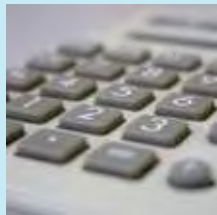




financial
statements



Directors' Report (28) Statement By Directors (31) Statutory Declaration (31)
Auditors' Report To The Members (32) Income Statements (33) Balance Sheets (34)
Statement Of Changes In Equity (36) Cash Flow Statements (37) Notes On The Financial Statements (40)

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 2005.

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, other than as disclosed in Note 12 to the financial statements.

RESULTS

| | GROUP RM'000 | COMPANY RM'000 |
|----------------------------------|-----------------|-------------------|
| Profit / (Loss) after taxation | 40,654 | (2,405) |
| Minority interests | (18,771) | - |
| Net profit / (loss) for the year | 21,883 | (2,405) |

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 2005.

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***
(Managing Director and Chief Executive Officer)
- 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.

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 34 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 in the Company during the financial year were as follows :

| | Number of Ordinary Shares of RM1.00 Each | | | 31 December 2005 |
|--|--|----------|------|---------------------|
| | 1 January 2005 | Acquired | Sold | |
| The Company | | | | |
| Direct | | | | |
| Tan Sri Razali Ismail @ | 250,000 | - | - | 250,000 |
| Dato' Seri H'ng Bok San # | 3,876 | - | - | 3,876 |
| H'ng Chun Hsiang | 424,000 | 250,000 | - | 674,000 |
| Dato' N. Sadasivan | 50,310 | - | - | 50,310 |
| Lai Chang Hun | 592,550 | - | - | 592,550 |
| Wan Ismail Wan Nik | 1,129,020 | 186,000 | - | 1,315,020 |
| H'ng Hsieh Ling (Alternate Director) | 449,333 | - | - | 449,333 |
| Indirect | | | | |
| Dato' Seri H'ng Bok San * | 51,080,606 | - | - | 51,080,606 |
| H'ng Chun Hsiang * | 51,080,606 | - | - | 51,080,606 |
| H'ng Hsieh Ling (Alternate Director) * | 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..

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)

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; 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 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 37 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
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

KON TED LIUK
DEPUTY MANAGING DIRECTOR

Penang, Malaysia
Date : 25 April 2006

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 91 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 2005 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
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

KON TED LIUK
DEPUTY MANAGING DIRECTOR

Penang, Malaysia
Date : 25 April 2006

Statutory Declaration

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

I, H'NG HSIEH LING, being the director 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 91 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 25 April 2006) 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 91. 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 2005 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 : 25 April 2006

Income Statements For The Year Ended 31 December 2005

| | Note | GROUP | | COMPANY | |
|----------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Revenue | 3 | 1,602,761 | 1,267,711 | 23,209 | 12,578 |
| Cost of sales | 4 | (1,458,262) | (1,169,762) | - | - |
| Gross profit | | 144,499 | 97,949 | 23,209 | 12,578 |
| Other operating income | | 10,191 | 14,302 | 378 | 2,947 |
| Distribution costs | | (41,878) | (34,993) | - | - |
| Administrative expenses | | (33,851) | (32,687) | (800) | (2,702) |
| Other operating expenses | | (4,124) | 1,855 | (2,830) | (4,461) |
| Profit from operations | 5 | 74,837 | 46,426 | 19,957 | 8,362 |
| Finance costs | 7 | (30,686) | (23,155) | (21,939) | (13,768) |
| Share of profits of associate | | 2,818 | 2,175 | - | - |
| Profit / (Loss) before taxation | | 46,969 | 25,446 | (1,982) | (5,406) |
| Taxation | | | | | |
| - Company and subsidiaries | | (5,461) | 2,514 | (423) | (482) |
| - Share of taxation of associate | | (854) | (643) | - | - |
| | 8 | (6,315) | 1,871 | (423) | (482) |
| Profit / (Loss) after taxation | | 40,654 | 27,317 | (2,405) | (5,888) |
| Minority interests | | (18,771) | (12,155) | - | - |
| Net profit / (loss) for the year | | 21,883 | 15,162 | (2,405) | (5,888) |
| Earnings per share (sen) | 9 | 5.01 | 3.47 | | |

The accompanying notes form an integral part of the financial statements.

Balance Sheets As At 31 December 2005

| | Note | GROUP | | COMPANY | |
|------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 10 | 386,086 | 454,949 | 597 | 124 |
| Land held for property development | 11 | 15,187 | 15,187 | - | - |
| Investments in subsidiaries | 12 | - | - | 338,478 | 342,689 |
| Investments in associates | 13 | 16,178 | 13,871 | 7,369 | 6,762 |
| Amounts due from subsidiaries | 14 | - | - | 74,164 | 119,728 |
| Amounts due from associates | 15 | 45,588 | 9,441 | 36,195 | - |
| Other investments | 16 | 11,577 | 11,733 | 3,852 | 3,852 |
| Goodwill on consolidation | 17 | - | 30 | - | - |
| Deferred tax assets | 30 | 849 | 4,165 | - | - |
| Other non-current assets | 18 | 4,582 | - | 2,574 | - |
| | | 480,047 | 509,376 | 463,229 | 473,155 |
| CURRENT ASSETS | | | | | |
| Property development costs | 11 | 37,835 | 39,326 | - | - |
| Inventories | 19 | 240,556 | 211,701 | - | - |
| Trade receivables | 20 | 321,314 | 281,936 | - | - |
| Other receivables | 21 | 69,965 | 57,357 | 228 | 25 |
| Amounts due from subsidiaries | 14 | - | - | 63,065 | 54,610 |
| Amounts due from associates | 15 | 6,149 | 3,309 | 3 | - |
| Cash and bank balances | 22 | 94,164 | 107,905 | 11,770 | 31,134 |
| | | 769,983 | 701,534 | 75,066 | 85,769 |
| CURRENT LIABILITIES | | | | | |
| Borrowings | 23 | 282,833 | 287,101 | 42,316 | 43,676 |
| Trade payables | 24 | 64,987 | 68,484 | - | - |
| Other payables | 25 | 172,612 | 123,244 | 6,130 | 4,154 |
| Amount due to a related party | 26 | 2,298 | 7,600 | - | - |
| Retirement benefits | 27 | 201 | 3,306 | - | 3,100 |
| Tax payable | | - | 101 | - | - |
| | | 522,931 | 489,836 | 48,446 | 50,930 |
| NET CURRENT ASSETS | | 247,052 | 211,698 | 26,620 | 34,839 |
| | | 727,099 | 721,074 | 489,849 | 507,994 |

The accompanying notes form an integral part of the financial statements.

Balance Sheets As At 31 December 2005 (cont'd)

| | Note | GROUP | | COMPANY | |
|--------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| FINANCED BY : | | | | | |
| Share capital | 28 | 436,459 | 436,459 | 436,459 | 436,459 |
| Other reserves | 29 | 109,451 | 126,866 | 178,502 | 179,097 |
| Accumulated losses | | (200,426) | (228,648) | (367,976) | (365,571) |
| Shareholders' equity | | 345,484 | 334,677 | 246,985 | 249,985 |
| Minority interests | | 107,978 | 95,566 | - | - |
| | | 453,462 | 430,243 | 246,985 | 249,985 |
| Borrowings | 23 | 238,562 | 254,370 | 238,082 | 254,370 |
| Amount due to a related party | 26 | - | 2,310 | - | - |
| Retirement benefits | 27 | 4,145 | 4,851 | 3,639 | 3,639 |
| Deferred tax liabilities | 30 | 29,787 | 29,300 | - | - |
| Other non-current liabilities | 31 | 1,143 | - | 1,143 | - |
| NON-CURRENT LIABILITIES | | 273,637 | 290,831 | 242,864 | 258,009 |
| | | 727,099 | 721,074 | 489,849 | 507,994 |

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity For The Year Ended 31 December 2005

| | Share Capital RM'000 | Other Reserves (Note 29) RM'000 | Accumulated Losses RM'000 | Total RM'000 |
|---|----------------------------|--|---------------------------------|-----------------|
| GROUP | | | | |
| At 1 January 2004 | 436,459 | 134,446 | (243,810) | 327,095 |
| Reversal of revaluation surplus | - | (7,746) | - | (7,746) |
| Foreign exchange differences | - | 51 | - | 51 |
| Net loss not recognised in income statement | - | (7,695) | - | (7,695) |
| Transfer from deferred taxation | - | 115 | - | 115 |
| Net profit for the year | - | - | 15,162 | 15,162 |
| At 31 December 2004 | 436,459 | 126,866 | (228,648) | 334,677 |
| At 1 January 2005 | 436,459 | 126,866 | (228,648) | 334,677 |
| Impairment loss on property, plant and equipment | - | (364) | - | (364) |
| Disposal of subsidiaries | - | (17,667) | 6,339 | (11,328) |
| Transfer from deferred taxation | - | 3 | - | 3 |
| Foreign exchange differences, representing net gain not recognised in income statement | - | 613 | - | 613 |
| Net profit for the year | - | - | 21,883 | 21,883 |
| At 31 December 2005 | 436,459 | 109,451 | (200,426) | 345,484 |
| COMPANY | | | | |
| At 1 January 2004 | 436,459 | 179,097 | (359,683) | 255,873 |
| Net loss for the year | - | - | (5,888) | (5,888) |
| At 31 December 2004 | 436,459 | 179,097 | (365,571) | 249,985 |
| Net loss for the year | - | (595) | (2,405) | (3,000) |
| At 31 December 2005 | 436,459 | 178,502 | (367,976) | 246,985 |

