No. 24, Jalan 8/23E,
Taman Danau Kota,
53300 Setapak,
Kuala Lumpur.
Tel: 603 - 4149 8200
Fax: 603 - 4149 8210

FURQAN BUSINESS ORGANISATION BERHAD (515965-A)

ANNUAL REPORT 2008

FURQAN BUSINESS ORGANISATION BERHAD (515965-A)

Annual Report 2008

Annual Report 2008

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 29 June 2009 at 9.00 a.m. to transact the following businesses:

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of Directors' and Auditors' thereon. (Resolution 1)

2. To re-elect the following directors who retire in accordance with Article 84 of the Company's Articles of Association, being eligible, offer themselves for re-election:
   a) Lim Teik Wee (Resolution 2)
   b) Dr. Yang Ching Leng @ Chan Ah Kow (Resolution 3)

3. To approve the payment of Directors' fees of RM60,000 for the year ended 31 December 2008. (Resolution 4)

4. To consider, and if thought fit, to pass the following resolution :

   "THAT Messrs Baker Tilly Monteiro Heng, the retiring Auditors, be and are hereby re-appointed Auditors of the Company to hold office until the conclusion of the next annual general meeting at a fee to be determined by the Directors at a later date." (Resolution 5)

   Special Business
   To consider, and if thought fit, to pass the following resolutions:

5. **Ordinary Resolution - Authority to Issue Shares**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue." (Resolution 6)

6. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN KOK AUN
WONG WAI YIN
Company Secretaries

Kuala Lumpur,
05 June 2009

NOTICE OF ANNUAL GENERAL MEETING

Notes :

1. A member entitled to attend and vote at the general meeting is entitled to appoint more than one proxy to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

2. A proxy may but need not be a member of the Company and need not be any of the persons prescribed by Section 149(1)(b) of the Companies Act, 1965.

3. The instrument appointing a proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registrars Office at Tenaga Koperat Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

The proposed adoption of Ordinary Resolution 6 in item 5 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE ANNUAL GENERAL MEETING

Ninth Annual General Meeting of the Company will be held at the following venue:-

Date	Time	Place
29 June 2009 (Monday)	9.00 am	Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan

RE-ELECTION OF DIRECTORS

Directors who are standing for re-election in accordance with Article 84 of the Company's Articles of Association :

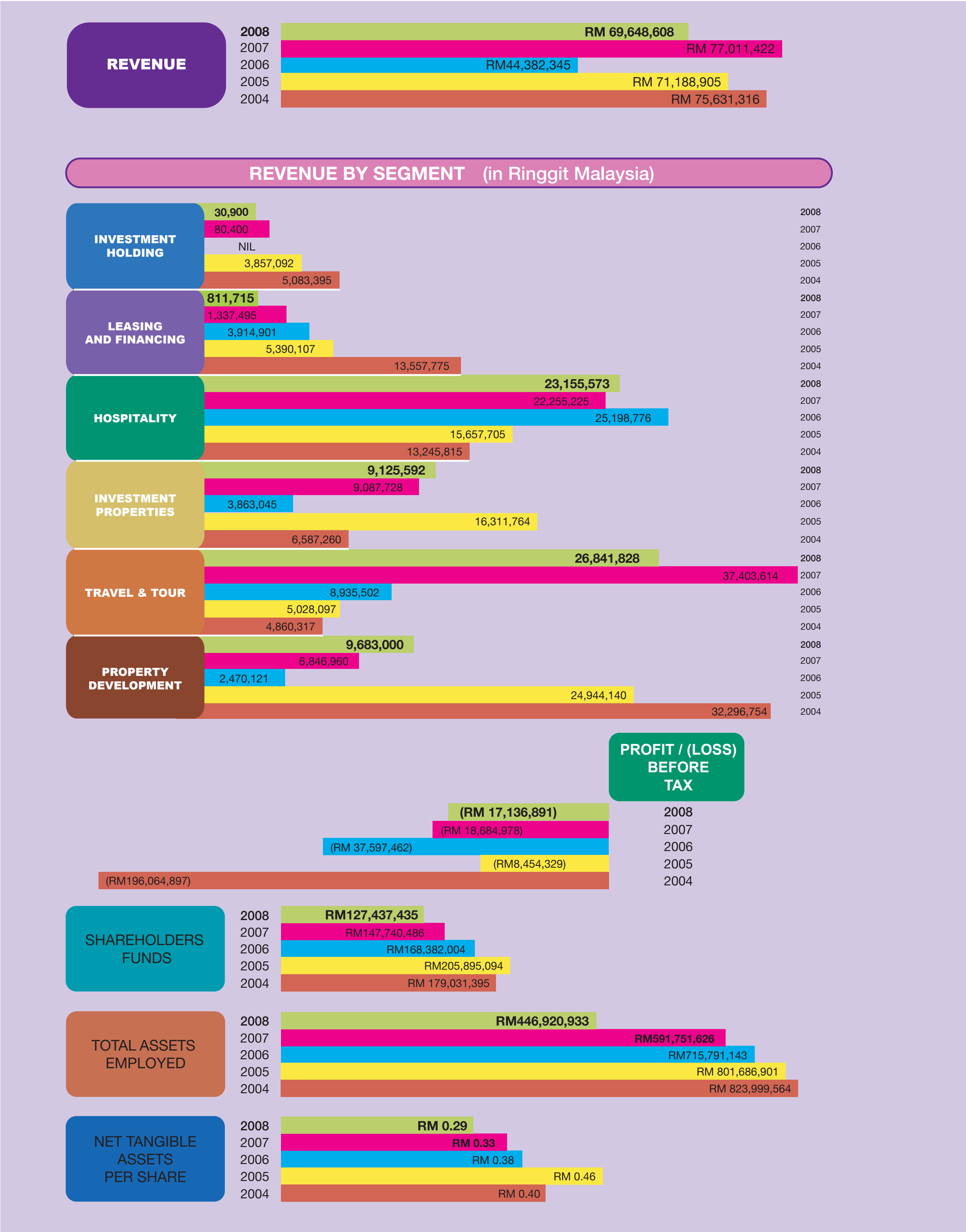
a) Lim Teik Wee
b) Dr. Yang Ching Leng @ Chan Ah kow

Further details of the Directors standing for re-election are set out in the Profile of the Board of Directors appearing in page 11 of this Annual Report.

THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Details of the attendance of directors at Board Meetings and Audit Committee Meetings are stated in pages 15 and 16 of this Annual Report.

FINANCIAL HIGHLIGHTS



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2008.

Financial Performance

For the financial year under review, the Group registered revenue of RM69.65 million, a drop of 9.56% from RM77.01 million in 2007. The reduced in revenue was mainly due to lower sales from the tour and travel division compared to last year.

Despite the lower revenue recorded in this year, the loss before tax for the year has dropped from RM18.69 million in 2007 to RM17.14 million in 2008. This is mainly due to higher other operating income derived from the gain on disposal of some of the inactive subsidiary companies and reduced in operating expenses of the Group.

Outlook and Future Prospects

The year 2008 had been a difficult year for the Group, we had to operate in a very challenging environment. In the first half of the year, we experienced inflation in the fuel prices and its subsequent effect of increase in prices of various related products. In the second half of the year, global recession sets in which badly affected various industries throughout the world. Among the Group, our tour and travel sector, being one of our core business was the worst affected by the crisis. Besides, we also saw a slight drop in occupancy rate in our Renaissance Hotel in Kelantan.

For the year 2009, we anticipate the economy will remain at a downturn. We have taken necessary measures to sustain the Group's earnings. For the tour and travel sector, while maintaining our current customers, we are cautiously exploring new markets especially in Dubai and China. For the Renaissance Hotel, we will continue with the upkeep of building and good services to remain competitive. We will also launch a development project in Pasir Mas, Kelantan. With a land area of approximately 33 acres, the development consists of a central market, bus terminal, departmental store and 2 and 3 storeys shophouses. During the year, we had invested RM290,000 or 29% paid up capital in a company specialised in fabricating and installation of aluminium products. The company is actively tendering for aluminium work in various development projects, we are optimistic that this investment is potentially beneficial.

CHAIRMAN'S STATEMENT

Dividend

In view of the loss incurred, the Board is not recommending the payment of any dividends for the financial year under review.

Appreciation

The Board and I would like to take this opportunity to express our gratitude to all management and staff, business associates, clients, bankers and shareholders for their continuing support and confidence in the Group. My appreciation also goes to Datuk Yaacob bin Md. Amin who retired on 25th June 2008 and Ms. Chang Mei Yun who resigned on 31st December 2008.

Thank you.

Dato' Faruk bin Othman
Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg. Dato' Faruk bin Othman
(Executive Chairman)

Lim Hong Sang
(Managing Director)

YBhg. Dato' Tan Kok Hwa
(Executive Director)

Sydney Lim Tau Chin
(Executive Director)

Yong Yeow Wah
(Senior Independent Non-Executive Director)

Lim Teik Wee
(Independent Non-Executive Director)

Dr. Yang Ching Leng @ Chan Ah Kow
(Independent Non-Executive Director)

AUDIT COMMITTEE

Yong Yeow Wah (Chairman)
Dr. Yang Ching Leng @ Chan Ah Kow
Lim Teik Wee

NOMINATION COMMITTEE

Dr. Yang Ching Leng @ Chan Ah Kow (Chairman)
Lim Teik Wee

REMUNERATION COMMITTEE

Yong Yeow Wah (Chairman)
Dr. Yang Ching Leng @ Chan Ah Kow

COMPANY SECRETARIES

Tan Kok Aun (LS 00361)
Wong Wai Yin (MAICSA 7003000)

PRINCIPAL PLACE OF BUSINESS

No. 24, Jalan 8/23E
Taman Danau Kota
Setapak
53300 Kuala Lumpur
Tel : 03 - 4149 8200 Fax : 03 - 4149 8210

REGISTERED OFFICE

No. 70-2, Tingkat 2 (Room A)
Wisma Mahamewah
Jalan Sungai Besi
57100 Kuala Lumpur
Tel : 03 - 9222 2750 Fax : 03 - 9222 2755

REGISTRARS

Tenaga Koperat Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 - 2264 3883 Fax : 03 - 2282 1886

AUDITORS

Baker Tilly Monteiro Heng
22-1, Monteiro & Heng Chambers
Jalan Tun Sambanthan 3
50470 Kuala Lumpur
Tel : 03 - 2274 8988 Fax : 03 - 2260 1708

PRINCIPAL BANKER

Public Bank Berhad
No. 1, 3 & 5, Jalan Pandan Indah 1/23
Pandah Indah
55100 Kuala Lumpur
Tel : 03 - 9274 2495 Fax : 03 - 9274 6497

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Board (Properties)
Stock Name : FBO
Stock Code : 2097

PROFILE OF THE BOARD OF DIRECTORS

YBHG. DATO' FARUK BIN OTHMAN
Executive Chairman
Malaysian,
Age 61

YBhg. Dato' Faruk bin Othman is the Executive Chairman of the Company and was appointed to the Board on 1st October 2002.

He graduated in Business Studies from North East Essex College, England and completed a Post Graduate Diploma in Management Studies from Brighton Polytechnic/ University of Sussex, England in 1971.

He has over 30 years experience in the financial sector, mainly in the stockbroking and banking industry. His involvement in the banking industry started when he joined Standard Chartered Bank in 1971 before leaving for United Asian Bank.

In 1981, he assumed the post of Assistant General Manager of Kwong Yik Bank Berhad for 8 years before taking over the post of Executive Director in Inter- Pacific Securities Sdn. Bhd. in 1989. Currently, he is also a Director of Premium Nutrient Berhad.

YBhg. Dato' Faruk does not have any family relationship with any director of the Company or any personal interest in any business arrangement involving the Company and has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

YBhg. Dato' Faruk has attended all the seven (7) Board meetings held during the financial year ended 31st December 2008.

MR. LIM HONG SANG
Managing Director
Malaysian,
Aged 59

Mr. Lim Hong Sang is a Barrister-at-Law from Lincoln's Inn, London and an exgovernment servant. As an advocate and solicitor by profession, he has been a practicing lawyer for 25 years prior to his appointment. Mr. Lim Hong Sang was appointed to the Board on 1st October 2003 and subsequently made Managing Director of the Company.

Mr. Lim Hong Sang does not have any family relationship with any director of the company. He is deemed to have an interest in Teong Hoe Holding Sdn. Bhd. through Trenasia Corporation Sdn.Bhd., the substantial shareholder of the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

Mr. Lim Hong Sang has attended six (6) out of seven (7) Board meetings held during the financial year ended 31st December 2008.

PROFILE OF THE BOARD OF DIRECTORS

YBHG. DATO' TAN KOK HWA
Executive Director
Malaysian,
Aged 59

YBhg. Dato' Tan Kok Hwa is the Managing Director and co-founder of Eastern Biscuit Factory Sdn. Bhd., a wholly owned subsidiary company. YBhg. Dato' Tan has had a comprehensive and extensive career in property investment and property development for more than 30 years. In his current position as Managing Director of Eastern Biscuit Factory Sdn. Bhd., YBhg. Dato' Tan oversees the overall operations and management of the subsidiary company and responsible for the subsidiary company's overall business development and growth. In addition to his position in Eastern Biscuit Factory Sdn. Bhd., YBhg. Dato' Tan holds a number of directorships in companies in which his family has an interest. YBhg. Dato' Tan is an Executive Director of the Company.

He is a substantial shareholder of the Company and was appointed to the Board on 1st October 2002. YBhg. Dato' Tan is deemed to have an interest in Teong Hoe Holding Sdn. Bhd., the substantial shareholder of the Company. Except for certain recurrent related party transaction of revenue in nature which are necessary for day-to-day operations of the Company's subsidiary and for which he is deemed to be interested there are no other business arrangement with the Company. YBhg. Dato' Tan does not have any family relationship with any director of the Company and has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

YBhg. Dato' Tan has attended all the seven (7) Board meetings held during the financial year ended 31st December 2008.

MR. SYDNEY LIM TAU CHIN
Executive Director
Malaysian,
Aged 39

Mr. Sydney Lim Tau Chin, obtained his Corporate Finance Qualifications from the Corporate Finance Faculty of the Institute of Chartered Accountants in England & Wales in 2006. In the same year, he was also accepted as a member of the Singapore Institute of Arbitrators. Mr. Sydney Lim who graduated with an honours degree in Accounting from California State University, USA, joined the Group in October 2003 as its Chief Financial Officer. Prior to joining the company, he was the Senior General Manager of another Main Board PLC. He brings with him extensive corporate finance experience gained from his time at two Malaysian Merchant Banks and a multinational accounting firm. In August 2004, Mr. Sydney Lim completed the Harvard Business School Senior Management Development Program. Subsequently, he also attended the residential Strategic Leadership Programme at Oxford University in 2007.

Mr. Sydney Lim is deemed to have an interest in Teong Hoe Holding Sdn. Bhd. through Trenasia Corporation Sdn. Bhd., the substantial shareholder of the Company. He is also deemed interested in the shares of the company by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd. the substantial shareholder of the company. He does not have any family relationship with any director of the company. He has no personal interest in any business arrangement involving the Company and has no convictions for offences within the past ten (10) years other than traffic offences, if any.

Mr. Sydney Lim has attended all the seven (7) Board meetings held during the financial year ended 31st December 2008.

PROFILE OF THE BOARD OF DIRECTORS

MR. YONG YEOW WAH
Senior Independent
Non-Executive Director
Malaysian,
Aged 56

Mr. Yong Yeow Wah was appointed to the Board on 5th September 2003. He is also the Chairman of the Audit Committee and Remuneration Committee of the Company.

Mr. Yong Yeow Wah does not have any family relationship with any director and/or substantial shareholder of the Company or any personal interest in any business arrangement involving the Company and has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

Mr. Yong Yeow Wah has attended all the seven (7) Board meetings held during the financial year ended 31st December 2008.

MR. LIM TEIK WEE
Independent
Non- Executive Director
Malaysian,
Aged 40

Mr. Lim Teik Wee is an accountant by profession. He graduated with a Bachelor of Economics Degree in 1993, from La Trobe University, Australia. He is also a member of the CPA Australia, MIA and CTIM. Currently he is a Director of Lin Management Sdn Bhd and Reliance Commercial Consultants Sdn Bhd, and is principally engaged in management, secretarial and taxation matters. Mr. Lim Teik Wee was appointed to the Board on 22nd October 2003. He is also a member of Audit Committe and Nomination Committee of Company.

Mr. Lim Teik Wee does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company and has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

Mr. Lim Teik Wee has attended five (5) out of seven (7) Board meetings held during the financial year ended 31st December 2008.

Dr. YANG CHING LENG
@ CHAN AH KOW
Independent Non- Executive Director
Malaysian,
Aged 66

Dr. Yang Ching Leng @ Chan Ah Kow holds a Bachelor of Arts from the National Taiwan University, and obtained his Masters of Arts and Ph.D from the University of Malaya. Dr. Yang Ching Leng lectured in University of Malaya for 27 years. After that he served as a head of department in a private college for 5 years.

Dr. Yang Ching Leng was appointed as Independent Non-Executive Director, Audit Committee Member, Remuneration Committee Member and Chairman of Nomination Committee on 27th November 2006.

Dr. Yang Ching Leng does not have any family relationship with any director and/or substantial shareholders of the Company or any personal interest in any business arrangement involving the Company and has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

Dr. Yang Ching Leng has attended all the seven (7) Board meetings held during the financial year ended 31st December 2008.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Mr. Yong Yeow Wah
Chairman of the Audit Committee
(Senior Independent Non-Executive Director)

Dr. Yang Ching Leng @ Chan Ah Kow
Audit Committee Member
(Independent Non-Executive Director)

Mr. Lim Teik Wee
Audit Committee Member
(Independent Non-Executive Director)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Members

The Audit Committee shall be appointed from amongst the Board and shall consist of not less than three members. All Audit Committee members must be non-executive directors with a majority of them being independent directors.

At least one member of the Audit Committee must be:

a) A member of the Malaysia Institute of Accountants (MIA); or
b) If he is not a member of MIA, he must have at least three (3) years working experience and:
   (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
   (ii) he is a member of one(1) of the Associations specified in Part II of the 1st Schedule of the Accountants Act, 1967
c) Fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Committee.

A quorum shall be majority of members who shall be the independent directors. In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.

Chairman

The Chairman shall be elected by the Committee from among their members must be an independent director. In the event the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

Objective

The primary objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

AUDIT COMMITTEE REPORT

In addition, the Committee shall:

i. oversee and appraise the quality of the audits conducted by the Company's internal and external auditors;

ii. maintain open lines of communication between the Board of Director, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and

iii. determine the adequacy of the Group's administrative, operating and accounting controls.

