FURQAN
BUSINESS
ORGANISATION
BERHAD (515965-A)
24 Jalan 8/23E
Taman Danau Kota
Setapak
53300 Kuala Lumpur

Tel: 603-4149 8200
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Website: www.fbo.com.my

FURQAN BUSINESS ORGANISATION BERHAD (515965-A)

ANNUAL REPORT 2009

2009
ANNUAL REPORT

FURQAN BUSINESS
ORGANISATION BERHAD
(515965-A)

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth 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, 21 June 2010 at 8.30 a.m. to transact the following businesses:

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2009 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) Dato' Faruk Bin Othman *(Resolution 2)*
   b) Dato' Tan Kok Hwa *(Resolution 3)*

3. To re-elect Lim Thian Loong who retires in accordance with Article 91 of the Company's Articles of Association, being eligible, offers himself for re-election. *(Resolution 4)*

4. To approve the payment of Directors' fees of RM54,000 for the year ended 31 December 2009. *(Resolution 5)*

5. 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 6)*

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

6. **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 7)*

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

BY ORDER OF THE BOARD

TAN KOK AUN (LS 00361)
WONG WAI YIN (MAICSA No. 7003000)
Company Secretaries

Kuala Lumpur,
27 May 2010

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 Tricor Investor Services Sdn. Bhd. (formerly known as 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 7 in item 6 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

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

Date	Time	Place
21 June 2010 Monday	8.30 a.m	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) Dato' Faruk Bin Othman
b) Dato' Tan Kok Hwa

Director who is standing for re-election in accordance with Article 91 of the Company's Articles of Association:

a) Lim Thian Loong

Further detail of the Directors standing for re-election are set out in the Profile of the Board of Directors appearing in pages 9 and 10 of this Annual Report.

THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Details of the attendance of the directors at Board Meetings and Audit Committee Meetings are stated in pages 14 and 15 of this Annual Report.

FINANCIAL HIGHLIGHTS

REVENUE

2009	**RM 53,782,441**
2008	RM 69,648,608
2007	RM 77,011,422
2006	RM44,382,345
2005	RM 71,188,905

REVENUE BY SEGMENT (in Ringgit Malaysia)

	2009	2008	2007	2006	2005
INVESTMENT HOLDING	**24,910**	30,900	80,400	NIL	3,857,092
LEASING AND FINANCING	**1,194,115**	811,715	1,337,495	3,914,901	5,390,107
HOSPITALITY	**22,362,148**	23,155,573	22,255,225	25,198,776	15,657,705
INVESTMENT PROPERTIES	**7,284,662**	9,125,592	9,087,728	3,863,045	16,311,764
TRAVEL & TOUR	**22,329,806**	26,841,828	37,403,614	8,935,502	5,028,097
PROPERTY DEVELOPMENT	**586,800**	9,683,000	6,846,960	2,470,121	24,944,140

PROFIT / (LOSS) BEFORE TAX

2009	**RM 12,741,361**
2008	(RM 17,136,891)
2007	(RM 18,684,978)
2006	(RM 37,597,462)
2005	(RM8,454,329)

SHAREHOLDERS FUNDS

2009	**RM138,118,566**
2008	RM127,437,435
2007	RM147,740,486
2006	RM168,382,004
2005	RM205,895,094

TOTAL ASSETS EMPLOYED

2009	**RM376,417,892**
2008	RM446,920,933
2007	RM591,751,626
2006	RM715,791,143
2005	RM 801,686,901

NET TANGIBLE ASSETS PER SHARE

2009	**RM 0.62**
2008	RM 0.29
2007	RM 0.33
2006	RM 0.38
2005	RM 0.46

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 2009.

Financial Performance

For the financial year under review, the Group continues to feel the effect of global recession which began in 2008. Revenue has declined in all sectors in the Group. The Group recorded revenue of RM53.78 million compared to RM69.65 million in 2008.

Despite the lower revenue recorded in this year, the Group recorded profit before tax of RM12.74 million compared to loss before tax of 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.

Outlook and Future Prospects

2010 will be another challenging year for the Group. The Government has projected positive gross domestic product figures for 2010, there are signs of improvement in the local economy. In view of this, we aim to achieve higher revenue in all sectors. Despite the generally positive sentiment and outlook in the economy, we will remain cautious but optimistic. Our focus for the year will be on our core businesses, which consist of tour and travel, hospitality and property development. We expect our tour and travel sector which mainly involve in in-bound tour packages to benefit from the recovery of world economy. In 2009, our Renaissance Hotel in Kelantan performed better than budgeted, we will maintain our strategy of providing good facilities and services. On the property development, the overall property market in Kelantan is relatively active, with its strategic location we expect a reasonably good take up rates for our commercial project in Pasir Mas, Kelantan.

CHAIRMAN'S STATEMENT

Dividend

In view of the Group performance for the year under review, the Board is not recommending payment of dividends.

Corporate Social Responsibility

Being a good corporate citizen, apart from business performance we are always committed to provide a caring workplace to the employees, contribute to the community and protect the environment.

We regard our employees as our major asset, we value their contribution and commitment to the Group. We place great emphasis on their interests and safety.

We continue to carry out various activities for local community and environment. Among the activities that we have participated are blood donation for Hospital, funds raising for Habitat for Humanity, Beach cleaning, Park cleaning, host disabled children for a study tour, host orphans for breaking fast at the Ramadhan.

Appreciation

I am pleased to extend a warm welcome to Mr. Lim Thian Loong who joined the Board as Independent Non-Executive Director.

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.

Thank you.

Dato' Faruk bin Othman
Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg. Dato' Faruk bin Othman
(Executive Chairman)

YBhg. Dato' 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)

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

Lim Thian Loong
(Independent Non-Executive Director)
(Appointed on 25 Feb 2010)

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Tan Kok Aun (LS 00361)
Wong Wai Yin (MAICSA No. 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. 1 & 1A, 2nd Floor (Room 2)
Jalan Ipoh Kecil
50350 Kuala Lumpur
Tel: 03-4043 5750
Fax: 03-4043 5755

REGISTRARS

Tricor Investor Services Sdn. Bhd.
(formerly known as 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 Market (Trading/Services)
Stock Name : FBO
Stock Code : 2097

INTERNET WEBSITE

www.fbo.com.my

PROFILE OF THE BOARD OF DIRECTORS

YBHG. DATO' FARUK BIN OTHMAN
Executive Chairman, Malaysian, Age 62

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 and completed a Post Graduate Diploma in Management Studies from Brighton Polytechnic/University of Sussex, United Kingdom in 1971.

YBhg. Dato' Faruk has over 30 years experience in the financial sector, mainly in the banking and stockbroking. His involvement in the banking industry started when he joined Standard Chartered Bank in 1971 before leaving for United Asian Bank in 1980.

