

## Financial Statements

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# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are described in Notes 12 and 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

## RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Profit / (Loss) after taxation	27,317	(5,888)
Minority interests	(12,155)	-
Net profit / (loss) for the year	15,162	(5,888)

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

## DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the financial year ended 31 December 2004.

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Tan Sri Razali Ismail	(Independent Non-Executive Chairman)
Dato' Seri H'ng Bok San	(Executive Deputy Chairman)
H'ng Chun Hsiang *	(CEO & Managing Director)
Kon Ted Liuk	(Deputy Managing Director)
Dato' N. Sadasivan	(Independent Non-Executive Director)
Chin Yoke Chung Patrick *	(Independent Non-Executive Director)
Lai Chang Hun *	(Independent Non-Executive Director)
Wan Ismail Wan Nik *	(Independent Non-Executive Director)
H'ng Hsieh Ling	(Alternate Director to Dato' Seri H'ng Bok San)

\* Being members of Audit Committee.

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the share options granted to Executive Directors of the Company pursuant to the Employees' Share Option Scheme II ("ESOS II").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any 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 as disclosed in Note 33 to the financial statements.

## Directors' Report (cont'd)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows :

	Number of Ordinary Shares of RM1.00 Each			
	1 January 2004	Acquired	Sold	31 December 2004
<b>The Company</b>				
<b>Direct</b>				
Tan Sri Razali Ismail@	1,106,000	-	(856,000)	250,000
Dato' Seri H'ng Bok San#	3,876	-	-	3,876
H'ng Chun Hsiang	424,000	-	-	424,000
Kon Ted Liuk	100,970	-	(100,970)	-
Dato' N. Sadasivan	50,310	-	-	50,310
Lai Chang Hun	592,550	-	-	592,550
Wan Ismail Wan Nik	1,129,020	-	-	1,129,020
<b>Indirect</b>				
Dato' Seri H'ng Bok San*	51,080,606	-	-	51,080,606
H'ng Chun Hsiang*	51,080,606	-	-	51,080,606

@ Shares registered in the name of Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd..

# Held in trust for shareholders of the Company.

\* Deemed interest via Zun Holdings Sdn. Bhd. under Section 6A of the Companies Act, 1965 for shares registered in the name of HSBC Nominees (Tempatan) Sdn. Bhd..

	Number of Options over Ordinary Shares of RM1.00 Each			
	1 January 2004	Granted	Lapsed*	31 December 2004
<b>The Company</b>				
<b>Direct</b>				
Dato' Seri H'ng Bok San	500,000	-	(500,000)	-
H'ng Chun Hsiang	200,000	-	(200,000)	-
Kon Ted Liuk	500,000	-	(500,000)	-

\* Employees' Share Option Scheme II has lapsed on 1 July 2004.

None of the other directors in office at the end of the financial year have any interest in shares or debentures in the Company or its related corporations during the financial year.

## Directors' Report (cont'd)

### EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme II ("ESOS II") of the Company came into effect on 2 July 1999 and will be in force for a period of five years from this date. During the financial year, there was no new option granted to take up unissued shares of the Company. The options have lapsed during the financial year.

The salient and other terms of the ESOS II are disclosed in Note 26 to the financial statements.

### OTHER STATUTORY INFORMATION

- a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- i) 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 satisfied themselves that all known bad debts had been written off and that adequate allowance has been made for doubtful debts in the financial statements of the Group and of the Company; and
  - ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the directors are not aware of any circumstances which would render:
- i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the directors are not aware of any circumstances 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.
- d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

- e) As at the date of this report, there does not exist:
- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f) In the opinion of the directors:
- i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - ii) 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 the operations of the Group or of the Company for the financial year in which this report is made.

### OTHER SIGNIFICANT EVENTS

The other significant events during the financial year are as disclosed in Note 36 to the financial statements.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors :

**H'NG CHUN HSIANG**  
CHIEF EXECUTIVE OFFICER  
AND MANAGING DIRECTOR

**KON TED LIUK**  
DEPUTY MANAGING DIRECTOR

Penang, Malaysia  
Date : 18 April 2005

## Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, H'NG CHUN HSIANG and KON TED LIUK, being two of the directors of LEADER UNIVERSAL HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 95 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed in accordance with a resolution of the directors:

**H'NG CHUN HSIANG**  
CHIEF EXECUTIVE OFFICER  
AND MANAGING DIRECTOR

**KON TED LIUK**  
DEPUTY MANAGING DIRECTOR

Penang, Malaysia  
Date : 18 April 2005

## Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, H'NG HSIEH LING, being the officer primarily responsible for the financial management of LEADER UNIVERSAL HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 95 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.

Subscribed and solemnly declared by )  
the abovenamed H'NG HSIEH LING )  
at Georgetown in the State of Penang )  
on 18 April 2005 ) **H'NG HSIEH LING**

Before me,  
CHAI CHOON KIAT, PJM  
(P.073)  
Commissioner for Oaths

# Auditors' Report To The Members Of Leader Universal Holdings Berhad

We have audited the financial statements set out on pages 33 to 95. These financial statements are the responsibility of the Company's directors.

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

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of :
  - i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

- b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

## **ERNST & YOUNG**

AF : 0039  
Chartered Accountants

## **LIM ENG HUAT**

No. 2403/04/07(J)  
Partner

Penang, Malaysia  
Date : 18 April 2005

# Income Statements For The Year Ended 31 December 2004

	Note	GROUP		COMPANY	
		2004 RM'000	As restated 2003 RM'000	2004 RM'000	2003 RM'000
Revenue	3	<b>1,267,711</b>	1,009,161	<b>12,578</b>	12,928
Cost of sales	4	<b>(1,169,762)</b>	(915,117)	-	-
Gross profit		<b>97,949</b>	94,044	<b>12,578</b>	12,928
Other operating income		<b>14,302</b>	17,901	<b>2,947</b>	6,609
Distribution costs		<b>(34,993)</b>	(28,907)	-	-
Administrative expenses		<b>(32,687)</b>	(46,115)	<b>(2,702)</b>	(1,020)
Other operating expenses		<b>1,855</b>	(107,754)	<b>(4,461)</b>	(20,609)
Profit / (Loss) from operations	5	<b>46,426</b>	(70,831)	<b>8,362</b>	(2,092)
Finance costs	7	<b>(23,155)</b>	(21,413)	<b>(13,768)</b>	(12,297)
Share of profits of associate		<b>2,175</b>	75	-	-
Profit / (Loss) before taxation		<b>25,446</b>	(92,169)	<b>(5,406)</b>	(14,389)
Taxation - Company and subsidiaries		<b>2,514</b>	3,300	<b>(482)</b>	(774)
Share of taxation of associate		<b>(643)</b>	(458)	-	-
	8	<b>1,871</b>	2,842	<b>(482)</b>	(774)
Profit / (Loss) after taxation		<b>27,317</b>	(89,327)	<b>(5,888)</b>	(15,163)
Minority interests		<b>(12,155)</b>	(8,817)	-	-
Net profit / (loss) for the year		<b>15,162</b>	(98,144)	<b>(5,888)</b>	(15,163)
Earnings / (Loss) per share (sen)	9	<b>3.47</b>	(22.49)		

# Balance Sheets As At 31 December 2004

	Note	GROUP		COMPANY	
		2004 RM'000	As restated 2003 RM'000	2004 RM'000	2003 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	454,949	500,089	124	171
Land held for property development	11	15,187	20,173	-	-
Investments in subsidiaries	12	-	-	342,689	344,276
Investments in associates	13	13,871	13,060	6,762	6,762
Amounts due from subsidiaries	14	-	-	119,728	138,094
Amounts due from associates	15	9,441	9,925	-	-
Other investments	16	11,733	19,279	3,852	3,852
Goodwill on consolidation	17	1,996	3,365	-	-
Deferred tax assets	29	4,165	17,614	-	-
		<b>511,342</b>	<b>583,505</b>	<b>473,155</b>	<b>493,155</b>
<b>CURRENT ASSETS</b>					
Property development costs	11	42,950	55,131	-	-
Inventories	18	211,701	157,211	-	-
Trade receivables	19	281,936	244,851	-	-
Other receivables	20	57,357	41,711	25	83
Amounts due from subsidiaries	14	-	-	54,610	80,502
Amounts due from associates	15	3,309	2,572	-	-
Cash and bank balances	21	107,905	98,149	31,134	4,469
		<b>705,158</b>	<b>599,625</b>	<b>85,769</b>	<b>85,054</b>
<b>CURRENT LIABILITIES</b>					
Borrowings	22	287,101	269,740	43,676	55,560
Trade payables	23	67,787	43,021	-	-
Other payables	24	123,244	86,272	4,154	3,851
Progress payments received and receivable		4,321	20,362	-	-
Amount due to a related party	25	7,600	6,080	-	-
Retirement benefits	28	3,306	-	3,100	-
Tax payable		101	221	-	171
		<b>493,460</b>	<b>425,696</b>	<b>50,930</b>	<b>59,582</b>
<b>NET CURRENT ASSETS</b>		<b>211,698</b>	<b>173,929</b>	<b>34,839</b>	<b>25,472</b>
		<b>723,040</b>	<b>757,434</b>	<b>507,994</b>	<b>518,627</b>

## Balance Sheets As At 31 December 2004 (cont'd)

	Note	GROUP		COMPANY	
		2004 RM'000	As restated 2003 RM'000	2004 RM'000	2003 RM'000
<b>FINANCED BY :</b>					
Share capital	26	<b>436,459</b>	436,459	<b>436,459</b>	436,459
Other reserves	27	<b>128,832</b>	137,476	<b>179,097</b>	179,097
Accumulated losses		<b>(228,648)</b>	(243,810)	<b>(365,571)</b>	(359,683)
Shareholders' equity		<b>336,643</b>	330,125	<b>249,985</b>	255,873
Minority interests		<b>95,566</b>	90,597	-	-
		<b>432,209</b>	420,722	<b>249,985</b>	255,873
Borrowings	22	<b>254,370</b>	271,801	<b>254,370</b>	257,015
Amount due to a related party	25	<b>2,310</b>	11,430	-	-
Retirement benefits	28	<b>4,851</b>	7,397	<b>3,639</b>	5,739
Deferred tax liabilities	29	<b>29,300</b>	46,084	-	-
<b>NON-CURRENT LIABILITIES</b>		<b>290,831</b>	336,712	<b>258,009</b>	262,754
		<b>723,040</b>	757,434	<b>507,994</b>	518,627

# Statements Of Changes In Equity For The Year Ended 31 December 2004

GROUP	Share Capital RM'000	Other Reserves (Note 27) RM'000	Accumulated Losses RM'000	Total RM'000
<b>At 1 January 2004</b>				
As previously stated	436,459	139,020	(244,093)	331,386
Prior year adjustments (Note 31)	-	(1,544)	283	(1,261)
<b>As restated</b>	436,459	137,476	(243,810)	330,125
Disposal of a subsidiary	-	(222)	-	(222)
Reversal of revaluation surplus	-	(7,746)	-	(7,746)
Translation of net equity of foreign subsidiaries	-	51	-	51
Net loss not recognised in income statement	-	(7,917)	-	(7,917)
Amortisation of reserve on consolidation	-	(842)	-	(842)
Transfer from deferred taxation	-	115	-	115
Net profit for the year	-	-	15,162	15,162
<b>At 31 December 2004</b>	436,459	128,832	(228,648)	336,643

## GROUP

### At 1 January 2003

As previously stated	436,459	146,057	(146,560)	435,956
Prior year adjustments (Note 31)	-	(1,544)	253	(1,291)
<b>As restated</b>	436,459	144,513	(146,307)	434,665
Transfer (from) / to reserves upon disposal of property, plant and equipment	-	(641)	641	-
Reversal of deferred taxation no longer required on disposal	-	244	-	244
Deferred taxation on revaluation surplus	-	(80)	-	(80)
Reversal of deferred taxation on impairment	-	100	-	100
Reversal of revaluation surplus	-	(3,537)	-	(3,537)
Translation of net equity of foreign subsidiaries	-	(2,281)	-	(2,281)
Net (loss) / gain not recognised in income statement	-	(6,195)	641	(5,554)
Amortisation of reserve on consolidation	-	(842)	-	(842)
Net loss for the year	-	-	(98,144)	(98,144)
<b>At 31 December 2003</b>	436,459	137,476	(243,810)	330,125

