

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

*The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.*

## 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	86,543	29,800
Attributable to:		
Equity holders of the Company	64,936	29,800
Minority interests	21,607	-
	86,543	29,800

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 the effects arising from the changes in accounting policies due to the adoption of the revised FRS 112: Income Taxes which has resulted in a decrease in the Group's profit for the year by RM5,977,000 as disclosed in Note 2.3(b)(ii) to the financial statements.

## DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2007 were as follows:

In respect of the financial year ended 31 December 2008:

	RM'000
First interim dividend of 1.5% less 26% taxation, on 436,458,652 ordinary shares, declared on 23 April 2008 and paid on 22 May 2008	4,845
Second interim dividend of 1.5% less 26% taxation, on 436,458,652 ordinary shares, declared on 21 November 2008 and paid on 17 December 2008	4,845
<b>Total</b>	<b>9,690</b>

The directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2008.

## 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)
Datin H'ng Hsieh Ling	(Group 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 38 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 2008	Acquired	Sold	31 December 2008
<b>Direct</b>				
Tan Sri Razali Ismail	250,000	-	-	250,000
Dato' Seri H'ng Bok San	3,876	-	-	3,876 #
H'ng Chun Hsiang	824,000	514,000	-	1,338,000
Kon Ted Liuk	570,000	-	-	570,000
Dato' N. Sadasivan	50,000	-	-	50,000
Lai Chang Hun	602,550	180,000	-	782,550
Wan Ismail Wan Nik	1,772,020	387,000	(1,745,500)	413,520
Datin H'ng Hsieh Ling (Alternate Director)	449,333	-	-	449,333
<b>Deemed</b>				
Dato' Seri H'ng Bok San	56,906,467	1,620,000	-	58,526,467 *
H'ng Chun Hsiang	51,400,606	300,000	-	51,700,606 **
Datin H'ng Hsieh Ling (Alternate Director)	51,406,606	332,000	-	51,738,606 ***
Kon Ted Liuk	70,000	200,000	-	270,000 ##
Lai Chang Hun	4,583,896	50,000	-	4,633,896 >>

# Held in trust for shareholders of the Company.

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

## 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

# DIRECTORS' REPORT

(CONT'D)

- (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.
- (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.

## SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 41 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 6 April 2009.

**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 45 to 116 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 2008 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 6 April 2009.

**H'ng Chun Hsiang**  
Managing Director and  
Chief Executive Officer

**Kon Ted Liuk**  
Deputy Managing Director

## STATUTORY DECLARATION

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

*I, Datin H'ng Hsieh Ling, being the Group Chief Financial Officer primarily responsible for the financial management of Leader Universal Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 116 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 Datin H'ng Hsieh Ling  
at Georgetown in the State of Penang  
on 6 April 2009:

**Datin H'ng Hsieh Ling**

Before me,

Goh Suan Bee  
(P.125)  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

to the members of Leader Universal Holdings Berhad (Incorporated in Malaysia)

## Report on the Financial Statements

*We have audited the financial statements of Leader Universal Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 116.*

### **Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 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 2008 and of their financial performance and cash flows for the year then ended.

# INDEPENDENT AUDITORS' REPORT

to the members of Leader Universal Holdings Berhad (Incorporated in Malaysia)  
(CONT'D)

## Report on Other Legal And Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which is indicated in Note 17 to the financial statements.
- (c) We are satisfied that the accounts 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.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## “ Other matters

*This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.* ”

### Ernst & Young

AF: 0039

Chartered Accountants

Penang, Malaysia

6 April 2009

### Lim Eng Huat

No. 2403/04/09 (J)

Partner

# INCOME STATEMENTS

For the year ended 31 December 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
Revenue	3	<b>2,540,802</b>	2,821,735	<b>55,058</b>	76,774
Cost of sales	4	<b>(2,350,897)</b>	(2,618,659)	-	-
<b>Gross profit</b>		<b>189,905</b>	203,076	<b>55,058</b>	76,774
Other income	5	<b>11,406</b>	6,911	<b>251</b>	52
Administrative expenses		<b>(52,897)</b>	(55,207)	<b>(8,510)</b>	(2,886)
Selling and marketing expenses		<b>(28,237)</b>	(31,111)	-	-
Other operating income/ (expenses)		<b>13,757</b>	185	<b>4,386</b>	(6,960)
<b>Operating profit</b>		<b>133,934</b>	123,854	<b>51,185</b>	66,980
Finance costs	6	<b>(35,925)</b>	(33,975)	<b>(10,409)</b>	(10,397)
Share of profits of associates		<b>4,016</b>	4,654	-	-
<b>Profit before tax</b>	7	<b>102,025</b>	94,533	<b>40,776</b>	56,583
Income tax expense	10	<b>(15,482)</b>	(21,366)	<b>(10,976)</b>	(15,608)
<b>Profit for the year</b>		<b>86,543</b>	73,167	<b>29,800</b>	40,975
Attributable to:					
Equity holders of the Company		<b>64,936</b>	54,246	<b>29,800</b>	40,975
Minority interests		<b>21,607</b>	18,921	-	-
		<b>86,543</b>	73,167	<b>29,800</b>	40,975
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic, for profit for the year	11	<b>14.88</b>	12.43		

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

# BALANCE SHEETS

As at 31 December 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	<b>295,726</b>	279,147	<b>327</b>	460
Land held for property development	14(a)	<b>14,543</b>	14,543	-	-
Investment properties	15	<b>46,773</b>	46,833	-	-
Prepaid land lease payments	16	<b>21,867</b>	15,568	-	-
Investments in subsidiaries	17	-	-	<b>108,607</b>	107,821
Investments in associates	18	<b>25,180</b>	24,088	<b>6,133</b>	7,369
Amounts due from associates	19	<b>8,913</b>	10,065	<b>8,913</b>	10,065
Other investments	20	<b>10,393</b>	7,767	<b>23</b>	17
Other non-current assets	21	-	2,574	-	2,574
Deferred tax assets	32	-	74	-	-
		<b>423,395</b>	400,659	<b>124,003</b>	128,306
<b>CURRENT ASSETS</b>					
Property development costs	14(b)	<b>1,053</b>	23,723	-	-
Inventories	22	<b>262,886</b>	239,351	-	-
Amounts due from subsidiaries	23	-	-	<b>77,049</b>	77,502
Amounts due from associates	19	<b>32,382</b>	11,216	<b>823</b>	2,567
Redeemable preference shares	24	<b>1,311</b>	1,888	<b>1,311</b>	1,888
Tax recoverable		<b>4,077</b>	504	<b>207</b>	118
Trade and other receivables	25	<b>387,692</b>	445,386	<b>4,158</b>	2,079
Cash and bank balances	26	<b>178,306</b>	208,277	<b>53,513</b>	53,370
		<b>867,707</b>	930,345	<b>137,061</b>	137,524
Assets held for sale	27	-	9,888	-	-
		<b>867,707</b>	940,233	<b>137,061</b>	137,524
<b>TOTAL ASSETS</b>		<b>1,291,102</b>	1,340,892	<b>261,064</b>	265,830

# BALANCE SHEETS

As at 31 December 2008 (CONT'D)

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	28	436,459	436,459	436,459	436,459
Other reserves	29	93,394	91,616	54,829	54,829
Accumulated losses		(29,880)	(85,126)	(382,543)	(402,653)
		499,973	442,949	108,745	88,635
<b>Minority interests</b>		105,309	98,495	-	-
<b>Total equity</b>		605,282	541,444	108,745	88,635
<b>Non-current liabilities</b>					
Borrowings	30	119,067	127,301	80,106	90,126
Retirement benefit obligations	31	3,484	4,222	3,167	3,639
Deferred tax liabilities	32	17,143	13,088	-	-
		139,694	144,611	83,273	93,765
<b>Current liabilities</b>					
Amounts due to subsidiaries	23	-	-	50,648	46,073
Provision	33	266	495	-	-
Borrowings	30	308,361	389,318	10,102	30,080
Trade and other payables	34	234,411	262,578	8,296	7,277
Current tax payable		3,088	2,446	-	-
		546,126	654,837	69,046	83,430
<b>TOTAL LIABILITIES</b>		685,820	799,448	152,319	177,195
<b>TOTAL EQUITY AND LIABILITIES</b>		1,291,102	1,340,892	261,064	265,830

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

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2008

← ATTRIBUTABLE TO EQUITY HOLDERS  
OF THE COMPANY →

GROUP	SHARE CAPITAL	OTHER RESERVES (NOTE 29)	ACCUMULATED LOSSES	TOTAL	MINORITY INTERESTS	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2007</b>						
As previously stated	436,459	87,737	(152,968)	371,228	113,340	484,568
Effects of adopting revised FRS112	-	-	21,331	21,331	-	21,331
<b>At 1 January 2007 (restated)</b>	<b>436,459</b>	<b>87,737</b>	<b>(131,637)</b>	<b>392,559</b>	<b>113,340</b>	<b>505,899</b>
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	-	-	54,246	54,246	18,921	73,167
Total recognised income and						
expense for the year	-	3,879	56,069	59,948	1,557	61,505
Dividends paid to minority						
shareholders of a subsidiary	-	-	-	-	(16,402)	(16,402)
Dividends (Note 12)	-	-	(9,558)	(9,558)	-	(9,558)
<b>At 31 December 2007 (restated)</b>	<b>436,459</b>	<b>91,616</b>	<b>(85,126)</b>	<b>442,949</b>	<b>98,495</b>	<b>541,444</b>

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2008 (CONT'D)

← ATTRIBUTABLE TO EQUITY HOLDERS  
OF THE COMPANY →

GROUP	SHARE CAPITAL RM'000	OTHER RESERVES (NOTE 29) RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
<b>At 1 January 2008</b>						
As previously stated	436,459	91,616	(94,722)	433,353	98,495	531,848
Effects of adopting revised FRS112	-	-	9,596	9,596	-	9,596
<b>At 1 January 2008 (restated)</b>	<b>436,459</b>	<b>91,616</b>	<b>(85,126)</b>	<b>442,949</b>	<b>98,495</b>	<b>541,444</b>
Foreign currency translation	-	1,611	-	1,611	2,266	3,877
Deferred tax (Note 32)	-	167	-	167	26	193
Net income and expense						
recognised directly in equity	-	1,778	-	1,778	2,292	4,070
Profit for the year	-	-	64,936	64,936	21,607	86,543
Total recognised income and expense for the year	-	1,778	64,936	66,714	23,899	90,613
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	(17,085)	(17,085)
Dividends (Note 12)	-	-	(9,690)	(9,690)	-	(9,690)
<b>At 31 December 2008</b>	<b>436,459</b>	<b>93,394</b>	<b>(29,880)</b>	<b>499,973</b>	<b>105,309</b>	<b>605,282</b>