In 1981, he assumed the position of Assistant General Manager of Kwong Yik Bank Berhad before being appointed Executive Director of Intel Pacific Securities Sdn. Bhd. in 1989.

In 1994, YBhg. Dato' Faruk was appointed as the Executive Chairman of United Merchant Finance Berhad where he served until October 2001.

At present, YBhg. Dato' Faruk is the Director and Member of the Audit Committee of Premium Nutrients Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of several private limited companies.

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 five (5) Board meetings held during the financial year ended 31st December 2009.

YBHG. DATO' LIM HONG SANG
Managing Director, Malaysian, Aged 60

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

YBhg. Dato' Lim Hong Sang does not have any family relationship with any director of the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

YBhg. Dato' Lim Hong Sang has attended all the five (5) Board meetings held during the financial year ended 31st December 2009.

YBHG. DATO' TAN KOK HWA
Executive Director, Malaysian, Aged 60

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 was appointed to the Board on 1st October 2002. YBhg. Dato' Tan 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' Tan has attended all the five (5) Board meetings held during the financial year ended 31st December 2009.

PROFILE OF THE BOARD OF DIRECTORS

MR. SYDNEY LIM TAU CHIN
Executive Director, Malaysian, Aged 40

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 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 four (4) out of five (5) Board meetings held during the financial year ended 31st December 2009.

MR. YONG YEOW WAH
Senior Independent Non-Executive Director, Malaysian, Aged 57

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 four (4) out of five (5) Board meetings held during the financial year ended 31st December 2009.

Dr. YANG CHING LENG @ CHAN AH KOW
Independent Non- Executive Director, Malaysian, Aged 67

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 five (5) Board meetings held during the financial year ended 31st December 2009.

MR. LIM THIAN LOONG
Independent Non- Executive Director, Malaysian, Aged 46

Mr. Lim Thian Loong is an accountant by profession. He graduated with The Chartered Institute of Management Accountants (CIMA) from London. He is a member of the CIMA, Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia (CTIM). He has his own firm and has been practicing as a sole practitioner since 2002. He has over 10 years experience in accounts, audit and tax. He was appointed to the Board on 25th February 2010. He is also a member of Audit Committee of the Company.

Mr. Lim 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.

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 Thian Loong
Audit Committee Member
(Independent Non-Executive Director)
(Appointed on 25 Feb 2010)

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 Malaysian 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.

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 2009, the Audit Committee:-

i. Reviewed the progress of internal audit function against the approved audit plan for the years 2009 and 2010;

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 2009 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

Five (5) Audit Committee Meetings were held during the financial year ended 31st December 2009 and the details of the attendance of each Audit Committee member during their tenure are as follows:-

Name Of Commitee	Meeting Attended
Yong Yeow Wah	4/5
Dr. Yang Ching Leng @ Chan Ah Kow	5/5
Lim Teik Wee*	3/3

** Retired as a member of Audit Committee on 29th June 2009*

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 RM45,000.

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.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this statement on Internal Control for the inclusion in the annual report of the Group for the financial year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and intergrity of the system of internal control.

The above statement is made in accordance with the resolution passed at the Board of Directors meeting held on 19 May 2010.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Furqan Business Organisation Berhad ("the Company") is committed to exercise good corporate governance by supporting and applying the prescriptions of the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code"). In addition, the Board follows global developments on internationally recognised best governance practices, and though complying in many aspects already, continually reviews the Company and its subsidiaries ("the Group") corporate governance practices and makes adjustments as may be appropriate. The key intent is to adopt the subtance behind good governance and not merely the form, with the aim of ensuring Board's effectiveness in enhancing shareholders' value. The Board is pleased to provide the following statement on how the Group has applied the principles and best practices set out in the Code.

DIRECTORS

The Board

The Group recognises the important role played by the Board in the stewardship of its direction and operations and ultimately, the enhancement of long-term shareholders' value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Role and Functions

The Board has a formal schedule of matters reserved for decision, which includes the Group's overall strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters.

Board Meetings

During the financial year ended 31st December 2009, the Board met on five (5) occasions, at the Conference Room of the Company, 2nd Floor, 24 Jalan 8/23E, Taman Danau Kota, Setapak, 53300 Kuala Lumpur, where it deliberated upon and considered a variety of matters including the financial results, major investments, strategic decisions, business plan and direction of the Group.

Details of the attendance at the Board meetings held during the financial year ended 31st December 2009 are as follows:-

Director	24 February 2009 (1500 hrs)	27 April 2009 (1030 hrs)	28 May 2009 (1030 hrs)	28 August 2009 (1100 hrs)	25 November 2009 (1100 hrs)	Total Meeting Attended
Dato' Faruk Bin Othman	x	x	x	x	x	5/5
Dato' Lim Hong Sang	x	x	x	x	x	5/5
Dato' Tan Kok Hwa	x	x	x	x	x	5/5
Sydney Lim Tau Chin	x	x	o	x	x	4/5
Yong Yeow Wah	x	x	o	x	x	4/5
Lim Teik Wee*	x	x	x	-	-	3/3
Dr. Yang Ching Leng@ Chan Ah Kow	x	x	x	x	x	5/5

** Retired without seeking re-election at the AGM held on 29th June 2009*

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 members of the Board reflect 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

The Board recognises that the decision making process is highly contingent upon the strength of the information furnished. As such, the Directors have unrestricted access to any information pertaining to the Company and to professional advice at the Company's expense, if necessary.

Every Director also has unhindered access to advice and services of the Company Secretary. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board while their appointment and removal rests with the Board.

STATEMENT OF CORPORATE GOVERNANCE

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 (3) years.

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 11 to 14 of this 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. Yong Yeow Wah (Member)

The roles of the Nomination Committee include:

- Recommending to the Board, the nomination of a person or persons for their appointment as a Director of the Company;
- 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;
- Assessing 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 is responsible for recommending to the Board the remuneration package of Managing Director, Executive Directors and Senior Management of the Company, its subsidiaries and associate companies, in all its forms, drawing from outside advice where necessary. The remuneration package of Non-Executive Directors shall be determined by the Board of Directors as a whole.

Directors' Training

All the Directors, as of 31st December 2009, have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad and during the financial year 2009, training courses/seminars attended by various Directors include:-

- What's Next - The Future & Beyond

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 the Company, remuneration for the 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 reflects 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 2009, is as follows:

Remuneration Package	Executive Directors RM	Non-Executive Directors RM
Directors' Fees	-	54,000
Salaries and other emoluments	1,485,112	-
Benefits-in-kind	107,338	-
Total	1,592,450	54,000

The number of Directors of the Company whose total remuneration per annum fall within the respective bands for the financial year ended 31st December 2009 are as follows:

Range of remuneration per annum	Number of Directors	
	Executive	Non-Executive
RM50,000 and below	-	3
RM250,001 - RM300,000	1	-
RM350,001 - RM400,000	2	-
RM500,001 - RM550,000	1	-
Total	4	3

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 Bursa Malaysia Securities Berhad; and

(b) the General Meeting of shareholders being the forum for 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 the annual financial statements and quarterly announcements of results to the shareholders as well as Chairman's Statement in this Annual Report. The Board is assisted in this area by the Audit Committee, whose terms and 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 provide 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 on page 19 of this Annual Report.

