

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 2009.

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 RM'000	Company RM'000
Profit for the year	70,966	58,419
Attributable to:		
Equity holders of the Company	53,446	58,419
Minority interests	17,520	-
	70,966	58,419

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.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2008 were as follows:

In respect of the financial year ended 31 December 2009:

	RM'000
First interim dividend of 1.5% less 25% taxation, on 436,458,652 ordinary shares, declared on 29 May 2009 and paid on 26 June 2009	4,910
Second interim dividend of 1.5% less 25% taxation, on 436,458,652 ordinary shares, declared on 30 November 2009 and paid on 23 December 2009	4,910
Total	9,820

The directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2009.

Directors' Report

(Continued)

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)
Dato' H'ng Chun Hsiang	(Managing Director & 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

(Continued)

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 2009	Acquired	Sold	31 December 2009
Direct				
Tan Sri Razali Ismail	250,000	-	-	250,000
Dato' Seri H'ng Bok San #	3,876	-	-	3,876
Dato' H'ng Chun Hsiang	1,338,000	-	-	1,338,000
Kon Ted Liuk	570,000	-	-	570,000
Dato' N. Sadasivan	50,000	-	-	50,000
Lai Chang Hun	782,550	100,000	-	882,550
Wan Ismail Wan Nik	413,520	-	-	413,520
Datin H'ng Hsieh Ling (Alternate Director to Dato' Seri H'ng Bok San)	449,333	-	-	449,333
Deemed				
Dato' Seri H'ng Bok San *	58,526,467	575,000	-	59,101,467
Dato' H'ng Chun Hsiang **	51,700,606	500,000	-	52,200,606
Datin H'ng Hsieh Ling (Alternate Director to Dato' Seri H'ng Bok San) ***	51,738,606	500,000	-	52,238,606
Kon Ted Liuk ##	270,000	-	-	270,000
Lai Chang Hun >>	4,633,896	125,000	(195,158)	4,563,738

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), 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) 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), 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 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), and Section 134(12)(C) of the Companies Act, 1965.

Directors' Report

(Continued)

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 of the Company; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would:
- (i) render the amount written off for bad debts or provided for as doubtful debts in the financial statements of the Group and of the Company 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 Group and 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.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 42 to the financial statements.

Directors' Report

(Continued)

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 29 March 2010.

Dato' H'ng Chun Hsiang

Managing Director &
Chief Executive Officer

Kon Ted Liuk

Deputy Managing Director

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965



We, Dato' 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 46 to 115 are 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 2009 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 29 March 2010.

Dato' H'ng Chun Hsiang
Managing Director &
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 46 to 115 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 29 March 2010:

Datin H'ng Hsieh Ling

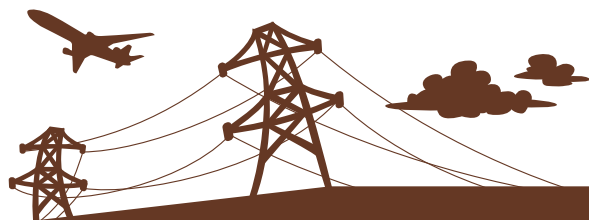
Before me,

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 2009 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 46 to 115.

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 judgement, 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 2009 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)
(Continued)

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 financial statements 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 financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements 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

Lim Foo Chew
No. 1748/01/12(J)
Chartered Accountant

Penang, Malaysia
29 March 2010

Income Statements

For the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	3	1,949,800	2,540,802	69,813	55,058
Cost of sales	4	(1,791,088)	(2,350,897)	-	-
Gross profit		158,712	189,905	69,813	55,058
Other income	5	3,304	11,406	-	251
Administrative expenses		(37,737)	(52,897)	(2,863)	(8,510)
Selling and marketing expenses		(32,726)	(28,237)	-	-
Other operating income		2,116	13,757	2,855	4,386
Operating profit		93,669	133,934	69,805	51,185
Finance costs	6	(18,423)	(35,925)	(7,238)	(10,409)
Share of profits of associates		1,594	4,016	-	-
Profit before tax	7	76,840	102,025	62,567	40,776
Income tax expense	10	(5,874)	(15,482)	(4,148)	(10,976)
Profit for the year		70,966	86,543	58,419	29,800
Attributable to:					
Equity holders of the Company		53,446	64,936	58,419	29,800
Minority interests		17,520	21,607	-	-
		70,966	86,543	58,419	29,800
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11	12.25	14.88		

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

Balance Sheets

as at 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	310,314	295,726	991	327
Land held for property development	14(a)	14,543	14,543	-	-
Investment properties	15	48,037	46,773	-	-
Prepaid land lease payments	16	45,153	21,867	-	-
Investments in subsidiaries	17	-	-	108,607	108,607
Investments in associates	18	26,079	25,180	6,130	6,133
Amounts due from associates	19	9,017	8,913	9,017	8,913
Other investments	20	10,074	10,393	-	23
Other non-current assets	21	650	-	650	-
Deferred tax assets	22	419	-	-	-
		464,286	423,395	125,395	124,003
Current assets					
Property development costs	14(b)	1,053	1,053	-	-
Inventories	23	252,664	262,886	-	-
Amounts due from subsidiaries	24	-	-	120,121	77,049
Amounts due from associates	19	13,816	32,382	329	823
Redeemable preference shares	25	953	1,311	953	1,311
Tax recoverable		6,974	4,077	3,078	207
Trade and other receivables	26	298,852	387,692	1,779	4,158
Cash and bank balances	27	213,901	178,306	34,467	53,513
		788,213	867,707	160,727	137,061
Assets held for sale	28	-	-	-	-
		788,213	867,707	160,727	137,061
Total assets		1,252,499	1,291,102	286,122	261,064

Balance Sheets

as at 31 December 2009

(Continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	29	436,459	436,459	436,459	436,459
Other reserves	30	91,059	93,394	54,829	54,829
Retained earnings/(Accumulated losses)		13,837	(29,880)	(331,531)	(382,543)
		541,355	499,973	159,757	108,745
Minority interests		129,045	105,309	-	-
Total equity		670,400	605,282	159,757	108,745
Non-current liabilities					
Borrowings	31	28,814	119,067	43	80,106
Retirement benefit obligations	32	3,368	3,484	3,167	3,167
Deferred tax liabilities	22	15,513	17,143	-	-
		47,695	139,694	3,210	83,273
Current liabilities					
Amounts due to subsidiaries	24	-	-	36,316	50,648
Amounts due to associates	19	6,297	-	-	-
Provision	33	29	266	-	-
Borrowings	31	244,358	308,361	80,063	10,102
Trade and other payables	34	281,338	234,411	6,776	8,296
Current tax payable		2,382	3,088	-	-
		534,404	546,126	123,155	69,046
Total liabilities		582,099	685,820	126,365	152,319
Total equity and liabilities		1,252,499	1,291,102	286,122	261,064

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

Statements of Changes in Equity

For the year ended 31 December 2009

	← Attributable to equity holders of the Company →					
	Share capital	Other reserves (Note 30)	(Accumulated Losses)/ Retained earnings	Total	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 1 January 2008	436,459	91,616	(85,126)	442,949	98,495	541,444
Foreign currency translation	-	1,611	-	1,611	2,266	3,877
Deferred tax (Note 22)	-	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)
At 31 December 2008	436,459	93,394	(29,880)	499,973	105,309	605,282
At 1 January 2009	436,459	93,394	(29,880)	499,973	105,309	605,282
Foreign currency translation	-	(2,335)	-	(2,335)	(460)	(2,795)
Contribution by minority interest (Note 17 (ii))	-	-	-	-	23,954	23,954
Dilution of equity interest	-	-	91	91	(91)	-
Net income and expense recognised directly in equity	-	(2,335)	91	(2,244)	23,403	21,159
Profit for the year	-	-	53,446	53,446	17,520	70,966
Total recognised income and expense for the year	-	(2,335)	53,537	51,202	40,923	92,125
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	(17,187)	(17,187)
Dividends (Note 12)	-	-	(9,820)	(9,820)	-	(9,820)
At 31 December 2009	436,459	91,059	13,837	541,355	129,045	670,400

Statements of Changes in Equity

For the year ended 31 December 2009
(Continued)

	← Attributable to equity holders → of the Company			Total equity RM'000
	Share capital	Other reserves (Note 30)	Accumulated losses	
	RM'000	RM'000	RM'000	
Company				
At 1 January 2008	436,459	54,829	(402,653)	88,635
Profit for the year, representing total recognised income and expense for the year	-	-	29,800	29,800
Dividends (Note 12)	-	-	(9,690)	(9,690)
At 31 December 2008	436,459	54,829	(382,543)	108,745
At 1 January 2009	436,459	54,829	(382,543)	108,745
Waiver of debts (Note 38(a))			2,413	2,413
Profit for the year	-	-	58,419	58,419
Total recognised income and expense for the year	-	-	60,832	60,832
Dividends (Note 12)	-	-	(9,820)	(9,820)
At 31 December 2009	436,459	54,829	(331,531)	159,757