← ATTRIBUTABLE TO EQUITY HOLDERS  
OF THE COMPANY →

COMPANY	SHARE CAPITAL RM'000	OTHER RESERVES (NOTE 29) RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
<b>At 1 January 2007</b>				
Profit for the year, representing total recognised income and expense for the year	436,459	54,829	(434,070)	57,218
Dividends (Note 12)	-	-	40,975	40,975
<b>At 31 December 2007</b>	<b>436,459</b>	<b>54,829</b>	<b>(402,653)</b>	<b>88,635</b>
<b>At 1 January 2008</b>				
Profit for the year, representing total recognised income and expense for the year	436,459	54,829	(402,653)	88,635
Dividends (Note 12)	-	-	29,800	29,800
Dividends (Note 12)	-	-	(9,690)	(9,690)
<b>At 31 December 2008</b>	<b>436,459</b>	<b>54,829</b>	<b>(382,543)</b>	<b>108,745</b>

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

# CASH FLOW STATEMENTS

For the year ended 31 December 2008

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
<b>Cash flows from operating activities</b>					
Profit for the year		<b>86,543</b>	73,167	<b>29,800</b>	40,975
Adjustments for:					
Dividend income	3	<b>(47)</b>	(23)	<b>(53,618)</b>	(74,376)
Interest income	3 & 5	<b>(4,542)</b>	(5,334)	<b>(1,440)</b>	(2,398)
Waiver of debt	5	-	(2,610)	<b>37</b>	-
Reversal of provision no longer required	5	<b>(5,450)</b>	-	-	-
Finance costs	6	<b>35,925</b>	33,975	<b>10,409</b>	10,397
Allowance for doubtful debts					
- trade receivables	7	<b>335</b>	5,238	-	-
- other receivables	7	-	2,485	-	2,334
- amounts due from subsidiaries	7	-	-	<b>1</b>	1
- amount due from an associate	7	-	5,058	-	-
Amortisation of prepaid land lease payments	7	<b>540</b>	443	-	-
Bad debts written off	7	<b>1,079</b>	7	-	-
Provision/(Reversal of provision) of impairment loss on quoted investment	7	<b>656</b>	(581)	-	-
Reversal of impairment loss on unquoted investment	7	<b>(3,273)</b>	-	<b>(51)</b>	-
Fair value adjustment of investment properties	7	<b>915</b>	330	-	-
Net unrealised foreign exchange losses	7	<b>554</b>	1,887	<b>359</b>	6,463
Gain on disposal of investment in an associate	7	<b>(5,086)</b>	-	<b>(3,529)</b>	-
Impairment loss on prepaid land lease payments	7	-	17	-	-
Inventories					
- allowance for write down	7	<b>1,203</b>	4,931	-	-
Gain on disposal and deconsolidation of subsidiaries	7	-	(9,407)	-	(1,700)

# CASH FLOW STATEMENTS

For the year ended 31 December 2008 (CONT'D)

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
Property, plant and equipment					
- revaluation deficit	7	-	436	-	-
- depreciation	7	27,661	28,420	291	268
- gain on disposal	7	(371)	(752)	-	-
- written off	7	202	8,711	-	-
- impairment losses	7	-	1,018	-	-
Provision for liquidated damages	7	5	1,004	-	-
Gain on disposal of quoted investments	7	(53)	(1)	-	-
Gain on disposal of unquoted investments	7	(1,626)	-	-	-
Share of profits of associates		(4,016)	(4,654)	-	-
Write back of allowance for doubtful debts					
- trade receivables	7	(2,234)	(615)	-	-
- other receivables	7	(1,449)	(97)	-	-
- amounts due from subsidiaries	7	-	-	-	(545)
Income tax expense	10	15,482	21,366	10,976	15,608
Operating profit/(loss) before working capital changes		142,953	164,419	(6,765)	(2,973)
- property development costs and land held for property development		22,670	12,144	-	-
- inventories		(24,738)	10,683	-	-
- receivables		62,855	(45,203)	495	(4,222)
- amounts due from associates		(20,015)	2,504	2,896	24,208
- payables		8,759	24,976	1,019	1,633
- intercompany balances		-	-	3,844	(13,076)
Cash generated from operations		192,484	169,523	1,489	5,570
Liquidated damages paid	33	(234)	(1,028)	-	-
Retirement benefits paid	31	(738)	-	(472)	-
Tax (paid)/refund		(14,179)	(13,753)	-	91
Net cash generated from operating activities		177,333	154,742	1,017	5,661

# CASH FLOW STATEMENTS

For the year ended 31 December 2008 (CONT'D)

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
<b>Cash flows from investing activities</b>					
Proceeds from redemption of other investment		572	635	572	635
Proceeds from disposal and deconsolidation of subsidiaries	17	-	18,391	-	13,715
Proceeds from disposal of an associate		5,534	-	5,534	-
Additional investment in an associate		(768)	-	(768)	-
Additional prepaid land lease payments	16	(6,840)	-	-	-
Purchase of property, plant and equipment	13	(33,863)	(41,265)	(158)	(259)
Purchase and subsequent expenditure of investment properties		(855)	-	-	-
Interest received		4,542	5,334	1,440	2,398
Proceeds from disposal of quoted investments		417	4	-	-
Proceeds from disposal of unquoted investments		1,677	-	51	-
Proceeds from disposal of property, plant and equipment		176	2,104	-	-
Dividend received		63	45	42,552	58,650
<b>Net cash (used in)/generated from investing activities</b>		<b>(29,345)</b>	<b>(14,752)</b>	<b>49,223</b>	<b>75,139</b>

## Cash flows from financing activities

Repayment of Murabahah Medium Term Notes		(30,000)	-	(30,000)	-
Dividends paid to minority shareholders of a subsidiary		(17,085)	(16,402)	-	-
Proceeds from short term bank borrowings		14,995	59,748	-	-
Drawdown of hire purchase		553	13,718	100	-
Repayment of hire purchase		(3,535)	(2,145)	(98)	(70)
Dividends paid	12	(9,690)	(9,558)	(9,690)	(9,558)

# CASH FLOW STATEMENTS

For the year ended 31 December 2008 (CONT'D)

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
Repayment of short term bank borrowings		(80,372)	(44,816)	-	-
Finance costs paid		(34,847)	(34,276)	(10,409)	(10,665)
Repayment of ECB		-	(39,195)	-	(39,195)
Repayment of term loan		(20,840)	-	-	-
<b>Net cash used in financing activities</b>		<b>(180,821)</b>	<b>(72,926)</b>	<b>(50,097)</b>	<b>(59,488)</b>
Net (decrease)/increase in cash and cash equivalents		(32,833)	67,064	143	21,312
Cash and cash equivalents as at 1 January		207,888	143,980	53,370	32,058
Foreign exchange differences		2,883	(3,156)	-	-
<b>Cash and cash equivalents as at 31 December</b>	<b>A</b>	<b>177,938</b>	<b>207,888</b>	<b>53,513</b>	<b>53,370</b>

A. Cash and cash equivalents comprise:

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
			<b>Restated</b>		
Cash and bank balances	26	177,938	207,920	53,513	53,370
Bank overdrafts	30	-	(32)	-	-
		<b>177,938</b>	<b>207,888</b>	<b>53,513</b>	<b>53,370</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

## 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 6 April 2009.

## 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 revised FRSs, Amendment to FRS and Interpretations 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 and certain buildings 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 any accumulated impairment losses.

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

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

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.

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 any 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 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### (c) 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.

### (d) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### (e) 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.

### (f) Land held for property development and property development costs

#### i. Land held for property development

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

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

#### ii. Property development costs

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

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

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

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

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

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 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### (g) 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.

### (h) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### (i) 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 and investment properties are stated at cost less any 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.

#### 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. 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.

#### vii. Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### (j) 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.

#### 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 any accumulated 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(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(p)(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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### (k) 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.

### (l) 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.

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 in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

### (m) 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.

### (n) 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 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (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.

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.

### 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.

## (o) 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 RM, which is also the Company's functional currency.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### 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. These 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 in the Company's separate 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.

### 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.

## (p) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.2 Summary of significant accounting policies (CONT'D)

### ii. Sale of properties

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

### 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 policies.

### 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.

## (q) 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 2008 (CONT'D)

## 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendments to FRS and Interpretations

On 1 January 2008, the Group and the Company adopted the following revised FRSs, Amendment to FRS and Interpretations:

FRS 107: Cash Flow Statements

FRS 111: Construction Contracts

FRS 112: Income Taxes

FRS 118: Revenue

FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

FRS 134: Interim Financial Reporting

FRS 137: Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies

IC Interpretation 8: Scope of FRS 2

Except for the changes in accounting policies and their effects as discussed below, the adoption of the revised FRSs, Amendment to FRS and Interpretations do not have any other significant impact on the financial statements of the Group and of the Company.

### (a) FRS 112: Income taxes

Prior to 1 January 2008, the Group did 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 has resulted in deferred tax assets on unabsorbed reinvestment allowances of the Group amounting to RM3,619,000 (2007: RM9,596,000) being recognised in the balance sheet of the Group for the year ended 31 December 2008.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendments to FRS and Interpretations (CONT'D)

The Group has applied the revised FRS 112 retrospectively and as set out below, certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2007 and consolidated income statement for the year ended 31 December 2007 are also set out below:

Description of change	Previously stated	Increase/ (Decrease)	Restated
	RM'000	FRS112 RM'000	RM'000
<b>GROUP</b>			
<b>Balance sheet</b>			
Deferred tax liabilities	22,684	(9,596)	13,088
Total equity			
At 1 January 2007	484,568	21,331	505,899
At 31 December 2007	531,848	9,596	541,444
<b>Income statement</b>			
Income tax expense	9,631	11,735	21,366
Profit for the year	84,902	(11,735)	73,167
Earnings per share:			
Basic, for profit for the year	15.12	(2.69)	12.43

### (b) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2008 is higher or lower than it would have been had the previous policies been applied in the current year.

#### (i) Effects on balance sheets as at 31 December 2008

Description of Change	Increase/(Decrease)	
	FRS 112 Note 2.3(a) RM'000	Total RM'000
<b>GROUP</b>		
Deferred tax liabilities	(3,619)	(3,619)
Retained earnings	3,619	3,619

#### (ii) Effects on income statements for the year ended 31 December 2008

Description of Change	Increase/(Decrease)	
	FRS 112 Note 2.3(a) RM'000	Total RM'000
<b>GROUP</b>		
Income tax expense	5,977	5,977
Profit for the year	(5,977)	(5,977)
Earnings per share:		
Basic, for profit for the year	(1.37)	(1.37)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.4 Standards and interpretations issued but not yet effective

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

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The other new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon its initial application, except for the changes in disclosures arising from the adoption of FRS 8.

