS

INTRODUCTION

During the financial year 2019 ("FY2019"), the domestic business environment for Opcom Holdings Berhad ("Opcom" or "Company") and its group of companies ("Opcom Group" or "the Group") weakened considerably. Group turnover was RM74.6 million compared to RM103.9 million in the previous year which is a drop of approximately 28%.

Opcom continue to diversify its business away from fiber optic cable in financial year 2019, fiber optic cable sales accounts for 38% of total turnover compared to 50% of total turnover for financial year 2018. Thixotropic gels, engineered plastics, engineering and trading services accounted for 62% of total turnover compared to 50% in financial year 2018. We believe the non-cable segments of our businesses will further increase their contribution to Group revenue in financial year 2020.

OUR BUSINESS ACTIVITIES

The fiber optic cable market in Malaysia continued to be challenged by unprecedented weak customer demand and increased competition from foreign competitors. Shipment of fiber optic cables to customers decreased significantly by 45% compared to financial year 2018 which was a dismal year for the Company. The fiber optic cable industry in Malaysia continues to be plagued by uncertainty in the demand for fiber optic cable resulting in a local manufacturer exiting the business in the beginning of year 2019.

In our thixotropic gel business, our export business was affected by uncertainties caused by the ongoing trade frictions between the United States and China. Export volume was down 14% compared with financial year 2018. The global fiber optic cable industry which are the main customers for our thixotropic gel products remain strong and robust. During the financial year, we export our thixotropic gel products to over 24 countries.

Our engineered plastic materials and conduits continue to grow, and we have made further inroads with new customers in the domestic markets. During the past financial year, engineered plastic materials had contributed about 10% of total turnover, a business area that did not exist three (3) years ago.

Engineering services which hold great promises for the Group in our diversification strategy did not perform as well as expected, primarily due to weak domestic market conditions and general low price level in engineering services during the year in review.

In the current year, our domestic market environment remains uncertain. Capital expenditure by our key customers is expected to remain curtailed as a result of the telecommunications services industry adjusting and realigning to regulatory changes in Malaysia. The Group expects our export business and the business prospects of our associate company to be good in the current fiscal year.

FINANCIAL PERFORMANCE

For the financial year under review, the Group's revenue was RM74.6 million, a decrease of approximately 28% over the preceding years due to lower shipment of fiber optic cables in the domestic market, and lower export sales during the second half of the financial year. Shipment of fiber optic cables was down by 45% in FY2019 compared to the preceding year. Export sales of thixotropic gel were lower by 10% in comparison to FY2018.

Our engineering services registered a turnover of RM12 million, an increase of 25% over the previous year. During FY2019, our engineering services business added a new service category, we received a mandate to provide installation works for UNIFI services to business premises and homes for our key customer.

MANAGEMENT DISCUSSION & ANALYSIS

Our Group reported a loss after tax of RM1.2 million compared to a profit of RM5.4 million in the preceding year. The main reason for the deficit was due to operating losses incurred by the fiber optic cable manufacturing business segment. Apart from a reduction of 45% in cable shipments, our fiber optic cable business was negatively affected by high raw material prices, weaknesses in the Malaysian ringgit, foreign competition and limited ability to pass accelerated manufacturing cost to our customers.

Over the past three years, we have continued to diversify away from our cable manufacturing business, with the aim of making our export sales to comprise half of our turnover in the coming years. At the same time, we are increasing the momentum of our engineered plastics business by improving our cost structure and increasing production capacity.

CAPITAL EXPENDITURE

The Group has invested approximately RM7.1 million in capital equipment for capacity expansion for our thixotropic gel business as well as new warehouse storage facility. During the financial year, our manufacturing business continues to invest in automation to reduce our dependency on manual labour in non-critical areas. In engineering services, we continue to upgrade our project management methodology and processes which had enabled us to achieve cost improvement and productivity gains.

BUSINESS RISKS

During the financial year, the Group saw unprecedented demand swing and price volatility in the global optical fiber market. Price level of optical fiber declined by almost 50% during the financial year due to the factors of increased global production capacity from China and a less than anticipated demand in some key markets for optical fibers. We expect the price volatility to persist due to uncertainty from the ongoing US-China trade frictions. To ameliorate the current situation, the Company is following the market situation very closely and purchasing optical fibers on a need basis while maintaining close relationships with our key raw material suppliers.

The demand outlook for fiber optic cables remains uncertain in the domestic market, and the Group is following market development closely.

During the financial year, Unigel Compounds completed the erection of storage facility for its key raw materials. This important step allows the Group to buy and store raw materials against price volatility which significantly helped us achieve a more stable cost structure in our manufacturing business operations.

OUTLOOK

According to the World Bank, the global economic growth in 2019-2020 is expected to decelerate due to a confluence of various political-economic events that are expected to soften economic growth and investor sentiments. Bank Negara Malaysia had projected a domestic economic growth rate of between 4.3% - 4.9% in 2019 compared to a 4.7% growth rate in 2018.

The Group expects the current financial year to be very challenging due to uncertainties in the domestic market for fiber optic cables and other related products. Weak domestic demand and competitive pressure from foreign imports will have a negative impact on our domestic business outlook.

Our export business will continue to maintain its momentum, and we expect the thixotropic gel manufacturing business in Malaysia to be healthy, and the business performance of our UK associate company to be robust as in the preceding years.

Opcom Group continues to aggressively rationalise its operating cost to adjust to the weak business operating environment domestically. Various initiatives such as the Government’s National Fiberisation Plan (NFP) and the adoption of 5G networks by the telecommunications service industry over the next few years will potentially improve our business outlook for fiber optic cable demand in Malaysia.

As in previous years, engineering services remain a key aspect of the Company’s future. Opcom Engineering Services Sdn Bhd, a 90% owned engineering services subsidiary, continue to build key competency and make progress in developing its engineering service offerings to the Malaysian market.

BOARD OF DIRECTORS

From Left:

Magnus Kreuger
Independent Non-Executive Director

Sven Janne Sjöden
Independent Non-Executive Director

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

Dato' Mohamed Sharil Bin Mohamed Tarmizi
Chairman/Independent Non-Executive Director

BOARD OF DIRECTORS

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

DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI

Chairman/Independent Non-Executive Director
Aged 50, Male Malaysian

Date Appointed to the Board:
16 July 2019

Number of Board Meetings Attended in the Financial Year:
–

Qualifications:
- LLB (Hons) from University College of Wales, Aberystwyth
- Barrister-at-Law, Gray's Inn, United Kingdom

Membership of Board Committee:
- Tender Committee (Chairman)

Skills, Experience and Expertise:
He was called to the Malaysian Bar in 1994 and was formerly an Advocate & Solicitor of the High Court of Malaya practicing with Azman Davidson & Co and Zaid Ibrahim & Co early in his career before becoming a partner in an investment advisory firm called BinaFikir Sdn Bhd which was eventually acquired by Maybank Berhad. He was then invited to join the Malaysian Communications and Multimedia Commission ("MCMC"), an independent regulatory body set up by a Malaysian Act of Parliament to develop, oversee and regulate the communications and multimedia sector in Malaysia as its Chief Operating Officer in 2009 and was subsequently appointed to the position of Chairman and Chief Executive of the MCMC from 16 October 2011 to 31 December 2014. MCMC was also the regulator for the postal and courier industry pursuant to the Postal Services Act 2012.

In the international arena, Dato' Sharil was also a Board Member of the Internet Corporation for Assigned Names and Numbers ("ICANN"), the global Internet domain name coordinating body and Chairman of ICANN's Government Advisory Committee ("GAC") from 2004 to 2007. Dato' Sharil has worked closely with international organisations such as ICANN, Internet Society ("ISOC"), International Telecommunications Union ("ITU"), the World Bank, the World Trade Organisation ("WTO"), Asia Pacific Telecommunity ("APT"), Pacific Islands Telecoms Association ("PITA"), Commonwealth Telecoms Organisation ("CTO"), International Institute of Communications ("IIC"), Universal Postal Union ("UPU") and UNICEF, particularly in the area of training and capacity building and remains in an advisory capacity to some of them. In recognition of his contribution to the global internet community, his alma mater, Aberystwyth University conferred an Honorary Fellowship to him in 2017.

He is presently a Senior Advisor with Quantephi Sdn Bhd, a boutique investment advisory firm licensed by the Securities Commission of Malaysia and a Senior Advisor to Asean Advisory Pte Ltd, a specialist advisory and consulting firm based in Singapore. He also serves on the Board of Directors of Lotus Cars Ltd, UK. He is also an independent director of Privasia Technology Berhad.

In March 2019, he was appointed to the Advisory Board of the United Nations University Institute on Computing and Society ("UNU-CS").

CHHOA KWANG HUA, ERIC

Executive Director
Aged 54, 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:
He co-founded the group in year 1994. As part of the leadership team of the Group, he works with the Chief Executive Officer and management to drive the business activities of the Group. He has over twenty-five (25) 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 72, 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 ("SPGP"), the nation's highest award for gallantry.

ABDUL JABBAR BIN ABDUL MAJID

Independent Non-Executive Director
Aged 74, 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 Malaysia 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 74, Male Swedish National

Date Appointed to the Board:
11 November 2003

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

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

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

CHAN BEE LEAN

Independent Non-Executive Director
Aged 47, 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 twenty (20) years. She is currently the Group Internal Audit Manager of Merge Housing Sdn Bhd and its related companies.

MAGNUS KREUGER

Independent Non-Executive Director
Aged 63, Male Swedish National

Date Appointed to the Board:
19 October 2018

Number of Board Meetings Attended in the Financial Year:
2/5

Qualifications:
- Master of Business Administration in International Business Management from Uppsala University, Sweden
- Degree of Systems Design and Analysis in Data Processing and System Analysis from New York University, USA
- Bachelor of Science in Economics from Uppsala University, Sweden

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

Skills, Experience and Expertise:
He has over 30 years of financial, management and leadership experience in the global telecommunication industry.

Prior to his retirement, he was the President of Cable & Interconnect Business of Ericsson AB.

Notes:
1. All directors 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 2019.
4. All Directors, except for Dato' Mohamed Sharil Bin Mohamed Tarmizi, do not have any directorship in public companies and listed issuers.

SENIOR MANAGEMENT'S PROFILE

CHHOA KWANG HUA, ERIC
Deputy Chief Executive Officer

Profile set out on page 19.

LIM BEE KHIN
Executive Director, Unigel Compounds Sdn. Bhd.

Lim Bee Khin, aged 46, Female Malaysian, joined Unigel Compounds Sdn Bhd, a subsidiary of Opcom in January 2017. She earned a Bachelor of Business (Accounting) from Monash University, Australia and is a member of the Malaysian Institute of Accountants ("MIA"). She began her career with KPMG Malaysia in 1995. Prior to 2017, she held several finance positions within Opcom Group from 1997 to 2015. She is responsible for the Group's manufacturing and sales of cable filing compounds and related products.

YUSREE PUTRA BIN ALIAS
Chief Executive Officer, Opcom Engineering Services Sdn. Bhd.

Yusree Putra Bin Alias, aged 48, Male Malaysian, 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 and 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 the Chief Executive Officer of Opcom Engineering Services Sdn Bhd.

ROHIZA BINTI HUSAIN
Plant Manager, Opcom Cables Sdn Bhd

Rohiza Binti Husain, aged 49, Female Malaysian, joined the Group in 2011. She earned a Bachelor in Electrical Engineering from Gunma University, Japan in 1993. She has over twenty (20) 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 the Group's fiber optic cable manufacturing activities.

YEONG WAI YEE, SAMANTHA

General Manager - Marketing, Unigel Compounds Sdn. Bhd.

Yeong Wai Yee, Samantha, aged 38, Female Malaysian, joined the group in 2012. She earned an Advance Diploma in Business Administration from Institute Sarjana accredited by University of Oxford in 2000. She has over ten (10) years of experience in supply chain management and marketing. She is responsible for Unigel Compounds Sdn Bhd's marketing and sales administration in the Asia Pacific region.

NG HUI TIENG

General Manager - Finance & Admin, Opcom Group

Ng Hui Tieng, aged 44, Female Malaysian, joined the Group in 2017. An accountant by training, she is a fellow member of the Association of Chartered Certified Accountant ("FCCA") and a Chartered Accountant of the Malaysian Institute of Accountants ("MIA"). She has over twenty (20) years of working experience in accounting, finance and taxation in various industries in the ASEAN countries. She is responsible for the overall Group's finance and administration function.

HIA NGEE TENG

Deputy General Manager, Finance & Admin, Opcom Group

Hia Ngee Teng, aged 49, Male Malaysian, joined the Group on 26 December 2018. He graduated from University of Wollongong, Australia with a Bachelor of Commerce majoring in Accountancy and from University of Southern Queensland, Australia with a Graduate Diploma in Information Technology. He has worked in audit, information systems audit, general accounting, SAP implementation and support, which were gained from a Big 4 audit firm and MNCs since 1991. He is a Chartered Accountant of the Malaysian Institute of Accountants ("MIA") and a Fellow of CPA Australia.

Notes:

1. All senior management 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 2019.
4. All senior management of the Company do not have any directorship in public companies and listed issuers.

SUSTAINABILITY STATEMENT

OUR APPROACH

At Opcom, we believe that sustainability permeates everything we do – and it is a core value of our organisation. We believe that sustainability like long term shareholder value enhancement must encompass all stakeholders – and such inclusivity in a caring and safe environment is pivotal for our organisation to achieve business growth and profitability over the long term.

In embracing Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, the Company's holistic approach to sustainable practices provide a bedrock to include social, macroeconomic, business and environmental risks and opportunities that are congruent with our corporate social responsibility values and governance framework. Such an approach allows us to set in motion a forward looking continuous improvement mindset throughout our organisation.

Operating in a business environment that is technologically driven and export-oriented, our Sustainability Statement is a beacon which highlights the importance of business continuity which our portfolio of businesses demand from our organisation and its people. The Sustainability Statement helps us calibrate ourselves, provide a 360-degree analytical view of the various dimensions that our businesses operate and prioritise our sustainability initiatives in a manner that provide the most impact to all our stakeholders.