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements For The Year Ended 31 December 2005

| | GROUP | | COMPANY | |
|--|----------------|---------------|--------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net profit / (loss) for the year | 21,883 | 15,162 | (2,405) | (5,888) |
| Adjustments for : | | | | |
| Allowance for doubtful debts | | | | |
| - trade receivables | 4,692 | 1,932 | - | - |
| - other receivables | - | 68 | - | - |
| - amounts due from associates | - | 50 | - | - |
| - amounts due from subsidiaries | - | - | 617 | 984 |
| Allowance for foreseeable loss on properties under development | - | 481 | - | - |
| Amortisation of goodwill | 1,996 | 1,369 | - | - |
| Amortisation of negative goodwill | (1,966) | (842) | - | - |
| Bad debts written off | 1,765 | 68 | - | 1,599 |
| Dividend income | (16) | (15) | (6,560) | (262) |
| Euroconvertible Bonds ("ECB") | | | | |
| - accrual for redemption premium | 1,293 | 1,702 | 1,293 | 1,702 |
| - redemption premium written back arising from cancellation of ECB | (378) | (1,849) | (378) | (1,849) |
| - gain on cancellation of ECB | - | (422) | - | (422) |
| Exchange differences | 1,240 | (587) | 323 | (6) |
| Finance costs | 29,393 | 21,453 | 20,646 | 12,066 |
| Gain on disposal of investment in an associate | - | (110) | - | - |
| Impairment loss on investment in an associate | 1,004 | - | 1,144 | - |
| Impairment loss on investment in subsidiaries | - | - | 10 | 2,134 |
| Inventories | | | | |
| - write back of allowance for write down | (168) | (4,813) | - | - |
| Interest income | (2,787) | (1,979) | (16,649) | (12,316) |
| (Gain) / loss on disposal and deconsolidation of subsidiaries | (6,209) | (2) | 765 | 145 |
| Minority interests | 18,771 | 12,155 | - | - |
| Property, plant and equipment | | | | |
| - depreciation | 33,111 | 34,902 | 200 | 64 |
| - gain on disposal | (939) | (4,474) | - | - |
| - written off | 110 | 941 | - | 48 |
| Overprovision for retrenchment benefits | - | (13) | - | - |
| Operating cash flow carried forward | 102,795 | 75,177 | (994) | (2,001) |

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements For The Year Ended 31 December 2005 (cont'd)

| | GROUP | | COMPANY | |
|--|----------|----------|----------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating cash flow brought forward | 102,795 | 75,177 | (994) | (2,001) |
| Quoted investments | | | | |
| - impairment loss | 76 | 105 | - | - |
| - loss on disposal | 40 | 186 | - | - |
| Retirement benefits | - | 991 | - | - |
| Share of profits of associate | (2,818) | (2,175) | - | - |
| Waiver of debts | - | - | - | (675) |
| Write back of allowance for doubtful debts : | | | | |
| - trade receivables | - | (1,631) | - | - |
| - amounts due from subsidiaries | - | - | (219) | (522) |
| - amounts due from associates | (11) | - | - | - |
| Taxation | 6,315 | (1,871) | 423 | 482 |
| Operating profit / (loss) before working capital changes | 106,397 | 70,782 | (790) | (2,716) |
| Decrease / (Increase) in working capital : | | | | |
| - property development costs and land held for property development | 5,115 | 15,432 | - | - |
| - inventories | (31,592) | (49,676) | - | - |
| - receivables | (65,006) | (50,170) | (101) | 57 |
| - amounts due from associates | (6,235) | (303) | (36,198) | - |
| - payables | 42,740 | 49,864 | (1,493) | 1,304 |
| - intercompany balances | - | - | 35,041 | 42,878 |
| Net cash flows generated from / (used in) operations | 51,419 | 35,929 | (3,541) | 41,523 |
| Tax paid | (552) | (930) | (513) | (653) |
| Tax refund | 3,487 | 130 | - | - |
| Net cash generated from / (used in) operating activities | 54,354 | 35,129 | (4,054) | 40,870 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Additional investment in subsidiaries | - | - | - | (3,528) |
| Proceeds from disposal and deconsolidation of subsidiaries (Note 12) | (4,992) | (1,623) | 26 | 2,837 |
| Proceeds from disposal of an associate | - | 61 | - | - |
| Purchase of property, plant and equipment | (7,947) | (4,858) | (673) | (65) |
| Interest received | 2,787 | 1,979 | 16,649 | 12,316 |
| Proceeds from disposal of quoted investments | 2 | 7,255 | - | - |
| Proceeds from disposal of property, plant and equipment | 6,190 | 3,993 | - | - |
| Dividend received | 279 | 273 | 6,560 | 262 |
| Net cash (used in) / generated from investing activities | (3,681) | 7,080 | 22,562 | 11,822 |

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements For The Year Ended 31 December 2005 (cont'd)

| | GROUP | | COMPANY | |
|---|-----------|-----------|----------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Drawdown of Murabahah Medium Term Notes | 30,000 | 40,000 | 30,000 | 40,000 |
| Dividends paid to minority shareholders of a subsidiary | (15,487) | (11,871) | - | - |
| Proceeds from short term bank borrowings | 204,693 | 244,260 | - | - |
| Hire purchase drawdown | 1,146 | - | 390 | - |
| Repayment of hire purchase | (153) | - | (35) | - |
| Repayment of short term bank borrowings | (204,586) | (225,660) | - | - |
| ECB buyback | (4,923) | (5,890) | (4,923) | (5,890) |
| Finance costs paid | (29,393) | (21,403) | (20,646) | (12,066) |
| Repayment of ECB | (42,658) | (48,071) | (42,658) | (48,071) |
| Repayment of term loans | (2,361) | (4,831) | - | - |
| Net cash used in financing activities | (63,722) | (33,466) | (37,872) | (26,027) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (13,049) | 8,743 | (19,364) | 26,665 |
| CASH AND CASH EQUIVALENTS AS AT 1 JANUARY | 107,213 | 98,149 | 31,134 | 4,469 |
| FOREIGN EXCHANGE DIFFERENCES | - | 321 | - | - |
| CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER (NOTE A) | 94,164 | 107,213 | 11,770 | 31,134 |

A. Cash and cash equivalents comprise :

| | GROUP | | COMPANY | |
|----------------------------------|--------|---------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances (Note 22) | 94,164 | 107,905 | 11,770 | 31,134 |
| Bank overdrafts (Note 23) | - | (692) | - | - |
| Cash and cash equivalents | 94,164 | 107,213 | 11,770 | 31,134 |

The accompanying notes form an integral part of the financial statements.

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.

There have been no significant changes in the nature of the principal activities during the financial year, other than as disclosed in Note 12.

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 Suite 7A, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia.

The number of employees in the Group and in the Company at the end of the financial year were 1,484 (2004 : 1,516) and 33 (2004 : 40) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2006.

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.

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 negative goodwill.

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 or 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 Negative Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, or associate at the date of acquisition.

Negative goodwill represents the excess of the cost of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, or associate at the date of acquisition over the cost of acquisition.

Goodwill and negative goodwill 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 and negative goodwill 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.

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.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Freehold land is not amortised. Leasehold lands 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% |

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.

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.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 contribute to the Employees respective 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) 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.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Revenue Recognition (cont'd)

i) Sale of goods

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

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 services 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 :

| | 2005 | 2004 |
|------------------------------------|--------|--------|
| | RM | RM |
| United States Dollars (USD) | 3.7791 | 3.8000 |
| Singapore Dollars (SGD) | 2.2725 | 2.3259 |
| Philippine Peso (Peso) | 0.0687 | 0.0675 |
| Euro Dollars (EURO) | 4.5591 | 5.1116 |
| United Arab Emirates Dirhams (AED) | - | 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 of 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 FRS 132 : "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.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Financial Instruments (cont'd)

iv) Convertible Bonds (cont'd)

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.

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 Euroconvertible Bonds which is payable on 8 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 9 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 | |
|---|-----------|-----------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sale of goods, principally cable and wire | 1,439,016 | 1,129,372 | - | - |
| Revenue from property development | 21,687 | 22,816 | - | - |
| Revenue from power generation | 140,576 | 114,672 | - | - |
| Rendering of services | 45 | 442 | - | - |
| Dividends | 16 | 15 | 6,560 | 262 |
| Interest income | 1,421 | 394 | 16,649 | 12,316 |
| | 1,602,761 | 1,267,711 | 23,209 | 12,578 |

4. COST OF SALES

Cost of sales mainly represents cost of inventories sold.

Notes To The Financial Statements (cont'd)

5. PROFIT FROM OPERATIONS

Profit from operations is stated :-

| | GROUP | | COMPANY | |
|--|--------|--------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| After charging : | | | | |
| Allowance for doubtful debts | | | | |
| - trade receivables | 4,692 | 1,932 | - | - |
| - other receivables | - | 68 | - | - |
| - amounts due from associates | - | 50 | - | - |
| - amounts due from subsidiaries | - | - | 617 | 984 |
| Allowance for foreseeable loss | | | | |
| on properties under development | - | 481 | - | - |
| Amortisation of goodwill | 1,996 | 1,369 | - | - |
| Auditors' remuneration | 317 | 328 | 70 | 70 |
| Bad debts written off | 1,765 | 68 | - | 1,599 |
| Depreciation | 33,111 | 34,902 | 200 | 64 |
| Impairment loss on investment in subsidiaries | - | - | 10 | 2,134 |
| Impairment loss on investment in an associate [^] | 1,004 | - | 1,144 | - |
| Impairment loss on quoted investments | 76 | 105 | - | - |
| Loss on deconsolidation of subsidiaries | - | - | 765 | 145 |
| Loss on disposal of quoted investments | 40 | 186 | - | - |
| Foreign exchange losses | | | | |
| - realised | - | - | 37 | 2 |
| - unrealised | 1,240 | - | 323 | - |
| Non-executive directors' remuneration (Note 6) | 470 | 490 | 460 | 480 |
| Property, plant and equipment | | | | |
| - written off [^] | 110 | 941 | - | 48 |
| Rental of land and buildings | 1,202 | 1,190 | 92 | 245 |
| Royalties | 770 | 691 | - | - |
| Staff costs | | | | |
| - directors remuneration (Note 6) | 3,153 | 2,698 | - | - |
| - retirement benefits (Note 27) | - | 991 | - | - |
| - retrenchment benefits | | | | |
| - current year | - | 1,900 | - | - |
| - overprovision | - | (13) | - | - |
| - pension costs - defined contribution plans | 4,432 | 5,129 | - | - |
| - others | 52,233 | 53,484 | - | - |

Notes To The Financial Statements (cont'd)