Authority

Whenever necessary and reasonable for the performance of its duties, the Committee is empowered to undertake the following:

i. investigates any matters within its terms of reference;

ii. has the necessary resources, including obtaining independent professional or other advice which are required to perform its duties;

iii. has full and unrestricted access to any information and documents relevant to the Company's activities;

iv. has direct communication channels with the external auditors, any person(s) carrying out the internal audit function or activity and with the senior management of the Company and its subsidiaries;

v. obtains external legal or independent professional or other advice and secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and

vi. The Committee is authorised to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Duties and Responsibilities

i. To review the quarterly unaudited condensed financial statements and the year end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- any significant and unusual events;
- compliance with accounting standards and other legal requirements; and
- the going concern assumption

ii. To determine whether the procedures for reviewing all related party transactions are appropriate and shall have the authority to delegate this responsibility to such individuals within the Company as the Committee shall deem fit;

iii. To review and ascertain whether the procedures established to monitor related party transactions have been complied with at least once a year. If it is determined that the prescribed procedures are inadequate to ensure that the related party transactions are conducted at arm's length and on normal commercial terms and such transactions are not prejudicial to the interest of the shareholders, the Company will obtain fresh shareholders' mandate based on the new procedures;

iv. Discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures;

v. To recommend to the Board the appointment or reappointment of the external auditor, audit fee, and any question of their resignation and dismissal;

AUDIT COMMITTEE REPORT

vi. To review with the external auditor, the audit plan for the Company and the Group;

vii. To review with the external auditor, his evaluation of the system of internal controls;

viii. To review with the external auditor, his audit report, management letter and management's response;

ix. To review the assistance given by the employees to the external auditors;

x. To review the adequacy of the scope, functions and competency resources of the internal audit functions and that it has the necessary authority to carry out its work;

xi. To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and

xii. To undertake such other responsibilities as may be agreed to by the Committee and the Board.

MEETINGS

The Audit Committee meeting shall hold at least four (4) meetings a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.

Apart from the members of the Committee who will be present at the meetings, the Committee may invite other directors, any member of the management, employees and representatives of the external auditors and internal auditors to be present at the meeting of the Committee.

The quorum for a meeting shall be two members provided that the majority of the members present at the meeting shall be independent.

The Company Secretary or any person appointed by the Committee for this purpose shall act as secretary for the Committee and as a reporting procedure; the minutes shall be circulated to all the members of the Committee.

SUMMARY OF ACTIVITIES

During the financial year ended 31st December 2008, the Audit Committee:-

i. Reviewed the progress of internal audit function against the approved audit plan for the years 2008 and 2009;

ii. Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management responses. Where necessary, the Committee has directed actions to be taken by management to rectify and improve the system of internal controls and procedures;

iii. Reviewed the follow-up internal audit reports which highlighted on the corrective action plan taken by the management pertaining to the past internal audit reports;

iv. Reviewed ad-hoc audit reports requested by the Committee, which highlighted the major operational issues;

v. Reviewed the audited financial statements for the year ended 31st December 2008 and unaudited quarterly financial results announcements of the Group, prior to the Board's approval;

vi. Reviewing with the External Auditors the scope of work and results of their examination together with the actions taken thereon; and

vii. Reviewing any related party transaction that may arise within the Group of Company.

AUDIT COMMITTEE REPORT

DETAILS OF ATTENDANCE

Six (6) Audit Committee Meetings were held during the financial year ended 31st December 2008 and the details of the attendance of each Audit Committee member during their tenure are as follows:-

Name Of Committee	Meeting Attended
Yong Yeow Wah	6/6
Sydney Lim Tau Chin *	4/5
Dr. Yang Ching Leng @ Chan Ah Kow	6/6
Lim Teik Wee	4/6

* Resigned as a member of Audit Committee on 25th August 2008

INTERNAL AUDIT FUNCTION

The internal audit function is carried out by an external professional firm of consultants with the objective to assist the Group in the discharge of its duties and responsibilities. Its role is to undertake an objective, independent and systematic review of the systems of the internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively, and to act on suggestions made by the Audit Committee and/or senior management on concerns over operations or control. The cost incurred for the financial year amounted to RM90,000.

The internal audit function covers the review of the adequacy of operational controls, compliance with established procedures, guidelines and statutory requirements and management efficiency and its recommendation thereof.

The Board of Directors of Furqan Business Organisation Berhad recognises and subscribes to the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance (herein referred to as “the Code”). The Board is committed to uphold the principles and standards of the Code throughout the Group so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of achieving an optimal governance framework and safeguarding and enhancing shareholders’ value.

STATEMENT OF CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

The Group is led and managed by a 7-member Board. The Board schedules regular meetings to review the financial performance of the Company, to consider strategic issues and to examine the key aspects of its operations, giving particular attention to the areas of meeting contractual obligations and compliance with regulatory guidelines.

During the financial year ended 31st December 2008, a total of seven (7) Board Meetings were held at the Board Room of Furqan Business Organisation Berhad, Conference Room, 2nd Floor, 24 Jalan 8/23E, Taman Danau Kota, 53300 Setapak, Kuala Lumpur.

The details of the attendance of Directors are as follows:

Director	27 Feb 2008 (1305hrs)	29 Apr 2008 (1120hrs)	26 May 2008 (1100hrs)	14 July 2008 (1000hrs)	25 Aug 2008 (1140hrs)	22 Oct 2008 (1430hrs)	27 Nov 2008 (1045hrs)	Total Meeting Attended
Dato' Faruk bin Othman	X	X	X	X	X	X	X	7/7
Lim Hong Sang	X	0	X	X	X	X	X	6/7
Dato' Tan Kok Hwa	X	X	X	X	X	X	X	7/7
Sydney Lim Tau Chin	X	X	X	X	X	X	X	7/7
Chang Mei Yun*	X	0	X	X	X	X	X	6/7
Yong Yeow Wah	X	X	X	X	X	X	X	7/7
Datuk Yaacob bin Md Amin**	X	X	X	-	-	-	-	3/3
Lim Teik Wee	X	0	0	X	X	X	X	5/7
Dr. Yang Ching Leng @ Chan Ah Kow	X	X	X	X	X	X	X	7/7

* Resigned on 31st December 2008
** Retired without seeking re-election at the AGM held on 25th June 2008

Board Composition and Balance

The 7-member Board comprises Executive Chairman, a Managing Director, 2 Executive Directors and 3 Independent Non-Executive Directors. The profiles of the Board members, reflecting their diverse backgrounds and experiences in both public service sector and different segments of the corporate sector are included in this Report.

Supply of Information to the Board

To the extent that information pertinent to the discharge of the Board's duties and responsibilities is required, the Board enjoys unlimited access to such information from all its constituents and to professional advice at the Company's expense, if necessary.

The Company Secretary provides appropriate support to the Board. The appointment and removal of the Company Secretary rests with the Board.

Appointment to the Board

Pursuant to the principles of the Code, the Board has established the Nomination and Remuneration Committees.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next general meeting immediately after their appointment and at least one third of the Directors are subject to re-election by rotation at each Annual General Meeting, but provided always that all Directors shall retire at least once in every three years.

STATEMENT OF CORPORATE GOVERNANCE

BOARD COMMITTEES

Audit Committee

The Board had established an Audit Committee to support it in overseeing the processes for production of the financial data of the Company and its subsidiary companies and for reviewing its internal controls. The composition, terms and references and the Audit Committee's rights and responsibilities are set out in pages 12 to 15 of the Annual Report.

Nomination Committee

The Board established the Nomination Committee which comprises the following non-executive Directors:

1. Dr. Yang Ching Leng @ Chan Ah Kow (Chairman)
2. Mr. Lim Teik Wee (Member)

The roles of the Nomination Committee include:

- Recommending the nomination of a person or persons for all directorships to be filled by the shareholders or the Board;
- Recommending to the Board, directors to fill the seats on Board Committees;
- Assessing annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each Board member;
- Reviewing annually the required mix of skills and experience, core competencies and other qualities which Non-Executive directors should bring to the Board; and
- Considering, in making its recommendation, candidates for directorships proposed by the Managing Director/ Chief Executive Officer and within the bounds of practicality, by any other senior executive or any director or shareholder.

Remuneration Committee

The Board also established the Remuneration Committee which comprises the following non-executive directors:

1. Mr. Yong Yeow Wah (Chairman)
2. Dr. Yang Ching Leng @ Chan Ah Kow (Member)

The Remuneration Committee has the function of recommending to the Board, the remuneration packages of Managing Director, Executive Directors and Senior Management of the Company and its subsidiary and associated companies in all its forms, drawing from outside advice where necessary. The remuneration packages of Non-Executive Directors shall be determined by the Board of Directors as a whole.

Directors' Training

All the directors have attended the Mandatory Accreditation Programme ("MAP") and, during the year 2008, training courses/seminars attended by various directors include:-

- Managing Economic Uncertainty for Success

The directors are encouraged to constantly keep abreast with the current changes in laws and regulations, and business environment through various media channels/courses.

STATEMENT OF CORPORATE GOVERNANCE

Directors' Remuneration

The Code states that remuneration for Directors should be determined so as to ensure that the Company attracts and retains the Directors needed to run the Company successfully. In Furqan Business Organisation Berhad, remuneration for Executive Chairman, Managing Director and Executive Directors are structured so as to link reward to corporate and individual performance. In the case of Independent Non-Executive Directors, the level of remuneration reflect the level of experience and responsibilities undertaken by the respective directors.

The aggregate remuneration of the Directors paid by the Company categorised into appropriate components for the financial year ended 31st December 2008 is as follows:

Remuneration Packages	Executive Directors RM	Non-Executive Directors RM
Directors' fees	-	60,000
Salaries and other emoluments	1,744,492	-
Benefits-in-kind	68,426	-
Total	1,812,918	60,000

The number of the Directors of the Company whose total remuneration per annum fall within the respective band for the financial year ended 31st December 2008 are as follows:

Range of remuneration per annum	Number of Directors	
	Executive	Non-Executive
RM 50,000 and below	0	3
RM 50,001 - RM100,000	1	0
RM150,001 - RM200,000	1	0
RM250,001 - RM300,000	2	0
RM450,001 - RM500,000	1	0
RM500,001 - RM550,000	1	0

SHAREHOLDERS

Dialogue with Investors and Shareholders

The Board recognises the importance of accurate and timely dissemination of information to its shareholders and potential investors. The Company therefore has a policy to maintain an effective communication with its shareholders.

The main methods with which this can be achieved are:

(a) timely and accurate disclosures and announcements made to the Bursa Malaysia.

(b) the General Meetings. This is the forum of dialogue with the shareholders whereby ample opportunities are given to all shareholders to raise any issues pertaining to the Company as deemed fit.

STATEMENT OF CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for presenting a balanced and understandable assessment of the performance and prospects of the Company and the Group, primarily through annual financial statements and quarterly announcements of results to shareholders, as well as Chairman's Statement in annual report. The Board is assisted in this area by the Audit Committee, whose terms of reference are defined in the Audit Committee Report published in this Annual Report.

Internal Control

The Board acknowledges its overall responsibility for maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

The Group's Internal Control Statement is set out in page 20 of this Annual Report.

Relationship with the Auditors

The Company maintains an appropriate relationship with the Company's auditors through the Audit Committee. The appointment of the external auditors is recommended by the Audit Committee. The external auditors meet with the Committee on issues relating to the audit or when required.

Compliance with the Code

The Board expects to continuously improve and enhance the procedures from time to time, especially in both corporate governance and internal controls.

Responsibility Statement by Directors

The Directors are responsible for ensuring that the annual financial statements of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Malaysia Securities Berhad.

They are to ensure that the annual financial statements of the Company give a true and fair view of the state of affairs of the Company as at 31st December 2008 and of the results of their operations and cash flows for the year ended on that date. In preparing the financial statements, the Directors have:

(a) applied the appropriate and relevant accounting policies on a consistent basis;
(b) made judgements and estimates that are reasonable and prudent;
(c) prepared the financial statements on a going concern basis; and
(d) ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

STATEMENT OF INTERNAL CONTROL

Introduction

The Board of Directors recognises the importance of maintaining a good internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders' investments and the Group's assets. The Board affirms its overall responsibility for the Group's system of internal control, which includes the review of its effectiveness, to ensure compliance to policies and procedures and operating standards so as to enable the Group to achieve its business objectives. However, such a system is designed to manage risk rather then eliminate risk of failure to achieve business objectives and provide only reasonable assurance, but not absolute assurance against material misstatement or loss.

The process of identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives is ongoing.

Risk Management

The Management is responsible for creating a risk awareness culture and for building the necessary knowledge of risk management. They also have the responsibility for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations.

The Board confirms that the process of identifying and prioritising significant and major risks in operating business entities within the Group will be ongoing with the aim of identifying, evaluating and mitigating the risk associated with all the business entities within the Group.

System of Internal Control

The Group's internal controls include, among others:-

- Clear and defined delegation of responsibilities to the Board. The delegation of responsibilities and authority limits is subject to periodic review throughout the year to ensure their continued suitability;
- Performance monitoring through regular and comprehensive management reports to the Boards, to effectively monitor variances against budget and plan;
- The annual budget is formulated, reviewed, approved and updated, if appropriate. Explanations are sought for significant variances against actual performance;
- Regular internal audit visits to review the adequacy of the internal control systems, compliance with established policies and procedures and to ensure that financial management information issued is accurate and timely;
- Regular Board and Committee meetings held to assess and deliberate on the internal audit report;
- Update of internal policies and procedures, to reflect the changing risks or resolve operational deficiencies; and
- The Audit Committee reviews on a quarterly basis the unaudited quarterly financial results to monitor the Group's progress towards achieving the Group's objectives.

The Board has considered the Group's major business risks and its controls. Controls have been found to be appropriate and adequate. Accordingly, the Board is satisfied that the Group has a sound system of internal control for the financial year under review.

This statement is made in accordance with the resolution of the Board of Directors dated 28th May 2009.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

PROFIT GUARANTEE

(a) Eastern Biscuit Factory Sdn Bhd

There was a shortfall in profit of RM6.393 million and RM13.834 million for the year ended 31st December 2004 and 2005 respectively guaranteed by the vendors of Eastern Biscuit Factory Sdn Bhd ("EBF"), a wholly-owned subsidiary company pursuant to the Restructuring Exercise of Austral Amalgamated Berhad. The vendors of EBF are Teong Hoe Holding Sdn Bhd, Forad Management Sdn Bhd and Dato' Tan Kok Hwa. Letters have been sent to each of the vendors of EBF on 21st October 2005 to recover the shortfall of profit guaranteed for the financial year ended 2004.

On 8th March 2006, one of the vendors had proposed to settle the shortfall in profit relating to Dato' Tan Kok Hwa ("DTKH") and Teong Hoe Holding Sdn Bhd ("THHSB") by transferring a property with market value in the region of RM4,700,000 to RM7,000,000 to the Company for the profit guarantee shortfall for the financial year ended 2004. As at 31st December 2008, the property has yet to be transferred to the Company.

The directors has sought legal advice on the enforcement of the profit guarantee shortfalls. On 16th May 2006, the Company had also sent a written confirmation to the vendors seeking their action to address the shortfall for the financial year ended 2005.

On 25th July 2006, the Company had requested Universal Trustee (Malaysia) Berhad ("the TRUSTEE"), the stakeholder for the profit guaranteed pledge shares ("Securities Shares"), to sell all the Security Shares of the Vendors in the open market. The sale of Security Shares commenced in November 2006. On 22nd January 2007, the TRUSTEE completed the disposal of Security Shares with total proceeds of RM1.42 million. The profit shortfall after the disposal of Security Shares is RM18.83 million.

On 4th May 2007, letters of demand were sent out to the vendors through a solicitor for the balance of the shortfall. Thereafter, on 6th July 2007, writ of summons were served to the vendors to claim the sum of the RM18.83 million being the balance of profit shortfall.

Meanwhile, THHSB, DTKH and the Company have agreed to settle the shortfall amicably. On 25th September 2008 the parties have recorded a consent order in the court based on the terms stated in the Settlement Agreement. The order was received on 3rd December 2008. The settlement is now pending shareholders approval.

(b) Discover Orient Holidays Sdn Bhd

On 3rd March 2006, the vendors of Discover Orient Holidays Sdn Bhd ("DOHSB") gave a guarantee to the Company that the aggregate profits of DOHSB for three financial years ending 31st December 2008 shall not be less than RM3,000,000 based on audited financial statements and in any event not less than RM500,000 a year, for each financial year till 31st December 2008.

The Company had on 24th October 2007 entered into a second Supplemental Agreement to add, delete, vary, amend, alter and change the terms and conditions as stipulated in the Share Sale Agreement and the Supplemental Agreement dated 3rd March 2006 and 10th July 2006 respectively, of which the commencement date shall be on 1st November 2006.

This variation was adopted by the Board in light of the later completion for the acquisition of DOHSB. DOHSB was only effectively a FBO subsidiary in October 2006. The vendors has confirmed that the profit of DOHSB for the period of 1st November 2006 until 31st October 2007 and 31st October 2008 are RM169,416 and RM52,171 respectively compared to RM500,000 a year profit guarantee thus resulting in total shortfall of RM778,413. Whilst the guarantee is on an aggregate basis, the Board has on 27th February 2008 written to the guarantors to explain the shortfall.

On13th May 2009, the Board wrote to the guarantors to submit plan to fulfill the said guarentee upon its expiry.

CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2008, we continue to palce great emphasis on our care for community, environment and workplace. We have participated in various charitable and environmental activities such as blood donation campaign for hospital, fund raising for charity organistions,cleaning project for shelter home, mural painting and herb garden planting project for the old folks home and et cetera.

At the workplace, safety is always our top priority. We ensure sufficient safety measures are in place at all time. On top of that, we continue to provide comprehensive insurance coverage for all employees.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of **Furqan Business Organisation Berhad** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31st December 2008.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associates are disclosed in Notes 15 and 16 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year from continuing operations	8,743,470	6,461,844
Loss for the financial year from discontinued operations	(28,185,701)	-
(Loss)/profit for the financial year	(19,442,231)	6,461,844
Attributable to:		
Equity holders of the Company	(19,272,641)	6,461,844
Minority interest	(169,590)	-
	(19,442,231)	6,461,844

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

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

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year other than as disclosed in Note 40 to the financial statements.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has not issued any shares or debentures.