SUSTAINABILITY GOVERNANCE

The Company's Board of Directors ("Board") is the custodian of sustainability governance at Opcom. Our corporate governance structure embraces and embeds sustainability in all key aspects of our business engagement including:

- Review and identification of materiality risks and opportunities that affect our sustainability governance
- Sustainability risks and opportunities are dynamic and evolving, and their relevancy to our organisation over time must be identified and managed appropriately
- Coalesce and engage stakeholders in an open and dynamic approach

Our Board believes that sustainability management should be part of our corporate culture and as we weave sustainability into our daily operational activities, everyone in the organisation shall have the opportunity to make a sustained and meaningful contribution.

MATERIAL SUSTAINABILITY MATTERS

Stakeholders

Opcom releases timely and quality information on its financial performance and position via the Bursa Quarterly Announcement. We hold Annual General Meeting which serves as a platform of communication on business operations and outlook, financial performance and position with the shareholders.

Our corporate website at www.opcom.com.my also provides information to stakeholders, i.e. corporate information, products, financial information, news update/circulars, and any other pertinent information are updated when available.

Being a responsible organisation, we practice strict compliance with all relevant laws and regulations to our business operations. Opcom committed to adhere to all laws and regulations to minimise any monetary fine and non-monetary sanction by any authority.

Our organisation constantly develop/review the internal controls with the assistance of assurance service providers to ensure effective control is in placed in this fast pace changing technology era.

Environment

Opcom has always committed to comply with the legal and regulatory requirements of the Malaysian Department of Environment ("DOE") and other regulators and authorities. Emphasising the importance of environmental preservation, we have been applying 3R – Reuse, Reduce, and Recycle in our daily operations.

One of our subsidiaries – Opcom Cables Sdn Bhd, is certified with ISO 14001:2015 Environmental Management System by SIRIM Malaysia.

- **Energy Savings**

  Air-conditioning and lights are switched off after office hours, our working desktops and notebooks are configured to power save mode.

  We are promoting energy saving activities and set as key criteria for equipment selection in our plants.

- **Waste Management**

  We also practice 3R on waste management. We have wastes from our Gel production plant such as oil residue, small quantities of off-specification gel and unwanted pallets, steel straps, etc.

  We reduce oil residue in packaging by investing in a squeeze system which can push out most of the oil residue in packaging.

  Plastic pallets are reused for delivery of goods. Unwanted items are sold as scrap to recyclers. We practice Intermediate Bulk Container ("IBC") return with selected customers to reuse IBC for next delivery of goods.

  All employees are putting efforts to reduce printing and photocopying, by using double-sided printing, using recycled papers where possible.

- **Resources Planning**

  To promote effective human resources planning, the Group had made various round of restructuring activity and we had shared headcount for certain supportive functions, namely Finance & Accounts, Management Information System ("MIS") & Information Technology, Procurement and Safety & Security, to reduce number of workstation in daily operations.

Customer

We perform customer satisfaction survey twice-yearly to evaluate our customers' feedback. The feedback has been discussed in monthly management meeting for the countermeasure.

- **Customer Satisfaction**

  We practice continuous process improvement and strengthen internal process inspection to reduce customer complaint. Last year we have ZERO substantiated customers' complain for our Cable business.

- **R&D Support**

  We also have full test gear lab equipment that enable us to do final acceptance test and also Test and Inspection ("TNI") with customers at our own lab and produce quality products.

  Our business operations are strongly focused on technology and innovation to ensure business continuity. Our Group invests significantly to remain relevant through the development of new products as well as improving processes and procedures. We are equipped with state-of-the-art testing facilities to fulfill our customer expectation.

  We have two subsidiaries that are ISO 9001:2015 Quality Management System certified.

- **Participation in Trade Exhibition**

  In our Gel business, we hold exhibitions in many countries to reach out to our customers and as a measure to move forward in the industries. We had participated in Wire Southeast Asia 2017, Wire Dusseldorf 2018, Wire and Tube China, Wire and Tube India and PTI Convention 2019.

- **Project Management**

  Our engineering team's main business activities are in project implementation and trading of project materials. Perfection of project documentations from the beginning up to the billing collection was the major parts of the total project quality measured. We have dedicated team to work closely with relevant authority body at the region together with our customers in meeting their satisfaction and expectation.

  Their focus was mainly in ensuring project engineering are all in order, documented and measured.

People Retention

Opcom emphasis on the following areas, which are the primary considerations of an employee for long term loyalty:-

- **Workplace quality**

  We provide safe and pleasant working environment with stringent security control and clean offices.

  Our due respect towards labour and human rights of all employees with clearly defined human resources policies.

- **Training & Development**

  All new recruits go through a mentor/mentee program to provide with on-the-job ("OJT") training.

  We regularly nominate staffs for suitable internal/external training, workshop and motivational talk as we believe education can make changes. Training Needs Analyses ("TNA") are conducted every half-yearly along with appraisal session to ensure the relevance of the programs and suits individual requirement.

- **Rewards**

  We conduct staff performance appraisal every half-yearly, we practice incentive scheme for production staffs based on Key Performance Indicator ("KPI") achievement. The company also recognises long service award annually by monetary rewards.

  We ensure remuneration package is in line with the market practice, and includes all the staff welfare and benefits prescribed by the local authorities and applicable labour laws and regulations.

- **Employee communication**

  Weekly department meeting is hosted to discuss for operational issue, alongside we also had monthly management meeting to review and follow-up for each department achievement.

  We also had yearly town hall meeting for management to communicate with staffs from all levels.

Community

We support our local communities in educational, welfare, charity and social development.

- **Internship Program**

  Opcom had engaged with local colleges/universities for internship program. We also have factory visit by local universities for field study.

- **Social Events**

  We host annual Hari Raya gathering for staffs and customer/supplier to foster relationships; during the event we had open house invitation to the orphanages.

  We also had collaboration efforts with our neighboring company for fire-drill practices.

- **Responsible Engineering Team**

  Our ground engineering team have a strict compliance with all relevant laws and regulations as a requisite to promote an ethical and responsible society.

  Their commitment to proper compliance with laws and regulations has proven to be favourable and value-enhancing for our shareholders and stakeholders, as we minimise the exposure to lawsuits.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Opcom Holdings Berhad and its subsidiaries ("Opcom" or "Group") recognises the importance of good corporate governance and fully supports the principles and best practices as stipulated in the Malaysian Code of Corporate Governance ("MCCG") to enhance business prosperity and maximise shareholders' value. The Board will continuously evaluate the Group's Corporate Governance practices and procedures and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is an overview statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 March 2019 pursuant to Rule 15.25 of ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board has also provided specific disclosures on the application of the practices in its Corporate Governance Report which could be obtained from the Company's website at www.opcom.com.my. Shareholders are advised to read this overview statement together with the CG Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

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 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.

The Executive Director has many years of combined experience and have in-depth industry and market knowledge to lead and manage the Group's business operations. The Executive Director is 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:

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.

The Board has also established a whistleblowing policy and procedures in enabling the employees to report on any suspected and/or known misconduct, wrongdoings, corruption, fraud and possible improprieties in financial reporting.

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.

Roles and Responsibilities of the Company Secretaries

Presently, the Board is assisted by two (2) qualified company secretaries who are members of the Malaysian Institute of Chartered Secretaries and Adminstrators. The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regards to the compliance with regulatory requirements, corporate disclosure and governance related issues. All Directors have unrestricted access to the advice and services of the company secretaries.

The appointment and removal of the Company Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

The Board Meeting

For the financial year ended 31 March 2019, the Board held five (5) meetings. Directors' profiles and attendance to these meetings can be found in the Board of Directors' profile on pages 18 to 21. 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.

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.

Training

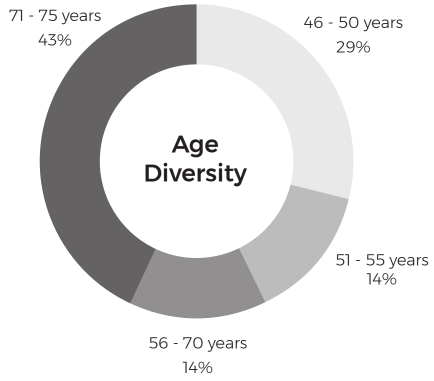
The Directors assessed their own training needs and attended courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as directors of the Company. Additionally, the Directors kept themselves updated 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 year under review, regular updates/briefing on regulatory and industry trends were held at Board and Committee meetings.

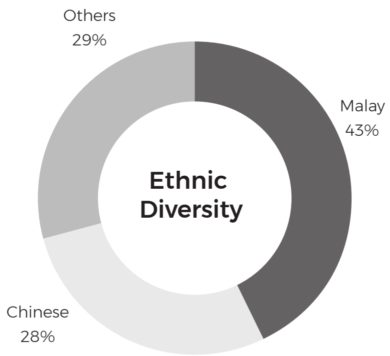
The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as directors.

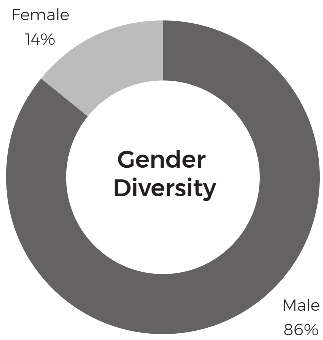
Composition and Balance of the Board

The Board currently comprises seven (7) members, made up of one (1) Executive Director and six (6) Independent Non-Executive Directors. All six (6) 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 current board composition is illustrated as below:







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 21 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.

During the financial year under review, Dato' Mohamed Sharil Bin Mohamed Tarmizi was appointed to the Board as an Independent Non-Executive Chairman and Mr Magnus Kreuger was appointed as Independent Non-Executive Director. The Nominating and Remuneration Committee ("NRC") had evaluated the suitably for their appointment, prior to making recommendation to the Board for consideration. Their appointment was recommended by the stakeholder.

Independent Directors

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 Company will be adopting the two-tier voting process in this forthcoming Twenty-Fourth Annual General Meeting for the retention of Dato' Seri Panglima Zaini as Independent Director of the Company.

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 judgement. Therefore, it has determined at the assessment carried out that Sven Janne Sjöden and Chan Bee Lean, who have served the Board for more than nine (9) years and Dato' Seri Panglima Zaini, who has served the Board for a cumulative term of beyond twelve (12) years, remain objective and independent in expressing their views and in participating in deliberation and discussion making of the Board and Board Committees.

The Board has commitment to increase 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.

Nominating & Remuneration Committee

NRC is 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. Under the listing requirements, the NRC is also responsible to review the term of office of the audit committee and performance of the audit committee and each of its members annually.

Each Director evaluates the performance of the Board as a whole by way of a self-assessment questionnaires by individual Board member and the evaluation process is led by the NRC Chairman supported by the Company Secretary and Corporate Services Workgroup.

The NRC Report is as set out on pages 42 to 45 of this Annual Report, which outlines the NRC's membership, its responsibilities and summary of activities carried out during the year.

Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 March 2019 is as follows:

	Company		Group			
Director	**Directors' Fee (RM)**	**Allowances (RM)**	**Directors' Fee (RM)**	**Salaries (RM)**	**Allowances (RM)**	**Benefits-in-Kind (RM)**
Tan Sri Mokhzani Mahathir	24,000	–	36,000	230,248	26,217	–
Chhoa Kwang Hua, Eric	24,000	–	60,000	142,481	107,597	97,102
Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B)	24,000	29,000	36,000	–	29,000	–
Abdul Jabbar Bin Abdul Majid	24,000	21,000	36,000	–	21,000	–
Sven Janne Sjöden	24,000	25,500	24,000	–	25,500	–
Chan Bee Lean	24,000	18,000	24,000	–	18,000	–
Magnus Kreuger (Appointed on 19.10.2018)	12,000	3,000	12,000	–	3,000	–

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 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. The remuneration policy is made available for reference in the Company's website, www.opcom.com.my.

Executive Directors/Senior Management Remuneration

It shall be noted that all Executive Directors are also the top Senior Management. As required under the MCCG to disclose top five (5) Senior Management's remuneration in the band of RM50,000, the table append below shows the remuneration of the Executive Director (who is also the top Senior Management) in the following remuneration bands:

Range of Remuneration (RM)	**Executive Directors/Senior Managements**				
	Chhoa Kwang Hua, Eric	**Lim Bee Khin**	**Yusree Putra Bin Alias**	**Rohiza Binti Husain**	**Ng Hui Tieng**
150,000 and below					
150,001 - 200,000				✓	
200,001 - 250,000					✓
300,001 - 350,000		✓			
400, 001 - 450,000	✓		✓		

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

As of financial year ended 31 March 2019, 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.

The Audit Committee has established formal and transparent arrangements to maintain an appropriate relationship with the Company's External Auditors. This includes policies and procedures to review the suitability and independence of the external auditor. During the financial year under review, the AC has received written assurance from external auditor confirming that it is and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

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.

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 AMLR of Bursa Securities have been applied. In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements 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.

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 Moore Stephens Associates PLT, 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 RM60,000. The Statement on Risk Management and Internal Control furnished on pages 46 to 49 of the Annual Report provides an overview on the state of internal controls within the Group.

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 39 to 41 of the Annual Report.

The Audit Committee will have a private session with the external auditors without the presence of any executive of the Group at least twice a year. Liaison and unrestricted communication exist between the Audit Committee and external auditors. The Audit Committee obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the external auditors. The external auditors are invited to attend the Company's AGM.

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.

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.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Dialogue between the Company and Investors

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. 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.

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.

In line with the requirements of the AMLR, poll voting will be conducted at the forthcoming twenty-fourth AGM. Summary of key matters will be published on the Company's website at www.opcom.com.my.

Shareholders who are unable to attend are allowed to appoint proxy(ies) to attend and vote on their behalf. Announcement will be made on the detailed results showing the numbers of votes cast and against each resolutions tabled at general meetings.

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 2019.

Compliance with MCCG

The Board shall continue to strive for high standards of corporate governance throughout the Group. The Board is of the view that the Company has, in all material aspects, satisfactorily complied with the principles and practices set out in the MCCG except for the departures as set out in the Corporate Governance Report.

OTHER INFORMATION

Audit Fees and Non-Audit Fees

The fees incurred for services rendered to the Group by the Group's external auditors for the financial year ended 31 March 2019 is as follows:

	Group (RM)	Company (RM)
Audit fees	191,000	43,000
Non-audit fees	10,000	10,000

Non-audit fees payable to the external auditors for the financial year ended 31 March 2019 by the Group is for review of Statement on Risk Management & Internal Control, and review of financial information contains in the Annual Report.

