

**FURQAN BUSINESS ORGANISATION BERHAD ("FBO")**  
**INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

	As at 31-Dec -2009 RM	As at 31-Dec -2008 RM
	<u>Unaudited</u>	<u>Audited</u>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	17,654,511	26,980,455
Investment properties	84,712,000	84,712,000
Prepaid lease payments	7,387,547	6,307,749
Investment in associates	183,735	-
Other investments	3,775,953	742,953
Land held for development	4,155,321	6,810,642
Lease and hire-purchase receivables	12,500,000	1,500,000
Goodwill arising on consolidation	2,705,712	2,705,712
<b>Total Non-Current Assets</b>	<u>133,074,779</u>	<u>129,759,511</u>
<b>Current Assets</b>		
Property development expenditure	12,073,372	11,272,921
Inventories	7,332,175	11,128,923
Lease and hire-purchase receivables	8,218,424	9,347,024
Trade and other receivables	21,993,634	29,196,646
Tax recoverable	622,772	2,213,742
Deposits placed with licensed banks	6,546,439	15,980,331
Cash and bank balances	3,719,043	7,394,943
<b>Total Current Assets</b>	<u>60,505,859</u>	<u>86,534,530</u>
Non-current assets held for sale	183,284,406	182,768,657
Assets of disposal group	-	47,858,235
	<u>243,790,265</u>	<u>317,161,422</u>
<b>TOTAL ASSETS</b>	<u>376,865,044</u>	<u>446,920,933</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	111,667,288	446,669,151
Revaluation reserve	100,590	100,590
Retained profits/(Accumulated losses)	26,744,189	(319,332,306)
<b>Total Equity</b>	<u>138,512,067</u>	<u>127,437,435</u>
<b>Non-Current Liabilities</b>		
Hire-purchase payables	451,180	382,132
Term loans	9,397,553	11,352,338
Deferred tax liabilities	8,734,867	8,408,773
<b>Total Non-Current Liabilities</b>	<u>18,583,600</u>	<u>20,143,243</u>
<b>Current Liabilities</b>		
Trade and other payables	132,172,773	103,196,685
Provisions for liabilities	1,098,945	2,487,088
Hire-purchase payables	271,547	321,390
Term loan instruments	83,400,242	83,826,492
Short term borrowings	281,987	-
Term loans	2,024,007	1,855,125
Tax payable	519,876	802,676
<b>Total Current Liabilities</b>	<u>219,769,377</u>	<u>192,489,456</u>
Liabilities of disposal group	-	106,850,799
<b>Total Liabilities</b>	<u>238,352,977</u>	<u>319,483,498</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>376,865,044</u>	<u>446,920,933</u>
<b>Net asset per share (sen)</b>	62	29

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**FURQAN BUSINESS ORGANISATION BERHAD ("FBO")**  
**INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	3 months ended 31-Dec-2009 RM	3 months ended 31-Dec-2008 RM	Year-to-date 31-Dec-2009 RM	Year-to-date 31-Dec-2008 RM
<b>Continuing Operations</b>				
Revenue	15,775,593	15,212,844	55,412,640	69,089,751
Expenses excluding finance cost	(9,823,899)	(3,898,395)	(45,413,171)	(60,736,326)
Other operating income	<u>6,681,646</u>	<u>5,025,097</u>	<u>7,868,488</u>	<u>8,791,020</u>
Profit/(Loss) from operations	12,633,340	16,339,546	17,867,957	17,144,445
Finance cost	(439,180)	536,521	(2,613,484)	(6,095,637)
Share of loss of associate	<u>(84,373)</u>	<u>-</u>	<u>(216,265)</u>	<u>-</u>
<b>Profit/(Loss) before taxation</b>	<b>12,109,787</b>	<b>16,876,067</b>	<b>15,038,208</b>	<b>11,048,808</b>
Taxation	<u>(1,221,685)</u>	<u>(2,704,565)</u>	<u>(2,066,977)</u>	<u>(2,305,338)</u>
<b>Profit/(Loss) for the period from continuing operations</b>	<b>10,888,102</b>	<b>14,171,502</b>	<b>12,971,231</b>	<b>8,743,470</b>
<b>Discontinued operations</b>				
Loss from discontinued operations	<u>-</u>	<u>(18,551,342)</u>	<u>(1,896,599)</u>	<u>(28,185,701)</u>
<b>Net profit/(loss) for the period</b>	<b><u>10,888,102</u></b>	<b><u>(4,379,840)</u></b>	<b><u>11,074,632</u></b>	<b><u>(19,442,231)</u></b>
Attributable to :				
Equity holders of the parent	10,888,102	(4,379,840)	11,074,632	(19,272,641)
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,590)</u>
	<b><u>10,888,102</u></b>	<b><u>(4,379,840)</u></b>	<b><u>11,074,632</u></b>	<b><u>(19,442,231)</u></b>
Earnings/(Loss) per ordinary share attributable to equity holders of the Company (sen)				
- Basic:				
from continuing operations	4.88	6.35	5.81	3.99
from discontinued operations	<u>-</u>	<u>(8.31)</u>	<u>(0.85)</u>	<u>(12.62)</u>
	<b><u>4.88</u></b>	<b><u>(1.96)</u></b>	<b><u>4.96</u></b>	<b><u>(8.63)</u></b>
- Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