Relationship with the Auditors

The Company maintains an appropriate relationship with the Company's auditors through 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 has to the best of its ability and knowledge complied with the best practices in corporate governance set out in Part II of 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 are drawn up in accordance with applicable approved Financial Reporting Standard ("FRS") in Malaysia, the provisions of the Companies Act, 1965, and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors also ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company as at 31st December 2009 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 Board also acknowledges a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT OF INTERNAL CONTROL

Introduction

The Board of Directors guided by the requirements of the Code 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.

Internal Audit Function and 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.

During the financial year, the Company has out-sourced the internal audit function to a firm of external consultants. The Audit Committee is kept informed of the internal audit process, from the annual internal audit plan up to the internal audit findings and reporting. The details of the internal audit function are further explained in the Audit Committee Report of this Annual Report.

The Internal Auditors undertook regular and systematic review of the existing risk management processes in place within the Group and assessed the effectiveness of the internal control. The reviews cover the critical controls of key subsidiaries.

All audits findings, having been discussed at management level and affirmative actions agreed in response to the audit recommendations, are duly documented in audit reports and tabled to the Audit Committee. Implementation of audit recommendations are followed up on a quarterly basis and reported to the Audit Committee accordingly. Highlights of the Audit Committee meeting are submitted to the Board for review and further deliberation.

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 Board, 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 and that none of the weaknesses have resulted in any material error or losses, contingencies or uncertainties that would require mention in the Group's annual report.

This statement is made in accordance with the resolution of the Board of Directors dated 19 th May 2010.

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

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.

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 2009, 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 ("TRUSTEE"), the stakeholder for the profit guaranteed pledge 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, 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 had been sent out to the vendors through a solicitor for the balance of the shortfall. Thereafter, on 6th July 2007, writ of summons had been served to the vendors to claim the sum of RM18.83 million being the balance of profit shortfall.

Meanwhile, the THHSB and DTKH ("New Guarantors") have agreed to settle amicably and on 25th September 2008 the parties have recorded a consent order in the Court based on the terms stated in a 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 the Company and both parties agreed to seek alternative solutions to make good the shortfall. After due discussion between both parties, the New Guarantors have proposed to settle the shortfall with a higher profit guarantee amount i.e. the cumulative audited profit before tax of EBF shall not be less than RM21.66 million for the financial year ended 31st December 2010 and 2011 and 2012 whereby the audited profit before tax of EBF for financial year ended 31st December 2010 and 2011 shall not be less than RM5 million, respectively ("Proposed Variations").

Pursuant thereto, the Board had on 25th November 2009 announced that the Company 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 11th January 2010, the Board announced that the ordinary resolution on aforesaid proposal for its shareholders' consideration and approval as per the Notice of the Extraordinary General Meeting ("EGM") dated 21st December 2009 have been duly tabled and passed by the shareholders of the Company at the EGM.

(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.

On 13th March 2009, the Board wrote to the guarantors to submit plan to fulfil the said guarantee upon its expiry. On 30th July 2009, the guarantors wrote to request to repay the shortfall in equal monthly instalment. The Board has accepted the request.

The Board has allowed the guarantors to submit the repayment plan which currently is in the midst of finalisation by the guarantors.

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

Corporate Social Responsibility

During the financial year 2009, we continue to place 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 organisations,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 2009.

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
Net profit/(loss) for the financial year	10,681,131	(23,499,774)
Attributable to:-		
Equity holders of the Company	10,681,131	(23,499,774)
Minority interest	-	-
	10,681,131	(23,499,774)

DIVIDENDS

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 dividends in respect of the financial year ended 31st December 2009.

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.

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:-

- 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

- 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 41 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

On 4th March 2009, the Company has completed the capital reorganisation exercise which resulted in:

- 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");

- 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

- 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.

The Company has not issued any debentures during the financial year.

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' REPORT

DIRECTORS

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

Dato' Faruk Bin Othman
Dato' Lim Hong Sang
Dato' Tan Kok Hwa
Sydney Lim Tau Chin
Yong Yeow Wah
Yang Ching Leng @ Chan Ah Kow
Lim Thian Loong - appointed on 25.02.2010
Lim Teik Wee - retired on 29.06.2009

In accordance with Article 84 of the Company's Articles of Association, Dato' Faruk Bin Othman and Dato' Tan Kok Hwa, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr. Lim Thian Loong, who was appointed to the Board since the last Annual General Meeting retires under Article 91 of the Company's Articles of Association at the forthcoming Annual General Meeting and, being eligible, offers himself 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 2009 are as follows:-

	Number of ordinary shares of RM0.50/- each				
	At 1.1.2009	**Share Consolidation**	**Bought**	**Sold**	**At 31.12.2009**
The Company					
Direct interest					
Dato' Tan Kok Hwa	182,456	91,228	-	-	91,228
Indirect interest					
Dato' Lim Hong Sang *	41,000,074	20,500,037	-	-	20,500,037
Sydney Lim Tau Chin **	41,000,074	20,500,037	12,537,330	-	33,037,367
Dato' Tan Kok Hwa ***	41,000,074	20,500,037	-	-	20,500,037

* 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.

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS

By virtue of their direct or indirect shareholdings in the Company, Dato' Tan Kok Hwa, Dato' 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' 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.

SIGNIFICANT EVENTS

Significant events that occurred during and subsequent to the financial year are disclosed in Note 43 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

DATO' LIM HONG SANG
Director

Kuala Lumpur
Date: 20th April 2010

STATEMENT BY DIRECTORS

We, **DATO FARUK BIN OTHMAN** and **DATO' LIM HONG SANG**, being two of the directors of FURQAN BUSINESS ORGANISATION BERHAD, 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 2009 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 in Malaysia.

On behalf of the Board,

DATO' FARUK BIN OTHMAN
Director

DATO' LIM HONG SANG
Director

Kuala Lumpur
Date: 20th April 2010

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 20th April 2010.

Before me,

ZULKIFLA MOHD DAHLIM (NO W541)
Commissioner for Oaths
Kuala Lumpur, Wilayah Persekutuan

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 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 109.

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 controls. 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

In forming our opinion, we draw attention to Note 36(d) and Note 43(i) to the financial statements which explains the circumstances and consideration the directors have taken into account in preparing the financial statements. We have considered that these factors are of significance and draw your attention to it, but our opinion is not qualified in this respect.