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

Cash Flow Statements

For the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities					
Profit for the year		70,966	86,543	58,419	29,800
Adjustments for:					
Dividend income	3	(188)	(47)	(68,707)	(53,618)
Interest income	3 & 5	(3,368)	(4,542)	(1,106)	(1,440)
Waiver of debt	5	-	-	-	37
Reversal of provision no longer required	5	-	(5,450)	-	-
Finance costs	6	18,423	35,925	7,238	10,409
Allowance for doubtful debts					
- trade receivables	7	299	335	-	-
- amounts due from subsidiaries	7	-	-	-	1
Amortisation of prepaid land lease payments	7	668	540	-	-
Bad debts written off/(back)	7	330	1,079	-	(1,392)
Provision of impairment loss on quoted investment	7	-	656	-	-
Reversal of impairment loss on unquoted investment	7	(79)	(3,273)	-	(51)
Fair value adjustment of investment properties	7	991	915	-	-
Net unrealised foreign exchange (gains)/losses	7	(1,269)	554	1,548	359
Loss/(Gain) on disposal of investment in an associate	7	3	(5,086)	3	(3,529)
Inventories					
- allowance for write down	7	1,208	1,203	-	-
- written off	7	4,717	-	-	-
- written back	7	(2,002)	-	-	-
Property, plant and equipment					
- depreciation	7	28,913	27,661	221	291
- gain on disposal	7	(1,132)	(371)	-	-
- written off	7	86	202	16	-
- impairment losses	7	612	-	-	-
(Reversal of)/Provision for liquidated damages	7	(237)	5	-	-
Gains on disposal of:					
- quoted investments	7	-	(53)	-	-
- unquoted investments	7	(19)	(1,626)	-	-
Share of profits of associates		(1,594)	(4,016)	-	-

Cash Flow Statements

For the year ended 31 December 2009
(Continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Write back of allowance for doubtful debts					
- trade receivables	7	(1,678)	(2,234)	-	-
- other receivables	7	-	(1,449)	-	-
- amounts due from subsidiaries	7	-	-	(4,434)	-
Income tax expense	10	5,874	15,482	4,148	10,976
Operating profit/(loss) before working capital changes		121,524	142,953	(2,654)	(8,157)
- property development costs and land held for property development		-	22,670	-	-
- inventories		6,298	(24,738)	-	-
- receivables		90,473	62,855	2,379	495
- amounts due from associates		24,760	(20,015)	390	2,896
- non current assets		-	-	(650)	-
- payables		46,767	8,759	(1,519)	1,019
- intercompany balances		-	-	(52,106)	5,236
Cash generated from operations		289,822	192,484	(54,160)	1,489
Retirement benefits paid	32	(116)	(738)	-	(472)
Liquidated damages paid	33	-	(234)	-	-
Tax paid		(11,477)	(14,179)	-	-
Net cash generated from/(used in) operating activities		278,229	177,333	(54,160)	1,017
Cash flows from investing activities					
Proceeds from redemption of other investment		381	572	381	572
Additional investment in an associate		-	(768)	-	(768)
Additional prepaid land lease payments	16	-	(6,840)	-	-
Purchase of property, plant and equipment	13	(44,609)	(33,310)	(901)	(58)
Purchase and subsequent expenditure of investment properties		(2,255)	(855)	-	-
Interest received		3,368	4,542	1,106	1,440
Proceeds from disposal of:					
- quoted investments		210	417	-	-
- unquoted investments		-	1,677	-	51
- property, plant and equipment		1,170	176	-	-
- an associate		-	5,534	-	5,534
Dividend received		869	63	61,688	42,552
Increase in deposit held in trust		(155)	-	-	-
Net cash (used in)/generated from investing activities		(41,021)	(28,792)	62,274	49,323

Cash Flow Statements

For the year ended 31 December 2009
(Continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from financing activities					
Repayment of Murabahah Medium Term Notes		(10,000)	(30,000)	(10,000)	(30,000)
Proceeds from short term bank borrowings		5,539	14,995	-	-
Repayment of hire purchase		(3,824)	(3,535)	(102)	(98)
Dividends paid	12	(9,820)	(9,690)	(9,820)	(9,690)
Dividends paid to minority shareholders of a subsidiary		(17,187)	(17,085)	-	-
Repayment of short term bank borrowings		(128,583)	(80,372)	-	-
Finance costs paid		(19,467)	(34,847)	(7,238)	(10,409)
Drawdown of term loan		7,900	-	-	-
Repayment of term loan		(25,139)	(20,840)	-	-
Net cash used in financing activities		(200,581)	(181,374)	(27,160)	(50,197)
Net increase/(decrease) in cash and cash equivalents		36,627	(32,833)	(19,046)	143
Cash and cash equivalents as at 1 January		177,938	207,888	53,513	53,370
Foreign exchange differences		(1,187)	2,883	-	-
Cash and cash equivalents as at 31 December	27	213,378	177,938	34,467	53,513

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

Notes To The Financial Statements

31 December 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market 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 29 March 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

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 ('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.

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.

Notes To The Financial Statements

31 December 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(a) Subsidiaries and basis of consolidation (Continued)

ii. Basis of consolidation (Continued)

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 investments in associates are 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 associates are recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. 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 investments in the associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

Goodwill relating to associates 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 associates' 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 associates equals or exceeds its interest in the associates, including any long-term interests that, in substance, form part of the Group's net investments in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

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 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(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 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(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 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(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 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(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, 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. Receivables

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

iv. Payables

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.

(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.

Notes To The Financial Statements

31 December 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(j) Leases (Continued)

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.

(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.

Notes To The Financial Statements

31 December 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(l) Income tax (Continued)

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 provisions 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.

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

Notes To The Financial Statements

31 December 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(n) Employee benefits (Continued)

iii. Defined benefit plans (Continued)

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 Ringgit Malaysia ("RM"), which is also the Company's functional currency.

ii. Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. 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

Notes To The Financial Statements

31 December 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(o) Foreign currencies (Continued)

ii. Foreign currency transactions (Continued)

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.

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.

Notes To The Financial Statements

31 December 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (Continued)

(p) Revenue recognition (Continued)

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.

2.3 Standards and interpretations issued but not yet effective

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

Effective for financial periods beginning on or after 1 July 2009

FRS 8 : Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4 : Insurance Contracts

FRS 7 : Financial Instruments: Disclosures

FRS 101 : Presentation of Financial Statements (revised)

FRS 123 : Borrowing Costs

FRS 139 : Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

Notes To The Financial Statements

31 December 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations issued but not yet effective (Continued)

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Financial Instruments: Presentation, relating to Classification of Right Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1 : First-time Adoption of Financial Reporting Standards

FRS 3 : Business Combinations (revised)

FRS 127 : Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)
Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

(a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

Notes To The Financial Statements

31 December 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations issued but not yet effective (Continued)

(b) FRS 8: Operating Segment

FRS 8 replaces FRS 114₂₀₀₄: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

(c) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company will adopt single statement of comprehensive income. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(d) FRS 123: Borrowing Costs

This Standard supersedes FRS 123₂₀₀₄: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

(e) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of these standards in accordance with the respective transitional provisions.

(f) Amendments to FRSs 'Improvements to FRSs (2009)'

The 'Improvements to FRSs (2009)' contains amendments to several FRSs as described below:

- (i) FRS 5: Non-current Assets Held for Sale and Discontinued Operations: Clarifies that the disclosures required in respect of noncurrent assets and disposal groups classified as held for sale or discontinued operations are only those described by the Standard. The disclosures requirements from other

Notes To The Financial Statements

31 December 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations issued but not yet effective (Continued)

(f) Amendments to FRSs 'Improvements to FRSs (2009)' (Continued)

FRSs only apply if specifically required for such non-current assets held for sale and disposal group or discontinued operations. Additional disclosures may also be necessary to comply with the general requirements of FRS 101.

- (ii) FRS 7 Financial Instruments: Disclosures: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.
- (iii) FRS 8: Operating Segments: Segment assets and liabilities need only be reported when those assets and liabilities are included in measures of segment profit or loss that are reviewed or otherwise regularly used by the 'chief operating decision maker'.
- (iv) FRS 101: Presentation of Financial Statements: Assets and Liabilities classified as held for trading in accordance with FRS 139 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.
- (v) FRS 107: Statement of Cash Flows (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
- (vi) FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.
- (vii) FRS 116: Property, Plant and Equipment: Replacement of the term "net selling price" with "fair value less costs to sell". Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. This did not result in any reclassification.
- (viii) FRS 117: Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.
- (ix) FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.
- (x) FRS 119 Employee Benefits: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.

Notes To The Financial Statements

31 December 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations issued but not yet effective (Continued)

(f) Amendments to FRSs 'Improvements to FRSs (2009)' (Continued)

- (xi) FRS 120 Accounting for Government Grants and Disclosures of Governmented Assistance: Clarifies that loans granted in the future with no or low interest rates will not be exempted from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, various terminologies used in the Standard have been revised to be consistent with other FRSs.
- (xii) FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.
- (xiii) FRS 127 Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- (xiv) FRS 128 Investments in Associates: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.
- (xv) FRS 131: Interests in Joint Ventures: If a joint venture is accounted for at fair value, in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This amendment has no impact on the Group because it does not account for its joint ventures at fair value in accordance with FRS 139.
- (xvi) FRS 134: Interim Financial Reporting: Earnings per share is disclosed in interim financial reports if an entity is within the scope of FRS 133: Earnings per Share.
- (xvii) FRS 136: Impairment of Assets: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.
- (xviii) FRS 139: Financial Instruments: Recognition and Measurement: Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of this Standard.
- (xix) FRS 140: Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the fair value model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108.

Notes To The Financial Statements

31 December 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations issued but not yet effective (Continued)

(g) Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendment to FRS 1 allow first-time adopters to use costs, determined in accordance with FRS 127, or deemed cost of either fair value (in accordance with FRS 139) or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate opening FRS balance sheet. In the amendment to FRS 127, there is no longer a distinction between pre-acquisition and post-acquisition dividends. The amendment also requires the cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) to be measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendments also remove the definition of the cost method from FRS 127 and will be applied prospectively that affect only the financial statements of the Company and do not have an impact on the financial statements of the Group.