5. PROFIT FROM OPERATIONS (cont'd)

| | GROUP | | COMPANY | |
|---|--------|--------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| and crediting : | | | | |
| Amortisation of negative goodwill | 1,966 | 842 | - | - |
| Bad debts recovered | 56 | 3,238 | - | - |
| Gain on disposal of property, plant and equipment | 939 | 4,474 | - | - |
| Gain on cancellation of ECB | - | 422 | - | 422 |
| Gain on disposal and deconsolidation of subsidiaries | 6,209 | 2 | - | - |
| Gain on disposal of investment in an associate | - | 110 | - | - |
| Gross dividend income from an associate | - | - | 262 | 262 |
| Gross dividend income from quoted investments | 16 | 15 | - | - |
| Gross dividend income from subsidiaries | - | - | 6,298 | - |
| Insurance claim | 52 | 529 | - | - |
| Interest income | 2,787 | 1,979 | 16,649 | 12,316 |
| Foreign exchange gains | | | | |
| - realised | 81 | 213 | - | - |
| - unrealised | - | 1,868 | - | 6 |
| Redemption premium written back arising from cancellation of ECB * | 378 | 1,849 | 378 | 1,849 |
| Rental income | 396 | 562 | - | - |
| Waiver of debts | - | - | - | 675 |
| Write back of allowance for doubtful debts | | | | |
| - trade receivables | - | 1,631 | - | - |
| - amount due from subsidiaries | - | - | 219 | 522 |
| - amount due from associates | 11 | - | - | - |
| Write back of allowance for write down of inventories | 168 | 4,813 | - | - |

^ 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 | |
|--|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Directors of the Company | | | | |
| Executive : | | | | |
| Salaries and other emoluments | 2,730 | 2,327 | - | - |
| Pension costs - defined contribution plans | 423 | 371 | - | - |
| Benefits-in-kind | 50 | 29 | - | - |
| | 3,203 | 2,727 | - | - |
| Non-executive : | | | | |
| Fees | 85 | 85 | 75 | 75 |
| Other emoluments | 385 | 405 | 385 | 405 |
| | 470 | 490 | 460 | 480 |
| Total | 3,673 | 3,217 | 460 | 480 |
| Analysis excluding benefits-in-kind : | | | | |
| Total for executive directors' remuneration (Note 5) | 3,153 | 2,698 | - | - |
| Total for non executive directors' remuneration (Note 5) | 470 | 490 | 460 | 480 |
| Grand total excluding benefits-in-kind | 3,623 | 3,188 | 460 | 480 |
| Benefits-in-kind | 50 | 29 | - | - |
| Grand total including benefits-in-kind | 3,673 | 3,217 | 460 | 480 |

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 | |
|---------------------------|---------------------|------|
| | 2005 | 2004 |
| Executive directors : | | |
| RM400,001 - RM450,000 | - | 1 |
| RM450,001 - RM500,000 | - | 1 |
| RM500,001 - RM550,000 | 1 | - |
| RM650,001 - RM700,000 | - | 1 |
| RM750,001 - RM800,000 | 1 | - |
| RM800,001 - RM850,000 | 1 | - |
| RM1,000,001 - RM1,050,000 | 1 | 1 |
| Non-Executive directors : | | |
| RM0 - RM50,000 | - | 1 |
| RM50,001 - RM100,000 | 3 | 2 |
| RM100,001 - RM150,000 | 2 | 1 |
| RM150,001 - RM200,000 | - | 1 |

7. FINANCE COSTS

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Finance costs on : | | | | |
| Euroconvertible Bonds ("ECB") | 14,822 | 11,261 | 14,822 | 11,261 |
| Term loans / Murabahah Medium Term Notes | 5,815 | 1,932 | 5,815 | 805 |
| Others | 8,756 | 8,260 | 9 | - |
| ECB Redemption premium payable | 1,293 | 1,702 | 1,293 | 1,702 |
| | 30,686 | 23,155 | 21,939 | 13,768 |

Notes To The Financial Statements (cont'd)

8. TAXATION

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Income tax : | | | | |
| Malaysian income tax | 665 | 592 | 432 | 400 |
| Foreign tax | - | 2 | - | - |
| | 665 | 594 | 432 | 400 |
| (Over) / underprovision in prior years : | | | | |
| Malaysian income tax | (539) | 112 | (9) | 82 |
| | 126 | 706 | 423 | 482 |
| Deferred taxation (Note 30) : | | | | |
| Relating to origination and reversal of temporary differences | 4,609 | (3,280) | - | - |
| Underprovision in prior years | 726 | 60 | - | - |
| | 5,335 | (3,220) | - | - |
| Share of taxation of associate | 854 | 643 | - | - |
| | 6,315 | (1,871) | 423 | 482 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004 : 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 :

| | 2005 | 2004 |
|--|---------------|----------------|
| | RM'000 | RM'000 |
| GROUP | | |
| Profit before taxation | 46,969 | 25,446 |
| Taxation at Malaysian statutory tax rate of 28% (2004 : 28%) | 13,151 | 7,125 |
| Tax savings of 8% for first RM500,000 (2004 : RM500,000) of chargeable income | (4) | (54) |
| Deferred tax asset not recognised on unused tax losses, unabsorbed capital allowances and deductible temporary differences | 902 | 2,248 |
| Effect of | | |
| - different tax rates in other countries | 437 | 1,494 |
| - expenses not deductible for tax purposes | 5,420 | 36,658 |
| - income not subject to tax | (8,888) | (42,382) |
| - utilisation of previously unrecognised tax losses | (1,088) | (4,562) |
| - utilisation of previously unabsorbed capital allowances | (916) | - |
| - utilisation of previously unrecognised reinvestment allowances | (2,886) | - |
| Effect on capital allowance arising from control transfer | - | (2,570) |
| (Over) / Underprovision of income tax in prior years | (539) | 112 |
| Underprovision of deferred tax in prior years | 726 | 60 |
| Tax expense for the year | 6,315 | (1,871) |
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| COMPANY | | |
| Loss before taxation | (1,982) | (5,406) |
| Taxation at Malaysian statutory tax rate of 28% (2004 : 28%) | (555) | (1,514) |
| Effect of | | |
| - expenses not deductible for tax purposes | 6,353 | 5,360 |
| - income not subject to tax | (5,366) | (3,446) |
| (Over) / Underprovision of income tax in prior years | (9) | 82 |
| Tax expense for the year | 423 | 482 |
| | GROUP | |
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Tax savings during the financial year arising from : | | |
| Utilisation of current year tax losses | 15 | 6 |
| Utilisation of previously unrecognised tax losses | 1,088 | 4,562 |
| Tax losses are analysed as follows : | | |
| Unused tax losses carried forward | 80,396 | 121,925 |
| Unabsorbed capital allowances carried forward | 9,965 | 77,884 |
| Unabsorbed reinvestment allowances carried forward | 63,151 | 86,975 |

Notes To The Financial Statements (cont'd)

9. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit for the year by the number of ordinary shares in issue during the financial year.

| | GROUP | |
|---|---------|---------|
| | 2005 | 2004 |
| Net profit for the year (RM'000) | 21,883 | 15,162 |
| Number of ordinary shares in issue ('000) | 436,459 | 436,459 |
| Basic earnings per share (sen) | 5.01 | 3.47 |

10. PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings* | Plant and Machinery | Furniture, Fixtures, Fitting and Equipment | Motor Vehicle | Construction -in-progress | Total |
|---------------------------|---------------------|---------------------|--|---------------|---------------------------|----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| GROUP | | | | | | |
| Cost / Valuation | | | | | | |
| At 1 January 2005 | 248,150 | 498,030 | 62,276 | 14,196 | 5,797 | 828,449 |
| Additions | 237 | 1,691 | 2,182 | 3,060 | 777 | 7,947 |
| Write off | - | (336) | (720) | (88) | - | (1,144) |
| Disposals | (10,467) | (16,070) | (606) | (1,920) | (4,751) | (33,814) |
| Reclassification | - | 186 | 456 | - | (642) | - |
| Disposals of subsidiaries | (31,672) | (31,243) | (5,077) | (1,982) | - | (69,974) |
| Exchange differences | (495) | (957) | (68) | (39) | - | (1,559) |
| At 31 December 2005 | 205,753 | 451,301 | 58,443 | 13,227 | 1,181 | 729,905 |
| Representing : | | | | | | |
| At cost | 23,591 | 451,301 | 58,443 | 13,227 | 1,181 | 547,743 |
| At valuation | 182,162 | - | - | - | - | 182,162 |
| | 205,753 | 451,301 | 58,443 | 13,227 | 1,181 | 729,905 |

Notes To The Financial Statements (cont'd)

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

| | Land and Buildings* | Plant and Machinery | Furniture, Fixtures, Fitting and Equipment | Motor Vehicle | Construction -in-progress | Total |
|--|------------------------|------------------------|---|------------------|------------------------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Accumulated Depreciation and Impairment Losses | | | | | | |
| At 1 January 2005 | | | | | | |
| Accumulated depreciation | 16,316 | 265,675 | 43,786 | 12,848 | - | 338,625 |
| Accumulated impairment losses | 12,359 | 22,485 | 28 | 3 | - | 34,875 |
| | 28,675 | 288,160 | 43,814 | 12,851 | - | 373,500 |
| Depreciation charge for the year | 5,334 | 22,654 | 4,189 | 934 | - | 33,111 |
| Impairment losses | 364 | - | - | - | - | 364 |
| Written off | - | (255) | (691) | (88) | - | (1,034) |
| Disposals | (10,467) | (15,780) | (595) | (1,908) | - | (28,750) |
| Disposal of subsidiaries | (2,780) | (23,190) | (4,123) | (1,911) | - | (32,004) |
| Exchange differences | (735) | (557) | (42) | (34) | - | (1,368) |
| At 31 December 2005 | 20,391 | 271,032 | 42,552 | 9,844 | - | 343,819 |
| Analysed as : | | | | | | |
| Accumulated depreciation | 19,556 | 262,980 | 42,552 | 9,841 | - | 334,929 |
| Accumulated impairment losses | 835 | 8,052 | - | 3 | - | 8,890 |
| | 20,391 | 271,032 | 42,552 | 9,844 | - | 343,819 |
| Net Book Value | | | | | | |
| At 31 December 2005 | | | | | | |
| At cost | 20,875 | 180,269 | 15,891 | 3,383 | 1,181 | 221,599 |
| At valuation | 164,487 | - | - | - | - | 164,487 |
| | 185,362 | 180,269 | 15,891 | 3,383 | 1,181 | 386,086 |
| At 31 December 2004 | | | | | | |
| At cost | 11,435 | 209,870 | 18,462 | 1,345 | 5,797 | 246,909 |
| At valuation | 208,040 | - | - | - | - | 208,040 |
| | 219,475 | 209,870 | 18,462 | 1,345 | 5,797 | 454,949 |

Notes To The Financial Statements (cont'd)

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

| | Land and Buildings* | Plant and Machinery | Furniture, Fixtures, Fitting and Equipment | Motor Vehicle | Construction -in-progress | Total |
|-------------------------------------|---------------------|---------------------|--|---------------|---------------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Details at 1 January 2004 | | | | | | |
| Cost | 12,585 | 550,067 | 66,476 | 16,573 | 6,359 | 652,060 |
| Valuation | 246,589 | - | - | - | - | 246,589 |
| Accumulated depreciation | 11,119 | 272,030 | 43,959 | 14,894 | - | 342,002 |
| Accumulated impairment losses | 11,925 | 43,856 | 177 | 55 | 545 | 56,558 |
| Depreciation charge for 2004 | 5,643 | 24,327 | 4,333 | 599 | - | 34,902 |

* 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.