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 those subsidiaries with the modified opinions in the auditors' reports 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: 20th April 2010

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Continuing Operations					
Revenue	4	53,745,911	69,089,751	690,000	690,000
Other operating income					
- Gain on disposal of investment in subsidiaries		88,751,822	28,543,879	1,901,160	50,000
- Allowance for doubtful debts no longer required		17,363	445,470	25,453,985	23,707,367
- Others		4,685,615	4,872,663	272,622	172,751
Staff costs					
- Hotel operations		(4,705,820)	(4,622,789)	-	-
- Others		(2,524,053)	(3,246,267)	(488,806)	(536,059)
Directors' remuneration	6	(1,524,152)	(1,624,972)	(363,300)	(576,720)
Finance costs (net)	7	(2,417,806)	(5,808,828)	(18,909)	51,771
Property development expenditure	21	-	(15,223,789)	-	-
Ticketing and tour arrangement costs		(19,525,316)	(24,495,298)	-	-
Cost of completed properties sold		(736,672)	(2,428,380)	-	-
Comsumables used		(2,992,889)	(3,409,301)	-	-
Depreciation of property, plant and equipment		(1,296,754)	(1,420,414)	(316,221)	(235,535)
Provision for liabilities		(33,673,204)	(694,667)	(33,000,000)	-
Other operating expenses		(62,949,820)	(28,928,250)	(17,630,305)	(16,861,731)
Profit/(loss) before income tax expense	8	14,854,225	11,048,808	(23,499,774)	6,461,844
Income tax expense	9	(2,060,230)	(2,305,338)	-	-
Share of result of associate		(216,265)	-	-	-
Profit/(loss) for the financial year from continuing operations		12,577,730	8,743,470	(23,499,774)	6,461,844
Discontinued Operations					
Loss from discontinued operations	10	(1,896,599)	(28,185,701)	-	-
Net profit/(loss) for the financial year		10,681,131	(19,442,231)	(23,499,774)	6,461,844
Attributable to:-					
Equity holders of the Company		10,681,131	(19,272,641)	(23,499,774)	6,461,844
Minority interest		-	(169,590)	-	-
		10,681,131	(19,442,231)	(23,499,774)	6,461,844
Earning /(loss) per ordinary share attributable to equity holders of the Company (Sen)	11				
Basic, for profit from continuing operations		5.63	3.99		
Basic, for loss from discontinued operations		(0.85)	(12.62)		
Basic, for profit/(loss) for the financial year		4.78	(8.63)		

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

BALANCE SHEETS

AS AT 31ST DECEMBER 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM (Restated)
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	17,655,861	26,980,455	869,783	627,649
Investment properties	13	84,712,000	84,712,000	-	-
Prepaid land lease payments	14	7,387,549	6,307,749	-	-
Investment in subsidiaries	15	-	-	188,513,178	188,413,183
Investment in associates	16	183,735	-	400,000	-
Other investments	17	3,775,953	742,953	-	-
Land held for development	18	2,000,000	6,810,642	-	-
Lease and hire-purchase receivables	19	12,500,000	1,500,000	-	-
Goodwill arising on consolidation	20	2,705,712	2,705,712	-	-
Total Non-Current Assets		130,920,810	129,759,511	189,782,961	189,040,832
Current Assets					
Property development expenditure	21	12,085,881	11,272,921	-	-
Inventories	22	7,332,175	11,128,923	-	-
Lease and hire-purchase receivables	19	8,218,424	9,347,024	-	-
Trade and other receivables	23	27,391,423	29,196,646	1,204,424	279,870
Tax recoverable		629,517	2,213,742	-	-
Amount owing by subsidiaries	24	-	-	40,919,633	34,217,876
Deposits placed with licensed banks	25	6,536,865	15,980,331	1,733,780	10,000,000
Cash and bank balances	26	3,716,391	7,394,943	303,184	393,728
Total Current Assets		65,910,676	86,534,530	44,161,021	44,891,474
Non-current assets held for sale	27	179,586,406	182,768,657	961,200	-
Assets of disposal group	10	-	47,858,235	-	1
		245,497,082	317,161,422	45,122,221	44,891,475
TOTAL ASSETS		376,417,892	446,920,933	234,905,182	233,932,307

BALANCE SHEETS

AS AT 31ST DECEMBER 2009 (Continued)

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM (Restated)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	28	111,667,288	446,669,151	111,667,288	446,669,151
Revaluation reserve	29	100,590	100,590	-	-
Retained profits/(Accumulated losses)	30	26,350,688	(319,332,306)	93,200,107	(218,301,982)
		138,118,566	127,437,435	204,867,395	228,367,169
Minority interests		-	-	-	-
Total Equity		138,118,566	127,437,435	204,867,395	228,367,169
Non-Current Liabilities					
Hire-purchase payables	31	451,180	382,132	441,550	312,910
Term loans	32	9,028,558	11,352,338	-	-
Deferred tax liabilities	33	8,734,866	8,408,773	-	-
Total Non-Current Liabilities		18,214,604	20,143,243	441,550	312,910
Current Liabilities					
Trade and other payables	34	103,242,400	103,196,685	239,401	377,540
Provisions for liabilities	35	30,250,444	2,487,088	29,151,500	-
Hire-purchase payables	31	271,547	321,390	205,336	152,514
Term loan instruments	36	83,400,242	83,826,492	-	-
Short term borrowings	37	259,869	-	-	-
Block discount payables	38	-	-	-	-
Term loans	32	2,140,344	1,855,125	-	-
Tax payable		519,876	802,676	-	-
Amount owing to subsidiaries	24	-	-	-	4,722,174
		220,084,722	192,489,456	29,596,237	5,252,228
Liabilities of disposal group	10	-	106,850,799	-	-
Total Current Liabilities		220,084,722	299,340,255	29,596,237	5,252,228
Total Liabilities		238,299,326	319,483,498	30,037,787	5,565,138
TOTAL EQUITY AND LIABILITIES		376,417,892	446,920,933	234,905,182	233,932,307

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

Group	Attributable to Equity Holders of the Company					
	Non-distributable		Distributable			
	Share Capital RM	Revaluation Reserve RM	(Accumulated Losses)/ Retained Profits RM	Total RM	Minority Interests RM	Total Equity RM
At 1st January 2008	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
Net profit for the financial year	-	-	10,681,131	10,681,131	-	10,681,131
Capitial reorganisation exercise	(335,001,863)	-	335,001,863	-	-	-
At 31st December 2009	111,667,288	100,590	26,350,688	138,118,566	-	138,118,566

Company		Distributable	
	Share Capital RM	(Accumulated Losses)/ Retained Profit RM	Total Equity RM
At 1st January 2008	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
Capital reorganisation exercise	(335,001,863)	335,001,863	-
Net loss for the financial year	-	(23,499,774)	(23,499,774)
At 31st December 2009	111,667,288	93,200,107	204,867,395