FURQAN BUSINESS ORGANISATION BERHAD ("FBO")  
 INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Company →			Total RM	Minority Interests RM	Total Equity RM
	Share Capital RM	Non-distributable Revaluation Reserve RM	Distributable Retained Profits/ (Accumulated Losses) RM			
<b>At 1 January 2008</b>	446,669,151	100,590	(300,059,665)	146,710,076	1,030,410	147,740,486
Net loss for the period	-	-	(19,272,641)	(19,272,641)	(169,590)	(19,442,231)
Realisation of minority interest	-	-	-	-	(860,820)	(860,820)
<b>At 31 December 2008</b>	<b>446,669,151</b>	<b>100,590</b>	<b>(319,332,306)</b>	<b>127,437,435</b>	<b>-</b>	<b>127,437,435</b>
<b>At 1 January 2009</b>	446,669,151	100,590	(319,332,306)	127,437,435	-	127,437,435
Capital reduction	(335,001,863)	-	335,001,863	-	-	-
Net profit for the period	-	-	11,074,632	11,074,632	-	11,074,632
<b>At 31 December 2009</b>	<b>111,667,288</b>	<b>100,590</b>	<b>26,744,189</b>	<b>138,512,067</b>	<b>-</b>	<b>138,512,067</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

FURQAN BUSINESS ORGANISATION BERHAD ("FBO")  
INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	12 months ended 31-December-2009 RM	12 months ended 31-December-2008 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit/(Loss) before income tax expense for the period		
- Continuing operations	13,141,609	11,048,808
- Discontinued operations	-	(28,185,699)
Adjustments for:		
(Gain)/Loss on disposal of:		
Investment in subsidiaries	(88,770,979)	(28,543,879)
Property, plant and equipment	(1,233,566)	(108,509)
Investment in of associate	(139,000)	-
Non-current assets held for sale	(50,000)	237,500
Allowance for diminution in value of other investments no longer required	(3,033,000)	-
Interest income	(138,628)	(3,481,506)
Allowance of doubtful debts no longer required	(15,963)	(445,470)
Waiver of term loan	-	(533,320)
Waiver of interest accrued for term loan	-	(508,269)
Bad debts recovered	-	(14,377)
Allowance for doubtful debts	16,963,638	16,041,749
Net loss on fair value adjustment on:		
Non-current assets held for sale	4,057,245	4,121,429
Prepaid lease payment	124,360	-
Investment properties	-	75,000
Interest expense	2,961,827	14,880,500
Impairment loss on land held for development	2,655,321	-
Depreciation of property, plant and equipment	1,309,659	1,568,766
Written off:		
Inventories	410,000	6,273,000
Property, plant and equipment	77,462	-
Bad debts	20,267,889	162,897
Allowance for diminution in value of other investments	-	650,000
Share of loss of associate	216,265	-
Amortisation of prepaid lease payments	95,842	97,476
Unrealised loss/(gain) on foreign currency exchange	7,158	(25,453)
Operating Loss Before Working Capital Changes	(31,092,861)	(6,689,357)
(Increase)/Decrease in:		
Property development expenditure	(800,451)	10,638,599
Inventories	1,171,548	3,572,649
Lease and hire-purchase receivables	(11,061,025)	3,023,765
Trade and other receivables	(6,088,564)	(48,715,125)
Increase/(Decrease) in:		
Trade and other payables	30,720,359	(52,071,676)
Block discount payables	-	(4,331)
Income tax (paid)/refunded	(17,150,994)	(90,245,476)
	(291,879)	482,499
Net Operating Cash Flow	(17,442,873)	(89,762,977)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(618,999)	(13,746,684)
Additions to investment in associate	(400,000)	-
Additions in non-current assets held for sale	-	(767,412)
Acquisition of prepaid lease payments	-	(288,538)
Net cash inflow from disposal of subsidiaries*	18,924,601	8,268,343
