



FINANCIAL STATEMENTS

36	Directors' Report
41	Statement by Directors
41	Statutory Declaration
42	Report of the Auditors to the Members
43	Income Statements
44	Balance Sheets
46	Statements of Changes in Equity
48	Cash Flow Statements
52	Notes to the Financial Statements

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 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and the associates are respectively described in Note 17 and Note 18 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 17 to the financial statements.

RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Profit for the year	84,902	40,975
Attributable to:		
Equity holders of the Company	65,981	40,975
Minority interests	18,921	-
	84,902	40,975

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

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

The amount of dividends paid by the Company since 31 December 2006 were as follows:

In respect of the financial year ended 31 December 2007:

	RM'000
First interim dividend of 1.5% less 27% taxation, on 436,458,652 ordinary shares, declared on 23 May 2007 and paid on 19 June 2007	4,779
Second interim dividend of 1.5% less 27% taxation, on 436,458,652 ordinary shares, declared on 20 November 2007 and paid on 17 December 2007	4,779
Total	9,558

DIRECTORS' REPORT (CONT'D)

DIVIDENDS (CONT'D)

The directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2007.

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	(Chief Financial Officer/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 9 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 39 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 are as follows:

	← NUMBER OF ORDINARY SHARES OF RM1.00 EACH →			
	1 JANUARY 2007	ACQUIRED	SOLD	31 DECEMBER 2007
DIRECT				
Tan Sri Razali Ismail	250,000	-	-	250,000
Dato' Seri H'ng Bok San	3,876 #	-	-	3,876 #
H'ng Chun Hsiang	674,000	150,000	-	824,000
Kon Ted Liuk	-	620,000	(50,000)	570,000
Dato' N. Sadasivan	50,000	-	-	50,000
Lai Chang Hun	632,550	10,000	(40,000)	602,550
Wan Ismail Wan Nik	1,361,520	410,500	-	1,772,020
H'ng Hsieh Ling (Alternate Director)	449,333	-	-	449,333
DEEMED				
Dato' Seri H'ng Bok San	54,330,467 *	1,676,000	-	56,006,467 *
H'ng Chun Hsiang	51,080,606 **	320,000	-	51,400,606 **
H'ng Hsieh Ling (Alternate Director)	51,086,606 ***	320,000	-	51,406,606 ***
Kon Ted Liuk	-	70,000	-	70,000 ##
Lai Chang Hun	-	3,683,896	-	3,683,896 >>

Held in trust for shareholders of the Company.

* Deemed interest in shares held by Zun Holdings Sdn. Bhd. and shares held by his spouse and children by virtue of Section 6A(4)(C), Section 122A and Section 134(12)(C) of the Companies Act, 1965.

** Deemed interest in shares held by Zun Holdings Sdn. Bhd. by virtue of Section 6A(4)(C) and Section 122A of the Companies Act, 1965.

*** Deemed interest in shares held by Zun Holdings Sdn. Bhd. and shares held by her spouse by virtue of Section 6A(4)(C), Section 122A and Section 134(12)(C) of the Companies Act, 1965.

Deemed interest in shares held by his spouse by virtue of Section 122A and Section 134(12)(C) of the Companies Act, 1965.

>> Deemed interest in shares held by Laico Jaya Sdn. Bhd. and shares held by his children by virtue of Section 6A(4)(C), Section 122A and Section 134(12)(C) of the Companies Act, 1965.

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 for the Group and that adequate allowance has been made for doubtful debts in the financial statements of the Group; and
 - there were no known bad debts and that adequate allowance had been made for doubtful debts in the financial statements of the Company; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would:
- (i) render the amount written off for bad debts or provided for as doubtful debts in the financial statements of the Group inadequate to any substantial extent or require any debt to be written off as bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) render 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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(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 42 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 43 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 April 2008.

H'NG CHUN HSIANG
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

KON TED LIUK
DEPUTY MANAGING DIRECTOR

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 43 to 133 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 April 2008.

H'NG CHUN HSIANG
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

KON TED LIUK
DEPUTY MANAGING DIRECTOR

41

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, KON TED LIUK, 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 43 to 133 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 KON TED LIUK
at Georgetown in the State of Penang
on 3 April 2008 :

KON TED LIUK

Before me,

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

REPORT OF THE AUDITORS TO THE MEMBERS

OF LEADER UNIVERSAL HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 43 to 133. 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 Financial Reporting 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 2007 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 17 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 material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG

AF: 0039

Chartered Accountants

Penang, Malaysia

Date: 3 April 2008

LIM ENG HUAT

No. 2403/04/09 (J)

Partner

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Revenue	3	2,821,735	2,365,016	76,774	21,430
Cost of sales	4	(2,618,659)	(2,204,538)	-	-
GROSS PROFIT		203,076	160,478	76,774	21,430
Other income	5	16,318	6,055	1,752	-
Administrative expenses		(55,207)	(40,147)	(2,886)	(751)
Selling and marketing expenses		(31,111)	(31,627)	-	-
Other expenses		(7,374)	(3,219)	(8,660)	51,843
OPERATING PROFIT		125,702	91,540	66,980	72,522
Finance costs	6	(35,823)	(29,814)	(10,397)	(5,479)
Share of profits of associates		4,654	4,038	-	-
PROFIT BEFORE TAX	7	94,533	65,764	56,583	67,043
Income tax expense	10	(9,631)	(10,103)	(15,608)	-
PROFIT FOR THE YEAR		84,902	55,661	40,975	67,043
Attributable to:					
Equity holders of the Company		65,981	35,315	40,975	67,043
Minority interests		18,921	20,346	-	-
		84,902	55,661	40,975	67,043
EARNINGS PER SHARE ATTRIBUTABLE					
TO EQUITY HOLDERS OF THE					
COMPANY (SEN):					
Basic, for profit for the year	11	15.12	8.09		

BALANCE SHEETS

AS AT 31 DECEMBER 2007

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	13	279,147	302,697	460	469
Land held for property development	14	14,543	14,543	-	-
Investment properties	15	46,833	25,163	-	-
Prepaid land lease payments	16	15,568	18,890	-	-
Investments in subsidiaries	17	-	-	107,821	119,839
Investments in associates	18	24,088	19,943	7,369	7,369
Amounts due from associates	19	10,065	43,736	10,065	36,031
Other investments	20	7,767	10,039	17	2,540
Other non-current assets	21	2,574	-	2,574	-
Deferred tax assets	32	74	1,269	-	-
		400,659	436,280	128,306	166,248
CURRENT ASSETS					
Property development costs	14	23,723	35,866	-	-
Inventories	22	239,351	270,621	-	-
Amounts due from subsidiaries	23	-	-	77,502	72,599
Amounts due from associates	19	11,216	5,356	2,567	809
Redeemable preference shares	24	1,888	-	1,888	-
Tax recoverable		504	162	118	91
Trade and other receivables	25	445,386	449,914	2,079	2,765
Cash and bank balances	26	208,277	144,480	53,370	32,058
		930,345	906,399	137,524	108,322
Assets held for sale	27	9,888	8,648	-	-
		940,233	915,047	137,524	108,322
TOTAL ASSETS		1,340,892	1,351,327	265,830	274,570

BALANCE SHEETS

AS AT 31 DECEMBER 2007 (CONT'D)

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the company					
Share capital	28	436,459	436,459	436,459	436,459
Other reserves	29	91,616	87,737	54,829	54,829
Accumulated losses		(94,722)	(152,968)	(402,653)	(434,070)
		433,353	371,228	88,635	57,218
Minority interests		98,495	113,340	-	-
TOTAL EQUITY		531,848	484,568	88,635	57,218
NON-CURRENT LIABILITIES					
Borrowings	30	141,218	186,849	90,126	120,206
Retirement benefit obligations	31	4,222	4,346	3,639	3,639
Deferred tax liabilities	32	22,684	34,072	-	-
Other non-current liabilities	33	-	571	-	571
		168,124	225,838	93,765	124,416
CURRENT LIABILITIES					
Amounts due to subsidiaries	23	-	-	46,073	48,330
Provision	34	495	519	-	-
Borrowings	30	375,401	361,946	30,080	40,282
Trade and other payables	35	262,578	277,180	7,277	4,324
Current tax payable		2,446	1,276	-	-
		640,920	640,921	83,430	92,936
TOTAL LIABILITIES		809,044	866,759	177,195	217,352
TOTAL EQUITY AND LIABILITIES		1,340,892	1,351,327	265,830	274,570

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

GROUP	ATTRIBUTABLE TO EQUITY HOLDERS					
	OF THE COMPANY				MINORITY INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	RESERVES (NOTE 29)	ACCUMULATED LOSSES	TOTAL		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
AT 1 JANUARY 2006	436,459	93,604	(184,811)	345,252	108,210	453,462
Foreign currency translation	-	(4,881)	-	(4,881)	(3,401)	(8,282)
Transfer of asset revaluation reserve	-	(1,242)	1,242	-	-	-
Deferred tax (Note 32)	-	256	-	256	-	256
Net income and expense recognised directly in equity	-	(5,867)	1,242	(4,625)	(3,401)	(8,026)
Profit for the year	-	-	35,315	35,315	20,346	55,661
Total recognised income and expense for the year	-	(5,867)	36,557	30,690	16,945	47,635
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	(11,815)	(11,815)
Dividends (Note 12)	-	-	(4,714)	(4,714)	-	(4,714)
AT 31 DECEMBER 2006	436,459	87,737	(152,968)	371,228	113,340	484,568
AT 1 JANUARY 2007	436,459	87,737	(152,968)	371,228	113,340	484,568
Foreign currency translation	-	6,913	-	6,913	(2,897)	4,016
Transfer of asset revaluation reserve:						
Group	-	(129)	129	-	-	-
Associates	-	787	489	1,276	-	1,276
Revaluation deficit (Note 13)	-	(2,878)	-	(2,878)	(484)	(3,362)
Impairment losses (Note 16)	-	(2,672)	-	(2,672)	-	(2,672)
Deferred tax (Note 32)	-	3,302	-	3,302	332	3,634
Disposal of subsidiaries	-	(1,444)	1,205	(239)	(14,315)	(14,554)
Net income and expense recognised directly in equity	-	3,879	1,823	5,702	(17,364)	(11,662)
Profit for the year	-	-	65,981	65,981	18,921	84,902
Total recognised income and expense for the year	-	3,879	67,804	71,683	1,557	73,240
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	(16,402)	(16,402)
Dividends (Note 12)	-	-	(9,558)	(9,558)	-	(9,558)
AT 31 DECEMBER 2007	436,459	91,616	(94,722)	433,353	98,495	531,848

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007 (CONT'D)

	NOTE	SHARE CAPITAL	OTHER RESERVES (NOTE 29)	ACCUMULATED LOSSES	TOTAL
COMPANY		RM'000	RM'000	RM'000	RM'000
AT 1 JANUARY 2006		436,459	54,829	(496,399)	(5,111)
Profit for the year, representing total recognised income and expense for the year		-	-	67,043	67,043
Dividends	12	-	-	(4,714)	(4,714)
AT 31 DECEMBER 2006		436,459	54,829	(434,070)	57,218
AT 1 JANUARY 2007		436,459	54,829	(434,070)	57,218
Profit for the year, representing total recognised income and expense for the year		-	-	40,975	40,975
Dividends	12	-	-	(9,558)	(9,558)
At 31 December 2007		436,459	54,829	(402,653)	88,635

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Profit for the year		84,902	55,661	40,975	67,043
Adjustments for:					
Dividend income	3	(23)	(19)	(74,376)	(12,929)
Interest income	3&5	(5,334)	(4,846)	(2,398)	(8,501)
Finance costs	6	35,823	29,814	10,397	5,479
Allowance for doubtful debts					
- trade receivables	7	5,238	4,168	-	-
- other receivables	7	2,485	1,034	2,334	-
- amounts due from subsidiaries	7	-	-	1	-
- amount due from associate	7	5,058	-	-	-
Amortisation of prepaid land					
lease payments	7	443	575	-	-
Bad debts written off	7	7	3,093	-	-
Reversal of impairment loss on					
other investment	7	(581)	(278)	-	-
Impairment loss on land held for					
property development	7	-	644	-	-
Fair value adjustment of					
investment properties	7	330	409	-	-
Gain on disposal of					
investment properties	7	-	(178)	-	-
Net unrealised foreign					
exchange losses	7	1,853	4,513	6,463	4,300
Gain on disposal of investment					
in an associate	7	-	(1,231)	-	-
Impairment loss on prepaid land					
lease payments	7	17	-	-	-
Inventories					
- allowance for write down	7	4,931	914	-	-
Gain on disposal and deconsolidation					
of subsidiaries	7	(9,407)	(2)	(1,700)	-
Impairment loss on other investments	7	-	1,331	-	1,312