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit/(loss) before income tax expense				
Continuing operations	14,854,225	11,048,808	(23,499,774)	6,461,844
Discontinued operations	(1,896,599)	(28,185,699)	-	-
Adjustments for:				
Allowance for doubtful debts no longer required	(17,363)	(445,470)	(25,453,985)	(23,707,367)
Bad debt recovered:				
Continuing operations	-	-	-	-
Discontinued operations	(300)	(14,377)	-	-
(Gain)/loss on disposal of:				
Investment in subsidiaries	(88,751,822)	(28,543,879)	(1,901,160)	(50,000)
Non-current assets held for sales	(50,000)	237,500	-	-
Property, plant and equipment	(1,162,565)	(108,509)	(776)	6,991
Investment in associate company	(139,000)	-	-	-
Net loss on fair value adjustment on investment properties	-	75,000	-	-
Net loss on fair value adjustment on non-current assets held for sales	6,531,245	4,121,429	30,000	-
Waiver of revolving loans:				
Discontinued operations	-	(533,320)	-	-
Interest income from:				
Continuing operations	(185,639)	(3,472,887)	(32,229)	(70,506)
Discontinued operations	(427)	(8,619)	-	-
Waiver of interest accrued for non-guaranteed convertible secured term loan	-	(508,269)	-	-
Waiver of debts	-	-	(210,653)	-
Written off:				
Bad debts	29,584,476	162,897	3,509,890	-
Inventories	740,000	-	-	-
Property, plant and equipment	6,461	-	29	-
Property development expenditure				
Continuing operations	-	95,000	-	-
Discontinued operations	-	6,178,000	-	-
Impairment loss:				
Prepaid land lease payments	124,360	-	-	-
Land held for development	500,000	-	-	-
Other investment	-	650,000	-	-

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 (Continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expenses:				
Continuing operations	2,603,445	9,281,715	51,138	18,735
Discontinued operations	348,343	5,598,785	-	-
Allowance for doubful debts:				
Continuing operations	6,159,165	16,041,749	12,871,725	15,379,738
Discontinued operations	1,514,187	-	-	-
Depreciation of property, plant and equipment:				
Continuing operations	1,296,754	1,420,414	316,221	235,535
Discontinued operations	12,906	148,352	-	-
Amortisation of prepaid lease payments	95,840	97,476	-	-
Provision for liabilities	33,704,161	707,094	33,000,000	-
Reversal of impairment loss in other investments	(3,033,000)	-	-	-
Unrealised loss/(gain) on foreign currency exchange	24,881	(25,453)	-	-
	2,863,734	(5,982,263)	(1,319,574)	(1,725,030)
Changes in Working Capital:				
Property development expenditure	(812,960)	10,638,599	-	-
Inventories	2,065,549	3,572,649	-	-
Lease and hire-purchase receivables	(10,056,825)	3,023,765	-	-
Trade and other receivables	(27,172,836)	(48,715,125)	(950,554)	675,754
Trade and other payables	23,358,152	(52,610,161)	(138,139)	(284,407)
Provision for liabilities	(5,940,805)	(168,609)	(3,848,500)	-
Block discount payables	-	(4,331)	-	-
	(15,695,991)	(90,245,476)	(6,256,767)	(1,333,683)
Income tax paid	(249,565)	-	-	-
Income tax refunded	19,146	482,499	-	-
Net Operating Cash Flow	(15,926,410)	(89,762,977)	(6,256,767)	(1,333,683)

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 (Continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (Note B)	(240,350)	(13,746,684)	(179,408)	(144,536)
Proceeds from disposal of property, plant and equipment	96,500	241,896	1,800	7,500
Additions investment in subdiary	-	-	(99,998)	-
Additions in non-current assets held for sales	-	(767,412)	(991,200)	-
Landowner entitlement received	-	35,412,612	-	-
Proceeds from disposal of an associates company	139,000	-	-	-
Proceeds from disposal of non-current assets held on sales	5,400,000	104,187,388	-	-
Proceeds from disposal of subsidiaries	-	-	1,901,164	50,006
Net cash inflow from disposal of subsidiaries (Note A)	18,924,601	8,268,343	-	-
Acquisition of prepaid land lease payments	(1,300,000)	(288,538)	-	-
Additions to investment in associates	(400,000)	-	(400,000)	-
Deposits (held)/released as security value	(28,281)	214,819	-	-
Interest received:				
Continuing operations	185,639	286,809	32,229	70,506
Discontinued operations	427	8,619	-	-
Net Investing Cash Flows	22,777,536	133,817,852	264,587	(16,524)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of term loan instruments	(426,250)	(13,897,254)	-	-
Repayment of term loans	(1,984,961)	(2,339,141)	-	-
Increased in short term borrowings	122,994	1,084,628	-	-
Interest paid:				
Continuing operations	(953,473)	(12,673,732)	(51,138)	(18,735)
Discontinued operations	-	(2,055,234)	-	-
Payment of hire-purchase payables	(360,795)	(424,724)	(198,538)	(26,648)
Amount owing (to)/by subsidiaries	-	-	(2,114,908)	8,366,082
Net Financing Cash Flows	(3,602,485)	(30,305,457)	(2,364,584)	8,320,699
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,248,641	13,749,418	(8,356,764)	6,970,492
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	5,952,121	(7,797,297)	10,393,728	3,423,236
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9,200,762	5,952,121	2,036,964	10,393,728

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 (Continued)

ANALYSIS OF CASH AND CASH EQUIVALENTS	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	3,515,064	7,009,564	303,184	393,728
Housing Development Account	201,327	385,379	-	-
Deposits placed with licensed banks	6,536,865	15,980,331	1,733,780	10,000,000
Bank overdraft (Note 37)	(259,869)	-	-	-
	9,993,387	23,375,274	2,036,964	10,393,728
Less: Deposits held as security value (Note 25)	(792,625)	(764,344)	-	-
Add: Cash and cash equivalents from discontinued operations	-	(16,658,809)	-	-
	9,200,762	5,952,121	2,036,964	10,393,728

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 (Continued)

A. SUMMARY OF EFFECTS ON DISPOSAL OF SUBSIDIARIES

2009

On 23rd January 2009, the Company had entered into a settlement agreement with Chong Ching Siew Holdings Sdn. Bhd. ("CCSHSB") and Tong Yoong Fatt ("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 cash of RM1,701,158/- which arising from disposal of 20,000,000/- shares of the Company. Accordingly, FBOL ceased to be a subsidiary of the Company on 23rd January 2009.