Material Contracts

There was no material contract entered into by the Group involving the directors' or major shareholders' interest during the financial year ended 31 March 2019.

Compliance with MCCG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCCG throughout the FY2019 except for the below where the explanation for departure is disclosed in the Corporate Governance Report:

- Practice 4.6: In identifying candidates for appointment of directors, the Board utilises independent sources to identify suitably qualified candidates.
- Practice 12.2: All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.
- Practice 12.3: Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate-
  (a) including voting in absentia; and
  (b) remote shareholders' participation at General Meetings.

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 2019 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 Group and its associated companies, including: • raw materials and components for the manufacture of fiber optic cables • fiber optic cables and accessories • fiber coloring, optical fiber, ribbon optical fibers, and ribboning products and services • other fiber optic cable related products • information and communication technology products and services • fiber optic cable and system project management, installation and related services • capital equipment, test equipment, software, other auxillary equipment and spare parts, installation testing, commissioning, technical support service and consultancy services and other such related products and services • product warranty and management and repairs of faulty products • as project consultants and advisers for business and market development in Malaysia and/or internationally • as agent and/or distributor for Opcom Group's products and services in Malaysia and/or internationally • selected supply chain business activities including logistics, packing, warehousing, testing, validation, customer support service, et. al. • project management for plant infrastructure facilities and other such related services • plant and equipment on a turnkey basis, manufacturing-knowhow maintenance and ancillary services and parts thereof • IT services and other business services	Tan Sri Mokhzani Mahathir [a] Dato' Seri Mukhriz Mahathir [b] Tok Puan Norzieta Zakaria [c] Mirzan Mahathir [d] MOCSB [e]	4,345,113
	Letting of work and storage space to OSB (260 Square feet) at No. 11 Jalan Utas 15/7, 40200 Shah Alam for 1 year commencing from 1 October 2018 with monthly rental of RM286		1,350

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Airzed Broadband Sdn Bhd ("ABSB")	Letting of Opcom's open area of (4,890 square feet) at No. 11 Jalan Utas 15/7, 40200 Shah Alam, to ABSB for 3 years commencing from 1 September 2016 with monthly rental of RM1,650	Dato' Seri Mukhriz Mahathir [b] Tok Puan Norzieta Zakaria [c] MOCSB [e] Chhoa Kwang Hua [f]	19,800
Unigel (UK) Limited Group ("Unigel Group") and associated companies	Supply of goods and services to Unigel Group and its associated companies, including: • merchandise including all types of chemical compounds, fiber optic cable and related accessories as well as other industrial and consumer related products services, capital goods and building infrastructure and systems • selected supply chain business activities including logistics, packing, warehousing, testing, customer support services et. al. • all general management and IT services and other business activities • R&D and proto-typing services	Chhoa Kwang Hua [f] UL [g] Hikari [h]	25,425,547
	Purchase of goods and services from Unigel Group and its associated companies, including: • cable related raw materials, components and other such related merchandise • gel related raw materials components and other such related merchandise • as agent and/or distributor for Opcom Group's products and services • consultancy, technical advisory and related services and business services and provision of such related services		1,575,332

Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate Value (RM)
Hikari Composites Sdn. Bhd. ("HCSB")	Purchase of goods and services from HCSB, including: • fiber reinforced plastics related and other such related merchandise • consultancy, technical advisory and related services and business services and provision of such related services • capital equipment, test equipment, software, other auxillary equipment and spare parts, installation testing, commissioning, technical support service and consultancy services and other such related products and services	Chhoa Kwang Hua [f]	113,923

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. Tan Sri Mokhzani Mahathir has resigned as Chairman/CEO of Opcom and OCSB on 1 June 2019.

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

[h] 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 2019.

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)
(Is a member of the Malaysian Institute of Accountants)

Magnus Kreuger
(Independent Non-Executive Director)
(Appointed as Member of the Committee on 16 July 2019)

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	6/6
Chan Bee Lean	6/6
Magnus Kreuger *	0/0

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.

* No meeting was held by the Committee after Mr. Magnus Kreuger's appointment as Committee member.

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 (“AMLR”), with management, before recommendation to the Board for approval;
- Reviewed quarterly Financial Manual of Opcom Group;
- 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 AMLR;
- On quarterly basis, reviewed the related party transactions to ensure the transactions are within the approved mandated value given by the shareholders for recurrent related party transactions were complied within the approved mandated value;
- Reviewed the Risk Management Policies and Procedures and proposed refresher training to Head of Workgroups of the Group;
- Reviewed the Circular to Shareholders in relation to the Renewal and new Recurrent Related Party Transactions mandate and recommended to the Board to seek shareholders' approval; and
- Reviewed the Audit Committee Report and Statement on Risk Management & Internal Control for inclusion in the annual report of the Company.

(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 Moore Stephens Associates PLT ("Moore Stephens"), who reports directly to the Committee. Moore Stephens 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.

Moore Stephens 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 review conducted by Moore Stephens during the financial year are as follows:

Group

- Logistic and Shipping Management
- Sales to receipt process
- Procure to pay

Unigel Compounds Sdn Bhd

- Production operation

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

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2019 is RM60,000.

NOMINATING & REMUNERATION COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the Nominating & Remuneration Committee ("Committee") Report of the Company and its subsidiaries ("Group") for the financial year ended 31 March 2019.

1. COMPOSITION

The present members of the Committee comprised:

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)

Magnus Kreuger
(Independent Non-Executive Director)
(Appointed as Member of the Committee on 16 July 2019)

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
Abdul Jabbar Bin Abdul Majid	6/6
Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B)	6/6
Sven Janne Sjöden	6/6
Magnus Kreuger*	0/0

* No meeting was held by the Committee after Mr. Magnus Kreuger's appointment as Committee member.

3. APPOINTMENT & RE-ELECTION

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.

In accordance with the Company's Constitution, at every Annual General Meeting ("AGM") one-third of the Directors are subject to retirement by rotation so 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. 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.

At the forthcoming Twenty-Fourth Annual General Meeting ("24th AGM"), two (2) Directors will be retiring in accordance with Article 90(1) of the Company's Constitution. They are Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B) ("Dato' Seri Panglima Zaini") and Abdul Jabbar Bin Abdul Majid ("Abdul Jabbar"). Dato' Seri Panglima Zaini, being eligible for re-election has given his consent for re-election at the 24th AGM whilst Abdul Jabbar has expressed his decision to retire at close of the 24th AGM. In view thereof, Abdul Jabbar will retire from office upon the close of the 24th AGM of the Company.

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the AMLR. 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 Company will be adopting the recommendations of MCCG for tenure of an independent director that has exceeded a cumulative term of nine (9) years, the independent director may continue to serve on the board subject to board's justification and to seek annual shareholders' approval. For independent director who has served after the twelfth year, the board shall seek annual shareholders' approval through a two-tier voting process.

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 judgement. Therefore, it has determined at the assessment carried out that Sven Janne Sjöden and Chan Bee Lean, who have served the Board for more than nine (9) years and Dato' Seri Panglima Zaini, who has served the Board for a cumulative term of beyond twelve (12) 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. Sven Janne Sjöden, Chan Bee Lean and Dato' Seri Panglima Zaini have been demonstrably independent in carrying out their roles as members of the Board and Board Committees. The Board is therefore recommending to the shareholders at the forthcoming 24th AGM to retain Sven Janne Sjöden, Chan Bee Lean and Dato' Seri Panglima Zaini as the independent directors of the Company respectively.

4. BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTOR EVALUATION

The NRC is 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, term of office of the audit committee and performance of the audit committee and each of its members annually, the performance of each existing Director and its Independent Directors.

The evaluation process is led by the Chairman of the NRC and assisted by the Company Secretary and Corporate Services Workgroup, and is carried out in three stages:

Stage 1
Assessment Sheets

- Each director completes the assessment sheets distributed by the Corporate Services Workgroup. The assessment sheets are annually reviewed by the Board Members.
- Each director also undertakes a self-assessment of their individual performance during the financial year based on the criteria of experience, knowledge, participation, judgement, decision making and leadership and competence in understanding their role.

Stage 2
Evaluation

- The evaluation includes a review of the administration of the Board and its Committees covering their operations, agendas, reports, and information produced for consideration and relationship with Management.

Stage 3
Reporting & Discussion with the Board

- Completed assessments will be compiled by Company Secretary to generate summary report.
- The evaluation process is led by the NRC Chairman, assisted by Company Secretary and Corporate Services Workgroup.
- Areas of concern for continuous improvements were recommended to the Board.

5. SUMMARY OF WORK DONE BY THE COMMITTEE

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;
- Assessed 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 and twelve (12) years;
- Reviewed the Company's Directors' meeting allowances;
- Reviewed the Employment Contract/the Senior Management;
- Reviewed and recommended the appointment of new Directors, Chairman of the Company, as well as the changed of composition of the Board Committees; and
- Reviewed the term of office of the Audit Committee members and assessed the performance of the Audit Committee and its members during the financial year.

The terms of reference of the NRC is accessible in the Company's website at www.opcom.com.my.

STATEMENT ON RISK MANAGEMENT
& INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Opcom Holdings Berhad ("Board") is pleased to provide the following Statement on Risk Management and Internal Control of the Company and its subsidiaries ("Group") for the financial year ended 31 March 2019, which has been prepared in accordance with the "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers" ("Guidelines") issued by 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.

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.

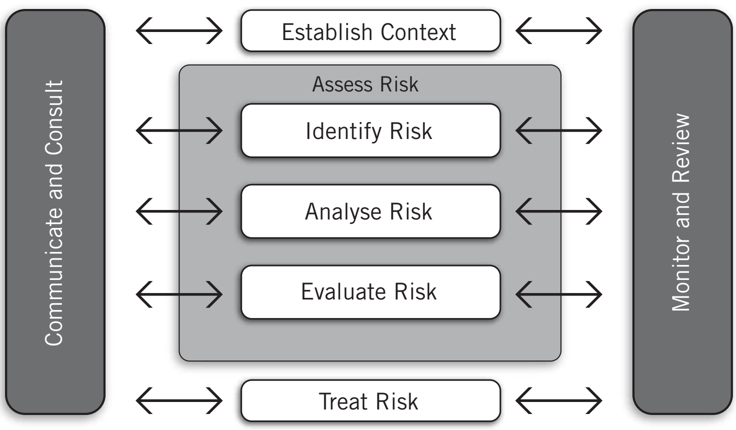
RISK MANAGEMENT FRAMEWORK

The 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.

The Group had a written Risk Management Policies and Procedures ("RMPP") with an objective to ensure a formal and consistent process of risk identification, assessment, acceptance and treatment is carried out within the Group.

Under the RMPP, the role and responsibilities of the Board, Audit Committee and Risk Management Committee ("RMC") is defined. The composition of RMC is made up of individual head of business units and the head of functional workgroups such as human resources, finance, MIS, production & technical, etc, primary to assist the Board and Audit Committee in the management of risks and control responsibilities. A RMC Chairman is appointed from the committee to govern the operations of the RMC.

The Group's Risk Management Committee had adopted the ISO31000:2009 which had superseded AS/NSZ 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:



The overview of the Risk Management Process involves the systematic 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.

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

Monthly RMC meeting is held to continue monitor and review with management action plan to mitigate the risk. The RMC also had ad-hoc meeting arrangement on any crisis management that might arise.

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 are as follow:

- Logistic and Shipping Management
- Production Operation – Unigel Compounds Sdn Bhd
- Sales to Receipt
- Procure to Pay

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.

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 recognise 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.

MANAGEMENT RESPONSIBILITIES AND BOARD ASSURANCE AND LIMITATION

The Board uses the following key controls, processes, and information and review mechanisms to follow-up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

- A Risk Management Committee has been set up to constantly identify, evaluate and monitor significant risks faced by the Group. The said committee is also responsible for the development of risk mitigation strategies and plans;
- Board discussions with the management during the board meetings on business and operational issues as well as the measures taken by the management to mitigate and manage risks associated with the business environment;
- The Executive Directors and Chief Operating Officer of the business unit meet frequently to discuss and review the cash flows, financial and business units' performances, funding and operational issues in order to ensure that challenges and risks are addressed timely and appropriately;
- The Audit Committee reviews and discusses with the management the unaudited quarterly financial results to monitor the Group's performance; and
- The Audit Committee also discusses with the External Auditors on the key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit, and the follow-up actions by the management.

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

- **Standard Operating Procedures and Control Policy**
  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.
- **Organisation Structure and Authorisation Matrix**
  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.
- **Budgetary Review**
  The Group's management team monitors 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 system of internal control is also structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact on objectives rising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of prevention, detective and corrective measures. It is possible that internal control may be circumvented or overridden. 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 and tested periodically, added on or updated in line with the changes in the operating environment.

However, this system of internal control does not apply to Associated Companies as the Group does not possesses control over the associates whom operates under different business environment. There are no major internal control weaknesses that brought to the attention of the Board since the date of acquisition.

The Risk Management Commiittee which comprises the Executive Directors, Chief Operating Officer and Chief Executive Officer of the respective business unit, provided assurance that 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 2019. Based on the Managemant's assurance as well as input from the relevant assurance providers, the Board is of the view that the risk management and internal control system are adequate and effective for the financial year under review and up to the date of approval of this statement and there is a continuous process in evaluating and managing significant risks faced by the Group and the underlying controls to mitigate these risks.

Review of Statement on Internal Control by External Auditors

Pursuant to 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 Audit and Assurance Practice Guide ("AAPG") 3: 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

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of **OPCOM HOLDINGS BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

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

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary 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
(Loss)/Profit before tax	(1,030,771)	2,115,957
Income tax (expense)/credit	(204,037)	106,333
(Loss)/Profit for the year	(1,234,808)	2,222,290
Attributable to:		
Owners of the Company	452,366	
Non-controlling interests	(1,687,174)	
	(1,234,808)	

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 1.25 sen per ordinary share paid on 7 September 2018	2,015,627

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 of 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.

As of 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 would 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.

As of 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 liabilities 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 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' REPORT

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:

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
Magnus Kreuger (Appointed on 19.10.2018)
Dato' Mohamed Sharil Bin Mohamed Tarmizi (Appointed 16.7.2019)
Tan Sri Mokhzani Bin Mahathir (Resigned on 1.6.2019)

* These directors are also directors of the Company's subsidiaries.

