

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

Quarterly report on consolidated results for the financial quarter ended 30/06/2006.  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Revenue	601,301	425,002	1,075,235	733,312
Cost of sales	<u>(553,586)</u>	<u>(388,697)</u>	<u>(989,759)</u>	<u>(668,438)</u>
Gross profit	47,715	36,305	85,476	64,874
Operating expenses	(24,664)	(17,912)	(44,303)	(33,371)
Other income	2,484	1,282	6,872	2,477
Finance costs	(8,261)	(7,461)	(16,993)	(14,675)
Writeback of Redemption Premium Payable	-	378	-	378
Share of profit of associated companies	<u>2,130</u>	<u>779</u>	<u>3,594</u>	<u>1,427</u>
Profit before taxation	19,404	13,371	34,646	21,110
Taxation	<u>(3,812)</u>	<u>(2,571)</u>	<u>(6,282)</u>	<u>(4,047)</u>
Net profit for the period	<u><u>15,592</u></u>	<u><u>10,800</u></u>	<u><u>28,364</u></u>	<u><u>17,063</u></u>
Attributable to :				
Equity holders of the parent	8,936	6,918	16,913	9,042
Minority interests	<u>6,656</u>	<u>3,882</u>	<u>11,451</u>	<u>8,021</u>
Net profit for the period	<u><u>15,592</u></u>	<u><u>10,800</u></u>	<u><u>28,364</u></u>	<u><u>17,063</u></u>
Earnings per share (sen)				
- Basic	2.05	1.59	3.88	2.07
- Diluted	na	na	na	na

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at 30/06/2006 RM'000	As at 31/12/2005 RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	253,105	270,990
Prepaid Lease Payments	83,848	89,665
Investment Properties	25,226	25,431
Properties Held for Future Development	14,956	15,187
Investment in Associated Companies	18,866	16,177
Other Investments	10,098	11,578
Deferred Tax Assets	1,801	2,632
	<u>407,900</u>	<u>431,660</u>
<b>Current Assets</b>		
Properties Under Development	39,724	37,835
Inventories	228,508	240,556
Amount Due from Associated Companies	55,201	51,737
Trade and Other Receivables	467,363	395,836
Cash, Bank Balances and Deposits	136,184	94,164
	<u>926,980</u>	<u>820,128</u>
Assets held for sale	10,552	-
	<u>937,532</u>	<u>820,128</u>
<b>TOTAL ASSETS</b>	<u>1,345,432</u>	<u>1,251,788</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Share Capital	436,459	436,459
Reserves	(79,857)	(90,975)
	<u>356,602</u>	<u>345,484</u>
<b>Minority Interests</b>	<u>114,984</u>	<u>118,438</u>
<b>Total Equity</b>	<u>471,586</u>	<u>463,922</u>
<b>Non Current Liabilities</b>		
Euroconvertible Bonds	-	167,530
Term Loans	197,242	70,282
Deferred Tax Liabilities	33,404	31,570
	<u>230,646</u>	<u>269,382</u>
<b>Current Liabilities</b>		
Trade and Other Payables	264,005	232,607
Amount Due to A Related Party	-	2,298
Progress Payments Received and Receivable	39	21
Short Term Borrowings	378,104	283,583
Taxation	1,052	(25)
	<u>643,200</u>	<u>518,484</u>
<b>Total Liabilities</b>	<u>873,846</u>	<u>787,866</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,345,432</u>	<u>1,251,788</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	6 MONTHS ENDED	
	30/06/2006	30/06/2005
	RM'000	RM'000
Net profit for the financial period	28,364	17,063
Adjustment for:		
Non cash items	20,809	23,239
Minority interests	(11,451)	(8,021)
Non operating items (which are investing / financing activities)	16,891	12,484
Taxation	6,282	4,047
Operating profit before working capital changes	<u>60,895</u>	<u>48,812</u>
Decrease / (Increase) in working capital:		
Net changes in current assets	(69,996)	(38,010)
Net changes in current liabilities	30,854	(6,232)
Net cash flow from operations	<u>21,753</u>	<u>4,570</u>
Tax paid	(931)	(206)
Tax refund	5	595
Net cash flow from operating activities	<u>20,827</u>	<u>4,959</u>
Investing Activities		
Equity	-	-
Others	(3,640)	381
Net cash flow from investing activities	<u>(3,640)</u>	<u>381</u>
Financing Activities		
Bank borrowings	198,743	36,831
Euroconvertible Bonds	(134,654)	(19,261)
Repayment of advance from shareholders	(4,468)	-
Interest paid	(18,871)	(14,067)
Dividend paid to minority shareholders of a subsidiary	(15,231)	(15,487)
Others	-	-
Net cash flow from financing activities	<u>25,519</u>	<u>(11,984)</u>
Net changes in cash and cash equivalents	42,706	(6,644)
Cash and cash equivalents at beginning of the year	94,164	107,213
Foreign exchange differences on opening balance	(686)	(130)
Cash and cash equivalents at end of the financial period	<u>136,184</u>	<u>100,439</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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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	-	(1,096)	12,213	11,117	(3,454)	7,663
At 30 June 2006	<u>436,459</u>	<u>108,356</u>	<u>(188,213)</u>	<u>356,602</u>	<u>114,984</u>	<u>471,586</u>
At 1 January 2005	436,459	128,832	(228,648)	336,643	95,566	432,209
Movements during the period	-	(6,880)	14,994	8,114	7,413	15,527
At 30 June 2005	<u>436,459</u>	<u>121,952</u>	<u>(213,654)</u>	<u>344,757</u>	<u>102,979</u>	<u>447,736</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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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

In addition to the above, 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:

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**NOTES TO QUARTERLY FINANCIAL STATEMENTS**

**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, 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.

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.