On 30th December 2009, the Group and the Company disposed off the following direct/indirect subsidiaries to a third party for a total consideration of RM2/- representing 100% of the total issued and paid up capital of the subsidiaries:-

(a) Mandarin Leisure Sdn. Bhd.
(b) Golden Forum Sdn. Bhd.
(c) Duta Kota Sdn. Bhd.
(d) Ratus Bistari Sdn. Bhd.
(e) Broadland Amalgamated Sdn. Bhd.

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/-.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 (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:-

	2009 RM	2008 RM
Revenue	2,746,530	8,600,000
Other operating income	3,161,693	158,365
Finance costs	(348,343)	(10,562)
Depreciation of property, plant and equipment	(12,906)	(4,921)
Other operating expenses	(5,096,530)	(15,291,309)
Profit/(loss) before tax expense	450,444	(6,548,427)
Income tax credit/(expense)	21,675	(93,002)
Net profit/(loss) for the financial year	472,119	(6,641,429)

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

	2009 RM	2008 RM
Property, plant and equipment	5,075,182	27,152
Inventories	16,703,128	-
Lease and hire purchase receivables	21,370,144	-
Trade and other receivables	2,376,445	4,842,951
Cash and bank balances	286,935	54,416
Deposits placed with a licensed bank	25,000	-
Tax recoverable	17,330	-
Trade and other payables	(37,815,750)	(10,659,039)
Block discount payables	(29,328,734)	-
Term loans	(7,198,451)	-
Short term borrowings	(35,464,508)	(19,372,753)
Tax payable	(5,562,007)	(922,188)
Bank overdraft	(17,335,376)	-
Net liabilities disposed of	(86,850,662)	(26,029,461)
Goodwill (Note 20)	-	396,408
	(86,850,662)	(25,633,053)
Minority interest	-	(860,820)
	(86,850,662)	(26,493,873)
Disposal proceeds	1,901,160	2,050,006
	(88,751,822)	(28,543,879)
Cash flow effect:-		
Total proceeds from disposal - cash consideration	1,901,160	2,050,006
Cash and cash equivalent of subsidiaries disposed	17,023,441	6,218,337
Net cash inflow from disposal of subsidiaries	18,924,601	8,268,343

CASH FLOWS STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 (Continued)

B. 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 RM620,350/- (2008:RM13,746,684/-) and RM559,408/- (2008:RM144,536/-) respectively, of which RM548,000/- (2008 :RM133,644/-) and RM548,000/- (2008 : RM133,644/-) 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 RM168,000/- (2008: RM90,040/-) and RM168,000/- (2008 :RM90,040/-) 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 Market 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.1&1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 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 20th April 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the provision of the Companies Act, 1965 in Malaysia. The financial statements of the Company have 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 the 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 the current events and actions, and therefore actual results may differ.

The areas involving a higher degree of judgement of complexity, or areas where assumption and estimates are significant in 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 and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int

There are no new and revised accounting standards, amendments/improvements to FRSs and IC Int that are effective and applicable for the Group's financial year ended 31st December 2009.

(b) New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New FRSs		
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
Revised FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendment/Improvement to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010 and 1 January 2011
FRS 2	Share-based Payment	1 January and 1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January and 1 July 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

(b) New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)

		Effective for financial periods beginning on or after
Amendment/Improvement to FRSs		
FRS 7	Financial Instruments: Disclosure	1 January 2010 and 1 January 2011
FRS 8	Operating Segments	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events After the Reporting Period	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 128	Investment in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 132	Financial Instruments: Presentation	1 January and 1 March 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
FRS 140	Investment Property	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

(b) New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)

		Effective for financial periods beginning on or after
<u>**IC Int**</u>		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2010
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Int 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets to Owners	1 July 2010

The Group and the Company plan to adopt the above FRSs, Amendments to FRSs and Interpretations when they become effective in the respective financial period. Unless otherwise described below, the adoption of the above FRSs, Amendments to FRSs and Interpretations upon their initial application are not expected to have any significant impact on the financial statements of the Group and the Company. The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon application of FRS 7 and FRS 139.

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 2009. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(b) Subsidiaries (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Associates (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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 nonrecoverability 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.

(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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Income Tax (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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).

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.

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:-

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(m) Leases (Continued)

(ii) Operating leases

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(o) Foreign Currencies (Continued)

(ii) Transactions and balances (Continued)

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values was determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity, When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(p) Property Development Activities (Continued)

(i) Land held for development (Continued)

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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

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

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.

(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 wherethe 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(w) Share Capital (Continued)

Ordinary shares

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(z) Segment Reporting (Continued)

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.

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, other than as disclosed in Note 36(d) to 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 recoverability of the development projects.

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

(ii) Key sources of estimation uncertainty (Continued)

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 onthe period over which the assets are expected to be available for use. Theestimated 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.

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(ii) Key sources of estimation uncertainty (Continued)

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-inuse 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 2009 was RM188,513,178/- (2008 : RM188,413,183/-). 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 RM223,625,880/- (2008 : RM220,871,064/-) and RM19,391,374/- (2008 : RM18,649,310/-) respectively.

Income taxes

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.

4. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Travel and tour services	22,329,806	26,841,828	-	-
Property development	-	9,683,000	-	-
Rental income from:-				
- Hotel operations	12,731,685	12,932,305	-	-
- Property investment	7,044,472	7,281,492	-	-
Other income from hotel operations	9,630,463	10,223,268	-	-
Leasing, hire-purchase and other interest income	1,157,585	252,858	-	-
Administrative charges receivable from subsidiaries	-	-	690,000	690,000
Sales of completed properties	851,900	1,875,000	-	-
	53,745,911	69,089,751	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; and
(vi) Property development.

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group	Continuing Operations									Discontinued Operations	Total Operations
2009	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	24,910	1,157,585	22,362,148	7,284,662	22,329,806	586,800	-	-	53,745,911	36,530	53,782,441
Inter-segment sales	690,000	-	-	-	48,661	2,215,200	-	(2,953,861)	-	-	-
	714,910	1,157,585	22,362,148	7,284,662	22,378,467	2,802,000	-	(2,953,861)	53,745,911	36,530	53,782,441
Results											
Segment results	(33,457,636)	(1,064,636)	5,985,449	(19,130,245)	862,848	(3,127,874)	(1,156,165)	65,942,484	14,854,225	(1,896,599)	12,957,626
Share of result of associated company									(216,265)	-	(216,265)
Profit/(loss) before income tax expense									14,637,960	(1,896,599)	12,741,361
Income tax expense									(2,060,230)	-	(2,060,230)
Net profit/(loss) for the financial year									12,577,730	(1,896,599)	10,681,131
Attributable to:-											
Equity holder of the Company									12,577,730	(1,896,599)	10,681,131
Minority interests									-	-	-
									12,577,730	(1,896,599)	10,681,131