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007 (CONT'D)

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Property, plant and equipment					
- revaluation deficit	7	436	-	-	-
- depreciation	7	28,420	29,710	268	189
- gain on disposal	7	(752)	(310)	-	-
- written off	7	8,711	2,092	-	-
- impairment losses	7	1,018	-	-	-
Provision for liquidated damages	7	1,004	519	-	-
Liquidated damages claimable	7	-	(519)	-	-
Gain on disposal of quoted investments	7	(1)	-	-	-
Share of profits of associates		(4,654)	(4,038)	-	-
Write back of allowance for doubtful debts					
- trade receivables	7	(615)	(2,822)	-	-
- other receivables	7	(97)	-	-	-
- amounts due from subsidiaries	7	-	-	(545)	(51,002)
Income tax expense	10	9,631	10,103	15,608	-
Operating profit/(loss) before working capital changes		168,843	130,337	(2,973)	5,891
- property development costs and land held for property development		12,144	1,968	-	-
- inventories		10,683	(30,979)	-	-
- receivables		(45,169)	(65,050)	(4,222)	(54)
- amounts due from associates		2,504	2,645	24,208	(643)
- payables		22,183	36,936	2,382	(1,613)
- intercompany balances		-	-	(13,076)	136,765
- liquidated damages paid		(1,028)	-	-	-
Cash generated from operations		170,160	75,857	6,319	140,346
Tax (paid)/refund		(13,753)	(3,858)	91	-
Net cash generated from operating activities		156,407	71,999	6,410	140,346

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007 (CONT'D)

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING					
ACTIVITIES					
Proceeds from redemption of other investment		635	-	635	-
Proceeds from disposal of investment properties		-	1,620	-	-
Proceeds from prepaid land lease payments		-	768	-	-
Proceeds from disposal and deconsolidation of subsidiaries	17	18,391	2	13,715	-
Proceeds from disposal of an associate		-	1,241	-	-
Purchase of property, plant and equipment	13	(41,265)	(12,144)	(259)	(61)
Interest received		5,334	4,846	2,398	8,501
Proceeds from disposal of quoted investments		4	-	-	-
Proceeds from disposal of property, plant and equipment		2,104	3,412	-	-
Dividend received		45	279	58,650	2,368
Net cash (used in)/generated from investing activities		(14,752)	24	75,139	10,808
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of Murabahah Medium Term Notes		-	50,000	-	50,000
Dividends paid to minority shareholders of a subsidiary		(16,402)	(11,815)	-	-
Proceeds from short term bank borrowings		59,748	101,779	-	-
Hire purchase drawdown		13,718	656	-	-
Repayment of hire purchase		(2,145)	(283)	(70)	(79)
Dividends paid	12	(9,558)	(4,714)	(9,558)	(4,714)
Proceed from term loan		-	87,925	-	-

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007 (CONT'D)

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Repayment of short term bank borrowings		(44,816)	(21,018)	-	-
ECB buyback		-	(30,790)	-	(30,790)
Finance costs paid		(35,931)	(42,591)	(11,414)	(18,255)
Repayment of ECB		(39,195)	(127,028)	(39,195)	(127,028)
Repayment of term loans		-	(21,981)	-	-
Net cash used in financing activities		(74,581)	(19,860)	(60,237)	(130,866)
NET INCREASE IN CASH AND CASH EQUIVALENTS		67,074	52,163	21,312	20,288
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		144,327	94,164	32,058	11,770
FOREIGN EXCHANGE DIFFERENCES		(3,156)	(2,000)	-	-
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	A	208,245	144,327	53,370	32,058

A. Cash and cash equivalents comprise:

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	26	208,277	144,480	53,370	32,058
Bank overdrafts	30	(32)	(153)	-	-
		208,245	144,327	53,370	32,058

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

1. CORPORATE INFORMATION

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 registered office of the Company is located at Suite 7A, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and the associates are respectively described in Note 17 and Note 18. There have been no significant changes in the nature of the principal activities during the financial year, other than as disclosed in Note 17.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land included within property, plant and equipment and investment properties that have been measured at their fair values.

The financial statements are prepared in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) SUBSIDIARIES AND BASIS OF CONSOLIDATION

i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(A) SUBSIDIARIES AND BASIS OF CONSOLIDATION (CONT'D)

ii. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(B) ASSOCIATES

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(B) ASSOCIATES (CONT'D)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(C) JOINTLY CONTROLLED ENTITIES

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

(D) INTANGIBLE ASSETS

GOODWILL

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(E) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(E) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONT'D)

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(F) INVESTMENT PROPERTIES

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(G) 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.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of assets, other than investment properties, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each CGU, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) INVENTORIES

Inventories are stated at lower of cost and net realisable value.

Cost is determined using weighted average basis. The cost of raw materials and consumables is determined on the weighted average basis. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. The cost of unsold properties 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 of completion and the estimated costs necessary to make the sale.

(J) 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. Interests, dividends and 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 in 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. Cash and Cash Equivalents

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

ii. Other Non-current Investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less accumulated impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

iii. Trade Receivables

Trade 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

iv. Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

v. Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

vi. 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.

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.

vii. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period 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.

viii. Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(K) LEASES

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(F)); and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

ii. Finance Leases – the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(E).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(K) LEASES (CONT'D)

iii. Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

iv. Operating Leases – the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(Q)(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(L) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(M) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(M) INCOME TAX (CONT'D)

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 as income or an expense and included in the profit or loss for the period, 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 the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(N) PROVISIONS

Provisions 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(O) EMPLOYEE BENEFITS

i. Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(O) EMPLOYEE BENEFITS (CONT'D)

ii. Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

iii. Defined Benefit Plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

iv. Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(P) FOREIGN CURRENCIES

i. Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

ii. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company’s net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company’s financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(P) FOREIGN CURRENCIES (CONT'D)

iii. Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(Q) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of Goods

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

ii. Sale of Properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(G)(ii).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(Q) REVENUE RECOGNITION (CONT'D)

iii. Revenue from Services

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

iv. Rental Income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

v. Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

vi. Dividend Income

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

vii. Revenue from Power Generation

Revenue from power generation represents the electricity supplied to the customer which is recognised based on the monthly energy and capacity charge on the electricity supplied to the customer.

(R) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations that is at the lower of carrying amount and fair value less costs to sell. Any difference is included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRS

On 1 January 2007, the Group adopted the following revised FRS and amendment to FRS:

FRS 124: Related Party Disclosures
Amendment to FRS 119₂₀₀₄: Employee Benefits

The Malaysian Accounting Standards Board ("MASB") has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which is effective for annual periods beginning on or after 1 January 2007. The FRS is, however not applicable to the Group.

The adoption of the Amendment to FRS 119₂₀₀₄ did not result in significant changes in accounting policies of the Group. The adoption of the revised FRS 124 gives rise to additional disclosures but did not result in significant changes in accounting policies of the Group.

2.4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRSs, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSS, AMENDMENTS TO FRS AND INTERPRETATIONS	EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Asset	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

FRSS, AMENDMENTS TO FRS AND INTERPRETATIONS	EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The above FRSS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:

FRS 112: INCOME TAXES

The Group does not recognise deferred tax assets on unabsorbed reinvestment allowances and unabsorbed exemption of income for the value of increased exports in accordance with paragraph 36 of FRS 112₂₀₀₄ Income Taxes. Under the revised FRS 112: Income Taxes, the Group will have to recognise deferred tax assets on such unabsorbed reinvestment allowances and unabsorbed exemption of income for the value of increased exports to the extent that it is probable that future taxable profit will be available against which they can be utilised. The initial adoption of this revised FRS will result in deferred tax assets on unabsorbed reinvestment allowances and unabsorbed exemption of income for the value of increased exports of the Group amounting to RM5,189,000 (2006: RM17,290,000) being recognised in the financial statements of the Group for the year ending 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(A) CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

The following are the judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

i. Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

During the financial year, the Group has temporarily sub-let a vacant shoplot but has decided not to treat this property as an investment property because it is not the Group's intention to hold this property in the long-term for capital appreciation or rental income. Accordingly, this property is still classified as property, plant and equipment.

ii. Allowance for doubtful debts

The policy for allowance for doubtful debts of the Group is based on the evaluation of collectibility and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional allowances may be required.

(B) KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(B) KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

i. Property development

The Group recognises property development revenue and expenses 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.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

ii. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM1,412,000 (2006: RM10,156,000) and the unrecognised tax losses and capital allowances of the Group was RM18,728,000 (2006: RM45,059,000).

iii. Income taxes

Significant estimation is involved in determining the group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iv. Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of electrical conductor grade copper rods and wires, telecommunication and power cables and aluminium rods is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 5 to 16 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

3. REVENUE

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

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Sale of goods, principally cable, wire and its related products	2,638,434	2,177,992	-	-
Revenue from power generation	158,935	153,557	-	-
Revenue from property development	21,160	30,534	-	-
Rendering of services	19	217	-	-
Dividends				
- subsidiaries	-	-	71,940	12,666
- associates	-	-	2,436	263
- equity investments, quoted in Malaysia	23	19	-	-
Interest income	1,675	1,227	2,398	8,501
Rental income from investment properties	1,489	1,470	-	-
	2,821,735	2,365,016	76,774	21,430

4. COST OF SALES

	GROUP	
	2007	2006
	RM'000	RM'000
Cost of inventories sold	2,486,916	2,074,233
Cost of services rendered	112,996	111,888
Property development costs (Note 14(b))	18,747	18,417
	2,618,659	2,204,538

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

5. OTHER INCOME

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Interest income	3,659	3,619	-	-
Insurance claim	315	257	-	-
Rental income	184	232	-	-
Gain on disposal of investments in subsidiaries (Note 17)	9,407	2	1,700	-
Gain on disposal of investments	-	1,233	-	-
Miscellaneous income	2,753	712	52	-
	16,318	6,055	1,752	-

6. FINANCE COSTS

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- bank borrowings	23,192	22,620	-	-
- hire purchase payable	587	48	11	12
- redemption premium payable	-	233	-	233
- Euroconvertible Bonds ("ECB")	1,092	8,166	1,092	8,166
- Murabahah Medium Term Notes ("MMTN")	9,180	9,267	9,180	9,267
Foreign exchange gains				
- realised	254	(416)	197	(416)
- unrealised	(1,018)	(9,124)	(1,018)	(9,124)
Overprovision of redemption premium in prior years	-	(2,011)	-	(2,011)
Legal/professional charges on:				
- ECB	-	27	-	27
- MMTN	909	40	909	40
Overprovision of legal charges	-	(765)	-	(765)
Others	1,627	1,729	26	50
	35,823	29,814	10,397	5,479

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts				
- trade receivables	5,238	4,168	-	-
- other receivables	2,485	1,034	2,334	-
- amounts due from subsidiaries	-	-	1	-
- amount due from associate	5,058	-	-	-
Amortisation of prepaid land lease payments (Note 16)	443	575	-	-
Auditors' remuneration				
- current year	344	285	93	70
- prior year	29	-	23	-
Bad debts written off	7	3,093	-	-
Depreciation (Note 13)	28,420	29,710	268	189
Direct operating expenses of investment properties:				
- Revenue generating during the year	1,828	2,070	-	-
- Non-revenue generating during the year	5	57	-	-
Employee benefits expense (Note 8)	70,750	60,804	-	-
Fair value adjustment of investment properties (Note 15)	330	409	-	-
Gain on disposal and deconsolidation of subsidiaries (Note 17)	(9,407)	(2)	(1,700)	-
Gain on disposal of investment in an associate	-	(1,231)	-	-
Gain on disposal of quoted investments	(1)	-	-	-
Gain on disposal of investment properties	-	(178)	-	-
Impairment loss on				
- other investments	-	1,331	-	1,312
- land held for property development (Note 14)	-	644	-	-
Lease rental	291	9	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

7. PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Net foreign exchange (gain)/losses				
- realised	(6,022)	(2,878)	298	91
- unrealised	1,853	4,513	6,463	4,300
Non-executive directors' remuneration (Note 9)	500	492	90	75
Property, plant and equipment				
- revaluation deficit included in cost of sales (Note 13)	436	-	-	-
- gain on disposal	(752)	(310)	-	-
- written off	8,711	2,092	-	-
- impairment losses included in cost of sales (Note 13)	1,018	-	-	-
Impairment loss on prepaid land lease payments included in cost of sales (Note 16)	17	-	-	-
Provision for liquidated damages (Note 34)	1,004	519	-	-
Liquidated damages claimable	-	(519)	-	-
Reversal of impairment loss on other investment	(581)	(278)	-	-
Operating leases:				
- minimum lease payment of land and buildings	709	1,076	123	123
Royalties	757	718	-	-
Inventories				
- allowance for write down	4,931	914	-	-
Write back of allowance for doubtful debts				
- trade receivables	(615)	(2,822)	-	-
- other receivables	(97)	-	-	-
- amounts due from subsidiaries	-	-	(545)	(51,002)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

8. EMPLOYEE BENEFITS EXPENSE

	GROUP	
	2007	2006
	RM'000	RM'000
Wages and salaries	56,802	51,139
Social security contributions	506	535
Contributions to defined contribution plan	6,464	4,760
Other benefits	6,978	4,370
	70,750	60,804

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM8,523,000 (2006: RM5,615,000) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group during the year are as follows:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Executive directors' remuneration (Note 8):				
Fees	13	8	-	-
Other emoluments	8,510	5,607	-	-
	8,523	5,615	-	-
Non-executive directors' remuneration (Note7):				
Fees	120	105	90	75
Other emoluments	380	387	-	-
	500	492	90	75
Total directors' remuneration (Note 39 (b))	9,023	6,107	90	75
Estimated money value of benefits-in-kind	236	251	-	-
Total directors' remuneration including benefits-in-kind	9,259	6,358	90	75

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

9. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration receivable by directors of the Company during the year are as follows:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	2,417	2,316	-	-
Fees	7	-	-	-
Bonuses	2,692	705	-	-
Defined contribution plan	935	440	-	-
Benefits-in-kind	72	71	-	-
	6,123	3,532	-	-
Non-Executive:				
Fees	100	85	90	75
Other emoluments	380	387	-	-
	480	472	90	75
	6,603	4,004	90	75

Directors' remuneration of the Company, other than fees, are reimbursed by the subsidiaries.

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	
	2007	2006
Executive directors:		
RM550,001 - RM600,000	-	1
RM850,001 - RM900,000	-	1
RM950,001 - RM1,000,000	-	1
RM1,050,001 - RM1,100,000	1	-
RM1,100,001 - RM1,150,000	-	1
RM1,300,001 - RM1,350,000	1	-
RM1,700,001 - RM1,750,000	1	-
RM1,950,001 - RM2,000,000	1	-
Non-Executive directors:		
RM0 - RM50,000	-	1
RM50,001 - RM100,000	3	2
RM100,001 - RM150,000	2	2

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

10. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	11,540	2,525	15,608	-
Foreign tax	3,123	3,431	-	-
	14,663	5,956	15,608	-
Underprovision in prior years:				
Malaysian income tax	12	26	-	-
	14,675	5,982	15,608	-
Deferred taxation (Note 32):				
Relating to origination and reversal				
of temporary differences	(2,657)	5,111	-	-
Relating to changes in rates	(813)	(841)	-	-
Overprovision in prior years	(1,574)	(149)	-	-
	(5,044)	4,121	-	-
Total income tax expense	9,631	10,103	15,608	-

Domestic current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years. The computation of deferred tax as at 31 December 2007 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

10. INCOME TAX EXPENSE (CONT'D)

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

GROUP	2007 RM'000	2006 RM'000
Profit before tax	94,533	65,764
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	25,524	18,414
Tax savings of 7% (2006: 8%) for first RM500,000 (2006: RM500,000) of chargeable income	(2)	(42)
Deferred tax asset not recognised on unused tax losses, unabsorbed capital allowances and deductible temporary differences	1,629	304
Effects of		
- changes in tax rates on opening balance of deferred tax	(837)	(713)
- different tax rates in other countries	(6,780)	(690)
- expenses not deductible for tax purposes	17,030	5,505
- income not subject to tax	(8,210)	(6,827)
- reversal of deferred tax liabilities on revaluation surplus	(1,828)	-
- control transfer of property, plant and equipment	(22)	-
- utilisation of current year's capital allowances	(52)	(26)
- utilisation of previously unrecognised tax losses	(269)	(52)
- utilisation of previously unrecognised unabsorbed capital allowances	(5)	(298)
- utilisation of previously unrecognised reinvestment allowances	(14,951)	(5,167)
- expenses eligible for double deductions	(58)	(54)
Deferred tax recognised at different tax rates	24	(128)
Underprovision of income tax in prior years	12	26
Overprovision of deferred tax in prior years	(1,574)	(149)
Tax expense for the year	9,631	10,103

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

10. INCOME TAX EXPENSE (CONT'D)

COMPANY	2007	2006
	RM'000	RM'000
Profit before tax	56,583	67,043
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	15,277	18,772
Effects of		
- expenses not deductible for tax purposes	5,878	4,060
- income not subject to tax	(5,495)	(22,786)
Effect of utilisation of current year's capital allowances	(52)	(26)
Group relief	-	(20)
Tax expense for the year	15,608	-

	GROUP	
	2007	2006
	RM'000	RM'000
Tax losses are analysed as follows:		
Unused tax losses carried forward	18,945	49,076
Unabsorbed capital allowances carried forward	1,195	6,139

11. EARNINGS PER SHARE

BASIC

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	GROUP	
	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	65,981	35,315
Number of ordinary shares in issue ('000)	436,459	436,459
Basic earnings per share (sen)	15.12	8.09

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

12. DIVIDENDS

	DIVIDENDS IN RESPECT OF YEAR		DIVIDENDS RECOGNISED IN YEAR	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
RECOGNISED DURING THE YEAR:				
First interim dividend for 2007: 1.5% less 27% taxation, on 436,458,652 ordinary shares (1.095 sen per ordinary share)	4,779	-	4,779	-
Second interim dividend for 2007: 1.5% less 27% taxation, on 436,458,652 ordinary shares (1.095 sen per ordinary share)	4,779	-	4,779	-
Interim dividend for 2006: 1.5% less 28% taxation, on 436,458,652 ordinary shares (1.08 sen per ordinary share)	-	4,714	-	4,714
	9,558	4,714	9,558	4,714

The directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	* LAND AND BUILDINGS	PLANT, MACHINERY AND TOOLS	FURNITURE, FIXTURES, FITTINGS AND EQUIPMENT	MOTOR VEHICLES	CON-STRUCTION- IN-PROGRESS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
AT 31 DECEMBER 2007						
COST/VALUATION						
At 1 January 2007						
At cost	14,535	442,326	58,847	13,698	4,615	534,021
At valuation	126,480	-	-	-	-	126,480
	141,015	442,326	58,847	13,698	4,615	660,501
Additions	1,357	22,613	3,048	2,193	12,054	41,265
Disposals	(411)	(3,095)	(115)	(1,312)	-	(4,933)
Revaluation deficit recognised in profit or loss (Note 7)	(436)	-	-	-	-	(436)
Revaluation deficit recognised in equity	(3,362)	-	-	-	-	(3,362)
Elimination of accumulated depreciation on revaluation	(13,808)	-	-	-	-	(13,808)
Write off	-	(24,003)	(7,223)	-	(121)	(31,347)
Reclassification	1,288	8,270	83	-	(9,641)	-
Reclassified as assets held for sale	(535)	-	(131)	-	-	(666)
Disposal of a subsidiary (Note 17)	(7,274)	(29,229)	(643)	(553)	-	(37,699)
Exchange differences	(588)	(5,743)	(72)	(43)	(146)	(6,592)
At 31 December 2007	117,246	411,139	53,794	13,983	6,761	602,923
Representing						
At cost	-	411,139	53,794	13,983	6,761	485,677
At valuation	117,246	-	-	-	-	117,246
At 31 December 2007	117,246	411,139	53,794	13,983	6,761	602,923

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

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

GROUP	* LAND AND BUILDINGS	PLANT, MACHINERY AND TOOLS	FURNITURE, FIXTURES, FITTINGS AND EQUIPMENT	MOTOR VEHICLES	CON-STRUCTION-IN-PROGRESS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
AT 31 DECEMBER 2007						
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
At 1 January 2007	16,968	284,957	45,480	10,399	-	357,804
Depreciation charge for the year (Note 7)	3,480	20,575	2,913	1,452	-	28,420
Disposals	(93)	(1,547)	(116)	(1,312)	-	(3,068)
Impairment losses recognised in profit or loss (Note 7)	135	883	-	-	-	1,018
Elimination of accumulated depreciation on revaluation	(13,808)	-	-	-	-	(13,808)
Write off	-	(18,530)	(4,106)	-	-	(22,636)
Reclassification	-	15	(15)	-	-	-
Reclassified as assets held for sale	(384)	-	(82)	-	-	(466)
Disposal of a subsidiary (Note 17)	(384)	(18,284)	(521)	(520)	-	(19,709)
Exchange differences	(225)	(3,425)	(92)	(37)	-	(3,779)
At 31 December 2007	5,689	264,644	43,461	9,982	-	323,776
NET CARRYING AMOUNT						
At cost	-	146,495	10,333	4,001	6,761	167,590
At valuation	111,557	-	-	-	-	111,557
At 31 December 2007	111,557	146,495	10,333	4,001	6,761	279,147

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

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

GROUP	* LAND AND BUILDINGS RM'000	PLANT, MACHINERY AND TOOLS RM'000	FURNITURE, FIXTURES, FITTINGS AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CON-STRUCTION-IN-PROGRESS RM'000	TOTAL RM'000
AT 31 DECEMBER 2006						
COST/VALUATION						
At 1 January 2006						
At cost	23,591	451,301	57,825	13,227	1,181	547,125
At valuation	131,152	-	-	-	-	131,152
	154,743	451,301	57,825	13,227	1,181	678,277
Additions	202	4,526	1,612	1,217	4,587	12,144
Disposals	(1,810)	(4,297)	(26)	(657)	(342)	(7,132)
Write off	-	(4,083)	(80)	(43)	-	(4,206)
Reclassification	(2,620)	3,384	(396)	-	(811)	(443)
Reclassified as assets						
held for sale	(8,648)	-	-	-	-	(8,648)
Exchange differences	(852)	(8,505)	(88)	(46)	-	(9,491)
At 31 December 2006	141,015	442,326	58,847	13,698	4,615	660,501
Representing						
At cost	14,535	442,326	58,847	13,698	4,615	534,021
At valuation	126,480	-	-	-	-	126,480
At 31 December 2006	141,015	442,326	58,847	13,698	4,615	660,501
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
At 1 January 2006	16,115	271,032	42,447	9,844	-	339,438
Depreciation charge for						
the year (Note 7)	3,681	21,535	3,424	1,070	-	29,710
Disposals	(543)	(3,003)	(25)	(459)	-	(4,030)
Write off	-	(2,029)	(65)	(20)	-	(2,114)
Reclassification	(2,050)	1,804	(191)	-	-	(437)
Exchange differences	(235)	(4,382)	(110)	(36)	-	(4,763)
At 31 December 2006	16,968	284,957	45,480	10,399	-	357,804
NET CARRYING AMOUNT						
At cost	12,496	157,369	13,367	3,299	4,615	191,146
At valuation	111,551	-	-	-	-	111,551
At 31 December 2006	124,047	157,369	13,367	3,299	4,615	302,697