## 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, prepaid land lease payments and property, plant and equipment.

The Group has developed certain criteria based on FRS 140: Investment Property 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 leasehold land and building but has decided not to treat these properties as investment properties because it is not the Group's intention to hold these properties in the long-term for capital appreciation or rental income. Accordingly, these properties are still classified as prepaid land lease payments and property, plant and equipment respectively.

- 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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 2.5 Significant accounting estimates and judgements (CONT'D)

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:

#### 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, unabsorbed capital allowances, unabsorbed reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances, reinvestment allowances and other deductible temporary differences 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, capital allowances, reinvestment allowances and other deductible temporary differences of the Group was RM27,952,000 (2007: RM55,365,000) and the unrecognised tax losses, capital allowances, reinvestment allowances and other deductible temporary differences of the Group was RM33,919,000 (2007: RM28,257,000).

#### iii. 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 2008 (CONT'D)

## 3. REVENUE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods, principally cable, wire and its related products	2,305,201	2,638,434	-	-
Revenue from power generation	205,879	158,935	-	-
Revenue from property development	24,455	21,160	-	-
Rendering of services	7	19	-	-
Dividends				
- subsidiaries	-	-	53,580	71,940
- associates	-	-	38	2,436
- equity investments, quoted in Malaysia	47	23	-	-
Interest income	1,548	1,675	1,440	2,398
Rental income from investment properties	3,665	1,489	-	-
	<b>2,540,802</b>	<b>2,821,735</b>	<b>55,058</b>	<b>76,774</b>

## 4. COST OF SALES

	GROUP	
	2008 RM'000	2007 RM'000
Cost of inventories sold	2,183,047	2,486,916
Cost relating to power generation	144,093	112,996
Property development costs (Note 14(b))	21,520	18,747
Cost of inventory of completed units	2,151	-
Others	86	-
	<b>2,350,897</b>	<b>2,618,659</b>

## 5. OTHER INCOME

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest income	2,994	3,659	-	-
Insurance claim	843	315	-	-
Rental income	202	184	-	-
Waiver of debt	-	2,610	37	-
Miscellaneous income	7,367	143	214	52
	<b>11,406</b>	<b>6,911</b>	<b>251</b>	<b>52</b>

Included in miscellaneous income is a reversal of provision no longer required amounting to RM5,450,000 (2007: RMNil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 6. FINANCE COSTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense on:				
- bank borrowings	14,591	17,705	-	-
- hire purchase payable	801	587	11	11
- Euroconvertible Bonds ("ECB")	-	1,092	-	1,092
- Murabahah Medium Term Notes ("MMTN")	10,178	9,180	10,178	9,180
Interest paid to corporate shareholder of a subsidiary (Note 38)	2,941	5,487	-	-
Foreign exchange losses/(gains)				
- realised	4,978	(1,560)	67	197
- unrealised	1,078	(1,051)	-	(1,018)
Bank charges	1,088	1,626	27	26
Legal/professional charges	270	909	126	909
	<b>35,925</b>	<b>33,975</b>	<b>10,409</b>	<b>10,397</b>

## 7. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for doubtful debts				
- trade receivables	335	5,238	-	-
- other receivable	-	2,485	-	2,334
- amounts due from subsidiaries	-	-	1	1
- amount due from an associate	-	5,058	-	-
Amortisation of prepaid land lease payments (Note 16)	540	443	-	-
Auditors' remuneration				
- current year	388	344	99	93
- prior year	9	29	6	23
Bad debts written off/(back)	1,079	7	(1,392)	-
Depreciation (Note 13)	27,661	28,420	291	268
Employee benefits expense (Note 8)	65,011	68,252	-	-
Fair value adjustment of investment properties (Note 15)	915	330	-	-
Gain on disposal of quoted investments	(53)	(1)	-	-
Gain on disposal of investments in subsidiaries (Note 17)	-	(9,407)	-	(1,700)
Gain on disposal of investment in an associate	(5,086)	-	(3,529)	-
Gain on disposal of unquoted investments	(1,626)	-	-	-
Lease rental	25	71	10	10

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 7. PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Net foreign exchange (gains)/losses				
- realised	(1,262)	(4,208)	(543)	298
- unrealised	554	1,887	359	6,463
Non-executive directors' remuneration (Note 9)	553	514	120	90
Property, plant and equipment				
- revaluation deficit included in cost of sales (Note 13)	-	436	-	-
- gain on disposal	(371)	(752)	-	-
- written off	202	8,711	-	-
- 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 33)	5	1,004	-	-
Operating leases:				
- minimum lease payments of land and buildings	1,042	939	125	123
Royalties	741	757	-	-
Provision/(Reversal of provision) of impairment loss on quoted investment	656	(581)	-	-
Reversal of impairment loss on unquoted investment	(3,273)	-	(51)	-
Inventories				
- allowance for write down	1,203	4,931	-	-
Write back of allowance for doubtful debts				
- trade receivables	(2,234)	(615)	-	-
- other receivables	(1,449)	(97)	-	-
- amounts due from subsidiaries	-	-	-	(545)

## 8. EMPLOYEE BENEFITS EXPENSE

	GROUP	
	2008 RM'000	2007 RM'000
Wages and salaries	54,761	55,046
Social security contributions	511	506
Contributions to defined contribution plan	6,074	6,299
Other benefits	3,665	6,401
	<b>65,011</b>	<b>68,252</b>

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM8,610,000 (2007: RM8,826,000) as further disclosed in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 9. DIRECTORS' REMUNERATION

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive directors' remuneration (Note 8):				
Fees	13	16	-	-
Other emoluments	8,597	8,810	-	-
	<b>8,610</b>	<b>8,826</b>	<b>-</b>	<b>-</b>
Non-executive directors' remuneration (Note7):				
Fees	180	134	120	90
Other emoluments	373	380	-	-
	<b>553</b>	<b>514</b>	<b>120</b>	<b>90</b>
Total directors' remuneration (Note 38 (b))	<b>9,163</b>	<b>9,340</b>	<b>120</b>	<b>90</b>
Estimated monetary value of benefits-in-kind	341	236	7	-
Total directors' remuneration including benefits-in-kind	<b>9,504</b>	<b>9,576</b>	<b>127</b>	<b>90</b>

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive:				
Salaries and other emoluments	2,552	2,417	-	-
Fees	7	7	-	-
Bonuses	2,472	2,692	-	-
Defined contribution plan	916	935	-	-
Estimated monetary value of benefits-in-kind	112	72	-	-
	<b>6,059</b>	<b>6,123</b>	<b>-</b>	<b>-</b>
Non-Executive:				
Fees	130	100	120	90
Other emoluments	373	380	-	-
Estimated monetary value of benefits-in-kind	7	-	7	-
	<b>510</b>	<b>480</b>	<b>127</b>	<b>90</b>
	<b>6,569</b>	<b>6,603</b>	<b>127</b>	<b>90</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 9. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of Directors	
	2008	2007
<b>Executive directors:</b>		
RM1,000,001 - RM1,050,000	1	-
RM1,050,001 - RM1,100,000	-	1
RM1,300,001 - RM1,350,000	1	1
RM1,700,001 - RM1,750,000	1	1
RM1,950,001 - RM2,000,000	1	1
<b>Non-Executive directors:</b>		
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	3	2

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 10. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000
Current income tax:				
Malaysian income tax	7,229	11,540	10,962	15,608
Foreign tax	4,341	3,123	-	-
	11,570	14,663	10,962	15,608
(Over)/Underprovision in prior years:				
Malaysian income tax	(410)	12	14	-
	11,160	14,675	10,976	15,608
Deferred taxation (Note 32):				
Relating to origination and reversal of temporary differences	4,735	8,919	-	-
Relating to changes in rates	(437)	(645)	-	-
Under/(Over)provision in prior years	24	(1,574)	-	-
	4,322	6,691	-	-
Total income tax expense	15,482	21,366	10,976	15,608

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%  
In excess of RM500,000 of chargeable income : Malaysian corporate statutory tax rate

The Malaysian corporate statutory tax rate will be reduced to 25% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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:

	2008 RM'000	2007 RM'000 Restated
<b>GROUP</b>		
Profit before tax	102,025	94,533
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	26,527	25,524
Effect of income subject to tax rate of 20%	(3)	(2)
Deferred tax assets not recognised on unused tax losses, unabsorbed capital allowances and other deductible temporary differences	434	1,629

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 10. INCOME TAX EXPENSE (CONT'D)

	2008 RM'000	2007 RM'000 Restated
Effects of		
- changes in tax rates on opening balance of deferred tax	(257)	(410)
- different tax rates in other countries	(8,140)	(6,780)
- expenses not deductible for tax purposes	22,139	17,030
- income not subject to tax	(21,817)	(8,210)
- reversal of deferred tax liabilities on revaluation surplus	-	(1,828)
- utilisation of current year's capital allowances	(37)	(52)
- utilisation of current year reinvestment allowances	(1,417)	(1,943)
- utilisation of previously unrecognised unused tax losses	(837)	(269)
- utilisation of previously unrecognised unabsorbed capital allowances	(72)	(5)
- utilisation of previously unrecognised other deductible temporary differences	(57)	-
- expenses eligible for double deductions	(44)	(58)
Deferred tax recognised on tax losses	(228)	-
Deferred tax recognised on reinvestment allowances	(143)	(1,454)
Deferred tax recognised at different tax rates	(180)	(244)
(Over)/Underprovision of income tax in prior years	(410)	12
Under/(Over)provision of deferred tax in prior years	24	(1,574)
<b>Tax expense for the year</b>	<b>15,482</b>	<b>21,366</b>
<b>COMPANY</b>		
Profit before tax	40,776	56,583
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	10,602	15,277
Effects of		
- expenses not deductible for tax purposes	4,571	5,878
- income not subject to tax	(4,174)	(5,495)
Effect of utilisation of current year's capital allowances	(37)	(52)
Underprovision of income tax in prior years	14	-
<b>Tax expense for the year</b>	<b>10,976</b>	<b>15,608</b>
<b>GROUP</b>		
Tax losses are analysed as follows:		
Unused tax losses carried forward	21,802	18,967
Unabsorbed capital allowances carried forward	4,180	5,160
Unabsorbed reinvestment allowances carried forward	14,555	36,908

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 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.