* LAND AND BUILDINGS

| | Freehold Land | Long Term Leasehold Land | Short Term Leasehold Land | Buildings | Total |
|--|---------------|--------------------------|---------------------------|----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| GROUP | | | | | |
| Cost / Valuation | | | | | |
| At 1 January 2005 | 52,752 | 11,955 | 16,680 | 166,763 | 248,150 |
| Additions | - | - | - | 237 | 237 |
| Disposals | - | - | - | (10,467) | (10,467) |
| Disposals of subsidiaries | - | (6,065) | - | (25,607) | (31,672) |
| Exchange differences | 424 | - | - | (919) | (495) |
| At 31 December 2005 | 53,176 | 5,890 | 16,680 | 130,007 | 205,753 |
| Representing : | | | | | |
| At cost | 8,236 | - | - | 15,355 | 23,591 |
| At valuation | 44,940 | 5,890 | 16,680 | 114,652 | 182,162 |
| | 53,176 | 5,890 | 16,680 | 130,007 | 205,753 |
| Accumulated Depreciation and Impairment Losses | | | | | |
| At 1 January 2005 | | | | | |
| Accumulated depreciation | - | 620 | 1,017 | 14,679 | 16,316 |
| Accumulated impairment losses | 420 | - | 235 | 11,704 | 12,359 |
| | 420 | 620 | 1,252 | 26,383 | 28,675 |
| Depreciation charge for the year | - | 117 | 487 | 4,730 | 5,334 |
| Impairment losses | - | 137 | - | 227 | 364 |
| Disposals | - | - | - | (10,467) | (10,467) |
| Disposal of subsidiaries | - | (277) | - | (2,503) | (2,780) |
| Exchange differences | - | (2) | - | (733) | (735) |
| At 31 December 2005 | 420 | 595 | 1,739 | 17,637 | 20,391 |

Notes To The Financial Statements (cont'd)

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

* LAND AND BUILDINGS (cont'd)

| | Freehold Land RM'000 | Long Term Leasehold Land RM'000 | Short Term Leasehold Land RM'000 | Buildings RM'000 | Total RM'000 |
|-------------------------------------|----------------------------|--|---|---------------------|-----------------|
| Net Book Value | | | | | |
| At 31 December 2005 | | | | | |
| At cost | 8,236 | - | - | 12,639 | 20,875 |
| At valuation | 44,520 | 5,295 | 14,941 | 99,731 | 164,487 |
| | 52,756 | 5,295 | 14,941 | 112,370 | 185,362 |
| At 31 December 2004 | | | | | |
| At cost | - | - | - | 11,435 | 11,435 |
| At valuation | 52,332 | 11,335 | 15,428 | 128,945 | 208,040 |
| | 52,332 | 11,335 | 15,428 | 140,380 | 219,475 |
| Details at 1 January 2004 | | | | | |
| Cost | - | - | - | 12,585 | 12,585 |
| Valuation | 65,406 | 11,955 | 16,680 | 152,548 | 246,589 |
| Accumulated depreciation | - | 437 | 512 | 10,170 | 11,119 |
| Accumulated impairment loss | 420 | - | 235 | 11,270 | 11,925 |
| Depreciation charge for 2004 | - | 183 | 505 | 4,955 | 5,643 |

| COMPANY | Motor Vehicle RM'000 | Furniture, Fixtures, Fittings and Equipment RM'000 | Total RM'000 |
|-------------------------------------|----------------------------|---|-----------------|
| Cost | | | |
| At 1 January 2005 | - | 334 | 334 |
| Additions | 438 | 235 | 673 |
| At 31 December 2005 | 438 | 569 | 1,007 |
| Accumulated Depreciation | | | |
| At 1 January 2005 | - | 210 | 210 |
| Additions | 88 | 112 | 200 |
| At 31 December 2005 | 88 | 322 | 410 |
| Net Book Value | | | |
| At 31 December 2005 | 350 | 247 | 597 |
| At 31 December 2004 | - | 124 | 124 |
| Details at 1 January 2004 | | | |
| Cost | - | 341 | 341 |
| Accumulated depreciation | - | 170 | 170 |
| Depreciation charge for 2004 | - | 64 | 64 |

Notes To The Financial Statements (cont'd)

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

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 :

| | GROUP | |
|---------------------------|--------|---------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Freehold land | 14,209 | 14,209 |
| Short term leasehold land | 3,407 | 4,224 |
| Long term leasehold land | 3,598 | 5,992 |
| Buildings | 74,840 | 94,050 |
| | 96,054 | 118,475 |

- a) Included in short term leasehold land of the Group is leasehold land with carrying value of RM562,500 (2004 : RM578,125) which is still in the process of being registered in a subsidiary's name.
- b) Included in buildings of the Group are apartments which carrying value of RM159,800 (2004 : RM163,200) for which the strata title is being applied for.

11. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

| | Freehold Land | Development Costs | Total |
|--|------------------|----------------------|---------|
| | RM'000 | RM'000 | RM'000 |
| GROUP | | | |
| a) Land Held for Property Development | | | |
| Cost : | | | |
| At 1 January and 31 December 2005 | 3,626 | 11,561 | 15,187 |
| At 1 January 2004 | 7,418 | 12,755 | 20,173 |
| Disposals | (3,792) | (1,194) | (4,986) |
| At 31 December 2004 | 3,626 | 11,561 | 15,187 |

Notes To The Financial Statements (cont'd)

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

| | GROUP | |
|---|----------|----------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| b) Property Development Costs | | |
| Property development costs at 1 January : | | |
| Freehold land | 22,826 | 31,528 |
| Development costs | 43,625 | 34,278 |
| | 66,451 | 65,806 |
| Costs incurred during the year : | | |
| Development costs | 14,602 | 11,991 |
| Addition / (Disposal) of freehold land | 3,502 | (8,702) |
| Elimination of completed projects | - | (2,597) |
| | 18,104 | 692 |
| Costs recognised in income statement : | | |
| At 1 January | (27,125) | (19,638) |
| Recognised during the year | (19,595) | (7,487) |
| At 31 December | (46,720) | (27,125) |
| Transfers : | | |
| To inventories | - | (47) |
| Property development costs at 31 December | 37,835 | 39,326 |

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 joint venture partner 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 ("HDA"). The agreement allows, after the completion of the project and settling all the liabilities, the remaining balance sum in the HDA to be distributed between the Group and the joint venture partner in a ratio which follows the contribution of initial working capital.

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 | |
|--------------------------------------|---------|---------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Unquoted shares : | | |
| At valuation | 334,987 | 341,295 |
| At cost | 3,528 | 3,528 |
| | 338,515 | 344,823 |
| Less : Accumulated impairment losses | (37) | (2,134) |
| | 338,478 | 342,689 |

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 |
|---|----------------------|-----------|---|
| | 2005 % | 2004 % | |
| <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 | Dormant |
| 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 | Dormant |
| Alpha Industries Berhad | 51.00 | 51.00 | Manufacture and sale of copper rods |
| Lite Kabel Sdn. Bhd. (Formerly known as Leader Optic Fibre Cable Sdn. Bhd.) | 30.00 ^ | 75.00 | Manufacture and sale of optical fibre cables |
| Leader LS Magnet Wire Sdn. Bhd. (Formerly known as 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 # | Nil # | 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 |

Notes To The Financial Statements (cont'd)

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name Of Subsidiaries | Equity Interest Held | | Principal Activities |
|---|----------------------|-----------|---|
| | 2005 % | 2004 % | |
| <u>Incorporated in Malaysia</u> | | | |
| Exogold Sdn. Bhd. | 100.00 | 100.00 | Investment holding and property development |
| Leader Holdings Sdn. Bhd. | 100.00 | 100.00 | Letting and management of properties |
| Leader Lifecare Sdn. Bhd. (Formerly known as Glamour Acres Sdn. Bhd.) | 100.00 | 100.00 | Insurance agent |
| 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 (ceased operations on 9 December 2005) |
| 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 (ceased operations on 1 June 2005) |
| 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 # | Nil # | Under liquidation |
| Leader Credit & Leasing Sdn. Bhd. | Nil # | Nil # | Under liquidation |

Notes To The Financial Statements (cont'd)

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name Of Subsidiaries | Equity Interest Held | | Principal Activities |
|---|----------------------|-----------|--|
| | 2005 % | 2004 % | |
| <u>Incorporated in Malaysia</u> | | | |
| Leader Universal Properties Sdn. Bhd. | 100.00 | 100.00 | Investment holding |
| 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. | Nil | 100.00 | Struck off |
| 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 | Dormant |
| <u>Incorporated in Singapore</u> | | | |
| Unicable Pte. Ltd. | Disposed | 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 # | Deregistered on 1 November 2005 |

Notes To The Financial Statements (cont'd)

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

| Name Of Subsidiaries | Equity Interest Held | | Principal Activities |
|--|----------------------|-----------|---|
| | 2005 % | 2004 % | |
| <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 (ceased business on 28 April 2005) |
| LC Holdings Corporation* | 64.00 | 64.00 | Investment holding |
| <u>Incorporated in Cambodia</u> | | | |
| Cambodia Utilities Pte. Ltd.* | 60.00 | 60.00 | Power generation |
| <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.

^ Lite Kabel Sdn. Bhd. is currently an associate of the Company.