DIRECTORS' REPORT

SHARE OPTIONS AND WARRANTS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The directors in office since the date of the last report are:-

Dato' Faruk Bin Othman
Lim Hong Sang
Dato' Tan Kok Hwa
Sydney Lim Tau Chin
Yong Yeow Wah
Lim Teik Wee
Yang Ching Leng @ Chan Ah Kow
Datuk Yaacob Bin Md. Amin - retired on 25.6.2008
Chang Mei Yun - resigned on 31.12.2008

In accordance with Article 84 of the Company's Articles of Association, Mr. Lim Teik Wee and Dr. Yang Ching Leng @ Chan Ah Kow retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st December 2008 are as follows:-

	Number of ordinary shares of RM1/- each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
The Company				
Direct interest				
Dato' Tan Kok Hwa	182,456	-	-	182,456
Chang Mei Yun	1,256,900	-	-	1,256,900
Indirect interest				
Registered in the name of Teong Hoe Holding Sdn. Bhd.				
Dato' Tan Kok Hwa	41,000,074*	-	-	41,000,074*
Lim Hong Sang	41,000,074*	-	-	41,000,074*
Sydney Lim Tau Chin	41,000,074*	-	-	41,000,074*

* Registered in the name of nominees, which held the shares in trust for Teong Hoe Holding Sdn. Bhd. in which Dato' Tan Kok Hwa, Lim Hong Sang and Sydney Lim Tau Chin have interests.

By virtue of their direct or indirect shareholdings in the Company, Dato' Tan Kok Hwa, Chang Mei Yun, Lim Hong Sang and Sydney Lim Tau Chin are deemed to have interest in the shares in the subsidiaries to the extent the Company has an interest.

Other than as stated above, the other directors in office at the end of the financial year had no interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the 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.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSEQUENT EVENTS

Subsequent events during and after the financial year are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

....
DATO' FARUK BIN OTHMAN
Director

....
LIM HONG SANG
Director

Kuala Lumpur

Date: 27th April 2009

STATEMENT BY DIRECTORS

We, **DATO' FARUK BIN OTHMAN** and **LIM HONG SANG**, being two of the directors of the Group and of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2008 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965.

On behalf of the Board,

....
DATO' FARUK BIN OTHMAN
Director

....
LIM HONG SANG
Director

Kuala Lumpur

Date: 27th April 2009

STATUTORY DECLARATION

I, **SYDNEY LIM TAU CHIN**, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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.

....
SYDNEY LIM TAU CHIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27th April 2009.

Before me,

....
ZULKIFLA MOHD DAHLIM
Commissioner for Oaths
License No.: W541

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FURQAN BUSINESS ORGANISATION BERHAD (Incorporated in Malaysia)

Report On The Financial Statements

We have audited the financial statements of Furqan Business Organisation Berhad, which comprise the balance sheets as at 31st December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 93.

The financial statements of the Group and of the Company for the financial year ended 31st December 2007, was audited by another firm of Chartered Accountants whose report dated 25th April 2008 expressed an unqualified opinion on those financial statements.

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 the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal controls 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 as to 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 controls relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 10 to the financial statements which discloses that, as at 31st December 2008, block discount overdue interests amounting to RM8,734,807/- has not been accrued in the financial statements of a subsidiary of the Company, FBO Leasing Sdn. Bhd. ("FBOL"), as the amount is being disputed by FBOL. Any liabilities in respect of the unaccrued overdue interest and any additional liabilities arising therefrom the dispute with the block discount payables will be indemnified by the parties as referred to in Note 10 to the financial statements. Accordingly, the directors of the Company are of the view that the provision of the overdue interest is not required.

INDEPENDENT AUDITORS' REPORT

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' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in the form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) Other than the modified auditors' reports of the subsidiaries as indicated in Note 15 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any material qualification or any adverse comment 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.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/10 (J/PH)
Partner

Kuala Lumpur

Date: 27th April 2009

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Continuing Operations					
Revenue	4	69,089,751	77,011,422	690,000	690,000
Other operating income					
- Gain on disposal of investment in subsidiaries		28,543,879	44,696,298	-	-
- Allowance for doubtful debts no longer required		-	-	23,707,367	-
- Others		5,318,133	26,119,692	222,751	400,984
Staff costs					
- Hotel operations		(4,622,789)	(5,408,331)	-	-
- Others		(3,246,267)	(4,655,463)	(536,059)	(429,225)
		(7,869,056)	(10,063,794)	(536,059)	(429,225)
Directors' remuneration	6	(1,624,972)	(1,733,160)	(576,720)	(629,280)
Finance costs (net)	7	(5,808,828)	(13,059,639)	51,771	(12,664)
Property development expenditure	21	(15,223,789)	(6,551,543)	-	-
Ticketing and tour arrangement costs		(24,495,298)	(34,430,795)	-	-
Cost of completed properties sold		(2,428,380)	(460,000)	-	-
Consumables used		(3,409,301)	(3,002,423)	-	-
Depreciation of property, plant and equipment		(1,420,414)	(1,793,079)	(235,535)	(305,292)
Other operating expenses		(29,622,917)	(95,417,957)	(16,861,731)	(24,688,730)
Profit/(loss) before income tax expense	8	11,048,808	(18,684,978)	6,461,844	(24,974,207)
Income tax expense	9	(2,305,338)	(2,057,130)	-	280,000
Share of result of associate		-	-	-	-
Profit/(loss) for the financial year from continuing operations		8,743,470	(20,742,108)	6,461,844	(24,694,207)
Discontinued Operations					
Loss from discontinued operations	10	(28,185,701)	-	-	-
Net (loss)/profit for the financial year		(19,442,231)	(20,742,108)	6,461,844	(24,694,207)
Attributable to:					
Equity holders of the Company		(19,272,641)	(20,705,296)	6,461,844	(24,694,207)
Minority interests		(169,590)	(36,812)	-	-
		(19,442,231)	(20,742,108)	6,461,844	(24,694,207)
Earning/(loss) per ordinary share attributable to equity holders of the Company (Sen)	11				
Basic, for profit/(loss) from continuing operations		3.99	(9.27)		
Basic, for loss from discontinued operations		(12.62)	-		
Basic, for loss for the financial year		(8.63)	(9.27)		
Diluted		-	-		

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

BALANCE SHEETS

AS AT 31ST DECEMBER 2008

	Note	Group 2008 RM	Group 2007 RM (Restated)	Company 2008 RM	Company 2007 RM (Restated)
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	26,980,455	20,051,164	627,649	733,139
Investment properties	13	84,712,000	85,407,000	-	-
Prepaid lease payments	14	6,307,749	6,116,687	-	-
Investments in subsidiaries	15	-	-	188,413,183	188,413,190
Investments in associates	16	-	-	-	-
Other investments	17	742,953	1,392,953	-	-
Land held for development	18	6,810,642	6,810,642	-	-
Lease and hire-purchase receivables	19	1,500,000	2,000,000	-	-
Goodwill arising on consolidation	20	2,705,712	3,102,120	-	-
Total Non-Current Assets		129,759,511	124,880,566	189,040,832	189,146,329
Current Assets					
Property development expenditure	21	11,272,921	21,911,520	-	-
Inventories	22	11,128,923	37,677,701	-	-
Lease and hire-purchase receivables	19	9,347,024	51,527,142	-	-
Trade and other receivables	23	29,196,646	20,702,276	279,870	429,914
Tax recoverable		2,213,742	3,039,890	-	-
Amount owing by subsidiaries	24	-	-	34,217,876	30,098,367
Deposits placed with licensed banks	25	15,980,331	10,037,973	10,000,000	2,650,000
Cash and bank balances	26	7,394,943	7,688,709	393,728	773,236
Total Current Assets		86,534,530	152,585,211	44,891,474	33,951,517
Non-current assets held for sale	27	182,768,657	314,285,849	-	-
Assets of disposal group	10	47,858,235	-	1	-
		317,161,422	466,871,060	44,891,475	33,951,517
TOTAL ASSETS		446,920,933	591,751,626	233,932,307	223,097,846

BALANCE SHEETS
AS AT 31ST DECEMBER 2008 (Continued)

	Note	Group 2008 RM	Group 2007 RM (Restated)	Company 2008 RM	Company 2007 RM (Restated)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	28	**446,669,151**	446,669,151	**446,669,151**	446,669,151
Revaluation reserve	29	**100,590**	100,590	**-**	-
Accumulated losses		**(319,332,306)**	(300,059,665)	**(218,301,982)**	(224,763,826)
		127,437,435	146,710,076	**228,367,169**	221,905,325
Minority interests		**-**	1,030,410	**-**	-
Total Equity		**127,437,435**	147,740,486	**228,367,169**	221,905,325
Non-Current Liabilities					
Hire-purchase payables	30	**382,132**	658,949	**312,910**	364,662
Term loans	31	**11,352,338**	12,006,747	**-**	-
Deferred tax liabilities	32	**8,408,773**	6,276,662	**-**	-
Total Non-Current Liabilities		**20,143,243**	18,942,358	**312,910**	364,662
Current Liabilities					
Trade and other payables	33	**103,196,685**	207,798,800	**166,207**	450,614
Provisions for liabilities	34	**2,487,088**	1,948,603	**-**	-
Hire-purchase payables	30	**321,390**	469,297	**152,514**	127,410
Term loan instruments	35	**83,826,492**	98,232,015	**-**	-
Short term borrowings	36	**-**	72,435,022	**-**	-
Block discount payables	37	**-**	26,262,669	**-**	-
Term loans	31	**1,855,125**	10,684,708	**-**	-
Tax payable		**802,676**	7,237,668	**-**	-
Amount owing to subsidiaries	24	**-**	-	**4,933,507**	249,835
		192,489,456	425,068,782	**5,252,228**	827,859
Liabilities of disposal group	10	**106,850,799**	-	**-**	-
Total Current Liabilities		**299,340,255**	425,068,782	**5,252,228**	827,859
Total Liabilities		**319,483,498**	444,011,140	**5,565,138**	1,192,521
TOTAL EQUITY AND LIABILITIES		**446,920,933**	591,751,626	**233,932,307**	223,097,846

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008

	← Attributable to Equity Holders of the Company →					
		Non-distributable	Distributable			
Group	**Share Capital RM**	**Revaluation Reserve RM**	**Accumulated Losses RM**	**Total RM**	**Minority Interests RM**	**Total Equity RM**
At 1st January 2007	446,669,151	397,300	(279,751,669)	167,314,782	1,067,222	168,382,004
Transfer to accumulated losses	-	(397,300)	397,300	-	-	-
Revaluation surplus (Note 12)	-	100,590	-	100,590	-	100,590
Net loss for the financial year	-	-	(20,705,296)	(20,705,296)	(36,812)	(20,742,108)
At 31st December 2007	446,669,151	100,590	(300,059,665)	146,710,076	1,030,410	147,740,486
Net loss for the financial year	-	-	(19,272,641)	(19,272,641)	(169,590)	(19,442,231)
Realisation of minority interest	-	-	-	-	(860,820)	(860,820)
At 31st December 2008	446,669,151	100,590	(319,332,306)	127,437,435	-	127,437,435

		Distributable	
Company	**Share Capital RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1st January 2007	446,669,151	(200,069,619)	246,599,532
Net loss for the financial year	-	(24,694,207)	(24,694,207)
At 31st December 2007	446,669,151	(224,763,826)	221,905,325
Net profit for the financial year	-	6,461,844	6,461,844
At 31st December 2008	446,669,151	(218,301,982)	228,367,169

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before income tax expense				
Continuing operations	11,048,808	(18,684,978)	6,461,844	(24,974,207)
Discontinued operations	(28,185,699)	-	-	-
Adjustments for:-				
Allowance for doubtful debts no longer required	(445,470)	-	(23,707,367)	-
Gain on disposal of investment in subsidiaries	(28,543,879)	(44,696,298)	(50,000)	(2)
Loss on disposal of foreclosed properties	-	130,110	-	-
Loss on disposal of non-current assets held for sales	237,500	-	-	-
Gain/(loss) on disposal of property, plant and equipment	(108,509)	35,939	6,991	(192,916)
Net gain/(loss) on fair value adjustment on investment properties	75,000	(9,735,060)	-	-
Waiver of revolving loans				
Continuing operations	-	(5,517,111)	-	-
Discontinued operations	(533,320)	-	-	-
Waiver of interest on revolving loans	-	(1,838,325)	-	-
Interest income from :				
Continuing operations	(3,472,887)	(462,236)	(70,506)	(30,647)
Discontinued operations	(8,619)	-	-	-
Waiver of interest accrued for non-guaranteed convertible secured term loan	(508,269)	(130,114)	-	-
Written off:-				
Property development expenditure	-	43,127,188	-	-
Inventories				
Continuing operations	95,000	6,908,280	-	-
Discontinued operations	6,178,000	-	-	-
Bad debts	162,897	5,137,969	-	17,548
Overdue interest receivables	-	956,558	-	-
Property, plant and equipment	-	585,915	-	-
Investment in subsidiaries	-	-	-	9,151,534
Impairment loss:-				
Land held for development	-	26,740,172	-	-
Property, plant and equipment	-	423,000	-	-
Investment in associates	-	4	-	-
Non-current asset held for sales	4,121,429	-	-	-
Interest expenses				
Continuing operations	9,281,715	13,521,875	18,735	43,311
Discontinued operations	5,598,785	-	-	-
Allowance for doubtful debts	16,041,749	10,222,284	15,379,738	14,109,847
Bad debts recovered				
Discontinued operations	(14,377)	-	-	-
Depreciation of property, plant and equipment				
Continuing operations	1,420,414	1,793,079	235,535	305,292
Discontinued operations	148,352	-	-	-
Allowance for diminution in value of other investments	650,000	615,302	-	-
Amortisation of prepaid lease payments	97,476	12,820	-	-
Unrealised gain on foreign currency exchange	(25,453)	-	-	-
	(6,689,357)	29,146,373	(1,725,030)	(1,570,240)

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008 (Continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Changes in Working Capital:				
Property development expenditure	10,638,599	2,335,510	-	-
Inventories	3,572,649	(3,146,959)	-	-
Lease and hire-purchase receivables	3,023,765	14,232,867	-	-
Trade and other receivables	(48,715,125)	(9,066,514)	675,754	57,517
Advance billings	-	(21,954,200)	-	-
Trade and other payables	(52,071,676)	(5,576,621)	(284,407)	(49,372)
Block discount payables	(4,331)	36,750	-	-
	(90,245,476)	6,007,206	(1,333,683)	(1,562,095)
Income tax refunded	482,499	22,197	-	280,000
Net Operating Cash Flow	(89,762,977)	6,029,403	(1,333,683)	(1,282,095)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note C)	(13,746,684)	(1,963,038)	(144,536)	(100,517)
Proceeds from disposal of property, plant and equipment	241,896	892,850	7,500	243,000
Additions to investment properties	-	(5,218,829)	-	-
Additions in non-current assets held for sales	(767,412)	-	-	-
Landowner entitlement received	35,412,612	-	-	-
Proceeds from disposal of investment properties	-	36,440,654	-	-
Proceeds from disposal of non-current assets held for sales	104,187,388	-	-	-
Proceeds from disposal of subsidiaries	-	-	50,006	4
Net cash outflow from disposal of subsidiaries (Note A)	8,268,343	(4,453)	-	-
Acquisition of subsidiaries net of cash acquired (Note B)	-	-	-	(6)
Acquisition of prepaid lease payments	(288,538)	-	-	-
Additions to investment in associates	-	(4)	-	-
Fixed deposits released as security value	214,819	1,116,612	-	-
Deposits held under sinking fund	-	190,143	-	190,143
Interest received				
Continuing operations	286,809	462,236	70,506	30,647
Discontinued operations	8,619	-	-	-
Net Investing Cash Flow	133,817,852	31,916,171	(16,524)	363,271

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008 (Continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loan instruments	(13,897,254)	(31,087,872)	-	-
Repayment of term loans	(2,339,141)	(2,256,462)	-	-
Increase/(decrease) in short term borrowings	1,084,628	(1,695,859)	-	-
Interest paid				
Continuing operations	(12,673,732)	(1,096,298)	(18,735)	(43,311)
Discontinued operations	(2,055,234)	-	-	-
Payment of hire-purchase payables	(424,724)	(729,756)	(26,648)	(280,652)
Amount owing by subsidiaries	-	-	8,366,082	4,334,571
Net Financing Cash Flow	(30,305,457)	(36,866,247)	8,320,699	4,010,608
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,749,418	1,079,327	6,970,492	3,091,784
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	(7,797,297)	(8,876,624)	3,423,236	331,452
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5,952,121	(7,797,297)	10,393,728	3,423,236
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	7,009,564	7,480,692	393,728	773,236
Housing Development Account	385,379	208,017	-	-
Fixed deposits placed with licensed banks	15,980,331	10,037,973	10,000,000	2,650,000
Bank overdrafts (Note 36)	-	(24,544,816)	-	-
	23,375,274	(6,818,134)	10,393,728	3,423,236
Less: Deposits held as security value (Note 25)	(764,344)	(979,163)	-	-
Add : Cash and cash equivalents from discontinued operations	(16,658,809)	-	-	-
	5,952,121	(7,797,297)	10,393,728	3,423,236

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008 (Continued)

A. SUMMARY OF EFFECTS ON DISPOSAL OF SUBSIDIARIES

2008

On 29th January 2008, the Company entered into a shares sale agreement disposing its 100% equity interest in FBO Tours & Travel Sdn. Bhd. for a total cash consideration of RM50,000/-.

On 7th March 2008, the Company entered into two separate shares sale agreements disposing its 100% equity interest in Austral Amal Properties Sdn. Bhd. and Austral Amal Properties (P.J.) Sdn. Bhd. for a total cash consideration RM2/- each.

On 13th June 2008, a wholly-owned subsidiary, Broadland Amalgamated Sdn. Bhd. entered into a shares sale agreement disposing its 60% equity interest in Arif Dinasti Sdn. Bhd. for a total cash consideration of RM2,000,000/-.

On 31st December 2008, the Company entered into a shares sale agreement disposing its 100% equity interest in Austral Leasing Sdn. Bhd. for a total cash consideration of RM2/-.

2007

On 30th November 2007, the following two subsidiaries were transferred from its indirect to become its direct subsidiaries of the Company for a total consideration of RM2/- each, representing 100% of the total issued and paid up capital of the subsidiaries:

(a) Austral Amal Properties (P.J.) Sdn. Bhd.
(b) Austral Leasing Sdn. Bhd.

