

LEADER UNIVERSAL HOLDINGS BERHAD (Co. No. 172736-A)
(Incorporated in Malaysia)
QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31/03/2006.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	RM'000	RM'000	RM'000	RM'000
Revenue	473,934	308,310	473,934	308,310
Cost of sales	<u>(436,173)</u>	<u>(279,741)</u>	<u>(436,173)</u>	<u>(279,741)</u>
Gross profit	37,761	28,569	37,761	28,569
Operating expenses	(19,639)	(15,459)	(19,639)	(15,459)
Other income	4,388	1,195	4,388	1,195
Finance costs	(8,732)	(7,214)	(8,732)	(7,214)
Share of profit of associated companies	<u>1,464</u>	<u>648</u>	<u>1,464</u>	<u>648</u>
Profit before taxation	15,242	7,739	15,242	7,739
Taxation	<u>(2,470)</u>	<u>(1,476)</u>	<u>(2,470)</u>	<u>(1,476)</u>
Net profit for the period	<u><u>12,772</u></u>	<u><u>6,263</u></u>	<u><u>12,772</u></u>	<u><u>6,263</u></u>
Attributable to :				
Equity holders of the parent	7,977	2,124	7,977	2,124
Minority interests	<u>4,795</u>	<u>4,139</u>	<u>4,795</u>	<u>4,139</u>
Net profit for the period	<u><u>12,772</u></u>	<u><u>6,263</u></u>	<u><u>12,772</u></u>	<u><u>6,263</u></u>
Earnings per share (sen)				
- Basic	1.83	0.49	1.83	0.49
- Diluted	na	na	na	na

LEADER UNIVERSAL HOLDINGS BERHAD (Co. No. 172736-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31/03/2006 RM'000	As at 31/12/2005 RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	254,100	270,990
Prepaid Lease Payments	85,957	89,665
Investment Properties	25,328	25,431
Properties Held for Future Development	14,986	15,187
Investment in Associated Companies	17,294	16,177
Other Investments	11,528	11,578
Deferred Tax Assets	2,027	2,632
	<u>411,220</u>	<u>431,660</u>
Current Assets		
Properties Under Development	38,402	37,835
Inventories	211,878	240,556
Amount Due from Associated Companies	52,476	51,737
Trade and Other Receivables	387,161	395,836
Cash, Bank Balances and Deposits	123,217	94,164
	<u>813,134</u>	<u>820,128</u>
Assets held for sale	10,905	-
	<u>824,039</u>	<u>820,128</u>
TOTAL ASSETS	<u><u>1,235,259</u></u>	<u><u>1,251,788</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	436,459	436,459
Reserves	(83,709)	(90,975)
	<u>352,750</u>	<u>345,484</u>
Minority Interests	<u>118,789</u>	<u>118,438</u>
Total Equity	<u><u>471,539</u></u>	<u><u>463,922</u></u>
Non Current Liabilities		
Euroconvertible Bonds	163,501	167,530
Term Loans	70,264	70,282
Deferred Tax Liabilities	31,899	31,570
	<u>265,664</u>	<u>269,382</u>
Current Liabilities		
Trade and Other Payables	221,926	232,607
Amount Due to A Related Party	-	2,298
Progress Payments Received and Receivable	25	21
Short Term Borrowings	276,026	283,583
Taxation	79	(25)
	<u>498,056</u>	<u>518,484</u>
Total Liabilities	<u><u>763,720</u></u>	<u><u>787,866</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,235,259</u></u>	<u><u>1,251,788</u></u>