Disposal and deconsolidation of subsidiaries

The Group has disposed of the following companies :

- i) On 6 June 2005, the Company disposed of 70% equity interest in Lite Kabel Sdn. Bhd. ("LKSB"). On 31 October 2005, the Company bought back 25% equity interest in LKSB. The Company currently holds 30% equity interest in LKSB.
- ii) On 30 December 2005, the Group disposed of Unicable Pte Ltd., a 100% owned subsidiary incorporated in Singapore.
- iii) On 21 September 2004, the Group disposed of Cogent Corporation Sdn. Bhd., a 100% owned subsidiary.

During the financial year, the Group has deconsolidated Leader Risk Management Services (M) Sdn. Bhd., a 100% owned subsidiary which 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 25 November 2005.

Notes To The Financial Statements (cont'd)

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

Disposal and deconsolidation of subsidiaries (cont'd)

In the previous financial year, the Group deconsolidated the following subsidiaries :

- i) Leader Cable Corporation Ltd.;
- ii) Leader Universal Technologies Sdn. Bhd.;
- iii) Leader-GoldStar Electronic Wire Sdn. Bhd.;
- iv) Leader Brass Products Sdn. Bhd.; and
- v) Leader Credit & Leasing Sdn. Bhd..

The results of the subsidiaries were as follows :

| | 2005 RM'000 | 2004 RM'000 |
|-----------------------|----------------|----------------|
| Revenue | 41,262 | - |
| Loss from operations | (6,079) | (182) |
| Net loss for the year | (6,509) | (92) |

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

| | 2005 RM'000 | 2004 RM'000 |
|--|----------------|----------------|
| Properties held for future development | - | 1,254 |
| Property, plant and equipment | 37,970 | - |
| Inventories | 14,480 | - |
| Trade and other receivables | 12,787 | 123 |
| Amount due from related company | 14 | - |
| Cash and bank balances | 5,018 | 5,562 |
| Trade and other payables | (4,392) | (1) |
| Amount due to holding companies | (39,799) | - |
| Amount due to ultimate holding company | (16) | - |
| Amount due to related companies | (9,733) | - |
| Bank borrowings | (120) | - |
| Deferred taxation | (1,659) | - |
| Transfer from foreign exchange reserve | (11,083) | - |
| Net assets disposed | 3,467 | 6,938 |
| Minority interest | (607) | - |
| Attributable unamortised negative goodwill | - | (3,001) |
| Share of Net Assets | 2,860 | 3,937 |
| Total disposal proceeds | (9,069) | (3,939) |
| Gain on disposal to the Group | (6,209) | (2) |
| Disposal proceed settled by : | | |
| Cash | 26 | 3,939 |
| Deferred payment | 9,043 | - |
| | 9,069 | 3,939 |

Notes To The Financial Statements (cont'd)

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

Disposal and deconsolidation of subsidiaries (cont'd)

| | 2005 RM'000 | 2004 RM'000 |
|--|----------------|----------------|
| Cash outflow arising on disposal and deconsolidation of subsidiaries : | | |
| Cash consideration, representing cash inflow of the Company | 26 | 3,939 |
| Cash and cash equivalents of subsidiaries disposed and deconsolidated | (5,018) | (5,562) |
| Net cash outflow of the Group | (4,992) | (1,623) |
| Cash flows from operating activities | 1,713 | 386 |
| Cash flows from investing activities | 60 | 211 |
| Cash flows from financing activities | (4,067) | - |
| Net cash flows | (2,294) | 597 |

The disposal and struck off of subsidiaries had the following effect on the financial results of the Company :

| | 2005 RM'000 | 2004 RM'000 |
|---|----------------|----------------|
| Total proceeds from disposal and capital contribution by the subsidiaries | 2,600 | 2,837 |
| Less : Investments in subsidiaries at valuation / cost | 5,462 | 5,772 |
| Impairment loss on investment in subsidiaries | (2,097) | (2,790) |
| | 3,365 | 2,982 |
| Loss on disposal and struck off of subsidiaries | (765) | (145) |
| Total proceeds from disposal and capital contribution by the subsidiaries | 2,600 | 2,837 |
| Disposal proceed settled by / capital contribution by subsidiaries : | | |
| Cash | 26 | 2,837 |
| Deferred payment | 2,574 | - |
| | 2,600 | 2,837 |

Notes To The Financial Statements (cont'd)

13. INVESTMENTS IN ASSOCIATES

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Unquoted shares at cost | 28,715 | 25,080 | 10,397 | 6,762 |
| Less : Accumulated impairment losses | (26,481) | (23,189) | (3,028) | - |
| | 2,234 | 1,891 | 7,369 | 6,762 |
| Share of post-acquisition reserves | 13,944 | 11,980 | - | - |
| | 16,178 | 13,871 | 7,369 | 6,762 |
| Represented by : Share of net assets | 16,178 | 13,871 | | |

Details of the associates are as follows :

| Name Of Associates | Equity Interest Held | | Principal Activities |
|-------------------------------------|----------------------|-----------|---|
| | 2005 % | 2004 % | |
| <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 | Dormant |
| Gift Visions Sdn. Bhd. | Disposed | 49.00 | Dormant |
| Lite Kabel Sdn. Bhd. | 30.00 | 75.00 * | Manufacture and sale of optical fibre 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 |

* formerly a subsidiary of the Company.

Notes To The Financial Statements (cont'd)

14. AMOUNTS DUE FROM / (TO) SUBSIDIARIES

| | COMPANY | |
|-------------------------------------|-----------|-----------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Non-current | | |
| Due from subsidiaries | 238,418 | 463,858 |
| Less : Allowance for doubtful debts | (162,329) | (340,925) |
| | 76,089 | 122,933 |
| Due to subsidiaries | (1,925) | (3,205) |
| | 74,164 | 119,728 |
| Current | | |
| Due from subsidiaries | 63,664 | 55,259 |
| Less : Allowance for doubtful debts | (599) | (649) |
| | 63,065 | 54,610 |
| | 137,229 | 174,338 |

The amounts due from subsidiaries are unsecured, have no fixed terms of repayment and are interest free, except for RMNil (2004 : RM33.98 million) which bear interest at 2.10% to 6.65% per annum in prior year.

15. AMOUNTS DUE FROM ASSOCIATES

| | GROUP | | COMPANY | |
|-------------------------------------|---------|---------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current | | | | |
| Non-trade | 52,270 | 16,171 | 36,195 | - |
| Less : Allowance for doubtful debts | (6,682) | (6,730) | - | - |
| | 45,588 | 9,441 | 36,195 | - |
| Current | | | | |
| Trade | 6,149 | 3,309 | 3 | - |
| | 6,149 | 3,309 | 3 | - |
| | 51,737 | 12,750 | 36,198 | - |

The amounts due from associates (non-trade) are unsecured, interest free and have no fixed terms of repayment, except for RM36.20 million (2004 : RMNil) which bear interest at 4% per annum.

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

Notes To The Financial Statements (cont'd)

16. OTHER INVESTMENTS

| | GROUP | | COMPANY | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Quoted shares, at cost | 4,201 | 5,608 | - | - |
| Less : Accumulated impairment losses | (3,486) | (4,775) | - | - |
| | 715 | 833 | - | - |
| Unquoted shares, at cost | 15,825 | 15,888 | 4,322 | 4,322 |
| Less : Accumulated impairment losses | (4,963) | (4,988) | (470) | (470) |
| | 10,862 | 10,900 | 3,852 | 3,852 |
| Total | 11,577 | 11,733 | 3,852 | 3,852 |
| Market value of quoted shares | 715 | 833 | - | - |

17. GOODWILL

| | Goodwill RM'000 | Negative Goodwill RM'000 | Total RM'000 |
|--------------------------|--------------------|--------------------------------|-----------------|
| GROUP | | | |
| At 1 January 2005 | 1,996 | (1,966) | 30 |
| Accumulated amortisation | (1,996) | 1,966 | (30) |
| At 31 December 2005 | - | - | - |
| At 1 January 2004 | 3,365 | (3,030) | 335 |
| Accumulated amortisation | (1,369) | 842 | (527) |
| Disposal of subsidiary | - | 222 | 222 |
| At 31 December 2004 | 1,996 | (1,966) | 30 |

18. OTHER NON-CURRENT ASSETS

The balance relates to the deferred payment for the disposal of the 2 subsidiaries as disclosed in Note 12. The schedule of repayment is as follows :

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Within one year (Note 21) | 4,461 | - | - | - |
| More than 1 year and less than 2 years | 4,582 | - | 2,574 | - |
| | 9,043 | - | 2,574 | - |

Notes To The Financial Statements (cont'd)

19. INVENTORIES

| | GROUP | |
|-----------------------------------|----------------|----------------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Cost : | | |
| Raw materials | 113,571 | 83,435 |
| Work-in-progress | 36,003 | 29,942 |
| Finished goods | 61,299 | 67,194 |
| Consumables | 23,486 | 24,399 |
| | 234,359 | 204,970 |
| Net realisable value : | | |
| Completed property units for sale | 6,197 | 6,731 |
| Total | 240,556 | 211,701 |

20. TRADE RECEIVABLES

| | GROUP | |
|-------------------------------------|----------|----------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Trade receivables | 338,400 | 296,960 |
| Less : Allowance for doubtful debts | (17,086) | (15,024) |
| | 321,314 | 281,936 |

The Group's normal trade credit terms range from 30 days to 120 days (2004 : 14 days to 150 days).

Included in trade receivables is RM13,973,763 (2004 : RM12,737,186) being interest accrued at 18% p.a. in accordance with the Power Purchase Agreement ("PPA") signed in 1994 between a subsidiary, Cambodia Utilities Pte. Ltd. and Electricite du Cambodge ("EDC") Phnom Penh. EDC has requested for a reduction in the interest rate from 18% to 15% per annum to be applied on overdue invoices retroactively. Both parties are currently under negotiation.

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

21. OTHER RECEIVABLES

| | GROUP | | COMPANY | |
|-------------------------------------|--------|--------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits | 1,624 | 1,541 | 55 | 5 |
| Prepayments | 3,629 | 7,144 | 44 | - |
| Sundry receivables | 65,279 | 49,458 | 129 | 20 |
| | 70,532 | 58,143 | 228 | 25 |
| Less : Allowance for doubtful debts | (567) | (786) | - | - |
| | 69,965 | 57,357 | 228 | 25 |

Notes To The Financial Statements (cont'd)

21. OTHER RECEIVABLES (cont'd)

Included in the sundry receivables of the Group is an amount of RM4,461,200 (2004 : RMNil) due from the deferred payment for the disposal of a subsidiary.