Proceeds from disposal of non-current assets held for sale	5,400,000	104,187,388
Proceeds from disposal of associate	139,000	-
Interest received	138,628	295,428
Proceeds from disposal of property, plant and equipment	96,500	241,896
Fixed deposits released as security value	-	214,819
Landowner entitlement received	-	35,412,612
Net Investing Cash Flow	23,679,730	133,817,852
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Repayment of term loans	(1,609,309)	(2,339,141)
Interest paid	(953,473)	(14,728,966)
Repayment of term loan instruments	(426,250)	(13,897,254)
Net addition/(payment) of hire-purchase payables	19,205	(424,724)
Increase in short term borrowings	-	1,084,628
Net Financing Cash Flow	(2,969,827)	(30,305,457)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,267,030</b>	<b>13,749,418</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,952,121</b>	<b>(7,797,297)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>9,219,151</b>	<b>5,952,121</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:</b>		
Cash and bank balances	3,328,263	7,009,564
Housing Development Account	390,780	385,379
Deposits placed with licensed banks	6,546,439	15,980,331
Bank overdrafts	(281,987)	-
	9,983,495	23,375,274
Less : Deposits pledged with licensed bank	(764,344)	(764,344)
Add : Cash and cash equivalents from discontinued operations	-	(16,658,809)
	<b>9,219,151</b>	<b>5,952,121</b>

\* The impact of the cash flows from discontinued operations in respect of operating activities, investing activities and financing activities have not been separately disclosed for the preceding year's corresponding period. For the fourth quarter ended 31 December 2009, the net cash inflow from discontinued operations amounted to RM1,179,900.

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



**FURQAN BUSINESS ORGANISATION BERHAD (“FBO”)  
INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009**

**EXPLANATORY NOTES**

**A1 Basis of preparation**

This interim report is unaudited and has been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

The significant accounting policies, methods of computation and basis of consolidation applied in the interim financial statements are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2008.

**A2 Audit qualifications**

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

**A3 Seasonality or cyclicity of operation**

For the financial period under review, the operations of the Group are not subject to material seasonal or cyclical fluctuations except for Travel and Tour and Hospitality segments.

**A4 Changes in the composition of the Group**

For the financial period under review, there were no material changes in the composition of the Group except for following:

- (i) On 23 January 2009, the Board announced disposal of the wholly-owned subsidiary, FBO Leasing Sdn Bhd to the original vendors as settlement of law suit filed by the Company against them.
- (ii) On 3 April 2009, the Company had subscribed for 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. On 30 November 2009, P.A. Projects Sdn. Bhd. had increase its issued and paid up capital from RM1,000,000 to RM2,000,000 and the Company had further subscribed for 110,000 ordinary shares of RM1 representing 20% of the increased equity interest of P.A. Projects Sdn. Bhd. for a total consideration of RM110,000.
- (iii) On 30 December 2009, the Board announced disposal of a wholly-owned subsidiary, Duta Kota Sdn Bhd to a third party for a total cash consideration of RM2.