(h) IC Interpretation 9: Reassessment of Embedded Derivatives and Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

This IC requires that there should be no subsequent reassessment of whether an embedded derivative should be separated from the host contract after initial recognition, unless there have been changes to the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. The amendments to the IC clarifies that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives within the scope of this IC and FRS 139 have to be assessed and, if necessary, separately accounted for in financial statements. The IC is to be applied retrospectively. The Group is in the process of assessing the impact of this amendment.

(i) IC Interpretation 10: Interim Financial Reporting and Impairment

This IC prohibits impairment losses recognised in an interim period on goodwill or investments in equity instruments or financial assets carried at cost to be reversed at a subsequent balance sheet date. This Standard will have no impact on the Group's and the Company's financial statements.

(j) FRS 1: First-time Adoption of Financial Reporting Standards

This FRS supersedes FRS 1 (issued in 2005 and amended in May 2009). The Standard sets out the procedures that an entity must follow when it adopts FRSs for the first time as the basis for preparing its financial statements. This Standard will have no impact on the Group's and the Company's financial statements.

(k) Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

FRS 5 also applies to non-current assets (or disposal group) that is classified as held for distribution to owners acting in their capacity as owners (held for distribution to owners). The amendment further clarifies that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain non-controlling interest (e.g., an interest in an associate) in its former subsidiary after the sale. This Amendment will have no impact on the Group's and the Company's financial statements.

(l) Amendments to FRS 138: Intangible Assets

The amendments clarify that an intangible asset must be recognised separately from goodwill even if it is separable only together with a related contract, identifiable asset, or liability. Also, if an intangible asset is separable only together with another intangible asset, those assets can be recognised together as a single asset, and if the individual assets in a group of complementary intangible assets have similar useful lives, those assets can be recognised together as a single asset. The Group will apply these amendments prospectively. Therefore, amounts recognised for intangible assets and goodwill in prior business combinations shall not be adjusted.

Notes To The Financial Statements

31 December 2009

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations issued but not yet effective (Continued)

(m) IC Interpretation I2: Service Concession Arrangements

This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The Group is in the process of assessing the impact of this Interpretation.

(n) IC Interpretation I5: Agreements for the Construction of Real Estate

This Interpretation requires that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit. The Group is currently assessing the impact of the adoption of this interpretation.

(o) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

This Interpretation provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The Group is in the process of assessing the impact of this Interpretation.

(p) IC Interpretation 17: Distributions of Non-cash Assets to Owners

This Interpretation clarifies that an entity should measure the non-cash assets distributed to owners at the fair value of the assets. It also clarifies that the difference between the fair value of the assets and the carrying amount of the assets distributed is to be taken to income statement. This Interpretation will be applied prospectively and therefore there will be no impact on prior periods in the financial statements of the Group and the Company.

(q) Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The Improving Disclosures about Financial Instruments reinforces existing principles for disclosures about liquidity risk. Also, the Amendments require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy is introduced. An entity is required to classify fair value measurements using this hierarchy which aims to reflect the inputs used in making the measurement. These Amendments do not have any impact on the financial position and results of the Group and of the Company.

2.4 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.

Notes To The Financial Statements

31 December 2009
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (Continued)

(a) Critical judgements made in applying accounting policies (Continued)

i. Classification between investment properties, prepaid land lease payments and property, plant and equipment (Continued)

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

(b) Key sources of estimation uncertainty

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

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 RM37,492,000 (2008: RM27,952,000) and the unrecognised tax losses, capital allowances, reinvestment allowances and other deductible temporary differences of the Group was RM31,151,000 (2008: RM33,605,000).

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 2009
(Continued)

3. REVENUE

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Sale of goods, principally cable, wire and its related products	1,818,249	2,305,201	-	-
Revenue from power generation	127,623	205,879	-	-
Revenue from property development	7	24,455	-	-
Rendering of services	10	7	-	-
Dividends income:				
- subsidiaries	-	-	68,025	53,580
- associates	-	-	682	38
- equity investments, quoted in Malaysia	23	47	-	-
- other investment	165	-	-	-
Interest income	1,106	1,548	1,106	1,440
Rental income from investment properties	2,617	3,665	-	-
	1,949,800	2,540,802	69,813	55,058

4. COST OF SALES

	Group	
	2009	2008
	RM'000	RM'000
Cost of inventories sold	1,710,564	2,183,047
Cost relating to power generation	81,970	144,093
Property development costs	(1,123)	21,520
Cost of inventory of completed units	-	2,151
Miscellaneous	(323)	86
	1,791,088	2,350,897

Included in property development costs and miscellaneous for the Group were reversal of provision no longer required amounted to RM1,123,000 and RM323,000 respectively in the current financial year.

5. OTHER INCOME

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest income	2,262	2,994	-	-
Insurance claim	456	843	-	-
Rental income	210	202	-	-
Waiver of debt	-	-	-	37
Miscellaneous income	376	7,367	-	214
	3,304	11,406	-	251

In the previous financial year, included in miscellaneous income for the Group was a reversal of provision no longer required amounted to RM5,450,000.

Notes To The Financial Statements

31 December 2009
(Continued)

6. FINANCE COSTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- bank borrowings	7,804	14,591	-	-
- hire purchase payable	560	801	7	11
- Murabahah Medium Term Notes	7,250	10,178	7,250	10,178
Interest paid to corporate shareholder of a subsidiary (Note 38)	1,510	2,941	-	-
Foreign exchange losses/(gains)				
- realised	811	4,978	(113)	67
- unrealised	(1,044)	1,078	-	-
Bank charges	1,403	1,088	4	27
Legal/professional charges	129	270	90	126
	18,423	35,925	7,238	10,409

7. PROFIT BEFORE TAX

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts				
- trade receivables	299	335	-	-
- amounts due from subsidiaries	-	-	-	1
Amortisation of prepaid land lease payments (Note 16)	668	540	-	-
Auditors' remuneration				
- current year	392	388	110	99
- prior year	13	9	12	6
Bad debts written off/(back)				
- third parties	330	1,079	-	-
- subsidiary	-	-	-	(1,392)
Depreciation (Note 13)	28,913	27,661	221	291
Employee benefits expense (Note 8)	69,812	65,011	-	-
Fair value adjustment of investment properties (Note 15)	991	915	-	-
Loss/(Gains) on disposal of:				
- quoted investments	-	(53)	-	-
- investment in an associate	3	(5,086)	3	(3,529)
- unquoted investments	(19)	(1,626)	-	-
Lease rental	76	25	-	-

Notes To The Financial Statements

31 December 2009

(Continued)

7. PROFIT BEFORE TAX

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Net foreign exchange (gains)/losses				
- realised	(1,642)	(1,262)	11	(543)
- unrealised	(1,269)	554	1,548	359
Non-executive directors' remuneration (Note 9)	631	553	120	120
Property, plant and equipment				
- gain on disposal	(1,132)	(371)	-	-
- written off	86	202	16	-
- impairment losses included in cost of sales (Note 13)	612	-	-	-
(Reversal of)/Provision for liquidated damages (Note 33)	(237)	5	-	-
Operating leases:				
- minimum lease payments of land and buildings	1,176	1,042	156	125
Royalties	684	741	-	-
Impairment loss on quoted investment	-	656	-	-
Reversal of impairment loss on unquoted investment	(79)	(3,273)	-	(51)
Inventories				
- allowance for write down	1,208	1,203	-	-
- written back *	(2,002)	-	-	-
- written off	4,717	-	-	-
Write back of allowance for doubtful debts				
- trade receivables	(1,678)	(2,234)	-	-
- other receivables	-	(1,449)	-	-
- amounts due from subsidiaries	-	-	(4,434)	-

* The inventories written back were mainly due to subsequent sales.

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2009	2008
	RM'000	RM'000
Wages and salaries	59,086	54,761
Social security contributions	549	511
Contributions to defined contribution plan	6,123	6,074
Other benefits	4,054	3,665
	69,812	65,011

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM7,760,000 (2008: RM8,610,000) as further disclosed in Note 9.

Notes To The Financial Statements

31 December 2009
(Continued)

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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Executive directors' remuneration (Note 8):				
Fees	51	13	-	-
Other emoluments	7,709	8,597	-	-
	7,760	8,610	-	-
Non-executive directors' remuneration (Note 7):				
Fees	252	180	120	120
Other emoluments	379	373	-	-
	631	553	120	120
Total directors' remuneration (Note 38 (b))	8,391	9,163	120	120
Estimated monetary value of benefits-in-kind	199	341	7	7
Total directors' remuneration including benefits-in-kind	8,590	9,504	127	127

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	2,599	2,552	-	-
Fees	34	7	-	-
Bonuses	1,909	2,472	-	-
Defined contribution plan	818	916	-	-
Estimated monetary value of benefits-in-kind	113	112	-	-
	5,473	6,059	-	-
Non-Executive:				
Fees	130	130	120	120
Other emoluments	355	373	-	-
Estimated monetary value of benefits-in-kind	7	7	7	7
	492	510	127	127
	5,965	6,569	127	127

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

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9. DIRECTORS' REMUNERATION (CONTINUED)

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

	Number of Directors	
	2009	2008
Executive directors:		
RM950,001 - RM1,000,000	1	-
RM1,000,001 - RM1,050,000	-	1
RM1,050,001 - RM1,100,000	-	-
RM1,200,001 - RM1,250,000	1	-
RM1,300,001 - RM1,350,000	-	1
RM1,500,001 - RM1,550,000	1	-
RM1,700,001 - RM1,750,000	-	1
RM1,750,001 - RM1,800,000	1	-
RM1,950,001 - RM2,000,000	-	1
Non-Executive directors:		
RM50,001 - RM100,000	3	2
RM100,001 - RM150,000	2	3