LEADER UNIVERSAL HOLDINGS BERHAD (Co. No. 172736-A)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 MONTHS ENDED	
	31/03/2006	31/03/2005
	RM'000	RM'000
Net profit for the financial period	12,772	6,263
Adjustment for:		
Non cash items	9,107	12,552
Minority interests	(4,795)	(4,139)
Non operating items (which are investing / financing activities)	7,453	6,179
Taxation	2,470	1,476
Operating profit before working capital changes	<u>27,007</u>	<u>22,331</u>
Decrease / (Increase) in working capital:		
Net changes in current assets	36,249	1,282
Net changes in current liabilities	(26,831)	(8,849)
Net cash flow from operations	<u>36,425</u>	<u>14,764</u>
Tax paid	(333)	(112)
Tax refund	-	-
Net cash flow from operating activities	<u>36,092</u>	<u>14,652</u>
Investing Activities		
Equity	-	-
Others	112	23
Net cash flow from investing activities	<u>112</u>	<u>23</u>
Financing Activities		
Bank borrowings	1,800	27,784
Euroconvertible Bonds	-	-
Repayment of advance from shareholders	(4,480)	-
Interest paid	(8,543)	(6,968)
Dividend paid to minority shareholders of a subsidiary	-	(287)
Others	(637)	-
Net cash flow from financing activities	<u>(11,860)</u>	<u>20,529</u>
Net changes in cash and cash equivalents	24,344	35,204
Cash and cash equivalents at beginning of the year	94,164	107,213
Foreign exchange differences on opening balance	(672)	(52)
Cash and cash equivalents at end of the financial period	<u>117,836</u>	<u>142,365</u>

LEADER UNIVERSAL HOLDINGS BERHAD (Co. No. 172736-A)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent				Minority Interests	Total Equity
	Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000		
At 1 January 2006	436,459	109,452	(200,426)	345,485	118,438	463,923
Movements during the period	-	(712)	7,977	7,265	351	7,616
At 31 March 2006	436,459	108,740	(192,449)	352,750	118,789	471,539
At 1 January 2005	436,459	128,832	(228,648)	336,643	95,566	432,209
Movements during the period	-	(207)	2,124	1,917	3,886	5,803
At 31 March 2005	436,459	128,625	(226,524)	338,560	99,452	438,012

LEADER UNIVERSAL HOLDINGS BERHAD (Co. No. 172736-A)

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NOTES TO QUARTERLY FINANCIAL STATEMENTS

(a) **Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

(b) **Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 2 Share-based Accounting

FRS 3 Business Combinations

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

FRS 101 Presentation of Financial Statements

FRS 102 Inventories

FRS 108 Accounting Policies, Changes in Estimates and Errors

FRS 110 Events after the Balance Sheet Date

FRS 116 Property, Plant and Equipment

FRS 121 The Effects of Changes in Foreign Exchange Rates

FRS 127 Consolidated and Separate Financial Statements

FRS 128 Investments in Associates

FRS 131 Interests in Joint Ventures

FRS 132 Financial Instruments: Disclosure and Presentation

FRS 133 Earnings Per Share

FRS 136 Impairment of Assets

FRS 138 Intangible Assets

FRS 140 Investment Property

New/revised FRSs which would be effective on 1 October 2006 are:

FRS 117 Leases

FRS 124 Related Party Disclosures

FRS 139 Financial Instruments: Recognition and Measurement

The Group has taken the option of early adoption of FRS 117 Leases for the financial period beginning 1 January 2006.

The adoption of the above FRSs does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

i) **FRS 5: Non-current Assets Held for Sale and Discontinued Operations**

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of its land and buildings (freehold and leasehold) as held for sale. Prior to 1 January 2006, under the previous FRS 116, the Group would have recognised the land and buildings as property, plant and equipment. FRS 5 requires non current assets to be classified as held for sale when the criteria to be classified as held for sale have been met. The result of this change in accounting policy is that non current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and has been disclosed as such on the face of the balance sheet.

FRS 5 does not require reclassification or re-presentation of amounts presented for non-current assets classified as held for sale in the balance sheet for prior periods to reflect the classification in the balance sheet for the latest period presented

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An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

ii) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

iii) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses. The leasehold land was last revalued in 2002.

Upon the adoption of the revised FRS 117 at 1 January 2006, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparative amounts as at 31 December 2005 have been restated.

v) FRS 140: Investment Property

Investment properties are properties held either to earn rental income or for capital appreciation or both. The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise. Prior to 1 January 2006, investment properties were stated at valuation less accumulated depreciation and impairment loss. Revaluations were carried out at least once every five years and any revaluation increase is taken to equity as a revaluation surplus. The investment properties were last revalued in 2002. This change was accounted for under FRS108 which requires the comparative figure to be restated.

(c) Audit Report

The audit report of the Company's preceding annual financial statements was not qualified.

(d) Seasonality or Cyclicity of Interim Operations

The operations of the Group are not affected by seasonal or cyclical factors.