The directors of the subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report (not including those directors listed above) are:

Tok Puan Norzieta Binti Zakaria
Lim Bee Khin
Mirzan Bin Mahathir
Arun Bansal
Datuk Muthanna Bin Abdullah
Patrick Rolf Johansson
Ahmad Bazlan Bin Che Kasim
Rohiza Binti Husain (Appointed on 1.9.2018)
Yusree Putra Bin Alias (Appointed 16.7.2019)
Ng Hui Tieng (Appointed on 20.6.2019 and 16.7.2019)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors as of 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			
	Balance as of 1.4.2018	**Bought**	**Sold**	**Balance as of 31.3.2019**
Shares in the Company				
Registered in the name of the directors				
Chhoa Kwang Hua	640,900	–	(640,900)	–
Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B)	835,625	–	(300,000)	535,625
Abdul Jabbar Bin Abdul Majid	625,000	–	–	625,000
Sven Janne Sjöden	120,000	–	–	120,000

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 as of the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during or as of 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 a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable as disclosed in Note 8 and Note 9 to 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 29 to the financial statements.

During and as of 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 a directors and officers liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group. The amount of insurance premium paid during the year amounted to RM2,518.

There were no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS' REMUNERATION

The amount payable as remuneration of the auditors for the financial year ended 31 March 2019 is as disclosed in Note 8 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, will retire at the forthcoming Annual General Meeting and do not seek re-appointment.

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

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

CHHOA KWANG HUA

Petaling Jaya,
23 July 2019

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 2019 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 60 to 119.

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 2019, 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.

Valuation of inventory

The carrying amount of inventories of the Group as of 31 March 2019 was RM15.9 million, representing approximately 14% of total assets of the Group.

Inventories are stated at the lower of weighted average cost and net realisable value. The cost of inventories comprise the cost of materials plus the cost incurred in bringing the inventories to their present location and condition.

Management's judgement is required to estimate the costs of finished goods and semi-finished products which comprise the costs of materials, and an appropriate allocation of direct labour, other direct costs and production overheads based on normal operating capacity. Management also estimates the net realisable value of inventories on hand based on the most reliable evidence available at the time such estimates are made.

Refer to Notes 3, 4 and 16 to the financial statements respectively for summary of the Group's policy on inventories and other relevant disclosures.

Our audit performed and responses thereon

We have performed the following audit procedures in relation to the valuation of inventories:

- tested the relevant internal controls over monitoring of costing and the determination of net realisable value of inventories.

- obtained an understanding of production flows and the costing structure of inventories at various stages.

- selected samples of raw materials, consumables and trading goods and tested their weighted average costs against evidence of purchases and issuances/sales.

- selected samples of finished goods and semi-finished products and tested their valuation against evidence of raw material costs, production or conversion costs.

- compared the subsequent selling prices less estimated costs to sell for the samples of finished goods and semi-finished products to their costs to ascertain that the carrying values do not exceed their net realisable values.

Impairment of property, plant and equipment

A subsidiary company of the Company, Opcom Cables Sdn. Bhd. ("OCSB") is involved in the manufacturing of fiber optic cables, systems accessories and provision of engineering services. OCSB with material PPE balances is in loss making position. Due to challenges faced by the Company in the market and business environment, the performance of OCSB had deteriorated and the Company has incurred an operating loss of RM5,770,661 during the current financial year. This gave rise to indication that the PPE might be impaired.

An impairment loss is recognised to the extent that the carrying amount of the PPE is more than its recoverable amount.

OCSB calculates the recoverable amount of the PPE based on the value-in-use ("VIU") using the discounted cash flow model. This model involves forecasting and discounting of future cash flows and estimating recoverable amounts which require management's use of certain key assumptions on the discount rate and sales growth which are judgemental and therefore sensitive to estimate changes. Refer to Note 4 to the financial statements for disclosure of the related critical estimates, assumptons and judgements.

Our audit performed and responses thereon

We have reviewed management's assessment on the existence of impairment indicators.

Our approach to assess the impairment of the PPE are as follows:

- Reviewed the methodology and the reasonableness of the assumptions used, in particular the revenue growth rates and discount rate, by the management for the assessment based on our understanding of the business and by comparing against historical results.

- 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 involved our internal specialists in reviewing the key assumption on the impairment assessment performed by management.

- We performed sensitivity analysis on those key assumptions used.

- We compared the recoverable amount against the carrying amount of the plant, property and equipment as of the end of the reporting period.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended 31 March 2019.

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 of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of 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 of 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 of 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.

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

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 Matter

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)

CHAN CHONG WEY
Partner - 02884/07/2019 J
Chartered Accountant

23 July 2019

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Revenue	5	**74,581,152**	103,871,844	**5,676,522**	8,264,832
Cost of sales	6	**(66,551,003)**	(86,951,436)	**(2,601,642)**	(3,509,156)
Gross profit		**8,030,149**	16,920,408	**3,074,880**	4,755,676
Other income		**1,473,189**	711,935	**9,948**	10,140
Interest income		**666,764**	883,677	**81,015**	161,894
Distribution costs		**(1,886,662)**	(3,078,598)	**–**	–
Administrative expenses		**(9,717,606)**	(9,549,481)	**(1,049,886)**	(1,050,820)
Other expenses		**(601,828)**	(3,913,830)	**–**	–
Reversal of impairment loss on investment in associated companies	15	**–**	3,302,006	**–**	–
Finance costs	7	**(400,806)**	(135,710)	**–**	–
Share of results of associated companies		**1,406,079**	1,037,090	**–**	–
(Loss)/Profit before tax	8	**(1,030,771)**	6,177,497	**2,115,957**	3,876,890
Income tax (expense)/credit	10	**(204,037)**	(742,112)	**106,333**	87,494
(Loss)/Profit for the year		**(1,234,808)**	5,435,385	**2,222,290**	3,964,384
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss:					
Translation differences		**2,000,505**	(3,923,822)	**–**	–
Total comprehensive income for the year		**765,697**	1,511,563	**2,222,290**	3,964,384
Profit/(Loss) for the year attributable to:					
Owners of the Company		**452,366**	6,684,807	**2,222,290**	3,964,384
Non-controlling interests		**(1,687,174)**	(1,249,422)	**–**	–
		(1,234,808)	5,435,385	**2,222,290**	3,964,384
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company		**(2,452,871)**	2,760,985	**2,222,290**	3,964,384
Non-controlling interests		**(1,687,174)**	(1,249,422)	**–**	–
		765,697	1,511,563	**2,222,290**	3,964,384
Earnings per share					
Basic (sen per share)	11	**0.28**	4.10		

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

STATEMENTS OF FINANCIAL POSITION

As of 31 March 2019

	Note	The Group		The Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
ASSETS					
Non-current Assets					
Property, plant and equipment	12	**44,515,318**	40,594,852	**12,804,719**	12,932,093
Investment properties	13	**–**	–	**12,925,810**	10,786,169
Investment in subsidiary companies	14	**–**	–	**20,135,002**	20,135,002
Investment in associated companies	15	**18,782,056**	17,254,479	**–**	–
Deferred tax assets	23	**–**	29,622	**–**	–
Total Non-current Assets		**63,297,374**	57,878,953	**45,865,531**	43,853,264
Current Assets					
Inventories	16	**15,998,845**	13,370,311	**–**	–
Trade receivables	17	**7,168,156**	21,074,416	**–**	–
Other receivables and prepaid expenses	18	**1,011,611**	1,971,696	**233,525**	184,203
Amount owing by subsidiary companies	29	**–**	–	**365,175**	112,686
Amount owing by associated companies	29	**10,155,471**	11,916,300	**–**	–
Amount owing by related party	29	**76,137**	18,705	**76,137**	18,705
Tax recoverable		**1,784,959**	1,024,361	**686,159**	–
Cash and cash equivalents	19	**16,401,047**	22,077,358	**945,826**	4,095,406
Total Current Assets		**52,596,226**	71,453,147	**2,306,822**	4,411,000
Total Assets		**115,893,600**	129,332,100	**48,172,353**	48,264,264

STATEMENTS OF FINANCIAL POSITION

As of 31 March 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	20	**32,249,987**	32,249,987	**32,249,987**	32,249,987
Reserves	22	**56,376,105**	55,938,861	**14,116,169**	13,909,506
Equity attributable to owners of the Company		**88,626,092**	88,188,848	**46,366,156**	46,159,493
Non-controlling interests		**8,813,529**	10,520,703	**–**	–
Total Equity		**97,439,621**	98,709,551	**46,366,156**	46,159,493
Non-current Liabilities					
Deferred tax liabilities	23	**690,354**	943,575	**594,114**	773,994
Amount owing to corporate shareholder of a subsidiary	29	**8,062,534**	8,062,174	**–**	–
Hire-purchase payables - non-current portion	28	**–**	18,013	**–**	–
Total Non-current Liabilities		**8,752,888**	9,023,762	**594,114**	773,994
Current Liabilities					
Trade payables	24	**2,754,532**	14,155,831	**–**	–
Other payables and accrued expenses	25	**2,201,597**	3,271,165	**383,661**	326,959
Amount owing to subsidiary companies	29	**–**	–	**828,422**	982,449
Amount owing to associated company	29	**2,047**	–	**–**	–
Amount owing to related parties	29	**2,078,978**	299,109	**–**	3,575
Bank borrowings (unsecured)	26	**2,407,989**	3,678,154	**–**	–
Provision for liquidated damages	27	**5,643**	133,936	**–**	–
Hire-purchase payables - current portion	28	**21,361**	42,798	**–**	–
Tax liabilities		**228,944**	17,794	**–**	17,794
Total Current Liabilities		**9,701,091**	21,598,787	**1,212,083**	1,330,777
Total Liabilities		**18,453,979**	30,622,549	**1,806,197**	2,104,771
Total Equity and Liabilities		**115,893,600**	129,332,100	**48,172,353**	48,264,264

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

The Group

	Note	Share capital RM	Non-distributable reserves Capital reserve RM	Non-distributable reserves Translation reserve RM	Distributable reserve Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total RM
As of 1 April 2017		32,249,987	3,283	4,275,576	52,124,016	88,652,862	11,670,125	100,322,987
Profit/(Loss) for the year		–	–	–	6,684,807	6,684,807	(1,249,422)	5,435,385
Other comprehensive loss		–	–	(3,923,822)	–	(3,923,822)	–	(3,923,822)
Total comprehensive income/(loss) for the year		–	–	(3,923,822)	6,684,807	2,760,985	(1,249,422)	1,511,563
Issuance of shares to non-controlling interests		–	–	–	–	–	100,000	100,000
Dividends	21	–	–	–	(3,224,999)	(3,224,999)	–	(3,224,999)
As of 31 March 2018		32,249,987	3,283	351,754	55,583,824	88,188,848	10,520,703	98,709,551
As of 1 April 2018		32,249,987	3,283	351,754	55,583,824	88,188,848	10,520,703	98,709,551
Profit/(Loss) for the year		–	–	–	452,366	452,366	(1,687,174)	(1,234,808)
Other comprehensive income		–	–	2,000,505	–	2,000,505	–	2,000,505
Total comprehensive income for the year		–	–	2,000,505	452,366	2,452,871	(1,687,174)	765,697
Dividends	21							
- Owners of the Company		–	–	–	(2,015,627)	(2,015,627)	–	(2,015,627)
- Non-controlling interests		–	–	–	–	–	(20,000)	(20,000)
As of 31 March 2019		**32,249,987**	**3,283**	**2,352,259**	**54,020,563**	**88,626,092**	**8,813,529**	**97,439,621**

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

The Company

			Distributable reserve	
	Note	**Share capital RM**	**Retained earnings RM**	**Total RM**
As of 1 April 2017		32,249,987	13,170,121	45,420,108
Total comprehensive income for the year		–	3,964,384	3,964,384
Dividends	21	–	(3,224,999)	(3,224,999)
As of 31 March 2018		32,249,987	13,909,506	46,159,493
As of 1 April 2018		32,249,987	13,909,506	46,159,493
Total comprehensive income for the year		–	2,222,290	2,222,290
Dividends	21	–	(2,015,627)	(2,015,627)
As of 31 March 2019		**32,249,987**	**14,116,169**	**46,366,156**

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

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
(Loss)/Profit before tax	**(1,030,771)**	6,177,497	**2,115,957**	3,876,890
Adjustments for:				
Depreciation of property, plant and equipment	**3,345,984**	3,175,934	**299,604**	278,309
Finance costs	**400,806**	135,710	**–**	–
(Reversal)/Provision for liquidated damages - net	**(128,293)**	22,220	**–**	–
Inventories written down to net realisable value	**–**	110,204	**–**	–
Property, plant and equipment written off	**103,101**	10,734	**4,644**	10,734
Share of results of associated companies	**(1,406,079)**	(1,037,090)	**–**	–
Interest income	**(666,764)**	(883,677)	**(81,015)**	(161,894)
Allowance/(Reversal) for inventory obsolescence no longer required	**61,137**	(365,221)	**–**	–
Gain on disposal of property, plant and equipment	**(3,043)**	–	**–**	–
Unrealised loss on foreign exchange	**128,736**	501,368	**–**	–
Reversal of impairment loss on investment in associated companies	**–**	(3,302,006)	**–**	–
Dividend income from subsidiary company	**–**	–	**(180,000)**	(810,000)
Depreciation of investment properties	**–**	–	**303,944**	302,380
Operating Profit Before Working Capital Changes	**804,814**	4,545,673	**2,463,134**	3,496,419
(Increase)/Decrease in:				
Inventories	**(2,501,116)**	(3,564,271)	**–**	–
Trade receivables	**13,912,573**	(10,752,858)	**–**	–
Other receivables and prepaid expenses	**1,009,342**	1,923,901	**(49,322)**	14,747
Amount owing by subsidiary companies	**–**	–	**(252,489)**	603,065
Amount owing by associated companies	**2,442,231**	(2,583,965)	**–**	–
Amount owing by related party	**319,862**	1,600	**(57,432)**	1,600
(Decrease)/Increase in:				
Trade payables	**(11,856,688)**	6,068,834	**–**	–
Other payables and accrued expenses	**(1,172,777)**	(564,166)	**56,702**	(175,605)
Amount owing to subsidiary companies	**–**	–	**(154,027)**	(3,174,244)
Amount owing to associated company	**2,047**	(492,742)	**–**	–
Amount owing to related parties	**1,777,036**	(2,227,283)	**(3,575)**	2,000
Cash Generated From/(Used In) Operations	**4,737,324**	(7,645,277)	**2,002,991**	767,982
Net income tax paid	**(964,776)**	(1,734,439)	**(777,500)**	(686,033)
Liquidated damages paid	**–**	(22,788)	**–**	–
Net Cash From/(Used In) Operating Activities	**3,772,548**	(9,402,504)	**1,225,991**	81,949