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

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

* LAND AND BUILDINGS

GROUP	FREEHOLD		TOTAL RM'000
	LAND RM'000	BUILDINGS RM'000	
AT 31 DECEMBER 2007			
COST/VALUATION			
At 1 January 2007			
At cost	-	14,535	14,535
At valuation	34,680	91,800	126,480
	34,680	106,335	141,015
Additions	-	1,357	1,357
Disposals	-	(411)	(411)
Revaluation deficit recognised in profit or loss	-	(436)	(436)
Revaluation deficit recognised in equity	2,020	(5,382)	(3,362)
Elimination of accumulated depreciation on revaluation	-	(13,808)	(13,808)
Reclassification	-	1,288	1,288
Reclassified as assets held for sale	-	(535)	(535)
Disposal of a subsidiary	(3,000)	(4,274)	(7,274)
Exchange differences	-	(588)	(588)
At 31 December 2007	33,700	83,546	117,246
Representing			
At cost	-	-	-
At valuation	33,700	83,546	117,246
At 31 December 2007	33,700	83,546	117,246
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
At 1 January 2007	-	16,968	16,968
Depreciation charge for the year	-	3,480	3,480
Disposals	-	(93)	(93)
Impairment loss recognised in profit or loss	-	135	135
Elimination of accumulated depreciation on revaluation	-	(13,808)	(13,808)
Reclassified as assets held for sale	-	(384)	(384)
Disposal of a subsidiary	-	(384)	(384)
Exchange differences	-	(225)	(225)
At 31 December 2007	-	5,689	5,689
NET CARRYING AMOUNT			
At cost	-	-	-
At valuation	33,700	77,857	111,557
At 31 December 2007	33,700	77,857	111,557

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

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

* LAND AND BUILDINGS (CONT'D)

GROUP	FREEHOLD		
	LAND RM'000	BUILDINGS RM'000	TOTAL RM'000
AT 31 DECEMBER 2006			
COST/VALUATION			
At 1 January 2006			
At cost	8,236	15,355	23,591
At valuation	34,680	96,472	131,152
	42,916	111,827	154,743
Additions	-	202	202
Disposals	-	(1,810)	(1,810)
Reclassification	-	(2,620)	(2,620)
Reclassified as assets held for sale	(8,299)	(349)	(8,648)
Exchange differences	63	(915)	(852)
At 31 December 2006	34,680	106,335	141,015
Representing			
At cost	-	14,535	14,535
At valuation	34,680	91,800	126,480
At 31 December 2006	34,680	106,335	141,015
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
At 1 January 2006	-	16,115	16,115
Depreciation charge for the year	-	3,681	3,681
Disposals	-	(543)	(543)
Reclassification	-	(2,050)	(2,050)
Exchange differences	-	(235)	(235)
At 31 December 2006	-	16,968	16,968
NET CARRYING AMOUNT			
At cost	-	12,496	12,496
At valuation	34,680	76,871	111,551
At 31 December 2006	34,680	89,367	124,047

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

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

COMPANY	MOTOR VEHICLE RM'000	FURNITURE, FIXTURES, FITTINGS AND EQUIPMENT RM'000	TOTAL RM'000
AT 31 DECEMBER 2007			
COST			
At 1 January 2007	438	630	1,068
Additions	-	259	259
At 31 December 2007	438	889	1,327
ACCUMULATED DEPRECIATION			
At 1 January 2007	176	423	599
Depreciation charge for the year (Note 7)	88	180	268
At 31 December 2007	264	603	867
NET CARRYING AMOUNT			
At 31 December 2007	174	286	460
AT 31 DECEMBER 2006			
COST			
At 1 January 2006	438	569	1,007
Additions	-	61	61
At 31 December 2006	438	630	1,068
ACCUMULATED DEPRECIATION			
At 1 January 2006	88	322	410
Depreciation charge for the year (Note 7)	88	101	189
At 31 December 2006	176	423	599
NET CARRYING AMOUNT			
At 31 December 2006	262	207	469

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

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

- (a) Freehold land and buildings were revalued during the financial year by Henry Butcher Malaysia Sdn. Bhd., an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis. The revaluation led to the recognition of revaluation deficit in profit or loss of RM436,000 (included in "Cost of Sales" as disclosed in Note 7) and in equity of RM3,362,000.
- (b) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM41,265,000 (2006: RM12,144,000) and RM259,000 (2006: RM61,000) respectively of which RM13,718,000 (2006: RM656,000) were acquired by means of hire purchase payables arrangements. Net carrying amounts of property, plant and equipment held under hire purchase payable arrangements are as follows:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	16,324	-	-	-
Furniture, fixtures and fittings	189	224	-	-
Motor vehicles	1,535	1,256	174	262
	18,048	1,480	174	262

Included in motor vehicles held under hire purchase is a motor vehicle with a net carrying amount of RM645,000 (2006: RMNil) which is held in trust by Dato' Seri H'ng Bok San, a director of the Company.

Details of the terms and conditions of the hire purchase payable arrangements are disclosed in Note 30.1.

- (c) Had the revalued properties been carried under the cost model, the net carrying amount as at the end of the financial year would be as follows:

	GROUP	
	2007	2006
	RM'000	RM'000
Freehold land	7,801	8,308
Buildings	56,205	53,090
	64,006	61,398

Included in buildings of the Group are apartments with net carrying amount of RM130,000 (2006: RM156,400) for which the strata titles are being applied for.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

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

- (d) The management of Leader Cable Industry Berhad, a subsidiary of the Group included within the cable and wire segment, has carried out a review of the recoverable amount of its building during the current financial year before the building was reclassified as held for sale. The review has led to the recognition of an impairment loss of RM135,000 (included in "Cost of Sales" as disclosed in Note 7). The recoverable amount was based on fair value less costs to sell. The fair value of the building was obtained from the sale and purchase agreement entered into between a willing buyer and a willing seller.
- (e) The management of Alpha Industries Berhad, a subsidiary of the Group included within the cable and wire segment, has carried out a review of the recoverable amount of its plant, machinery and tools during the current financial year because the machine required high repair and maintenance to sustain its productivity. The review has led to the recognition of an impairment loss of RM883,000 (included in "Cost of Sales" as disclosed in Note 7). The recoverable amount was based on fair value less costs to sell. The fair value of the machinery was obtained from the supplier of the Outokumpu Machine by reference to an active market.

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

GROUP	FREEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
(A) LAND HELD FOR PROPERTY DEVELOPMENT			
AT 31 DECEMBER 2007			
COST			
At 1 January and 31 December 2007	3,626	11,561	15,187
ACCUMULATED IMPAIRMENT LOSSES			
At 1 January and 31 December 2007	-	(644)	(644)
Carrying amount at 31 December 2007	3,626	10,917	14,543
AT 31 DECEMBER 2006			
COST			
At 1 January and 31 December 2006	3,626	11,561	15,187
ACCUMULATED IMPAIRMENT LOSSES			
At 1 January 2006	-	-	-
Impairment loss for the year (Note 7)	-	(644)	(644)
At 31 December 2006	-	(644)	(644)
Carrying amount at 31 December 2006	3,626	10,917	14,543

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

GROUP	FREEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
(B) PROPERTY DEVELOPMENT COSTS			
AT 31 DECEMBER 2007			
CUMULATIVE PROPERTY DEVELOPMENT COSTS			
At 1 January 2007	22,826	74,675	97,501
Costs incurred during the year	-	6,604	6,604
At 31 December 2007	22,826	81,279	104,105
CUMULATIVE COSTS RECOGNISED IN INCOME STATEMENT			
At 1 January 2007	(9,090)	(52,545)	(61,635)
Recognised during the year (Note 4)	(4,881)	(13,866)	(18,747)
At 31 December 2007	(13,971)	(66,411)	(80,382)
Property development costs at 31 December 2007	8,855	14,868	23,723
AT 31 DECEMBER 2006			
CUMULATIVE PROPERTY DEVELOPMENT COSTS			
At 1 January 2006	22,826	58,227	81,053
Costs incurred during the year	-	16,448	16,448
At 31 December 2006	22,826	74,675	97,501
CUMULATIVE COSTS RECOGNISED IN INCOME STATEMENT			
At 1 January 2006	(3,913)	(39,305)	(43,218)
Recognised during the year (Note 4)	(5,177)	(13,240)	(18,417)
At 31 December 2006	(9,090)	(52,545)	(61,635)
Property development costs at 31 December 2006	13,736	22,130	35,866

Included in property development costs are expenditure incurred in respect of a collaboration agreement with the 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 contributed RM650,000 and RM350,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

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.

15. INVESTMENT PROPERTIES

	GROUP	
	2007	2006
	RM'000	RM'000
At January	25,163	27,014
Addition	22,000	-
Disposals	-	(1,442)
Fair value adjustment (Note 7)	(330)	(409)
At 31 December	46,833	25,163

The following investment property is held under lease terms:

	GROUP	
	2007	2006
	RM'000	RM'000
Leasehold land	6,000	-
Buildings	16,000	-
	22,000	-

Investment properties comprise industrial and commercial properties. The commercial units are leased to third parties (Note 36(b)).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

16. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2007	2006
	RM'000	RM'000
At January	18,890	20,233
Amortisation for the year (Note 7)	(443)	(575)
Disposal	-	(768)
Reclassified as assets held for sale	(190)	-
Impairment loss recognised in profit or loss (Note 7)	(17)	-
Impairment loss recognised in equity	(2,672)	-
At 31 December	15,568	18,890
Analysed as:		
Long term leasehold land	4,388	4,457
Short term leasehold land	11,180	14,433
	15,568	18,890

Included in short term leasehold land of the Group is leasehold land with carrying value of RMNil (2006: RM546,875) which is still in the process of being registered in a subsidiary's name.

The management of the Group has carried out a review of the recoverable amount of its prepaid land lease payments during the current financial year. The review has led to the recognition of an impairment loss of RM17,000 (included in "Cost of Sales" as disclosed in Note 7). The recoverable amount was based on fair value less costs to sell. In determining fair value less costs to sell, the prepaid land lease payments were revalued during the financial year by Henry Butcher Malaysia Sdn. Bhd., an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

17. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2007	2006
	RM'000	RM'000
Unquoted shares:		
At cost	107,858	119,876
Less: Accumulated impairment losses	(37)	(37)
	107,821	119,839

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES
		2007 %	2006 %	
HELD BY THE COMPANY:				
Leader Cable Industry Berhad *	Malaysia	100.00	100.00	Manufacture and sale of telecommunication and power cables
Universal Cable (M) Berhad *	Malaysia	100.00	100.00	Manufacture and sale of telecommunication and power cables and aluminium rods
Alpha Industries Berhad *	Malaysia	51.00	51.00	Manufacture and sale of copper rods
Leader Asia-Pacific Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding
Leader Agency Sdn. Bhd. *	Malaysia	100.00	100.00	Insurance agent
Leader Lifecare Sdn. Bhd. *	Malaysia	100.00	100.00	Insurance agent
Leader Universal Properties Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding
Leader Universal Marketing Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Leader International Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Leader Copper Products Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
KPU-LEADER Consortium Sdn. Bhd.	Malaysia	100.00	100.00	Wound up w.e.f 7 January 2008
Leader Diamond Dies Manufacturing Sdn. Bhd.	Malaysia	-	100.00	Wound up w.e.f 27 December 2007
Leader Data Cable Sdn. Bhd.	Malaysia	-	100.00	Wound up w.e.f 27 December 2007

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES
		2007 %	2006 %	
HELD BY THE COMPANY (CONT'D):				
Leader-GoldStar Electronic Wire Sdn. Bhd.	Malaysia	-	Nil#	Wound up w.e.f 18 July 2007
Leader LS Magnet Wire Sdn. Bhd.	Malaysia	Disposed	51.00	Manufacture and sale of single and double coated copper enamelled wires and aluminium enamelled wires
Leader Universal (Hong Kong) Company Limited **	Hong Kong	100.00	100.00	Investment holding
Leader Universal (CNMI) Incorporated	Commonwealth of Northern Marianna Islands	-	100.00	Wound up w.e.f 31 December 2007
Leader Power International Cambodia Incorporated *	British Virgin Islands	100.00	-	Dormant
Leader Power International (Pakistan) Incorporated *	Cayman Islands	100.00	-	Dormant
Leader Infrastructure Limited *	Cayman Islands	100.00	-	Dormant
Leader Universal (Labuan) Limited **	Federal Territory of Labuan, Malaysia	100.00	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES
		2007 %	2006 %	
HELD THROUGH SUBSIDIARIES:				
Leader Properties Sdn. Bhd. (formerly known as Penang Pewter & Metal Arts Sdn. Bhd.) *	Malaysia	100.00	100.00	Property investment holding
L C I Property Development Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding
Leader Garden Sdn. Bhd. *	Malaysia	100.00	100.00	Property investment and development
Dolphin Square Sdn. Bhd. *	Malaysia	100.00	100.00	Property development
Leader Holdings Sdn. Bhd. *	Malaysia	100.00	100.00	Letting and management of properties
Exogold Sdn. Bhd. *	Malaysia	100.00	100.00	Property development
Million Crest (M) Sdn. Bhd. *	Malaysia	96.80	96.80	Property development
Central Pahang Iron Mining Sdn. Bhd. *	Malaysia	51.00	51.00	Property investment holding
Leader Metal Enterprise Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Leader Engineering Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Northern Wire & Cable Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Leader Universal Aluminium Sdn. Bhd. (formerly known as Chong Shing Cables Sdn. Bhd.) *	Malaysia	100.00	100.00	Dormant
Universal Cable Engineering Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Leader Pewter Sdn. Bhd.	Malaysia	-	100.00	Wound up w.e.f 27 December 2007
Leader Plantation Sdn. Bhd.	Malaysia	100.00	100.00	Wound up w.e.f 31 January 2008
Leader Brass Products Sdn. Bhd.	Malaysia	-	Nil#	Wound up w.e.f 12 November 2007
Leader Credit & Leasing Sdn. Bhd.	Malaysia	-	Nil#	Wound up w.e.f 12 November 2007