	2008	GROUP 2007 Restated
Profit attributable to ordinary equity holders of the Company (RM'000)	64,936	54,246
Number of ordinary shares in issue ('000)	436,459	436,459
Basic earnings per share (sen)	14.88	12.43

## 12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Recognised during the year:				
First interim dividend for 2008: 1.5% less 26% taxation, on 436,458,652 ordinary shares (1.11 sen per ordinary share)	4,845	-	4,845	-
Second interim dividend for 2008: 1.5% less 26% taxation, on 436,458,652 ordinary shares (1.11 sen per ordinary share)	4,845	-	4,845	-
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
	<b>9,690</b>	<b>9,558</b>	<b>9,690</b>	<b>9,558</b>

The directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2008.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 13. PROPERTY, PLANT AND EQUIPMENT

	* LAND AND BUILDINGS RM'000	PLANT, MACHINERY AND TOOLS RM'000	FURNITURE, FIXTURES AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CONSTRUCTION- IN- PROGRESS RM'000	TOTAL RM'000
<b>GROUP</b>						
<b>At 31 December 2008</b>						
<b>Cost/Valuation</b>						
At 1 January 2008						
At cost	-	411,139	53,706	13,983	6,761	485,589
At valuation	117,246	-	-	-	-	117,246
	117,246	411,139	53,706	13,983	6,761	602,835
Additions	6,096	14,841	3,121	1,896	7,909	33,863
Disposals	-	(119)	(24)	(631)	-	(774)
Write off	-	(16)	(169)	-	(130)	(315)
Reclassification	115	8,249	182	-	(8,546)	-
Reclassification from assets held for sale (Note 27)	8,605	-	-	-	-	8,605
Exchange differences	504	5,050	71	62	54	5,741
At 31 December 2008	132,566	439,144	56,887	15,310	6,048	649,955
Representing						
At cost	6,325	439,144	56,887	15,310	6,048	523,714
At valuation	126,241	-	-	-	-	126,241
At 31 December 2008	132,566	439,144	56,887	15,310	6,048	649,955
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2008	5,689	264,644	43,373	9,982	-	323,688
Depreciation charge for the year (Note 7)	3,298	20,259	2,486	1,618	-	27,661
Disposals	-	(61)	(24)	(532)	-	(617)
Write off	-	(8)	(105)	-	-	(113)
Exchange differences	253	3,230	88	39	-	3,610
At 31 December 2008	9,240	288,064	45,818	11,107	-	354,229
<b>Net carrying amount</b>						
At cost	6,220	151,080	11,069	4,203	6,048	178,620
At valuation	117,106	-	-	-	-	117,106
At 31 December 2008	123,326	151,080	11,069	4,203	6,048	295,726

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

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

	* LAND AND BUILDINGS RM'000	PLANT, MACHINERY AND TOOLS RM'000	FURNITURE, FIXTURES AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CONSTRUCTION- IN- PROGRESS RM'000	TOTAL RM'000
<b>GROUP</b>						
<b>At 31 December 2007</b>						
<b>Cost/Valuation</b>						
At 1 January 2007						
At cost	14,535	442,326	58,759	13,698	4,615	533,933
At valuation	126,480	-	-	-	-	126,480
	141,015	442,326	58,759	13,698	4,615	660,413
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 (Note 27)	(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	53,706	13,983	6,761	602,835
Representing						
At cost	-	411,139	53,706	13,983	6,761	485,589
At valuation	117,246	-	-	-	-	117,246
At 31 December 2007	117,246	411,139	53,706	13,983	6,761	602,835
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2007						
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 (Note 27)	(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	43,373	9,982	-	323,688

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

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

	* LAND AND BUILDINGS RM'000	PLANT, MACHINERY AND TOOLS RM'000	FURNITURE, FIXTURES FITTINGS AND EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CONSTRUCTION- IN- PROGRESS RM'000	TOTAL RM'000
<b>GROUP</b>						
<b>At 31 December 2007</b>						
<b>Net carrying amount</b>						
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

### \* LAND AND BUILDINGS

	FREEHOLD LAND RM'000	BUILDINGS RM'000	TOTAL RM'000
<b>GROUP</b>			
<b>At 31 December 2008</b>			
At 1 January 2008			
At valuation	33,700	83,546	117,246
Additions	-	6,096	6,096
Reclassification	-	115	115
Reclassification from assets held for sale	8,490	115	8,605
Exchange differences	-	504	504
At 31 December 2008	42,190	90,376	132,566
Representing			
At cost	-	6,325	6,325
At valuation	42,190	84,051	126,241
At 31 December 2008	42,190	90,376	132,566
<b>Accumulated depreciation and impairment losses</b>			
At 1 January 2008			
Depreciation charge for the year	-	5,689	5,689
Exchange differences	-	3,298	3,298
At 31 December 2008	-	253	253
At 31 December 2008			
<b>Net carrying amount</b>			
At cost	-	6,220	6,220
At valuation	42,190	74,916	117,106
	42,190	81,136	123,326

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

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

### \* LAND AND BUILDINGS (CONT'D)

	FREEHOLD LAND RM'000	BUILDING RM'000	TOTAL RM'000
<b>GROUP</b>			
<b>At 31 December 2007</b>			
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 valuation	33,700	83,546	117,246
At 31 December 2007	33,700	83,546	117,246
<b>Accumulated depreciation and impairment losses</b>			
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
<b>Net carrying amount</b>			
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 2008 (CONT'D)

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

	MOTOR VEHICLE RM'000	FURNITURE, FIXTURES, FITTINGS AND EQUIPMENT RM'000	TOTAL RM'000
<b>COMPANY</b>			
<b>At 31 December 2008</b>			
<b>Cost</b>			
At 1 January 2008	438	889	1,327
Additions	115	43	158
Write off	-	(1)	(1)
At 31 December 2008	553	931	1,484
<b>Accumulated depreciation</b>			
At 1 January 2008	264	603	867
Depreciation charge for the year (Note 7)	111	180	291
Write off	-	(1)	(1)
At 31 December 2008	375	782	1,157
<b>Net carrying amount</b>			
At 31 December 2008	178	149	327
<b>At 31 December 2007</b>			
<b>Cost</b>			
At 1 January 2007	438	630	1,068
Additions	-	259	259
At 31 December 2007	438	889	1,327
<b>Accumulated depreciation</b>			
At 1 January 2007	176	423	599
Depreciation charge for the year (Note 7)	88	180	268
At 31 December 2007	264	603	867
<b>Net carrying amount</b>			
At 31 December 2007	174	286	460

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

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

- (a) Freehold land and buildings were revalued in the previous 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 in the previous financial year.
- (b) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM33,863,000 (2007: RM41,265,000) and RM158,000 (2007: RM259,000) respectively of which RM553,000 (2007: RM13,718,000) and RM100,000 (2007: RMNil) 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and machinery	13,535	16,324	-	-
Furniture, fixtures and fittings	114	189	-	-
Motor vehicles	1,562	1,535	180	175
	15,211	18,048	180	175

Included in motor vehicles held under hire purchase is a motor vehicle with a net carrying amount of RM483,000 (2007: RM645,000) 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	
	2008 RM'000	2007 RM'000
Freehold land	16,291	7,801
Buildings	53,966	56,205
	70,257	64,006

Included in buildings of the Group are apartments with net carrying amount of RM130,000 (2007: RM130,000) for which the strata titles are being applied for.

- (d) The management of Leader Cable Industry Berhad, a subsidiary of the Group included within the cable and wire segment, had carried out a review of the recoverable amount of its building in the previous financial year before the building was reclassified as held for sale. The review had 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, had carried out a review of the recoverable amount of its plant, machinery and tools in the previous financial year because the machine required high repair and maintenance to sustain its productivity. The review had 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

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

	FREEHOLD LAND RM'000	DEVELOPEMENT COSTS RM'000	TOTAL RM'000
<b>GROUP</b>			
<b>(a) Land held for property development</b>			
<b>At 31 December 2008</b>			
<b>Cost</b>			
At 1 January and 31 December 2008	3,626	11,561	15,187
<b>Accumulated impairment losses</b>			
At 1 January and 31 December 2008	-	(644)	(644)
Carrying amount at 31 December 2008	3,626	10,917	14,543
<b>At 31 December 2007</b>			
<b>Cost</b>			
At 1 January and 31 December 2007	3,626	11,561	15,187
<b>Accumulated impairment losses</b>			
At 1 January and 31 December 2007	-	(644)	(644)
Carrying amount at 31 December 2007	3,626	10,917	14,543

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

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

	FREEHOLD LAND RM'000	DEVELOPEMENT COSTS RM'000	TOTAL RM'000
<b>GROUP</b>			
<b>(b) Property development costs</b>			
<b>At 31 December 2008</b>			
<b>Cumulative property development costs</b>			
At 1 January 2008	22,826	81,279	104,105
Costs incurred during the year	-	8,176	8,176
Costs transferred from joint venture	-	5,376	5,376
Reversal of completed units	(17,034)	(36,045)	(53,079)
Transferred to inventory of completed units	(776)	(13,926)	(14,702)
At 31 December 2008	5,016	44,860	49,876
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2008	(13,771)	(66,611)	(80,382)
Recognised during the year (Note 4)	(7,934)	(13,586)	(21,520)
Reversal of completed units	17,034	36,045	53,079
At 31 December 2008	(4,671)	(44,152)	(48,823)
Property development costs at 31 December 2008	345	708	1,053
<b>At 31 December 2007</b>			
<b>Cumulative property development costs</b>			
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
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2007	(9,090)	(52,545)	(61,635)
Recognised during the year (Note 4)	(4,681)	(14,066)	(18,747)
At 31 December 2007	(13,771)	(66,611)	(80,382)
Property development costs at 31 December 2007	9,055	14,668	23,723

Included in property development costs as at 31 December 2007 were 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 the project's budget. For initial working capital purpose, the Group and the joint venture partner contributed RM650,000 and RM350,000 respectively.

The agreement provides that all development expenditure will be financed by the funds from the Housing Development Account ("HDA"). The agreement allows, after the completion of the project and settling all the liabilities, the remaining balance sum in the HDA to be distributed between the Group and the joint venture partner in a ratio which follows the contribution of initial working capital.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 15. INVESTMENT PROPERTIES

	GROUP	
	2008 RM'000	2007 RM'000
At 1 January	46,833	25,163
Addition	855	22,000
Fair value adjustment (Note 7)	(915)	(330)
At 31 December	46,773	46,833

The following investment property is held under lease terms:

	GROUP	
	2008 RM'000	2007 RM'000
Short term leasehold land	5,880	6,000

Investment properties comprise industrial and commercial properties. The commercial units are leased to third parties (Note 35(b)).