## Statements Of Changes In Equity For The Year Ended 31 December 2004 (cont'd)

<b>COMPANY</b>	<b>Share Capital RM'000</b>	<b>Other Reserves (Note 27) RM'000</b>	<b>Accumulated Losses RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2003</b>	436,459	249,211	(344,520)	341,150
Deficit on valuation, representing net losses not recognised in income statement	-	(70,114)	-	(70,114)
Net loss for the year	-	-	(15,163)	(15,163)
<b>At 31 December 2003</b>	436,459	179,097	(359,683)	255,873
Net loss for the year	-	-	(5,888)	(5,888)
<b>At 31 December 2004</b>	<b>436,459</b>	<b>179,097</b>	<b>(365,571)</b>	<b>249,985</b>

# Cash Flow Statements For The Year Ended 31 December 2004

	GROUP		COMPANY	
	2004	As restated 2003	2004	As restated 2003
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net profit / (loss) for the year	15,162	(98,144)	(5,888)	(15,163)
Adjustments for :				
Allowance for doubtful debts				
- trade receivables	1,932	11,681	-	-
- other receivables	68	-	-	-
- amounts due from associates	50	-	-	-
- amounts due from subsidiaries	-	-	984	16,535
Allowance for diminution in value of unquoted investments	-	2,501	-	55
Allowance for foreseeable loss on properties under development	481	-	-	-
Amortisation of goodwill	1,369	1,369	-	-
Amortisation of reserve on consolidation	(842)	(842)	-	-
Bad debts written off	68	-	1,599	-
Completed property units for sale written down	-	10,494	-	-
Dividend income	(15)	(1,608)	(262)	(1,399)
Euroconvertible Bonds ("ECB")				
- accrual for redemption premium	1,702	748	1,702	748
- redemption premium written back arising from cancellation of ECB	(1,849)	(4,617)	(1,849)	(4,617)
- gain on cancellation of ECB	(422)	-	(422)	-
Exchange differences	(587)	(729)	(6)	-
Finance costs	21,453	20,665	12,066	11,549
Gain on disposal of a subsidiary	(70)	-	-	-
Gain on disposal of investment in an associate	(110)	-	-	-
Impairment loss on investment in an associate	-	20,214	-	-
Impairment loss on investment in subsidiaries	-	-	2,134	3,934
Inventories				
- write back of allowance for write down	(4,813)	(482)	-	-
- allowance for write down	-	1,577	-	-
- written off	-	10,216	-	-
Interest income	(1,979)	(2,808)	(12,316)	(11,529)
Loss on deconsolidation of subsidiaries	68	-	145	-
Minority interests	12,155	8,817	-	-
Property, plant and equipment				
- depreciation	34,902	41,439	64	59
- (gain) / loss on disposal	(4,474)	2,259	-	-
- written off	941	7,442	48	-
- impairment loss	-	44,683	-	-
(Overprovision) / Provision for retrenchment benefits	(13)	3,137	-	-
Operating cash flow carried forward	75,177	78,012	(2,001)	172

## Cash Flow Statements For The Year Ended 31 December 2004 (cont'd)

	GROUP		COMPANY	
	2004 RM'000	As restated 2003 RM'000	2004 RM'000	As restated 2003 RM'000
Operating cash flow brought forward	75,177	78,012	(2,001)	172
Quoted investments				
- impairment loss	105	-	-	-
- loss / (gain) on disposal	186	(119)	-	-
- write back of allowance for diminution in value	-	(1,039)	-	-
Retirement benefits	991	-	-	-
Share of profits of associate	(2,175)	(75)	-	-
Waiver of debts	-	-	(675)	-
Write back of allowance for doubtful debts :				
- trade receivables	(1,631)	(2,338)	-	-
- amounts due from subsidiaries	-	-	(522)	-
Write back of retirement benefits	-	(439)	-	-
Taxation	(1,871)	(2,842)	482	774
Operating profit / (loss) before working capital changes	70,782	71,160	(2,716)	946
Decrease / (Increase) in working capital :				
- property development costs and land held for development	15,432	(3,041)	-	-
- inventories	(49,676)	12,867	-	-
- receivables	(50,170)	16,778	57	202
- amounts due from associates	(303)	1,611	-	2
- payables	49,864	(62,088)	1,304	(3,404)
- intercompany balances	-	-	42,878	32,532
- amount due to a related party	-	17,510	-	-
Net cash flows from operations	35,929	54,797	41,523	30,278
Tax paid	(930)	(1,215)	(653)	(425)
Tax refund	130	32	-	-
Net operating cash flows	35,129	53,614	40,870	29,853
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additional investment in subsidiaries	-	-	(3,528)	-
Proceeds from disposal of a subsidiary (Note 12 (a))	1,102	-	-	-
Proceeds from disposal of an associate	61	-	-	-
Proceeds from deconsolidation of subsidiaries	-	-	2,837	-
Capital distribution to minority shareholders upon deconsolidation of a subsidiary (Note 12 (b))	(2,725)	-	-	-
Purchase of property, plant and equipment	(4,858)	(6,153)	(65)	(42)
Interest received	1,979	2,810	12,316	11,529
Proceeds from disposal of quoted investments	7,255	548	-	-
Proceeds from disposal of property, plant and equipment	3,993	5,984	-	8
Dividend received	273	1,867	262	10,456
Net investing cash flows	7,080	5,056	11,822	21,951

The notes on pages 41 to 95 form an integral part of the financial statements.

## Cash Flow Statements For The Year Ended 31 December 2004 (cont'd)

	GROUP		COMPANY	
	2004	As restated 2003	2004	As restated 2003
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown of Murabahah Medium Term Notes	40,000	-	40,000	-
Dividends paid to minority shareholders of a subsidiary	(11,871)	(7,188)	-	-
Proceeds from short term bank borrowings	244,260	172,874	-	-
Repayment of short term bank borrowings	(225,660)	(187,827)	-	-
ECB buyback	(5,890)	(19,950)	(5,890)	(19,950)
Finance costs paid	(21,403)	(21,060)	(12,066)	(11,879)
Repayment of ECB	(48,071)	(24,314)	(48,071)	(24,314)
Repayment of term loans	(4,831)	(35,969)	-	-
Drawdown of term loans	-	16,028	-	-
Net financing cash flows	(33,466)	(107,406)	(26,027)	(56,143)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	8,743	(48,736)	26,665	(4,339)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	98,149	146,640	4,469	8,808
FOREIGN EXCHANGE DIFFERENCES	321	245	-	-
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER (NOTE A)	107,213	98,149	31,134	4,469

A. Cash and cash equivalents comprise :

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances (Note 21)	107,905	98,149	31,134	4,469
Bank overdrafts (Note 22)	(692)	-	-	-
Cash and cash equivalents	107,213	98,149	31,134	4,469

# Notes To The Financial Statements

## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are described in Notes 12 and 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad. The address of the registered office of the Company is located at 10th Floor, Wisma LEADER, 8 Jalan Larut, 10050 Penang.

The number of employees in the Group and in the Company at the end of the financial year were 1,516 (2003 : 2,002) and 40 (2003 : 73) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2005.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of certain leasehold properties and investments in subsidiaries.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2004, the Group adopted MASB 32 - Property Development Activities for the first time and the adoption of MASB 32 has not given rise to any adjustments to the opening balances of accumulated losses of the prior and current year or to changes in comparatives.

### b) Basis of Consolidation

#### i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

#### ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

## Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### b) Basis of Consolidation (cont'd)

##### ii) Associates (cont'd)

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

#### c) Goodwill and Reserve on Consolidation

Goodwill or reserve on consolidation is stated at cost less accumulated amortisation and impairment losses.

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the respective carrying amounts of these investments.

Goodwill or reserve on consolidation is amortised on the straight-line basis over its estimated useful life, for which the Group has set a maximum period of 10 years.

#### d) Investments

Investments in subsidiaries are stated at valuation, based on their net tangible asset value, less impairment losses. Acquisitions subsequent to valuation date are stated at cost. Investments in subsidiaries will be revalued at least once in every five years. Where market conditions indicate that the carrying values of the revalued investments materially differ from the underlying net tangible asset values of the subsidiaries, the directors will consider revaluation in those intervening years.

Any increase arising from revaluation is credited to equity as a revaluation surplus; any decrease is first offset against an increase on earlier valuation in respect of the same investment and is thereafter charged to the income statement. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same investment previously recognised as an expense. Upon disposal of revalued subsidiaries, the amounts in revaluation reserve relating to those subsidiaries are transferred directly to retained profits.

Quoted investments are stated at the lower of cost and market value, determined on a portfolio basis by comparing aggregate cost against aggregate market value.

Other investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

#### e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

Freehold and leasehold land are stated at valuation less impairment losses. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense.

Freehold land is not amortised. Leasehold land are depreciated over the period of the lease term, i.e. 20 years - 99 years. Construction in progress are not depreciated.

Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates :

Buildings	2% - 20%
Plant and machinery	5% - 20%
Motor vehicles	16% - 20%
Furniture, fixtures, fittings and equipment	5% - 50%

## Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### e) Property, Plant and Equipment and Depreciation (cont'd)

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

With effect from the current financial year, one of the Company's subsidiaries changed the annual depreciation rate for buildings from 5% per annum to 2% per annum so as to be consistent with the Group's depreciation policy. The effect on the financial statements of this change in accounting estimate is a decrease in depreciation charge for the financial year of the Group by RM1,167,000 and an increase in the Group's current financial year's profit by RM1,167,000.

#### f) Land Held for Property Development and Property Development Costs

##### i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

#### g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials and consumables is determined on the weighted average basis. Cost of work in progress and finished products includes materials, direct labour, other direct costs and appropriate proportions of production overheads.

The cost of completed property units for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to make the sale.

#### h) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks, demand deposits and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

#### i) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

## Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary and associate on distribution of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

#### k) Employee Benefits

##### i) Short term benefits

Wages, salaries, annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. Sick leave is recognised when the absences occur.

##### ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their country's statutory pension scheme. Such contributions are recognised as an expense in the income statement as incurred.

##### iii) Defined benefit plans

The Company and certain subsidiaries operate an unfunded defined benefit plan for its eligible employees.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligations at the balance sheet date, together with adjustments for actuarial gains/losses and past service cost.

The Group determines the present value of defined benefit obligations via independent actuarial valuations such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The present value of defined benefit obligations, calculated using the Projected Unit Credit Method, is determined by reference to market yields at the balance sheet date of government securities which have the currency and terms to maturity approximating those of the related liabilities.

##### iv) Equity compensation benefits

The Company's Employee Share Option Scheme ("ESOS") allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

##### v) Retrenchment benefits

The Group pays retrenchment benefits in cases of termination of employment within the framework of a restructuring. Retrenchment benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

#### l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

##### i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes, discounts and returns upon transfers of risks and rewards.

## Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### l) Revenue Recognition (cont'd)

##### ii) Income from property development

Income from property development is recognised on the percentage of completion method based on the number of units sold and by reference to the stage of completion of the development work at the balance sheet date.

##### iii) Income from power generation

Income from power generation is recognised upon completion of the service provided.

##### iv) Income from rendering of services

Income from rendering of services relates to insurance agency commission. Recognition of agency commission as revenue is based on the effective commencement or renewal dates of the related policies.

##### v) Dividend income

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

##### vi) Interest income

Interest is recognised on a time proportionate basis that reflects the effective yield on the assets.

#### m) Foreign Currencies

##### i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange differences are taken to the income statement with the exception of differences arising from the retranslation of advances of capital in nature to subsidiaries which are deemed to be an extension of the Group's equity interest in the subsidiaries. These exchange differences are taken direct to equity. On disposal or settlement or waiver of the advances arising from the Group's decision to divest from the subsidiaries, the exchange differences are recognised in the income statement.

##### ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for each respective unit of foreign currency ruling at balance sheet date are as follows :

	2004 RM	2003 RM
United States Dollar (USD)	<b>3.8000</b>	3.8000
Singapore Dollar (SGD)	<b>2.3259</b>	2.2344
Philippine Peso (Peso)	<b>0.0675</b>	0.0685
Euro Dollar (EURO)	<b>5.1116</b>	4.4133
United Arab Emirates Dirhams (AED)	<b>1.0346</b>	1.0346

#### n) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

## Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### n) Impairment of Assets (cont'd)

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

#### o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

##### i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

##### ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

##### iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing cost eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawn down from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement as an expense in the year in which they are incurred.

##### iv) Convertible Bonds

On issue of a financial instrument that contains both a liability and an equity component, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument; this amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

The Group has taken advantage of the exemption provided by MASB 24: "Financial Instruments: Disclosure and Presentation" not to reclassify the Euroconvertible Bonds issued by the Group prior to 1 January 2003 into liability and equity components.

The Euroconvertible Bonds issued by the Company are stated at the issue price denominated in USD translated at the exchange rate prevailing at balance sheet date. Exchange gains or losses arising from the re-translation of Euroconvertible Bonds at balance sheet date are dealt with in the income statement.

## Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### o) Financial Instruments (cont'd)

##### iv) Convertible Bonds (cont'd)

The amount to be recognised in shareholders' equity in respect of shares to be issued upon conversion of the Euroconvertible Bonds will be the amount at which the liability for the Bonds is stated as at the date of conversion. No gain or loss will be recognised in the income statement upon conversion. Gains or losses arising from the cancellation of the Euroconvertible Bonds purchased by the Company in the open market are recognised in the income statement.

Additional redemption premium on the Euronconvertible Bonds which is payable on 5 May 2006 and 5 May 2007, at an amount equal to 1 percent and 2 percent respectively, of 129.2976 percent on the aggregate principal amount of the ECB which remains outstanding as at 6 May 2005 and 6 May 2006 respectively, is provided on the straight-line basis over the period from the effective date of the Amendments to the respective payment date of the additional redemption premium.

##### v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### vi) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

##### Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

### 3. REVENUE

Revenue of the Group and of the Company consists of the following :

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sale of goods, principally cable and wire	1,129,372	884,046	-	-
Revenue from property development	22,816	12,147	-	-
Revenue from power generation	114,672	110,265	-	-
Rendering of services	442	731	-	-
Dividends	15	1,608	262	1,399
Interest income	394	364	12,316	11,529
	<b>1,267,711</b>	<b>1,009,161</b>	<b>12,578</b>	<b>12,928</b>

### 4. COST OF SALES

Cost of sales mainly represents cost of inventories sold.

## Notes To The Financial Statements (cont'd)

### 5. PROFIT / (LOSS) FROM OPERATIONS

Profit / (Loss) from operations is stated :-

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
After charging :				
Allowance for doubtful debts				
- trade receivables	1,932	11,681	-	-
- other receivables	68	-	-	-
- amounts due from associates	50	-	-	-
- amounts due from subsidiaries	-	-	984	16,535
Allowance for diminution in value of unquoted investments	-	2,501	-	55
Allowance for foreseeable loss on properties under development	481	-	-	-
Amortisation of goodwill	1,369	1,369	-	-
Auditors' remuneration	328	394	70	75
Bad debts written off	68	-	1,599	-
Completed property units for sale written down ^	-	10,494	-	-
Depreciation	34,902	41,439	64	59
Impairment loss on investment in subsidiaries	-	-	2,134	3,934
Impairment loss on investment in an associate ^	-	20,214	-	-
Impairment loss on quoted investments	105	-	-	-
Inventories				
- allowance for write down	-	1,577	-	-
- written off	-	10,216	-	-
Loss on deconsolidation of subsidiaries	68	-	145	-
Loss on disposal of quoted investments	186	-	-	-
Loss on disposal of property, plant and equipment	195	2,507	-	-
Net foreign exchange losses				
- realised	-	-	2	1
- unrealised	-	442	-	-
Non-executive directors' remuneration (Note 6)	490	337	480	312
Property, plant and equipment				
- written off ^	941	7,442	48	-
- impairment ^	-	44,683	-	-
Rental of land and buildings	1,190	1,217	245	327
Royalties	691	648	-	-
Staff costs				
- directors' remuneration (Note 6)	2,249	2,537	2,249	2,459
- retirement benefits (Note 28)	991	(439)	-	-
- retrenchment benefits				
- current year	1,900	5,971	-	-
- overprovision	(13)	-	-	-
- pension costs - defined contribution plans	5,129	6,073	-	-
- others	53,484	57,364	-	-

## Notes To The Financial Statements (cont'd)

### 5. PROFIT / (LOSS) FROM OPERATIONS (cont'd)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
and crediting :				
Amortisation of reserve on consolidation	842	842	-	-
Bad debts recovered	3,238	146	-	-
Gain on disposal of property, plant and equipment	4,669	248	-	-
Gain on disposal of quoted investments	-	119	-	-
Gain on cancellation of ECB	422	-	422	-
Gain on disposal of a subsidiary	70	-	-	-
Gain on disposal of investment in an associate	110	-	-	-
Gross dividend income from an associate	-	-	262	262
Gross dividend income from quoted investments	15	1,608	-	-
Gross dividend income from subsidiaries	-	-	-	1,137
Insurance claim	529	-	-	-
Interest income	1,979	2,808	12,316	11,529
Net foreign exchange gains				
- realised	213	242	-	-
- unrealised	1,868	-	6	2
Redemption premium written back arising from cancellation of ECB *	1,849	4,617	1,849	4,617
Rental income	562	579	-	-
Waiver of debts	-	-	675	-
Write back of allowance for doubtful debts				
- trade receivables	1,631	2,338	-	-
- amounts due from subsidiaries	-	-	522	-
Write back of allowance for write down				
- completed property units for sale	-	398	-	-
- inventories	4,813	482	-	-
Write back of allowance for diminution in value of quoted investments	-	1,039	-	-

^ Included in other operating expenses in income statement.

\* Included in other operating income in income statement.

## Notes To The Financial Statements (cont'd)

### 6. DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors of the Company during the financial year is as follows :

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Directors of the Company</b>				
Executive :				
Salaries and other emoluments	1,940	2,041	1,940	2,041
Fees	-	129	-	51
Pension costs - defined contribution plans	309	367	309	367
Benefits-in-kind	29	63	29	63
	<b>2,278</b>	2,600	<b>2,278</b>	2,522
Non-Executive:				
Fees	85	109	75	84
Other emoluments	405	228	405	228
	<b>490</b>	337	<b>480</b>	312
<b>Total</b>	<b>2,768</b>	2,937	<b>2,758</b>	2,834
Analysis excluding benefits-in-kind :				
Total for Executive directors' remuneration (Note 5)	2,249	2,537	2,249	2,459
Total for Non-Executive directors' remuneration (Note 5)	490	337	480	312
Grand total excluding benefits-in-kind	2,739	2,874	2,729	2,771
Benefits-in-kind	29	63	29	63
Grand total including benefits-in-kind	2,768	2,937	2,758	2,834

Directors' remuneration of the Company, other than fees, is reimbursed by the subsidiary companies.

## Notes To The Financial Statements (cont'd)

### 6. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the year fall within the following bands is analysed as follows :

	Number of Directors	
	2004	2003
Executive directors :		
RM100,001 - RM150,000	-	3
RM200,001 - RM250,000	-	2
RM450,001 - RM500,000	1	-
RM650,001 - RM700,000	1	-
RM800,001 - RM850,000	-	1
RM1,000,001 - RM1,050,000	1	1
Non-Executive directors :		
RM100,001 - RM150,000	4	7
RM150,001 - RM200,000	1	-

Executive directors of the Company have been granted the following number of options under the Employees' Share Option Scheme II.

	GROUP AND COMPANY	
	2004	2003
	'000	'000
At 1 January	2,200	2,200
Lapsed	(2,200)	-
At 31 December	-	2,200

The Employees' Share Option Scheme II has lapsed on 1 July 2004.

### 7. FINANCE COSTS

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Finance costs on :				
Euroconvertible Bonds ("ECB")	11,261	11,549	11,261	11,549
Term loans / Murabahah Medium Term Notes	1,932	2,187	805	-
Others	8,260	6,929	-	-
ECB Redemption premium payable	1,702	748	1,702	748
	<b>23,155</b>	21,413	<b>13,768</b>	12,297

## Notes To The Financial Statements (cont'd)

### 8. TAXATION

	GROUP		COMPANY	
	2004 RM'000	As restated 2003 RM'000	2004 RM'000	2003 RM'000
Income tax :				
Malaysian income tax	592	610	400	768
Foreign tax	2	-	-	-
	<b>594</b>	610	<b>400</b>	768
Underprovision in prior years :				
Malaysian income tax	112	17	82	6
	<b>706</b>	627	<b>482</b>	774
Deferred taxation (Note 29) :				
Relating to origination and reversal of temporary differences	(3,280)	(3,927)	-	-
Underprovision in prior years	60	-	-	-
	<b>(3,220)</b>	(3,927)	-	-
Share of taxation of associate	643	458	-	-
	<b>(1,871)</b>	(2,842)	<b>482</b>	774

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003 : 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## Notes To The Financial Statements (cont'd)

### 8. TAXATION (cont'd)

A reconciliation of income tax expense applicable to profit / (loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :

	2004	As restated 2003
GROUP	RM'000	RM'000
Profit / (Loss) before taxation	25,446	(92,169)
Taxation at Malaysian statutory tax rate of 28% (2003 : 28%)	7,125	(25,808)
Tax savings of 8% for first RM100,000 (2003 : RM100,000) of chargeable income	(54)	(9)
Deferred tax asset not recognised on unused tax losses, unabsorbed capital allowances and deductible temporary differences	2,248	9,851
Effect of		
- different tax rates in other countries	1,494	389
- expenses not deductible for tax purposes	36,658	61,267
- income not subject to tax	(42,382)	(47,990)
- expenses double deductible for tax purposes	-	(28)
- utilisation of previously unrecognised tax losses	(4,562)	(531)
Effect on capital allowance arising from control transfer	(2,570)	-
Underprovision of income tax in prior years	112	17
Underprovision of deferred tax in prior years	60	-
<b>Tax expense for the year</b>	<b>(1,871)</b>	<b>(2,842)</b>
	<b>2004</b>	<b>2003</b>
<b>COMPANY</b>	<b>RM'000</b>	<b>RM'000</b>
Loss before taxation	(5,406)	(14,389)
Taxation at Malaysian statutory tax rate of 28% (2003 : 28%)	(1,514)	(4,029)
Effect of		
- expenses not deductible for tax purposes	5,360	9,175
- income not subject to tax	(3,446)	(4,378)
Underprovision of income tax in prior years	82	6
<b>Tax expense for the year</b>	<b>482</b>	<b>774</b>
	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax savings during the financial year arising from :		
Utilisation of current year tax losses	6	-
Utilisation of previously unrecognised tax losses	4,562	531
Tax losses are analysed as follows :		
Unused tax losses carried forward	121,925	107,843
Unabsorbed capital allowances carried forward	77,884	62,221
Unabsorbed reinvestment allowances carried forward	86,975	80,929

## Notes To The Financial Statements (cont'd)

### 9. EARNINGS / (LOSS) PER SHARE

#### Basic

Basic earnings / (loss) per share is calculated by dividing the net profit / (loss) for the year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2004	As restated 2003
Net profit / (loss) for the year (RM'000)	15,162	(98,144)
Weighted average number of ordinary shares in issue ('000)	436,459	436,459
Basic earnings / (loss) per share (sen)	3.47	(22.49)

### 10. PROPERTY, PLANT AND EQUIPMENT

	Net book value at 1 January 2004 RM'000	Additions / Written off / Impairment loss / Exchange fluctuations* RM'000	Reclassification RM'000	Disposals RM'000	Depreciation charge RM'000	Net book value at 31 December 2004 RM'000
<b>GROUP</b>						
Freehold land	64,986	(12,654)	-	-	-	52,332
Short term leasehold land	15,933	-	-	-	(505)	15,428
Long term leasehold land	11,518	-	-	-	(183)	11,335
Buildings	143,693	1,792	-	(150)	(4,955)	140,380
Plant and machinery	234,181	919	588	(1,491)	(24,327)	209,870
Furniture, fixtures, fittings and equipment	22,340	494	-	(39)	(4,333)	18,462
Motor vehicles	1,624	556	-	(236)	(599)	1,345
Construction-in-progress	5,814	571	(588)	-	-	5,797
	500,089	(8,322)	-	(1,916)	(34,902)	454,949