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES
		2007	2006	
		%	%	
HELD THROUGH SUBSIDIARIES (CONT'D):				
Leader Universal (Labuan) Limited	Federal Territory of Labuan, Malaysia	-	100.00	Dormant
Leader Cable Philippines Corporation ***	Philippines	100.00	100.00	Dormant
LR Philippines Realty Corporation ***	Philippines	70.60	70.60	Property investment holding
LC Holdings Corporation ***	Philippines	64.00	64.00	Investment holding
Cambodia Utilities Pte. Ltd. ***	Cambodia	60.00	60.00	Power generation
Leader Universal (Mauritius) Co. Ltd.	Republic of Mauritius	10.00##	63.00	Investment holding
Shantou Hi-Tech Indu. Deve. Dist. Sinda Cable Company Limited	People's Republic of China	Nil#	Nil#	Under liquidation
Incab Industries Limited	India	Disposed	Nil#	Manufacture and sale of cables (Under the jurisdiction of the Board of Industrial and Financial Reconstruction in India)

* Audited by Ernst & Young, Malaysia

** Audited by member firms of Ernst & Young Global in the respective countries

*** Audited by firm other than Ernst & Young

Nil because of loss of control

Ceased to be a subsidiary during the financial year

5 million ordinary shares of USD1 each of a subsidiary, Leader Universal (Hong Kong) Company Limited ("LUHK") have been earmarked as the identifiable assets for the purposes of the MMTN as disclosed in Note 30.3. The unquoted shares of a subsidiary, Cambodia Utilities Pte. Ltd. with a carrying value of USD7.2 million are being held under lien by a licensed bank via a nominee company as security for term loan granted to LUHK as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

ACQUISITION OF SUBSIDIARIES

- (i) During the year, Leader Cable Industry Berhad ("LCIB") had disposed of the entire issued and paid-up share capital consisting of 500,000 ordinary shares of RM1.00 each in Leader Properties Sdn. Bhd. (formerly known as Penang Pewter & Metal Arts Sdn. Bhd.) ("LP") to Leader Universal Properties Sdn. Bhd. ("LUP") for a total cash consideration of RM500,000.00. LCIB and LUP are wholly-owned subsidiaries of the Company.

With the above disposal, LP is now held directly by LUP. LP is involved in property investment holding.

- (ii) On 28 December 2007, the Company had incorporated and completed the documentation of a wholly-owned subsidiary known as Leader Infrastructure Limited in the Cayman Islands for future use. It has an authorised share capital of USD50,000.00 consisting of 50,000 ordinary shares of USD1.00 each. Its issued and paid-up capital is USD1.00.
- (iii) On 27 March 2007, the Company had incorporated a new subsidiary known as Leader Power International Cambodia Incorporated in the British Virgin Islands. It has an authorised share capital of USD50,000.00 consisting of 50,000 ordinary shares of USD1.00 each. Its issued and paid-up capital is USD1.00.
- (iv) On 27 February 2007, the Company had incorporated a new subsidiary known as Leader Power International (Pakistan) Incorporated in the Cayman Islands. It has an authorised capital of USD50,000 consisting of 50,000 shares of par value of USD1.00 each. Its issued and paid-up capital is USD1.00.
- (v) During the last financial year, the 51% equity interest in Alpha Industries Berhad was transferred from Universal Cable (M) Berhad to the Company.

DISPOSAL AND DECONSOLIDATION OF SUBSIDIARIES

The Group has disposed of and deconsolidated the following companies:

- (i) On 31 December 2007, the Company had wound up Leader Universal (CNMI) Incorporated ("Leader CNMI"), a dormant wholly-owned subsidiary. In accordance with the laws and procedures on Members' Voluntary Winding-up of the Commonwealth of the Northern Mariana Islands, USA, Leader CNMI had been dissolved with effect from 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

DISPOSAL AND DECONSOLIDATION OF SUBSIDIARIES (CONT'D)

- (ii) On 27 December 2007, Leader Diamond Dies Manufacturing Sdn. Bhd., Leader Data Cable Sdn. Bhd. and Leader Pewter Sdn. Bhd. had held its respective Final Meeting to conclude the members' voluntary winding-up.
- (iii) On 12 November 2007, Leader Brass Products Sdn. Bhd. and Leader Credit & Leasing Sdn. Bhd. had held their respective Final Meeting to conclude the members' voluntary winding-up.
- (iv) On 19 October 2007, KPU-LEADER Consortium Sdn. Bhd. had commenced its members' voluntary winding-up proceedings.
- (v) On 18 July 2007, Leader-Goldstar Electronic Wire Sdn. Bhd. had held its Final Meeting to conclude the members' voluntary winding up and on 18 October 2007, the Company was dissolved.
- (vi) On 7 May 2007, the Company had entered into a Share Sale Agreement to dispose of 9,951,500 ordinary shares of RM1.00 each representing 51% equity interest in the capital of Leader LS Magnet Wire Sdn. Bhd. to LS Cable Ltd. for a total cash consideration of RM13,715,159.
- (vii) On 8 March 2007, Leader Universal (Hong Kong) Company Limited had entered into a Share Purchase Agreement with Tropical Ventures Company Limited ("TVCL") to dispose 5,300 ordinary shares of USD1.00 each in the capital of Leader Universal (Mauritius) Company Limited ("LUM") representing 53% equity interest in LUM to TVCL for a total cash consideration of USD2,500,000 equivalent to approximately RM8,750,000.
- (viii) In the last financial year, the Group had disposed of LCI Housing Development Sdn. Bhd. on 3 November 2006, a 100% owned subsidiary.
- (ix) In the last financial year, the Group had deconsolidated Leader Telecommunications International Ltd., a 100% owned subsidiary which has been struck off from the Register of Companies in British Virgin Island ("BVI") on 1 May 2006.

The results of the subsidiaries disposed of were as follows:

	2007	2006
	RM'000	RM'000
Revenue	71,344	-
Operating loss	(3,320)	-
Loss for the year	(2,532)	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

DISPOSAL AND DECONSOLIDATION OF SUBSIDIARIES (CONT'D)

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

	2007	2006
	RM'000	RM'000
Property, plant and equipment (Note 13)	17,990	-
Inventories	15,656	-
Trade and other receivables	35,887	-
Amount due from a related company	2,610	-
Cash and bank balances	3,946	-
Trade and other payables	(35,385)	-
Retirement benefit obligations (Note 31)	(124)	-
Bank borrowings	(15,030)	-
Deferred tax (Note 32)	(1,515)	-
Net assets disposed	24,035	-
Transfer from foreign currency translation reserve (Note 29)	(239)	-
Minority interests	(14,315)	-
Share of net assets	9,481	-
Commission expenses	3,449	-
Total disposal proceeds	(22,337)	(2)
Gain on disposal to the Group (Note 5)	(9,407)	(2)
Disposal proceed settled by:		
Cash	22,337	2
Cash inflow arising on disposal and deconsolidation of subsidiaries:		
Cash consideration, representing cash inflow of the Group	22,337	2
Cash and cash equivalents of subsidiaries disposed of and deconsolidated	(3,946)	-
Net cash inflow of the Group	18,391	2

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

DISPOSAL AND DECONSOLIDATION OF SUBSIDIARIES (CONT'D)

The disposal of a subsidiary had the following effects on the financial results of the Company:

	2007	2006
	RM'000	RM'000
Total proceeds from disposal and capital contribution by the subsidiary	13,715	-
Less: Investments in subsidiary, at cost	(12,015)	-
Gain on disposal of subsidiary (Note 5)	1,700	-
Disposal proceed settled by subsidiary:		
Cash	13,715	-

18. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	28,698	28,705	10,397	10,397
Less: Accumulated impairment losses	(26,481)	(26,481)	(3,028)	(3,028)
	2,217	2,224	7,369	7,369
Share of post-acquisition reserves	21,871	17,719	-	-
	24,088	19,943	7,369	7,369

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

18. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

NAME OF ASSOCIATES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER		PRINCIPAL ACTIVITIES
		2007	2006	
		%	%	
HELD BY THE COMPANY:				
Universal Cable (Sarawak) Sdn. Bhd.	Malaysia	35.00	35.00	Manufacture and sale of cables
Lite Kabel Sdn. Bhd.	Malaysia	30.00	30.00	Manufacture and sale of optical fibre cables
HELD THROUGH SUBSIDIARIES:				
SL Philippines Holdings Corporation	Philippines	40.00	40.00	Investment holding
Hebei Xinhua Leader Cable Co. Ltd.	People's Republic of China	25.00	25.00	Dormant
La-Bayan Development Sdn. Bhd.	Malaysia	30.00	30.00	Dormant

The summarised financial information of the associates are as follows:

	GROUP	
	2007	2006
	RM'000	RM'000
SHARE OF ASSOCIATES' BALANCE SHEETS:		
Current assets	22,021	23,530
Non-current assets	40,542	44,273
Current liabilities	(26,868)	(39,100)
Non-current liabilities	(3,420)	(700)
	32,275	28,003
Less: Group recognised share of losses	(8,187)	(8,060)
Net assets	24,088	19,943
SHARE OF ASSOCIATES' REVENUE AND PROFIT:		
Revenue	45,287	38,729
Profit for the year	4,654	4,038

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

19. AMOUNTS DUE FROM ASSOCIATES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
NON-CURRENT				
Non-trade	10,065	49,954	10,065	36,031
Less: Allowance for doubtful debts	-	(6,218)	-	-
	10,065	43,736	10,065	36,031
CURRENT				
Trade	6,282	4,547	-	-
Non-trade	15,898	809	2,567	809
Less: Allowance for doubtful debts	(10,964)	-	-	-
	11,216	5,356	2,567	809
	21,281	49,092	12,632	36,840

The amounts due from associates (non-trade) have an average maturity of 9 years (2006: 10 years). The amounts due from associates are unsecured and to be settled in cash and cash equivalents.

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

The future minimum repayment is set out below:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
FUTURE MINIMUM REPAYMENT:				
Due within 1 year	11,216	5,356	2,567	809
Later than 1 year and not later than 2 years	800	8,505	800	800
Later than 2 years and not later than 3 years	800	800	800	800
Later than 3 years and not later than 4 years	800	800	800	800
Later than 4 years and not later than 5 years	800	800	800	800
Later than 5 years	6,865	32,831	6,865	32,831
	21,281	49,092	12,632	36,840

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of amounts due from associates are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

20. OTHER INVESTMENTS

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at cost	2,208	4,201	-	-
Less: Accumulated impairment losses	(637)	(3,208)	-	-
	1,571	993	-	-
Unquoted shares, at cost	10,231	15,012	72	4,322
Less: Accumulated impairment losses	(4,035)	(5,966)	(55)	(1,782)
	6,196	9,046	17	2,540
Total	7,767	10,039	17	2,540
Market value of quoted shares	1,571	993	-	-

Other information on financial risks of other investments are disclosed in Note 40.

21. OTHER NON-CURRENT ASSETS

The balance relates to the deferred payment for the prior year's disposal of the 2 subsidiaries. The schedule of repayment is as follows:

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Within one year	25	2,645	6,940	-	2,574
More than 1 year and less than 2 years		2,574	-	2,574	-
		5,219	6,940	2,574	2,574

The directors of the Company have extended the settlement date of the deferred payment with carrying amount of RM2,574,000 from 6 June 2007 to 6 June 2009.