In the previous financial year, the Group and the Company disposed of the following direct/indirect subsidiaries to third parties:-

(a) Austral Amalgamated Capital Sdn. Bhd.
(b) Broadland Construction Sdn. Bhd.
(c) FBO Land (Pulai) Sdn. Bhd.
(d) Great Demand Sdn. Bhd.
(e) Insight Gain Sdn. Bhd.
(f) Iras Prima Sdn. Bhd.
(g) Likas Square Properties Sdn. Bhd.
(h) Likas View Sdn. Bhd.
(i) Sharikat Kemajuan Sasa Sdn. Bhd.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008 (Continued)

A. SUMMARY OF EFFECTS ON DISPOSAL OF SUBSIDIARIES (Continued)

The effects of the disposal of subsidiaries on the financial results of the Group are as follows:-

	2008 RM	2007 RM
Revenue	8,600,000	1,391,410
Other operating income	158,365	423,545
Finance costs	(10,562)	-
Depreciation of property, plant and equipment	(4,921)	(44,033)
Other operating expenses	(15,291,309)	(2,834,812)
(Loss)/profit before tax expense	(6,548,427)	(1,063,890)
Income tax (expense)/credit	(93,002)	3,069,781
Net (loss)/profit for the financial year	(6,641,429)	2,005,891

The effects of the disposal of subsidiaries on the financial position of the Group are as follows:-

	2008 RM	2007 RM
Property, plant and equipment	27,152	4,000
Investment in subsidiaries	-	2
Investment in associates	-	1
Trade and other receivables	4,842,951	3,064,025
Cash and bank balances	54,416	4,467
Trade and other payables	(10,659,039)	(21,738,092)
Other payables and accruals	-	(11,676,106)
Short term borrowings	(19,372,753)	(3,257,406)
Tax payable	(922,188)	(11,097,175)
Net liabilities disposed of	(26,029,461)	(44,696,284)
Goodwill (Note 20)	396,408	-
	(25,633,053)	(44,696,284)
Minority interest	(860,820)	-
	(26,493,873)	(44,696,284)
Disposal proceeds	2,050,006	14
	(28,543,879)	(44,696,298)

	2008 RM	2007 RM
Cash flow effect:-		
Total proceeds from disposal - cash consideration	2,050,006	14
Cash and cash equivalents of subsidiaries disposed of	6,218,337	(4,467)
Net cash inflow/(outflow) from disposal of subsidiaries	8,268,343	(4,453)

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2008 (Continued)

B. SUMMARY OF EFFECTS ON ACQUISITION OF A SUBSIDIARY

2007

On 21st November 2007, a wholly-owned subsidiary, Discover Orient Holidays Sdn. Bhd., incorporated a subsidiary Discover Orient Holidays Limited in Hong Kong. The total issued and paid up capital of the subsidiary comprises 10,000 ordinary shares of HKD1 each.

C. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM13,746,684/- (2007: RM2,699,068/-) and RM144,536/- (2007: RM523,547/-) respectively, of which RM133,644/- (2007: RM736,030/-) and RM133,644/- (2007: RM423,030/-) were acquired under hire-purchase arrangements by the Group and the Company. Cash payments made by the Group and the Company for the acquisition of property, plant and equipment amounted to RM90,040/- (2007: RM1,963,038/-) and RM90,040/- (2007: RM100,517/-) respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associates are disclosed in Notes 15 and 16 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Company is located at No. 70-2, Tingkat 2 (Room A), Wisma Mahamewah, Jalan Sungai Besi, 57100 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No.24, Jalan 8/23E, Taman Danau Kota, Setapak, 53300 Kuala Lumpur, Malaysia.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27th April 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965 in Malaysia. The financial statements of the Group and of the Company have also been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the directors' best knowledge of current events and actions, and therefore actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRS, Amendments to FRS and IC Interpretations

(a) Adoption of FRS, Amendments to FRS and IC Interpretations

The Group and the Company have adopted the following FRS, amendments to FRSs and Issues Committee Interpretations ("IC Int") that are effective and are mandatory for the current financial year:

FRS

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Amendments to

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

IC Interpretations

IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Int 8	Scope of FRS 2

The adoption of the above FRS, amendments to FRS and IC Int did not result in any substantial changes to the Group's and the Company's accounting policies and have any material impact on the results and the financial positions of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRS, Amendments to FRS and IC Interpretations (Continued)

(b) FRS and IC Interpretations that are issued, which are not yet effective and have not been adopted earlier

At the date of authorisation of issue of the financial statements of the Group and of the Company, the following new FRS and IC Interpretations ("IC Int") were issued but not yet effective:

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

Other than FRS 139, the directors do not anticipate that the application of the above new FRS and IC Int, when they are effective, will have a material impact on the results and the financial position of the Group and of the Company.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS139.

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiaries made up to 31st December 2008. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest.

The excess of the cost of the acquisition over the net fair value of the Group's share of the identifiable net assets liabilities and contingent liabilities represents goodwill. Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through the subsidiary. It is measured at the minorities' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Subsidiaries

Subsidiaries are those corporations in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. 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 costs less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j). On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is included in the income statement.

In the Group's consolidated financial statements, the difference between the net disposal proceeds and the Group's share of the subsidiary's net assets together with any unamortised goodwill is reflected as a gain or loss on disposal in the consolidated income statements.

(c) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, 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 associates but not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j).

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the financial year. The Group's investment in associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition. Equity accounting is discontinued when the Group ceases to exercise significant influence over the associates or the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

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

On disposal of such investment, the difference between net disposal proceed and the carrying amount of the investment in an associate is reflected as a gain or loss on disposal in the consolidated income statements.

(d) Other Investments

Investments in other non-current investments are shown at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j). On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is included in the income statement.

(e) Goodwill

Goodwill represents the excess of the cost of business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j).

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity being sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the income statement.

(f) Revenue

(i) Revenue from leasing and hire-purchases

Revenue represents interest income from financing receivables which is recognised on an accruals basis, except when a financial receivable becomes non-performing. Interest income on non-performing loans is suspended unless it is recoverable. The non-recoverability of the loan shall arise should the repayments are in arrears for more than 3 months from the first day of default or after the maturity date or when the outstanding balance is greater than the value of the collateral pledged, interest is ceased being accrued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Revenue (Continued)

(ii) Revenue from hotel operations

Revenue from hotel operations consists mainly of hotel room rental, telephone call income, restaurant and bar income, laundry income, amusement park collection, car park collection, food court collection and other related services, which is recognised when the services have been rendered.

(iii) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iv) Revenue from travel and tour services

Revenue from travel and tour services is recognised upon performance of services, net of sales returns and discounts.

(v) Revenue from property development

Revenue from the sale of completed properties is recognised when the risks and rewards of ownership have passed to the buyers.

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the stage of completion method and is consistent with the method adopted for profit recognition. Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project.

(vi) Other income

Administrative charges receivable and interest income is recognised on an accruals basis.

(g) Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Post-Employment Benefits

The Group make statutory contributions to an approved provident fund and contributions are charged to the income statement. Once the contributions have been paid, the Group have no further payment obligations.

(h) Borrowing Costs

Borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Income Tax

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 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 in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited 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.

(j) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same asset was previously recognised in the income statement, a reversal of the impairment loss is also charged in the income statement.

(k) Property, Plant and Equipment

Property, plant and equipment were initially stated at cost. Certain buildings were subsequently shown at market value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j).

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Property, Plant and Equipment (Continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement as incurred.

No depreciation is provided on freehold land. All other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Leasehold buildings	Over the period of lease of 50 - 99 years
Office premises	2%
Shophouses	2%
Plant and machinery	5%
Motor vehicles	10% to 25%
Furniture, fittings and renovations	5% to 30%
Computers and office equipment	10% to 33%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date. The effects of any revisions of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the financial year the asset is derecognised.

(l) Revaluation of Assets

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(m) Leases

(i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement 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.

(ii) Operating leases

Leases of assets were a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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 lease hold interests for the land element and the buildings element of the lease at the inception of the lease.The up-front payments relating to the land element represents leasehold land use rights and are amortised on a straight line basis over the lease term.

(n) Investment Properties

Investment properties, comprising certain freehold land, leasehold land and buildings, are properties held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at fair value, representing open-market value determined by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in the income statement in the period of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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 financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(p) Property Development Activities

(i) Land held for development

Land held for property development is stated at cost less any accumulated impairment losses, if any and classified as non-current asset where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(j).

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(p) Property Development Activities (Continued)

(i) Land held for development (Continued)

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these 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. Under this method, profits are recognised as the property development activity progresses. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the balance sheet date over the estimated total property development costs to completion.

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 foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in the income statement.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of food and beverages include purchase price and the incidental expenses incurred. Costs of land and completed properties comprises all direct construction cost and land cost, and direct development expenditure which is determined by the specific identification basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(r) Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Based on management evaluation of the portfolio of lease and hire-purchase receivables, specific allowances for doubtful debts are made where the collectibility of receivables becomes uncertain. In evaluating collectibility, management consider several factors such as the borrower's financial position, cash flow projections, management and quality of collateral or guarantee supporting the receivables, as well as prevailing and anticipated economic conditions.

A general allowance is made based on a set percentage of the net lease and hire-purchase receivables. The percentage is reviewed annually in the light of past experience and prevailing circumstances and an adjustment is made on the overall general allowance, if necessary.

(s) Non-Current Assets (or Disposal Groups) Held For Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts 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 (or disposal group) 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 (or all the assets and liabilities in a disposal group) is brought up-todate in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(t) Block Discounting Charges

Block discounting charges are charged to the income statement using the "sum of digits" method.

(u) Payables

Payables are stated at cost which is the fair value of the consideration paid in the future, whether or not billed to the Group.

(v) Provisions for Liabilities

Provisions for liabilities are made when the Group have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

At each balance sheet date, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

(w) Share Capital

Ordinary shares

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(x) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(y) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(z) Segment Reporting

Segment reporting is presented for enhanced assessments of the Group's risks and returns. A business segment is a group of assets and operation engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between operating units within a single segment. Segment revenue and segment expense exclude dividends from within the Group.

All income, expenses, assets and liabilities are directly allocated to each reported segment. Interest income and other income and expenses which cannot be allocated to respective segment on a reasonable basis are disclosed as either unallocated income or unallocated expenses, while the related assets and liabilities are disclosed as unallocated assets and unallocated liabilities.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(z) Segment Reporting (Continued)

The accounting policies used in deriving the individual segment revenue, segment results, segment assets and segment liabilities are the same as those disclosed in the summary of significant accounting policies.

Transfers between segments are priced at the estimated fair value of the products or services as negotiated between the operating units.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2 above the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions made 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 as discussed below:-

Property development projects

The Group recognises property development revenue and costs 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 of work performed. 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 recover ability of the development projects.

Investment properties and land held for development

As several of the Group's directors are professionals who are experienced in the construction and property development industry, periodic assessments are made on the current market values of the Group's property assets. In determining the fair values of these properties, the management takes into consideration valuations carried out by professional valuers, replacement costs and transaction prices of similar assets in comparable locations.

Useful lives of property, plant and equipment

The Group estimated the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in these factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

Impairment of property, plant and equipment

The Group assesses impairment of assets whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of lease, hire-purchase, trade and other receivables. Allowances are applied to the said amounts where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the said amounts and doubtful debts expenses in the period in which such estimate has been changed.

Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries

The Group carried out the impairment test based on a variety of estimates including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Group to estimate the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investment in subsidiaries of the Company as at 31st December 2008 was RM188,413,183/- (2007: RM188,413,190/-). The impairment made on investment in subsidiaries entails an allowance for doubtful debts to be made to the amount owing by subsidiaries. During the financial year, no impairment loss on investment in subsidiaries is made by the management.

Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management's 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 unrecognised deferred tax assets of the Group and of the Company were RM246,993,097/- (2007: RM240,561,108/-) and RM4,343,140/- (2007: RM2,880,879/-) respectively.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Travel and tour services	**26,841,828**	37,403,614	**-**	-
Property development	**9,683,000**	7,346,960	**-**	-
Rental income from:-				
- Hotel operations	**12,932,305**	12,282,552	**-**	-
- Property investment	**7,281,492**	8,423,128	**-**	-
Other income from hotel operations	**10,223,268**	9,972,673	**-**	-
Leasing, hire-purchase and other interest income	**252,858**	1,337,495	**-**	-
Administrative charges receivable from subsidiaries	**-**	-	**690,000**	690,000
Sales of completed properties	**1,875,000**	245,000	**-**	-
	69,089,751	77,011,422	**690,000**	690,000

5. SEGMENTAL INFORMATION

The Group's operating business is classified according to the following operating divisions:-

(i) Investment holding
(ii) Leasing and financing
(iii) Hospitality
(iv) Investment properties
(v) Travel and tour
(vi) Property development

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group	Continuing Operations									Discontinued Operations	Total Operations
2008	Investment holding	Leasing and financing	Hospitality	Investment properties	Travel and tour	Property development	Others	Eliminations	Consolidated		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue											
External sales	30,900	252,858	23,155,573	9,125,592	26,841,828	9,683,000	-	-	69,089,751	558,857	69,648,608
Inter-segment sales	690,000	-	-	-	-	-	-	(690,000)	-	-	-
	720,900	252,858	23,155,573	9,125,592	26,841,828	9,683,000	-	(690,000)	69,089,751	558,857	69,648,608
Results											
Segment results	4,359,749	(248,630)	6,184,612	(10,850,916)	312,594	49,492	(28,397)	11,270,304	11,048,808	(28,185,699)	(17,136,891)
Profit/(loss) before income tax expense									11,048,808	(28,185,699)	(17,136,891)
Income tax expense									(2,305,338)	(2)	(2,305,340)
Net profit/(loss) for the financial year									8,743,470	(28,185,701)	(19,442,231)
Attributable to:-											
Equity holders of the Company									8,913,060	(28,185,701)	(19,272,641)
Minority interests									(169,590)	-	(169,590)
									8,743,470	(28,185,701)	(19,442,231)

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

Group	Continuing Operations									Discontinued Operations	Total Operations
2008	Investment holding	Leasing and financing	Hospitality	Investment properties	Travel and tour	Property development	Others	Eliminations	Consolidated		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets											
Segment assets	59,334,246	12,080,055	5,588,392	311,165,978	6,033,662	22,202,367	2,746,898	(22,302,642)	396,848,956	47,858,235	444,707,191
Unallocated assets									2,213,742	-	2,213,742
									399,062,698	47,858,235	446,920,933
Liabilities											
Segment liabilities	26,719,634	18,893	4,655,587	113,093,908	3,465,007	9,872,989	45,595,232	-	203,421,250	101,508,415	304,929,665
Unallocated liabilities									9,211,449	5,342,384	14,553,833
									212,632,699	106,850,799	319,483,498
Other information											
Capital expenditure	144,536	-	-	13,194,618	28,953	206,628	-	-	13,574,735	171,949	13,746,684
Depreciation of property, plant and equipment	235,535	-	-	233,343	510,120	441,416	-	-	1,420,414	148,352	1,568,766
Impairment loss on land held for development	351,255	-	-	3,770,174	-	-	-	-	4,121,429	-	4,121,429

5. SEGMENTAL INFORMATION (Continued)

Group 2007	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Travel and tour RM	Property development RM	Eliminations RM	Consolidated RM
Revenue								
External sales	80,400	1,337,495	22,255,225	9,087,728	37,403,614	6,846,960	-	77,011,422
Inter-segment sales	690,000	-	-	-	-	-	(690,000)	-
	770,400	1,337,495	22,255,225	9,087,728	37,403,614	6,846,960	(690,000)	77,011,422
Results								
Segment results	34,481,149	(23,941,389)	5,626,904	(511,586)	(303,270)	(34,036,786)	-	(18,684,978)
Loss before income tax expense								(18,684,978)
Income tax expense								(2,057,130)
Net loss for the financial year								(20,742,108)
Attributable to:-								
Equity holders of the Company								(20,705,296)
Minority interests								(36,812)
								(20,742,108)

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

Group 2007	Investment holding	Leasing and financing	Hospitality	Investment properties	Travel and tour	Property development	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM
Assets								
Segment assets	25,031,001	86,571,172	5,701,153	373,194,263	6,713,677	83,467,800	8,032,670	588,711,736
Unallocated assets								3,039,890
								591,751,626
Liabilities								
Segment liabilities	25,806,700	120,102,320	4,809,576	227,470,926	4,606,892	46,209,994	1,490,402	430,496,810
Unallocated liabilities								13,514,330
								444,011,140
Other information								
Capital expenditure	523,547	-	-	113,123	530,125	1,532,273	-	2,699,068
Depreciation of property, plant and equipment	305,292	171,620	-	351,760	731,729	232,678	-	1,793,079
Impairment loss on property, plant and equipment	-	423,000	-	-	-	-	-	423,000
Impairment loss on land held for development	-	-	-	-	-	26,740,172	-	26,740,172

No segmental information by geographical segment has been presented as the Group principally operates in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

6. KEY MANAGEMENT PERSONNEL

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors				
Salaries and allowances	1,379,692	1,485,000	462,000	516,000
Other emoluments	185,280	188,160	54,720	53,280
Non-Executive Directors				
Fees	60,000	60,000	60,000	60,000

The estimated monetary value of directors' benefit-in-kind is RM68,426/- (2007: RM77,320/-).

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. There is no disclosure for the compensation to other key management personnel of the Company as the authority and responsibility for planning, directing and controlling the activities of the entity is performed by the directors.