The direct operating expenses of investment properties are as analysed below:

	GROUP	
	2008 RM'000	2007 RM'000
- Revenue generating during the year	2,867	1,828
- Non-revenue generating during the year	5	5
	2,872	1,833

## 16. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2008 RM'000	2007 RM'000
At 1 January	15,567	18,890
Additions	6,840	-
Amortisation for the year (Note 7)	(540)	(443)
Reclassified as assets held for sale (Note 27)	-	(190)
Impairment loss recognised in profit or loss (Note 7)	-	(17)
Impairment loss recognised in equity	-	(2,672)
At 31 December	21,867	15,568
Analysed as:		
Long term leasehold land	8,442	4,388
Short term leasehold land	13,425	11,180
	21,867	15,568

The management of the Group had carried out a review of the recoverable amount of its prepaid land lease payments in the previous financial year. The review had led to the recognition of an impairment loss of RM17,000 (included in "Cost of Sales" as disclosed in Note 7) and RM2,672,000 which was recognised in equity. 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 previous financial year by Henry Butcher Malaysia Sdn. Bhd., an independent professional valuer. Fair value was determined by reference to open market values on comparison basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 17. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2008 RM'000	2007 RM'000
Unquoted shares:		
At cost	108,644	107,858
Less: Accumulated impairment losses	(37)	(37)
	<b>108,607</b>	<b>107,821</b>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest		Principal activities
		2008 %	2007 %	
<b>Held by the Company:</b>				
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	Commenced Members' Voluntary Winding-Up w.e.f. 26 November 2008
Leader Lifecare Sdn. Bhd. *	Malaysia	100.00	100.00	Insurance agent
Leader Universal Properties Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding
Leader Communication Sdn. Bhd. (formerly known as Leader Universal Marketing Sdn. Bhd.) *	Malaysia	100.00	100.00	Trading of telecommunication related products
Leader International Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Leader Copper Products Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Leader Engineering Sdn. Bhd. *	Malaysia	100.00	-	Dormant
Leader Universal Aluminium Sdn. Bhd. *	Malaysia	100.00	-	Dormant
Universal Cable Engineering Sdn. Bhd. *	Malaysia	100.00	-	Dormant
Leader Universal (Hong Kong) Company Limited **	Hong Kong	100.00	100.00	Investment holding
Kabelco Limited *	British Virgin Islands	100.00	100.00	Trading of optic fibre related products
Leader Power International (Pakistan) Incorporated *	Cayman Islands	-	100.00	Struck off w.e.f. 30 September 2008
Leader Infrastructure Limited *	Cayman Islands	100.00	100.00	Investment holding
Leader Universal (Labuan) Limited **	Federal Territory of Labuan, Malaysia	100.00	100.00	Dormant

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest		Principal activities
		2008 %	2007 %	
<b>Held through subsidiaries:</b>				
Leader (Cambodia) Limited ***	Cambodia	100.00	-	Investment holding
Leader Properties 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	Dormant
Northern Wire & Cable Sdn. Bhd. *	Malaysia	-	100.00	Commenced Members' Voluntary Winding-Up w.e.f. 26 November 2008
Leader Universal Aluminium Sdn. Bhd. *	Malaysia	-	100.00	Dormant
Universal Cable Engineering Sdn. Bhd. *	Malaysia	-	100.00	Dormant
Leader Plantation Sdn. Bhd.	Malaysia	-	100.00	Wound up w.e.f 31 January 2008
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
Shantou Hi-Tech Indu. Deve. Dist. Sinda Cable Company Limited	People's Republic of China	Nil #	Nil #	Under liquidation

\* Audited by Ernst & Young, Malaysia

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

\*\*\* Audited by firms other than Ernst & Young

# Nil because of loss of control

Five million ordinary shares of USD1 each of a subsidiary, Leader Universal (Hong Kong) Company Limited ("LUHK") with a carrying value of RM12,800,000 have been earmarked as the identifiable assets for the purposes of the MMTN as disclosed in Note 30.2. 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 2008 (CONT'D)

## 17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Acquisition of subsidiaries:

- (i) On 29 August 2008, the Company had subscribed an additional 63,000 ordinary shares of RM1.00 each in Leader Communication Sdn. Bhd. (formerly known as Leader Universal Marketing Sdn. Bhd.) ("LCSB") for a total cash consideration of RM63,000. LCSB is a wholly-owned subsidiary of the Company.

With the above acquisition, the Company owns 100,000 ordinary shares of RM1.00 each in LCSB. LCSB is involved in trading of telecommunication related products.

- (ii) On 1 July 2008, Leader Cable Industry Berhad ("LCIB") had disposed of the entire issued and paid-up share capital consisting of 1,000,000 ordinary shares of RM1.00 each in Leader Engineering Sdn. Bhd. ("LESB") to the Company for a total cash consideration of RM723,633. LCIB is a wholly-owned subsidiary of the Company.

With the above disposal, LESB is now held directly by the Company. LESB is dormant during the year.

- (iii) On 1 July 2008, Universal Cable (M) Berhad ("UCMB") had disposed of the entire issued and paid-up share capital consisting of 1,000,000 and 7,000,000 ordinary shares of RM1.00 each in Universal Cable Engineering Sdn. Bhd. ("UCE") and Leader Universal Aluminium Sdn. Bhd. ("LUA") respectively to the Company for a total cash consideration of RM1 for each company. UCMB is a wholly-owned subsidiary of the Company.

With the above disposals, UCE and LUA are now held directly by the Company. UCE and LUA are dormant during the year.

- (iv) On 30 May 2008, the Company's wholly-owned subsidiary, Leader Infrastructure Limited had incorporated a wholly-owned subsidiary, Leader (Cambodia) Limited in Cambodia as an investment holding company. It has a registered capital of USD1,000 divided into 1,000 ordinary shares of USD1.00 each.

### Disposal and deconsolidation of subsidiaries

The Group had disposed of and deconsolidated the following companies:

- (i) On 30 September 2008, the Company's dormant wholly-owned subsidiary, Leader Power International (Pakistan) Incorporated was struck off from the Companies Register pursuant to Section 175 of the Companies Law (as amended) of the Cayman Islands.
- (ii) On 31 January 2008, Leader Plantation Sdn. Bhd. had held its Final Meeting to conclude the members' voluntary winding-up.
- (iii) In the previous financial year, Leader Universal (CNMI) Incorporated ("Leader CNMI"), a dormant wholly-owned subsidiary of the Company had been dissolved with effect from 31 December 2007 in accordance with the laws and procedures on Members' Voluntary Winding-up of the Commonwealth of the Northern Mariana Islands, USA.
- (iv) In the previous financial year, Leader Diamond Dies Manufacturing Sdn. Bhd., Leader Data Cable Sdn. Bhd. and Leader Pewter Sdn. Bhd. had held their respective Final Meeting to conclude the members' voluntary winding-up on 27 December 2007.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (v) In the previous financial year, Leader Brass Products Sdn. Bhd. and Leader Credit & Leasing Sdn. Bhd. had held their respective Final Meeting to conclude the members' voluntary winding-up on 12 November 2007.
- (vi) In the previous financial year, KPU-LEADER Consortium Sdn. Bhd. had commenced its members' voluntary winding-up proceedings on 19 October 2007.
- (vii) In the previous financial year, Leader-Goldstar Electronic Wire Sdn. Bhd. had held its Final Meeting on 18 July 2007 to conclude the members' voluntary winding-up and on 18 October 2007, the Company was dissolved.
- (viii) In the previous financial year, 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 on 7 May 2007.
- (ix) In the previous financial year, Leader Universal (Hong Kong) Company Limited had entered into a Share Purchase Agreement with Tropical Ventures Company Limited ("TVCL") to dispose of 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.

The results of the subsidiaries disposed of and deconsolidated are as follows:

	2008 RM'000	2007 RM'000
Revenue	-	71,344
Operating loss	-	(3,320)
Loss for the year	-	(2,532)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	2008 RM'000	2007 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)
Gain on disposal to the Group (Note 7)	-	(9,407)
Disposal proceed settled by:		
Cash	-	22,337
Cash inflow arising on disposal and deconsolidation of subsidiaries:		
Cash consideration, representing cash inflow of the Group	-	22,337
Cash and cash equivalents of subsidiaries disposed of and deconsolidated	-	(3,946)
Net cash inflow of the Group	-	18,391

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

	2008 RM'000	2007 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 7)	-	1,700
Disposal proceed settled by subsidiary:		
Cash	-	13,715

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 18. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares at cost	28,945	28,698	9,161	10,397
Less: Accumulated impairment losses	(26,481)	(26,481)	(3,028)	(3,028)
	2,464	2,217	6,133	7,369
Share of post-acquisition reserves	22,716	21,871	-	-
	25,180	24,088	6,133	7,369

Details of the associates are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest and voting power		Principal activities
		2008 %	2007 %	
<b>Held by the Company:</b>				
Sarawak Cable Sdn. Bhd. (formerly known as UCS Holdings Sdn. Bhd.)	Malaysia	26.06	-	Investment holding
Universal Cable (Sarawak) Sdn. Bhd.	Malaysia	-	35.00	Manufacture and sale of cables
Lite Kabel Sdn. Bhd.	Malaysia	30.00	30.00	Manufacture and sale of optical fibre cables
<b>Held through subsidiaries:</b>				
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

During the year, the Company had disposed of its entire equity interest of 5,250,000 ordinary shares of RM1.00 each, representing 35% of the total issued and paid up share capital of Universal Cable Sarawak Sdn Bhd ("UCS") to Sarawak Cable Sdn. Bhd. (formerly known as UCS Holdings Sdn. Bhd.) ("Sarawak Cable"), in exchange for 18,304,999 ordinary shares of RM1.00 each in Sarawak Cable based on the agreed consideration of RM3.49 per share ("Disposal") as stated in the Company's previous announcement dated 23 October 2007.

Subsequent to the Disposal, Sarawak Cable had effected a share split involving the subdivision of the par value for every ordinary share in Sarawak Cable from RM1.00 to RM0.50 ("Share Split"). Subsequent to the Share Split, the Company holds 36,609,998 ordinary shares of RM0.50 each in Sarawak Cable.

The Company had offered for sale 10,850,000 ordinary shares of RM0.50 each in Sarawak Cable to Dato Sri Haji Mahmud Abu Bekir Taib at a total cash consideration of RM5,533,500 (RM0.51 per share) based on a willing buyer-willing seller basis ("Offer for Sale 1"). The Offer for Sale 1 has led to the decrease in the Company's equity interest in Sarawak Cable from 35% to 24.63%.

Some directors of the Company who are also directors of UCS, were offered 500,000 Sarawak Cable shares each by Central Paragon Sdn. Bhd. ("CP"), an existing shareholder of Sarawak Cable. The directors had collectively declined the offer in favour of the Company and the 1,500,000 shares were then reoffered by CP to the Company and the Company had agreed to take up the said 1,500,000 ordinary shares of RM0.50 each in Sarawak Cable at a total cash consideration of RM765,000 (RM0.51 per share) ("Offer for Sale 2").