Other information on financial risks of other non-current assets are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

22. INVENTORIES

	GROUP	
	2007	2006
	RM'000	RM'000
COST:		
Raw materials	85,505	130,881
Work-in-progress	34,314	45,783
Finished goods	68,192	57,961
Consumables	18,748	21,895
	206,759	256,520
NET REALISABLE VALUE:		
Raw materials	26,829	-
Finished goods	-	8,620
Completed property units for sale	5,763	5,481
	32,592	14,101
Total	239,351	270,621

23. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2007	2006
	RM'000	RM'000
Due from subsidiaries	156,937	152,033
Less: Allowance for doubtful debts	(79,435)	(79,434)
	77,502	72,599
Due to subsidiaries	(46,073)	(48,330)

The amounts due from/(to) subsidiaries are unsecured, have no fixed terms of repayment and are interest free.

Further details on related party transactions are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

24. REDEEMABLE PREFERENCE SHARES

	GROUP AND COMPANY	
	2007	2006
	RM'000	RM'000
Unquoted shares, at cost	3,615	-
Less: Accumulated impairment losses	(1,727)	-
	1,888	-

On 18 September 2007, the Company has redeemed 5,769 shares at RM111 and the allotment of 5,769 new ordinary shares of RM1 each at par. The remaining redeemable preference shares shall be redeemed on 31 December 2008.

25. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
CURRENT				
Trade receivables	396,196	376,708	-	-
Related party	2,757	3,398	-	-
	398,953	380,106	-	-
Less: Allowance for doubtful debts	(18,692)	(18,432)	-	-
	380,261	361,674	-	-
OTHER RECEIVABLES				
Deposits	2,055	1,683	55	54
Prepayments	7,264	13,257	27	45
Sundry receivables	59,795	74,901	4,331	2,666
	69,114	89,841	4,413	2,765
Less: Allowance for doubtful debts	(3,989)	(1,601)	(2,334)	-
	65,125	88,240	2,079	2,765
	445,386	449,914	2,079	2,765

The Group's normal trade credit terms range from 30 days to 120 days (2006: 30 days to 120 days). Trade receivables are non-interest bearing.

Included in the sundry receivables of the Group and the Company is an amount of RM2,645,000 (2006: RM6,940,000) and RMNil (2006: RM2,574,000) respectively due from the deferred payment for the disposal of a subsidiary as disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Included in the sundry receivables of the Group are RM1,072,310 (2006: RM44,866,235) receivable by Cambodia Utilities Pte. Ltd. ("CUPL"), a subsidiary of the Group, from Electricite du Cambodge ("EDC"). On 30 August 2007 and 24 December 2007 respectively, the Cambodia Ministry of Economy and Finance has approved and instructed in its letter that the tax liabilities of CUPL from years 1996 to 2005 totaling RM43,810,101 (interests and penalties inclusive) are to be transferred to EDC as a government charge to EDC. Accordingly, related other receivables were reversed against the tax provision as disclosed in Note 35.

Included in the sundry receivables of the Group are also liquidated damages claimable amounting to RM519,000 (2006: RM519,000) which are receivable from sub-contractors for the delay in the completion of their work.

The Group has concentration of credit risk that may arise from exposures to a single debtor in the power generation segment which constitutes approximately 4.7% (2006: 11.48%) of total trade receivables.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of trade and other receivables are disclosed in Note 40.

26. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	61,874	38,092	1,727	2,513
Cash at bank in Housing				
Development Accounts	13,008	1,721	-	-
Deposits with licensed banks:				
Fixed deposits	20,774	11,632	8,172	996
Short term placements	112,621	93,035	43,471	28,549
	208,277	144,480	53,370	32,058

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

Other information on financial risks of cash and bank balances are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

27. ASSETS HELD FOR SALE

GROUP

Assets held for sale comprise land and buildings of certain subsidiaries in Malaysia and Philippines. As at 31 December 2007, the final negotiations for the sales were in progress and the subsidiaries are expected to enter into the Sales and Purchase Agreements with the respective purchasers within the financial year ending 31 December 2008.

28. SHARE CAPITAL

	NUMBER OF ORDINARY			
	SHARES OF RM1.00 EACH		AMOUNT	
	2007	2006	2007	2006
'000	'000	RM'000	RM'000	
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	436,459	436,459	436,459	436,459

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29. OTHER RESERVES

	GROUP		COMPANY	
	2007	2006	2007	2006
	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	29,860	32,702	-	-
Foreign currency translation reserve	5,091	(1,630)	-	-
	89,780	85,901	54,829	54,829
	91,616	87,737	54,829	54,829

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

29. OTHER RESERVES (CONT'D)

The movements in each category of reserves are as follows:

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	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					
As previously stated		32,702	49,441	-	123,673
Effects of adopting FRS127		-	-	-	(123,673)
At 1 January (Restated)		32,702	49,441	-	-
Effect of adopting FRS140		-	(15,577)	-	-
Impairment losses		(2,672)	-	-	-
Revaluation deficit		(2,878)	-	-	-
Disposal of subsidiaries		(1,205)	-	-	-
Transfer from deferred tax		3,302	256	-	-
Reversal of revaluation surplus		658	(1,242)	-	-
Transfer to foreign currency fluctuation reserve		(47)	(176)	-	-
At 31 December		29,860	32,702	-	-
FOREIGN CURRENCY TRANSLATION RESERVE					
At 1 January		(1,630)	3,075	-	-
Arising in the year		6,913	(4,881)	-	-
Disposal of subsidiaries	17	(239)	-	-	-
Transfer from revaluation surplus		47	176	-	-
At 31 December		5,091	(1,630)	-	-

* No movement during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

29. OTHER RESERVES (CONT'D)

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

- (a) Capital reserve comprises mainly the gains arising from the disposals of certain subsidiaries in Malaysia.
- (b) Revaluation surplus for the Group represents the surplus arising from the revaluation of the Group's land and buildings.
- (c) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

30. BORROWINGS

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
SHORT TERM BORROWINGS					
Secured:					
Term loan		20,875	-	-	-
Hire purchase payable	30.1	3,472	461	80	70
		24,347	461	80	70
Unsecured:					
Bank overdrafts		32	153	-	-
Bankers' acceptances		272,992	241,604	-	-
Trust receipts		-	44,816	-	-
Revolving credits		48,030	34,700	-	-
Euroconvertible Bonds	30.2	-	40,212	-	40,212
Murabahah Medium Term Notes	30.3	30,000	-	30,000	-
		351,054	361,485	30,000	40,212
		375,401	361,946	30,080	40,282

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

30. BORROWINGS (CONT'D)

	NOTE	GROUP		COMPANY	
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
LONG TERM BORROWINGS					
Secured:					
Term loan		41,750	65,944	-	-
Hire purchase payable	30.1	9,468	905	126	206
		51,218	66,849	126	206
Unsecured:					
Murabahah Medium Term Notes	30.3	90,000	120,000	90,000	120,000
		141,218	186,849	90,126	120,206
TOTAL BORROWINGS					
Bank overdrafts		32	153	-	-
Bankers' acceptances		272,992	241,604	-	-
Trust receipts		-	44,816	-	-
Revolving credits		48,030	34,700	-	-
Term loan		62,625	65,944	-	-
Hire purchase payable	30.1	12,940	1,366	206	276
Euroconvertible Bonds	30.2	-	40,212	-	40,212
Murabahah Medium Term Notes	30.3	120,000	120,000	120,000	120,000
		516,619	548,795	120,206	160,488
MATURITY OF BORROWINGS (EXCLUDING HIRE PURCHASE PAYABLE):					
Within one year		371,929	361,485	30,000	40,212
More than 1 year and less than 2 years		30,875	53,102	-	-
More than 2 years and less than 5 years		100,875	132,842	90,000	120,000
		503,679	547,429	120,000	160,212

The term loan is secured by the following:

- (i) First legal pledge on 7.2 million ordinary shares of USD1.00 each in Cambodia Utilities Pte. Ltd. ("CUPL"), representing 60% of the issued and paid-up capital of CUPL, as well as the dividends and all other entitlements from such shares;
- (ii) First legal charge over the Revenue Account which shall be opened and maintained by a subsidiary with Overseas-Chinese Banking Corporation Limited, Labuan Branch; and
- (iii) Full, unconditional and irrevocable corporate guarantees by certain subsidiaries.

Other information on financial risks of borrowings are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

30. BORROWINGS (CONT'D)

30.1 HIRE PURCHASE PAYABLE

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
FUTURE MINIMUM LEASE PAYMENT:				
Not later than 1 year	4,260	500	87	80
Later than 1 year and not later than 2 years	4,174	508	87	87
Later than 2 years and not later than 5 years	6,202	486	43	130
	14,636	1,494	217	297
Less: Future finance charges	(1,696)	(128)	(11)	(21)
Present value of hire purchase liabilities	12,940	1,366	206	276
PRESENT VALUE OF HIRE PURCHASE LIABILITIES:				
Not later than 1 year	3,472	461	80	70
Later than 1 year and not later than 2 years	3,648	448	83	80
Later than 2 years and not later than 5 years	5,820	457	43	126
	12,940	1,366	206	276
ANALYSED AS:				
Amount due within 12 months (Note 30)	3,472	461	80	70
Amount due after 12 months (Note 30)	9,468	905	126	206
	12,940	1,366	206	276

The Group and the Company have hire purchase contracts on plant and equipment (see Note 13(b)). There are no restrictions placed upon the Group and the Company by entering into these leases.

Other information on financial risks of hire purchase payable are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

30. BORROWINGS (CONT'D)

30.2 EUROCONVERTIBLE BONDS

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Euroconvertible Bonds of USD1 each due in 2007				
PRINCIPAL AMOUNT:				
At 1 January	30,153	158,265	30,153	158,265
Cancellation/Repayment during the financial year	(30,153)	(120,342)	(30,153)	(120,342)
Unrealised exchange gain	-	(7,770)	-	(7,770)
At 31 December	-	30,153	-	30,153
REDEMPTION PREMIUM:				
At 1 January	10,059	51,778	10,059	51,778
Accrual for the financial year	-	233	-	233
Overprovision	-	(2,011)	-	(2,011)
Reversal on cancellation/repayment during the financial year	(10,059)	(37,477)	(10,059)	(37,477)
Unrealised exchange gain	-	(2,464)	-	(2,464)
At 31 December	-	10,059	-	10,059
Total	-	40,212	-	40,212
ANALYSED AS:				
Due within 12 months (Note 30)	-	40,212	-	40,212

On 5 May 1997, the Company had issued USD100 million 7-year unsecured Euroconvertible Bonds 1997/2004 ("ECB") which were listed on the Luxembourg Stock Exchange. The ECB were 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 had approved the proposed amendments to the terms of the ECB (the "Amendments"). On 3 April 2002 and 18 April 2002, Bank Negara Malaysia and the Securities Commission had respectively approved the Amendments to the terms of the ECB. The effective date of the Amendments was on 5 May 2002.

Other information on financial risks of Euroconvertible Bonds are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

30. BORROWINGS (CONT'D)

30.2 EUROCONVERTIBLE BONDS (CONT'D)

The salient terms of the ECB are as follows:

- (i) Redemption at the option of the Company
The Company has the right to redeem the ECB in whole, or in multiples of 1 percent of the principal amount, at a redemption price equal to 129.2976 percent of the principal amount of such ECB on any Interest Payment Date.
- (ii) Redemption for tax reasons
The Company may redeem the ECB in whole, but not in part, at 129.2976 percent 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 percent.
- (iii) 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.

30.3 MURABAHAH MEDIUM TERM NOTES ("MMTN") (UNSECURED)

The Company had entered into agreements with United Overseas Bank (Malaysia) Bhd. and a Co-Arranger to raise RM150 million MMTN. As at 31 December 2007, RM120 million (2006: RM120 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 its 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 value of the Company's investment in Leader Universal (Hong Kong) Company Limited as at 31 December 2007 is RM12,800,000 (2006: RM12,800,000).