7. FINANCE COSTS (net)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest income				
- Fixed deposits	253,984	285,389	70,506	30,647
- Overdue interest	28,350	97,933	-	-
- Others	4,475	78,914	-	-
- Waiver of term loan interest	3,186,078	-	-	-
	3,472,887	462,236	70,506	30,647
Interest expenses				
- Bank overdrafts	(2,089)	(1,827,894)	-	-
- Block discount payables	-	(1,078,928)	-	-
- Term loans	(9,033,891)	(9,087,931)	-	-
- Non-revolving loans	-	(643,822)	-	-
- Revolving loans	-	(537,067)	-	-
- Advances from third party	-	(240,500)	-	-
- Hire-purchase payables	(94,201)	(104,293)	(18,735)	(43,311)
- Rental rebate on security deposit	-	(1,440)	-	-
- Waiver of interest charged to purchasers	(151,534)	-	-	-
	(9,281,715)	(13,521,875)	(18,735)	(43,311)
	(5,808,828)	(13,059,639)	51,771	(12,664)

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

Profit/(loss) before income tax expense is arrived at:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
After crediting:-				
Allowance for doubtful debts no longer required				
- Trade receivables	445,470	-	-	-
- Former subsidiaries	-	-	787,176	-
- Subsidiaries	-	-	22,920,191	-
Gain on disposal of investment in subsidiaries	28,543,879	44,696,298	50,000	2
Gain on disposal of property, plant and equipment	108,509	-	-	192,916
Net gain on fair value adjustments on investment properties	-	9,735,060	-	-
Waiver of:-				
- revolving loans	-	5,517,111	-	-
- interest on revolving loans	508,269	1,838,325	-	-
Shortfall on profit guarantee recovered from vendors of a subsidiary	-	1,420,515	-	-
Realised gain on foreign exchange	213,417	-	-	-
Rental income from buildings	412,391	1,185,554	-	-
Unrealised gain on foreign exchange	25,453	-	-	-
Bad debts recovered	-	477,537	-	-
Waiver of interest accrued on non-guaranteed convertible secured term loan	-	130,114	-	-
After charging:				
Audit fee	(300,000)	(330,000)	(50,000)	(54,000)
Allowance for doubtful debts				
- Lease and hire-purchase receivables	-	(8,521,188)	-	-
- Trade receivables	(36,597)	(1,346,315)	-	-
- Other receivables	(38,708)	(311,944)	(172,381)	-
- Amount owing by former subsidiaries	-	(42,837)	(89,086)	(42,837)
- Amount owing by subsidiaries	-	-	(15,118,271)	(14,067,010)
Amortisation of prepaid lease payments	(97,476)	(12,820)	-	-
Depreciation of property, plant and equipment	(1,420,414)	(1,793,079)	(235,535)	(305,292)
Hire of coaches	(1,421,544)	(1,304,877)	-	-
Hire of boats	(1,219,164)	(2,181,609)	-	-
Impairment loss on:-				
- Other investments	(650,000)	(615,302)	-	-
- Land held for development	-	(26,740,172)	-	-
- Property, plant and equipment	-	(423,000)	-	-
- Non-current assets held for sale	(4,121,429)	-	-	-
- Investment in associates	-	(4)	-	-
Loss on disposal of:				
- Property, plant and equipment	-	(35,939)	(6,991)	-
- Non-current assets held for sale	(237,500)	-	-	-
Net loss on fair value adjustments on investment properties	(75,000)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE (Continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Property development expenditure written off	-	(43,127,188)	-	-
Realised loss on foreign exchange	(42,891)	(115,268)	-	-
Rental of:				
- Office premises	(53,168)	(283,160)	-	(229,133)
- Parking	(18,000)	-	-	-
- Hostel	(90,652)	(93,942)	-	-
- Equipment	(74,334)	(60,160)	-	-
Royalty fees payable to third party	(463,112)	(445,105)	-	-
Staff costs:				
- Employees' Provident Fund	(604,662)	(786,984)	(39,352)	(34,206)
- SOCSO	(17,559)	(20,557)	(4,301)	(4,024)
- Salaries and allowances	(5,820,733)	(7,587,808)	(410,730)	(306,053)
- Other staff related costs	(876,336)	(1,668,445)	(81,676)	(84,942)
Written off:				
- Inventories	(95,000)	(6,908,280)	-	-
- Bad debts	(162,897)	(5,137,969)	-	(17,548)
- Overdue interest receivables	-	(956,558)	-	-
- Property, plant and equipment	-	(585,915)	-	-
- Investment in subsidiaries	-	-	-	(9,151,534)

9. INCOME TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax				
- current year	(71,181)	(71,868)	-	-
- (under) / over accrual in prior year	(102,046)	(1,155,300)	-	280,000
	(173,227)	(1,227,168)	-	280,000
Deferred tax liabilities (Note 32)				
- current year	(1,830,281)	(497,962)	-	-
- under accrual in prior year	(301,830)	(332,000)	-	-
	(2,132,111)	(829,962)	-	-
	(2,305,338)	(2,057,130)	-	280,000

The income tax is calculated at the statutory rate of 26% (2007: 27%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 25% from the current year's rate of 26% for the year of assessment 2009 onwards. The computation of deferred tax as at 31st December 2008 has been reflected with these changes accordingly.

The income tax rate applicable to small and medium scale enterprises ("SME") incorporated in Malaysia with paid up capital of RM2.5 million and below is subject to the statutory tax rate of 20% on chargeable income up to RM500,000/-. For chargeable income in excess of RM500,000/-, the statutory tax rate of 26% is still applicable.

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (Continued)

A reconciliation of income tax expense applicable to profit/(loss) before income tax expense at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(loss) before income tax expense	11,048,808	(18,684,978)	6,461,844	(24,974,207)
Taxation at applicable statutory tax rate of 26% (2007 : 27%)	(2,872,691)	5,283,634	(1,680,080)	6,743,036
Tax effects arising from				
- non-deductible expenses	(6,229,863)	(282,003)	(4,116,648)	(5,992,628)
- non-taxable income	10,307,909	-	6,176,916	-
- SME tax savings	7,987	-	-	-
- Section 60F deduction	402	-	-	-
- effects of changes in tax rate	8,892	2,731,343	(14,623)	19,017
- origination of deferred tax assets not recognised in the financial statements	(1,607,997)	(8,302,804)	(365,565)	(769,425)
- profit recognition arising between taxable income and accounting profit	(1,516,101)	-	-	-
- (under) / over accrual in prior year	(403,876)	(1,487,300)	-	280,000
Tax expense for the financial year	(2,305,338)	(2,057,130)	-	280,000

Deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deductible / (taxable) temporary differences	1,169,447	1,338,572	(96,201)	(320,807)
Unutilised tax losses	245,823,650	239,222,536	4,439,341	3,201,686
Net deferred tax assets	246,993,097	240,561,108	4,343,140	2,880,879
Potential deferred tax assets not recognised at 25% (2007 : 25%)	61,748,274	60,140,277	1,085,785	720,220

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In September 2008, the Company, pursuant to the Share Sale Agreement dated 12th June 2000 and Supplemental Agreement dated 12th October 2001, filed a Writ of Summons and Statement of Claims against the respective vendors of a wholly-owned subsidiary FBO Leasing Sdn. Bhd., namely Forad Management Sdn. Bhd. ("FMSB"), Chong Ching Siew Holdings Sdn. Bhd. ("CCSHSB") and Tong Yoong Fatt ("TYF") for an amount of RM70,000,000/- for losses incurred by the Company in relation to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

On 23rd January 2009, the Board announced that the Company had on 23rd January 2009 entered into a Settlement Agreement with CCSHSB and TYF. CCSHSB and TYF have agreed to purchase FBO Leasing Sdn. Bhd. ("FBOL") from the Company with a purchase consideration of RM200,000/- cash and to effect transfer of the shares in Winner's Choice Holdings Limited or to pay cash equivalents of 20,000,000 shares of the Company.

Accordingly, FBOL ceased to be a subsidiary of the Company.

Upon the completion of the Settlement Agreement, the Company will transfer the entire issued and paid up share capital comprising 20,000,000 only shares of RM1/- each in FBOL to Cava Enterprise Sdn. Bhd. Cava Enterprise Sdn. Bhd. is the company nominated by the CCSHSB and TYF to facilitate the execution of the Agreement. In view of the Settlement Agreement, the Company had also withdrawn their representatives from the participation in the board of directors of FBOL with all the relevant directors of the Company resigned from FBOL.

Accordingly, the control to govern the financial and operating policies of FBOL so as to obtain benefits from its activities has ceased and FBOL is no longer a subsidiary of the Company subsequent to the financial year ended 31st December 2008.

FBOL became a wholly-owned subsidiary of FBO Group in 2002. In 2003 FBO Berhad had granted corporate guarantees to three bankers of FBOL namely Amanah Factors, Bank Rakyat and AmBank. In 2007, the Group had settled the loan with Amanah Factors via a payment of RM1.8 million. In 2009, AmBank had also approved and accepted the settlement with discharge of FBO Berhad as guarantor via a payment of RM3.0 million which has been made. Accordingly, FBO Berhad has no contingent liabilities for FBOL with Amanah Factor and AmBank at this juncture. The management is in the midst of negotiation with Bank Rakyat to work towards the restructuring and settlement of this final and last contingent liability to the best benefit of the Group and shall endeavour to resolve all/any obligation related to FBOL.

As at 31st December 2008, the assets and liabilities of FBOL have been presented on the consolidated balance sheets as a disposal group held for sale and results from this subsidiary is presented separately on the consolidated income statements as a discontinued operation. The carrying amount of the investment in this subsidiary has also been presented as non-current assets held for sale on the Company's balance sheet as at 31st December 2008.

An analysis of the result of discontinued operation in arriving at the result recognised from the in subsidiary is as follows:-

	Group 2008 RM
Revenue	558,857
Other income	1,300,464
Staff costs	(969,768)
Depreciation of property, plant and equipment	(148,352)
Finance costs (net)	(5,590,166)
Other expenses	(23,336,734)
Loss before income tax expense	(28,185,699)
Income tax expense	(2)
Net loss for the financial year	(28,185,701)

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

The following amounts have been included in arriving at loss before income tax espense of discontinued operations:-

	Group 2008 RM
After charging:	
Allowance for doubtful debts for lease and hire-purchase receivables	(14,118,844)
Inventories written off	(6,178,000)
Depreciation of property, plant and equipment	(148,352)
Directors' remunerations:	
- Salaries	(381,291)
- Other emoluments	(72,000)
Staff costs:	
- Employees' Provident Fund	(100,734)
- Salaries and allowances	(398,357)
- SOCSO	(3,199)
- Other staff related costs	(14,729)
After crediting:	
Bad debts recovered	14,377
Waiver of loan principal	533,320
Rental income from third party	822,390

The major classes of assets and liabilities of FBO Leasing Sdn. Bhd. classified as held for sale on the consolidated balance sheets as at 31st December 2008 are as follows:-

	Group 2008 RM
ASSETS	
Inventories (Note 22)	16,703,129
Property, plant and equipment (Note 12)	5,088,088
Lease and hire-purchase receivables (Note 19)	24,198,906
Trade and other receivables (Note 23)	1,338,603
Fixed deposits placed with licensed banks (Note 25)	25,000
Cash and bank balances	504,509
Assets of disposal group classified as held for sale	47,858,235
LIABILITIES	
Term loans (Note 31)	7,144,851
Block discount payables (Note 37) *	26,258,338
Trade and other payables (Note 33)	15,575,394
Short term borrowings (Note 36)	52,529,832
Tax liabilities	5,342,384
Liabilities directly associated with assets classified as held for sale	106,850,799

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

* As at 31st December 2008, block discount overdue interests amounting to RM8,734,807/- was not accrued in the financial statements of FBO Leasing Sdn. Bhd. as the amount is being disputed by FBOL. CCSHSB and TYF have agreed to indemnify the Company from any liabilities in respect of the unaccrued overdue interests and any additional liabilities, damages, costs, expenses, penalties or otherwise which the Company may suffer or incur for reason of or arising in connection with the dispute of the overdue interest with the block discount payables. Accordingly, the directors of the Company are of the view that the accruals of the overdue interest are not required.

FBOL ceased to be a subsidiary of the Company on 23rd January 2009.

The non-current assets classified as held for sale on the Company's balance sheet as at 31st December 2008 is as follows:-

	Company 2008 RM
ASSET	
Investment in subsidiary	1

11. EARNING/(LOSS) PER SHARE

Basic

The basic loss per share has been calculated based on the loss for the financial year attributable to the equity holders of the Company of RM19,272,641/- (2007: RM20,705,296/-) and the number of ordinary shares on issue during the financial year and after taking into consideration the capital reorganisation on 4th March 2009 as stated in Note 42(b) to the financial statements as follows:-

	Group				
	2008			2007	
	Par Value RM	Number of Shares Unit	Amount RM	Number of Shares Unit	Amount RM
Issued and fully paid-up share capital As at 31st December	1.00	446,669,151	446,669,151	446,669,151	446,669,151
After the capital reorganisation (Note 42(b))	0.50	223,334,575		223,334,575	

NOTES TO THE FINANCIAL STATEMENTS

11. EARNING/(LOSS) PER SHARE (Continued)

	2008 RM	2007 RM
Earning/(loss) attributable to equity holders of the Company		
Profit/(loss) from continuing operations	8,913,060	(20,705,296)
Loss from discontinued operations	(28,185,701)	-
Loss for the financial year	(19,272,641)	(20,705,296)

	2008 Sen	2007 Sen
Basic earning/(loss) per share for		
Profit/(loss) from continuing operations	3.99	(9.27)
Loss from discontinued operations	(12.62)	-
Loss for the financial year	(8.63)	(9.27)

The comparative basic earning/(loss) per share has been restated to take into account the effect of the capital reorganisation as stated in Note 42(b) on the loss of that year.

Diluted

There are no diluted earning per share as the Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

Group 2008 Cost (unless otherwise stated)	Office premises At 1996 valuation RM	Office premises At 2007 valuation RM	Work in progress RM	Shophouses RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
At 1st January 2008	6,315,130	820,000	-	850,800	4,253,173	6,498,940	11,018,225	1,708,832	31,465,100
Additions	-	-	13,181,428	-	209,703	131,397	171,608	52,548	13,746,684
Disposals/Write-off	-	-	-	-	(1,500)	(400,000)	(260,355)	(21,709)	(683,564)
Arising from disposal of subsidiaries	-	-	-	-	-	(284,644)	(82,299)	(12,475)	(379,418)
Transfer to assets disposal classified as held for sale (Note 10)	(6,315,130)	-	-	(850,800)	-	(743,030)	(1,316,052)	(1,065,688)	(10,290,700)
At 31st December 2008	-	820,000	13,181,428	-	4,461,376	5,202,663	9,531,127	661,508	33,858,102
Accumulated Depreciation									
At 1st January 2008	1,618,123	16,400	-	77,160	1,072,383	4,460,033	2,157,550	1,589,287	10,990,936
Charge for the financial year	126,302	16,400	-	7,016	479,295	721,428	154,212	64,113	1,568,766
Disposals/Write-off	-	-	-	-	(1,500)	(398,334)	(245,646)	(18,510)	(663,990)
Disposal of subsidiaries	-	-	-	-	-	(167,413)	(58,981)	(12,059)	(238,453)
Transfer to assets disposal classified as held for sale (Note 10)	(1,744,425)	-	-	(84,176)	-	(741,738)	(1,164,420)	(1,044,853)	(4,779,612)
At 31st December 2008	-	32,800	-	-	1,550,178	3,873,976	842,715	577,978	6,877,647
Accumulated Impairment Loss									
At 1st January 2008	-	-	-	423,000	-	-	-	-	423,000
Charge for the financial year	-	-	-	-	-	-	-	-	-
Transfer to assets disposal classified as held for sale (Note 10)	-	-	-	(423,000)	-	-	-	-	(423,000)
At 31st December 2008	-	-	-	-	-	-	-	-	-
Net Carrying Amount at 31st December 2008	-	787,200	13,181,428	-	2,911,198	1,328,687	8,688,412	83,530	26,980,455

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2007 Cost (unless otherwise stated)	Office premises At cost RM	Office premises At 1996 valuation RM	Office premises At 2007 valuation RM	Freehold land RM	Shophouses RM	Leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
At 1st January 2007	1,409,298	6,315,130	-	801,799	850,800	2,045,553	2,659,680	6,336,880	16,446,030	5,901,631	42,766,801
Transfer to investment properties (Note 13)	(689,888)	-	-	-	-	-	-	-	-	-	(689,888)
Additions	-	-	-	-	-	-	1,593,493	1,008,667	78,358	18,550	2,699,068
Revaluation surplus (Note 29)	-	-	100,590	-	-	-	-	-	-	-	100,590
Reclassification	(719,410)	-	719,410	-	-	-	-	-	-	-	-
Disposals/Write-off	-	-	-	(801,799)	-	(2,041,553)	-	(846,607)	(5,506,163)	(4,211,349)	(13,407,471)
Arising from disposal of subsidiaries	-	-	-	-	-	(4,000)	-	-	-	-	(4,000)
At 31st December 2007	-	6,315,130	820,000	-	850,800	-	4,253,173	6,498,940	11,018,225	1,708,832	31,465,100
Accumulated Depreciation											
At 1st January 2007	-	1,491,821	-	-	70,144	2,041,553	821,783	4,214,168	6,943,331	5,507,824	21,090,624
Charge for the financial year	-	126,302	16,400	-	7,016	-	250,600	977,336	284,570	130,855	1,793,079
Disposals/Write-off	-	-	-	-	-	(2,041,553)	-	(731,471)	(5,070,351)	(4,049,392)	(11,892,767)
At 31st December 2007	-	1,618,123	16,400	-	77,160	-	1,072,383	4,460,033	2,157,550	1,589,287	10,990,936
Accumulated Impairment Loss											
At 1st January 2007	-	-	-	-	-	-	-	-	-	-	-
Charge for the financial year	-	-	-	-	423,000	-	-	-	-	-	423,000
At 31st December 2007	-	-	-	-	423,000	-	-	-	-	-	423,000
Net Carrying Amount at 31st December 2007	-	4,697,007	803,600	-	350,640	-	3,180,790	2,038,907	8,860,675	119,545	20,051,164

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

2008	**Motor vehicles RM**	**Furniture, fittings and renovations RM**	**Computers and office equipment RM**	**Total RM**
Cost				
At 1st January 2008	1,106,308	264,802	225,826	1,596,936
Additions	131,397	13,139	-	144,536
Disposals/Write-off	-	(250,605)	-	(250,605)
At 31st December 2008	1,237,705	27,336	225,826	1,490,867
Accumulated Depreciation				
At 1st January 2008	418,974	248,498	196,325	863,797
Charge for the financial year	212,223	4,216	19,096	235,535
Disposals/Write-off	-	(236,114)	-	(236,114)
At 31st December 2008	631,197	16,600	215,421	863,218
Net Carrying Amount at 31st December 2008	606,508	10,736	10,405	627,649

2007	**Motor vehicles RM**	**Furniture, fittings and renovations RM**	**Computers and office equipment RM**	**Total RM**
Cost				
At 1st January 2007	1,026,641	264,802	211,946	1,503,389
Additions	509,667	-	13,880	523,547
Disposals/Write-off	(430,000)	-	-	(430,000)
At 31st December 2007	1,106,308	264,802	225,826	1,596,936
Accumulated Depreciation				
At 1st January 2007	589,883	195,575	152,963	938,421
Charge for the financial year	209,007	52,923	43,362	305,292
Disposals/Write-off	(379,916)	-	-	(379,916)
At 31st December 2007	418,974	248,498	196,325	863,797
Net Carrying Amount at 31st December 2007	687,334	16,304	29,501	733,139

The office premises of the Group were revalued in 1996 by its directors based on the valuation report of an independent firm of professional valuers using the market value basis. These office premises continued to be stated at 1996 valuation as allowed under the transitional provisions of International Accounting Standard No. 16 (Revised), Property, Plant and Equipment, adopted by the Malaysian Accounting Standards Board.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

In the year 2007, a freehold office premise of a subsidiary was revalued by the directors based on a valuation carried out by Messrs. Param & Associates (KL) Sdn. Bhd., an independent valuer. The fair value is determined by reference to the market value basis. The surplus arising from revaluation amounting to RM100,590/- has been credited to the revaluation reserve account as disclosed in Note 29 to the financial statements.