5. SEGMENTAL INFORMATION (Continued)

Group	Continuing Operations									Discontinued Operations	Total Operations
2009	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	32,541,176	21,944,933	4,579,141	293,013,654	6,514,779	12,486,277	2,223,279	2,485,136	375,788,375	-	375,788,375
Unallocated assets									629,517	-	629,517
									376,417,892	-	376,417,892
Liabilities											
Segments liabilities	58,779,375	38,783	3,696,265	110,470,748	3,164,449	6,492,679	45,455,260	947,025	229,044,584	-	229,044,584
Unallocated liabilities									9,254,742	-	9,254,742
									238,299,326	-	238,299,326
Other information											
Capital Expenditure	559,408	-	-	7,778	23,084	30,080	-	-	620,350	-	620,350
Depreciation of property, plant and equipment	316,221	-	-	228,117	340,451	411,965	-	-	1,296,754	12,906	1,309,660
Net loss on fair value adjustment on non-current assets held for sales	78,745	-	-	6,452,500	-	-	-	-	6,531,245	-	6,531,245
Impairment loss on land held for development	-	-	-	-	-	500,000	-	-	500,000	-	500,000

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
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)

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

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

6. KEY MANAGEMENT PERSONNEL

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive Directors				
Salaries and allowances	1,303,472	1,379,692	277,500	462,000
Other emoluments	166,680	185,280	31,800	54,720
Non-Executive Directors				
Fees	54,000	60,000	54,000	60,000
	1,524,152	1,624,972	363,300	576,720

The estimated monetary value of Directors' benefit-in-kind is RM107,338/- (2008 : RM68,426/-).

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	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest income				
- Fixed deposits	156,339	253,984	32,229	70,506
- Overdue interest	25,428	28,350	-	-
- Others	3,872	4,475	-	-
- Waiver of term loan interest	-	3,186,078	-	-
	185,639	3,472,887	32,229	70,506
Interest expenses				
- Bank overdrafts	(2,995)	(2,089)	-	-
- Term loans	(2,529,841)	(9,033,891)	-	-
- Hire-purchase payables	(70,609)	(94,201)	(51,138)	(18,735)
- Waiver of interest charged to purchasers	-	(151,534)	-	-
	(2,603,445)	(9,281,715)	(51,138)	(18,735)
	(2,417,806)	(5,808,828)	(18,909)	51,771

8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
After crediting:-				
Allowance for doubtful debts no longer required:				
- Trade receivables	17,363	445,470	-	-
- Former subsidiaries	-	-	-	787,176
- Subsidiaries	-	-	25,453,985	22,920,191
Gain on disposal of:				
- Investment in subsidiaries	88,751,822	28,543,879	1,901,160	50,000
- Investment in associate	139,000	-	-	-
- Property, plant and equipment	1,162,565	108,509	776	-
- Non-current assets held for sale	50,000	-	-	-
Realised gain on foreign exchange	33,230	213,417	-	-
Rental income from buildings	61,297	412,391	-	-
Unrealised gain on foreign exchange	-	25,453	-	-
Waiver of:				
- Interest on revolving loans	-	508,269	-	-
- Amount owing to related company	-	-	210,653	-
Reversal of impairment loss in other investments	3,033,000	-	-	-
and charging:-				
Audit fee	(182,110)	(300,000)	(40,000)	(50,000)
Allowance for doubtful debts:				
- Lease and hire-purchase receivables	(1,500,000)	-	-	-
- Trade receivables	(1,000,000)	(36,597)	-	-
- Other receivables	(3,659,165)	(38,708)	-	(172,381)
- Amount owing by former subsidiaries	-	-	-	(89,086)
- Amount owing by subsidiaries	-	-	(12,871,725)	(15,118,271)
Amortisation of prepaid lease payments	(95,840)	(97,476)	-	-
Depreciation of property, plant and equipment	(1,296,754)	(1,420,414)	(316,221)	(235,535)
Hire of:				
- Boats	(758,704)	(1,219,164)	-	-
- Coaches	(1,112,043)	(1,421,544)	-	-
- Vehicles	(81,613)	-	-	-

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Impairment loss in:				
- Other investments	-	(650,000)	-	-
- Land held for development	(500,000)	-	-	-
- Prepaid land lease payments	(124,360)	-	-	-
Loss on disposal of:				
- Property, plant and equipment	-	-	-	(6,991)
- Non-current assets held for sale	-	(237,500)	-	-
Net loss on fair value adjustments on investment properties	-	(75,000)	-	-
Net loss on fair value adjustments on non-current assets held for sale	(6,531,245)	(4,121,429)	(30,000)	-
Provision for liabilities	(33,673,204)	(694,667)	(33,000,000)	-
Realised loss on foreign exchange	(17,025)	(42,891)	-	-
Rental of:				
- Office premises	(65,968)	(53,168)	-	-
- Parking	(18,000)	(18,000)	-	-
- Hostel	(77,000)	(90,652)	-	-
- Equipment	(105,453)	(74,334)	-	-
Royalty fees payable to third party	(448,802)	(463,112)	-	-
Staff costs:				
- Employees' Provident Fund	(563,754)	(604,662)	(38,918)	(39,352)
- SOCSO	(97,325)	(17,559)	(4,226)	(4,301)
- Salaries and allowances	(6,150,517)	(5,820,733)	(445,662)	(410,730)
- Other staff related costs	(418,277)	(876,336)	-	(81,676)
Unrealised loss on foreign exchanges	(24,881)	-	-	-
Written off:				
- Inventories	(740,000)	(95,000)	-	-
- Bad debts	(29,584,476)	(162,897)	(3,509,890)	-
- Property, plant and equipment	(6,461)	-	(29)	-

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Income tax				
- current year	(26,117)	(71,181)	-	-
- under accrual in prior year	(1,708,020)	(102,046)	-	-
	(1,734,137)	(173,227)	-	-
Deffered tax liabilities (Note 33)				
- current year	(1,467,827)	(1,830,281)	-	-
- over/(under) accrual in prior year	1,141,734	(301,830)	-	-
	(326,093)	(2,132,111)	-	-
	(2,060,230)	(2,305,338)	-	-

The income tax is calculated at the statutory rate of 25% (2008: 26%) of the estimated assessable profit for the year.