10. INCOME TAX EXPENSE

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	6,428	7,229	5,120	10,962
Foreign tax	3,071	4,341	-	-
	9,499	11,570	5,120	10,962
(Over)/Underprovision in prior years:				
Malaysian income tax	(1,614)	(410)	(972)	14
Foreign tax	36	-	-	-
	7,921	11,160	4,148	10,976
Deferred taxation (Note 22):				
Relating to origination and reversal of temporary differences	2,395	4,735	-	-
Relating to changes in rates	-	(437)	-	-
(Over)/Underprovision in prior years	(4,442)	24	-	-
	(2,047)	4,322	-	-
Total income tax expense	5,874	15,482	4,148	10,976

Notes To The Financial Statements

31 December 2009
(Continued)

10. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified 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 : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

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:

Group	2009 RM'000	2008 RM'000
Profit before tax	76,840	102,025
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	19,210	26,527
Effect of income subject to tax rate of 20%	-	(3)
Effects of		
- changes in tax rates on opening balance of deferred tax	-	(257)
- different tax rates in other countries	(4,051)	(8,140)
- expenses not deductible for tax purposes	8,629	22,139
- income not subject to tax	(9,300)	(21,817)
- expenses eligible for double deductions	(31)	(44)
- utilisation of current year's capital allowances	(44)	(37)
- utilisation of current year's reinvestment allowances	(1,535)	(1,417)
- utilisation of previously unrecognised unused tax losses	(74)	(837)
- utilisation of previously unrecognised unabsorbed capital allowances	-	(72)
- utilisation of previously unrecognised other deductible temporary differences	(582)	(57)
Deferred tax assets not recognised on unused tax losses, unabsorbed capital allowances and other deductible temporary differences	43	434
Deferred tax recognised on tax losses	(58)	(228)
Deferred tax recognised on reinvestment allowances	(313)	(143)
Deferred tax recognised at different tax rates	-	(180)
Overprovision of Malaysia income tax in prior years	(1,614)	(410)
Underprovision of foreign income tax in prior years	36	-
(Over)/underprovision of deferred tax in prior years	(4,442)	24
Tax expense for the year	5,874	15,482

Notes To The Financial Statements

31 December 2009

(Continued)

10. INCOME TAX EXPENSE (CONTINUED)

Company	2009 RM'000	2008 RM'000
Profit before tax	62,567	40,776
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	15,642	10,602
Effects of		
- expenses not deductible for tax purposes	511	4,571
- income not subject to tax	(10,419)	(4,174)
- utilisation of current year's capital allowances	(44)	(37)
- utilisation of previously unrecognised other deductible temporary differences	(559)	-
(Over)/underprovision of income tax in prior years	(972)	14
Group relief	(11)	-
Tax expense for the year	4,148	10,976
Group		
Tax losses are analysed as follows:		
Unused tax losses carried forward	22,302	19,474
Unabsorbed capital allowances carried forward	4,133	4,161
Unabsorbed reinvestment allowances carried forward	14,321	14,555

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.

11. EARNINGS PER SHARE

Basic

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

	Group	
	2009	2008
Profit attributable to ordinary equity holders of the Company (RM'000)	53,446	64,936
Number of ordinary shares in issue ('000)	436,459	436,459
Basic earnings per share (sen)	12.25	14.88

Notes To The Financial Statements

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(Continued)

12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Recognised during the year:				
First interim dividend for 2009: 1.5% less 25% taxation, on 436,458,652 ordinary shares (1.12 sen per ordinary share)	4,910	-	4,910	-
Second interim dividend for 2009: 1.5% less 25% taxation, on 436,458,652 ordinary shares (1.12 sen per ordinary share)	4,910	-	4,910	-
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
	9,820	9,690	9,820	9,690

The directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2009.

13. PROPERTY, PLANT AND EQUIPMENT

	*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
Group						
At 31 December 2009						
Cost/Valuation						
At 1 January 2009						
At cost	6,325	434,563	56,757	15,310	10,759	523,714
At valuation	126,241	-	-	-	-	126,241
	132,566	434,563	56,757	15,310	10,759	649,955
Additions	506	9,763	4,232	1,538	28,830	44,869
Disposals	-	-	(39)	(764)	-	(803)
Write off	-	-	(801)	-	-	(801)
Reclassification	597	297	1,026	-	(1,920)	-
Retirement	-	(7,418)	(63)	(105)	-	(7,586)
Exchange differences	(180)	(2,231)	(31)	(27)	(23)	(2,492)
At 31 December 2009	133,489	434,974	61,081	15,952	37,646	683,142
Representing						
At cost	7,028	434,974	61,081	15,952	37,646	556,681
At valuation	126,461	-	-	-	-	126,461
At 31 December 2009	133,489	434,974	61,081	15,952	37,646	683,142

Notes To The Financial Statements

31 December 2009
(Continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	*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
Group						
At 31 December 2009						
Cost/Valuation						
Accumulated depreciation and impairment losses						
At 1 January 2009	9,240	288,064	45,818	11,107	-	354,229
Depreciation charge for the year (Note 7)	3,798	20,848	2,355	1,912	-	28,913
Impairment loss included in cost of sales (Note 7)	-	612	-	-	-	612
Disposals	-	-	(39)	(726)	-	(765)
Write off	-	-	(715)	-	-	(715)
Reclassification	-	194	(194)	-	-	-
Retirement	-	(7,418)	(63)	(105)	-	(7,586)
Exchange differences	(146)	(1,645)	(45)	(24)	-	(1,860)
At 31 December 2009	12,892	300,655	47,117	12,164	-	372,828
Net carrying amount						
At cost	6,743	134,319	13,964	3,788	37,646	196,460
At valuation	113,854	-	-	-	-	113,854
At 31 December 2009	120,597	134,319	13,964	3,788	37,646	310,314
At 31 December 2008						
Cost/Valuation						
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	10,260	2,991	1,896	12,620	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 28)	8,605	-	-	-	-	8,605
Exchange differences	504	5,050	71	62	54	5,741
At 31 December 2008	132,566	434,563	56,757	15,310	10,759	649,955

Notes To The Financial Statements

31 December 2009
(Continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	*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
Group						
Representing						
At cost	6,325	434,563	56,757	15,310	10,759	523,714
At valuation	126,241	-	-	-	-	126,241
At 31 December 2008	132,566	434,563	56,757	15,310	10,759	649,955
Accumulated depreciation and impairment losses						
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
Net carrying amount						
At cost	6,220	146,499	10,939	4,203	10,759	178,620
At valuation	117,106	-	-	-	-	117,106
At 31 December 2008	123,326	146,499	10,939	4,203	10,759	295,726

* Land and buildings

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
At 31 December 2009			
At 1 January 2009			
At cost	-	6,325	6,325
At valuation	42,190	84,051	126,241
	42,190	90,376	132,566
Additions	-	506	506
Reclassification	-	597	597
Exchange differences	51	(231)	(180)
At 31 December 2009	42,241	91,248	133,489
Representing			
At cost	-	7,028	7,028
At valuation	42,241	84,220	126,461
At 31 December 2009	42,241	91,248	133,489

Notes To The Financial Statements

31 December 2009
(Continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Land and buildings

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
At 31 December 2009			
Accumulated depreciation and impairment losses			
At 1 January 2009	-	9,240	9,240
Depreciation charge for the year	-	3,798	3,798
Exchange differences	-	(146)	(146)
At 31 December 2009	-	12,892	12,892
Net carrying amount			
At cost	-	6,743	6,743
At valuation	42,241	71,613	113,854
At 31 December 2009	42,241	78,356	120,597
At 31 December 2008			
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
Accumulated depreciation and impairment losses			
At 1 January 2008	-	5,689	5,689
Depreciation charge for the year	-	3,298	3,298
Exchange differences	-	253	253
At 31 December 2008	-	9,240	9,240
Net carrying amount			
At cost	-	6,220	6,220
At valuation	42,190	74,916	117,106
At 31 December 2008	42,190	81,136	123,326

Notes To The Financial Statements

31 December 2009
(Continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicle RM'000	Furniture, fixtures, fittings and equipment RM'000	Renovation RM'000	Total RM'000
Company				
At 31 December 2009				
Cost				
At 1 January 2009	553	931	-	1,484
Additions	-	613	288	901
Write off	-	(230)	-	(230)
Disposal	-	(22)	-	(22)
At 31 December 2009	553	1,292	288	2,133
Accumulated depreciation				
At 1 January 2009	375	782	-	1,157
Depreciation charge for the year (Note 7)	111	105	5	221
Write off	-	(214)	-	(214)
Disposal	-	(22)	-	(22)
At 31 December 2009	486	651	5	1,142
Net carrying amount				
At 31 December 2009	67	641	283	991

	Motor vehicle RM'000	Furniture, fixtures, fittings and equipment RM'000	Total RM'000
Company			
At 31 December 2008			
Cost			
At 1 January 2008	438	889	1,327
Additions	115	43	158
Write off	-	(1)	(1)
At 31 December 2008	553	931	1,484
Accumulated depreciation			
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

Notes To The Financial Statements

31 December 2009
(Continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicle RM'000	Furniture, fixtures, fittings and equipment RM'000	Total RM'000
Company			
Net carrying amount			
At 31 December 2008	178	149	327

- (a) Freehold land and buildings were revalued in December 2007 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.
- (b) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM44,869,000 (2008: RM33,863,000) and RM901,000 (2008: RM158,000) respectively of which RM260,000 (2008: RM553,000) and RM Nil (2008: RM100,000) were acquired by means of hire purchase payable arrangements. Net carrying amounts of property, plant and equipment held under hire purchase payable arrangements are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Plant and machinery	12,755	13,535	-	-
Furniture, fixtures and fittings	47	114	-	-
Motor vehicles	911	1,562	67	178
	13,713	15,211	67	178

Included in motor vehicles held under hire purchase are motor vehicle with net carrying amount of RM322,000 (2008: RM483,000) and RM129,000 (2008: RM162,000) which are held in trust respectively by Dato' Seri H'ng Bok San, a director of the Company and Datin H'ng Hsieh Ling, Alternate Director to Dato' Seri H'ng Bok San.