Other information on financial risks of MMTN are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

31. RETIREMENT BENEFIT OBLIGATIONS

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

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Non-current	4,222	4,346	3,639	3,639

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

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,346	4,346	3,639	3,639
Disposal of a subsidiary (Note 17)	(124)	-	-	-
31 December	4,222	4,346	3,639	3,639

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

32. DEFERRED TAX

	GROUP	
	2007	2006
	RM'000	RM'000
At 1 January	32,803	28,938
Recognised in income statement (Note 10)	(5,044)	4,121
Recognised in equity	(3,634)	(256)
Disposal of a subsidiary (Note 17)	(1,515)	-
At 31 December	22,610	32,803

Presented after appropriate offsetting as follows:

Deferred tax assets	(74)	(1,269)
Deferred tax liabilities	22,684	34,072
	22,610	32,803

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

32. DEFERRED TAX (CONT'D)

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

DEFERRED TAX ASSETS OF THE GROUP:

	UNUSED TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCES RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	PROVISION RM'000	TOTAL RM'000
At 1 January 2007	(2,742)	(117)	(2,581)	(5,440)
Recognised in income statement	2,375	(914)	(820)	641
At 31 December 2007	(367)	(1,031)	(3,401)	(4,799)
At 1 January 2006	(13,334)	-	(1,671)	(15,005)
Recognised in income statement	7,955	(117)	1,256	9,094
Reclassification	2,637	-	(2,166)	471
At 31 December 2006	(2,742)	(117)	(2,581)	(5,440)

DEFERRED TAX LIABILITIES OF THE GROUP:

	INVESTMENT PROPERTIES RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	OTHERS RM'000	TOTAL RM'000
At 1 January 2007	502	36,188	1,553	38,243
Recognised in income statement	(502)	(3,980)	(1,203)	(5,685)
Recognised in equity	-	(3,634)	-	(3,634)
Disposal of a subsidiary	-	(1,515)	-	(1,515)
At 31 December 2007	-	27,059	350	27,409
At 1 January 2006	563	41,947	1,433	43,943
Recognised in income statement	(61)	(5,032)	120	(4,973)
Recognised in equity	-	(256)	-	(256)
Reclassification	-	(471)	-	(471)
At 31 December 2006	502	36,188	1,553	38,243

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

32. DEFERRED TAX (CONT'D)

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

	GROUP	
	2007	2006
	RM'000	RM'000
Unused tax losses	17,892	44,705
Unabsorbed capital allowances	836	354
Deductible temporary differences	423	2,987
	19,151	48,046

The unused tax losses and unabsorbed capital allowances of the Group are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

33. 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 follows:

	GROUP AND COMPANY	
	2007	2006
	RM'000	RM'000
Within one year (Note 35)	451	561
More than 1 year and less than 2 years	-	571
	451	1,132

34. PROVISION

	GROUP	
	2007	2006
	RM'000	RM'000
At 1 January	519	-
Paid during the year	(1,028)	-
Provision during the year (Note 7)	1,004	519
At 31 December	495	519

The above provision represents provision for liquidated damages in respect of projects undertaken by subsidiaries. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sales and purchase agreements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

35. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
CURRENT				
Trade payables	69,458	54,264	-	-
Amounts due to related parties	57,166	74,336	-	-
	126,624	128,600	-	-
OTHER PAYABLES				
Accrual for payroll related expenses	9,498	3,917	3,681	592
Duties and other taxes payable	15,852	51,523	-	-
Amounts payable to suppliers of indirect materials and services	71,619	61,460	745	882
Accruals	38,985	31,680	2,851	2,850
	135,954	148,580	7,277	4,324
	262,578	277,180	7,277	4,324

The normal trade credit terms granted to the Group range from cash advance to 120 days (2006: 120 days).

Amounts due to related parties are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash and cash equivalents.

Pursuant to the letters issued by the Cambodia Ministry of Economy and Finance ("MoEF") dated 30 August 2007 and 24 December 2007 respectively, the MoEF has approved and instructed the transfer of tax liabilities from CUPL to EDC as a government charge to EDC. Accordingly, the provision for CUPL's tax liabilities of RM43,810,101 from years 1996 to 2005 have been reversed against related other receivables as disclosed in Note 25.

Included in the amounts payable to suppliers of indirect materials and services of the Group and the Company is an amount of RM451,000 (2006: RM561,000) in respect of the balance of the purchase consideration arising from the purchase of 25% interest in Lite Kabel Sdn. Bhd. as disclosed in Note 33.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of trade and other payables are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

36. OPERATING LEASE ARRANGEMENTS

(A) THE GROUP AND THE COMPANY AS LESSEE

The Group and the Company have both entered into non-cancellable operating lease agreements for the use of buildings. These leases have an average life of 3 years with no renewal or purchase option included in the contracts.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities, are as follows:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
FUTURE MINIMUM RENTAL PAYMENTS:				
Not later than 1 year	322	316	125	123
Later than 1 year and not later than 5 years	730	79	284	31
	1,052	395	409	154

The lease payments recognised in profit or loss during the financial year are disclosed in Note 7.

(B) THE GROUP AS LESSOR

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 2 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	GROUP	
	2007	2006
	RM'000	RM'000
Not later than 1 year	2,460	1,356
Later than 1 year and not later than 5 years	3,962	2,691
	6,422	4,047

Investment property rental income, recognised in profit or loss during the financial year is disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

37. CAPITAL COMMITMENTS

	GROUP	
	2007	2006
	RM'000	RM'000
CAPITAL EXPENDITURE		
Approved and contracted for:		
Property, plant and equipment	4,938	1,276
Approved but not contracted for:		
Property, plant and equipment	6,397	11,336
Approved but not contracted for:		
Investment property	4,365	-
The Group has the following forward commodity contracts:		
Forward contract to sell	28,187	27,180
Forward contract to buy	(48,639)	(48,536)

38. CONTINGENT LIABILITIES

UNSECURED	COMPANY	
	2007	2006
	RM'000	RM'000
Corporate guarantees given to banks as securities for banking facilities of its subsidiaries	571,940	484,100

Total outstanding balances for the said banking facilities amounted to RM243,341,000 (2006: RM255,969,000).

39. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	NOTE	2007	2006
		RM'000	RM'000
GROUP			
Associates:			
(Repayment of advances from)/advances given to Lite Kabel Sdn. Bhd.		(3,967)	1,000
Purchase of leasehold land and buildings from Lite Kabel Sdn. Bhd.	(i)	22,000	-
Sales of goods to Universal Cable (Sarawak) Sdn. Bhd.	(ii)	45,027	42,564

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

39. RELATED PARTY DISCLOSURES (CONT'D)

	NOTE	2007 RM'000	2006 RM'000
GROUP			
Corporate shareholders of a subsidiary:			
Sales to Toyota Tsusho Corporation Ltd.	(ii)	26,023	40,761
Purchases from Toyota Tsusho Corporation Ltd.	(iii)	1,563,067	1,372,689
Interest paid to Toyota Tsusho Corporation Ltd.	(iv)	5,487	5,545
Management fees paid to Toyota Tsusho Corporation Ltd.	(v)	800	800
Technical assistance fees paid to Furukawa Electric Co. Ltd.	(v)	757	718
Sales to subsidiaries of Furukawa Electric Co. Ltd.	(ii)	66,903	68,569
Purchases from a subsidiary of Furukawa Electric Co. Ltd.	(iii)	5,367	-
Others:			
Progress payments/deposit received in respect of sale of properties developed by the Group to a director or persons connected to a director		3,335	922
Rental of premises at Menara Northam paid to Jeska Properties Sdn. Bhd., a company in which certain directors have interest	(vi)	316	316
COMPANY			
Associates:			
(Repayment of advances from)/advances given to Lite Kabel Sdn. Bhd.		(3,967)	1,000
Settlement from Lite Kabel Sdn. Bhd.		(22,000)	-

- (i) The purchase price is based on the open market valuers by an independent firm of valuers.
- (ii) The sales of products to an associate, a corporate shareholder and subsidiaries of a corporate shareholder were made according to prices and terms mutually agreed between the respective parties and were not materially different from those obtainable in transactions with unrelated parties.
- (iii) The purchases of products from a corporate shareholder and a subsidiary of a corporate shareholder were made according to prices and terms mutually agreed between the respective parties and were not materially different from those obtainable in transactions with unrelated parties. Further details are disclosed in Note 35.
- (iv) The interest expenses arose from the amounts due to related parties. Further details are disclosed in Note 35.
- (v) The management fees and technical assistance fees were charged at prices mutually agreed between the respective parties.
- (vi) The rentals were charged at prices mutually agreed between the respective parties based on estimated market rate provided by an external property agent.

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in Note 19, Note 25 and Note 35.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

39. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	9,377	6,545	90	75
Defined contribution plan	1,260	722	-	-
	10,637	7,267	90	75
Included in the total key management personnel are:				
Directors' remuneration (Note 9)	9,023	6,107	90	75

40. FINANCIAL INSTRUMENTS

(A) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk (both fair value and cash flow), credit risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments other than forward foreign exchange contracts shall be undertaken.

(B) INTEREST RATE RISK

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(B) INTEREST RATE RISK (CONT'D)

The following tables set out the carrying amounts, the highest and lowest interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

GROUP	NOTE	HIGHEST %	LOWEST %	WITHIN 1 YEAR					4 - 5 YEARS	MORE THAN 5 YEARS	TOTAL RM'000
				RM'000	RM'000	RM'000	RM'000	RM'000			
AT 31 DECEMBER 2007											
GROUP											
FIXED RATE											
Hire purchase payable	30	5.89	3.71	(3,472)	(3,648)	(3,180)	(2,206)	(434)	-	(12,940)	
Murabahah Medium Term Notes	30	7.70	7.50	(30,000)	(10,000)	(30,000)	(50,000)	-	-	(120,000)	
FLOATING RATE											
Deposits with licensed banks and financial institutions	26	5.05	1.65	133,395	-	-	-	-	-	133,395	
Bank overdrafts	30	6.75	6.75	(32)	-	-	-	-	-	(32)	
Bankers' acceptances	30	4.75	4.09	(272,992)	-	-	-	-	-	(272,992)	
Revolving credits	30	4.58	4.58	(48,030)	-	-	-	-	-	(48,030)	
Term loan	30	7.94	6.86	(20,875)	(20,875)	(20,875)	-	-	-	(62,625)	
COMPANY											
FIXED RATE											
Hire purchase payable	30	3.74	3.74	(80)	(83)	(43)	-	-	-	(206)	
Murabahah Medium Term Notes	30	7.70	7.50	(30,000)	(10,000)	(30,000)	(50,000)	-	-	(120,000)	
FLOATING RATE											
Deposits with licensed banks and financial institutions	26	3.37	1.65	51,643	-	-	-	-	-	51,643	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D) (B) INTEREST RATE RISK (CONT'D)

NOTE	HIGHEST %	LOWEST %	WITHIN 1					MORE THAN				
			YEAR	1 - 2 YEARS	2 - 3 YEARS	3 - 4 YEARS	4 - 5 YEARS	5 YEARS	TOTAL			
GROUP			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
AT 31 DECEMBER 2006												
FIXED RATE												
Hire purchase payable	30	5.89	(461)	(448)	(415)	(42)	-	-	-	-	(1,366)	
Murabahah Medium												
Term Notes	30	7.70	-	(30,000)	(10,000)	(30,000)	(50,000)	-	-	-	(120,000)	
FLOATING RATE												
Deposits with licensed banks and financial institutions	26	3.77	104,667	-	-	-	-	-	-	-	104,667	
Bank overdrafts	30	7.50	(153)	-	-	-	-	-	-	-	(153)	
Bankers' acceptances	30	5.09	(241,604)	-	-	-	-	-	-	-	(241,604)	
Trust receipts	30	6.76	(44,816)	-	-	-	-	-	-	-	(44,816)	
Revolving credits	30	7.50	(34,700)	-	-	-	-	-	-	-	(34,700)	
Term loan	30	6.97	-	(21,981)	(21,981)	(21,982)	-	-	-	-	(65,944)	
Euroconvertible Bonds	30	8.12	(40,212)	-	-	-	-	-	-	-	(40,212)	
COMPANY												
FIXED RATE												
Hire purchase payable	30	3.74	(70)	(80)	(83)	(43)	-	-	-	-	(276)	
Murabahah Medium												
Term Notes	30	7.70	-	(30,000)	(10,000)	(30,000)	(50,000)	-	-	-	(120,000)	
FLOATING RATE												
Deposits with licensed banks and financial institutions	26	3.10	29,545	-	-	-	-	-	-	-	29,545	
Euroconvertible Bonds	30	8.12	(40,212)	-	-	-	-	-	-	-	(40,212)	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(C) CREDIT RISK

The Group's credit risk is primarily attributable to trade and other receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Managing Director. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group has concentration of credit risk that may arise from exposures to a single debtor in the power generation segment, which constitutes approximately 4.7% (2006: 11.48%) of total trade receivables.