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(7,118,165)**	(2,114,807)	**(176,874)**	(34,476)
Additions to investment properties	**–**	–	**(2,443,586)**	(121,819)
Interest received	**666,764**	883,677	**81,015**	161,894
Dividends received:				
Subsidiary companies	**–**	–	**180,000**	810,000
Associated companies	**737,676**	1,643,482	**–**	–
Acquisition of investment in subsidiary companies	**–**	–	**–**	(934,998)
Proceeds from disposal of property, plant and equipment	**5,271**	–	**–**	–
Proceeds from shares issued to non-controlling interests of a subsidiary company	**–**	100,000	**–**	–
Net Cash (Used In)/From Investing Activities	**(5,708,454)**	512,352	**(2,359,444)**	(119,399)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Dividends paid				
- Owners of the Company	**(2,015,627)**	(3,224,999)	**(2,015,627)**	(3,224,999)
- Non-controlling interests	**(20,000)**	–	**–**	–
(Repayment)/Proceeds from bank borrowings - net	**(1,479,479)**	295,194	**–**	–
Finance costs paid	**(400,806)**	(135,710)	**–**	–
Repayment to corporate shareholder of a subsidiary company	**–**	(851,283)	**–**	–
Repayment of hire-purchase payables	**(42,885)**	(58,817)	**–**	–
Net Cash Used In Financing Activities	**(3,958,397)**	(3,975,615)	**(2,015,627)**	(3,224,999)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(21,858,966)**	(12,865,767)	**(3,149,580)**	(3,262,449)
Effect of exchange rate fluctuations on cash held	**218,392**	(1,667,350)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**22,077,358**	36,610,475	**4,095,406**	7,357,855
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 19)	**16,401,047**	22,077,358	**945,826**	4,095,406

Notes:

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows of the Group as cash flows from/(used in) financing activities.

	As of 1 April 2018 RM	Cash flows RM	Non-cash changes - Currencies translation differences RM	As of 31 March 2019 RM
Bank borrowings	3,678,154	(1,479,479)	209,314	**2,407,989**
Hire-purchase payables	60,811	(42,885)	(3,435)	**21,361**
Amount owing to corporate shareholder of a subsidiary company	8,062,174	–	360	**8,062,534**

	As of 1 April 2017 RM	Cash flows RM	Non-cash changes - Currencies translation differences RM	As of 31 March 2018 RM
Bank borrowings	3,898,194	295,194	(515,234)	3,678,154
Hire-purchase payables	119,628	(58,817)	–	60,811
Amount owing to corporate shareholder of a subsidiary company	8,913,457	(851,283)	–	8,062,174

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

NOTES TO 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 activities of the Company is renting of buildings, provision of management services to its subsidiary companies and investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary 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 23 July 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and 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 amendments to 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 2018:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related clarification)
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 cycle
IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of these revised MFRSs, amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and the Company and had no significant effect on the financial performance or position of the Group and of the Company except for the below:

Impact of initial application of MFRS 9 Financial Instruments
In the current year, the Group and the Company have applied MFRS 9 *Financial Instruments* (as revised in July 2014) that is effective for an annual period that begins on or after 1 January 2018. The Group and the Company have applied MFRS 9 in accordance with the transition provisions set out in MFRS 9.

MFRS 9 introduced new requirements for:

(1) The classification and measurement of financial assets;
(2) Impairment of financial assets;
(3) The classification and measurement of financial liabilities; and
(4) General hedge accounting.

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

Details of these new requirements are described below:-

(i) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group and the Company have assessed its existing financial assets and financial liabilities in terms of the requirements of MFRS 9) is 1 April 2017. Accordingly, the Group and the Company have applied the requirements of MFRS 9 to instruments that continue to be recognised as of 1 April 2017 and has not applied the requirements to instruments that have already been derecognised as of 1 April 2017. There is no change to the comparative amounts in relation to instruments that continue to be recognised as of 1 April 2017.

All recognised financial assets that are within the scope of MFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Specifically:

- debt instruments 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 amount outstanding, are measured subsequently at amortised cost; and
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

Despite the afore said, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group and the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group and the Company have not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL. When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

None of the other reclassifications of financial assets have had any impact on the Group and the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

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

(ii) Impairment of financial assets

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group and the Company 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 of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In particular, MFRS 9 requires the Group and the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group and the Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. MFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Because the Group and the Company have elected to restate comparatives, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of MFRS 9 (i.e. 1 April 2017), the directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as of 1 April 2017.

There is no impact of any impairment of financial assets subsequent to the ECL assessment on the Group and the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(iii) Classification and measurement of financial liabilities

A significant change introduced by MFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, MFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability 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 a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

Profit or loss and other comprehensive income reported for financial year ended 31 March 2018 have not been affected as the Group and the Company did not have any financial liabilities designated as at FVTPL in the prior year.

(iv) General hedge accounting

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.

There will be no impact arising from the general hedge accounting application of MFRS 9 as the Group and the Company do not adopt hedge accounting.

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

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group and the Company have adopted MFRS 15 *Revenue from Contracts with Customers* which is effective for an annual period that begins on or after 1 January 2018.

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 obligation 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 Group and the Company's accounting policy for its revenue streams are disclosed in detail in Note 3 below. The application of MFRS 15 has not had any significant impact on the financial position and/or financial performance of the Group and the Company, neither on the disclosures or on the amounts reported in these financial statements.

Standards, Amendments and Issue Committee Interpretations ("IC Int") in issue but not yet effective

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

MFRS 16	Leases[1]
MFRS 17	Insurance Contracts[3]
Amendments to MFRS 3	Definition of a Business[2]
Amendments to MFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 101 and MFRS 108	Definition of Material[2]
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement[1]
Amendments to MFRSs	Annual Improvements to MFRSs 2015-2017 Cycle[1]
IC Int 23	Uncertainty over Income Tax Payments[1]

[1] Effective for annual years beginning on or after 1 January 2019, with earlier application permitted.
[2] Effective for annual years beginning on or after 1 January 2020, with earlier application permitted.
[3] Effective for annual years beginning on or after 1 January 2021, with earlier application permitted.
[4] Effective date defer to a date to be determined and announced by MASB.

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

The directors anticipate that the abovementioned Standards, Amendments and IC Int will be adopted in the annual financial statements 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 the Company in the period of initial applications, except as discussed below:

MFRS 16 *Leases*
MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations

MFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statements of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As the Group and the Company do not have any lease arrangement with any party as of the date of this financial statements, hence there should be no impact to the financial statements of the Group and the Company upon the adoption of MFRS 16 on the effective date.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Operations* are measured in accordance with that Standard.

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 are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. Dividends received and receivable from associated companies are recognised as a reduction in the carrying amount of the investment. 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 financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment 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 is recognised in profit or loss. Reversal of an impairment loss is recognised 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 MFRS 9. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments in Associated Companies (Cont'd)

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 when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue is reduced for estimated customer returns, rebates and other similar expected credit loss 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.

(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").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (Cont'd)

(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.

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.

<u>Current Tax</u>

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 and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and the Company expect, 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 and the Company intend 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.

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 and the Company estimate 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.

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.

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.

Operating Lease Payments

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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 Company 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 profit or loss 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 profit or loss.

Depreciation of property, plant and equipment, except for construction in progress which is not depreciated, 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 property, 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 and the Company have 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 and the Company 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.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group and the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial assets (Cont'd)

(a) Effective interest and amortised cost 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.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial assets (Cont'd)

(b) Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial assets (Cont'd)

(b) Impairment of financial assets (Cont'd)

(i) *Significant increase in credit risk (Cont'd)*

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flows obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flows obligations.

The Group and the Company consider financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group and the Company become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial assets (Cont'd)

(b) Impairment of financial assets (Cont'd)

(ii) *Definition of default*

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors (without taking into account any collateral held by the Group and the Company).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) *Write-off policy*

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Group and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial assets (Cont'd)

(b) Impairment of financial assets (Cont'd)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 117 *Leases*.

For a financial guarantee contract, as the Group and the Company are required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (Cont'd)

(c) 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.

On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(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. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised 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 that 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.

Critical accounting judgements
In the process of applying the Group's and the Company's accounting policies as described in Note 3, management is of the opinion that there are no instances of application of judgement that are expected to have a significant effect on the amounts recognised in the financial statements.

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) 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.

(b) 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.

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

(c) Impairment of property, plant and equipment
The Group assesses impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is higher than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from the asset discounted at an appropriate discount rate.

Projected future cash flows used in impairment testing of property, plant and equipment are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions and other available information.

5. REVENUE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Sales of cables	**28,352,301**	51,528,682	**–**	–
Sales of accessories	**9,609,384**	11,614,691	**–**	–
Sales of oil based industrial materials	**4,800,467**	9,074,614	**–**	–
Sales of thixotropic gel	**19,657,610**	21,947,694	**–**	–
Engineering services income	**12,043,868**	9,636,791	**–**	–
Rental income from:				
Related parties (Note 29)	**70,650**	22,500	**70,650**	22,500
Subsidiary companies (Note 29)	**–**	–	**3,633,000**	3,893,460
Others	**46,872**	46,872	**46,872**	46,872
Management fee receivable from subsidiary companies (Note 29)	**–**	–	**1,746,000**	3,492,000
Dividend income from subsidiary company (Note 29)	**–**	–	**180,000**	810,000
	74,581,152	103,871,844	**5,676,522**	8,264,832

6. COST OF SALES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Cost of cables and accessories	**35,705,312**	48,777,234	**–**	–
Purchase of oil based industrial materials	**4,349,637**	8,774,620	**–**	–
Cost of thixotropic gel	**15,999,520**	20,817,495	**–**	–
Engineering services cost	**10,496,534**	8,582,087	**–**	–
Cost of property maintenance and management	**–**	–	**2,601,642**	3,509,156
	66,551,003	86,951,436	**2,601,642**	3,509,156

7. FINANCE COSTS

	The Group	
	2019	**2018**
	RM	**RM**
Interest expense on:		
Bank borrowings	**383,852**	125,973
Hire-purchase	**3,907**	3,521
Others	**13,047**	6,216
	400,806	135,710

8. (LOSS)/PROFIT BEFORE TAX

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

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Employee benefits expense (Note 9)	**9,021,628**	8,956,800	**30,884**	39,882
(Gain)/Loss on foreign exchange:				
Realised	**(1,057)**	492,153	**–**	–
Unrealised	**128,736**	501,368	**–**	–
Depreciation of property, plant and equipment (Note 12)	**3,345,984**	3,175,934	**299,604**	278,309
Directors' remuneration:				
Salaries and other emoluments	**1,055,274**	816,127	**96,500**	120,000
Fees	**343,000**	322,000	**156,000**	144,000
Auditors' remuneration:				
Statutory	**191,000**	180,000	**43,000**	58,000
Non-statutory	**10,000**	6,000	**10,000**	6,000
(Reversal of)/Provision for liquidated damages - net (Note 27)	**(128,293)**	22,220	**–**	–
Rental payable to related parties (Note 29):				
Plant and machinery	**608,217**	677,936	**–**	–
Motor vehicles	**–**	27,000	**–**	–
Office	**–**	67,200	**–**	67,200
Property, plant and equipment written off	**103,107**	10,734	**4,644**	10,734
Inventories written down to net realisable value (Note 16)	**–**	110,204	**–**	–
Interest income from:				
Deposits with licensed banks	**(465,026)**	(694,839)	**(81,015)**	(161,894)
Amount owing by associated companies (Note 29)	**(201,738)**	(188,838)	**–**	–
	(666,764)	(883,677)	**(81,015)**	(161,894)
Gain on disposal of property, plant and equipment	**(3,043)**	–	**–**	–
Allowance for/(Reversal of) inventory obsolescence no longer required (Note 16)	**61,137**	(365,221)	**–**	–
Depreciation of investment properties (Note 13)	**–**	–	**303,945**	302,380

9. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Wages and salaries	**6,256,753**	6,199,478	**–**	–
Defined contribution plans	**913,715**	900,627	**–**	–
Social security costs	**85,550**	87,369	**–**	–
Other benefits	**1,765,610**	1,769,326	**30,884**	39,882
	9,021,628	8,956,800	**30,884**	39,882

9. EMPLOYEE BENEFITS EXPENSE (CONT'D)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Directors' remuneration:				
Fees	**343,000**	322,000	**156,000**	144,000
Salaries and other emoluments	**1,055,274**	816,127	**96,500**	120,000
	1,398,274	1,138,127	**252,500**	264,000
Other key management personnel:				
Salary and other emoluments	**808,625**	749,282	**–**	–
Defined contributions plans	**89,827**	83,349	**–**	–
	898,452	832,631	**–**	–
Estimated monetary value of benefit-in-kind received/receivable by directors	**122,052**	101,800	**–**	–

Other key management personnel comprise persons other than the Directors of the Company and its subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

10. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Estimated tax payable:				
Current year	**1,131,396**	1,634,689	**770,865**	912,610
Overprovision in prior years	**(683,356)**	(165,880)	**(697,318)**	(100,040)
	448,040	1,468,809	**73,547**	812,570
Deferred tax (Note 23):				
Current year	**(169,960)**	104,950	**(179,880)**	(8,405)
Overprovision in prior years	**(74,043)**	(831,647)	**–**	(891,659)
	(244,003)	(726,697)	**(179,880)**	(900,064)
Total	**204,037**	742,112	**(106,333)**	(87,494)

10. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

A reconciliation of income tax expense applicable to (loss)/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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before tax	**(1,030,771)**	6,177,497	**2,115,957**	3,876,890
Tax expense at statutory tax rate of 24% (2018: 24%)	**(247,385)**	1,482,600	**507,830**	930,454
Tax effects of:				
Expenses that are not deductible for income tax purposes	**511,425**	351,327	**126,355**	168,151
Income that are not taxable for income tax purposes	**(43,200)**	(818,932)	**(43,200)**	(194,400)
Share of results of associated companies	**(337,459)**	(248,902)	**–**	–
Over provision in prior years:				
Current tax	**(683,356)**	(165,880)	**(697,318)**	(100,040)
Deferred tax	**(74,043)**	(831,647)	**–**	(891,659)
Deferred tax assets not recognised	**1,078,055**	973,546	**–**	–
	204,037	742,112	**(106,333)**	(87,494)

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	
	2019	**2018**
	RM	**RM**
Profit for the year attributable to owners of the Company	**452,366**	6,684,807
Number of ordinary shares	**161,249,937**	161,249,937
Basic EPS (sen)	**0.28**	4.1

(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	Furniture, fixtures and fittings RM	Motor vehicles RM	Office equipment RM	Computer equipment RM	Plant and machinery RM	Renovations RM	Tools and equipment RM	Construction in progress RM	Total RM
The Group											
Cost											
As of 1 April 2017	14,304,000	15,075,355	1,362,848	1,033,806	895,291	1,461,519	51,146,972	2,145,498	377,784	–	87,803,073
Additions	–	121,819	4,289	–	25,136	67,238	1,720,292	85,601	90,432	–	2,114,807
Write-offs	–	–	(8,411)	–	(29,927)	(80,218)	–	–	(900)	–	(119,456)
Currency translation differences	–	–	(5,185)	(56,404)	(28,954)	(24,209)	(406,155)	(6,092)	(171,268)	–	(698,267)
As of 31 March 2018/1 April 2018	14,304,000	15,197,174	1,353,541	977,402	861,546	1,424,330	52,461,109	2,225,007	296,048	–	89,100,157
Additions	–	–	6,705	–	7,348	238,866	4,080,413	103,103	238,144	2,443,586	7,118,165
Write-offs	–	–	(108,113)	–	(146,511)	(528,767)	(562,517)	(192,005)	(3,941)	–	(1,541,854)
Disposal	–	–	–	–	(71,426)	(8,087)	–	–	–	–	(79,513)
Currency translation differences	–	–	2,163	22,360	11,440	10,293	234,285	4,420	15,347	–	300,308
As of 31 March 2019	**14,304,000**	**15,197,174**	**1,254,296**	**999,762**	**662,397**	**1,136,635**	**56,213,290**	**2,140,525**	**545,598**	**2,443,586**	**94,897,263**
Accumulated Depreciation											
As of 1 April 2017	1,341,316	4,108,625	971,237	463,725	624,827	1,243,279	34,669,516	2,056,249	52,404	–	45,531,178
Charge for the year	223,572	302,380	40,962	133,810	53,601	88,909	2,250,709	32,289	49,702	–	3,175,934
Write-offs	–	–	(8,292)	–	(19,338)	(80,193)	–	–	(899)	–	(108,722)
Currency translation differences	–	–	(697)	(14,803)	(21,151)	(14,961)	(33,046)	(376)	(8,051)	–	(93,085)
As of 31 March 2018/1 April 2018	1,564,888	4,411,005	1,003,210	582,732	637,939	1,237,034	36,887,179	2,088,162	93,156	–	48,505,305
Charge for the year	223,500	303,945	37,634	131,999	45,562	114,759	2,390,913	44,086	53,586	–	3,345,984
Write-offs	–	–	(95,028)	–	(135,473)	(520,543)	(495,309)	(190,002)	(2,398)	–	(1,438,753)
Disposal	–	–	–	–	(70,141)	(7,144)	–	–	–	–	(77,285)
Currency translation differences	–	–	376	8,010	8,759	6,569	18,291	284	4,405	–	46,694
As of 31 March 2019	**1,788,388**	**4,714,950**	**946,192**	**722,741**	**486,646**	**830,675**	**38,801,074**	**1,942,530**	**148,749**	**–**	**50,381,945**
Net Book Value											
As of 31 March 2018	12,739,112	10,786,169	350,331	394,670	223,607	187,296	15,573,930	136,845	202,892	–	40,594,852
As of 31 March 2019	**12,515,612**	**10,482,224**	**308,104**	**277,021**	**175,751**	**305,960**	**17,412,216**	**197,995**	**396,849**	**2,443,586**	**44,515,318**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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 2017	14,304,000	366,728	422,994	489,453	18,654	575,489	16,177,318
Additions	–	14,636	18,990	850	–	–	34,476
Write-offs	–	(29,927)	(80,218)	–	(900)	(8,411)	(119,456)
As of 31 March 2018/1 April 2018	14,304,000	351,437	361,766	490,303	17,754	567,078	16,092,338
Additions	–	6,060	66,392	100,740	–	3,682	176,874
Write-offs	–	(77,158)	(123,767)	(185,605)	(2,400)	(92,601)	(481,531)
As of 31 March 2019	**14,304,000**	**280,339**	**304,391**	**405,438**	**15,354**	**478,159**	**15,787,681**
Accumulated Depreciation							
As of 1 April 2017	1,341,316	293,685	354,061	447,947	16,320	537,329	2,990,658
Charge for the year	223,572	10,163	27,443	9,498	733	6,900	278,309
Write-offs	–	(19,338)	(80,193)	–	(899)	(8,292)	(108,722)
As of 31 March 2018/1 April 2018	1,564,888	284,510	301,311	457,445	16,154	535,937	3,160,245
Charge for the year	223,500	10,545	38,038	21,070	557	5,894	299,604
Write-offs	–	(73,882)	(122,488)	(185,602)	(2,398)	(92,517)	(476,887)
As of 31 March 2019	**1,788,388**	**221,173**	**216,861**	**292,913**	**14,313**	**449,314**	**2,982,962**
Net Book Value							
As of 31 March 2018	12,739,112	66,927	60,455	32,858	1,600	31,141	12,932,093
As of 31 March 2019	**12,515,612**	**59,166**	**87,530**	**112,525**	**1,041**	**28,845**	**12,804,719**

Included in property, plant and equipment of the Group is a motor vehicle under hire-purchase arrangement with net book value of RM135,902 (2018: RM182,501).

Included in property, plant and equipment of the Group is an amount of RM2,962,579 (2018: Nil) purchased from related party during the year (Note 29).

13. INVESTMENT PROPERTIES

The Company

	Buildings RM	Construction in progress RM	Total RM
Cost			
As of 1 April 2017	15,075,355	–	15,075,355
Additions	121,819	–	121,819
As of 31 March 2018/1 April 2018	15,197,174	–	15,197,174
Additions	–	2,443,586	2,443,586
As of 31 March 2019	**15,197,174**	**2,443,586**	**17,640,760**
Accumulated Depreciation			
As of 1 April 2017	4,108,625	–	4,108,625
Charge for the year	302,380	–	302,380
As of 31 March 2018/1 April 2018	4,411,005	–	4,411,005
Charge for the year	303,945	–	303,945
As of 31 March 2019	**4,714,949**	**–**	**4,714,949**
Net Book Value			
As of 31 March 2018	10,786,169	–	10,786,169
As of 31 March 2019	**10,482,224**	**2,443,586**	**12,925,810**

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 RM3,759,522 (2018: RM3,962,832) (Note 5). Direct operating expenses incurred in respect of the investment properties during the financial year amounted to RM651,642 (2018: RM629,156).

Fair value of the investment properties of the Company as of 31 March 2019 are estimated at RM21,050,000 (2018: RM21,050,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity. The fair value of the construction in progress is not determinable.

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 RM12,295,810 (2018: RM10,786,169), 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 2019 RM	The Company 2018 RM
Unquoted shares, at cost	**20,135,002**	20,135,002

In prior financial year:

(a) The Company acquired additional equity interests in Unigel Compounds Sdn. Bhd. amounting to RM5,000,000 through the offsetting against amount owing by subsidiary company; and

(b) The Company acquired additional equity interests in Opcom Trading Sdn. Bhd. amounting to RM34,998 for cash.

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

Name of subsidiary	Principal activities	Proportion of ownership interest and voting power 2019 %	Proportion of ownership interest and voting power 2018 %	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. ("OSSSB")	Provision of human resource management services	**100**	100	Malaysia
Opcom Engineering Services Sdn. Bhd. ("OESSB")	Trading of industrial materials and provision of engineering services	**90**	90	Malaysia
Opcom Trading Sdn. Bhd. ("OTSB")	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 2019	2018
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 activities	Place of incorporation and operation	Number of non-wholly-owned subsidiary companies 2019	2018
Manufacturing of fiber optic cables, systems and accessories and provision of engineering services	Malaysia	**1**	1
Trading of industrial materials and provision of engineering services	Malaysia	**1**	1
		2	2

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interest in subsidiary companies

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

	2019 RM	2018 RM
OCSB		
NCI percentage of ownership interest and voting interest	**30%**	30%
Carrying amount of NCI	**8,683,697**	10,414,896
Loss allocated to NCI	**(1,731,198)**	(1,255,230)

	2019 RM	2018 RM
Summarised financial information before intra-group elimination		
As of 31 March		
Non-current assets	**10,466,658**	12,256,799
Current assets	**29,852,224**	43,805,601
Current liabilities	**(11,373,224)**	(21,346,081)
Net assets	**28,945,658**	34,716,319
Year ended 31 March		
Revenue	**48,797,093**	72,263,940
Total comprehensive loss for the year	**(5,770,661)**	(4,184,096)
Cash flows from/(used in) operating activities	**270,242**	(7,749,100)
Cash flows used in investing activities	**(173,365)**	(76,159)
Cash flows used in financing activities	**–**	(851,283)
Net increase/(decrease) in cash and cash equivalents	**96,877**	(8,676,542)
Dividends paid to NCI	**–**	–

15. INVESTMENT IN ASSOCIATED COMPANIES

	The Group 2019 RM	The Group 2018 RM
Unquoted shares, at cost	**12,912,051**	12,912,051
Share of post-acquisition reserves	**5,007,609**	3,601,530
Currency translation differences	**862,396**	740,898
	18,782,056	17,254,479
Movement in accumulated impairment losses:		
At beginning of year	**–**	3,202,214
Reversal of impairment loss	**–**	(3,302,006)
Currency translation differences	**–**	99,792
At end of year	**–**	–

(a) Details of the Group's associated companies as of the end of reporting period are as follows:

Name of associated companies	Place of incorporation	Proportion of ownership interest and voting power 2019 %	Proportion of ownership interest and voting power 2018 %	Principal activities
Direct				
Unigel IP Limited	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.

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

15. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(c) 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 2018 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2019.

(d) Summarised financial information in respect of all associated companies are set out below:

	2019 RM	2018 RM
Current assets	**21,722,708**	23,684,995
Non-current assets	**14,396,528**	14,140,764
Current liabilities	**(17,771,115)**	(20,468,537)
Non-current liabilities	**–**	(12,601)
Net assets	**18,348,121**	17,344,621
Share of net assets of associated companies	**7,339,248**	6,937,848

	2019 RM	2018 RM
Revenue	**62,469,413**	70,191,722
Profit for the year	**3,515,197**	2,592,730
Dividend received	**737,676**	1,643,482

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

	The Group	
	2019 RM	2018 RM
Goodwill	**10,370,241**	7,932,251
Currency translation differences	**879,000**	2,384,380
Share of net assets of associated companies	**7,532,815**	6,937,848
	18,782,056	17,254,479

15. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(f) 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 required the use of estimates and judgements.

In 2018, the recoverable amount of Unigel (UK) Limited was computed 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.

The key assumptions underlying the calculations used in prior year are as follows:

(i) Terminal value growth rate of 2.24% per annum; and

(ii) Discount rate of 9.00% .

Based on the sensitivity analysis performed, the Directors have concluded that no reasonable change in the base assumptions would cause the carrying amount of the investment in associated companies to exceed its recoverable amount.

During last financial year, there were indications, due to favourable market conditions, that the impairment loss recognised in prior years may no longer exist. The Group has recognised a reversal of impairment loss on the total cost of investment in Unigel (UK) Limited of RM3,302,006.

16. INVENTORIES

	The Group	
	2019	**2018**
	RM	**RM**
Raw materials	**10,299,012**	9,121,694
Work-in-progress	**1,805,647**	1,009,651
Finished goods	**3,894,186**	3,238,966
	15,998,845	13,370,311

Recognised in profit or loss:

	The Group	
	2019	**2018**
	RM	**RM**
Cost of inventories recognised as expenses in cost of sales	**42,102,273**	65,917,688
Allowance for/(Reversal of) inventory obsolescence no longer required (Note 8)	**61,137**	(365,221)
Inventories written down to net realisable value (Note 8)	**–**	110,204

17. TRADE RECEIVABLES

	The Group	
	2019	**2018**
	RM	**RM**
Neither past due nor impaired	**5,008,640**	19,867,442
Past due but not impaired	**2,159,516**	1,206,974
	7,168,156	21,074,416

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

The normal credit periods granted on sales of goods range from 30 days to 120 days (2018: 30 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, an assessment of both the current as well as the forecast direction of conditions at the reporting date. However, the Group did not disclose provision matrix as the impact of ECL is negligible.

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 62% (2018: 79%) of its trade receivable from one (1) [2018: one (1)] customer. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

17. TRADE RECEIVABLES (CONT'D)

Not past due and not impaired

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the financial year 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 nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Past due but not impaired

Trade receivables disclosed above include amounts 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	
	2019	**2018**
	RM	**RM**
30 days to 60 days	**1,585,386**	418,265
61 days to 90 days	**277,976**	59,888
91 days to 120 days	**296,154**	728,821
	2,159,516	1,206,974

The currency profile of trade receivables is as follows:

	The Group	
	2019	**2018**
	RM	**RM**
United States Dollar	**171,574**	108,453
Ringgit Malaysia	**6,996,582**	20,965,963
	7,168,156	21,074,416

18. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Other receivables	**664,239**	882,638	**20,260**	12,646
Deposits	**117,049**	185,492	**112,059**	129,359
Prepaid expenses	**230,323**	903,566	**101,206**	42,198
	1,011,611	1,971,696	**233,525**	184,203

19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	**8,001,047**	10,553,126	**945,826**	571,174
Deposits with licensed banks	**8,400,000**	11,524,232	**–**	3,524,232
	16,401,047	22,077,358	**945,826**	4,095,406

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 2.95% to 3.50% (2018: 2.95% to 3.50%) 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 (2018: 1 month).