## Notes To The Financial Statements (cont'd)

### 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

\* Additions / Written off / Impairment loss / Exchange fluctuations

	Additions	Written off	Impairment loss charged against revaluation surplus	Exchange fluctuations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	-	-	(12,370)	(284)	(12,654)
Buildings	1,800	(56)	(210)	258	1,792
Plant and machinery	1,304	(389)	-	4	919
Furniture, fixtures, fittings and equipment	887	(434)	-	41	494
Motor vehicles	614	(62)	-	4	556
Construction-in-progress	571	-	-	-	571
	5,176	(941)	(12,580)	23	(8,322)

	At cost / valuation	Accumulated depreciation	Accumulated impairment loss	Net book value
	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2004</b>				
Freehold land				
- at valuation	52,752	-	(420)	52,332
Short term leasehold land				
- at valuation	16,680	(1,017)	(235)	15,428
Long term leasehold land				
- at valuation	11,955	(620)	-	11,335
Buildings				
- at cost	14,230	(2,795)	-	11,435
- at valuation	152,533	(11,884)	(11,704)	128,945
Plant and machinery	498,030	(265,675)	(22,485)	209,870
Furniture, fixtures, fittings and equipment	62,276	(43,786)	(28)	18,462
Motor vehicles	14,196	(12,848)	(3)	1,345
Construction-in-progress	5,797	-	-	5,797
	828,449	(338,625)	(34,875)	454,949

## Notes To The Financial Statements (cont'd)

### 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At cost / valuation	Accumulated depreciation	Accumulated impairment loss	Net book value
	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2003</b>				
Freehold land				
- at valuation	65,406	-	(420)	64,986
Short term leasehold land				
- at valuation	16,680	(512)	(235)	15,933
Long term leasehold land				
- at valuation	11,955	(437)	-	11,518
Buildings				
- at cost	12,585	(2,522)	-	10,063
- at valuation	152,548	(7,648)	(11,270)	133,630
Plant and machinery	550,067	(272,030)	(43,856)	234,181
Furniture, fixtures, fittings and equipment	66,476	(43,959)	(177)	22,340
Motor vehicles	16,573	(14,894)	(55)	1,624
Construction-in-progress	6,359	-	(545)	5,814
	898,649	(342,002)	(56,558)	500,089
<b>At 31 December 2002</b>				
Freehold land				
- at valuation	65,001	-	-	65,001
Short term leasehold land				
- at valuation	18,125	(16)	-	18,109
Long term leasehold land				
- at valuation	12,390	(253)	-	12,137
Buildings				
- at cost *	12,225	(1,978)	-	10,247
- at valuation	157,209	(921)	-	156,288
Plant and machinery	585,631	(272,170)	(8,327)	305,134
Furniture, fixtures, fittings and equipment	71,508	(48,143)	(50)	23,315
Motor vehicles	17,675	(16,376)	-	1,299
Construction-in-progress	10,331	-	-	10,331
	950,095	(339,857)	(8,377)	601,861

\* Buildings completed during the financial year ended 31 December 2002 were not revalued as the completion dates were close to the date of the Group's revaluation exercise.

## Notes To The Financial Statements (cont'd)

### 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Net book value at 1 January 2004 RM'000	Additions RM'000	Write off RM'000	Depreciation charge RM'000	Net book value at 31 December 2004 RM'000
<b>COMPANY</b>					
Furniture, fixtures, fittings and equipment	171	65	(48)	(64)	124
			<b>Cost</b> RM'000	<b>Accumulated depreciation</b> RM'000	<b>Net book value</b> RM'000
<b>At 31 December 2004</b>					
Furniture, fixtures, fittings and equipment			334	(210)	124
<b>At 31 December 2003</b>					
Furniture, fixtures, fittings and equipment			341	(170)	171
<b>At 31 December 2002</b>					
Furniture, fixtures, fittings and equipment			308	(112)	196

The latest valuation of land and buildings of the Group were performed in December 2002 by firms of professional valuers using the open market value method.

Had the revalued properties been carried at historical cost less accumulated depreciation and impairment losses, the net book value of the revalued properties that would have been included in the financial statements of the Group as at the end of the financial year would be as follows :

	<b>GROUP</b>	
	<b>2004</b> RM'000	<b>2003</b> RM'000
Freehold land	14,209	14,209
Short term leasehold land	4,224	4,380
Long term leasehold land	5,992	6,202
Buildings	94,050	97,750
	<b>118,475</b>	<b>122,541</b>

## Notes To The Financial Statements (cont'd)

### 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) Included in short term leasehold land of the Group is a piece of leasehold land with a valuation amount of RM625,000 (2003 : RM625,000) which is still in the process of being registered in a subsidiary's name.
- (b) Included in short term leasehold land of the Group is a piece of leasehold land with a valuation amount of RM435,000 (2003 : RM435,000) which is still in the process of being registered in a subsidiary's name.
- (c) Included in short term leasehold land of the Group is a piece of leasehold land with a valuation amount of RM995,000 (2003 : RM995,000) where the land title is still with the land office.
- (d) Included in buildings are apartments costing RM380,000 (2003 : RM570,000) and a shop lot costing RM270,000 (2003 : RM270,000) for which the strata titles are being applied for.

### 11. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Freehold Land RM'000	Development Costs RM'000	Total RM'000
<b>GROUP</b>			
<b>(a) Land Held for Property Development</b>			
Cost :			
At 1 January 2004	7,418	12,755	20,173
Disposals	(3,792)	(1,194)	(4,986)
<b>At 31 December 2004</b>	<b>3,626</b>	<b>11,561</b>	<b>15,187</b>
At 1 January 2003	21,136	18,290	39,426
Additions	-	186	186
Transfer to property development costs	(13,718)	(5,721)	(19,439)
<b>At 31 December 2003</b>	<b>7,418</b>	<b>12,755</b>	<b>20,173</b>

## Notes To The Financial Statements (cont'd)

### 11. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)

	GROUP	
	2004 RM'000	2003 RM'000
<b>(b) Property Development Costs</b>		
Property development costs at 1 January :		
Freehold land	22,827	17,810
Development costs	51,942	41,382
Reclassifications to progress billings	(20,280)	-
	<b>54,489</b>	59,192
Costs incurred during the year :		
Freehold land	-	5,017
Development costs	12,010	10,560
	<b>12,010</b>	15,577
Costs recognised in income statement :		
At 1 January	(19,638)	(13,496)
Recognised during the year	(3,864)	(6,142)
At 31 December	<b>(23,502)</b>	(19,638)
Transfers :		
To inventories	(47)	-
Property development costs at 31 December	<b>42,950</b>	55,131

Included in property development costs incurred during the financial year are :

	GROUP	
	2004 RM'000	2003 RM'000
Interest expense	-	64

Included in property development costs are expenditure incurred in respect of a collaboration agreement with a main contractor to develop a 29 storey luxurious super condominium with one sub-basement and 4 levels of basement car parks on land belonging to the Group for a contract sum of RM44,750,000 as agreed by both parties and stated in project budget. For initial working capital purpose, the Group and the main contractor are to contribute RM650,000 and RM350,000 respectively.

The agreement provides that all development expenditure will be financed by the funds from the Housing Development Account. The agreement allows, after the completion of the project and settling all the liabilities, the remaining balance sum in the HDA accounts to be distributed between the Group and the main contractor in a ratio which follows the contribution of initial working capital. The agreement also requires the Group and the joint venture partner to sell 10 units of the super condominiums within the period deemed appropriate by the project's Executive Committee.

The freehold land and development expenditure for the above 29 storey luxurious super condominium were transferred from property, plant and equipment after the revaluation adjustments in the year ended 31 December 2002.

## Notes To The Financial Statements (cont'd)

### 12. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2004 RM'000	2003 RM'000
Unquoted shares :		
At valuation	341,295	344,276
At cost	3,528	-
	<b>344,823</b>	-
Less : Accumulated impairment losses	(2,134)	-
	<b>342,689</b>	344,276

The investments in subsidiaries were revalued by the directors based on the net tangible asset value of the subsidiaries as at 31 December 2003.

Details of the subsidiaries whose financial year ends on 31 December are as follows :

NAME OF SUBSIDIARIES	EQUITY INTEREST HELD		PRINCIPAL ACTIVITIES
	2004 %	2003 %	
<u>Incorporated in Malaysia</u>			
Leader Cable Industry Berhad	100.00	100.00	Manufacture and sale of telecommunication and power cables
Leader Metal Enterprise Sdn. Bhd.	100.00	100.00	Manufacture and sale of aluminium rods (ceased operations on 31 December 2004)
Universal Cable (M) Berhad	100.00	100.00	Manufacture and sale of telecommunication and power cables and aluminium rods
Chong Shing Cables Sdn. Bhd.	100.00	100.00	Manufacture and sale of cables (ceased operations on 31 December 2004)
Alpha Industries Berhad	51.00	51.00	Manufacture and sale of copper rods
Leader Optic Fibre Cable Sdn. Bhd.	75.00	75.00	Manufacture and sale of optical fibre cables
Leader-GoldStar Magnet Wire Sdn. Bhd.	51.00	51.00	Manufacture and sale of single and double coated copper enamelled wires
Leader-GoldStar Electronic Wire Sdn. Bhd.	Nil #	51.00	Under liquidation
LCI Property Development Sdn. Bhd.	100.00	100.00	Investment holding and property development
Leader Garden Sdn. Bhd.	100.00	100.00	Investment holding and property development
Exogold Sdn. Bhd.	100.00	100.00	Investment holding and property development

## Notes To The Financial Statements (cont'd)

### 12. INVESTMENTS IN SUBSIDIARIES (cont'd)

NAME OF SUBSIDIARIES	EQUITY INTEREST HELD		PRINCIPAL ACTIVITIES
	2004 %	2003 %	
<u>Incorporated in Malaysia</u>			
Leader Holdings Sdn. Bhd.	100.00	100.00	Letting and management of properties
Cogent Corporation Sdn. Bhd.	Disposed of	100.00	Property development
Glamour Acres Sdn. Bhd. (Name changed to Leader Lifecare Sdn. Bhd. w.e.f. 21 February 2005)	100.00	100.00	Dormant
Million Crest (M) Sdn. Bhd.	96.80	96.80	Property development
Penang Pewter & Metal Arts Sdn. Bhd.	100.00	100.00	Letting of properties
KPU-LEADER Consortium Sdn. Bhd.	100.00	100.00	Trading of cables
Dolphin Square Sdn. Bhd.	100.00	100.00	Investment holding and property development
Leader Asia-Pacific Sdn. Bhd.	100.00	100.00	Investment holding
Leader Pewter Sdn. Bhd.	100.00	100.00	Investment holding
Leader Agency Sdn. Bhd.	100.00	100.00	Insurance agent
LCI Housing Development Sdn. Bhd.	100.00	100.00	Property development
Universal Cable Engineering Sdn. Bhd.	100.00	100.00	Dormant
Leader Engineering Sdn. Bhd.	100.00	100.00	Dormant
Leader Data Cable Sdn. Bhd.	100.00	100.00	Dormant
Leader Plantation Sdn. Bhd.	100.00	100.00	Dormant
Leader Universal Marketing Sdn. Bhd.	100.00	100.00	Dormant
Leader Diamond Dies Manufacturing Sdn. Bhd.	100.00	100.00	Dormant
Leader Brass Products Sdn. Bhd.	Nil #	87.30	Under liquidation
Leader Credit & Leasing Sdn. Bhd.	Nil #	100.00	Under liquidation
Leader Universal Technologies Sdn. Bhd.	Nil #	100.00	Struck off
Leader Universal Properties Sdn. Bhd.	100.00	100.00	Investment holding