Included in sundry receivables of the Group are tax liabilities recoverable from EDC of RM21,342,000 (2004 : RM15,476,000). Under the PPA, the subsidiary can and possess the legal right to recover the said taxes from EDC. However, EDC and the subsidiary's management have yet to settle this matter as at 31 December 2005 and negotiations are currently underway with the issues under consideration at the Ministry of Economy and Finance, Cambodia.

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.

22. CASH AND BANK BALANCES

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Cash on hand and at banks | 28,960 | 23,944 | 1,815 | 5,607 |
| Cash at bank in Housing Development Accounts | 1,295 | 510 | - | - |
| Deposits with licensed banks : | | | | |
| Fixed deposits | 10,132 | 8,405 | 2,927 | 476 |
| Short term placements | 53,777 | 75,046 | 7,028 | 25,051 |
| | 94,164 | 107,905 | 11,770 | 31,134 |

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

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 | |
|--------------------------------|-------------------------------------|---------------|--------------|--------------|
| | 2005 | 2004 | Days 2005 | Days 2004 |
| GROUP | | | | |
| Deposits with licensed banks : | | | | |
| Fixed deposits | 1.16% - 3.50% | 0.03% - 3.00% | 1 to 90 days | 1 to 90 days |
| Short term placements | 1.80% - 4.05% | 2.10% - 2.52% | 3 to 31 days | 3 to 31 days |
| COMPANY | | | | |
| Deposits with licensed banks : | | | | |
| Fixed deposits | 1.16% - 2.77% | 0.03% - 1.00% | 30 days | 30 days |
| Short term placements | 2.20% - 2.35% | 2.20% - 2.35% | 6 to 30 days | 6 to 30 days |

Notes To The Financial Statements (cont'd)

23. BORROWINGS

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Short Term Borrowings | | | | |
| Secured : | | | | |
| Term loans | - | 2,362 | - | - |
| Hire purchase payable (Note 23.1) | 231 | - | 73 | - |
| | 231 | 2,362 | 73 | - |
| Unsecured : | | | | |
| Bank overdrafts | - | 692 | - | - |
| Bankers' acceptances | 164,525 | 169,852 | - | - |
| Trust receipts | 64,134 | 49,520 | - | - |
| Revolving credit | 11,700 | 20,999 | - | - |
| Euroconvertible Bonds (Note 23.2) | 42,243 | 43,676 | 42,243 | 43,676 |
| | 282,602 | 284,739 | 42,243 | 43,676 |
| | 282,833 | 287,101 | 42,316 | 43,676 |
| Long Term Borrowings | | | | |
| Secured : | | | | |
| Hire purchase payable (Note 23.1) | 762 | - | 282 | - |
| | 762 | - | 282 | - |
| Unsecured : | | | | |
| Euroconvertible Bonds (Note 23.2) | 167,800 | 214,370 | 167,800 | 214,370 |
| Murabahah Medium Term Notes (Note 23.3) | 70,000 | 40,000 | 70,000 | 40,000 |
| | 237,800 | 254,370 | 237,800 | 254,370 |
| | 238,562 | 254,370 | 238,082 | 254,370 |
| Total Borrowings | | | | |
| Bank overdrafts | - | 692 | - | - |
| Bankers' acceptances | 164,525 | 169,852 | - | - |
| Trust receipts | 64,134 | 49,520 | - | - |
| Revolving credit | 11,700 | 20,999 | - | - |
| Term loans | - | 2,362 | - | - |
| Hire purchase payable (Note 23.1) | 993 | - | 355 | - |
| Euroconvertible Bonds (Note 23.2) | 210,043 | 258,046 | 210,043 | 258,046 |
| Murabahah Medium Term Notes (Note 23.3) | 70,000 | 40,000 | 70,000 | 40,000 |
| | 521,395 | 541,471 | 280,398 | 298,046 |

Notes To The Financial Statements (cont'd)

23. BORROWINGS (cont'd)

| | GROUP | | COMPANY | |
|---|---------|---------|---------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Maturity of borrowings (excluding hire purchase) : | | | | |
| Within one year | 282,602 | 287,101 | 42,243 | 43,676 |
| More than 1 year and less than 2 years | 167,800 | 45,057 | 167,800 | 45,057 |
| More than 2 years and less than 5 years | 70,000 | 209,313 | 70,000 | 209,313 |
| | 520,402 | 541,471 | 280,043 | 298,046 |

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

| | 2005 | 2004 |
|--|-------------|-------------|
| | % | % |
| Bank overdrafts | - | 6.75 |
| Bankers' acceptances / Trust receipts | 3.42 - 4.38 | 2.20 - 4.11 |
| Revolving credit | 4.45 | 4.00 - 6.75 |
| Term loans / Murabahah Medium Term Notes | 5.00 - 7.70 | 5.00 - 7.70 |

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

23.1 HIRE PURCHASE

| | GROUP | | COMPANY | |
|---|--------|--------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Minimum lease payables : | | | | |
| Not later than 1 year | 256 | - | 87 | - |
| Later than 1 year and not later than 2 years | 256 | - | 87 | - |
| Later than 5 years | 581 | - | 217 | - |
| | 1,093 | - | 391 | - |
| Future finance charges | (100) | - | (36) | - |
| Present value of hire purchase liabilities | 993 | - | 355 | - |
| Present value of hire purchase liabilities : | | | | |
| Not later than 1 year | 231 | - | 73 | - |
| Later than 1 year and not later than 2 years | 242 | - | 76 | - |
| Later than 5 years | 520 | - | 206 | - |
| | 993 | - | 355 | - |
| Analysed as : | | | | |
| Due within 12 months (Note 23) | 231 | - | 73 | - |
| Due after 12 months (Note 23) | 762 | - | 282 | - |
| | 993 | - | 355 | - |

The hire purchase bore interest at the balance sheet at rate of 11.5% (2004 : Nil) per annum.

Notes To The Financial Statements (cont'd)

23. BORROWINGS (cont'd)

23.2 Euroconvertible Bonds

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Euroconvertible Bonds of USD1 each due in 2007</u> | | | | |
| Principal amount : | | | | |
| At 1 January | 196,370 | 239,861 | 196,370 | 239,861 |
| Cancellation / Repayment during the financial year | (37,092) | (43,491) | (37,092) | (43,491) |
| Unrealised exchange gain | (1,013) | - | (1,013) | - |
| At 31 December | 158,265 | 196,370 | 158,265 | 196,370 |
| Redemption premium : | | | | |
| At 1 January | 61,675 | 72,714 | 61,675 | 72,714 |
| Accrual for the financial year | 1,293 | 1,702 | 1,293 | 1,702 |
| Reversal on cancellation / repayment during the financial year | (10,867) | (12,740) | (10,867) | (12,740) |
| Unrealised exchange gain | (323) | - | (323) | - |
| At 31 December | 51,778 | 61,676 | 51,778 | 61,676 |
| Total | 210,043 | 258,046 | 210,043 | 258,046 |
| Analysed as : | | | | |
| Due within 12 months (Note 23) | 42,243 | 43,676 | 42,243 | 43,676 |
| Due after 12 months (Note 23) | 167,800 | 214,370 | 167,800 | 214,370 |
| | 210,043 | 258,046 | 210,043 | 258,046 |

On 5 May 1997, the Company issued USD100 million 7-year unsecured Euroconvertible Bonds 1997 / 2004 ("ECB") which are 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.

The salient terms of the ECB are as follows :

- i) Redemption at the option of the Company
 - a) 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.

Notes To The Financial Statements (cont'd)

23. BORROWINGS (cont'd)

23.2 Euroconvertible Bonds (cont'd)

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 conversion option has lapsed in the financial year ended 31 December 2004.

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.

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 |
| 2006 | 11.25 | 42.24 |
| 2007 | 43.28 | 167.80 |
| | 54.53 | 210.04 |

vi) The Company shall pay an additional premium on the ECB on 8 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 9 May 2006 respectively. In respect of these additional premium, the Company made an accrual of RM1,293,089 (2004 : RM1,702,293) during the financial year.

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

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

Notes To The Financial Statements (cont'd)

23. BORROWINGS (cont'd)

23.3 Murabahah Medium Term Notes ("MMTN") (Unsecured)

The Company entered into agreements with United Overseas Bank (Malaysia) Bhd and various parties to raise RM150 million Murabahah Medium Term Notes. As at 31 December 2005, RM70 million (2004 : RM40 million) has been issued and the proceeds of which were utilised to part redeem and / or repurchase the ECB and for working capital purposes.

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 :

| | GROUP AND COMPANY | |
|---------------|----------------------|--------|
| | Amount to be settled | |
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Settlement in | | |
| 2008 | 30,000 | 30,000 |
| 2009 | 10,000 | 10,000 |
| 2010 | 30,000 | - |
| | 70,000 | 40,000 |

24. TRADE PAYABLES

| | GROUP | |
|----------------|--------|--------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Trade payables | 64,987 | 68,484 |

The normal trade credit terms granted to the Group range from cash advance to 120 days (2004 : 120 days).

25. OTHER PAYABLES

| | GROUP | | COMPANY | |
|--|---------|---------|---------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Accrual for payroll related expenses | 1,482 | 1,462 | - | 5 |
| Duties and other taxes payable | 27,718 | 26,367 | - | - |
| Amounts payable to | | | | |
| suppliers of indirect materials and services | 113,723 | 59,173 | 677 | 224 |
| Accruals | 29,689 | 36,242 | 5,453 | 3,925 |
| | 172,612 | 123,244 | 6,130 | 4,154 |

Taxes payable and other related charges amounting to RM21,342,000 (2004 : RM15,476,000) are to be borne by EDC and payable to the Cambodian tax authorities as disclosed in Note 21.

Included in the amounts payable to suppliers of indirect materials and services of the Group and the Company is an amount of RM367,220 (2004 : Nil) in respect of the remaining purchase consideration arising from purchase of 25% interest in Lite Kabel Sdn. Bhd..

Notes To The Financial Statements (cont'd)

26. AMOUNT DUE TO A RELATED PARTY

| | GROUP | |
|--------------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 |
| Current | | |
| Non-trade | 2,298 | 7,600 |
| Non-current | | |
| Non-trade | - | 2,310 |
| | 2,298 | 9,910 |

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.