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**NOTES TO QUARTERLY FINANCIAL STATEMENTS**

(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 30 June 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.

(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 RM40 million Murabahah Medium Term Notes (MMTN) were issued by the Company in addition to the RM80 million previously reported making a total of RM120 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.

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**NOTES TO QUARTERLY FINANCIAL STATEMENTS**

(h) **Dividends Paid**

An interim dividend of 1.5% less 28% tax for financial year ending 31 December 2006 declared by the Board was paid on 22 June 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
<b>Sales</b>					
Total sales	982,986	79,834	11,928	1,854	1,076,602
Intersegment sales	-	-	-	(1,367)	(1,367)
External sales	982,986	79,834	11,928	487	1,075,235
<b>Results</b>					
Profit from operations / Segment result	24,734	22,040	817	454	48,045
Finance costs					(16,993)
Share of profit of associated companies	3,594	-	-	-	3,594
Profit before taxation					34,646
Taxation					(6,282)
Net profit for the period					28,364
Attributable to :					
Equity holders of the parent					16,913
Minority interests					11,451
Net profit for the period					28,364

(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.

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**NOTES TO QUARTERLY FINANCIAL STATEMENTS**

(l) **Changes in the Composition of the Group**

There were no changes to the composition of the Group for the current quarter and up to the date of issue of this quarterly report that have not been reported in the last quarterly report

(m) **Contingent Liabilities**

As at 11 August 2006, guarantees extended by the Group as security for the bank facilities amounted to RM467.1 million (31 December 2005 : RM288.3 million).

1. **Review of Performance**

The revenue for the Group for the current quarter ended 30 June 2006 was RM601.3 million as compared to RM425.0 million for the corresponding quarter ended 30 June 2005. This was substantially due to increase in copper, aluminium and oil prices which translated into higher selling prices.

The gross profit for the Group for the current quarter ended 30 June 2006 was RM47.7 million as compared to RM36.3 million for the corresponding quarter ended 30 June 2005.

The higher revenue for the current quarter ended 30 June 2006 has resulted in a net profit RM15.6 million compared to RM10.8 million registered for the corresponding quarter ended 30 June 2005. The Group's on-going rationalization exercise and cost-saving measures implemented coupled with improved plant and management efficiencies had contributed to the Group's profitability.

2. **Material Change in Profit Before Taxation**

The Group's profit before taxation for the current quarter was RM19.4 million as compared to RM15.2 million for the preceding quarter ended 31 March 2006. 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 the remaining current financial year is expected to be satisfactory and in line with the improved performance of the first two financial quarters.

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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**NOTES TO QUARTERLY FINANCIAL STATEMENTS****5. Taxation**

The Group tax charge comprises:

	Current Quarter 30/6/2006 RM'000	Interim Period To Date 30/6/2006 RM'000
Income tax	(1,524)	(2,716)
Deferred tax	(1,731)	(2,665)
Share of tax of associated company	(557)	(901)
	<u>(3,812)</u>	<u>(6,282)</u>
Under/(Over) provision in previous years	-	-
	<u><u>(3,812)</u></u>	<u><u>(6,282)</u></u>

The difference between the effective tax rate and the statutory tax rate of the Group for the current quarter ended 30 June 2006 is primarily due to lower tax rate of an overseas subsidiary company.

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

	Current Quarter 30/6/2006 RM'000	Interim Period To Date 30/6/2006 RM'000
Net profit on sale of unquoted investment	173	173
Net profit on sale of land and building	-	197
	<u>-</u>	<u>197</u>

**7. Purchase or Disposal of Quoted Securities****(a) Purchase or disposal**

	Current Quarter 30/6/2006 RM'000	Interim Period To Date 30/6/2006 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 30 June 2006**

	RM'000
(i) Total investments at cost	4,201
(ii) Total investments at carrying value/book value	742
(iii) Total investments at market value at 30 June 2006	742

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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 30 June 2006

(a)		RM'000
	Secured	934
	Unsecured	574,412
(b)	Total	575,346
	Short term	378,104
	Long term	197,242
(c)	Total	575,346
	Ringgit Malaysia	358,191
	Foreign currency (USD59,098,000)	217,155
	Total	575,346

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

As at 11 August 2006, the Group has the following forward foreign exchange contracts:

Currency	Contract Amount RM'000	Expiry Dates
Euro	883	7 September 2006 - 6 November 2006
U.S. Dollar	30,589	15 August 2006 - 15 November 2006
Singapore Dollar	2,160	15 August 2006 - 29 September 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 for the current quarter up to the date of issue of this quarterly report.

**12. Earnings Per Share**

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
<u>Basic earnings per share</u>				
Net profit attributable to equity holders of the parent	8,936	6,918	16,913	9,042
Number of ordinary shares ('000)	436,459	436,459	436,459	436,459
Basic earnings per share (sen)	2.05	1.59	3.88	2.07

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  
18 AUGUST 2006