## Notes To The Financial Statements (cont'd)

### 12. INVESTMENTS IN SUBSIDIARIES (cont'd)

NAME OF SUBSIDIARIES	EQUITY INTEREST HELD		PRINCIPAL ACTIVITIES
	2004 %	2003 %	
<u>Incorporated in Malaysia</u>			
Leader Copper Products Sdn. Bhd.	100.00	100.00	Dormant
Central Pahang Iron Mining Sdn. Bhd.	51.00	51.00	Property holding
Leader International Sdn. Bhd.	100.00	100.00	Dormant
Leader Risk Management Services (M) Sdn. Bhd.	100.00	100.00	Dormant
Northern Wire & Cable Sdn. Bhd.	100.00	100.00	Dormant
<u>Incorporated in Labuan (Federal Territory)</u>			
Leader Universal (Labuan) Limited	100.00	100.00	Investment holding
<u>Incorporated in Singapore</u>			
Unicable Pte. Ltd.	100.00	100.00	Manufacture and sale of cables and trading
<u>Incorporated in Hong Kong</u>			
Leader Universal (Hong Kong) Company Limited	100.00	100.00	Investment holding
<u>Incorporated in China</u>			
Shantou Hi-Tech Indu. Deve. Dist. Sinda Cable Company Limited	Nil @	Nil @	Under liquidation
<u>Incorporated in British Virgin Island</u>			
Leader Telecommunications International Ltd.	100.00	100.00	Investment holding
Sinolink Mobile Communications Ltd.	Nil @	Nil @	Under liquidation
<u>Incorporated in Philippines</u>			
Leader Cable Philippines Corporation*	100.00	100.00	Manufacture and sale of telecommunication and power cables and aluminium rods (ceased manufacturing operations on 1 May 2004)
LR Philippines Realty Corporation*	70.60	70.60	Letting of properties
LC Holdings Corporation*	64.00	64.00	Investment holding

## Notes To The Financial Statements (cont'd)

### 12. INVESTMENTS IN SUBSIDIARIES (cont'd)

NAME OF SUBSIDIARIES	EQUITY INTEREST HELD		PRINCIPAL ACTIVITIES
	2004 %	2003 %	
<u>Incorporated in Cambodia</u>			
Cambodia Utilities Pte. Ltd.*	60.00	60.00	Power generation
Leader Cable Corporation Ltd.*	Nil #	100.00	Deregistered on 11 March 2004
<u>Incorporated in Republic of Mauritius</u>			
Leader Universal (Mauritius) Co. Ltd.	63.00	63.00	Investment holding
<u>Incorporated in India</u>			
Incab Industries Limited	Nil @	Nil @	Manufacture and sale of cables (Under the jurisdiction of the Board of Industrial and Financial Reconstruction in India)

\* Audited by a firm of auditors other than Ernst & Young.

@ Nil because of loss of control in financial year ended 31 December 2000.

# Nil because of loss of control in current financial year.

#### a) Disposal of a subsidiary

On 21 September 2004, the Group disposed of Cogent Corporation Sdn. Bhd., a 100% owned subsidiary.

The results of the subsidiary were as follows :

	Financial year ended 31 December 2004 RM'000	Financial year ended 31 December 2003 RM'000
Revenue	-	-
Loss from operations	(2)	(3)
Net loss for the year	(2)	(3)

## Notes To The Financial Statements (cont'd)

### 12. INVESTMENTS IN SUBSIDIARIES (cont'd)

#### a) Disposal of a subsidiary (cont'd)

The disposal had the following effect on the Group's financial results for the year :

	31 December 2004	31 December 2003
	RM'000	RM'000
Properties held for future development	1,254	1,252
Cash and bank balances	-	14
Other payables	-	(853)
Net assets disposed	1,254	413
Attributable unamortised reserve on consolidation	(222)	
Total disposal proceeds	1,032 (1,102)	
Gain on disposal to the Group	(70)	
Cash inflow arising on disposal :		
Cash consideration, representing net cash inflow of the Group	1,102	

#### b) Deconsolidation of subsidiaries

During the financial year, the Company has announced the winding up and strike off of the following subsidiaries :

- i) Leader Cable Corporation Ltd., a 100% owned subsidiary, incorporated in Cambodia has been deregistered on 11 March 2004;
- ii) Leader Universal Technologies Sdn. Bhd. ("LUT"), a 100% owned subsidiary has been struck off from the Register by the Companies Commission of Malaysia pursuant to the powers conferred by subsection 308(4) of the Companies Act, 1965 on 17 September 2004;
- iii) Leader-Goldstar Electronic Wire Sdn. Bhd. ("LGEW"), a 51% owned subsidiary has been placed under Members' Voluntary Winding-Up under Section 254(1)(b) of the Companies Act, 1965 on 20 September 2004;
- iv) Leader Brass Products Sdn. Bhd. ("LBP"), a 87.3% owned subsidiary has been placed under Members' Voluntary Winding-Up under Section 254(1)(b) of the Companies Act, 1965 on 20 September 2004; and
- v) Leader Credit & Leasing Sdn. Bhd. ("LCL"), a 100% owned subsidiary has been placed under Members' Voluntary Winding-Up under Section 254(1)(b) of the Companies Act, 1965 on 3 November 2004.

## Notes To The Financial Statements (cont'd)

### 12. INVESTMENTS IN SUBSIDIARIES (cont'd)

#### b) Deconsolidation of subsidiaries (cont'd)

The revenue, results and cash flows of the subsidiaries were as follows :

	Financial year ended 31 December 2004 RM'000	Financial year ended 31 December 2003 RM'000
Revenue	-	3,917
Cost of sales	-	(6,455)
Gross loss	-	(2,538)
Other operating income	114	76
Distribution costs	1	(247)
Administrative expenses	(294)	(5,017)
Other operating expenses	(1)	(34)
Loss from operations	(180)	(7,760)
Finance costs	-	(13)
Loss before taxation	(180)	(7,773)
Taxation	-	534
Loss after taxation	(180)	(7,239)
Minority interests	90	3,536
Net loss for the year	(90)	(3,703)
Cash flows from operating activities	386	1,117
Cash flows from investing activities	211	5,107
Cash flows from financing activities	-	(966)
Net cash flows	597	5,258

## Notes To The Financial Statements (cont'd)

### 12. INVESTMENTS IN SUBSIDIARIES (cont'd)

#### b) Deconsolidation of subsidiaries (cont'd)

The deconsolidation had the following effect on the Group's financial results for the year :

	31 December 2004	31 December 2003
	RM'000	RM'000
Plant and equipment	-	221
Trade and other receivables	123	703
Cash and bank balances	5,562	5,658
Trade and other payables	(1)	(37)
Minority interest	(2,779)	(2,920)
Net assets disposed	2,905	3,625
Total capital distribution by the subsidiaries	(2,837)	
Loss on deconsolidation to the Group	68	
Cash outflow arising on deconsolidation of subsidiaries :		
Cash consideration, representing cash inflow of the Company	2,837	
Cash and cash equivalents of subsidiaries deconsolidated	(5,562)	
Net cash outflow of the Group	(2,725)	

The deconsolidation of subsidiaries had the following effect on the financial results of the Company :

	31 December 2004
	RM'000
Total capital contribution by the subsidiaries	2,837
Less : Cost of investments in subsidiaries	5,772
Impairment loss on investment in subsidiaries	(2,790)
	2,982
Loss on deconsolidation of subsidiaries	(145)

## Notes To The Financial Statements (cont'd)

### 13. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unquoted shares at cost	25,080	25,380	6,762	6,762
Less: Accumulated impairment losses	(23,189)	(23,189)	-	-
	<b>1,891</b>	2,191	<b>6,762</b>	6,762
Share of post-acquisition reserves	<b>11,980</b>	10,869	-	-
	<b>13,871</b>	13,060	<b>6,762</b>	6,762
Represented by :				
Share of net assets	<b>13,871</b>	13,060		

Details of the associates are as follows :

NAME OF ASSOCIATES	EQUITY INTEREST HELD		PRINCIPAL ACTIVITIES
	2004 %	2003 %	
<u>Incorporated in Malaysia</u>			
Universal Cable (Sarawak) Sdn. Bhd.	35.00	35.00	Manufacture and sale of cables
La-Bayan Development Sdn. Bhd.	30.00	30.00	Property development
Gift Visions Sdn. Bhd.	49.00	49.00	Dormant
Infrakomas Sdn. Bhd.	Disposed of	30.00	Cable installation and engaging in related engineering services and trading of cables
<u>Incorporated in Philippines</u>			
SL Philippines Holdings Corporation	40.00	40.00	Investment holding
<u>Incorporated in Cambodia</u>			
Leader Realty Corporation Ltd.	49.00	49.00	Property holding
<u>Incorporated in China</u>			
Hebei Xinhua Leader Cable Co. Ltd.	25.00	25.00	Manufacture and sale of wires and cables

## Notes To The Financial Statements (cont'd)

### 14. AMOUNTS DUE FROM / (TO) SUBSIDIARIES

	COMPANY	
	2004	2003
	RM'000	RM'000
<b>Non-current</b>		
Due from subsidiaries :	463,858	451,356
Less : Allowance for doubtful debts	(340,925)	(311,181)
	122,933	140,175
Due to subsidiaries	(3,205)	(2,081)
	119,728	138,094
<b>Current</b>		
Due from subsidiaries :	55,259	115,744
Less : Allowance for doubtful debts	(649)	(29,930)
	54,610	85,814
Due to subsidiaries	-	(5,312)
	54,610	80,502

The amounts due from subsidiaries are unsecured, have no fixed terms of repayment and are interest free, except for RM33.98 million (2003 : RM36.72 million) which bear interest at 2.10% to 6.65% (2003 : 2.34% to 4.00%) per annum.

### 15. AMOUNTS DUE FROM ASSOCIATES

	GROUP	
	2004	2003
	RM'000	RM'000
<b>Non-current</b>		
Non-trade	16,171	16,606
Less : Allowance for doubtful debts	(6,730)	(6,681)
	9,441	9,925
<b>Current</b>		
Trade	3,309	2,425
Non-trade	-	147
	3,309	2,572
	12,750	12,497

The amounts due from associates (trade) are unsecured, interest free and payable in accordance with the terms of trade.

The amounts due from associates (non-trade) are unsecured, interest free and have no fixed term of repayment.

## Notes To The Financial Statements (cont'd)

### 16. OTHER INVESTMENTS

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Quoted shares, at cost	5,608	35,380	-	-
Less : Allowance for diminution in value	(4,775)	(27,001)	-	-
	833	8,379	-	-
Unquoted shares, at cost	15,888	15,888	4,322	4,322
Less : Allowance for diminution in value	(4,988)	(4,988)	(470)	(470)
	10,900	10,900	3,852	3,852
Total	11,733	19,279	3,852	3,852
Market value of quoted shares	833	8,379	-	-

### 17. GOODWILL ON CONSOLIDATION

	GROUP	
	2004 RM'000	2003 RM'000
Arising from acquisition of subsidiaries	18,935	18,935
Less : Accumulated amortisation	(16,939)	(15,570)
At 31 December	1,996	3,365

### 18. INVENTORIES

	GROUP	
	2004 RM'000	2003 RM'000
<b>Cost :</b>		
Raw materials	83,435	61,907
Work-in-progress	29,942	16,308
Finished goods	67,194	42,586
Consumables	24,399	23,936
	204,970	144,737
<b>Net realisable value :</b>		
Completed property units for sale	6,731	12,474
Total	211,701	157,211

## Notes To The Financial Statements (cont'd)

### 19. TRADE RECEIVABLES

	GROUP	
	2004 RM'000	2003 RM'000
Trade receivables	296,960	267,416
Less : Allowance for doubtful debts	(15,024)	(22,565)
	<b>281,936</b>	<b>244,851</b>

The Group's normal trade credit terms range from 14 days to 150 days (2003 : 14 days to 180 days).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

### 20. OTHER RECEIVABLES

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits	1,541	1,827	5	41
Prepayments	7,144	5,799	-	14
Sundry receivables	48,672	34,085	20	28
	<b>57,357</b>	<b>41,711</b>	<b>25</b>	<b>83</b>

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

### 21. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash on hand and at banks	23,944	23,834	5,607	2,768
Cash at bank in Housing Development Accounts	510	3,599	-	-
Deposits with licensed banks :				
Fixed deposits	8,405	27,950	476	1,701
Short term placements	75,046	42,766	25,051	-
	<b>107,905</b>	<b>98,149</b>	<b>31,134</b>	<b>4,469</b>

Withdrawals from the Housing Development Accounts are restricted under Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

## Notes To The Financial Statements (cont'd)

### 21. CASH AND BANK BALANCES (cont'd)

Certain fixed deposits of the Group amounting to RM Nil (2003 : RM3,511,200) have been pledged to the banks as collateral for banking facilities.