(D) LIQUIDITY 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 CURRENCY RISK

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars, Euro Dollars, Singapore Dollars and Cambodian Riels. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(E) FOREIGN CURRENCY RISK (CONT'D)

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

	GROUP	
	2007	2006
	RM'000	RM'000
AMOUNTS DUE FROM ASSOCIATES		
- United States Dollars	2,367	7,771
TRADE AND OTHER RECEIVABLES		
- United States Dollars	106,840	165,758
- Euro Dollars	2,112	4,152
- Singapore Dollars	9,904	11,455
- Philippine Peso	55	259
- Others	5	28
	118,916	181,652
CASH AND BANK BALANCES		
- United States Dollars	82,110	50,902
- Euro Dollars	56	494
- Singapore Dollars	747	37
- Philippine Peso	520	237
- Cambodian Riels	1,988	1,773
	85,421	53,443
BORROWINGS		
- United States Dollars	77,655	106,156
TRADE AND OTHER PAYABLES		
- United States Dollars	95,690	144,963
- Euro Dollars	46	454
- Singapore Dollars	363	69
- Philippine Peso	1,038	950
- Cambodian Riels	11,276	16,470
- Others	1	-
	108,414	162,906
AMOUNTS DUE FROM SUBSIDIARIES		
- United States Dollars	499	15,702
CASH AND BANK BALANCES		
- United States Dollars	8,251	1,080

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(E) FOREIGN CURRENCY RISK (CONT'D)

	COMPANY	
	2007	2006
	RM'000	RM'000
BORROWINGS		
- United States Dollars	-	40,212
OTHER PAYABLES		
- United States Dollars	-	651

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 2007:			
Forward used to hedge trade receivables	United States Dollars	Within 1 year	18,296
	Euro Dollars	Within 1 year	130
	Singapore Dollars	Within 1 year	929
			19,355
Forward used to hedge trade payables	United States Dollars	Within 1 year	6,629
AT 31 DECEMBER 2006:			
Forward used to hedge trade receivables	United States Dollars	Within 1 year	29,152
	Euro Dollars	Within 1 year	216
	Singapore Dollars	Within 1 year	1,853
			31,221
Forward used to hedge trade payables	United States Dollars	Within 1 year	25,045
Forward used to hedge short term borrowings	United States Dollars	Within 1 year	3,906

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

40. 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 sheets date approximated their fair values except for the following:

	NOTE	GROUP		COMPANY	
		CARRYING	FAIR VALUE	CARRYING	FAIR VALUE
		AMOUNT	AMOUNT	AMOUNT	AMOUNT
		RM'000	RM'000	RM'000	RM'000
At 31 December 2007:					
Amounts due from associates	19	21,281	18,901	12,632	10,600
Unquoted shares	20	6,196	*	17	*
Other non-current assets	21	5,219	4,909	2,574	2,371
Term loan	30	62,625	57,711	-	-
Hire purchase payable	30.1	12,940	13,001	206	196
Murabahah Medium					
Term Notes	30.3	120,000	106,931	120,000	106,931
Forward foreign exchange contracts	40(e)	-	(173)	-	-
At 31 December 2006:					
Amounts due from associates	19	49,092	40,660	36,840	29,200
Unquoted shares	20	9,046	*	2,540	*
Other non-current assets	21	6,940	6,660	2,574	2,470
Term loan	30	65,944	60,769	-	-
Hire purchase payable	30.1	1,366	1,319	276	203
Euroconvertible Bonds	30.2	40,212	40,212	40,212	40,212
Murabahah Medium					
Term Notes	30.3	120,000	106,931	120,000	106,931
Forward foreign exchange contracts	40(e)	-	(511)	-	-

* It is not practicable to estimate the fair value of the Group's and the Company's current unquoted investments because of the lack of quoted market prices and the variability to estimate fair value. However the Group and the Company believe that the carrying amount represents the recoverable value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(F) FAIR VALUES (CONT'D)

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. Forward foreign exchange contracts

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.

41. SEGMENTAL INFORMATION

(A) REPORTING FORMAT

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(B) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

41. SEGMENTAL INFORMATION (CONT'D)

(B) BUSINESS SEGMENTS (CONT'D)

31 DECEMBER 2007	CABLE AND WIRE RM'000	POWER GENERATION RM'000	DEVELOPMENT AND INVESTMENT PROPERTY RM'000	OTHERS RM'000	GROUP RM'000
REVENUE AND EXPENSES					
REVENUE					
Segment revenue					
External sales	2,638,434	158,935	22,649	1,717	2,821,735
Inter-segment sales	-	-	-	-	-
Total revenue	2,638,434	158,935	22,649	1,717	2,821,735
RESULTS					
Operating profit/(loss)/					
Segment results	97,304	37,190	(1,600)	(7,192)	125,702
Finance costs					(35,823)
Share of profits of associates					4,654
Profit before tax					94,533
Income tax expense					(9,631)
Profit for the year					84,902
ASSETS					
Segment assets	929,726	154,758	147,395	84,347	1,316,226
Investments in associates					24,088
Unallocated assets					578
Consolidated total assets					1,340,892
LIABILITIES					
Segment liabilities	166,186	36,507	45,317	19,285	267,295
Unallocated liabilities					541,749
Consolidated total liabilities					809,044
Capital expenditure	35,733	5,003	22,270	259	63,265
Amortisation	443	-	-	-	443
Depreciation	20,432	7,480	239	269	28,420
Non-cash expenses/(income) other than depreciation and amortisation	19,884	-	1,383	(1,632)	19,635

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

41. SEGMENTAL INFORMATION (CONT'D)

(B) BUSINESS SEGMENTS (CONT'D)

31 DECEMBER 2006	CABLE AND WIRE RM'000	POWER GENERATION RM'000	DEVELOPMENT AND INVESTMENT PROPERTY RM'000	OTHERS RM'000	GROUP RM'000
REVENUE AND EXPENSES					
REVENUE					
Segment revenue					
External sales	2,177,992	153,557	32,004	1,463	2,365,016
Inter-segment sales	-	-	-	-	-
Total revenue	2,177,992	153,557	32,004	1,463	2,365,016
RESULTS					
Operating profit/(loss)/					
Segment results	55,717	39,472	2,973	(6,622)	91,540
Finance costs					(29,814)
Share of profits of associates					4,038
Profit before tax					65,764
Income tax expense					(10,103)
Profit for the year					55,661
ASSETS					
Segment assets	911,809	204,543	123,168	90,595	1,330,115
Investments in associates					19,943
Unallocated assets					1,269
Consolidated total assets					1,351,327
LIABILITIES					
Segment liabilities	138,019	80,295	39,629	25,949	283,892
Unallocated liabilities					582,867
Consolidated total liabilities					866,759
Capital expenditure	11,898	123	62	61	12,144
Amortisation	575	-	-	-	575
Depreciation	21,620	7,677	205	208	29,710
Non-cash expenses other than depreciation and amortisation	6,029	20	2,075	5,253	13,377

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

41. SEGMENTAL INFORMATION (CONT'D)

(C) GEOGRAPHICAL SEGMENTS

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

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

	TOTAL REVENUE FROM EXTERNAL CUSTOMERS		SEGMENT ASSETS		CAPITAL EXPENDITURE	
	2007	2006	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	1,936,839	1,541,429	1,139,975	1,102,220	58,262	12,021
Cambodia	158,935	153,557	154,758	204,543	5,003	123
Singapore	259,728	198,429	-	-	-	-
Others *	466,233	471,601	21,493	23,352	-	-
	2,821,735	2,365,016	1,316,226	1,330,115	63,265	12,144

* Others mainly refer to countries such as Hong Kong, Belgium, and Saudi Arabia.

(D) ALLOCATION BASIS AND TRANSFER PRICING

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

42. OTHER SIGNIFICANT EVENTS

- (a) On 21 February 2007, the Company jointly with MKCSS Holdings Co. Ltd. have been selected as the successful bidder for the development of a 200MW coal-fired power plant in Sihanoukville, Cambodia. This project is on a Build-Own-Operate basis, for a period of 30 years, where the electricity generated will be sold to Electricite du Cambodge ("EDC") under a long term Power Purchase Agreement. The Company and MKCSS Holdings Co. Ltd. shall proceed to negotiate with the Royal Government of Cambodia and EDC on all the project agreements including the Power Purchase Agreement and Implementation Agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

42. OTHER SIGNIFICANT EVENTS (CONT'D)

- (b) On 8 March 2007, the Company announced that its wholly owned subsidiary, Leader Power International (Pakistan) Incorporated ("LPIPI"), had entered into a Joint Venture Agreement with Gulshan Spinning Mills Limited ("GSML") to jointly develop, built, own and operate and maintain a 200MW heavy-fuel-oil-fired diesel engine combined cycle power plant to be located in Gujranwala, Pakistan.

The electricity generated will be sold to National Transmission and Dispatch Company of the Government of Pakistan ("GOP") to meet the electricity requirements in Pakistan. The tariff to be negotiated is expected to be effective for 25 years from the date of commercial operation of the Project and the payment term of the tariff will be guaranteed by GOP during this period, in accordance with the Policy for Power Generation Project year 2002 and the Power Purchase Agreement and Implementation Agreement to be negotiated at a later date. The commercial operation of the Project is expected to occur in year 2009.

On 20 November 2007, the Company had decided to terminate the Joint Venture Agreement with GSML.

- (c) On 30 March 2007, the Company had incorporated a new joint venture company namely Power Synergy Corporation Co. Ltd. ("PSC") in Cambodia to undertake the 200MW Coal-Fired Power Project in Cambodia as mentioned in Note 42(a). The Company and MKCSS Holding Co. Ltd. have an equal 50:50 shareholding in PSC. The registered capital of PSC is Riels15,200,000,000 or approximately USD3,800,000.
- (d) On 12 September 2007, the Company had acquired 1 ordinary share of USD1.00 par value in Leader Universal (Labuan) Limited ("LULL") from LUHK for a cash consideration of USD1.00. LULL and LUHK are wholly-owned subsidiaries of the Company.
- (e) On 23 October 2007, the Company had entered into a Conditional Share Sale Agreement ("SSA") with Syarikat SESCO Berhad ("Syarikat SESCO") and Central Paragon Sdn. Bhd. ("Central Paragon") (collectively referred to as "the Vendors") and UCS Holdings Sdn. Bhd. ("the Purchaser or UCS Holdings") to dispose of the entire issued and paid-up capital of Universal Cable Sarawak Sdn. Bhd. ("UCS Sarawak") consisting of 15,000,000 ordinary shares of RM1.00 each held by the Vendors to the Purchaser. Pursuant to the SSA, the Company shall dispose of its entire equity interest of 5,250,000 ordinary shares of RM1.00 each in UCS Sarawak representing 35% of the total issued and paid-up capital of UCS Sarawak for a total consideration of RM18,304,999 (approximately RM3.49 per share) which shall be satisfied by the issuance of 18,304,999 shares of RM1.00 each in the Purchaser. The SSA was executed pursuant to the proposed initial public offer scheme of UCS Sarawak to pave way for the eventual proposed listing of UCS Holdings on the Second Board of the Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (CONT'D)

43. SUBSEQUENT EVENTS

- (a) On 7 January 2008, KPU-LEADER Consortium Sdn. Bhd., a wholly owned subsidiary of the Company had held its Final Meeting to conclude the members' voluntary winding-up.
- (b) On 31 January 2008, Leader Plantation Sdn. Bhd., a wholly owned subsidiary of the Group had held its Final Meeting to conclude the members' voluntary winding-up.
- (c) On 27 March 2008, Power Synergy Corporation Co. Ltd. has signed a Power Purchase Agreement ("PPA") with the Electricite du Cambodge, for the development of a 200MW coal-fired power plant as mentioned in Note 42(a). The PPA will commence from 27 March 2008 and shall continue for a period of 30 years from the commercial operation date of the project.