Details of the terms and conditions of the hire purchase payable arrangements are disclosed in Note 31.1.

- (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	
	2009 RM'000	2008 RM'000
Freehold land	16,342	16,291
Buildings	59,989	62,338
	76,331	78,629

- (d) Alpha Industries Berhad, a subsidiary of the Group, included within the manufacturing segment has stopped one of the production lines - Outokumpu line that has led to the recognition of an impairment loss of RM612,000 as disclosed in Note 7. The recoverable amount of the Outokumpu machine was provided by the directors of the subsidiary based on the market value quoted by the supplier of Outokumpu machine.

Notes To The Financial Statements

31 December 2009
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14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Freehold land RM'000	Development costs RM'000	Total RM'000
Group			
(a) Land held for property development			
At 31 December 2009			
Cost			
At 1 January and 31 December 2009	3,626	11,561	15,187
Accumulated impairment losses			
At 1 January and 31 December 2009	-	(644)	(644)
Carrying amount at 31 December 2009	3,626	10,917	14,543
At 31 December 2008			
Cost			
At 1 January and 31 December 2008	3,626	11,561	15,187
Accumulated impairment losses			
At 1 January and 31 December 2008	-	(644)	(644)
Carrying amount at 31 December 2008	3,626	10,917	14,543
(b) Property development costs			
At 31 December 2009			
Cumulative property development costs			
At 1 January and 31 December 2009	5,016	44,860	49,876
Cumulative costs recognised in income statement			
At 1 January and 31 December 2009	(4,671)	(44,152)	(48,823)
Property development costs at 31 December 2009	345	708	1,053
At 31 December 2008			
Cumulative property development costs			
At 1 January 2008	22,826	81,279	104,105
Costs recognised 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

Notes To The Financial Statements

31 December 2009
(Continued)

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

	Freehold land RM'000	Development costs RM'000	Total RM'000
Cumulative costs recognised in income statement			
At 1 January 2008	(13,771)	(66,611)	(80,382)
Recognised during the year	(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

15. INVESTMENT PROPERTIES

	Group	
	2009 RM'000	2008 RM'000
At 1 January	46,773	46,833
Additions	2,255	855
Fair value adjustment (Note 7)	(991)	(915)
At 31 December	48,037	46,773

The following investment property is held under lease terms:

	Group	
	2009 RM'000	2008 RM'000
Short term leasehold land	5,753	5,880

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	
	2009 RM'000	2008 RM'000
- Revenue generating during the year	2,869	2,867
- Non-revenue generating during the year	80	5
	2,949	2,872

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31 December 2009
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16. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	RM'000	RM'000
At 1 January	21,867	15,567
Additions	23,954	6,840
Amortisation for the year (Note 7)	(668)	(540)
At 31 December	45,153	21,867
Analysed as:		
Long term leasehold land	8,323	8,442
Short term leasehold land	36,830	13,425
	45,153	21,867

- (a) Prepaid land lease payments were revalued in December 2007 by Henry Butcher Malaysia Sdn. Bhd., an independent professional valuer. Fair value was determined by reference to open market values on comparison basis.
- (b) Included in short term leasehold land of the Group is leasehold land with carrying value of RM23,954,000 which is registered under the name of Cambodia International Investment Development Group Co. Ltd of a subsidiary, Cambodian Energy Limited ("CEL"). The short term leasehold land is acquired as a consideration for the minority shareholder's subscription in the shares issued by CEL, as disclosed in Note 17(ii).

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	RM'000	RM'000
Unquoted shares:		
At cost	108,644	108,644
Less: Accumulated impairment losses	(37)	(37)
	108,607	108,607

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interest		Principal activities
		2009	2008	
		%	%	
Held by the Company:				
Leader Cable Industry Berhad *	Malaysia	100.00	100.00	Manufacture and sale of telecommunication and power cables
Universal Cable (M) Berhad *	Malaysia	100.00	100.00	Manufacture and sale of telecommunication and power cables and aluminium rods
Alpha Industries Berhad *	Malaysia	51.00	51.00	Manufacture and sale of copper rods

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31 December 2009
(Continued)

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of incorporation	Effective interest		Principal activities
		2009 %	2008 %	
Held by the Company: (Continued)				
Leader Asia-Pacific Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding
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. *	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	100.00	Dormant
Leader Universal Aluminium Sdn. Bhd. *	Malaysia	100.00	100.00	Dormant
Universal Cable Engineering Sdn. Bhd. *	Malaysia	100.00	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
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
Held through subsidiaries:				
Leader (Cambodia) Limited ***	Cambodia	100.00	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

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of incorporation	Effective interest		Principal activities
		2009 %	2008 %	
Held through subsidiaries: (Continued)				
Leader Cable Philippines Corporation ***	Philippines	100.00	100.00	Dormant
LR Philippines Realty Corporation ***	Philippines	70.60	70.60	Property investment holding
LC Holdings Corporation ***	Philippines	64.00	64.00	Investment holding
Cambodia Utilities Pte. Ltd. ***	Cambodia	60.00	60.00	Power generation
Leader Infrastructure (Labuan) Limited *	Federal Territory of Labuan, Malaysia	100.00	-	Investment holding
Cambodian Energy Limited ***	Cambodia	80.00	-	Power generation
Cambodian Transmission Limited ***	Cambodia	100.00	-	Power transmission
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 31.2. 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 31.

Acquisition of subsidiaries

- (i) On 22 January 2009, the Company's wholly-owned subsidiary, Leader (Cambodia) Limited ("LCL") had incorporated two wholly-owned subsidiaries, Cambodian Transmission Limited and Cambodian Energy Limited ("CEL") in Cambodia with a registered capital of USD1,000 divided into 1,000 ordinary shares of USD1.00 each for each company.
- (ii) On 11 June 2009, the Company's wholly-owned subsidiary, LCL had entered into the Joint Venture and Shareholders Agreement ("JV Agreement") with Cambodia International Investment Development Group Co. Ltd ("CIIDG") to jointly build, own and operate a 100MW coal-fired power project in Sihanoukville, Cambodia ("the Proposal") via CEL, a joint venture company between the Company and CIIDG.

The registered capital of CEL was increased from USD1,000.00 to USD35,000,000 by the issuance and allotment of 34,999,000 ordinary shares of USD1.00 each, whereby LCL subscribed to 28,000,000 ordinary shares of USD1.00 each for a consideration of USD28,000,000 through the conversion of debt while CIIDG subscribed to the remaining 7,000,000 ordinary shares of USD1.00 each for a consideration of USD7,000,000 through the lease of a 20-hectares land at an agreed lease rental of USD7,000,000 ("RM23,954,000"). The lease is for tenure of 35 years commencing on 11 June 2009.

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (iii) On 29 September 2009, the Company's wholly-owned subsidiary, Leader Infrastructure Limited had incorporated a new wholly-owned subsidiary known as Leader Infrastructure (Labuan) Limited ("LILL") as an investment holding company. LILL has an authorised capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each.

The newly incorporated subsidiaries, CEL, CTL and LILL have contributed the following results, assets and liabilities to the Group:

	Group
	2009
	RM'000
Results	
Operating loss	1,251
Loss for the year	<u>1,061</u>
Assets	
Property, plant and equipment	27,027
Prepaid land lease payment	23,954
Deferred tax assets	192
Trade and other receivables	657
Cash and bank balances	1,659
	<u>53,489</u>
Liabilities	
Trade and other payables	<u>956</u>

18. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	28,260	28,945	9,158	9,161
Less: Accumulated impairment losses	(26,481)	(26,481)	(3,028)	(3,028)
	1,779	2,464	6,130	6,133
Share of post-acquisition reserves	24,300	22,716	-	-
	26,079	25,180	6,130	6,133

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18. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

Name of associates	Country of incorporation	Effective interest and voting power		Principal activities
		2009 %	2008 %	
Held by the Company:				
Sarawak Cable Bhd.	Malaysia	25.48	26.06	Investment holding
Lite Kabel Sdn. Bhd.	Malaysia	30.00	30.00	Manufacture and sale of optical fibre cables
Held through subsidiaries:				
SL Philippines Holdings Corporation	Philippines	40.00	40.00	Investment holding
Hebei Xinhua Leader Cable Co. Ltd.	People's Republic of China	25.00	25.00	Dormant
La-Bayan Development Sdn. Bhd.	Malaysia	30.00	30.00	Dormant

The summarised financial information of the associates are as follows:

	Group	
	2009 RM'000	2008 RM'000
Share of associates' balance sheets:		
Current assets	19,835	34,119
Non-current assets	41,002	40,772
Current liabilities	(22,253)	(37,794)
Non-current liabilities	(4,322)	(3,850)
	34,262	33,247
Less: Group recognised share of losses	(8,183)	(8,067)
Net assets	26,079	25,180
Share of associates' revenue and profit:		
Revenue	32,300	56,647
Profit for the year	1,594	4,016