**A5 Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cashflows because of their nature, size or incidence during the financial period under review.

**A6 Changes in estimates**

There were no material changes in estimates in the current quarter results.

**A7 Debt and equity securities**

On 3 April 2009, the Company has completed the capital reorganisation exercise which resulted in:

- (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 RM1.00 each in the Company (“Proposed Par Value Reduction”);

- (ii) consolidation of every two (2) ordinary shares of RM0.25 each after the Proposed Par Value Reduction into one (1) new ordinary share of RM0.50 each (“Proposed Share Consolidation”); and
- (iii) amendment to the relevant clause of the Memorandum of Association of the Company to give effect to the Proposed Par Value Reduction and Proposed Share Consolidation.

Other than the above, there were no other issuance, repurchase and repayment of debt and equity securities for the financial period under review.

#### A8 Dividends paid

There was no dividend paid for the financial period under review.

#### A9 Segmental reporting

The Group’s segmental report for the financial period to date is as follows:

	Investment properties RM'000	Leasing & financing RM'000	Travel & tour RM'000	Hospitality RM'000	Investment holding RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Continued operations</b>									
<b>Revenue</b>									
External revenue	6,658	1,158	22,330	22,440	25	2,802	-	-	55,413
Inter-segment revenue	-	-	48	-	690	-	-	(738)	-
Total revenue	6,658	1,158	22,378	22,440	715	2,802	-	(738)	55,413
<b>Results</b>									
Segment profit/(loss)	(16,661)	(1,065)	319	6,063	97,944	1,080	15,719	(174,440)	(71,041)
Interest income	-	-	1	-	32	95	10	-	138
Finance cost	318	-	(29)	-	(2,901)	(1)	-	-	(2,613)
Share of loss of associate									(216)
Loss before taxation									(73,732)
Taxation									(2,067)
Loss for the period from continuing operations									(75,799)
<b>Discontinued operations</b>									
Loss for the period from discontinued operations									(1,897)
Gain on disposal of subsidiary company									88,771
Profit for the period									11,075

#### A10 Carrying amount of revalued assets

The carrying value of land and building is based on the valuation incorporated in the annual financial statements for the year ended 31 December 2008 and valuation performed as of date of this report.

#### A11 Subsequent material event

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

#### A12 Changes in contingent liabilities and contingent assets

Save for disclosures that were made in the audited financial statements for the year ended 31 December 2008, there were no material changes in the contingent liabilities and contingent assets of the Group.

#### A13 Capital Commitments

During the financial period under review, there were no material capital commitments that the Group had contracted for and approved.

## **ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BHD'S LISTING REQUIREMENTS**

### **B1 Review of performance**

In the current quarter, the Group recorded revenue of RM16 million which approximate the previous year's corresponding quarter. No material variance noted.

### **B2 Material changes in the profit before taxation**

The Group reported profit before tax from continuing operations of RM12.1 million for current quarter compared to RM16.9 million of the preceding year corresponding quarter. The higher profit in the preceding year corresponding quarter was mainly due to higher profit arising from disposal of certain inactive subsidiaries that is RM22.1 million as compared to 2009 of RM3.8 million only. The reduction in profit was however narrowed by reversal of allowance for diminution in value of other investments no longer required due to improve market share, net gain from revaluation surplus on a land and lower administration expenses.

### **B3 Group prospects**

The prospects of the FBO Group hinge on the prospects of property development, hospitality and leasing sectors.

Barring any unforeseen circumstances, the Board expects to continue efforts in achieving better performance in the forthcoming year.

### **B4 Variance of profit guarantee**

#### **(i) Eastern Biscuits Factory Sdn Bhd**

The profit guarantee by the vendors of Eastern Biscuits Factory Sdn Bhd ("EBF") was approved by the shareholders on 26 June 2003. The profit guarantee agreements provided that EBF's profit before tax ("PBT") would not be less than RM9.235 million for the financial year ended ("FYE") 31 December 2003, RM14.780 million for the FYE 31 December 2004 and RM18.314 million for the FYE 31 December 2005.