The range of interest rates per annum during the financial year and the maturities as at the end of the financial year of the Group and of the Company were as follows :

	Range of Interest Rate per annum		Maturities	
	2004	2003	Days 2004	Days 2003
<b>GROUP</b>				
Deposits with licensed banks :				
Fixed deposits	0.03% - 3.00%	0.75% - 3.00%	1 to 90 days	1 to 92 days
Short term placements	2.10% - 2.52%	2.30% - 3.00%	3 to 31 days	3 to 31 days
<b>COMPANY</b>				
Deposits with licensed banks :				
Fixed deposits	0.03% - 1.00%	2.45% - 2.70%	30 days	30 days
Short term placements	2.20% - 2.35%	-	6 to 30 days	-

### 22. BORROWINGS

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Short Term Borrowings</b>				
Secured :				
Trust receipts	-	1,163	-	-
Revolving credit	-	3,420	-	-
Term loans	2,362	12,358	-	-
	2,362	16,941	-	-
Unsecured :				
Bank overdrafts	692	-	-	-
Bankers' acceptances	169,852	147,029	-	-
Trust receipts	49,520	22,346	-	-
Revolving credit	20,999	21,864	-	-
Term loans	-	6,000	-	-
Euroconvertible Bonds (Note 22.1)	43,676	55,560	43,676	55,560
	284,739	252,799	43,676	55,560
	287,101	269,740	43,676	55,560

## Notes To The Financial Statements (cont'd)

### 22. BORROWINGS (cont'd)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Long Term Borrowings</b>				
Secured :				
Term loans	-	8,260	-	-
Unsecured :				
Term loans	-	6,526	-	-
Euroconvertible Bonds (Note 22.1)	214,370	257,015	214,370	257,015
Murabahah Medium Term Notes (Note 22.2)	40,000	-	40,000	-
	<b>254,370</b>	263,541	<b>254,370</b>	257,015
	<b>254,370</b>	271,801	<b>254,370</b>	257,015
<b>Total Borrowings</b>				
Bank overdrafts	692	-	-	-
Bankers' acceptances	169,852	147,029	-	-
Trust receipts	49,520	23,509	-	-
Revolving credit	20,999	25,284	-	-
Term loans	2,362	33,144	-	-
Euroconvertible Bonds (Note 22.1)	258,046	312,575	258,046	312,575
Murabahah Medium Term Notes (Note 22.2)	40,000	-	40,000	-
	<b>541,471</b>	541,541	<b>298,046</b>	312,575
<b>Maturity of borrowings :</b>				
Within one year	287,101	269,740	43,676	55,560
More than 1 year and less than 2 years	45,057	58,462	45,057	43,676
More than 2 years and less than 5 years	209,313	213,339	209,313	213,339
	<b>541,471</b>	541,541	<b>298,046</b>	312,575

The effective interest / profit rates per annum as at balance sheet date for borrowings (other than Euroconvertible Bonds) are as follows :

	2004 %	2003 %
Bank overdrafts	6.75	-
Bankers' acceptances / Trust receipts	2.20 - 4.11	2.00 - 4.16
Revolving credit	4.00 - 6.75	2.34 - 7.15
Term loans / Murabahah Medium Term Notes	5.00 - 7.70	4.50 - 8.25

The Group's term loans are secured over property, plant and equipment of a subsidiary.

## Notes To The Financial Statements (cont'd)

### 22. BORROWINGS (cont'd)

#### 22.1 Euroconvertible Bonds

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<u>Euroconvertible Bonds of USD1 each due in 2007</u>				
<b>Principal amount :</b>				
At 1 January	239,861	277,666	239,861	277,666
Cancellation / Repayment during the financial year	(43,491)	(37,805)	(43,491)	(37,805)
At 31 December	196,370	239,861	196,370	239,861
<b>Redemption premium :</b>				
At 1 January	72,714	83,042	72,714	83,042
Accrual for the financial year	1,702	748	1,702	748
Reversal on cancellation / repayment during the financial year	(12,740)	(11,076)	(12,740)	(11,076)
At 31 December	61,676	72,714	61,676	72,714
Total	258,046	312,575	258,046	312,575
<b>Analysed as :</b>				
Due within 12 months (Note 22)	43,676	55,560	43,676	55,560
Due after 12 months (Note 22)	214,370	257,015	214,370	257,015
	258,046	312,575	258,046	312,575

On 5 May 1997, the Company issued USD100 million 7-year unsecured Euroconvertible Bonds 1997/2004 ("ECB") which were listed on the Luxembourg Stock Exchange. The ECB are constituted by a Trust Deed between the Company and DB Trustees (Hong Kong) Limited being the Trustee for the Bondholders.

On 7 February 2002, the Bondholders have approved the proposed amendments to the terms of the ECB (the "Amendments"). On 3 April 2002 and 18 April 2002 respectively, Bank Negara Malaysia and the Securities Commission approved the Amendments to the terms of the ECB. The effective date of the Amendments was on 5 May 2002.

## Notes To The Financial Statements (cont'd)

### 22. BORROWINGS (cont'd)

#### 22.1 Euroconvertible Bonds (cont'd)

The salient terms of the ECB are as follows :

- i) Redemption at the option of the Company
  - a) The Company may redeem the ECB in whole, but not in part, on or after 5 May 2001 at the early redemption amount (based on the method of calculation as provided in the Trust Deed) if the closing price of the shares of the Company on the Bursa Malaysia Securities Berhad for each of 30 consecutive trading days ending not less than 5 nor more than 30 days prior to the date the notice of redemption by the Company is first published is at least 140 per cent of the conversion price of RM5.533 per share.
  - b) The Company has the right to redeem the ECB in whole, or in multiples of 1 percent of the principal amount, at a redemption price equal to 129.2976 percent of the principal amount of such ECB on any Interest Payment Date.

- ii) Redemption for tax reasons

The Company may redeem the ECB in whole, but not in part, at 129.2976 per cent of the principal amount in USD together with the accrued interest to the date of redemption if, as a result of certain changes in Malaysian tax laws or regulations, the Company becomes obliged to pay additional amounts. This is provided that the Company shall not be entitled to redeem the ECB if the relevant withholding tax or tax deduction giving rise to an obligation to pay additional amounts arises in respect of payments of interest unless the rate of such withholding tax or tax deduction exceeds 15 per cent.

- iii) Conversion option

The Bondholders may convert the ECB (in integral multiples of USD5,000) from 20 May 1997 to 20 April 2004 into new fully paid ordinary shares of the Company. The number of shares to be issued on conversion of the ECB will be determined by dividing the principal amount of the ECB to be converted by the conversion price of RM5.533 per share at a fixed exchange rate of USD1.00 = RM2.5047.

The conversion price is subject to adjustments provided in the Trust Deed for, inter alia, subdivision or consolidation of the Company's shares, bonus issues, rights issues and other dilutive events.

- iv) Interest on ECB

The ECB bears interest, payable semi-annually in arrears on each interest payment date, in the case of the first interest payment date after 5 May 2002, six months after such date ("Interest Payment Date"). The interest rates are :

- six-month London Interbank Offer Rate ("LIBOR") plus a margin of 1.35% per annum, calculated on 129.2976 percent of the principal amount of the ECB for the period from 5 May 2002 to 4 May 2003;
- thereafter, the margin will increase by 0.25% each year calculated on 129.2976 percent of the principal amount of the ECB.

## Notes To The Financial Statements (cont'd)

### 22. BORROWINGS (cont'd)

#### 22.1 Euroconvertible Bonds (cont'd)

##### v) Scheduled Redemption

The Company will redeem the ECB at each Interest Payment Date starting from the Interest Payment Date falling in November 2003 at 129.2976 percent of the Redemption Principal as follows :

Interest payment date falling in :	Total principal and redemption premium amount	
	USD'million	RM'million
2005	11.49	43.66
2006	11.49	43.66
2007	44.93	170.73
	67.91	258.05

vi) The Company shall pay an additional premium on the ECB on 5 May 2006 and 5 May 2007 respectively, at an amount equal to 1 percent and 2 percent respectively, of 129.2976 percent on the aggregate principal amount of the ECB which remains outstanding as at 6 May 2005 and 6 May 2006 respectively. In respect of these additional premium, the Company made an accrual of RM1,702,293 (2003 : RM748,000) during the financial year.

vii) The ECB contains covenants which requires the Company and/or the Group to :

- comply with a certain level of debt ratio, capital expenditure and contingent liabilities;
- restrict its investment activities and dividend declaration; and
- set aside the net proceeds from the disposal of certain property assets and property development projects for the repayment of ECB.

#### 22.2 Murabahah Medium Term Notes ("MMTN") (Unsecured)

During the financial year, the Company entered into agreements with United Overseas Bank (Malaysia) Bhd and various parties to raise RM150 million Murabahah Medium Term Notes / Murabahah Commercial Paper. As at 31 December 2004, RM40 million has been issued in the form of MMTN, the proceeds of which were utilised to part redeem and/or repurchase the ECB and working capital.

The MMTN will expire seven years from the date of first issue i.e. 10 November 2004.

5 million ordinary shares of USD1 each of a subsidiary, Leader Universal (Hong Kong) Company Limited have been earmarked as the identifiable assets for the purposes of MMTN.

The amount and settlement dates of the MMTN are as follows :

Settlement in	Amount to be settled
	RM'000
2008	30,000
2009	10,000
	40,000

## Notes To The Financial Statements (cont'd)

### 23. TRADE PAYABLES

	GROUP	
	2004	2003
	RM'000	RM'000
Trade payables	67,787	43,021

The normal trade credit terms granted to the Group range from cash advance to 120 days (2003 : cash advance to 90 days).

### 24. OTHER PAYABLES

	GROUP		COMPANY	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Accrual for payroll related expenses	1,462	3,132	5	1,063
Duties and other taxes payable	26,367	24,727	-	-
Amounts payable to suppliers of indirect materials and services	59,173	25,179	224	305
Accruals	36,242	33,234	3,925	2,483
	123,244	86,272	4,154	3,851

### 25. AMOUNT DUE TO A RELATED PARTY

	GROUP	
	2004	2003
	RM'000	RM'000
<b>Current</b>		
Non-trade	7,600	6,080
<b>Non-current</b>		
Non-trade	2,310	11,430
	9,910	17,510

The amount due to a related party represents dividend payable by a subsidiary to a related party, Grand United Holdings Berhad which is unsecured and interest free.

### 26. SHARE CAPITAL

	Number of Ordinary Shares of RM1.00 Each		Amount	
	2004	2003	2004	2003
	'000	'000	RM'000	RM'000
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	436,459	436,459	436,459	436,459

The Employees' Share Option Scheme II ("ESOS II") of the Company came into effect on 2 July 1999 and will be in force for a period of five years from this date.

## Notes To The Financial Statements (cont'd)

### 26. SHARE CAPITAL (cont'd)

The main features of the ESOS II are as follows :

- a) Eligible employees are full time staff of any company in the Group whose appointment have been confirmed in writing and who have served for at least one (1) year including full time Executive Directors. Eligibility for participation in the ESOS II shall be at the absolute discretion of the Option Committee.

Executive Directors / employees who have been granted options under the previous ESOS may be allowed to participate in the current ESOS II, subject to them having completed at least five (5) years of continuous service in the Company and its subsidiaries.

- b) The options granted may be exercised at any time within the period of five (5) years up to 1 July 2004 in accordance with the requirement set out in (c) below.
- c) The options may be exercised in respect of all the option shares or in respect of any part of the option shares provided that such part is not less than one thousand (1,000) ordinary shares or multiples of 1,000 ordinary shares. Partial exercise of an option shall not preclude the grantee from exercising the option as to the balance of option shares. The bases on which the options granted may be exercised by virtue of clause 7(ii) of the by-laws are as follows :

Number of Options Granted	Percentage of Options Exercisable				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100%	Nil	Nil	Nil	Nil
20,000 to less than 100,000	*40%	30%	**30%	Nil	Nil
100,000 and above	20%	20%	20%	20%	20%

Notes :

\* 40% or 20,000 options, whichever is the higher

\*\* 30% or the remaining number of options unexercised

A grantee who is a foreigner can exercise his/her option subject to a restriction whereby not more than 20% of the total options allocated to him/her can be exercised on an annual basis.