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19. AMOUNTS DUE FROM / (TO) ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Due from associates				
Non-current				
Non-trade	9,017	8,913	9,017	8,913
Current				
Trade	11,034	29,066	-	-
Non-trade	8,833	9,482	329	823
Less: Allowance for doubtful debts	(6,051)	(6,166)	-	-
	13,816	32,382	329	823
	22,833	41,295	9,346	9,736
Due to associates	6,297	-	-	-

The non-trade amounts due from associates have an average maturity of seven years (2008: eight years). The amounts due from associates are unsecured, interest free 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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Future minimum repayment:				
Due within 1 year	13,816	32,382	329	823
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	5,817	5,713	5,817	5,713
	22,833	41,295	9,346	9,736

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 2009
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20. OTHER INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at cost	470	919	-	-
Less: Accumulated impairment losses	(32)	(369)	-	-
	438	550	-	-
Unquoted shares, at cost	10,403	10,626	-	27
Less: Accumulated impairment losses	(767)	(783)	-	(4)
	9,636	9,843	-	23
	10,074	10,393	-	23
Market value of quoted shares	438	550	-	-

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 years' disposal of subsidiary. The schedule of repayment is as follows:

	Note	Group		Company	
		2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
Within 1 year	26	1,500	2,350	1,500	2,350
More than 1 year and less than 2 years		650	-	650	-
		2,150	2,350	2,150	2,350

The directors of the Company had extended the settlement date of the deferred payment with carrying amount of RM2,150,000 from 6 June 2007 to 6 June 2011. On 8 Jan 2010, the Company was informed that the debtors shall make partial repayment of RM750,000 respectively by 30 June 2010.

Other information on financial risks of other non-current assets are disclosed in Note 39.

22. DEFERRED TAXATION

	Group	
	2009	2008
	RM'000	RM'000
At 1 January	17,143	13,014
Recognised in income statement (Note 10)	(2,047)	4,322
Recognised in equity	-	(193)
Exchange differences	(2)	-
At 31 December	15,094	17,143
Presented after appropriate offsetting as follows:		
Deferred tax assets	(419)	-
Deferred tax liabilities	15,513	17,143
	15,094	17,143

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31 December 2009
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22. DEFERRED TAXATION (CONTINUED)

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 2009	(4,015)	(42)	(2,931)	(6,988)
Recognised in income statement	(351)	42	(2,074)	(2,383)
Exchange differences	(2)	-	-	(2)
At 31 December 2009	(4,368)	-	(5,005)	(9,373)
At 1 January 2008	(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)

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

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2009	24,061	70	24,131
Recognised in income statement	406	(70)	336
At 31 December 2009	24,467	-	24,467
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

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

	Group	
	2009 RM'000	2008 RM'000
Unused tax losses	18,044	18,168
Unabsorbed capital allowances	3,773	3,772
Unabsorbed reinvestment allowances	79	79
Other deductible temporary differences	9,255	11,586
	31,151	33,605

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31 December 2009
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23. INVENTORIES

	Group	
	2009	2008
	RM'000	RM'000
Cost:		
Raw materials	132,405	100,905
Work-in-progress	43,932	58,836
Finished goods	40,244	64,874
Consumables	8,212	8,012
	224,793	232,627
Net realisable value:		
Completed property units for sale	18,158	18,329
Consumables	9,713	11,930
	27,871	30,259
	252,664	262,886

24. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2009	2008
	RM'000	RM'000
Due from subsidiaries	124,684	156,485
Less: Allowance for doubtful debts	(4,563)	(79,436)
	120,121	77,049
Due to subsidiaries	(36,316)	(50,648)

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.

25. REDEEMABLE PREFERENCE SHARES

	Group and Company	
	2009	2008
	RM'000	RM'000
Unquoted shares, at cost	2,679	3,038
Less: Accumulated impairment losses	(1,726)	(1,727)
	953	1,311

On 19 August 2009, the Company has redeemed 3,464 preference shares of Bumiputra Technology Venture Capital Berhad ("BTVC") at RM111 per share and was allotted 3,464 new ordinary shares of RM1 each at par by BTVC. The remaining redeemable preference shares shall be redeemed on or before 31 December 2010.

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26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables	280,924	312,155	-	-
Less: Allowance for doubtful debts	(15,245)	(16,613)	-	-
	265,679	295,542	-	-
Other receivables:				
Deposits	4,953	4,891	79	60
Prepayments	9,101	4,020	63	12
Sundry receivables	20,808	84,919	1,637	4,086
	34,862	93,830	1,779	4,158
Less: Allowance for doubtful debts	(1,689)	(1,680)	-	-
	33,173	92,150	1,779	4,158
	298,852	387,692	1,779	4,158

The Group's normal trade credit terms range from 30 days to 120 days (2008: 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 4.4% (2008: 8.8%) of total trade receivables.

Included in the sundry receivables of the Group and the Company is an amount of RM1,500,000 (2008: RM2,350,000) due from the deferred payment for the disposal of a subsidiary as disclosed in Note 21.

In the previous financial year, included in the sundry receivables of the Group was an amount of RM352,000 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 RM2,928,000 (2008: RM67,747,000) due from a joint venture partner in respect of a collaboration agreement with the main contractor to develop a twenty nine storey luxurious super condominium with one sub-basement and four levels of basement car parks on land belonging to the Group.

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.

Notes To The Financial Statements

31 December 2009
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27. CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	73,668	85,553	4,736	1,628
Cash at bank in Housing Development Accounts	-	12,163	-	-
Deposits with licensed banks:				
Fixed deposits	6,126	24,286	1,481	10,589
Short term placements	134,107	56,304	28,250	41,296
	213,901	178,306	34,467	53,513
Deposits with a licensed bank held in trust	(523)	(368)	-	-
Total cash and cash equivalents	213,378	177,938	34,467	53,513

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 RM523,000 (2008: RM368,000) 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.

28. ASSETS HELD FOR SALE

	Group	
	2009	2008
	RM'000	RM'000
At 1 January	-	9,888
Reclassified to property, plant and equipment (Note 13)	-	(8,605)
Disposals	-	(390)
Exchange differences	-	(893)
At 31 December	-	-

In the previous financial 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.

29. SHARE CAPITAL

	Number of ordinary shares of RM1.00 each		Amount	
	2009	2008	2009	2008
	'000	'000	RM'000	RM'000
Authorised *	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid *	436,459	436,459	436,459	436,459

* 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.

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31 December 2009
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30. OTHER RESERVES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
(a) Distributable				
Capital reserve	1,836	1,836	-	-
(b) Non-Distributable				
Share premium	54,829	54,829	54,829	54,829
Revaluation surplus	30,027	30,027	-	-
Foreign currency translation reserve	4,367	6,702	-	-
	89,223	91,558	54,829	54,829
	91,059	93,394	54,829	54,829

The movements in each category of reserves are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Capital reserve				
At 31 December *	1,836	1,836	-	-
Share premium				
At 31 December *	54,829	54,829	54,829	54,829
Revaluation surplus				
At 1 January	30,027	29,860	-	-
Transfer from deferred tax	-	167	-	-
At 31 December	30,027	30,027	-	-
Foreign currency translation reserve				
At 1 January	6,702	5,091	-	-
Arising in the year	(2,335)	1,611	-	-
At 31 December	4,367	6,702	-	-

* 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 surpluses 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.

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31. BORROWINGS

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term borrowings					
Secured:					
Term loan		21,387	36,323	-	-
Hire purchase payable	31.1	3,387	3,788	63	102
		24,774	40,111	63	102
Unsecured:					
Term loan		6,986	2,606	-	-
Bankers' acceptances		100,222	197,676	-	-
Trust receipts		20,532	14,994	-	-
Revolving credits		11,844	42,974	-	-
Murabahah Medium Term Notes	31.2	80,000	10,000	80,000	10,000
		219,584	268,250	80,000	10,000
		244,358	308,361	80,063	10,102
Long term borrowings					
Secured:					
Term loan		-	7,265	-	-
Hire purchase payable	31.1	3,009	6,171	43	106
		3,009	13,436	43	106
Unsecured:					
Term loan		25,805	25,631	-	-
Murabahah Medium Term Notes	31.2	-	80,000	-	80,000
		25,805	105,631	-	80,000
		28,814	119,067	43	80,106
Total borrowings					
Bankers' acceptances		100,222	197,676	-	-
Trust receipts		20,532	14,994	-	-
Revolving credits		11,844	42,974	-	-
Term loan		54,178	71,825	-	-
Hire purchase payable	31.1	6,396	9,959	106	208
Murabahah Medium Term Notes	31.2	80,000	90,000	80,000	90,000
		273,172	427,428	80,106	90,208
Maturity of borrowings (excluding hire purchase payable):					
Within 1 year		240,971	304,573	80,000	10,000
More than 1 year and less than 2 years		7,321	42,885	-	30,000
More than 2 years and less than 5 years		18,484	66,796	-	50,000
More than 5 years		-	3,215	-	-
		266,776	417,469	80,000	90,000

Notes To The Financial Statements

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31. BORROWINGS (CONTINUED)

The short term loan is secured by the following:

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

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

31.1 Hire purchase payable

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Future minimum lease payments:				
Not later than 1 year	3,690	4,347	66	109
Later than 1 year and not later than 2 years	2,489	3,630	23	66
Later than 2 years and not later than 5 years	650	2,947	22	45
	6,829	10,924	111	220
Less: Future finance charges	(433)	(965)	(5)	(12)
Present value of hire purchase liabilities	6,396	9,959	106	208
Present value of hire purchase liabilities:				
Not later than 1 year	3,387	3,788	63	102
Later than 1 year and not later than 2 years	2,373	3,223	21	63
Later than 2 years and not later than 5 years	636	2,948	22	43
	6,396	9,959	106	208
Analysed as:				
Amount due within 12 months (Note 31)	3,387	3,788	63	102
Amount due after 12 months (Note 31)	3,009	6,171	43	106
	6,396	9,959	106	208

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.