On 23 August 2005, FBO announced that there was a shortfall in the profit guarantee for the FYE 31 December 2004 amounting to RM6.393 million, whereby letters of demand were sent to each of the vendors of EBF, namely Dato' Tan Kok Hwa ("Dato' Tan"), Teong Hoe Holding Sdn. Bhd. ("THSB") and Forad Management Sdn. Bhd. (collectively referred to as "Original Guarantors") on 21 October 2005 to recover the said shortfall. On 8 March 2006, one of the Original Guarantors, namely THSB, had proposed to resolve the said shortfall, in relation to the portions guaranteed by Dato' Tan and THSB only, by transferring a property with a market value of RM4.7 million (valued on an as-is basis of the property) and RM7.0 million (valued on the assumption that a proposed eco-tourism project planned on the said property is approved by the Kelantan State Government) and with forced sale value of RM3.3 million and RM4.8 million, respectively, to EBF. However, the Board did not accept the settlement proposal after taking into consideration that the forced sale values of the property for both valuation bases were insufficient to settle the said shortfall.

The Company had on 16 May 2006, sent a written confirmation to the Original Guarantors seeking their action to address the shortfall for the FYE 31 December 2005 amounting to RM13.859 million.

FBO had on 25 July 2006, requested Universal Trustee Malaysia Berhad ("the Stakeholder") to sell all the shares of the Original Guarantors in FBO that were deposited with the Stakeholder in accordance with the provisions of the Guarantee Agreement ("Security Shares") in the open market to recover part of the shortfall in the Profit Guarantee. On 22 January 2007, the Stakeholder completed the disposal of the Security Shares for total net proceeds of approximately RM1.42 million. The balance of the shortfall in the Profit Guarantee after deducting the proceeds received from the disposal of the Security Shares is approximately RM18.83 million ("Shortfall").

On 4 May 2007, letters of demand were sent to the Original Guarantors for the Shortfall. Thereafter, on 6 July 2007, writs of summons were served on the Original Guarantors to claim the Shortfall. However, as at to-date, the Company has yet to receive any response from Forad in respect of the writs of summons.

Therefore, THSB and Dato' Tan ("New Guarantors") have taken the liberty to resolve the matter amicably with the Company on the settlement of the Shortfall. The Company had announced on 5 December 2008 that the Company and the New Guarantors had on 25 September 2008, recorded a consent order at the Kuala Lumpur High Court based on the terms of a draft settlement agreement.

However, the said settlement agreement could not be concluded after further consideration and deliberation as the said settlement was not in the best interest of FBO and both parties agreed to seek alternative solutions to make good the Shortfall. After due discussions between both parties, the New Guarantors have proposed to settle the Shortfall with a higher profit guarantee amount i.e. the cumulative audited PBT of EBF shall not be less than RM21.66 million for the FYE 31 December 2010 to 2012 whereby the audited PBT of EBF for FYE 31 December 2010 and 2011 shall not be less than RM5.0 million, respectively ("Proposed Variation").

Pursuant thereto, the Board had on 25 November 2009 announced that FBO and the New Guarantors had on even date entered into the second supplemental agreement to set out the terms and conditions of the Proposed Variation.

On 17 December 2009, the Board announced that the Company will hold an Extraordinary General Meeting ("EGM") on Monday, 11 January 2010 to table the ordinary resolution on aforesaid proposal for its shareholders' consideration and approval.

On 11 January 2010, the Board announced that the ordinary resolution as per the Notice of the EGM dated 21 December 2009 have been duly tabled and passed by the shareholders of FBO at the EGM.

#### **(ii) Discover Orient Holidays Sdn Bhd**

On 3 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 31 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 year till 31 December 2008.

The Company had on 24 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 3 March 2006 and 10 July 2006 respectively, of which the commencement date shall be 1 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 profits of DOHSB for the guaranteed periods 31 October 2007 and 31 October 2008 were RM169,416 and RM52,171 respectively compare 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 27 February 2008 wrote to the guarantors to explain the shortfall.

On 13 May 2009, the Board wrote to the guarantors to submit plan to fulfill the said guarantee upon its expiry.