Had the revalued office premises been carried at historical cost less accumulated depreciation, the carrying value of the revalued their office premises that would have been included in the financial statements as at the end of the year is as follows:-

	Group	
	2008 RM	**2007 RM**
Cost		
Office premises	**5,844,085**	5,844,085
Accumulated depreciation		
Office premises	**(1,467,712)**	(1,346,807)
Net Carrying Amount	**4,376,373**	4,497,278
Transfer to assets of disposal group classified as held for sale (Note 10)	**(3,689,763)**	-
	686,610	4,497,278

Property, plant and equipment of the Group with the net carrying amount of RM8,494,994/- (2007: RM12,755,441/-) are charged to financial institutions as securities for banking and credit facilities granted to the Group as disclosed in Notes 31 and 36 to the financial statements.

Included in property, plant and equipment of the Group and of the Company are motor vehicles with the net carrying amount of RM1,247,327/- (2007: RM1,268,176/-) and RM599,200/- (2007: RM687,334/-) respectively which are acquired under hire-purchase arrangements.

Certain motor vehicles under hire-purchase with the net carrying amount of RM236,705/- (2007: RM679,494/-) are registered under the names of third parties in trust for the Group.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES

	Group 2008 RM	Group 2007 RM
Freehold land, at fair value		
At beginning of the financial year	1,000,000	41,770,174
Additions during the financial year	-	1,000,000
Net gain on fair value adjustment	105,000	-
	1,105,000	42,770,174
Long leasehold land, at fair value		
At beginning of the financial year	-	17,457,000
Net gain on fair value adjustment	-	3,043,000
	-	20,500,000
Hotel and shopping complex, at fair value		
At beginning of the financial year	83,607,000	184,650,219
Additions during the financial year	-	5,218,829
Net gain on fair value adjustment	-	5,737,952
	83,607,000	195,607,000
Shophouses, at fair value		
At beginning of the financial year	800,000	11,416,004
Transfer from property, plany and equipment (Note 12)	-	689,888
Net (loss)/gain on fair value adjustment	(180,000)	954,108
	620,000	13,060,000
Commercial space and condominium units, at fair value		
At beginning of the financial year	-	36,440,654
Disposal during the financial year	-	(36,440,654)
	-	-
	85,332,000	271,937,174
Less: Transfer to non-current assets held for sale (Note 27)		
- Freehold land	-	(41,770,174)
- Long leasehold land	-	(20,500,000)
- Hotel	-	(112,000,000)
- Shophouses	(620,000)	(12,260,000)
	(620,000)	(186,530,174)
At end of the financial year	84,712,000	85,407,000

The fair values of the hotel and shopping complex have been arrived at on the basis of valuations carried out by independent valuer. Valuations were based on current prices in an active market for the properties.

Certain investment properties with the carrying amount of RM83,607,000/ (2007: RM83,607,000/-) have been charged to financial institutions as securities for the term loans facilities as disclosed in Note 31 to the financial statements and the strata title yet to be registered under the name of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

14. PREPAID LEASE PAYMENTS

Prepaid lease payments relate to the lease of land for the Group's office premise in Kuala Lumpur. The lease will expire in 2085 and the Group does not have an option to purchase the leased land at the expiry of the lease period. Prepaid lease payments are amortised over the lease term of the land.

	Group	
	2008 RM	2007 RM
At Cost		
At beginning of the financial year	6,129,507	-
Transfer from property development expenditure (Note 21)	-	1,000,000
Additions during the year	288,538	5,129,507
At end of the financial year	6,418,045	6,129,507
Accumulated Amortisation		
At beginning of the financial year	(12,820)	-
Armotisation charge for the financial year	(97,476)	(12,820)
At end of the financial year	(110,296)	(12,820)
	6,307,749	6,116,687

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Unquoted shares, at cost	188,413,183	188,413,190

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN SUBSIDIARIES (Continued)

The subsidiaries, which are incorporated in Malaysia unless otherwise stated, are as follows:-

Name of Company	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %	Principal Activities
Direct Subsidiaries			
Eastern Biscuit Factory Sdn. Bhd.	**100**	100	Property development, investment in properties and hotel operations
FBO Leasing Sdn. Bhd. *	**100**	100	Lease and hire-purchase financing
Austral Amalgamated Berhad Ø	**100**	100	Investment holding
FBO Land (Setapak) Sdn. Bhd. Ø	**100**	100	Property development
Discover Orient Holidays Sdn. Bhd.	**100**	100	Tour operator and travel agent
FBO Tours & Travel Sdn. Bhd. Ω	-	100	Tour operator and travel agent
Mandarin Leisure Sdn. Bhd. Ø	**100**	100	Dormant
Austral Amal Properties Sdn. Bhd. Ω	-	100	Property investment
Golden Forum Sdn. Bhd. Ø	**100**	100	Property investment
Duta Kota Sdn. Bhd. Ø	**100**	100	Dormant
FBO Properties Sdn. Bhd. *(formerly known as FBO Farming Sdn. Bhd.)* Ø	**100**	100	Dormant
FBO Technologies Sdn. Bhd. Ø	**100**	100	Dormant
Perfect Diamond Capital Sdn. Bhd. Ø	**100**	100	Investment holding
Austral Amal Properties (P.J.) Sdn. Bhd. Ω	-	100	Property investment
Austral Leasing Sdn. Bhd.	-	100	Lease and hire-purchase financing
Subsidiaries of Eastern Biscuit Factory Sdn. Bhd.			
Broadland Amalgamated Sdn. Bhd. Ø	**100**	100	Property development
FBO Land (Serendah) Sdn. Bhd. Ø	**100**	100	Property investment
Subsidiaries of FBO Leasing Sdn. Bhd.			
FBO Agency Sdn. Bhd. Ø	**100**	100	Insurance agent
FBO Commercial Sdn. Bhd. Ø	**100**	100	Hire-purchase financing
Subsidiaries of Austral Amalgamated Berhad			
Kazamas Corporation Sdn. Bhd. Ø	**100**	100	Property development
EBF Land Sdn. Bhd. Ø	**100**	100	Investment holding
Arch Peak Sdn. Bhd. Ø	**100**	100	Special purpose vehicle
Crystal Oblique Sdn. Bhd. Ø	**100**	100	Special purpose vehicle
Explicit Vantage Sdn. Bhd. Ø	**100**	100	Special purpose vehicle
Subsidiary of Discover Orient Holidays Sdn. Bhd.			
Discover Orient Holidays Limited Ω #	**100**	100	Travel and general trading
Subsidiary of Perfect Diamond Capital Sdn. Bhd.			
Rimaflex Sdn. Bhd. Ø	**100**	100	Money lending
Subsidiaries of EBF Land Sdn. Bhd.			
Exquisite Properties Sdn. Bhd. Ø	**100**	100	Dormant
Ratus Bistari Sdn. Bhd. Ø	**100**	100	Dormant
Subsidiary of Broadland Amalgamated Sdn. Bhd.			
Arif Dinasti Sdn. Bhd.Ω	-	60	Dormant

Ø The auditors' reports of these subsidiaries contain an emphasis of matter paragraph on the going concern consideration.

* The auditors' report of this company contained a disclaimer audit opinion on going concern consideration. Subsequent to the financial year end, this company ceased to be a subsidiary of the Company vide the settlement agreement as stated in Note 10 to the financial statements.

Ω These subsidiaries are not audited by Baker Tilly Monteiro Heng.

\# Incorporated in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN ASSOCIATES

	Group 2008 RM	Group 2007 RM
Unquoted shares, at cost	**4**	4
Less: Accumulated impairment losses	**(4)**	(4)
	-	-

Details of the associates, all incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %	Principal Activities
Hasil Saujana Sdn. Bhd.	**29**	29	Supermarket operations
Likas Square Coffee House Sdn. Bhd.	**40**	40	Operator of coffee houses and restaurant

The summarised financial information of the associates are as follows:-

	Group 2008 RM	Group 2007 RM
ASSETS AND LIABILITIES		
Current Assets	**1,045,867**	1,008,615
Non-Current Assets	**133,978**	137,386
Total Assets	**1,179,845**	1,146,001
Current Liabilities	**981,039**	1,006,767
Non-Current Liabilities	**-**	-
Total Liabilities	**981,039**	1,006,767
RESULTS		
Revenue	**5,304,680**	5,373,662
Profit for the financial year	**38,622**	27,728

NOTES TO THE FINANCIAL STATEMENTS

17. OTHER INVESTMENTS

	Group 2008 RM	Group 2007 RM
Quoted in Malaysia, at cost	500,405	500,405
Less: Impairment losses	(125,324)	(324)
	375,081	500,081
Quoted outside Malaysia, at cost	5,958,269	5,958,269
Less: Impairment losses	(5,590,397)	(5,065,397)
	367,872	892,872
	742,953	1,392,953
Market value of:-		
- Quoted in Malaysia	375,003	660,063
- Quoted outside Malaysia	367,460	892,872
	742,463	1,552,935

As disclosed in Note 35 to the financial statements, investment in quoted shares stated at cost of RM6,458,674/- (2007: RM6,458,674/-) have been pledged with financial institutions as security for banking facilities of a subsidiary.

18. LAND HELD FOR DEVELOPMENT

	Group 2008 RM	Group 2007 RM
At beginning of the financial year		
- Freehold land, at cost	-	2,500,000
- Long leasehold land, at cost	7,110,642	126,664,768
- Development expenditure	-	32,141,721
	7,110,642	161,306,489
Less: Accumulated impairment losses		
- Freehold land	-	(100,000)
- Long leasehold land	(300,000)	(25,936,176)
- Development expenditure	-	(703,996)
	(300,000)	(26,740,172)
Less: Disposal of a subsidiary		
- Long leasehold land, at cost	-	425,000
- Accumulated impairment losses	-	(425,000)
	-	-
At end of the financial year		
- Freehold land, at cost	-	2,400,000
- Long leasehold land, at cost	6,810,642	100,728,592
- Development expenditure	-	31,437,725
	6,810,642	134,566,317
Less: Transfer to non-current assets held for sale (Note 27)		
- Freehold land, net of impairment losses	-	(2,400,000)
- Long leasehold land, net of impairment losses	-	(93,917,950)
- Development expenditure	-	(31,437,725)
	-	(127,755,675)
	6,810,642	6,810,642

In year 2007, an impairment loss of RM26,740,172/- have been charged to the income statement based on valuations carried out by Messrs. Param & Associates (KL) Sdn. Bhd.. Valuations were based on current prices in an active market for the properties.

NOTES TO THE FINANCIAL STATEMENTS

18. LAND HELD FOR DEVELOPMENT (Continued)

Included in long leasehold land is an amount of RM4,310,642/- (2007: RM4,310,642/-) represents land and development cost incurred by a subsidiary, in which this subsidiary has entered into a Joint Venture Agreement with Persatuan Bekas Tentera Malaysia Bahagian Negeri Selangor ("PBTMBNS") dated 26th August 1996 to develop a piece of leasehold land. Subsequently the leasehold land has been alienated to another party. The subsidiary has filed a legal case against PBTMBNS for the recovery of the said land held for development cost for breach of the said arrangement. The court has now fixed for hearing on 28th April 2009.

On 13th January 2005, FBO Land (Setapak) Sdn. Bhd. ("FBO Land"), a wholly-owned subsidiary, entered into a Joint Venture Agreement ("JVA") with Platinum Victory Development Sdn. Bhd. ("PVD"), a company incorporated in Malaysia, for the development of certain pieces of land measuring 244,379 sq metres belonging to FBO Land and another wholly-owned subsidiary, Crystal Oblique Sdn. Bhd. ("Crystal Oblique") with a carrying amount of RM123,567,330/- as at 31st December 2005. The land held for development represents non-core assets earmarked for disposal within three years from the issue date of the term loans pursuant to the Restructuring Scheme of Austral Amalgamated Berhad.

Pursuant to the JVA, FBO Land was granted the exclusive right to carry out and implement development project on the said land to PVD and, in consideration thereof, FBO Land and Crystal Oblique shall be entitled to receive a sum of RM110,400,000/- on a staggered basis from PVD according to a payment schedule commencing on January 2005 and ending in July 2008. On 31st July 2006, FBO Land entered into a supplement agreement to the JVA with PVD to revise the ending period of payment schedule to December 2008. In the year 2007, FBO Land and Crystal Oblique have received a total of RM83,312,457/- from PVD which has been included in other payables as disclosed in Note 33 to the financial statements. All the development costs shall be borne by PVD and PVD shall be entitled to the entire proceeds from the development project. In the year 2008, FBO land has completed the JVA by disposed of its non-current assets held for sale.

As provided in the JVA, PVD shall pay a monthly management fee of RM200,000/- to FBO Land for the period 1st January 2005 to 31st December 2008.

Upon the full repayment of the term loan instruments in December 2008, the ownership would be transferred to PVD. However, Danaharta had in 2006, granted their consent for AmBank Berhad to charge these parcels for the benefits of PVD.

19. LEASE AND HIRE-PURCHASE RECEIVABLES

	Group 2008 RM	Group 2007 RM
Lease receivables	**42,627,878**	48,703,986
Hire-purchase receivables	**47,600,287**	92,110,443
Other financing receivables	**23,618,378**	22,802,403
	113,846,543	163,616,832
Less: Unearned interest	**(4,183,112)**	(5,911,843)
	109,663,431	157,704,989
Less: Allowance for doubtful debts	**(74,617,501)**	(104,177,847)
	35,045,930	53,527,142
Less: Transfer to assets of disposal group classified as held for sale (Note 10)	**(24,198,906)**	-
	10,847,024	53,527,142
Receivable:-		
Within twelve months	**9,347,024**	51,527,142
After twelve months	**1,500,000**	2,000,000
	10,847,024	53,527,142

NOTES TO THE FINANCIAL STATEMENTS

20. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2008 RM	2007 RM
At beginning of the financial year	3,102,120	3,102,120
Amount related to disposal of a subsidiary	(396,408)	-
At end of the financial year	2,705,712	3,102,120

Goodwill acquired in business combinations is allocated, at acquisition, to the following business segments:-

	Group	
	2008 RM	2007 RM
Travel and tour	2,705,712	2,705,712
Property development	-	396,408
	2,705,712	3,102,120

21. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2008 RM	2007 RM
Property development expenditure		
- Long leasehold land	3,822,902	3,953,803
- Development costs	18,088,618	91,590,117
- Attributable loss	-	(35,389,967)
At beginning of the financial year	21,911,520	60,153,953
Cost incurred during the financial year		
- Long leasehold land	-	2,516,297
- Development costs	4,585,190	20,519,832
	4,585,190	23,036,129
Cost recognised as an expense in income statements		
- Current year	(15,223,789)	(6,551,543)
- Cost written off during the financial year	-	(50,821,019)
Transfer to		
- Prepaid lease payments (Note 14)	-	(1,000,000)
- Inventories	-	(2,906,000)
	-	(3,906,000)
At end of the financial year		
- Long leasehold land	3,822,902	3,822,902
- Development costs	7,450,019	18,088,618
	11,272,921	21,911,520

NOTES TO THE FINANCIAL STATEMENTS

22. INVENTORIES

	Group 2008 RM	Group 2007 RM
At cost,		
Condominium units ready for sale	5,355,643	6,589,023
Completed properties	2,231,000	3,806,000
Food and beverages	497,280	387,612
	8,083,923	10,782,635
At net realisable value,		
Foreclosed properties:-		
- Shopping complex shoplots, less accumulated write-down of RM15,684,000/- (2007: RM9,484,000/-)	8,000,000	14,200,000
- Shophouses, less accumulated write-down of RM402,280/- (2007: RM424,280/-)	8,703,129	9,035,066
Completed shophouses and residential houses	3,045,000	3,660,000
	19,748,129	26,895,066
Transfer to assets of disposal group classified as held for sale (Note 10)	(16,703,129)	-
	11,128,923	37,677,701

Certain inventories amounting to RM18,453,129/- (2007: RM27,041,066/-) have been charged to local licensed banks as security for term loans and other credit facilities granted to subsidiaries as disclosed in Notes 31 and 36 to the financial statements. Included in the foreclosed properties are amounts totalling RM16,703,129/- (2007: 23,235,066/-) belonging to FBO Leasing Sdn. Bhd., which have been reclassified as asset of disposal group classified as held for sale in 2008 as stated in Note 10 to the financial statements.

23. TRADE AND OTHER RECEIVABLES

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade receivables	9,199,917	13,120,714	-	-
Less: Allowance for doubtful debts	(1,312,516)	(2,830,620)	-	-
	7,887,401	10,290,094	-	-
Other receivables	22,741,145	44,211,680	50,236	36,303,310
Less: Allowance for doubtful debts	(1,575,093)	(36,178,917)	(1,140)	(35,958,993)
	21,166,052	8,032,763	49,096	344,317
Deposits	1,056,289	2,174,893	227,782	85,597
Prepayments	425,507	204,526	2,992	-
	30,535,249	20,702,276	279,870	429,914
Less: Transfer to assets disposal as classified as held for sale (Note 10)	(1,338,603)	-	-	-
	29,196,646	20,702,276	279,870	429,914

The trade credit term of the Group ranges from 5 to 90 days (2007: 5 to 90 days).

Included in Group of the other receivables are amounts totalling RM9,360,000/- (2007: RMNil) represents advances to a contractor of property development project.

NOTES TO THE FINANCIAL STATEMENTS

24. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Amount owing by subsidiaries	119,963,364	123,645,774
Less: Allowance for doubtful debts	(85,745,488)	(93,547,407)
	34,217,876	30,098,367

Amount owing by/(to) subsidiaries is non-trade in nature, unsecured, interest free and has no fixed term of repayment.

25. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM764,344/- (2007: RM979,163/-) are pledged to the banks for banking facilities granted to the Group. Included in the fixed deposit pledged to banks are amounts totalling RM25,000/- belonging to FBO Leasing Sdn Bhd., which has been reclassified as assets of disposal group classified as held for sale in 2008 as stated in Note 10 to the financial statements.

26. CASH AND BANK BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	7,009,564	7,480,692	393,728	773,236
Cash held under Housing Development	385,379	208,017	-	-
	7,394,943	7,688,709	393,728	773,236

Group

Cash held under Housing Development Account represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers Account in accordance with Regulation 7 of the Housing Developers Regulation, 1991.

27. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2008 RM	2007 RM
At beginning of the financial year	314,285,849	-
Transfer from:-		
- Investment properties (Note 13)	620,000	186,530,174
- Land held for property development (Note 18)	-	127,755,675
Net loss from fair value adjustments	(4,121,429)	-
Additions	767,412	-
Disposals	(128,783,175)	-
At end of the financial year	182,768,657	314,285,849

NOTES TO THE FINANCIAL STATEMENTS

27. NON-CURRENT ASSETS HELD FOR SALE (Continued)

On 11th January 2005, the Company announced that Pengurusan Danaharta Nasional Berhad ("Danaharta") had on 20th December 2004 agreed to the informal restructuring to the Modified Workout Proposal of the Company's direct wholly-owned subsidiary, Austral Amalgamated Berhad ("Restructuring Scheme"). The non-current assets held for sale with carrying amounts of RM38,000,000/- (2007: RM41,770,174/-) have been charged to Danaharta as security for the term loan instruments as disclosed in Note 35 to the financial statements. These non-current assets held for sale represent non-core assets earmarked for disposal within five years from the issue date of the term loans pursuant to the Restructuring Scheme of Austral Amalgamated Berhad.

In year 2007, the Group has resolved and embarked on a planned action to dispose certain investment properties and land held for development to settle its outstanding debts to Danaharta and other financial institutions.

28. SHARE CAPITAL

	Group and Company			
	Number of Shares			
	2008 Unit	2007 Unit	2008 RM	2007 RM
Ordinary shares of RM1/- each				
Authorised				
At beginning/end of the financial year	**1,000,000,000**	1,000,000,000	**1,000,000,000**	1,000,000,000
Issued and fully paid				
At beginning/end of the financial year	**446,669,151**	446,669,151	**446,669,151**	446,669,151

Subsequent to the financial year, on 4th March 2009, the Company completed its capital reorganisation exercise comprising the following:-

(i) Share capital reduction pursuant to Section 64(1) of the Companies Act, 1965 involving the cancellation of RM0.75 of the par value of each existing ordinary share of RM1/- each in the Company ("Par Value Reduction"); and

(ii) Consolidation of every two ordinary shares of RM0.25 each after the Proposed Par Value Reduction into one new ordinary share of RM0.50 each ("Share Consolidation");

The Par Value Reduction will reduce the issued and paid-up share capital by RM335,001,863/- from RM446,669,151/- comprising 446,669,151 ordinary shares of RM1/- each to RM111,667,288/- comprising 446,669,151 ordinary shares of RM0.25 each and will correspondingly reduced the accumulated losses in the financial year 2009.

The Share Consolidation has no impact on the Consolidated Balance Sheets except for the reduction in the number of issued and paid up share capital of the Company from 446,669,151 ordinary shares of RM0.25 each to 223,334,575 ordinary shares of RM0.50 each.

The capital reorganisation exercise was completed with the listing and quotation of the new shares on the Main Board of Bursa Malaysia Securities Berhad on 5th March 2009.

29. REVALUATION RESERVE

The revaluation reserve represents the surplus arising from the revaluation of property, plant and equipment as disclosed in Note 12 to the financial statements.

30. HIRE-PURCHASE PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Minimum hire-purchase payables				
- not later than one year	**351,984**	624,386	**170,256**	141,931
- later than one year but not later than five years	**426,342**	667,647	**348,290**	406,312
- later than five years	**-**	-	**-**	-
	778,326	1,292,033	**518,546**	548,243
Less: Future finance charges	**(74,804)**	(163,787)	**(53,122)**	(56,171)
Present value of hire-purchase payables	**703,522**	1,128,246	**465,424**	492,072
Represented by				
- Current	**321,390**	469,297	**152,514**	127,410
- Long term	**382,132**	658,949	**312,910**	364,662
	703,522	1,128,246	**465,424**	492,072

Interest rate on hire-purchase payables ranges from 2.00% to 12.00% (2007: 2.45% to 10.59%) per annum.

31. TERM LOANS

	Group	
	2008	2007
	RM	RM
Total outstanding	**20,352,314**	22,691,455
Less: Liabilities directly associated with assets classified as held for sale (Note 10)	**(7,144,851)**	-
	13,207,463	22,691,455
Less: Portion due within one year	**(1,855,125)**	(10,684,708)
Portion repayable after one year	**11,352,338**	12,006,747

Term Loans		Securities/Repayment terms
2008	2007	
RM	RM	
12,882,379	14,970,991	Secured by legal charge over a subsidiary's investment properties, property, plant and equipment, and corporate guarantee from the Company. The term loans are repayable by 120 monthly instalments of RM237,221/- each.
7,144,851	7,351,158	Secured by a fixed charge over shopping complex shoplots and a joint and several guarantee by the directors of a subsidiary. One of the term loans of RM5,017,383/- is repayable by 99 monthly instalments of RM60,000/- each. The other term loan of RM2,127,468/- is repayable by 60 monthly instalments of RM40,000/- each.
325,084	369,306	Secured by legal charge on a freehold lot office of a subsidiary and a joint and several guaranteed by certain directors of a subsidiary. The term loan is repayable by 120 monthly instalments of RM5,945/- each.
20,352,314	22,691,455	

NOTES TO THE FINANCIAL STATEMENTS

31. TERM LOANS (Continued)

The term loans bear interest at an effective interest rates ranging from 8.00% to 8.25% (2007: 8.00% to 8.75%) per annum.

Included in the term loans are amounts totalling RM7,144,851/- (2007: RM7,351,158/-) belongings to FBO Leasing Sdn. Bhd., which has been reclassified as liabilities directly associated with assets classified as held for sale in year 2008 as stated in Note 10 to the financial statements.

32. DEFERRED TAX LIABILITIES

	Group	
	2008 RM	2007 RM
At beginning of the financial year	6,276,662	5,446,700
Transferred from income statement (Note 9)	2,132,111	829,962
At end of the financial year	8,408,773	6,276,662
Representing the tax effect of:-		
Temporary differences between net book value and corresponding tax written value	8,408,773	6,056,106
Revaluation reserves	-	220,556
	8,408,773	6,276,662

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables	41,449,252	41,749,770	-	-
Other payables	18,537,177	22,554,447	102,957	118,840
Accrued expenses	3,509,614	8,845,728	63,250	331,774
Deposits received	760,005	1,642,406	-	-
Advances received from PVD (Note 18)	-	83,312,457	-	-
Advances received from potential purchasers	1,282,337	-	-	-
Lease deposits and advance rentals	1,973,045	2,512,924	-	-
Prepaid hire-purchase instalment	424,389	-	-	-
Amount owing to former related party	7,638,046	7,404,496	-	-
Accrued interest on:-				
- GSTL	35,200,960	35,497,155	-	-
- NGCSTL	3,346,252	2,709,022	-	-
Overdue interest payable	4,651,002	1,570,395	-	-
	118,772,079	207,798,800	166,207	450,614
Less: Liabilities directly associated with assets classified as held for sale (Note 10)	(15,575,394)	-	-	-
	103,196,685	207,798,800	166,207	450,614

The normal trade credit term granted to the Group ranges from 30 to 60 days (2007: 30 to 60 days).

NOTES TO THE FINANCIAL STATEMENTS

34. PROVISIONS FOR LIABILITIES

	Group	
	2008 RM	2007 RM
At beginning of the financial year	**1,948,603**	1,426,354
Add: Additions	**694,667**	667,657
Interest income earned	**12,427**	38,284
Less: Utilisation	**(168,609)**	(183,692)
At end of the financial year	**2,487,088**	1,948,603

The provisions of furniture, fittings and equipment are the fund used and expanded for the followings:-

(i) To pay the costs of renewals, revisions, replacements, substitutions, refurbishment and additions to the furnishing and equipments; and

(ii) Refurbishment and extraordinary repairs of the building.

35. TERM LOAN INSTRUMENTS

Term loan instruments, issued on 30th December 2002 as an integral part of the Restructuring Scheme, are as follows:-

	Group	
	2008 RM	2007 RM
Guaranteed secured term loan ("GSTL")	**49,844,030**	63,789,333
Guaranteed non-secured term loan ("GNSTL")	**20,278,964**	20,278,964
Non-guaranteed convertible secured term loan ("NGCSTL")	**13,703,498**	14,163,718
	83,826,492	98,232,015
Less: Non-current portion	**-**	-
Current portion	**83,826,492**	98,232,015

The salient features of the GSTL include the following:-

- The GSTL bears interest at a fixed interest rate ranging from 2% to 6% per annum and an additional fixed cumulative interest at rates ranging from 2% to 8% per annum. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the third and/or fifth anniversary from the date of issuance or at an earlier date, depending on the sale of the secured assets.
- The principal payment and interest outstanding of the entire GSTL is guaranteed by the Company.

The salient features of the NGCSTL include the following:-

- The NGCSTL will constitute direct and unconditional obligations of the issuer ranking pari passu without priority amongst themselves and subject only to other direct and unconditional obligations preferred by mandatory provision of law.

NOTES TO THE FINANCIAL STATEMENTS

35. TERM LOAN INSTRUMENTS (Continued)

- The NGCSTL bears interest at a fixed interest rate ranging from 2% to 6% per annum and an additional fixed cumulative interest at rates of 2% to 8% per annum on the total amount of NGCSTL. Any unpaid cumulative interest shall be accumulated but not capitalised and shall be payable at the next or subsequent interest payment date.
- Bullet payment on the third and/or fifth anniversary from the date of issuance/effective or at an earlier date, depending on the sale of the secured assets. In the event the disposal proceeds are not sufficient to fully settle the NGCSTL, the respective issuer shall issue its shares to the holders of the NGCSTL on the basis of one new ordinary share of RM1 each in the respective issuer for every RM1 principal and interest outstanding on the NGCSTL.

In year 2006, a subsidiary had pursuant to a subsequent settlement agreement with a scheme creditor, paid RM70 million out of the total outstanding amount of a GSTL for property redemption. Upon the withdrawal of charge by the scheme creditor, the balance sum of the GSTL has converted into GNSTL.

Other than the GNSTL, all the GSTL and NGCSTL are denominated in Ringgit Malaysia and are secured by way of charges over the investment properties and land held for development which held under non-current assets held for sale, quoted investments and inventories of the Group.

36. SHORT TERM BORROWINGS

	Group	
	2008 RM	**2007 RM**
Bank overdrafts	**17,188,318**	24,544,816
Islamic non-revolving credits	**27,952,591**	27,985,854
Revolving loans	**7,388,923**	6,804,352
Revolving credits	**-**	13,100,000
	52,529,832	72,435,022
Less: Liabilities directly associated with assets classified as held for sale (Note 10)	**(52,529,832)**	-
	-	72,435,022

Bank Overdrafts 2008 RM	Bank Overdrafts 2007 RM	Securities
17,188,318	18,272,063	Secured by legal charges over industrial freehold land of certain subsidiaries, composite loan and assignment over a subsidiary's office premises, assignment of lease and hire-purchase agreements discounted, shopping complex shoplots shown under inventories and also guarantee by the former holding company of a subsidiary and the directors of a subsidiary.
-	6,272,753	Secured by a debenture charge over the fixed and floating assets of a subsidiary, charge over two units of apartments of a subsidiary, assignment of lease and hire-purchase agreements discounted of a subsidiary.
17,188,318	24,544,816	

These bank overdrafts bear interest at rates ranging from 4.75% to 8.90% (2007: 6.50% to 9.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

36. SHORT TERM BORROWINGS (Continued)

The Islamic non-revolving credits obtained from a local bank is secured by first fixed third party legal charge over the shoplots, department store, apartment and parking lots of a subsidiary and are guaranteed by the Company. The said credit facility bears interest at 8.85% (2007: 8.85%) per annum.

The revolving loans obtained from certain financial institutions are secured by the assignment of certain lease and hire-purchase agreements and are guaranteed by Chong Ching Siew Holdings Sdn. Bhd., a company incorporated in Malaysia, in which a director is also a former director of the subsidiary. The revolving loans bear interest at rates ranging from 6.50% to 11.00% (2007: 6.50% to 11.00%) per annum.

The revolving credit facilities in 2007 of a subsidiary are secured as follows:-

(i) lease and hire-purchase agreements of a subsidiary; and

(ii) corporate guarantee by a former subsidiary.

No interest on revolving credits is charged during the current and previous financial years.

The short term borrowings are related to FBO Leasing Sdn. Bhd., which has been reclassified as liabilities directly associated with assets classified as held for sale as stated in Note 10 to the financial statements.

37. BLOCK DISCOUNT PAYABLES

	Group	
	2008 RM	**2007 RM**
Total outstanding	**26,258,338**	26,263,334
Less: Deferred charges	**-**	(665)
	26,258,338	26,262,669
Less: Liabilities directly associated with assets classified as held for sale (Note 10)	**(26,258,338)**	-
	-	26,262,669

The block discount bear interest at rates ranging from 4.62% to 7.20% (2007: 4.62% to 7.20%) per annum are secured by:-

(a) the assignment of lease and hire-purchase agreements discounted;
(b) the corporate guarantee of a company, Chong Ching Siew Holdings Sdn. Bhd., a company incorporated in Malaysia, in which a director is also a former director of the subsidiary; and
(c) joint and several guarantee of directors of a subsidiary.

The block discounting are related to FBO Leasing Sdn. Bhd., which has been reclassified as liabilities directly associated with assets classified as held for sale as stated in Note 10 to the financial statements.

38. RELATED PARTY TRANSACTIONS

Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS

38. RELATED PARTY TRANSACTIONS (Continued)

Related parties of the Group include subsidiaries and joint venture.

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Investment in subsidiaries written off	-	-	-	(9,151,534)
Gain on disposal of investment in subsidiaries	**(28,543,879)**	(44,696,298)	**(50,000)**	(2)
Management fees from joint venture	**(2,400,000)**	(2,400,000)	**-**	-

The directors of the Group are of that opinion that the above transactions have been entered into in the normal course of business and the terms are no less favourable than those arranged with third parties.

39. FINANCIAL INSTRUMENTS

(i) Financial Risk Management and Objectives

The Group seeks to manage effectively the various risks namely interest rate, credit, foreign currency and liquidity risks to which the Group is exposed to in its daily operations.

(a) Credit Risk

The Group is exposed to credit risk mainly from lease and hire-purchase receivables and trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its lease and hire-purchase receivables and trade receivables, should all its customers fail to perform their obligations as of 31st December 2008, is the carrying amount of these receivables as disclosed in the balance sheets.

(b) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains flexibility of funding through adequate amount of committed credit facilities.

(c) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts as at 31st December 2008. The investments in financial assets are mainly short-term in nature and they are not held for speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL INSTRUMENTS (Continued)

(i) Financial Risk Management and Objectives (Continued)

(c) Interest Rate Risk (Continued)

2008 Group	Effective interest rate %	Within 1 year RM	1-5 years RM	> 5 years RM	Total RM
Financial Asset					
Deposits placed with licensed banks	2.90 - 3.20	15,980,331	-	-	15,980,331
Financial Liabilities					
Borrowings					
- Term loan instruments	2.00 - 12.00	83,826,492	-	-	83,826,492
- Term loans	8.00 - 8.15	1,855,125	9,208,300	2,144,038	13,207,463
- Hire-purchase payables	2.00 - 12.00	321,390	382,132	-	703,522
Company					
Financial Asset					
Deposits placed with licensed banks	3.10 - 3.20	10,000,000	-	-	10,000,000
Financial Liability					
Hire-purchase payables	3.61 - 4.90	152,514	312,910	-	465,424
2007					
Group					
Financial Asset					
Deposits placed with licensed banks	2.60 - 3.20	10,073,973	-	-	10,073,973
Financial Liabilities					
Borrowings					
- Term loan instruments	2.00 - 8.00	98,232,015	-	-	98,232,015
- Term loans	8.00 - 8.75	10,684,708	10,719,263	5,210,524	26,614,495
- Bank overdraft	6.50 - 9.25	24,544,816	-	-	24,544,816
- Non-revolving loan	8.85	27,985,854	-	-	27,985,854
- Revolving loan	6.50 - 11.00	19,904,352	-	-	19,904,352
- Hire-purchase payables	2.45 - 10.59	469,297	658,949	-	1,128,246
- Block discounting	4.62 - 7.20	26,262,669	-	-	26,262,669
Company					
Financial Asset					
Deposits with licensed banks	3.10 - 3.20	2,650,000	-	-	2,650,000
Financial Liability					
Hire-purchase payables	5.90 - 10.59	127,410	364,662	-	492,072

(d) Foreign Currency Risk

The Group is not exposed to significant foreign currency risks as majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. Foreign currency denominated assets and liabilities together with expected future cash flows from highly probable purchases and sales give rise to foreign exchange exposure.

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL INSTRUMENTS (Continued)

(ii) Fair Value

The fair values of financial assets and financial liabilities approximately their respective carrying values on the balance sheet of the Group and of the Company, except for the following:-

		2008		2007	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Group					
Financial assets					
Other investments	17	**742,953**	**742,463**	1,392,953	1,552,934
Lease and hire-purchase receivables	19	**10,847,024**	**10,630,084**	53,527,142	52,542,242
Financial liabilities					
Hire-purchase payables	30	**703,522**	**657,497**	1,128,246	1,107,486
Term loan instruments	35	**83,826,492**	**78,342,516**	98,232,015	96,424,546
Block discount payables	37	**-**	**-**	26,262,669	25,779,435
Term loans	31	**13,207,463**	**12,229,132**	22,691,455	22,273,932
Company					
Financial Liability					
Hire-purchase payables	30	**465,424**	**434,976**	492,072	483,018

The fair values of lease and hire-purchase receivables and payables, term loan instruments, block discounting payables and term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements. The fair value of the other investments is based on market value.

40. CONTINGENT LIABILITIES

As at 31st December 2008, the Company is contingently liable to the extent of RM70.1 million (2007: RM84.1 million) and RM35.2 million (2007: RM35.5 million) in respect of the principal payment and accrued interest of the entire GSTL guaranteed by the Company respectively as disclosed in Notes 33 and 35 to the financial statements.

41. PROFIT GUARANTEES

(a) Eastern Biscuit Factory Sdn. Bhd.

There was a shortfall in profit of RM6.393 million and RM13.834 million for the year ended 31st December 2004 and 2005 respectively guaranteed by the vendors of Eastern Biscuit Factory Sdn. Bhd. (“EBF”), a wholly-owned subsidiary pursuant to the Restructuring Exercise of Austral Amalgamated Berhad. The vendors of EBF are Teong Hoe Holding Sdn. Bhd., Forad Management Sdn. Bhd. and Dato’ Tan Kok Hwa. Letters have been sent to each of the vendors of EBF on 21st October 2005 to recover the shortfall of profit guaranteed for the financial year ended 2004.

NOTES TO THE FINANCIAL STATEMENTS

41. PROFIT GUARANTEES (Continued)

(a) Eastern Biscuit Factory Sdn. Bhd. (Continued)

On 8th March 2006, one of the vendors had proposed to settle the shortfall in profit relating to Dato' Tan Kok Hwa ("DTKH") and Teong Hoe Holding Sdn. Bhd. ("THHSB") by transferring a property with market value in the region of RM4,700,000/- to RM7,000,000/- to the Company for the profit guarantee shortfall for the financial year ended 2004. As at 31st December 2008, the property has yet to be transferred to the Company.