31.2 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 2009, a balance of RM80 million (2008: RM90 million) is outstanding and the proceeds of which were previously utilised to part redeem and/or repurchase the ECB and for working capital purposes.

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

The MMTN will expire seven years from the date of its first issue i.e. 10 November 2004. Subsequent to the financial year end, the Company has made full repayment of its RM80 million MMTN.

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

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32. RETIREMENT BENEFIT OBLIGATIONS

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Non-current	3,368	3,484	3,167	3,167

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At 1 January	3,484	4,222	3,167	3,639
Contribution paid during the year	(116)	(738)	-	(472)
At 31 December	3,368	3,484	3,167	3,167

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.

33. PROVISION

	Group	
	2009	2008
	RM'000	RM'000
At 1 January	266	495
Paid during the year	-	(234)
(Reversal of)/Provision during the year (Note 7)	(237)	5
At 31 December	29	266

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 sale and purchase agreements.

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	39,843	67,647	-	-
Amounts due to related parties	93,573	22,437	-	-
	133,416	90,084	-	-
Other payables				
Accrual for payroll related expenses	5,105	6,468	3,240	4,096
Duties and other taxes payable	16,912	18,056	-	-
Amounts payable to suppliers of indirect materials and services	32,712	93,203	405	374
Accruals	93,193	26,600	3,131	3,826
	147,922	144,327	6,776	8,296
	281,338	234,411	6,776	8,296

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34. TRADE AND OTHER PAYABLES (CONTINUED)

The normal trade credit terms granted to the Group range from cash advance to 120 days (2008: cash advance to 120 days).

Amounts due to related parties bear interest of 1.83% (2008: 3.76%) per annum and are repayable within 30 days. These amounts are unsecured and are to be settled in cash and cash equivalents.

In the previous financial year, included in the amounts payable to suppliers of indirect materials and services of the Group was an amount of RM5,785,000 due to a joint venture partner in respect of a collaboration agreement with the main contractor to develop a twenty nine storey luxurious super condominium with one sub-basement and four levels of basement car parks on land belonging to the Group.

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.

35. OPERATING 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 1 year and 17 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	
	2009	2008
	RM'000	RM'000
Future minimum rental payments:		
Not later than 1 year	455	618
Later than 1 year and not later than 5 years	1,715	2,210
	2,170	2,828

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 2009
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36. COMMITMENTS

	Group	
	2009	2008
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	42,784	5,491
Approved but not contracted for:		
Property, plant and equipment	589	1,006
The Group has the following forward commodity contracts:		
Forward contract to sell	148,192	91,268
Forward contract to buy	(87,778)	(149,707)

37. CONTINGENT LIABILITIES

	Company	
	2009	2008
	RM'000	RM'000
Unsecured		
Corporate guarantees given to banks as securities for banking facilities of its subsidiaries	788,450	733,352

Total outstanding balances for the said banking facilities amounted to RM159,401,000 (2008: RM227,751,000).

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	2009	2008
		RM'000	RM'000
Group			
Associates:			
Repayment of advances from Lite Kabel Sdn. Bhd.		396	(1,151)
Sales to Lite Kabel Sdn. Bhd.	(i)	8,981	7,246
Sales of goods to Universal Cable (Sarawak) Sdn. Bhd.	(i)	23,068	73,607
Purchases from Universal Cable (Sarawak) Sdn. Bhd.	(ii)	27,715	-
Rental income from Lite Kabel Sdn Bhd	(vi)	1,195	2,219
Corporate shareholders of a subsidiary:			
Sales to Toyota Tsusho Corporation Ltd.	(i)	38,638	7,295
Sales to a subsidiary of Toyota Tsusho Corporation Ltd.	(i)	973	1,841
Purchases from Toyota Tsusho Corporation Ltd.	(ii)	960,275	1,421,382
Interest paid to Toyota Tsusho Corporation Ltd.	(iii)	1,510	2,941
Management fees paid to Toyota Tsusho Corporation Ltd.	(iv)	1,000	800
Technical assistance fees paid to Furukawa Electric Co. Ltd.	(iv)	691	741
Sales to subsidiaries of Furukawa Electric Co. Ltd.	(i)	27,588	40,633
Purchases from a subsidiary of Furukawa Electric Co. Ltd	(ii)	-	5,741

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38. RELATED PARTY DISCLOSURES (CONTINUED)

	Note	2009 RM'000	2008 RM'000
Group			
Others:			
Rental of premises at Menara Northam paid to Jeska Properties Sdn. Bhd., a company in which certain directors have interest	(v)	367	322
Company			
Subsidiaries:			
(Advances to)/Repayments of advance from		(26,799)	18,627
Payments made on behalf		23,758	12,795
Write back of allowance for doubtful debts		4,434	-
Bad debts written off		-	37
Waiver of debts	(vii)	2,413	-
Dividends receivable		68,025	53,580
Associates:			
Payments made on behalf of Universal Cable (Sarawak) Sdn. Bhd. and Sarawak Cable Berhad		20	6
Payments made on behalf of Universal Cable (Sarawak) Sdn. Bhd. and Sarawak Cable Berhad		26	-
Dividends received from Lite Kabel Sdn. Bhd.		-	38
Dividends received from Sarawak Cable Berhad.		682	-
Repayment of advances from Lite Kabel Sdn. Bhd.		396	1,151
Others:			
Rental of premises at Menara Northam paid to Jeska Properties Sdn. Bhd., a company in which certain directors have interest	(v)	156	125
Retrenchment benefits payable to persons connected to directors of the Company		-	1,283

- (i) 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.
- (ii) 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.
- (iii) The interest expenses arose from the amounts due to related parties. Further details are disclosed in Note 34.
- (iv) The management fees and technical assistance fees were charged at prices mutually agreed between the respective parties.
- (v) The rentals were charged at prices mutually agreed between the respective parties based on the estimated market rates provided by an external property agent.

Notes To The Financial Statements

31 December 2009
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38. RELATED PARTY DISCLOSURES (CONTINUED)

(vi) The rentals were charged at prices mutually agreed between the respective parties based on estimated market rate provided by an external property agent. However, effective from May 2009, the rental rates were revised to rental rates mutually agreed between the respective parties.

(vii) As at 31 December 2009, the Company has partially waived outstanding balances due to the Company.

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 are disclosed in Note 19, Note 24, Note 26 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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	8,199	9,714	120	120
Defined contribution plan	1,118	1,375	-	-
	9,317	11,089	120	120
Included in the total remuneration of key management personnel are:				
Directors' remuneration (Note 9)	8,391	9,163	120	120

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.

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

Notes To The Financial Statements

31 December 2009
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39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk (Continued)

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 RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
Fixed rate									
31	5.86	3.58	(3,387)	(2,395)	(514)	(81)	(19)	-	(6,396)
31	7.70	7.50	(80,000)	-	-	-	-	-	(80,000)
Floating rate									
27	6.10	0.01	140,233	-	-	-	-	-	140,233
31	3.02	2.53	(100,222)	-	-	-	-	-	(100,222)
31	1.75	1.30	(20,532)	-	-	-	-	-	(20,532)
31	3.61	1.15	(11,844)	-	-	-	-	-	(11,844)
31	6.90	1.98	(28,373)	(7,321)	(7,321)	(7,063)	(4,100)	-	(54,178)
Company									
Fixed rate									
31	3.81	3.74	(63)	(21)	(22)	-	-	-	(106)
31	7.70	7.50	(80,000)	-	-	-	-	-	(80,000)
Floating rate									
27	2.5	0.01	29,731	-	-	-	-	-	29,731

Notes To The Financial Statements

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39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk (Continued)

		Note	Highest %	Lowest %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2008											
Group											
Fixed rate											
	Hire purchase payable	31	5.89	3.71	(3,788)	(3,223)	(2,441)	(482)	(25)	-	(9,959)
	Murabahah Medium Term Notes	31	7.70	7.50	(10,000)	(30,000)	(50,000)	-	-	-	(90,000)
Floating rate											
	Deposits with licensed banks and financial institutions	27	5.05	0.01	80,590	-	-	-	-	-	80,590
	Bankers' acceptances	31	5.00	3.69	(197,676)	-	-	-	-	-	(197,676)
	Trust receipts	31	5.04	3.68	(14,994)	-	-	-	-	-	(14,994)
	Revolving credits	31	5.19	4.47	(42,974)	-	-	-	-	-	(42,974)
	Term loan	31	6.90	2.93	(38,929)	(12,885)	(5,621)	(5,621)	(5,554)	(3,215)	(71,825)
Company											
Fixed rate											
	Hire purchase payable	31	3.81	3.74	(102)	(63)	(21)	(22)	-	-	(208)
	Murabahah Medium Term Notes	31	7.70	7.50	(10,000)	(30,000)	(50,000)	-	-	-	(90,000)
Floating rate											
	Deposits with licensed banks and financial institutions	27	4.56	0.25	51,885	-	-	-	-	-	51,885

Notes To The Financial Statements

31 December 2009

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39. FINANCIAL INSTRUMENTS (CONTINUED)

(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 Credit Control Committee. 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 4.5% (2008: 9.1%) 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	
	2009	2008
	RM'000	RM'000
Amounts due from associates		
- United States Dollars	2,453	2,494
Trade and other receivables		
- United States Dollars	126,035	150,963
- Euro Dollars	1,039	108
- Singapore Dollars	10,480	11,993
- Philippine Peso	54	48
- Swiss Franc	12	19
- Australian Dollar	728	863
- Pound Sterling	203	-
- Cambodian Riels	528	-
	139,079	163,994