27. RETIREMENT BENEFIT OBLIGATIONS

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

| | GROUP | | COMPANY | |
|--------------------|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Current | 201 | 3,306 | - | 3,100 |
| Non-current | 4,145 | 4,851 | 3,639 | 3,639 |
| | 4,346 | 8,157 | 3,639 | 6,739 |

The amounts recognised in the income statement are as follows :

| | GROUP | |
|---|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 |
| Current service cost | - | 991 |
| Interest cost | - | - |
| Total, included in staff costs (Note 5) | - | 991 |

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

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| At 1 January | 8,157 | 7,397 | 6,739 | 5,739 |
| Recognised in income statement (Note 5) | - | 991 | - | - |
| Charged to subsidiaries * | - | - | - | 1,000 |
| Disposal of subsidiaries | (475) | - | - | - |
| Contributions paid | (3,307) | (250) | (3,100) | - |
| Exchange differences | (29) | 19 | - | - |
| At 31 December | 4,346 | 8,157 | 3,639 | 6,739 |

* 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)

27. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

Principal actuarial assumptions used :

| | GROUP | | COMPANY | |
|-----------------------------------|-------|------|---------|------|
| | 2005 | 2004 | 2005 | 2004 |
| | % | % | % | % |
| 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.

28. SHARE CAPITAL

| | Number of Ordinary Shares of RM1.00 Each | | Amount | |
|-----------------------|--|-----------|-----------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| | '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 |

29. OTHER RESERVES

| | GROUP | | COMPANY | |
|------------------------------|---------|---------|---------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Distributable | | | | |
| Capital reserve | 1,836 | 1,836 | - | - |
| b) Non-Distributable | | | | |
| Share premium | 54,829 | 54,829 | 54,829 | 54,829 |
| Revaluation surplus | 49,442 | 56,387 | 123,673 | 124,268 |
| Exchange fluctuation reserve | 3,344 | 13,814 | - | - |
| | 107,615 | 125,030 | 178,502 | 179,097 |
| | 109,451 | 126,866 | 178,502 | 179,097 |

Notes To The Financial Statements (cont'd)

29. OTHER RESERVES (cont'd)

The movements in each category of reserves were as follows :

| | GROUP | | COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2005 RM'000 | 2004 RM'000 | 2005 RM'000 | 2004 RM'000 |
| Capital reserve | | | | |
| At 31 December * | 1,836 | 1,836 | - | - |
| Share premium | | | | |
| At 31 December * | 54,829 | 54,829 | 54,829 | 54,829 |
| Revaluation surplus | | | | |
| At 1 January | 56,387 | 64,018 | 124,268 | 124,268 |
| Impairment loss on property, plant and equipment | (364) | - | - | - |
| Disposal of subsidiaries | (6,584) | - | - | - |
| Transfer from deferred taxation | 3 | 115 | - | - |
| Reversal of revaluation surplus | - | (7,746) | (595) | - |
| At 31 December | 49,442 | 56,387 | 123,673 | 124,268 |
| Exchange fluctuation reserve | | | | |
| At 1 January | 13,814 | 13,763 | - | - |
| Arising in the year | 613 | 51 | - | - |
| Disposal of subsidiaries | (11,083) | - | - | - |
| At 31 December | 3,344 | 13,814 | - | - |

* No movement during the year

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

- Capital reserve comprises mainly the gains arising from the disposals of certain subsidiaries in Malaysia.
- 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.

Notes To The Financial Statements (cont'd)

30. DEFERRED TAXATION

| | GROUP | |
|---|---------|---------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| At 1 January | 25,135 | 28,470 |
| Recognised in income statement (Note 8) | 5,335 | (3,220) |
| Recognised in equity | (3) | (115) |
| Disposal of subsidiaries | (1,529) | - |
| At 31 December | 28,938 | 25,135 |
| Presented after appropriate offsetting as follows : | | |
| Deferred tax assets | (849) | (4,165) |
| Deferred tax liabilities | 29,787 | 29,300 |
| | 28,938 | 25,135 |

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

Deferred Tax Liabilities of the Group :

| | Property, Plant and Equipment | Others | Total |
|--------------------------------|-------------------------------------|--------|---------|
| | RM'000 | RM'000 | RM'000 |
| At 1 January 2005 | 43,142 | 1,397 | 44,539 |
| Recognised in income statement | 900 | - | 900 |
| Recognised in equity | (3) | - | (3) |
| Disposal of subsidiaries | (1,529) | - | (1,529) |
| At 31 December 2005 | 42,510 | 1,397 | 43,907 |
| At 1 January 2004 | 48,820 | 1,397 | 50,217 |
| Recognised in income statement | (5,563) | - | (5,563) |
| Recognised in equity | (115) | - | (115) |
| At 31 December 2004 | 43,142 | 1,397 | 44,539 |

Notes To The Financial Statements (cont'd)

30. DEFERRED TAXATION (cont'd)

Deferred Tax Assets of the Group :

| | Unused Tax Losses and Unabsorbed Capital | | Total |
|--------------------------------|---|----------|----------|
| | Allowances | Payables | |
| | RM'000 | RM'000 | RM'000 |
| At 1 January 2005 | (18,554) | (850) | (19,404) |
| Recognised in income statement | 4,670 | (235) | 4,435 |
| At 31 December 2005 | (13,884) | (1,085) | (14,969) |
| At 1 January 2004 | (18,519) | (3,228) | (21,747) |
| Recognised in income statement | (35) | 2,378 | 2,343 |
| At 31 December 2004 | (18,554) | (850) | (19,404) |

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

| | GROUP | |
|----------------------------------|--------|--------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Unused tax losses | 22,941 | 73,699 |
| Unabsorbed capital allowances | 4,262 | 7,723 |
| Deductible temporary differences | 2,987 | 7,006 |
| | 30,190 | 88,428 |

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profit of the subsidiaries are subject to no substantial changes in shareholdings of the subsidiaries under Section 44(5A) and (5B) of the Income Tax Act, 1967.

31. OTHER NON-CURRENT LIABILITIES

The balance relates to the remaining purchase consideration arising from the purchase of 25% interest in Lite Kabel Sdn. Bhd.. The schedule of repayment is as follow :

| | GROUP AND COMPANY | |
|---|-------------------|--------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Within one year (Note 25) | 367 | - |
| More than 1 year and less than 2 years | 571 | - |
| More than 2 years and less than 5 years | 572 | - |
| | 1,510 | - |

Notes To The Financial Statements (cont'd)

32. 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 :

| | 2005 RM'000 | 2004 RM'000 |
|--------------------------------------|----------------|----------------|
| Revenue | 10 | 9,736 |
| Cost of sales | (74) | (10,562) |
| Gross loss | (64) | (826) |
| Other operating income | 1,259 | 945 |
| Distribution costs | (191) | (135) |
| Administrative expenses | (554) | 2,717 |
| Other operating expenses | 2,192 | 6,485 |
| Profit from operations | 2,642 | 9,186 |
| Finance costs | - | (116) |
| Profit before taxation | 2,642 | 9,070 |
| Taxation | - | - |
| Net profit for the year | 2,642 | 9,070 |
| Cash flows from operating activities | (642) | 8,083 |
| Cash flows from investing activities | 1,546 | 1,144 |
| Cash flows from financing activities | - | (11,449) |
| Net cash flows | 904 | (2,222) |

The net assets of the subsidiary were as follows :

| | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Property, plant and equipment | 369 | 685 |
| Inventories | - | 12 |
| Trade and other receivables | 580 | 830 |
| Cash and bank balances | 1,319 | 444 |
| Trade and other payables | (6,964) | (6,953) |
| Amount due to associate | (73) | (75) |
| Net assets | (4,769) | (5,057) |

Notes To The Financial Statements (cont'd)

33. CONTINGENT LIABILITIES

| | COMPANY | |
|--|---------|---------|
| | 2005 | 2004 |
| Unsecured | RM'000 | RM'000 |
| Corporate guarantees given to banks as securities for banking facilities of its subsidiaries | 288,300 | 348,700 |

Total outstanding balances for the said banking facilities amounted to RM271,436,000 (2004 : RM245,933,000).

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

| | GROUP | |
|---|--------|--------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Sales of goods to Universal Cable (Sarawak) Sdn. Bhd., an associate | 13,373 | 17,243 |
| Progress payments / deposit received in respect of sale of properties developed by the Group to a director or persons connected to a director | | |
| - Dato' Seri H'ng Bok San | 1,655 | 165 |
| - James Kon Yew Liang and Seow Lee Cheen | 625 | 62 |
| - H'ng Hui Lyn | 576 | - |
| Remuneration paid / payable to persons (other than directors of the Company) connected to directors | 1,090 | 7,330 |
| Rental of premises at Menara Northam paid to a company in which certain directors have interest | 237 | - |
| Remuneration paid to directors (other than directors of the Company or persons connected to directors) of the Group | 897 | 1,167 |

| | COMPANY | |
|---|---------|--------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Gross dividend from Universal Cable (Sarawak) Sdn. Bhd., an associate | 262 | 262 |

The directors are of the opinion that all the transactions above 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.

35. 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.

Notes To The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

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.