The directors have sought legal advice on the enforcement of the profit guarantee shortfalls. On 16th May 2006, the Company had also sent a written confirmation to the vendors seeking their action to address the shortfall for the financial year ended 2005.

On 25th July 2006, the Company had requested Universal Trustee (Malaysia) Berhad ("the TRUSTEE"), the stakeholder for the profit guaranteed pledge shares ("Security Shares"), to sell all the Security Shares of the Vendors in the open market. The sale of Security Shares commenced in November 2006. On 22nd January 2007, the TRUSTEE completed the disposal of Security Shares with total proceeds of RM1.42 million. The profit shortfall after the disposal of Security Shares is RM18.83 million.

On 4th May 2007, letters of demand were sent out to the vendors through a solicitor for the balance of the shortfall. Thereafter, on 6th July 2007, writ of summons were served to the vendors to claim the sum of RM18.83 million being the balance of profit shortfall.

Meanwhile, THHSB, DTKH and the Company have agreed to settle the shortfall amicably. On 25th September 2008 the parties have recorded a consent order in the court based on the terms stated in the Settlement Agreement. The order was received on 3rd December 2008.

The settlement is now pending shareholders approval.

(b) Discover Orient Holidays Sdn. Bhd.

On 3rd March 2006, the vendors of Discover Orient Holidays Sdn. Bhd ("DOHSB") gave a guarantee to the Company that the aggregate profits of DOHSB for three financial years ending 31st December 2008 shall not be less than RM3,000,000/- based on audited financial statements and in any event not less than RM500,000/- a year, for each financial year till 31st December 2008.

The Company had on 24th October 2007 entered into a second Supplemental Agreement to add, delete, vary, amend, alter and change the terms and conditions as stipulated in the Share Sale Agreement and the Supplemental Agreement dated 3rd March 2006 and 10th July 2006 respectively, of which the commencement date shall be 1st November 2006.

This variation was adopted by the Board in light of the later completion for the acquisition of DOHSB. DOHSB was only effectively a FBO subsidiary in October 2006. The vendors has confirmed that the profit of DOHSB for the period of 1st November 2006 until 31st October 2007 and 31st October 2008 are RM169,416/-and RM52,171/- respectively compared to RM500,000/- a year profit guarantee, thus resulting in total shortfall of RM778,413/-. Whilst the guarantee is on an aggregate basis, the Board has on 27th February 2008 written to the guarantors to explain the shortfall.

NOTES TO THE FINANCIAL STATEMENTS

42. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the Company announced the following corporate exercise:-

(a) On 3rd April 2009, the Company acquired 290,000 ordinary shares of RM1/- representing 29% of the equity interest of P.A. Projects Sdn. Bhd. for a total consideration of RM290,000/-.

(b) On 4th March 2009, the Company has completed the following capital reorganisation exercise:-

(i) Share capital reduction pursuant to Section 64(1) of the Companies Act, 1965 involving the cancellation of RM0.75 of the par value of each existing ordinary share of RM1/- each in the Company ("Par Value Reduction"); and

(ii) Consolidation of every two ordinary shares of RM0.25 each after the Proposed Par Value Reduction into one new ordinary share of RM0.50 each ("Share Consolidation");

43. COMPARATIVE FIGURES

The comparative figures are for the financial year ended 31st December 2007 and were audited by a firm of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng.

Certain comparative figures have been reclassified to conform with the current year presentation:-

	As previously stated RM	Reclassification RM	As restated RM
Group			
Balance Sheets			
Prepaid lease payments	987,180	5,129,507	6,116,687
Investment properties	73,347,431	12,059,569	85,407,000
Property development expenditure	11,363,352	10,548,168	21,911,520
Land held for development	38,248,367	(31,437,725)	6,810,642
Non-current assets held for sale	294,907,693	19,378,156	314,285,849
Trade and other receivables	36,379,951	(15,677,675)	20,702,276
Provisions for liabilities	-	(1,948,603)	(1,948,603)
Trade and other payables	(209,747,403)	1,948,603	(207,798,800)
Company			
Balance Sheet			
Trade and other receivables	305,677	124,237	429,914
Amount owing by subsidiaries	29,972,769	125,598	30,098,367
Amount owing to subsidiaries	-	(249,835)	(249,835)

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
Austral Amalgamated Berhad	Property development land	Corner of Jln Datuk Chong Thain Vun & Jln Tun Fuad Stephens Kota Kinabalu, Sabah	Leasehold (Expiring on 31 Dec 2071)	7,372 square metres	N/A	20,500,000	17/03/2008
Arch Peak Sdn Bhd	2 units, 3 storey shop house	Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085)	8,003 square feet	11	2,698,745	09/01/2008
Crystal Oblique Sdn Bhd	6 units, 3 & 4 storey shop house	Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085)	15,057 square feet	11	8,182,500	09/01/2008
FBO Land (Setapak) Sdn Bhd	71 units of flat 1 unit of condominium 4 parcels of land	Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085 and 2086)	17.96 acres	3 3	2,231,000	26/08/2000 15/01/2008
FBO Land (Setapak) Sdn Bhd	Office	No. 24, Jalan 8/23E Taman Danau Kota Setapak 53300 Kuala Lumpur	Leasehold (Expiring on 2085)	1,650 square feet	11	974,360	09/01/2008
FBO Land (Serendah) Sdn Bhd	Property development land	Lot 1115, 1263, 1264, 1728, 1942, 2061 & 2062 Mukim Serendah Negeri Selangor Darul Ehsan	Freehold	461.64 acres	N/A	38,000,000	15/04/2009
Discover Orient Holidays Sdn Bhd	Office	B-9-5, 9th Floor Megan Avenue 1, Block B 189 Jln Tun Razak 50400 Kuala Lumpur	Freehold	2,422 square feet	10	787,200	26/12/2007
Broadland Amalgamated Sdn Bhd	4 units of unsold double terrace house and 9 units of unsold double storey shop houses	Taman Ria Johor Bahru Johor	Freehold	26,549 square feet	9	3,045,000	06/02/1996
Exquisite Properties Sdn Bhd	Property development land	Lot 25789 Mukim Pulai Johor	Leasehold (Expiring on 9 Sept 2919)	10,546 square metres	N/A	2,500,000	16/01/2008
Kazamas Corporation Sdn. Bhd.	Property development land	Precinct 5.6, Section 14 Pusat Bandar Shah Alam Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2099)	2,516 square metres	N/A	4,310,642	27/12/1995
Kazamas Corporation Sdn. Bhd.	3 storey shop office	No 16, Jalan 9/23E Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085)	163.5 square metres	11	620,000	09/01/2008
FBO Leasing Sdn Bhd	Office	6th Floor, Wisma Chinese Chamber No. 258, Jln Ampang 50450 Kuala Lumpur	Freehold	1,442 square metres	14	4,570,703	08/12/1997

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
FBO Leasing Sdn Bhd	4 storey shop office	No. 14, Jln Permas 10/B Bandar Baru Permas Jaya Johor Bahru, Johor	Freehold	178.37 square metres	12	343,624	16/01/2008
FBO Leasing Sdn Bhd	2½ storey shop house	No. 5, Lorong Perwira 3, Taman Perwira, 14100 Butterworth, Pulau Pinang	Freehold	130.06 square metres	14	160,000	14/01/2008
FBO Leasing Sdn Bhd	Shopping Complex Lower Grd, Grd Floor and 1st Floor	Summit Square Complex (Selayang) Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	3,561 3,142 2,285 square metres	10	8,000,000	13/03/2006
FBO Leasing Sdn Bhd	3 storey shop office	No.20, Jln Kenangan 1/3 Tmn Kenanga Bdr Baru Salak Tinggi 83300 Dengkil Negeri Selangor Darul Ehsan	Freehold	4,620 square feet	6	330,000	12/01/2008
FBO Leasing Sdn Bhd	Town House	No.6A,Templer Kenari Persiaran Bkt Takun 1 Templer Park Resort 48000 Rawang Negeri Selangor Darul Ehsan	Freehold	178.37 square metres	8	296,314	05/09/2003
FBO Leasing Sdn Bhd	2½ storey semi detached Blossom Ville	Lot / unit no. 0960, H.S (M) No. 12356 Lot No. P.T 341 in Bandar Ulu Kelang, Daerah Gombak Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	6,020 square feet	Under construction	898,035	19/07/2004
FBO Leasing Sdn Bhd	2½ storey semi detached Blossom Ville	Lot / unit no. 0953, H.S (M) No. 12363 Lot No. P.T 348 in Bandar Ulu Kelang, Daerah Gombak Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	6,493 square feet	Under construction	925,290	19/07/2004
FBO Leasing Sdn Bhd	2½ storey semi detached Blossom Ville	Lot / unit no. 0955, H.S (M) No. 12361 Lot No. P.T 346 in Bandar Ulu Kelang, Daerah Gombak Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	6,680 square feet	Under construction	935,985	19/07/2004
FBO Leasing Sdn Bhd	2½ storey semi detached Blossom Ville	Lot / unit no. 0959, H.S (M) No. 12357 Lot No. P.T 342 in Bandar Ulu Kelang, Daerah Gombak Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	7,577 square feet	Under construction	987,505	19/07/2004
FBO Leasing Sdn Bhd	2½ storey semi detached Blossom Ville	Lot / unit no. 0924, H.S (M) No. 12322 Lot No. P.T 307 in Bandar Ulu Kelang, Daerah Gombak Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	4,400 square feet	Under construction	720,000	02/01/2008

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
FBO Leasing Sdn Bhd	2½ storey semi detached Blossom Ville	Lot / unit no. 0954, H.S (M) No. 12362 Lot No. P.T 347 in Bandar Ulu Kelang, Daerah Gombak Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	4,931 square feet	Under construction	780,000	02/01/2008
FBO Leasing Sdn Bhd	2½ storey semi detached Blossom Ville	Lot / unit no. 0966, H.S (M) No. 12350 Lot No. P.T 335 in Bandar Ulu Kelang, Daerah Gombak Negeri Selangor Darul Ehsan	Leasehold (Expiring on 2100)	5,219 square feet	Under construction	810,000	02/01/2008
FBO Leasing Sdn Bhd	4 storey intermediate terrace shophouse	Lot No. 117, Section 48 City of Kuala Lumpur No. 25, Jalan Pinggir Off Jalan Ipoh Kuala Lumpur	Grant in Perpetuity	1,800 square feet	22	1,500,000	16/01/2006
FBO Leasing Sdn Bhd	1 unit of apartment	Parcel No. 1.2, Building No. 2 Town of Kuah, Apartment No. 4107, Block 4, Sri Lagenda Off Jln Penarak, Kuah Langkawi	Grant in Perpetuity	900 square feet	16	180,000	23/03/2008
FBO Commercial Sdn Bhd	1 unit Marina Terrace	Unit B4-1-3AP-3E (r) 1st Floor Block A4 Marina Terrace, PD Marina International Resort, Jalan Pantai 71050 Port Dickson Negeri Sembilan	Freehold	171.22 square metres	5	180,000	03/01/2008
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey International Class 5-Star Hotel	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,057.71 square metres	11	196,374,412	27/4/2009
Eastern Biscuit Factory Sdn Bhd	Completed condominium 16 units Completed shop lots 24 units	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,057.71 square metres	11	5,355,643	19/06/2003
Rimaflex Sdn Bhd	Residential land	Lot 3712 Bandar Tanjung Bungah Timor Laut Pulau Pinang	Freehold	1,585 square metres	N/A	1,105,000	03/04/2009

ANALYSIS OF SHAREHOLDINGS AS AT 8 MAY 2009

Authorised Share Capital	:	**RM1,000,000,000**
Issued and Paid-up Capital	:	**RM223,334,575**
Class of Shares	:	**Ordinary shares of RM0.50 each**
Voting Rights	:	**One vote per ordinary share**
No. of Shareholders	:	**18,793**

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 MAY 2009

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,880	41.93%	332,389	0.15%
100 to 1,000 shares	5,586	29.72%	1,871,502	0.84%
1,001 to 10,000 shares	3,835	20.41%	17,194,146	7.70%
10,001 to 100,000 shares	1,310	6.97%	40,517,054	18.14%
100,001 to 11,166,727 shares	179	0.95%	116,129,484	52.00%
11,166,728 and above	3	0.02%	47,290,000	21.17%
TOTAL	18,793	100%	223,334,575	100%

DIRECTORS' SHAREHOLDINGS AS AT 8 MAY 2009 *(as per Register of Directors' Holdings)*

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Dato' Tan Kok Hwa	91,228	0.04	20,500,037 #	9.18
Lim Hong Sang	-	-	20,500,037 *	9.18
Sydney Lim Tau Chin	-	-	32,580,767 **	14.59

SUBSTANTIAL SHAREHOLDERS AS AT 8 MAY 2009 *(as per Register of Substantial Security Holders)*

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Teong Hoe Holding Sdn. Bhd.	20,500,037	9.18	-	-
Trenasia Corporation Sdn. Bhd.	-	-	20,500,037 #	9.18
Dato' Tan Kok Hwa	91,228	0.04	20,500,037 #	9.18
Lim Hong Sang	-	-	20,500,037 *	9.18
Sydney Lim Tau Chin	-	-	32,580,767 **	14.59
Forad Management Sdn. Bhd.	17,275,000	7.74	-	-
Equal Accord Sdn. Bhd.	17,515,000	7.84	-	-
Maylex Ventures Sdn. Bhd.	12,080,730	5.41	-	-

Indirect interest by virtue of the interest in Teong Hoe Holding Sdn. Bhd.

* Indirect interest by virtue of the interest in Teong Hoe Holding Sdn. Bhd. through Trenasia Corporation Sdn. Bhd.

** Indirect interest by virtue of the interest in Teong Hoe Holding Sdn. Bhd. through Trenasia Corporation Sdn. Bhd. and indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS AS AT 8 MAY 2009

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Shareholdings Percentage(%)
1.	**OSK NOMINEES (TEMPATAN) SDN BERHAD** Pledged Securities Account For Equal Accord Sdn Bhd	17,515,000	7.84
2.	**CIMB GROUP NOMINEES (TEMPATAN) SDN BHD** Teong Hoe Holding Sdn Bhd For Forad Management Sdn Bhd (49848 SFIN)	15,775,000	7.06
3.	**CIMB GROUP NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Teong Hoe Holding Sdn Bhd (49848 SFIN)	14,000,000	6.27
4.	**WINNER CHOICE HOLDINGS LIMITED**	10,000,000	4.48
5.	**OSK NOMINEES (TEMPATAN) SDN BERHAD** Pledged Securities Account For Maylex Ventures Sdn. Bhd.	9,408,530	4.21
6.	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** Pengurusan Danaharta Nasional Berhad For Austral Amalgamated Berhad	9,289,200	4.16
7.	**NOR ASHIKIN BINTI KHAMIS**	7,342,550	3.29
8.	**AMSEC NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Bright Memory Sdn Bhd	5,027,000	2.25
9.	**MCIS ZURICH INSURANCE BERHAD** As Beneficial Owner (Life Par Fund)	4,432,750	1.99
10.	**AMSEC NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Kuan Peng Ching @ Kuan Peng Soon	3,739,250	1.68
11.	**HLB NOMINEES (ASING) SDN BHD** Pledged Securities Account For Explicit Group Limited (SIN 90658 -3)	3,000,000	1.34
12.	**BSN MERCHANT BANK BHD**	2,488,683	1.11
13.	**CHAI KIN LOONG**	2,365,400	1.06
14.	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB Bank For Kuan Peng Ching @ Kuan Peng Soon (MM1076)	2,121,200	0.95
15.	**KUMPULAN HAMODAL SDN. BHD.**	2,116,218	0.95
16.	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.86
17.	**AMSEC NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Chu Yoke Hua	1,884,050	0.84
18.	**AMSEC NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Koh Loke Moy	1,803,350	0.81
19.	**AMSEC NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Maylex Ventures Sdn Bhd	1,464,600	0.66
20.	**LIM SENG CHEE**	1,452,125	0.65
21.	**MERCSEC NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Wong Chin Sin	1,408,100	0.63
22.	**LIN SHU-YUAN**	1,366,925	0.61
23.	**AMSEC NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Choy Foong Lin	1,165,450	0.52
24.	**GAN CHONG LIM**	1,132,550	0.51
25.	**ONG YEW BENG**	1,030,000	0.46
26.	**NG BOON HOCK**	990,000	0.44
27.	**CHONG CHING SIEW HOLDINGS SDN BHD**	943,750	0.42
28.	**CHAI MUN HA**	934,000	0.42
29.	**LEE YOON LEE**	933,000	0.42
30.	**MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD** Pledged Securities Account For Ong Yew Beng (REM 188)	850,000	0.38
	TOTAL	**127,896,713**	**57.27**

PROXY FORM

FBO

FURQAN BUSINESS ORGANISATION BERHAD (515965-A)

(INCORPORATED IN MALAYSIA)

CDS ACCOUNT NO. OF AUTHORISED NOMINEE

I/We ____ (name of shareholder as per NRIC, in capital letters)

NRIC No./ ID No./ Company No. _______________________________________(new) ___________________(old)

of ____(full adress)

being a member(s) of the above mentioned Company, hereby appoint ____

(name of proxy as per NRIC, in capital letters) NRIC No. ________________________(new) ________________ (old)

or failing him/her ____ (name of proxy as per NRIC, in capital letters)

NRIC No. ______________________(new)_______________(old) or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **Ninth Annual General Meeting** of the Company to be held at **Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan** on **Monday, 29 June 2009** at **9.00 a.m.** and at each and every adjournment thereof.

My/our proxy is to vote as indicated below :

NO.	RESOLUTIONS		FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2008	Resolution 1		
2.	To re-elect Lim Teik Wee	Resolution 2		
3.	To re-elect Dr. Yang Ching Leng @ Chan Ah Kow	Resolution 3		
4.	To approve the payment of Directors' fees	Resolution 4		
5.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the directors to fix their remuneration	Resolution 5		
6.	To authorise the Directors to issue shares	Resolution 6		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____

Signature/Common Seal

Number of Shares held : ______________

Date : ______________

Notes:

1. *A member entitled to attend and vote at the general meeting is entitled to appoint more than one proxy to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
2. *A proxy may but need not be a member of the Company and need not be any of the persons prescribed by Section 149(1)(b) of the Companies Act, 1965.*
3. *The instrument appointing a proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registrars Office at **Tenaga Koperat Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur,** not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.*

fold this flap for sealing

Then fold here

Affix Postage
Stamp Here

The Share Registrars
TENAGA KOPERAT SDN. BHD. (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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