(e) Unusual Items

There were no items affecting assets, liabilities, equity, net income or cash flow for the interim period ended 31 March 2006 that were unusual because of their nature, size or incidence other than disclosed in this interim condensed financial statements.

(f) Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have a material effect in the current interim period.

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NOTES TO QUARTERLY FINANCIAL STATEMENTS**(g) Debt and Equity Securities**

The Company had bought back its Euroconvertible Bonds (ECB) of USD8.4 million on 3 April 2006.

On 8 May 2006, the Company also effected a scheduled repayment and prepayment of its ECB amounting to USD3.2 million and USD25.2 million respectively. The total amount of ECB outstanding to date after the aforesaid payments is USD17.7 million.

A further RM10 million Murabahah Medium Term Notes (MMTN) was issued by the Company in addition to the RM70 million previously reported making a total of RM80 million MMTN issued to date.

There were no other issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter up to date of issue of this quarterly report.

(h) Dividends Paid

There was no dividend paid for the current quarter ended 31 March 2006 (2005 : Nil).

(i) Segmental Reporting

Analysis by activity	Cable and wire RM'000	Power generation RM'000	Property RM'000	Others RM'000	Total RM'000
Sales					
Total sales	430,356	39,170	4,278	993	474,797
Intersegment sales	-	-	-	(863)	(863)
External sales	430,356	39,170	4,278	130	473,934
Results					
Profit from operations / Segment result	8,545	10,753	152	3,060	22,510
Finance costs					(8,732)
Share of profit of associated companies	1,464	-	-	-	1,464
Profit before taxation					15,242
Taxation					(2,470)
Net profit for the period					12,772
Attributable to :					
Equity holders of the parent					7,977
Minority interests					4,795
Net profit for the period					12,772

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NOTES TO QUARTERLY FINANCIAL STATEMENTS

(j) Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without amendment, from the previous annual financial statements.

(k) Subsequent Material Events

There were no material events subsequent to the end of the current interim period that have not been reflected in the financial statements.

(l) Changes in the Composition of the Group

A dormant subsidiary, Leader Telecommunications International Ltd. (incorporated in the British Virgin Islands, (BVI) had been struck off from the Registry of Companies in BVI on 1 May 2006. The Company had no plans to activate the subsidiary.

The Company via Leader Universal (Hong Kong) Company Ltd. had disposed off its 49% equity interest in Leader Realty Corporation Ltd, incorporated in the Kingdom of Cambodia.

Pursuant to a transfer of shares from its wholly-owned subsidiary, Universal Cable (M) Berhad (UCMB), the Company now holds 51% equity interest directly in Alpha Industries Berhad instead of via UCMB.

(m) Contingent Liabilities

As at 19 May 2006, Guarantees extended by the Group as security for the bank facilities amounted to RM452.1 million (31 December 2005 : RM288.3 million).

1. Review of Performance

The revenue for the Group for the current quarter ended 31 March 2006 was RM473.9 million as compared to RM308.3 million for the corresponding quarter ended 31 March 2005.

The gross profit for the Group for the current quarter ended 31 March 2006 was RM37.8 million as compared to RM28.6 million for the corresponding quarter ended 31 March 2005. The higher gross profit was mainly due to higher revenue achieved.

The higher revenue for the current quarter ended 31 March 2006 also resulted in an improved net profit RM12.8 million compared to RM6.3 million registered for the corresponding quarter ended 31 March 2005.

2. Material Change in Profit Before Taxation

The Group's profit before taxation for the current quarter was RM15.2 million as compared to RM11.8 million for the preceding quarter ended 31 December 2005. The higher profit before taxation for the current quarter was due to higher revenue achieved coupled with effective cost savings measures implemented.

3. Current Year Prospects

The Group's performance for current financial year is expected to improve.

4. Variance of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee

There are no forecast profit and profit guarantee.

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5. Taxation

The Group tax charge comprises:

	Current Quarter 31/3/2006 RM'000	Interim Period To Date 31/3/2006 RM'000
Income tax	(1,192)	(1,192)
Deferred tax	(934)	(934)
Share of tax of associated company	(344)	(344)
	(2,470)	(2,470)
Under/(Over) provision in previous years	-	-
	(2,470)	(2,470)

The difference between the effective tax rate and the statutory tax rate of the Group for the current quarter ended 31 March 2006 is primarily due to lower tax rates of an overseas subsidiary company.