On 30 July 2009, the guarantors wrote to request to repay the shortfall in equal monthly installments. The Board has accepted the request.

The unaudited profits of DOHSB for the third guaranteed period ended 31 October 2009 was RM755,545, which has exceeded the yearly minimum guaranteed profit. On aggregate basis, the total shortfall is RM2,022,868.

**B5 Taxation**

	3 months ended	3 months ended	Year-to-date	Year-to-date
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	RM'000	RM'000	RM'000	RM'000
Tax (expense)/income				
Income tax				
-current year	(12)	(39)	(32)	(71)
-prior year	(884)	(15)	(1,709)	(102)
Deferred tax				
-current year	(1,468)	(2,196)	(1,468)	(1,830)
-prior year	1,142	(454)	1,142	(302)
	<b>(1,222)</b>	<b>(2,704)</b>	<b>(2,067)</b>	<b>(2,305)</b>

The tax expense was in respect of Malaysian tax.

**B6 Unquoted investments**

There were no profits on sale of unquoted investments and properties as there were no disposals during the financial period under review except as disclosed in Explanatory Note A4 (i) and in the income statement.

**B7 Quoted investments**

There were no quoted investments acquired or disposed off during the financial period under review. Total quoted investments as at 31 December 2009 are as follows:-

	At Cost	At Book Value	At Market Value
	RM'000	RM'000	RM'000
Other investments			
- Quoted in Malaysia	500	500	650
- Quoted outside Malaysia	5,958	3,276	3,277
Total quoted investments	<b>6,458</b>	<b>3,776</b>	<b>3,927</b>

**B8 Status of corporate proposal**

On 23 October 2008, the Board announced that the Company proposed to undertake the following corporate exercises:

- (iv) Proposed 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 RM1.00 each in the Company ("Proposed Par Value Reduction");
- (v) Proposed consolidation of every two (2) ordinary shares of RM0.25 each after the Proposed Par Value Reduction into one (1) new ordinary share of RM0.50 each ("Proposed Share Consolidation"); and
- (vi) Proposed amendment to the relevant clause of the Memorandum of Association of the Company to give effect to the Proposed Par Value Reduction and Proposed Share Consolidation.

On 4 November 2008, the Board announced that the Company will hold an Extraordinary General Meeting ("EGM") on Tuesday, 2 December 2008 to table the special resolution on aforesaid proposals for its shareholders' consideration and approval.

On 2 December 2008, the Board announced that the special resolution as per the Notice of the EGM dated 5 November 2008, have been duly tabled, and passed and approved by the shareholders of FBO at the EGM.

On 13 January 2009, the Board announced that the Kuala Lumpur High Court has confirmed the capital reduction to effect the Proposed Par Value Reduction as approved in the special resolution passed by the shareholders of FBO on 2 December 2008.

On 3 April 2009, the Board announced that the Company has completed the capital reorganisation exercise.

## B9 Group borrowings and debts securities

The Group borrowings, all denominated in Ringgit Malaysia, as at 31 December 2009 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Current:</b>			
Term loans	65,145	20,279	85,424
Hire-purchase payables	272	-	272
Short term borrowings	282	-	282
	<u>65,699</u>	<u>20,279</u>	<u>85,978</u>
<b>Non-current:</b>			
Term loans	9,398	-	9,398
Hire-purchase payables	451	-	451
	<u>9,849</u>	<u>-</u>	<u>9,849</u>
<b>Total</b>	<u>75,548</u>	<u>20,279</u>	<u>95,827</u>

## B10 Off balance sheet financial instruments

The Group does not have any financial instrument with off balance sheet risk at the date of this report except for the extent of the corporate guarantee issued to certain scheme companies in relation to the Guaranteed Secured Term Loan ("GSTL") and promissory notes, pursuant to the Corporate Restructuring Exercise carried out by the Group and corporate guarantee on borrowing facilities obtained by subsidiary companies. Details on the salient features of the GSTL are set out in the annual financial statements for the year ended 31 December 2008.