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 | |
|------------------------------------|---------|--------|
| | 2005 | 2004 |
| | RM'000 | RM'000 |
| Amounts Due From Associates | | |
| - United States Dollars | 9,463 | 9,516 |
| Trade and Other Receivables | | |
| - United States Dollars | 139,623 | 62,729 |
| - Euro Dollars | 22,199 | 17,657 |
| - Singapore Dollars | 482 | 9,639 |
| - Philippine Peso | 626 | 876 |
| - Hong Kong Dollars | 33 | - |
| | 162,963 | 90,901 |

Notes To The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

e) Foreign Exchange Risk (cont'd)

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 |
|---|-----------------------|---------------|---------------------------------|
| At 31 December 2005 : | | | |
| Forward used to hedge trade receivables | United States Dollars | Within 1 year | 17,582 |
| | Euro Dollars | Within 1 year | 17,708 |
| | | | 35,290 |
| At 31 December 2004 : | | | |
| Forward used to hedge trade receivables | United States Dollars | Within 1 year | 10,507 |
| | Euro Dollars | Within 1 year | 13,947 |
| | | | 24,454 |

The net unrecognised gains as at 31 December 2005 on forward contracts used to hedge anticipated sales which are expected to occur during June 2006 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)

35. 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 RM'000 | Fair Value RM'000 | Carrying Amount RM'000 | Fair Value RM'000 |
| Financial Assets | | | | | |
| At 31 December 2005 : | | | | | |
| Amounts due from subsidiaries | 14 | - | - | 74,164 | □ |
| Amounts due from associates | 15 | 45,588 | □ | 36,195 | □ |
| Unquoted shares | 16 | 10,862 | ★ | 3,852 | ★ |
| At 31 December 2004 : | | | | | |
| Amounts due from subsidiaries | 14 | - | - | 119,728 | □ |
| Amounts due from associates | 15 | 9,441 | □ | - | - |
| Unquoted shares | 16 | 10,900 | ★ | 3,852 | ★ |
| Financial Liabilities | | | | | |
| At 31 December 2005 : | | | | | |
| Hire purchase payable | 23.1 | 762 | 679 | 282 | 291 |
| Euroconvertible Bonds | 23.2 | 167,800 | 161,358 | 167,800 | 161,358 |
| Murabahah Medium Term Notes | 23.3 | 70,000 | 64,985 | 70,000 | 64,985 |
| Amount due to a related party | 26 | - | - | - | - |
| At 31 December 2004 : | | | | | |
| Euroconvertible Bonds | 23.2 | 214,370 | 196,716 | 214,370 | 196,716 |
| Murabahah Medium Term Notes | 23.3 | 40,000 | 31,133 | 40,000 | 31,133 |
| Amount due to a related party | 26 | 2,310 | □ | - | - |

★ 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)

35. 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 | |
|------------------------------------|-------|---|-----------------------------|---|-----------------------------|
| | | Norminal / National Amount RM'000 | Net Fair Value RM'000 | Norminal / National Amount RM'000 | Net Fair Value RM'000 |
| At 31 December 2005 : | | | | | |
| Contingent liabilities | 33 | - | - | 271,436 | ▲ |
| Forward foreign exchange contracts | 35(e) | 35,290 | (447) | - | - |
| At 31 December 2004 : | | | | | |
| Contingent liabilities | 33 | - | - | 245,933 | ▲ |
| Forward foreign exchange contracts | 35(e) | 24,454 | 1,034 | - | - |

▲ 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)

36. 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 32) | | | | |
| 31 December 2005 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |

REVENUE AND EXPENSES

Revenue

| | | | | | | |
|----------------------|------------------|-----------|----------------|---------------|--------------|------------------|
| Segment revenue | | | | | | |
| External sales | 1,439,006 | 10 | 140,576 | 21,687 | 4,957 | 1,606,236 |
| Inter-segment sales | - | - | - | - | (3,475) | (3,475) |
| Total revenue | 1,439,006 | 10 | 140,576 | 21,687 | 1,482 | 1,602,761 |

Results

| | | | | | | |
|--|--------|-------|--------|-----|-------|---------------|
| Profit from operations / Segment results | 31,208 | 2,642 | 37,679 | 821 | 2,487 | 74,837 |
| Finance costs | | | | | | (30,686) |
| Share of profits of associate | 2,818 | - | - | - | - | 2,818 |
| Profit before taxation | | | | | | 46,969 |
| Taxation | | | | | | (6,315) |
| Profit after taxation | | | | | | 40,654 |
| Minority interests | | | | | | (18,771) |
| Net profit for the year | | | | | | 21,883 |

Notes To The Financial Statements (cont'd)

36. SEGMENTAL INFORMATION (cont'd)

a) Business Segments (cont'd)

| | Cable and Wire | | Power generation | Property development and housing | Others | Group |
|---|-----------------------|------------------------------------|------------------|----------------------------------|---------|-----------|
| | Continuing operations | Discontinuing operations (Note 32) | | | | |
| 31 December 2005 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS AND LIABILITIES | | | | | | |
| Segment assets | 843,275 | 2,268 | 193,240 | 88,122 | 106,098 | 1,233,003 |
| Associates | 16,178 | - | - | - | - | 16,178 |
| Unallocated assets | | | | | | 849 |
| Consolidated total assets | | | | | | 1,250,030 |
| Segment liabilities | 125,896 | 6,964 | 61,988 | 31,215 | 19,349 | 245,412 |
| Unallocated liabilities | | | | | | 551,156 |
| Consolidated total liabilities | | | | | | 796,568 |
| Capital expenditure | 5,703 | - | 267 | 306 | 1,671 | 7,947 |
| Depreciation and amortisation | 25,922 | (1,867) | 8,175 | 145 | 766 | 33,141 |
| Non-cash expenses / (income) other than depreciation and amortisation | (477) | (742) | - | 2,000 | 1,734 | 2,515 |
| 31 December 2004 | | | | | | |
| REVENUE AND EXPENSES | | | | | | |
| Revenue | | | | | | |
| Segment revenue | | | | | | |
| External sales | 1,119,636 | 9,736 | 114,672 | 22,816 | 4,559 | 1,271,419 |
| Inter-segment sales | - | - | - | - | (3,708) | (3,708) |
| Total revenue | 1,119,636 | 9,736 | 114,672 | 22,816 | 851 | 1,267,711 |
| Results | | | | | | |
| (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)

36. SEGMENTAL INFORMATION (cont'd)

a) Business Segments (cont'd)

| | Cable and Wire | | Power generation | Property development and housing | Others | Group |
|---|-----------------------|------------------------------------|------------------|----------------------------------|--------|-----------|
| | Continuing operations | Discontinuing operations (Note 32) | | | | |
| 31 December 2004 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS AND LIABILITIES | | | | | | |
| Segment assets | 838,354 | 1,896 | 186,811 | 82,201 | 83,612 | 1,192,874 |
| Associates | 13,871 | - | - | - | - | 13,871 |
| Unallocated assets | | | | | | 4,165 |
| Consolidated total assets | | | | | | 1,210,910 |
| Segment liabilities | 100,432 | 6,953 | 70,784 | 20,065 | 11,561 | 209,795 |
| Unallocated liabilities | | | | | | 570,872 |
| Consolidated total liabilities | | | | | | 780,667 |
| Capital expenditure | 3,834 | - | 593 | 25 | 406 | 4,858 |
| 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) 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 customer | | Segment assets | | Capital expenditure | |
|-----------|--------------------------------------|-----------|----------------|-----------|---------------------|--------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 963,374 | 793,675 | 933,664 | 942,090 | 7,680 | 4,229 |
| Cambodia | 140,576 | 114,672 | 193,240 | 186,957 | 267 | 594 |
| Singapore | 117,291 | 72,602 | - | 35,025 | - | 35 |
| Others * | 381,520 | 286,762 | 106,099 | 28,802 | - | - |
| | 1,602,761 | 1,267,711 | 1,233,003 | 1,192,874 | 7,947 | 4,858 |

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

Notes To The Financial Statements (cont'd)

37. OTHER SIGNIFICANT EVENTS

- a) During the financial year, the Group has deconsolidated Leader Risk Management Services (M) Sdn. Bhd., a 100% owned subsidiary which 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 25 November 2005.
- b) The Company announced on 6 June 2005 that it has entered into two Share Sale Agreements dated 6 June 2005 with Tugu Empayar (M) Sdn. Bhd. ("Tugu Empayar") and Arah Sistemantik (M) Sdn. Bhd. ("Arah Sistemantik") respectively, whereby the Company has agreed to dispose of 14,873,600 ordinary shares of RM1.00 each representing 35% of the issued and paid up capital of its subsidiary, Lite Kabel Sdn. Bhd. ("LKSB") to Tugu Empayar for a sale consideration of RM1,300,000 and has agreed to dispose of another 14,873,600 ordinary shares of RM1.00 each representing 35% of the issued and paid up capital of LKSB to Arah Sistemantik, also for a sale consideration of RM1,300,000.
- c) On 31 October 2005, the Company has entered into a Share Sale Agreement ("SSA") with Corning International Corporation ("Corning") in relation to the acquisition of Corning's entire shareholding consisting a total of 10,624,000 ordinary shares of RM1.00 each in the share capital of LKSB for a total cash consideration of USD400,000 upon such other terms and conditions as stipulated in the SSA.
- d) The Company announced on 30 December 2005 that Universal Cable (M) Berhad, ("UCMB") a wholly-owned subsidiary had on 30 December 2005 entered into a Share Sale Agreement ("SSA") with an unrelated third party to dispose 5,000,000 ordinary shares of SGD1.00 each representing the entire issued and paid up share capital of Unicable Pte. Ltd. for a total cash consideration of SGD2,900,000 equivalent to approximately RM6,468,740.

38. SUBSEQUENT EVENTS

- a) On 23 January 2006, the Company acquired from Universal Cable (M) Berhad, its entire shareholding of 20,818,750 ordinary shares of RM1.00 each in Alpha Industries Berhad for a cash consideration of RM33,453,226.
- b) On 3 April 2006, the Company bought back its Euroconvertible Bonds ("ECB") of a nominal value of USD10 million. The Company will continue to buy back and effect early repayment of the ECB from its pool of available funds in order to save on the amount of interest payable and additional premium payable. With the aforesaid buy-back, the total principal amount of ECB outstanding is USD46.1 million.

On 7 April 2006, the Company had served a notice to the Trustee namely M/s DB Trustees (Hong Kong) Limited, in Hong Kong, and the bondholders of the Company's intention to effect early and partial optional redemption of the Bonds. The aggregate redemption sum amounting to USD25.2 million constitutes 55% of the current outstanding principal amount of the Bonds of USD46.1 million.

The aforesaid redemption payment shall be effected on the interest payment date of the Bonds due on 8 May 2006.

Notes To The Financial Statements (cont'd)

39. COMPARATIVES

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 2004 which have been reclassified to conform with current year's presentation :

| | As Previously Stated | Reclassifications | As Reclassified |
|---|-------------------------|-------------------|--------------------|
| | RM'000 | RM'000 | RM'000 |
| GROUP | | | |
| Balance Sheet | | | |
| Property development costs | 42,950 | (3,624) | 39,326 |
| Trade payables | 67,787 | 697 | 68,484 |
| Progress payments received and receivable | 4,321 | (4,321) | - |
| Negative goodwill | 1,966 | (1,966) | - |
| Reserve on consolidation | 1,966 | (1,966) | - |

40. CURRENCY

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