The Disposal, Share Split, Offer for Sale 1 and Offer for Sale 2 were implemented as part of a restructuring undertaken pursuant to the proposed initial public offering of Sarawak Cable. The Company will subsequently hold a total of 27,259,998 ordinary shares in Sarawak Cable, being 26.06% equity interest in Sarawak Cable.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 18. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows:

	GROUP	
	2008 RM'000	2007 RM'000
<b>Share of associates' balance sheets:</b>		
Current assets	34,119	22,021
Non-current assets	40,772	40,542
Current liabilities	(37,794)	(26,868)
Non-current liabilities	(3,850)	(3,420)
	<b>33,247</b>	<b>32,275</b>
Less: Group recognised share of losses	(8,067)	(8,187)
Net assets	<b>25,180</b>	<b>24,088</b>
<b>Share of associates' revenue and profit</b>		
Revenue	56,647	45,287
Profit for the year	4,016	4,654

## 19. AMOUNTS DUE FROM ASSOCIATES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Non-current</b>				
Non-trade	8,913	10,065	8,913	10,065
<b>Current</b>				
Trade	29,066	6,282	-	-
Non-trade	9,482	15,898	823	2,567
Less: Allowance for doubtful debts	(6,166)	(10,964)	-	-
	<b>32,382</b>	<b>11,216</b>	<b>823</b>	<b>2,567</b>
	<b>41,295</b>	<b>21,281</b>	<b>9,736</b>	<b>12,632</b>

The non-trade amounts due from associates have an average maturity of 8 years (2007: 9 years). The amounts due from associates are unsecured and to be settled in cash and cash equivalents.

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

The future minimum repayment is set out below:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Future minimum repayment:</b>				
Due within 1 year	32,382	11,216	823	2,567
Later than 1 year and not later than 2 years	800	800	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	5,713	6,865	5,713	6,865
	<b>41,295</b>	<b>21,281</b>	<b>9,736</b>	<b>12,632</b>

Further details on related party transactions are disclosed in Note 38.

Other information on financial risks of amounts due from associates are disclosed in Note 39.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 20. OTHER INVESTMENTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Quoted shares, at cost	919	2,208	-	-
Less: Accumulated impairment losses	(369)	(637)	-	-
	550	1,571	-	-
Unquoted shares, at cost	10,626	10,231	27	72
Less: Accumulated impairment losses	(783)	(4,035)	(4)	(55)
	9,843	6,196	23	17
	10,393	7,767	23	17
Market value of quoted shares	550	1,571	-	-

Other information on financial risks of other investments are disclosed in Note 39.

## 21. OTHER NON-CURRENT ASSETS

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

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Within one year	25	2,350	2,645	2,350	-
More than 1 year and less than 2 years		-	2,574	-	2,574
		2,350	5,219	2,350	2,574

In the previous financial year, the directors of the Company had 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 39.

## 22. INVENTORIES

	GROUP	
	2008 RM'000	2007 RM'000
<b>Cost:</b>		
Raw materials	100,905	85,505
Work-in-progress	58,836	34,314
Finished goods	64,874	68,192
Consumables	8,012	18,748
	232,627	206,759
<b>Net realisable value:</b>		
Raw materials	-	26,829
Consumables	11,930	-
Completed property units for sale	18,329	5,763
	30,259	32,592
	262,886	239,351

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

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

	COMPANY	
	2008 RM'000	2007 RM'000
Due from subsidiaries	156,485	156,937
Less: Allowance for doubtful debts	(79,436)	(79,435)
	77,049	77,502
Due to subsidiaries	(50,648)	(46,073)

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 38.

## 24. REDEEMABLE PREFERENCE SHARES

	GROUP AND COMPANY	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	3,038	3,615
Less: Accumulated impairment losses	(1,727)	(1,727)
	1,311	1,888

On 16 December 2008, the Company has redeemed 5,197 preference shares of Bumiputra Technology Venture Capital Berhad ("BTVC") at RM111 per share and was allotted 5,197 new ordinary shares of RM1 each at par by BTVC. The remaining redeemable preference shares shall be redeemed on or before 31 December 2009.

## 25. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Current</b>				
Trade receivables	312,155	396,196	-	-
Related party	-	2,757	-	-
	312,155	398,953	-	-
Less: Allowance for doubtful debts	(16,613)	(18,692)	-	-
	295,542	380,261	-	-
<b>Other receivables</b>				
Deposits	4,891	2,055	60	55
Prepayments	4,020	7,264	12	27
Sundry receivables	84,919	59,795	4,086	4,331
	93,830	69,114	4,158	4,413
Less: Allowance for doubtful debts	(1,680)	(3,989)	-	(2,334)
	92,150	65,125	4,158	2,079
	387,692	445,386	4,158	2,079

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 25. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's normal trade credit terms range from 30 days to 120 days (2007: 30 days to 120 days). Trade receivables are non-interest bearing.

The Group has a concentration of credit risk that may arise from exposures to a single debtor in the power generation segment which constitutes approximately 8.8% (2007: 4.7%) of the total trade receivables.

Included in the sundry receivables of the Group and the Company is an amount of RM2,350,000 (2007: RM2,645,000) and RM2,350,000 (2007: RM Nil) respectively due from the deferred payment for the disposal of a subsidiary as disclosed in Note 21.

Included in the sundry receivables of the Group is an amount of RM352,000 (2007: RM513,000) due from the deferred payment for the disposals of property, plant and equipment.

Included in the sundry receivables of the Group is an amount of RM67,747,000 (2007: RM35,659,000) due from joint venture as disclosed in Note 14.

In the previous financial year, included in the sundry receivables of the Group are also liquidated damages claimable amounting to RM519,000 which were receivable from sub-contractors for the delay in the completion of their work.

Further details on related party transactions are disclosed in Note 38.

Other information on financial risks of trade and other receivables are disclosed in Note 39.

## 26. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash on hand and at banks	85,553	61,874	1,628	1,727
Cash at bank in Housing Development Accounts	12,163	13,008	-	-
Deposits with licensed banks:				
Fixed deposits	24,286	20,774	10,589	8,172
Short term placements	56,304	112,621	41,296	43,471
	<b>178,306</b>	208,277	<b>53,513</b>	53,370
Deposits with a licensed bank held in trust	(368)	(357)	-	-
Total cash and cash equivalents	<b>177,938</b>	207,920	<b>53,513</b>	53,370

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.

Deposits with licensed banks of the Group amounting to RM368,000 (2007: 357,000) are held in trust by the Group on behalf of the Resident Committees and are restricted from use in other operations.

Other information on financial risks of cash and bank balances are disclosed in Note 39.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 27. ASSETS HELD FOR SALE

	GROUP	
	2008 RM'000	2007 RM'000
At 1 January	9,888	8,648
Reclassified (to)/from property, plant and equipment (Note 13)	(8,605)	200
Reclassified from prepaid land lease payments (Note 16)	-	190
Disposals	(390)	-
Exchange differences	(893)	850
At 31 December	-	9,888

Assets held for sale comprise land and buildings of certain subsidiaries in Malaysia and Philippines in the previous financial year. On 4 October 2007, the Group had entered into a Sales and Purchase Agreement ("SPA") for the disposal of the leasehold land, buildings and equipment in Malaysia and the SPA was completed on 5 March 2008, being the date the buyer's lawyer tendered the Balance Purchase Price.

During the year, the Group has reclassified the assets held for sale located in Philippines to property, plant and equipment as the sale is not expected to qualify for recognition as a completed sale within one year as set out in FRS 5: Non-current Assets Held for Sale and Discontinued Operations.

## 28. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH		AMOUNT	
	2008 '000	2007 '000	2008 RM'000	2007 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

\* No movement during the year.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 29. OTHER RESERVES

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>(a) Distributable</b>					
Capital reserve		1,836	1,836	-	-
<b>(b) Non-Distributable</b>					
Share premium		54,829	54,829	54,829	54,829
Revaluation surplus		30,027	29,860	-	-
Foreign currency translation reserve		6,702	5,091	-	-
		91,558	89,780	54,829	54,829
		93,394	91,616	54,829	54,829

The movements in each category of reserves are as follows:

### Capital Reserve

At 31 December*		1,836	1,836	-	-
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### Share Premium

At 31 December*		54,829	54,829	54,829	54,829
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### Revaluation surplus

At 1 January		29,860	32,702	-	-
Impairment losses		-	(2,672)	-	-
Revaluation deficit		-	(2,878)	-	-
Disposal of subsidiaries		-	(1,205)	-	-
Transfer from deferred tax		167	3,302	-	-
Reversal of revaluation surplus		-	658	-	-
Transfer to foreign currency fluctuation reserve		-	(47)	-	-
At 31 December		30,027	29,860	-	-

### Foreign currency translation reserve

At 1 January		5,091	(1,630)	-	-
Arising in the year		1,611	6,913	-	-
Disposal of subsidiaries	17	-	(239)	-	-
Transfer from revaluation surplus		-	47	-	-
At 31 December		6,702	5,091	-	-

\* No movement during the year.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 30. BORROWINGS

	NOTE	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Short term borrowings</b>					
Secured:					
Term loan		36,323	34,792	-	-
Hire purchase payable	30.1	3,788	3,472	102	80
		<b>40,111</b>	<b>38,264</b>	<b>102</b>	<b>80</b>
Unsecured:					
Bank overdrafts		-	32	-	-
Term loan		2,606	-	-	-
Bankers' acceptances		197,676	272,992	-	-
Trust receipts		14,994	-	-	-
Revolving credits		42,974	48,030	-	-
Murabahah Medium Term Notes	30.2	10,000	30,000	10,000	30,000
		<b>268,250</b>	<b>351,054</b>	<b>10,000</b>	<b>30,000</b>
		<b>308,361</b>	<b>389,318</b>	<b>10,102</b>	<b>30,080</b>
<b>Long term borrowings</b>					
Secured:					
Term loan		7,265	27,833	-	-
Hire purchase payable	30.1	6,171	9,468	106	126
		<b>13,436</b>	<b>37,301</b>	<b>106</b>	<b>126</b>
Unsecured:					
Term loan		25,631	-	-	-
Murabahah Medium Term Notes	30.2	80,000	90,000	80,000	90,000
		<b>105,631</b>	<b>90,000</b>	<b>80,000</b>	<b>90,000</b>
		<b>119,067</b>	<b>127,301</b>	<b>80,106</b>	<b>90,126</b>
<b>Total borrowings</b>					
Bank overdrafts		-	32	-	-
Bankers' acceptances		197,676	272,992	-	-
Trust receipts		14,994	-	-	-
Revolving credits		42,974	48,030	-	-
Term loan		71,825	62,625	-	-
Hire purchase payable	30.1	9,959	12,940	208	206
Murabahah Medium Term Notes	30.2	90,000	120,000	90,000	120,000
		<b>427,428</b>	<b>516,619</b>	<b>90,208</b>	<b>120,206</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 30. BORROWINGS (CONT'D)

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Maturity of borrowings (excluding hire purchase payable):</b>				
Within one year	304,573	385,846	10,000	30,000
More than 1 year and less than 2 years	42,885	30,875	30,000	10,000
More than 2 years and less than 5 years	66,796	86,958	50,000	80,000
More than 5 years	3,215	-	-	-
	<b>417,469</b>	<b>503,679</b>	<b>90,000</b>	<b>120,000</b>

The term loan is secured by the following:

- 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;
- 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
- Full, unconditional and irrevocable corporate guarantees by certain subsidiaries.