6. Profits/(losses) on Sale of Unquoted Investments and/or Properties for the Current Quarter to Date

	Current Quarter 31/3/2006 RM'000	Interim Period To Date 31/3/2006 RM'000
Profit on sale of land and building	197	-

7. Purchase or Disposal of Quoted Securities

(a) Purchase or disposal

	Current Quarter 31/3/2006 RM'000	Interim Period To Date 31/3/2006 RM'000
Total purchase consideration	Nil	Nil
Total sale proceeds	Nil	Nil
Total profit/(loss) on disposal	Nil	Nil

(b) Investments in quoted securities as at 31 March 2006

	RM'000
(i) Total investments at cost	4,201
(ii) Total investments at carrying value/book value	761
(iii) Total investments at market value at 31 March 2006	761

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NOTES TO QUARTERLY FINANCIAL STATEMENTS**8. Corporate Proposals**

There was no corporate proposal announced during the current quarter and up to the date of issue of this quarterly report.

9. Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 March 2006

(a)		RM'000
	Secured	338
	Unsecured	509,453
(b)	Total	509,791
	Short term	276,026
	Long term	233,765
(c)	Total	509,791
	Ringgit Malaysia	264,690
	Foreign currency (USD66,532,000)	245,101
		-
	Total	509,791

10. Off Balance Sheet Financial Instruments**Forward Foreign Exchange Contracts**

As at 19 May 2006, the Group has the following forward foreign exchange contracts:

Currency	Contract Amount RM'000	Expiry Dates
Euro	10,402	22 May 2006 - 20 July 2006
U.S. Dollar	23,809	8 June 2006 - 12 October 2006
Singapore Dollar	1,794	30 June 2006 - 21 July 2006

The Group enters into forward foreign exchange contracts to hedge its foreign currency receivables from specific transactions against fluctuations in foreign exchange rates.

Market and Credit Risks

The Group is not exposed to any market risk as the exchange rates are pre-determined under such contracts.

We are of the view that credit risk is minimal given that the above contracts were entered into with reputable and credit worthy financial institutions.

Related Accounting Policy

Outstanding foreign exchange related contracts at the balance sheet date are valued based on the applicable spot rates ruling at the date adjusted for the applicable premium or discount to maturity. Gains or losses are recognised in the period/year they arise.

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NOTES TO QUARTERLY FINANCIAL STATEMENTS

11. Material Litigation

The Group has not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Group.

12. Proposed Interim Dividend

The Board of Directors has declared an interim dividend of 1.5% less 28% tax (2005 : Nil) in respect of financial year ending 31 December 2006 which will be paid on 22 June 2006 to shareholders whose names appear on the Record of Depositors as at 14 June 2006. A depositor shall qualify for dividend entitlement only in respect of:

- a) shares deposited into the Depositor's Securities Account before 12.30 p.m. on 12 June 2006 (in respect of shares which are exempted from Mandatory Deposit);
- b) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 June 2006 in respect of ordinary transfers; and
- c) shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

13. Related Party Transaction

Leader Universal (Hong Kong) Company Limited (LUHK), a wholly-owned subsidiary, of the Company had entered into an Agreement to dispose of its 49% equity interest in Leader Realty Corporation Ltd. in Cambodia to Mr Nhem Thavy at a cash consideration of USD350,000.

Mr Nhem Thavy is a director of Cambodia Utilities Pte. Ltd, a 60% owned sub-sub-subsidiary of the Company. (Details of the transaction are contained in the announcement to Bursa Securities pursuant to paragraph 10.08(1) of the Listing Requirements.)

14. Earnings Per Share

	3 MONTHS ENDED		3 MONTHS ENDED	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	RM'000	RM'000	RM'000	RM'000
<u>Basic earnings per share</u>				
Net profit attributable to equity holders of the parent	7,977	2,124	7,977	2,124
Weighted average number of ordinary shares ('000)	436,459	436,459	436,459	436,459
Basic earnings per share (sen)	1.83	0.49	1.83	0.49

Diluted earnings per share

The Group has no dilution in its earnings per share.

BY ORDER OF THE BOARD
JOANNA LIM LAY GUAT
COMPANY SECRETARY
26 MAY 2006