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

	The Group	
	2019	**2018**
	RM	**RM**
Ringgit Malaysia	**14,810,294**	17,250,758
United States Dollar	**519,977**	3,788,683
Euro	**868,020**	806,786
Sterling Pound	**202,568**	228,855
Singapore Dollar	**–**	1,947
Japanese Yen	**188**	185
Swiss Franc	**–**	144
	16,401,047	22,077,358

20. SHARE CAPITAL

	The Group and the Company			
	2019	**2018**	**2019**	**2018**
	No. of Shares		**RM**	**RM**
Issued and fully paid:				
Ordinary shares	**161,249,937**	161,249,937	**32,249,987**	32,249,987

21. DIVIDENDS

	The Group and the Company	
	2019	2018
	RM	RM
In respect of financial year ended 31 March 2019:		
- Interim dividend of 1.25 sen per ordinary share under single-tier tax system were paid to shareholders	**2,015,627**	–
In respect of financial year ended 31 March 2018:		
- Interim dividend of 2.00 sen per ordinary share under single-tier tax system were paid to shareholders	**–**	3,224,999
	2,015,627	3,224,999

22. RESERVES

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-distributable:				
Translation reserve	**2,352,259**	351,754	**–**	–
Capital reserve	**3,283**	3,283	**–**	–
Distributable:				
Retained earnings	**54,020,563**	55,583,824	**14,116,169**	13,909,506
	56,376,105	55,938,861	**14,116,169**	13,909,506

Translation reserve

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

Capital reserve

The capital reserve arises on the revaluation of land and buildings.

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

	At beginning of year RM	Recognised in profit or loss (Note 10) RM	Translation differences RM	At end of year RM
2019				
Deferred tax assets				
Provision for liquidated damages	**4,198**	**(4,198)**	**–**	**–**
Property, plant and equipment	**5,357**	**(5,357)**	**–**	**–**
Others	**20,067**	**(2,985)**	**–**	**17,082**
	29,622	**(12,540)**	**–**	**17,082**
Deferred tax liabilities				
Property, plant and equipment	**(922,773)**	**160,157**	**(20,404)**	**(783,000)**
Others	**(20,802)**	**96,386**	**–**	**75,584**
	(943,575)	**256,543**	**(20,404)**	**(707,436)**
	(913,953)	**244,003**	**(20,404)**	**(690,354)**
2018				
Deferred tax assets				
Provision for liquidated damages	–	4,198	–	4,198
Inventories	–	5,357	–	5,357
Others	30,623	(10,556)	–	20,067
	30,623	(1,001)	–	29,622
Deferred tax liabilities				
Property, plant and equipment	(1,713,694)	750,479	40,442	(922,773)
Others	(20)	(22,781)	1,999	(20,802)
	(1,713,714)	727,698	42,441	(943,575)
	(1,683,091)	726,697	42,441	(913,953)

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

The Company

	At beginning of year RM	Recognised in profit or loss (Note 10) RM	At end of year RM
2019			
Deferred tax liabilities			
Property, plant and equipment	(773,994)	179,880	(594,114)
2018			
Deferred tax liabilities			
Property, plant and equipment	(1,674,058)	900,064	(773,994)

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

	The Group		The Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Deferred tax assets	**–**	29,622	**–**	–
Deferred tax liabilities	**(690,354)**	(943,575)	**(594,114)**	(773,994)
	(690,354)	(913,953)	**(594,114)**	(773,994)

As of 31 March 2019, the details of the unused tax losses, unutilised reinvestment allowances and unabsorbed capital allowances which are not recognised in the financial statements due to uncertainty of their realisation is as follows:

	The Group	
	2019 RM	**2018 RM**
Unutilised reinvestment allowances	**2,359,448**	2,359,448
Unused tax losses	**11,078,139**	7,648,462
Unabsorbed capital allowances	**9,355,385**	8,293,163
	22,792,972	18,301,073

The unused tax losses, unutilised reinvestment allowances and unabsorbed capital allowances which are subject to agreement by the tax authorities. In accordance with the provision of Finance Act 2018 requirement, the unused tax losses are available for utilisation in the next seven (7) years, for which, any excess at the end of the seventh year, will be disregarded.

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

The currency profile of trade payables is as follows:

	The Group	
	2019	**2018**
	RM	**RM**
United States Dollar	**366,455**	9,096,853
Ringgit Malaysia	**2,388,077**	5,058,978
	2,754,532	14,155,831

25. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Other payables	**368,970**	2,066,621	**84,914**	24,364
Accrued expenses	**1,832,627**	1,204,544	**298,747**	302,595
	2,201,597	3,271,165	**383,661**	326,959

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**2,164,134**	3,229,988	**383,661**	326,959
United States Dollar	**37,463**	33,778	**–**	–
Sterling Pound	**–**	7,399	**–**	–
	2,201,597	3,271,165	**383,661**	326,959

26. BANK BORROWINGS (UNSECURED)

	The Group	
	2019	**2018**
	RM	**RM**
Current - at amortised cost		
Unsecured:		
Foreign currency trade facilities	**2,407,989**	3,678,154

As of the end of the reporting period, the Group has obtained total banking facilities amounting to RM33,950,000 (2018: RM32,950,000) from local banks. These facilities are covered by corporate guarantee from the Company and the average effective interest rate for foreign currency trade loan is 3.70% (2018: 3.70%) per annum.

27. PROVISION FOR LIQUIDATED DAMAGES

	The Group	
	2019	**2018**
	RM	**RM**
At beginning of year	**133,936**	134,504
Provision during the year (Note 8)	**725,326**	266,919
Reversal during the year (Note 8)	**(853,619)**	(244,699)
Utilised during the year	**–**	(22,788)
At end of year	**5,643**	133,936

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.

28. HIRE-PURCHASE PAYABLES

	The Group	
	2019	**2018**
	RM	**RM**
Total outstanding	**23,128**	66,485
Interest-in-suspense outstanding	**(1,767)**	(5,674)
Principal outstanding	**21,361**	60,811
Less:		
Current portion:		
Amount due within 12 months	**(21,361)**	(42,798)
Non-current portion	**–**	18,013

The non-current portion is payables as follows:

	The Group	
	2019	**2018**
	RM	**RM**
Between 1 - 2 years	**–**	18,013

For the financial year ended 31 March 2019, the hire-purchase payables bear a weighted average effective interest rate of 2.49% (2018: 2.49%) per annum.

29. 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 dividend payable, is unsecured, interest-free and is not expected to be repaid within the next 12 months.

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

	The Group	
	2019	**2018**
	RM	**RM**
Dividend payable	**8,048,134**	8,048,134
Trade in nature	**14,400**	14,040
	8,062,534	8,062,174

Amount owing by associated companies, which is denominated in United States Dollar, arose mainly from trade transactions, is unsecured, bears interest at 4.50% (2018: 4.50%) per annum and repayable on demand.

In 2019, amount owing to associated company, which was denominated in United States Dollar, arose mainly from trade transactions and payments on behalf, was unsecured, interest-free 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.

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
Hikari Composites Sdn. Bhd. (“HCSB”)	HCSB has a common director with the Company

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

During the financial year, the Group and the Company have the following related party transactions:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Associated companies:				
Trade sales	**23,645,747**	30,696,444	**–**	–
Interest income (Note 8)	**201,738**	188,838	**–**	–
Purchase of cable production materials	**(1,273,012)**	(12,131,760)	**–**	–
Dividend income	**737,676**	1,643,482	**–**	–
Related parties:				
Rental income (Note 5)	**70,650**	22,500	**70,650**	22,500
Purchase of accessories	**–**	(260,816)	**–**	–
Purchase of property, plant and equipment	**(2,962,519)**	–	**–**	–
Business development commission payable	**(533,989)**	(1,573,476)	**–**	–
Rental payables (Note 8):				
Motor vehicles	**–**	(27,000)	**–**	–
Office	**–**	(67,200)	**–**	(67,200)
Plant and machinery	**(608,127)**	(677,936)	**–**	–
Disposal of property, plant and equipment	**4,125**	–	**–**	–
Subsidiary companies:				
Rental income (Note 5)	**–**	–	**3,633,000**	3,893,460
Management fee (Note 5)	**–**	–	**1,746,000**	3,492,000
Dividend income (Note 5)	**–**	–	**180,000**	810,000
Administrative expenses payable	**–**	–	**(1,950,000)**	(2,880,000)

30. 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.

30. OPERATING SEGMENTS (CONT'D)

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

2019	Manufacturing RM	Trading and engineering services RM	Other operations RM	The Group RM
Segment revenue:				
Revenue from external customers	55,649,212	18,814,418	117,522	74,581,152
Segment profit:				
Operating (loss)/profit for reportable segments	(1,595,063)	2,910,768	(4,018,513)	(2,702,808)
Interest income				666,764
Finance costs				(400,806)
Share of results of associated companies				1,406,079
Loss before tax				(1,030,771)
Segment assets				
Total segment assets				114,108,641
Unallocated				1,784,959
Consolidated total assets				115,893,600
Segment liabilities				
Total segment liabilities				18,225,036
Unallocated				228,944
Consolidated total liabilities				18,453,979
Other segment information				
Depreciation of property, plant and equipment	2,521,104	221,329	603,551	3,345,984
Reversal for liquidated damages - net	(128,293)	–	–	(128,293)
Property, plant and equipment written off	–	–	103,101	103,101
Allowance for inventory obsolescence no longer required	61,137	–	–	61,137
Capital expenditure:				
Property, plant and equipment	4,481,702	16,003	2,620,460	7,118,165

30. OPERATING SEGMENTS (CONT'D)

2018	Manufacturing RM	Trading and engineering services RM	Other operations RM	The Group RM
Segment revenue:				
Revenue from external customers	84,574,842	19,227,630	69,372	103,871,844
Segment profit:				
Operating profit/(loss) for reportable segments	6,903,881	1,418,042	(3,929,483)	4,392,440
Interest income				883,677
Finance costs				(135,710)
Share of results of associated companies				1,037,090
Profit before tax				6,177,497
Segment assets				
Total segment assets				128,278,117
Unallocated				1,053,983
Consolidated total assets				129,332,100
Segment liabilities				
Total segment liabilities				29,661,180
Unallocated				961,369
Consolidated total liabilities				30,622,549
Other segment information				
Reversal of impairment loss on investment in associated companies	–	(3,302,006)	–	(3,302,006)
Depreciation of property, plant and equipment	2,755,812	141,813	278,309	3,175,934
Provision for liquidated damages - net	2,739	19,481	–	22,220
Inventories written down to net realisable value	110,204	–	–	110,204
Property, plant and equipment written off	10,734	–	–	10,734
Allowance for inventory obsolescence no longer required	(365,221)	–	–	(365,221)
Capital expenditure:				
Property, plant and equipment	1,940,477	18,029	156,301	2,114,807

31. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group and the Company manage their capital to ensure that the entities in the Group and the Company 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 and the Company's overall strategy remains unchanged from 2018.

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 and the Company are not subject to any externally imposed capital requirements.

31. 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 2019 RM	The Group 2018 RM
Debts:		
Bank borrowings	**2,407,989**	3,678,154
Hire-purchase payables	**21,361**	60,811
	2,429,350	3,738,965
Equity	**97,439,621**	98,709,551
Debt to equity ratio	**2.5%**	3.8%

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
Amortised cost:				
Trade receivables	**7,168,156**	21,074,416	**–**	–
Other receivables and deposits	**135,452**	1,068,130	**132,319**	142,005
Amount owing by subsidiary companies	**–**	–	**365,175**	112,686
Amount owing by associated companies	**10,155,471**	11,916,300	**–**	–
Amount owing by related party	**76,137**	18,705	**76,137**	18,705
Cash and cash equivalents	**16,401,047**	22,077,358	**945,826**	4,095,406
Financial Liabilities				
Other financial liabilities, at amortised cost:				
Trade payables	**2,754,532**	14,155,831	**–**	–
Other payables and accrued expenses	**899,018**	3,271,165	**383,661**	326,959
Amount owing to subsidiary companies	**–**	–	**828,422**	982,449
Amount owing to corporate shareholder of a subsidiary company	**8,062,534**	8,062,174	**–**	–
Amount owing to related parties	**2,078,978**	299,109	**–**	3,575
Amount owing to associated company	**2,047**	–	**–**	–
Bank borrowings	**2,407,989**	3,678,154	**–**	–
Hire-purchase payables	**21,361**	60,811	**–**	–

31. 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 cash equivalents, 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 62% (2018: 79%) of its trade receivable from one (1) [2018: 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, amount owing by related party, amount owing by associated companies and amount owing by subsidiary companies, should all its customers fail to perform their obligations as of 31 March 2019, is the carrying amount of these receivables as disclosed in the statements of financial position.

The Group's and Company's receivable balances are subject to ECL model, in accordance with the impairment requirement of MFRS 9.

As at the end of the reporting period, there is no impairment loss on receivable balances under the impairment requirement of MFRS 9.

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 is exposed to interest rate risk through the impact of rate changes on interest-bearing bank borrowings as disclosed in Note 26.

An average interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates. The Group's sensitivity to interest rates is not material due to the increase in interest rate of the bank borrowings has no significant impact on the financial statements of the Group.

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.

31. 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 financial liabilities at the end of the 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				
2019				
Non-interest bearing:				
Trade payables	–	2,754,532	–	2,754,532
Other payables and accrued expenses	–	899,018	–	899,018
Amount owing to corporate shareholder of a subsidiary company	–	–	8,062,534	8,062,534
Amount owing to associated company	–	2,047	–	2,047
Amount owing to related parties	–	2,078,978	–	2,078,978
Interest bearing:				
Hire-purchase payables	2.49	23,128	–	23,128
Bank borrowings	3.70	2,497,084	–	2,497,084
		9,254,787	8,062,534	17,317,321

	Weighted average effective rate % per annum	Within 1 year RM	1 - 5 years RM	Total RM
The Company				
2019				
Non-interest bearing:				
Other payables and accrued expenses	–	383,661	–	383,661
Amount owing to subsidiary companies	–	828,422	–	828,422
		1,212,083	–	1,212,083

31. 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				
2018				
Non-interest bearing:				
Trade payables	–	14,155,831	–	14,155,831
Other payables and accrued expenses	–	3,271,165	–	3,271,165
Amount owing to corporate shareholder of a subsidiary company	–	–	8,062,174	8,062,174
Amount owing to related parties	–	299,109	–	299,109
Interest bearing:				
Hire-purchase payables	2.49	47,355	19,130	66,485
Bank borrowings	4.65	3,849,188	–	3,849,188
		21,622,648	8,081,304	29,703,952
The Company				
2018				
Non-interest bearing:				
Other payables and accrued expenses	–	326,959	–	326,959
Amount owing to subsidiary companies	–	982,449	–	982,449
Amount owing to related parties	–	3,575	–	3,575
	–	1,312,983	–	1,312,983

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.

31. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (Cont'd)

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 end of the reporting period 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 profit or loss, the balances below would be negative.

	The Group Net impact on profit or loss	
	2019 RM	2018 RM
USD/RM - Strengthened 5%	**522,053**	334,140
USD/RM - Weakened 5%	**(522,053)**	(334,140)
GBP/RM - Strengthened 5%	**10,128**	11,143
GBP/RM - Weakened 5%	**(10,128)**	(11,143)
EUR/RM - Strengthened 5%	**43,401**	40,339
EUR/RM - Weakened 5%	**(43,401)**	(40,339)

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Carrying amount				
Hire-purchase payables	**21,361**	60,811	**–**	–
Fair value				
Hire-purchase payables	**22,387**	66,485	**–**	–

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.

32. CAPITAL COMMITMENT

	The Group	
	2019	**2018**
	RM	**RM**
Approved and contracted for:		
Purchase of property, plant and equipment	**–**	712,000

33. CORPORATE GUARANTEES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	**–**	–	**39,500,000**	39,500,000
Guarantee of obligations given to supplier for credit term granted to a subsidiary company	**1,226,000**	1,159,000	**1,226,000**	1,159,000
	1,226,000	1,159,000	**40,726,000**	40,659,000

The Company is contingently liable to the extent of credit facilities utilised by the said subsidiary company. The fair values of the corporate guarantees have not been recognised in the financial statements since their fair values on initial recognition are negligible.

34. COMPARATIVE FIGURES

Certain comparative figures in the financial statements of the Group in prior year have been reclassified to conform with the presentation in the current financial year. These relate to the following:

	As previously reported	**Reclassification**	**As reclassified**
	RM	**RM**	**RM**
The Group			
At 31 March 2018			
Statement of financial position			
Current liabilities			
Amount owing to corporate shareholder of a subsidiary company	8,062,174	(8,062,174)	–
Non-current liabilities			
Amount owing to corporate shareholder of a subsidiary company	–	8,062,174	8,062,174

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 requirements 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 2019 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

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

CHHOA KWANG HUA

Petaling Jaya,
23 July 2019

DECLARATION
BY THE DIRECTOR

Primarily Responsible for the Financial Managemnt 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 23 day of July 2019.

Before me,

NAJMI DAWAMI BIN ABDUL HAMID @ MOHD AKIB
No: B(444)
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)
No. 98721, Lot 331, Seksyen 15 Industrial Site Shah Alam Shah Alam City 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 years leasehold expiring on 18.04.2074	Land: 10.07.2012 Buildings: 16.05.2014	Land area: 29,450 sq. m. Built-up area: 13,092 sq. m.	Age of manufacturing blocks: approximately 20 years and less Age of other buildings/ structures: Not more than 30 years	25,441

ANALYSIS OF SHAREHOLDINGS

as at 28 June 2019

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	313	5.37	9,852	0.01
100 - 1,000	734	12.60	459,930	0.28
1,001 - 10,000	3,058	52.49	17,298,454	10.73
10,001 - 100,000	1,562	26.81	49,216,426	30.52
100,001 to less than 5% of issued shares	156	2.68	44,315,275	27.48
5% and above of issued shares	3	0.05	49,950,000	30.98
	5,826	**100.00**	**161,249,937**	**100.00**

Thirty Largest Shareholders

Rank	Name	No. of Shares Held	% of Issued Share Capital
1.	KAF Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Mukhriz Bin Mahathir (MU488)	19,750,000	12.25
2.	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – Al Rajhi Bank for M Ocean Capital Sdn Bhd	18,000,000	11.16
3.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mukhriz Mahathir (PJCAC)	12,200,000	7.57
4.	Ng Soon Teong	4,010,000	2.49
5.	Mukhriz Mahathir	3,017,800	1.87
6.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Metzler Asian Balanced Investments Fund (Metzler Uni Tst)	2,000,000	1.24
7.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tee Kim Hew (E-Klg/Btg)	1,264,700	0.78
8.	Choo Shiow Charn	680,000	0.42
9.	Abdul Jabbar Bin Abdul Majid	625,000	0.39
10.	Impextra Sdn Bhd	600,000	0.37
11.	Kenanga Nominees (Tempatan) Sdn Bhd - Rakuten Trade Sdn Bhd for Law Jue Qi	600,000	0.37
12.	Chan Ah Nga	586,300	0.36
13.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chen Yun (E-SPG)	576,000	0.36
14.	Ng Kong Wan	550,000	0.34
15.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tang Kie Ung (E-BTL)	550,000	0.34
16.	Zaini Bin Mohd Said	535,625	0.33
17.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Nai Kooi @ Gah Mai Kwai	530,300	0.33
18.	Hamzah Bin Bachee	500,000	0.31
19.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Hing Kok (E-TAI/STW)	499,300	0.31

Rank	Name	No. of Shares Held	% of Issued Share Capital
20.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Gim Leong	499,200	0.31
21.	Maybank Nominees (Tempatan) Sdn Bhd - Wong Schok Ying Elaine	485,500	0.30
22.	Wong Chai Hak	471,000	0.29
23.	Chan Kok Sing	468,000	0.29
24.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Kay Chuan	420,000	0.26
25.	Maybank Nominees (Tempatan) Sdn Bhd - Chua Eng Ho Wa'a @ Chua Eng Wah	416,800	0.26
26.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Cheng Hoe	400,000	0.25
27.	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Paragon Pacific Ventures Sdn Bhd (Margin)	400,000	0.25
28.	Lau Kim Hee	370,000	0.23
29.	JS Nominees (Tempatan) Sdn Bhd - CIMB Bank for Yang Boo Ta @ Yang Yuh Pang (Mm1223)	358,600	0.22
30.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Teoh Chiu Eng (E-KBU)	350,000	0.22
	Total	**71,714,125**	**44.47**

Substantial Shareholders (as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Seri Mukhriz Bin Mahathir	34,967,800	21.69	–	–
M Ocean Capital Sdn Bhd	18,000,000	11.16	–	–
Tok Puan Norzieta Zakaria*	–	–	18,000,000	11.16

* 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**	**%**
Chhoa Kwang Hua	–	–	–	–
Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B)	535,625	0.33	–	–
Abdul Jabbar Bin Abdul Majid	625,000	0.39	–	–
Sven Janne Sjöden	120,000	0.07	–	–
Chan Bee Lean	–	–	–	–
Magnus Kreuger	–	–	–	–

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of the Company will be held at Danau 3, Kota Permai Golf & Country Club of No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 12 September 2019 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 2019 and the Reports of Directors and Auditors thereon. **Please refer to Explanatory Note A**

2. To approve the payment of Directors' fees of RM156,000 for the financial year ended 31 March 2019. **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM190,000 from 13 September 2019 until the next annual general meeting of the Company. **Ordinary Resolution 2**

4. To re-elect Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B) who retires by rotation pursuant to Article 90 (1) of the Company's Constitution. **Ordinary Resolution 3**

5. To re-elect the following directors who retire pursuant to Article 83 of the Company's Constitution:
   a) Mr. Magnus Kreuger **Ordinary Resolution 4**
   b) Dato' Mohamed Sharil Bin Mohamed Tarmizi **Ordinary Resolution 5**

6. To appoint Crowe Malaysia PLT as Auditors of the Company in place of the retiring Auditors and to authorise the Directors to determine their remuneration. **Ordinary Resolution 6**

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** Ms Chan Bee Lean who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company." **Ordinary Resolution 7**

   "**THAT** Mr. Sven Janne Sjöden who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company." **Ordinary Resolution 8**

   "**THAT** subject to the passing of the Ordinary Resolution 3 above, Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B) who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company." **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 31 July 2019 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 31 July 2019 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 31 July 2019 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 31 July 2019 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 31 July 2019 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 31 July 2019 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 31 July 2019 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 31 July 2019 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 31 July 2019 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 31 July 2019 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 SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH HIKARI COMPOSITES 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 Hikari Composites Sdn. Bhd. as detailed in Section 2.3 of the Circular to Shareholders dated 31 July 2019 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 31 July 2019 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. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH UNITAPE GROUP AND ITS ASSOCIATED COMPANIES** **Ordinary Resolution 16**

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 Unitape Group and its associated companies as detailed in Section 2.3 of the Circular to Shareholders dated 31 July 2019 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 31 July 2019 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."

15. **AUTHORITY TO ALLOT SHARES** **Ordinary Resolution 17**

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."

16. 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: 31 July 2019

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 4 September 2019 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 there shall be no restriction as to the qualification of the 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 Companies Act 2016 ("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 Act, 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-Fourth Annual General Meeting ("24th 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 2019; and*
- *Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) from 13 September 2019 until the next AGM.*

The Directors' benefits of the Company which is estimated not to exceed RM190,000 is basically the meeting allowances for Board/Board Committee meetings attended/to be attended for period from 13 September 2019 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 in the Company's Corporate Governance Overview Statement as contained in the Annual Report 2019.

Ordinary Resolutions 3, 4 and 5
Re-election of Directors

Re-election of Directors who retire in accordance with Article 90(1) of the Company's Constitution

Article 90(1) of the Company's Constitution provides that at the annual general meeting in every year, one-third of the Directors of the Company for the time being, or if the number is not a multiple of three, then the number nearest to one-third shall retire from office so that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall retain office until the close of the meeting at which he retires. Also, a retiring Director shall be eligible for re-election pursuant to Article 91 of the Constitution.

At the forthcoming 24th AGM, two (2) Directors will be retiring in accordance with Article 90(1) of the Company's Constitution. They are Lt. Jen. Dato' Seri Panglima Zaini Bin Hj. Mohd Said SP (B) and ("__Dato' Seri Panglima Zaini__") and Encik Jabbar Bin Abdul Majid ("__Encik Jabbar__"). Dato' Seri Panglima Zaini, being eligible for re-election has given his consent for re-election at the 24th AGM whilst Encik Jabbar has expressed his decision to retire at close of the 24th AGM. In view thereof, Encik Jabbar will retire from office upon the close of the 24th AGM of the Company.

Re-election of Directors who retire in accordance with Article 83 of the Company's Constitution

Article 83 of the Company's Constitution provides that the Directors shall have power from time to time and at any time to appoint additional Directors either to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by or pursuant to this Constitution. A Director so appointed shall hold office only until the conclusion of the next annual general meeting, but shall be eligible for re-election (but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting).

Pursuant to the said Article 83, Mr. Magnus Kreuger and Dato' Mohamed Sharil Bin Mohamed Tarmizi ("__Dato' Sharil Tarmizi__) who were appointed as Directors of the Company on 19 October 2018 and 16 July 2019 (after last year's annual general meeting) will retire at the 24th AGM of the Company. Mr. Magnus Kreuger and Dato' Sharil Tarmizi have given their consent for re-election at the forthcoming AGM.

Ordinary Resolution 6
Appointment of Auditors

The Company's existing Auditors, Deloitte PLT will hold office until the conclusion of the forthcoming 24th AGM of the Company to be held on 12 September 2019. The Board and the Audit Committee had considered the profile, resources, experience, fee and engagement proposal as well as the size of the Group's operations and recommended that Crowe Malaysia PLT, be appointed as the Auditors of the Company.

Ordinary Resolutions 7 – 9
Proposed Retention of Independent Non-Executive Directors

The Proposed Ordinary Resolutions 7, 8 and 9 are proposed pursuant to Article 90(2) of the Company's Constitution and if passed, will enable Ms Chan Bee Lean, Mr. Sven Janne Sjöden and Dato' Seri Panglima Zaini to be retained and continue to act as Independent Non-Executive Directors of the Company.

Ms Chan Bee Lean and Mr. Sven Janne Sjöden were appointed as Independent Non-Executive Director and Non-Independent Non-Executive Director on 7 January 2010 and 11 November 2003 respectively. Mr. Sven Janne Sjöden was subsequently re-designated as Independent Non-Executive Director on 28 October 2009.

Dato' Seri Panglima Zaini was appointed as Independent Non-Executive Director on 12 September 2003.

An assessment of the independence of all Independent Directors was undertaken as part of the Board's assessment in 2019.

The Board of Directors has considered the results of the independence assessment of Ms Chan Bee Lean, Mr. Sven Janne Sjöden and Dato' Seri Panglima Zaini which were undertaken pursuant to the guidelines as set out in the ACE Market Listing Requirements of Bursa Securities and Malaysian Code on Corporate Governance ("MCCG"), and are satisfied that they meet the guidelines for independence and their ability to exercise independent judgement. Therefore, the Board recommends that Ms Chan Bee Lean, Mr. Sven Janne Sjöden and Dato' Seri Panglima Zaini should be retained as the Independent Non-Executive Directors of the Company.

For Dato' Panglima Zaini who has served the Board as an Independent Non-Executive Director for more than twelve (12) years, the resolution tabled to the shareholders would be via a two-tier voting.

Full details of the Board's justifications for the retention of the abovesaid Independent Non-Executive Directors are set out in the Corporate Governance Overview Statement as contained in 2019 Annual Report.

Ordinary Resolutions 10 – 16
Proposed Shareholders' Mandate for Recurrent Transactions

The proposed Ordinary Resolutions 10 – 16, 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 17
Authority to Allot Shares

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

The proposed Ordinary Resolution 17, if passed, will empower the Directors of the Company to allot and issue 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)

Number of shares held	
CDS Account No.	

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)

of ____
(Full address)

or failing him/her ____
(Full name)

of ____
(Full address)

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company will be held at Danau 3, Kota Permai Golf & Country Club of No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 12 September 2019 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.

	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		
Ordinary Resolution 17		

Dated: ______________________________

____
Signature/Common Seal of Shareholder(s)

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 4 September 2019 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
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