Other information on financial risks of borrowings are disclosed in Note 39.

### 30.1 Hire purchase payable

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Future minimum lease payments:</b>				
Not later than 1 year	4,347	4,260	109	87
Later than 1 year and not later than 2 years	3,630	4,174	66	87
Later than 2 years and not later than 5 years	2,947	6,202	45	43
	<b>10,924</b>	<b>14,636</b>	<b>220</b>	<b>217</b>
Less: Future finance charges	(965)	(1,696)	(12)	(11)
Present value of hire purchase liabilities	<b>9,959</b>	<b>12,940</b>	<b>208</b>	<b>206</b>
<b>Present value of hire purchase liabilities:</b>				
Not later than 1 year	3,788	3,472	102	80
Later than 1 year and not later than 2 years	3,223	3,648	63	83
Later than 2 years and not later than 5 years	2,948	5,820	43	43
	<b>9,959</b>	<b>12,940</b>	<b>208</b>	<b>206</b>
<b>Analysed as</b>				
Amount due within 12 months (Note 30)	3,788	3,472	102	80
Amount due after 12 months (Note 30)	6,171	9,468	106	126
	<b>9,959</b>	<b>12,940</b>	<b>208</b>	<b>206</b>

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 39.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 30. BORROWINGS (CONT'D)

### 30.2 Murabahah Medium Term Notes ("MMTN")

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 2008, a balance of RM90 million (2007: RM120 million) is outstanding and the proceeds of which were previously 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.

Other information on financial risks of MMTN are disclosed in Note 39.

## 31. RETIREMENT BENEFIT OBLIGATIONS

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current	3,484	4,222	3,167	3,639

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	4,222	4,346	3,639	3,639
Contribution paid during the year	(738)	-	(472)	-
Disposal of a subsidiary (Note 17)	-	(124)	-	-
At 31 December	3,484	4,222	3,167	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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 32. DEFERRED TAX

	GROUP	
	2008 RM'000	2007 RM'000
		Restated
At 1 January		
As previously stated	22,610	32,803
Effect of adopting revised FRS112	(9,596)	(21,331)
At 1 January (restated)	13,014	11,472
Recognised in income statement (Note 10)	4,322	6,691
Recognised in equity	(193)	(3,634)
Disposal of a subsidiary (Note 17)	-	(1,515)
At 31 December	17,143	13,014
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	(74)
Deferred tax liabilities	17,143	13,088
	17,143	13,014

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 allowances RM'000	Property, plant and equipment RM'000	Provision RM'000	Total RM'000
At 1 January 2008				
As previously stated	(367)	(1,031)	(3,401)	(4,799)
Effect of adopting revised FRS112	(9,596)	-	-	(9,596)
At 1 January 2008 (Restated)	(9,963)	(1,031)	(3,401)	(14,395)
Recognised in income statement	5,948	989	470	7,407
At 31 December 2008	(4,015)	(42)	(2,931)	(6,988)
At 1 January 2007				
As previously stated	(2,742)	(117)	(2,581)	(5,440)
Effect of adopting revised FRS112	(21,331)	-	-	(21,331)
At 1 January 2007 (Restated)	(24,073)	(117)	(2,581)	(26,771)
Recognised in income statement	14,110	(914)	(820)	12,376
At 31 December 2007	(9,963)	(1,031)	(3,401)	(14,395)

\* Unabsorbed allowances include unabsorbed capital allowances, unabsorbed reinvestment allowances and unabsorbed exemption of income for the value of increased exports.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 32. DEFERRED TAX (CONT'D)

### 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 2008	-	27,059	350	27,409
Recognised in income statement	-	(2,805)	(280)	(3,085)
Recognised in equity	-	(193)	-	(193)
At 31 December 2008	-	24,061	70	24,131
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

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

	GROUP	
	2008 RM'000	2007 RM'000
		Restated
Unused tax losses	20,445	17,914
Unabsorbed capital allowances	3,785	837
Unabsorbed reinvestment allowances	79	-
Other deductible temporary differences	9,610	9,506
	33,919	28,257

## 33. PROVISION

	GROUP	
	2008 RM'000	2007 RM'000
At 1 January	495	519
Paid during the year	(234)	(1,028)
Provision during the year (Note 7)	5	1,004
At 31 December	266	495

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 2008 (CONT'D)

## 34. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Trade payables</b>				
Third parties	67,647	69,458	-	-
Amounts due to related party	22,437	68,158	-	-
	<b>90,084</b>	<b>137,616</b>	<b>-</b>	<b>-</b>
<b>Other payables</b>				
Accrual for payroll related expenses	6,468	9,498	4,096	3,681
Duties and other taxes payable	18,056	15,852	-	-
Amounts payable to suppliers of indirect materials and services	93,203	71,619	374	745
Accruals	26,600	27,993	3,826	2,851
	<b>144,327</b>	<b>124,962</b>	<b>8,296</b>	<b>7,277</b>
	<b>234,411</b>	<b>262,578</b>	<b>8,296</b>	<b>7,277</b>

The normal trade credit terms granted to the Group range from cash advance to 120 days (2007: cash advance to 120 days).

Amounts due to related party bear interest of 3.76% (2007: 6.67%) per annum and are repayable within 30 days. These amounts are unsecured and are to be settled in cash and cash equivalents.

Included in the amounts payable to suppliers of indirect materials and services of the Group is an amount of RM57,185,000 (2007: RM35,131,000) due to joint venture as disclosed in Note 14.

In the previous financial year, included in the amounts payable to suppliers of indirect materials and services of the Group and the Company was an amount of RM451,000 in respect of the balance of the purchase consideration arising from the purchase of 25% interest in Lite Kabel Sdn. Bhd.

Further details on related party transactions are disclosed in Note 38.

Other information on financial risks of trade and other payables are disclosed in Note 39.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 35. LEASE ARRANGEMENTS

### (a) The Group and the Company as lessee

The Group has entered into non-cancellable operating lease agreements for the use of lands and buildings. These leases have an average life of 2 years and 18 years with no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The Group also leases buildings and certain plant and machineries under cancellable operating lease agreements. The Group is required to give a six-month-notice for the termination of lease agreements for buildings.

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	
	2008 RM'000	2007 RM'000
<b>Future minimum rental payments:</b>		
Not later than 1 year	618	410
Later than 1 year and not later than 5 years	2,210	2,429
	<b>2,828</b>	<b>2,839</b>

The lease payments recognised in income statement during the financial year are disclosed in Note 7.

### (b) The Group as lessor

The Group has entered into cancellable operating lease agreements on its investment property portfolio. These leases have remaining cancellable lease terms of between 1 and 2 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 lessees are required to give a three-month-notice for the termination of those agreements.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 36. COMMITMENTS

	GROUP	
	2008 RM'000	2007 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	5,491	5,120
Approved but not contracted for:		
Property, plant and equipment	1,006	3,460
Approved but not contracted for:		
Investment property	-	4,365
The Group has the following forward commodity contracts:		
Forward contract to sell	91,268	94,144
Forward contract to buy	(149,707)	(162,454)

## 37. CONTINGENT LIABILITIES

	COMPANY	
	2008 RM'000	2007 RM'000
<b>Unsecured</b>		
Corporate guarantees given to banks as securities for banking facilities of its subsidiaries	733,352	571,940

Total outstanding balances for the said banking facilities amounted to RM227,751,000 (2007: RM243,341,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 38. 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	2008 RM'000	2007 RM'000
<b>GROUP</b>			
Associates:			
Repayment of advances from Lite Kabel Sdn. Bhd.		(1,151)	(3,967)
Purchase of leasehold land and buildings from Lite Kabel Sdn. Bhd.	(i)	-	22,000
Sales to Lite Kabel Sdn. Bhd.	(ii)	7,246	-
Sales of goods to Universal Cable (Sarawak) Sdn. Bhd.	(ii)	49,168	45,027
Corporate shareholders of a subsidiary:			
Sales to Toyota Tsusho Corporation Ltd.	(ii)	7,295	26,023
Purchases from Toyota Tsusho Corporation Ltd.	(iii)	1,421,382	1,563,067
Interest paid to Toyota Tsusho Corporation Ltd.	(iv)	2,941	5,487
Management fees paid to Toyota Tsusho Corporation Ltd.	(v)	800	800
Technical assistance fees paid to Furukawa Electric Co. Ltd.	(v)	741	757
Sales to subsidiaries of Furukawa Electric Co. Ltd.	(ii)	35,151	66,903
Purchases from a subsidiary of Furukawa Electric Co. Ltd.	(iii)	259	5,367
Others:			
Progress billings in respect of sale of properties developed by the Group to a director or persons connected to a director		-	3,132
Rental of premises at Menara Northam paid to Jeska Properties Sdn. Bhd., a company in which certain directors have interest	(vi)	322	316
<b>COMPANY</b>			
Subsidiaries:			
Repayments of advance from		18,627	4,270
Payments made on behalf		12,795	16,254
Write back of allowance for doubtful debts on amount		-	545
Dividends receivable		53,579	71,941
Interests receivable		-	1,259
Waiver of debt from		37	-
Associates:			
Dividends receivable from Universal Cable (Sarawak) Sdn. Bhd.		-	2,397
Payments made on behalf of Universal Cable (Sarawak) Sdn. Bhd.		6	8
Dividends receivable from Lite Kabel Sdn. Bhd.		38	38
Repayment of advances from Lite Kabel Sdn. Bhd.		1,151	25,967
Others:			
Rental of premises at Menara Northam paid to Jeska Properties Sdn. Bhd., a company in which certain directors have interest	(vi)	125	123
Retrenchment benefits payable to persons connected to directors of the Company		1,283	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 38. RELATED PARTY DISCLOSURES (CONT'D)

- (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 which 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 which were not materially different from those obtainable in transactions with unrelated parties.
- (iv) The interest expenses arose from the amounts due to related parties. Further details are disclosed in Note 34.
- (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 the estimated market rates provided by an external property agent.

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 are disclosed in Note 19, Note 23, Note 25 and Note 34.

### (b) Compensation of key management personnel

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

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits	9,714	9,697	120	90
Defined contribution plan	1,375	1,260	-	-
	<b>11,089</b>	<b>10,957</b>	<b>120</b>	<b>90</b>
Included in the total remuneration of key management personnel are:				
Directors' remuneration (Note 9)	<b>9,163</b>	9,340	<b>120</b>	90

## 39. 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.

**39. FINANCIAL INSTRUMENTS (CONT'D)**

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.