- d) The option price for the ordinary shares under the ESOS II shall not be less than the market price at the time the option is granted, and based on the average of the mean market quotation (calculated as the average of the highest and the lowest price transacted) of the ordinary shares of the Company as quoted and shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer or the par value of each ordinary share of the Company, whichever is the higher amount.
- e) In the event of any adjustment in the capital structure of the Company during the option period whether by way of capitalisation of profits or reserves, rights issues, reduction of capital (excluding the purchase by the Company of its own shares), subdivision, consolidation or otherwise howsoever taking place, such corresponding adjustments (if any) shall be made in (i) the number of shares comprised in the option so far as unexercised and (ii) the option price as the Option Committee shall at the request of the grantee or the Company in writing certify either generally or as regards to any particular grantee to be in their opinion fair and reasonable and such certificate shall be final and binding in all respects.

During the financial year, there was no new option granted to take up unissued shares of the Company. There was no option exercised during the financial year.

## Notes To The Financial Statements (cont'd)

### 26. SHARE CAPITAL (cont'd)

The terms of share options outstanding as at the end of the financial year are as follows :

Grant Date	Expiry Date	Exercise Price (Per Share) RM	At 1 January '000	Number of Share Options			At 31 December '000
				Granted '000	Exercised '000	Lapsed '000	
<b>2004</b>							
2 July 1999	1 July 2004	1.66	7,460	-	-	(7,460)	-
3 January 2000	1 July 2004	1.22	7,898	-	-	(7,898)	-
			<b>15,358</b>	<b>-</b>	<b>-</b>	<b>(15,358)</b>	<b>-</b>
<b>2003</b>							
2 July 1999	1 July 2004	1.66	7,653	-	-	(193)	7,460
3 January 2000	1 July 2004	1.22	8,096	-	-	(198)	7,898
			<b>15,749</b>	<b>-</b>	<b>-</b>	<b>(391)</b>	<b>15,358</b>

### 27. OTHER RESERVES

	GROUP		COMPANY	
	2004 RM'000	As restated 2003 RM'000	2004 RM'000	2003 RM'000
<b>a) Distributable</b>				
Capital reserve	<b>1,836</b>	1,836	-	-
<b>b) Non-Distributable</b>				
Share premium	<b>54,829</b>	54,829	<b>54,829</b>	54,829
Reserve on consolidation	<b>1,966</b>	3,030	-	-
Revaluation surplus	<b>56,387</b>	64,018	<b>124,268</b>	124,268
Exchange fluctuation reserve	<b>13,814</b>	13,763	-	-
	<b>126,996</b>	135,640	<b>179,097</b>	179,097
	<b>128,832</b>	137,476	<b>179,097</b>	179,097

## Notes To The Financial Statements (cont'd)

### 27. OTHER RESERVES (cont'd)

The movements in each category of reserves were as follows :

	GROUP		COMPANY	
	2004 RM'000	As restated 2003 RM'000	2004 RM'000	2003 RM'000
<b>Capital reserve</b>				
At 1 January and 31 December	1,836	1,836	-	-
<b>Share premium</b>				
At 1 January and 31 December	54,829	54,829	54,829	54,829
<b>Reserve on consolidation</b>				
At 1 January	3,030	3,872	-	-
Amortisation of reserve on consolidation	(842)	(842)	-	-
Disposal of a subsidiary	(222)	-	-	-
At 31 December	1,966	3,030	-	-
<b>Revaluation surplus</b>				
At 1 January	64,018	69,476	124,268	194,382
Transfer to accumulated losses	-	(641)	-	-
Reversal of deferred taxation no longer required on disposal	-	244	-	-
Transfer from deferred taxation	115	-	-	-
Deferred taxation on revaluation surplus	-	(1,624)	-	-
Reversal of deferred taxation on impairment	-	100	-	-
Deficit on revaluation	-	-	-	(70,114)
Reversal of revaluation surplus	(7,746)	(3,537)	-	-
At 31 December	56,387	64,018	124,268	124,268
<b>Exchange fluctuation reserve</b>				
At 1 January	13,763	16,044	-	-
Translation of net equity of foreign subsidiaries	51	(2,281)	-	-
At 31 December	13,814	13,763	-	-

## Notes To The Financial Statements (cont'd)

### 27. OTHER RESERVES (cont'd)

The nature and purpose of each category of reserve are as follows :

- a) Capital reserve comprises mainly the gains arising from the disposals of certain subsidiaries in Malaysia.
- b) Revaluation surplus for the Group represents the surplus arising from the revaluation of the Group's land and buildings. Revaluation surplus for the Company represents the surplus arising from the revaluation of investment in subsidiaries.

### 28. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the balance sheet are determined as follows :

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current	3,306	-	3,100	-
Non-current	4,851	7,397	3,639	5,739
	<b>8,157</b>	<b>7,397</b>	<b>6,739</b>	<b>5,739</b>

The amounts recognised in the income statement are as follows :

	GROUP	
	2004 RM'000	2003 RM'000
Current service cost	991	(197)
Interest cost	-	(242)
Total, included in staff costs (Note 5)	<b>991</b>	<b>(439)</b>

Movements in the net liability in the current year were as follows :

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	7,397	7,982	5,739	5,835
Recognised in income statement (Note 5)	991	(439)	-	-
Charged to subsidiaries *	-	-	1,000	(96)
Contributions paid	(250)	(146)	-	-
Exchange differences	19	-	-	-
At 31 December	<b>8,157</b>	<b>7,397</b>	<b>6,739</b>	<b>5,739</b>

\* The Company's provision for retirement benefit obligations is charged to its subsidiaries as reimbursement of Group's expense.

## Notes To The Financial Statements (cont'd)

### 28. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

Principal actuarial assumptions used :

	GROUP		COMPANY	
	2004	2003	2004	2003
	%	%	%	%
Discount rate	7.00	7.00	7.00	7.00
Expected rate of salary increases	4.00	4.00	4.00	4.00

With effect from 1 January 2003, the Group and Company discontinued this defined benefit plan. The amount vested in the eligible employees will be maintained in the financial statements until their retirement.

### 29. DEFERRED TAXATION

	GROUP	
	2004	As restated 2003
	RM'000	RM'000
At 1 January	28,470	32,895
Recognised in income statement (Note 8)	(3,220)	(3,927)
Recognised in equity	(115)	(498)
At 31 December	25,135	28,470
Presented after appropriate offsetting as follows :		
Deferred tax assets	(4,165)	(17,614)
Deferred tax liabilities	29,300	46,084
	25,135	28,470

## Notes To The Financial Statements (cont'd)

### 29. DEFERRED TAXATION (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows :

Deferred Tax (Assets) / Liabilities of the Group :

	Property, Plant and Equipment RM'000	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Payables RM'000	Receivables RM'000	Total RM'000
At 1 January 2004	50,217	(18,519)	(3,228)	-	28,470
Recognised in income statement	(5,563)	(35)	2,378	-	(3,220)
Recognised in equity	(115)	-	-	-	(115)
At 31 December 2004	44,539	(18,554)	(850)	-	25,135
At 1 January 2003	52,620	(19,449)	(1,509)	1,233	32,895
Recognised in income statement	(1,905)	930	(1,719)	(1,233)	(3,927)
Recognised in equity	(498)	-	-	-	(498)
At 31 December 2003	50,217	(18,519)	(3,228)	-	28,470

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

	GROUP	
	2004 RM'000	2003 RM'000
Unused tax losses	73,699	52,193
Unabsorbed capital allowances	7,723	18,961
Deductible temporary differences	7,006	-
	<b>88,428</b>	71,154

The unused tax losses, unabsorbed capital allowances and deductible temporary differences are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

## Notes To The Financial Statements (cont'd)

### 30. DISCONTINUING OPERATIONS

The Board of Directors of Leader Cable Philippines Corporation ("LCPC"), a 100% owned subsidiary in the Philippines, which operated in the cable and wire segment, has on 5 February 2004 announced that LCPC has ceased its manufacturing operations with effect from 1 May 2004.

The revenue, results and cash flows of the subsidiary were as follows :

	Financial year ended 31 December 2004 RM'000	Financial year ended 31 December 2003 RM'000
Revenue	9,736	33,416
Cost of sales	(10,562)	(32,174)
Gross (loss) / profit	(826)	1,242
Other operating income	945	137
Distribution costs	(135)	(270)
Administrative expenses	2,717	(2,098)
Other operating expenses	6,485	(50,497)
Profit / (Loss) from operations	9,186	(51,486)
Finance costs	(116)	(445)
Profit / (Loss) before taxation	9,070	(51,931)
Taxation	-	-
Net profit / (loss) for the year	9,070	(51,931)
Cash flows from operating activities	8,083	(1,003)
Cash flows from investing activities	1,144	(429)
Cash flows from financing activities	(11,449)	551
Net cash flows	(2,222)	(881)

The net assets of the subsidiary were as follows :

	31 December 2004 RM'000	31 December 2003 RM'000
Property, plant and equipment	685	2,177
Inventories	12	5,596
Trade and other receivables	830	6,599
Cash and bank balances	444	1,408
Trade and other payables	(6,953)	(9,725)
Amount due to associate	(75)	(82)
Short term borrowings	-	(11,336)
Net assets	(5,057)	(5,363)

## Notes To The Financial Statements (cont'd)

### 31. PRIOR YEAR ADJUSTMENTS

During the year, the directors have approved the recognition of the Group's deferred tax liability arising from the revalued amount of the leasehold land and building of a subsidiary which was erroneously not taken up during the financial year ended 31 December 2003 to comply with MASB 25 - Income Taxes. The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of the change in accounting policy are as follows :

	GROUP	
	2004 RM'000	2003 RM'000
<b>Effects on other reserves</b>		
At 1 January, as previously stated	139,020	146,057
Effect of adopting MASB 25	(2,058)	(2,058)
Impact on minority interests arising therefrom	514	514
	(1,544)	(1,544)
At 1 January, as restated	137,476	144,513
<b>Effects on accumulated losses</b>		
At 1 January, as previously stated	(244,093)	(146,560)
Effect of adopting MASB 25	377	337
Impact on minority interests arising therefrom	(94)	(84)
	283	253
At 1 January, as restated	(243,810)	(146,307)
<b>Effects on net profit / (loss) for the year</b>		
Net profit / (loss)	15,132	(98,174)
Effect of adopting MASB 25	40	40
Impact on minority interests arising therefrom	(10)	(10)
	30	30
Net profit / (loss) for the year	15,162	(98,144)



## Notes To The Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS

#### a) Financial Risk Management Objective and Policies

The Group's overall financial risk management objective is to manage and control financial exposures to protect the Group against adverse changes in the financial markets, to manage the Group's financial assets and liabilities and to ensure that the Group has sufficient financing in place through loans and credit arrangements.

#### b) Interest Rate Risk

Exposure to interest rate risk is defined as an adverse change to the value of the Group caused by interest rate fluctuations. The Group actively reviews its debt profile to match the funding structures with the risk profile of the underlying assets. This allows the Group to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

#### c) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group's account receivables are generated by a large number of customers in different business segments and geographical locations, and the Group does not have significant exposure to any individual customer.

#### d) Liquidity and Cash Flow Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash, cash convertible investments and committed credit lines available to meet its working capital requirements.

#### e) Foreign Exchange Risk

The foreign currency exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, and translation risk, which arises from equity investments, income and borrowings denominated in foreign currencies. Transaction exposures are hedged where appropriate, mainly using currency forward contracts to safeguard business margins.