Notes To The Financial Statements

31 December 2009
(Continued)

39. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Foreign currency risk (Continued)

	Group	
	2009	2008
	RM'000	RM'000
Cash and bank balances		
- United States Dollars	117,476	94,080
- Euro Dollars	43	128
- Singapore Dollars	2,456	409
- Philippine Peso	147	295
- Cambodian Riels	1,706	3,395
- Japanese Yen	323	-
	122,151	98,307
Borrowings		
- United States Dollars	21,388	65,556
Trade and other payables		
- United States Dollars	119,263	39,590
- Euro Dollars	5	45
- Singapore Dollars	2,959	2,514
- Philippine Peso	287	944
- Pound Sterling	29	-
- Japanese Yen	26	-
- Cambodian Riels	6,541	-
	129,110	43,093
	Company	
	2009	2008
	RM'000	RM'000
Amounts due from subsidiaries		
- United States Dollars	70,669	10,154
Amounts due to subsidiaries		
- United States Dollars	(11,522)	(12,768)
Cash and bank balances		
- United States Dollars	5,004	10,713

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31 December 2009
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39. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Foreign currency risk (Continued)

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

	Currency	Maturities	Total notional amount RM'000
At 31 December 2009:			
Forward used to hedge trade receivables	United States Dollars	Within 1 year	9,045
	Singapore Dollars	Within 1 year	1,352
			<u>10,397</u>
At 31 December 2008:			
Forward used to hedge trade receivables	United States Dollars	Within 1 year	4,245
	Singapore Dollars	Within 1 year	1,646
			<u>5,891</u>
Forward used to hedge trade payables	United States Dollars	Within 1 year	<u>7,721</u>

(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 following:

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2009:					
Amounts due from associates	19	22,833	20,498	9,346	7,452
Unquoted shares	20	9,636	*	-	-
Term loan	31	54,178	54,065	-	-
Hire purchase payable	31.1	6,396	6,330	106	105
At 31 December 2008:					
Amounts due from associates	19	41,295	38,273	9,736	7,797
Unquoted shares	20	9,843	*	23	*
Term loan	31	71,825	72,181	-	-
Hire purchase payable	31.1	9,959	9,955	208	203
Murabahah Medium Term Notes	31.2	90,000	94,624	90,000	94,624

* It is not practicable to estimate the fair value of the Group's and the Company's current unquoted investments due to 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.

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31 December 2009
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39. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair values (Continued)

	Note	Group Carrying amount RM'000	Net fair value RM'000
At 31 December 2009:			
Forward commodity contracts	36	-	59,989
Forward foreign exchange contracts	39(e)	-	(15)
At 31 December 2008:			
Forward commodity contracts	36	-	(32,381)
Forward foreign exchange contracts	39(e)	-	-

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 sectors which are not of a sufficient size to be reported separately.

Inter-segment sales comprise mainly rental and interest income from advances to subsidiaries.

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40. SEGMENTAL INFORMATION

(b) Business segments (Continued)

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

	Cable and wire RM'000	Power generation RM'000	Others RM'000	Total RM'000
Group				
31 December 2009				
Revenue and expenses				
Revenue				
Segment revenue/Total revenue	1,818,249	127,623	3,928	1,949,800
Results				
Operating profit/Segment results	58,605	37,604	(2,540)	93,669
Finance costs				(18,423)
Share of profits of associates				1,594
Profit before tax				76,840
Income tax expense				(5,874)
Profit for the year				70,966
Assets				
Segment assets	808,019	152,779	258,229	1,219,027
Investments in associates				26,079
Unallocated assets				7,393
Consolidated total assets				1,252,499
Liabilities				
Segment liabilities	258,551	23,405	9,076	291,032
Unallocated liabilities				291,067
Consolidated total liabilities				582,099
Capital expenditure	15,287	28,093	3,484	46,864
Amortisation	521	-	147	668
Depreciation	19,421	8,883	609	28,913
Non-cash (income)/expense other than depreciation and amortisation	(1,517)	1,194	2,153	1,830

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40. SEGMENTAL INFORMATION (CONTINUED)

(b) Business segments (Continued)

	Cable and wire RM'000	Power generation RM'000	Others RM'000	Total RM'000
Group				
31 December 2008				
Revenue and expenses				
Revenue				
Segment revenue/Total revenue	2,305,201	205,879	29,722	2,540,802
Results				
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)
Profit for the year				86,543
Assets				
Segment assets	822,645	164,707	274,493	1,261,845
Investments in associates				25,180
Unallocated assets				4,077
Consolidated total assets				1,291,102
Liabilities				
Segment liabilities	130,849	29,531	77,781	238,161
Unallocated liabilities				447,659
Consolidated total liabilities				685,820
Capital expenditure	24,158	2,440	14,407	41,005
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

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40. SEGMENTAL INFORMATION (CONTINUED)

(c) Geographical segments

The Group's business segments operate in two main geographical areas:

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

	Total revenue from external customers		Segment assets		Capital expenditure	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	1,151,683	1,619,103	956,652	1,056,606	18,771	37,380
Cambodia	128,126	206,792	234,275	170,318	28,093	3,625
Singapore	205,078	251,631	-	-	-	-
Others *	464,913	463,276	28,100	34,921	-	-
	1,949,800	2,540,802	1,219,027	1,261,845	46,864	41,005

* 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. SIGNIFICANT EVENTS

- (a) On 11 June 2009, the Company's wholly owned subsidiary, Leader (Cambodia) Limited ("LCL") had entered into a joint venture with Cambodia International Investment Development Group Co., Ltd. ("CIIDG") to build, own and operate the 100 MW coal-fired power project in Sihanoukville, Cambodia.
- (b) On 26 June 2009, CIIDG was granted the rights by the relevant Cambodian authorities to plan and negotiate for the development of the 700 MW coal-fired power generation facility in Sihanoukville, Cambodia. CIIDG and LCL, have reached an agreement that LCL shall assist to jointly plan and develop the said project. The parties shall carry out the preliminary planning and feasibility studies for the said project. The formal award of the said project is subject to further negotiations and agreement with the relevant authorities.
- (c) On 7 September 2009, the Company's wholly owned subsidiaries, Leader Cable Industry Berhad ("LCIB") and Leader Properties Sdn Bhd ("LPSB") have signed sale and purchase agreements with Ashrey Capital Partners Sdn. Bhd. ("Ashrey") for the acquisition of freehold land, building and machinery for a purchase consideration of RM16,200,000 and RM18,800,000 respectively. Upon execution of the agreements, deposits of RM2,430,000 and RM2,820,000 were made by LCIB and LPSB respectively, being 15% of each of the said purchase price. Subsequent to the financial year end, LCIB and LPSB have paid their respective balance purchase price of RM13,770,000 and RM15,980,000 to Ashrey.
- (d) On 17 September 2009, the Company signed a Power Purchase Agreement with Electricite Du Cambodge and an Implementation Agreement with the Royal Government of Cambodia represented by the Ministry of Industry, Mines and Energy and the Ministry of Economy and Finance for the implementation of the 100MW coal-fired power project.

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42. SUBSEQUENT EVENTS

- (a) On 20 January 2010, the Company's wholly owned subsidiary, Cambodian Transmission Limited ("CTL") had entered into a 25 year Build-Operate-Transfer Power Transmission Agreement with Electricite Du Cambodge ("EDC"), a wholly state-owned limited liability company established under the Royal Decree of the Kingdom of Cambodia, to develop a 230kV power transmission system from Phnom Penh to Kampong Cham ("the Project") on a Build-Operate-Transfer basis. An Implementation Agreement was also signed on even date with The Royal Government of Cambodia represented by the Ministry of Industry, Mines and Energy and the Ministry of Economy and Finance for the implementation of the Project.

A Lease Agreement was also signed with EDC to lease the land for the abovesaid two substations and grant for all rights of easement and/or rights of way.

- (b) On 5 February 2010, CTL had executed a Facility Agreement with Export-Import Bank of Malaysia Berhad ("EXIM Bank") whereby EXIM Bank has offered to CTL and CTL has agreed to take up EXIM Bank's offer for an Islamic financing under Overseas Project Financing-i of USD65 million under the Islamic principle of Istisna and for a tenure of 13 years ("the Financing Facility"). The purpose of the Financing Facility is to part finance the development of the Project which involves the construction of two substations i.e. the North Phnom Penh substation and the Kampong Cham substation together with the construction of approximately 110km of double circuit 230kV overhead power transmission lines linking the two substations. As part of the conditions to be fulfilled for the Facility Agreement, the Company shall provide a corporate guarantee as part of the security arrangements and requirements under the Financing Facility.
- (c) On 10 February 2010, the Company's wholly owned subsidiary, Leader Infrastructure (Labuan) Limited ("LILL") had executed a Facility Agreement with OCBC Bank (Malaysia) Berhad and Malayan Banking Berhad as the Joint Mandated Lead Arrangers and AmBank (M) Berhad and Bank of China (Malaysia) Berhad as the Lead Managers for a Syndicated Term Loan Facility of USD140 million ("the Syndicated Term Loan Facility"). The purpose of the Syndicated Term Loan Facility is to part finance the development of two units of 50 MW coal-fired electric power generating facility and other ancillary facilities. The tenure of the Syndicated Term Loan Facility is 7 years from the date of first drawdown with an option to extend for another 2 years at the lenders' sole discretion. As part of the conditions to be satisfied under the Facility Agreement, the Company shall provide a corporate guarantee as part of the security arrangements and requirements under the Syndicated Term Loan Facility.