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:

	NOTE	HIGHEST %	LOWEST %	WITHIN 1 YEAR					2 - 3 YEARS RM'000	3 - 4 YEARS RM'000	4 - 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
				YEAR RM'000	RM'000	RM'000	RM'000	RM'000					
<b>At 31 December 2008</b>													
<b>GROUP</b>													
<b>Fixed rate</b>													
Hire purchase payable	30	5.89	3.71	(3,788)	(3,223)	(2,441)	(482)	(245)	-	(10,179)			
Murabahah Medium Term Notes	30	7.70	7.50	(10,000)	(30,000)	(50,000)	-	-	-	(90,000)			
<b>Floating rate</b>													
Deposits with licensed banks and financial institutions	26	5.05	0.01	80,590	-	-	-	-	-	80,590			
Bankers' acceptances	30	5.00	3.69	(197,676)	-	-	-	-	-	(197,676)			
Trust receipts	30	5.04	3.68	(14,994)	-	-	-	-	-	(14,994)			
Revolving credits	30	5.19	4.47	(42,974)	-	-	-	-	-	(42,974)			
Term loan	30	6.90	2.93	(38,929)	(12,885)	(5,621)	(5,621)	(5,554)	(3,215)	(71,825)			
<b>COMPANY</b>													
<b>Fixed rate</b>													
Hire purchase payable	30	3.81	3.74	(102)	(63)	(21)	(22)	-	-	(208)			
Murabahah Medium Term Notes	30	7.70	7.50	(10,000)	(30,000)	(50,000)	-	-	-	(90,000)			
<b>Floating rate</b>													
Deposits with licensed banks and financial institutions	26	4.56	0.25	51,885	-	-	-	-	-	51,885			

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 39. FINANCIAL INSTRUMENTS (CONT'D)

GROUP	NOTE	HIGHEST %	LOWEST %	WITHIN 1					4 - 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
				YEAR RM'000	1 - 2 YEARS RM'000	2 - 3 YEARS RM'000	3 - 4 YEARS RM'000	YEARS RM'000			
<b>At 31 December 2007</b>											
<b>Fixed rate</b>											
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)	
<b>Floating rate</b>											
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	(34,792)	(20,875)	(6,958)	-	-	-	(62,625)	
<b>COMPANY</b>											
<b>Fixed rate</b>											
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)	
<b>Floating rate</b>											
Deposits with licensed banks and financial institutions	26	3.37	1.65	51,643	-	-	-	-	-	51,643	

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 39. 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 a concentration of credit risk that may arise from exposures to a single debtor in the power generation segment, which constitutes approximately 9.1% (2007: 4.7%) 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 financial instruments such as forward foreign exchange contracts.

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	
	2008 RM'000	2007 RM'000
<b>Amounts due from associates</b>		
- United States Dollars	2,494	2,367
<b>Trade and other receivables</b>		
- United States Dollars	155,208	106,840
- Euro Dollars	108	2,112
- Singapore Dollars	13,639	9,904
- Philippine Peso	48	55
- Swiss Franc	19	-
- Australian Dollar	863	-
- Others	-	5
	<b>169,885</b>	<b>118,916</b>
<b>Cash and bank balances</b>		
- United States Dollars	94,080	82,110
- Euro Dollars	128	56
- Singapore Dollars	409	747
- Philippine Peso	295	520
- Cambodian Riels	3,395	1,988
	<b>98,307</b>	<b>85,421</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 39. FINANCIAL INSTRUMENTS (CONT'D)

	GROUP	
	2008 RM'000	2007 RM'000
<b>Borrowings</b>		
- United States Dollars	65,556	77,655
<b>Trade and other payables</b>		
- United States Dollars	47,311	95,690
- Euro Dollars	45	46
- Singapore Dollars	2,514	363
- Philippine Peso	944	1,038
- Cambodian Riels	-	11,276
- Others	-	1
	<b>50,814</b>	<b>108,414</b>

	COMPANY	
	2008 RM'000	2007 RM'000
<b>Amounts due from subsidiaries</b>		
- United States Dollars	10,154	499
<b>Amounts due to subsidiaries</b>		
- United States Dollars	(12,768)	(11,699)
<b>Cash and bank balances</b>		
- United States Dollars	10,713	8,251

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

	CURRENCY	MATURITIES	TOTAL NATIONAL AMOUNT RM'000
<b>At 31 December 2008:</b>			
Forward used to hedge trade receivables	United States Dollars	Within 1 year	4,927
	Singapore Dollars	Within 1 year	1,646
			<b>6,573</b>
Forward used to hedge trade payables	United States Dollars	Within 1 year	7,039
<b>At 31 December 2007:</b>			
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
			<b>19,355</b>
Forward used to hedge trade payables	United States Dollars	Within 1 year	6,629

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (f) Fair values

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

	NOTE	CARRYING AMOUNT RM'000	GROUP FAIR VALUE RM'000	CARRYING AMOUNT RM'000	COMPANY FAIR VALUE RM'000
<b>At 31 December 2008:</b>					
Amounts due from associates	19	41,295	38,273	9,736	7,797
Unquoted shares	20	9,843	*	23	*
Term loan	30	71,825	72,181	-	-
Hire purchase payable	30.1	9,959	9,955	208	203
Murabahah Medium Term Notes	30.2	90,000	94,624	90,000	94,624

### 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	58,766	-	-
Hire purchase payable	30.1	12,940	13,001	206	196
Murabahah Medium Term Notes	30.2	120,000	106,931	120,000	106,931

\*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.

	NOTE	CARRYING AMOUNT RM'000	GROUP NET FAIR VALUE RM'000
<b>At 31 December 2008:</b>			
Forward commodity contracts	36	-	(32,381)
Forward foreign exchange contracts	39(e)	-	-
<b>At 31 December 2007:</b>			
Forward commodity contracts	36	-	(64,966)
Forward foreign exchange contracts	39(e)	-	41

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 39. FINANCIAL INSTRUMENTS (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 commodity contracts

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

### iv. 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.

## 40. 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 into three business segments.

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

Inter-segment sales comprise mainly rental and 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 2008 (CONT'D)

## 40. SEGMENTAL INFORMATION (CONT'D)

	CABLE AND WIRE RM'000	POWER GENERATION RM'000	OTHER RM'000	TOTAL RM'000
<b>GROUP</b>				
<b>31 December 2008</b>				
<b>Revenue and expenses</b>				
<b>Revenue</b>				
Segment revenue				
External sales	2,305,201	205,879	29,722	2,540,802
Inter-segment sales	-	-	-	-
<b>Total revenue</b>	<b>2,305,201</b>	<b>205,879</b>	<b>29,722</b>	<b>2,540,802</b>
<b>Results</b>				
Operating profit/Segment results	80,810	50,445	2,679	133,934
Finance costs				(35,925)
Share of profits of associates				4,016
Profit before tax				102,025
Income tax expense				(15,482)
<b>Profit for the year</b>				<b>86,543</b>
<b>Assets</b>				
Segment assets	822,645	164,707	274,493	1,261,845
Investments in associates				25,180
Unallocated assets				4,077
<b>Consolidated total assets</b>				<b>1,291,102</b>
<b>Liabilities</b>				
Segment liabilities	130,849	29,531	77,781	238,161
Unallocated liabilities				447,659
<b>Consolidated total liabilities</b>				<b>685,820</b>
Capital expenditure	24,611	2,440	14,507	41,558
Amortisation	443	-	97	540
Depreciation	19,513	7,536	612	27,661
Non-cash (income)/expense other than depreciation and amortisation	(806)	1,128	(14,915)	(14,593)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 40. SEGMENTAL INFORMATION (CONT'D)

	CABLE AND WIRE RM'000	POWER GENERATION RM'000	OTHER RM'000	TOTAL RM'000
<b>GROUP</b>				
<b>31 December 2007</b>				
<b>Restated</b>				
<b>Revenue and expenses</b>				
<b>Revenue</b>				
Segment revenue				
External sales	2,638,434	158,935	24,366	2,821,735
Inter-segment sales	-	-	-	-
Total revenue	2,638,434	158,935	24,366	2,821,735
<b>Results</b>				
Operating profit/Segment results	95,456	37,190	(8,792)	123,854
Finance costs				(33,975)
Share of profits of associates				4,654
Profit before tax				94,533
Income tax expense				(21,366)
Profit for the year				73,167
<b>Assets</b>				
Segment assets	929,726	154,758	231,742	1,316,226
Investments in associates				24,088
Unallocated assets				578
Consolidated total assets				1,340,892
<b>Liabilities</b>				
Segment liabilities	166,186	36,507	64,602	267,295
Unallocated liabilities				532,153
Consolidated total liabilities				799,448
Capital expenditure	35,733	5,003	22,529	63,265
Amortisation	443	-	-	443
Depreciation	20,432	7,480	508	28,420
Non-cash expenses/(income) other than depreciation and amortisation	17,308	-	(249)	17,059

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2008 (CONT'D)

## 40. SEGMENTAL INFORMATION (CONT'D)

### (c) Geographical segments

The Group's business segments 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysia	1,619,103	1,936,839	1,056,606	1,139,975	37,933	58,262
Cambodia	206,792	158,935	170,318	154,758	3,625	5,003
Singapore	251,631	259,728	-	-	-	-
Others *	463,276	466,233	34,921	21,493	-	-
	<b>2,540,802</b>	<b>2,821,735</b>	<b>1,261,845</b>	<b>1,316,226</b>	<b>41,558</b>	<b>63,265</b>

\* Others mainly refer to countries such as Hong Kong, Australasia, Europe and Middle East.

### (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.

## 41. SUBSEQUENT EVENTS

- (i) On 22 January 2009, the Company's wholly-owned subsidiary, Leader Infrastructure Limited had incorporated two new wholly-owned subsidiaries known as Cambodian Transmission Limited and Cambodian Energy Limited in Cambodia. Each of the companies have a registered capital of USD1,000 divided into 1,000 ordinary shares of USD1.00 each.
- (ii) On 1 February 2009, the Company had received a letter from the Council of Ministers of the Royal Kingdom of Cambodia which states that the 200MW Coal-Fired Power Plant project in Sihanoukville, Cambodia ("the Project") awarded by the Ministry of Industry, Mines & Energy of the Royal Government of Cambodia to Power Synergy Corporation Co. Ltd ("PSC"), the joint venture company of the Company and MKCSS Holdings Co. Ltd of Cambodia ("MKCSS"), shall now be split into two (2) equal projects whereby the Company is awarded the full concession rights to develop the 100MW Project and MKCSS an equivalent 100MW Project. The Company intends to develop its 100MW project under its subsidiary, Cambodian Energy Limited.

The Project concession documents, Power Purchase Agreement and Implementation Agreement previously signed between the Royal Government of Cambodia and PSC to undertake the Project shall likewise be split and re-executed as Sub-Agreements to facilitate the implementation of the two (2) 100MW projects.