## Notes To The Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### e) Foreign Exchange Risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows :

	GROUP	
	2004	2003
	RM'000	RM'000
<b>Amounts Due From Associates</b>		
- United States Dollar	9,516	9,473
<b>Trade and Other Receivables</b>		
- United States Dollar	62,729	61,232
- Euro Dollar	17,657	17,883
- Singapore Dollar	9,639	9,548
- Philippine Peso	876	6,201
	90,901	94,864
<b>Cash and Bank Balances</b>		
- United States Dollar	39,804	45,267
- Singapore Dollar	4,281	6,635
- Euro Dollar	1,556	674
- Cambodian Riel	1,011	-
- Philippine Peso	446	498
	47,098	53,074
<b>Borrowings</b>		
- United States Dollar	307,563	326,983
<b>Trade and Other Payables</b>		
- United States Dollar	66,820	50,765
- Singapore Dollar	2,256	2,679
- Philippine Peso	933	9,725
- Others	2,000	72
	72,009	63,241
<b>Amount Due To A Related Party</b>		
- United States Dollar	9,910	17,510

## Notes To The Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### e) Foreign Exchange Risk (cont'd)

	COMPANY	
	2004 RM'000	2003 RM'000
<b>Amount Due From Subsidiaries</b>		
- United States Dollar	60,715	67,348
<b>Cash and Bank Balances</b>		
- United States Dollar	483	1,708
<b>Borrowings</b>		
- United States Dollar	258,046	312,575
<b>Other Payables</b>		
- United States Dollar	1,990	1,740

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities :

	Currency	Maturities	Total Notional Amount RM'000
<b>At 31 December 2004 :</b>			
Forward used to hedge trade receivables	United States Dollar	Within 1 year	10,507
	Euro Dollar	Within 1 year	13,947
			24,454
<b>At 31 December 2003 :</b>			
Forward used to hedge trade receivables	United States Dollar	Within 1 year	14,961
	Euro Dollar	Within 1 year	14,881
			29,842

The net unrecognised gains as at 31 December 2004 on forward contracts used to hedge anticipated sales which are expected to occur during June 2005 amounted to RM12,000 and are deferred until the related sales occur, at which time they will be included in the measurement of sales.

## Notes To The Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### f) Fair Values

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following :

	Note	GROUP		COMPANY	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>					
At 31 December 2004 :					
Amounts due from subsidiaries	14	-	-	174,338	□
Amounts due from associates	15	12,750	□	-	-
Unquoted shares	16	10,900	★	3,852	★
At 31 December 2003 :					
Amounts due from subsidiaries	14	-	-	218,596	□
Amounts due from associates	15	12,497	□	-	-
Unquoted shares	16	10,900	★	3,852	★
<b>Financial Liabilities</b>					
At 31 December 2004 :					
Euroconvertible Bonds	22	214,370	196,716	214,370	196,716
Murabahah Medium Term Notes	22	40,000	31,133	40,000	31,133
Amount due to a related party	25	2,310	□	-	-
At 31 December 2003 :					
Term loans	22	14,786	13,178	-	-
Euroconvertible Bonds	22	257,015	239,643	257,015	239,643
Amount due to a related party	25	11,430	□	-	-

★ It is not practicable to estimate the fair value of the Group's and of the Company's non-current unquoted shares due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

□ It is also not practicable to estimate the fair values of amounts due from/to subsidiaries, associates and a related party due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, the Group / Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

## Notes To The Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (cont'd)

#### f) Fair Values (cont'd)

The nominal / notional amounts and net fair values of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are :

	Note	GROUP		COMPANY	
		Nominal / Notional Amount RM'000	Net Fair Value RM'000	Nominal / Notional Amount RM'000	Net Fair Value RM'000
At 31 December 2004 :					
Contingent liabilities	32	-	-	245,933	▲
Forward foreign exchange contracts	34(e)	24,454	1,034	-	-
At 31 December 2003 :					
Contingent liabilities	32	-	-	228,969	▲
Forward foreign exchange contracts	34(e)	29,842	1,353	-	-

▲ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments :

#### i) Cash and Cash Equivalents, Trade and Other Receivables / Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

#### ii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

#### iii) Derivative Financial Instruments

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

## Notes To The Financial Statements (cont'd)

### 35. SEGMENTAL INFORMATION

#### a) Business Segments :

The Group is organised on a regional basis into three main business segments.

Other operations of the Group comprise companies in various services sector which are not of a sufficient size to be reported separately.

Intersegment sales comprise mainly interest income from advances to subsidiaries.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Cable and Wire		Power generation	Property development and housing	Others	Group
	Continuing operations	Discontinuing operations (Note 30)				
31 December 2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE AND EXPENSES</b>						
<b>Revenue</b>						
Segment revenue						
External sales	1,119,636	9,736	114,672	22,277	5,098	1,271,419
Inter-segment sales	-	-	-	-	(3,708)	(3,708)
Total revenue	1,119,636	9,736	114,672	22,277	1,390	1,267,711
<b>Results</b>						
(Loss) / Profit from operations /						
Segment results	(655)	9,186	32,212	3,124	2,559	46,426
Finance costs						(23,155)
Share of profits of associate	2,190	-	-	-	(15)	2,175
Profit before taxation						25,446
Taxation						1,871
Profit after taxation						27,317
Minority interests						(12,155)
Net profit for the year						15,162

## Notes To The Financial Statements (cont'd)

### 35. SEGMENTAL INFORMATION (cont'd)

	Cable and Wire		Power generation	Property development and housing	Others	Group
	Continuing operations	Discontinuing operations (Note 30)				
31 December 2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS AND LIABILITIES</b>						
Segment assets	838,354	1,896	186,811	85,825	85,578	1,198,464
Associates	13,871	-	-	-	-	13,871
Unallocated assets						4,165
Consolidated total assets						1,216,500
Segment liabilities	100,432	6,953	70,784	23,689	11,561	213,419
Unallocated liabilities						570,872
Consolidated total liabilities						784,291
Capital expenditure	4,152	-	593	25	406	5,176
Depreciation and amortisation	27,058	(665)	8,248	280	508	35,429
Non-cash expenses / (income) other than depreciation and amortisation	(500)	(7,346)	65	446	(42)	(7,377)
<b>31 December 2003</b>						
<b>REVENUE AND EXPENSES</b>						
<b>Revenue</b>						
Segment revenue						
External sales	850,248	33,416	110,265	11,599	7,246	1,012,774
Inter-segment sales	-	-	-	-	(3,613)	(3,613)
Total revenue	850,248	33,416	110,265	11,599	3,633	1,009,161
<b>Results</b>						
(Loss) / Profit from operations / Segment result	(28,984)	(51,486)	37,551	(15,164)	(12,748)	(70,831)
Finance costs						(21,413)
Share of profits of associate	75	-	-	-	-	75
Loss before taxation						(92,169)
Taxation						2,842
Loss after taxation						(89,327)
Minority interests						(8,817)
Net loss for the year						(98,144)

## Notes To The Financial Statements (cont'd)

### 35. SEGMENTAL INFORMATION (cont'd)

	Cable and Wire		Power generation	Property development and housing	Others	Group
	Continuing operations	Discontinuing operations (Note 30)				
31 December 2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS AND LIABILITIES</b>						
Segment assets	771,400	15,698	176,608	107,018	81,732	1,152,456
Associates	13,060	-	-	-	-	13,060
Unallocated assets						17,614
Consolidated total assets						1,183,130
Segment liabilities	53,185	9,725	69,972	31,457	10,223	174,562
Unallocated liabilities						587,846
Consolidated total liabilities						762,408
Capital expenditure	4,982	454	657	-	60	6,153
Depreciation and amortisation	31,057	1,883	8,207	281	538	41,966
Non-cash expenses / (income) other than depreciation and amortisation	23,022	47,640	(346)	16,309	18,564	105,189

#### b) Geographical Segments :

Although the Group's business segments are managed on a regional basis, they operate in three main geographical areas :

- Malaysia (mainly cable and wire and property development and housing activities)
- Cambodia (power generation)
- Singapore (mainly cable and wire)

	Total revenue from external customers *		Segment assets		Capital expenditure	
	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	793,675	592,602	965,716	904,383	4,547	4,938
Cambodia	114,672	110,265	186,957	176,769	594	657
Singapore	72,602	56,529	35,025	34,076	35	104
Others	286,762	249,765	28,802	67,902	-	454
	1,267,711	1,009,161	1,216,500	1,183,130	5,176	6,153

\* Others mainly refer to countries such as Philippines, Saudi Arabia, Italy, Indonesia and Jordan.

## Notes To The Financial Statements (cont'd)

### 36. OTHER SIGNIFICANT EVENTS

- a) The Group had on 1 April 2004 implemented an internal corporate restructuring exercise ("the restructuring") involving Leader Cable Industry Berhad ("LCIB") and several of its subsidiaries. The restructuring is to enable LCIB to focus on its core business of cable manufacturing. The investment in the following subsidiaries of LCIB which are involved in property development and investment holding were transferred by LCIB to Leader Universal Properties Sdn. Bhd. ("LUP") for a consideration equivalent to the carrying amount of the investment of the respective companies as follows :

<u>Name of subsidiaries</u>	<u>No. of shares</u>	<u>Consideration</u>	<u>Method of Payment</u>
1. LCI Properties Development Sdn. Bhd.	2,000,000	1,750,001	) Issuance of 3,491,507
2. Leader Garden Sdn. Bhd.	250,000	239,012	) ordinary shares of
3. Leader Holdings Sdn. Bhd.	2	1,078,392	) RM1.00 each to LCIB
4. Cogent Corporation Sdn. Bhd.	440,002	424,100	) in the capital of LUP
5. Glamour Acres Sdn. Bhd.	2	2	) credited as fully paid.
6. Dolphin Square Sdn. Bhd.	5,000,000	1	- Cash

Subsequent to the aforesaid issue, LCIB then transferred the entire 3,491,507 ordinary shares of RM1.00 each in LUP to the Company for a cash consideration of RM1.00 per share.

- b) On 21 September 2004, the Group disposed of Cogent Corporation Sdn. Bhd., a 100% owned subsidiary for a cash consideration of RM1.10 million.
- c) During the financial year, the Company has announced the winding up and strike off of the following subsidiaries :
- i) Leader Cable Corporation Ltd., a 100% owned subsidiary, incorporated in Cambodia has been deregistered on 11 March 2004;
  - ii) Leader Universal Technologies Sdn. Bhd. ("LUT"), a 100% owned subsidiary has been struck off from the Register by the Companies Commission of Malaysia pursuant to the powers conferred by subsection 308(4) of the Companies Act, 1965 on 17 September 2004;
  - iii) Leader-Goldstar Electronic Wire Sdn. Bhd. ("LGEW"), a 51% owned subsidiary has been placed under Members' Voluntary Winding-Up under Section 254(1)(b) of the Companies Act, 1965 on 20 September 2004;
  - iv) Leader Brass Products Sdn. Bhd. ("LBP"), a 87.3% owned subsidiary has been placed under Members' Voluntary Winding-Up under Section 254(1)(b) of the Companies Act, 1965 on 20 September 2004; and
  - v) Leader Credit & Leasing Sdn. Bhd. ("LCL"), a 100% owned subsidiary has been placed under Members' Voluntary Winding-Up under Section 254(1)(b) of the Companies Act, 1965 on 3 November 2004.
- d) On 25 August 2004, the Company received the Securities Commission's approval for issuance of RM150 million Murabahah Medium Term Notes ("MMTN")/Murabahah Commercial Paper ("MCP") for a period up to 7 years from the date of first issue.

## Notes To The Financial Statements (cont'd)

### 37. COMPARATIVES

- i) The presentation and classification of items in the current year's financial statements have been consistent with the previous financial year except for the following comparative amounts as at 31 December 2003 which have been reclassified to conform with current year's presentation :

GROUP	As previously stated RM'000	Adjustments RM'000	As reclassified RM'000
<b>Balance Sheet</b>			
Euroconvertible Bonds	257,015	(257,015)	-
Borrowings	284,526	257,015	541,541
<b>Cash Flow Statements</b>			
Net operating cash flows	32,554	21,060	53,614
Net financing cash flows	(86,346)	(21,060)	(107,406)
<b>COMPANY</b>			
<b>Balance Sheet</b>			
Euroconvertible Bonds	257,015	(257,015)	-
Borrowings	55,560	257,015	312,575
<b>Cash Flow Statements</b>			
Net operating cash flows	17,974	11,879	29,853
Net financing cash flows	(44,264)	(11,879)	(56,143)

- ii) The comparative figures have been audited by a firm of Chartered Accountants other than Ernst & Young.

### 38. CURRENCY

All amounts are stated in thousands of Ringgit Malaysia (RM'000).