## B11 Changes in material litigation

There were no material litigations for the financial period under review other than the following:

- (i) the Company had on 19 June 2009 received the sealed copy of the Writ of Summons (Malaysia In The High Court In Sabah And Sarawak At Kota Kinabalu, Suit No. K22-106 Of 2009-II) together with the Amended Statement of Claim both dated 19 May 2009 from Sabah Development Bank Berhad ("Plaintiff") for the sum of RM19,299,872.03 as at 3 March 2009 together with interest on the sum of RM16,652,773.22 at the rate of 6% per annum from 4 March 2009 until the date of full payment on the amount owing by a wholly owned subsidiary Austral Amalgamated Bhd. ("the Borrower") for the Revolving Credit Facility Agreement entered with Plaintiff, which the Company is the Corporate Guarantor on the above facility.

The Company had on 5 August 2009 filed a Defence Statement. On 25 September 2009, the Plaintiff filed the Reply and Defence to counter claim. The Company has instructed lawyer to initiate separate action to obtain consequential order(s) from the Court to order the original registered owner Potowin Sdn. Bhd. ("Potowin"), to execute memorandum of transfer.

On 4 December, the Plaintiffs' lawyer served the unsealed Summons in Chamber for application of Summary Judgment (Order 14) against the Company. The Company's lawyer filed an Affidavit In Opposition and a Supplementary Affidavit to enclose a Valuation Report on the land. The Plaintiff has indicated that they will file an Affidavit In Reply to the above. The Court had on 28 January 2010 granted to the Company the Order to enforce Potowin to execute the transfer of the land to AAB and if in the event Potowin is not able to be located, the Deputy Registrar is to sign the transfer documents

- (ii) the Company had on 24 July 2009 received a copy of the Writ of Summon and Statement of Claims as per Court Order dated 22 June 2009 (Mahkamah Tinggi Malaya di Shah Alam, Guaman No.: MT3-22-668-2006) from the Solicitors for Bank Kerjasama Rakyat Malaysia Berhad ("Plaintiff") for the sum of RM29,765,709.11 as at 24 March 2006 at an interest of 8% per annum from the date of Judgement until the date of full payment on the amount owing by FBO Leasing Sdn Bhd

("Borrower") for the Agreement on Financing Facility entered with the Plaintiff, which the Company is the Corporate Guarantor on the above facility.

The Company had on 29 July 2009 filed to strike out the suit. On 7 August 2009, the Plaintiff's solicitor wrote to inform that the Plaintiff will withdraw the Amended Writ of Summons and Statement of Claims with no costs and with liberty to file afresh. On 20 October 2009, the Company has received a letter from the Company's solicitors informing that the Plaintiff's solicitors had sent a Notice of Discontinuance of the suit against FBO Leasing Sdn. Bhd. and the Company dated 7 September 2009 followed by another letter dated 19 October 2009 that the Notice of Discontinuance had been filed into Court on 28 September 2009. As such the Company has on 20 October 2009 withdrawn the Company's application to strike out the Plaintiff's suit without order as to costs.

## B12 Dividend

The Directors do not recommend any dividends for the financial period ended 31 December 2009.

## B13 Earnings per shares

	3 months ended 31-Dec-2009	3 months ended 31-Dec-2008	Year-to-date 31-Dec-2009	Year-to-date 31-Dec-2008
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- from continuing operation	10,888	14,171	12,971	8,913
- from discontinued operation	-	(18,551)	(1,896)	(28,186)
	<u>10,888</u>	<u>(4,380)</u>	<u>11,075</u>	<u>(19,273)</u>
Number of ordinary share in issue ('000)	223,33 5	22 3,335	223,33 5	223,33 5
Earnings/(Loss) per ordinary share				
- Basic:				
- from continuing operation	4.88	6.35	5.81	3.99
- from discontinued operation	-	(8.31)	(0.85)	(12.62)
	<u>4.88</u>	<u>(1.96)</u>	<u>4.96</u>	<u>(8.63)</u>
- Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The comparative basic earnings/(loss) per share has been restated to take into account the effect of the capital reorganisation as stated in Additional Information B8 above.