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	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(loss) before income tax expense	14,854,225	11,048,808	(23,499,774)	6,461,844
Taxation at applicable statutory tax rate of 25% (2008: 26%)	(3,713,556)	(2,872,691)	5,874,944	(1,680,080)
Tax effects arising from				
- non-deductible expenses	(19,696,432)	(6,229,863)	(11,974,242)	(4,116,648)
- non-taxable income	22,409,886	10,307,909	6,284,814	6,176,916
- SME tax savings	-	7,987	-	-
- Section 60F deduction	-	402	-	-
- effects of changes in tax rate	-	8,892	-	(14,623)
- origination of deferred tax assets not recognised in the financial statements	(688,704)	(1,607,997)	(185,516)	(365,565)
- profit recognition arising between taxable income and accounting profit	-	(1,516,101)	-	-
- tax exempted	194,862	-	-	-
- under accrual in prior year	(566,286)	(403,876)	-	-
Tax expense for the financial year	(2,060,230)	(2,305,338)	-	-

9. INCOME TAX EXPENSE (Continued)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deductible/(taxable) temporary differences	1,030,134	314,358	118,387	(186,243)
Unutilised tax loses	222,595,746	220,556,706	19,272,987	18,835,553
Net deferred tax assets	223,625,880	220,871,064	19,391,374	18,649,310
Potential deferred tax assets not recognised at 25% (2008: 25%)	55,906,470	55,217,766	4,847,844	4,662,328

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.

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.

FBOL became a wholly-owned subsidiary of FBO Group in 2002. In 2003 FBO Berhad had granted corporate guarantees to three banks of FBOL namely, Amanah Factors, Bank Rakyat and Ambank. In financial year 2007, the Group had settled the loan with Amanah Factors via a payment of RM1.8 million. In financial year 2009, Ambank had also approved and accepted the settlement with discharge of FBO Berhad as guarantor via a payment of RM3 million. Accordingly, FBO Berhad has no contingent liabilities for FBOL with Amanah Factors 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 benefits of the Group and shall endeavour to resolve any obligation related to FBOL. The Group had by a letter dated 27th August 2009 submitted a settlement proposal to settle the liability of the Company in the above matters. As at 31st December 2009, the Group has yet to receive reply from the said bank.

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

As at 31st December 2009, 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 2009.

The result of the discontinued operations is as follows:-

	Group	
	01.01.2009 to 23.01.2009 RM	**01.01.2008 to 31.12.2008 RM**
Revenue	36,530	558,857
Other income	89,473	1,300,464
Staff costs	(80,243)	(969,768)
Depreciation of property, plant and equipment	(12,906)	(148,352)
Finance costs (net)	(347,916)	(5,590,166)
Other expenses	(1,581,537)	(23,336,734)
Loss before income tax expense	(1,896,599)	(28,185,699)
Income tax expense	-	(2)
Net loss for the financial year	(1,896,599)	(28,185,701)

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 expense of the discontinued operations:-

	Group	
	01.01.2009 to 23.01.2009 RM	**01.01.2008 to 31.12.2008 RM**
After charging:-		
Allowance for doubtful debts for lease and hire purchase receivables	(1,514,187)	(14,118,844)
Inventories written off	-	(6,178,000)
Depreciation of property, plant and equipment	(12,906)	(148,352)
Rental of office premises	(3,300)	-
Directors' remunerations:		
- Salaries	(30,775)	(381,291)
- Other emoluments	(6,000)	(72,000)
Staff costs:		
- Employees' Provident Fund	(8,513)	(100,734)
- Salaries and allowances	(34,636)	(398,357)
- SOCSO	(319)	(3,199)
- Other staff related costs	-	(14,729)
and crediting:-		
Bad debts recovered	300	14,377
Waiver of loan principal	-	533,320
Rental income from third party	70,461	822,390

The major classes of assets and liabilities of FBOL classified as held for sale on the consolidated balance sheets as at 31st December 2009 are as follows:-

	Group	
	2009 RM	**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
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

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

The major classes of assets and liabilities of FBOL classified as held for sale on the consolidated balance sheets as at 31st December 2009 are as follows:-

	Group	
	2009 RM	**2008 RM**
LIABILITIES		
Term loans (Note 32)	-	7,144,851
Block discount payables (Note 38)*	-	26,258,338
Trade and other payables (Note 34)	-	15,575,394
Short term borrowings (Note 37)	-	52,529,832
Tax liabilities	-	5,342,384
Liabilities directly associated with disposal group classified as held for sale	-	106,850,799

* As at 31st December 2008, block discount overdue interests amounting to RM8,734,807/- was not accrued in the financial statements of FBOL as the amount was being disputed. 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 and subsequent to this disposal, a provision for commitments of RM33,000,000/- has been provided during the financial year, details as stated in Note 35 to the financial statements.

The non-current assets classified as held for sale on the Company's balance sheet as at 31st December 2009 is as follows:-

	Company	
	2009 RM	**2008 RM**
ASSETS		
Investment in subsidiary	-	1

11. EARNING/(LOSS) PER SHARE

Basic

The basic loss per share has been calculated based on the profit/(loss) for the financial year attributable to the equity holders of the Company of RM10,681,131/- (2008 : RM19,272,641/-) 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 28 to the financial statements as follows:-

	Group			
	2009		2008	
	Number of Shares Unit	Amount RM	Number of Shares Unit	Amount RM
Ordinary Share At Par Value of RM0.50/- (2008:RM1/-) Issued and fully paid-up share capital				
At the beginning of the financial year	446,669,151	446,669,151	446,669,151	446,669,151
Capital reorganisation exercise	(223,334,576)	(335,001,863)	-	-
At the end of the financial year	223,334,575	111,667,288	446,669,151	446,669,151

	2009 RM	2008 RM
Earning/(loss) attributable to equity holders of the Company		
Profit from continuing operations	12,577,730	8,913,060
Loss from discontinued operations	(1,896,599)	(28,185,701)
Profit/(loss) for the financial year	10,681,131	(19,272,641)

	2009 Sen	2008 Sen
Basic earning/(loss) per share for		
Profit from continuing operations	5.63	3.99
Loss from discontinued operations	(0.85)	(12.62)
Profit/(loss) for the financial year	4.78	(8.63)

Diluted

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

12. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Office premises At 2007 valuation RM	Capital 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
Cost (unless otherwise stated)								
At 1st January 2009	820,000	13,181,428	-	4,461,376	5,202,663	9,531,127	661,508	33,858,102
Additions	-	-	-	-	553,550	13,334	53,466	620,350
Disposals/Write-off	-	-	-	(1,733,626)	(381,397)	(21,102)	(111,666)	(2,247,791)
Reclassification	-	-	-	1,644	-	(1,644)	-	-
Reclassified to non-current assets held for sale (Note 27)	-	-	-	-	-	(7,707,794)	-	(7,707,794)
At 31st December 2009	820,000	13,181,428	-	2,729,394	5,374,816	1,813,921	603,308	24,522,867
Accumulated Depreciation								
At 1st January 2009	32,800	-	-	1,550,178	3,873,976	842,715	577,978	6,877,647
Depreciation for the financial year	16,400	-	-	483,195	645,760	121,139	30,260	1,296,754
Disposals/Write-off	-	-	-	(804,081)	(380,373)	(11,284)	(111,657)	(1,307,395)
Reclassification	-	-	-	185	28	(213)	-	-
At 31st December 2009	49,200	-	-	1,229,477	4,139,391	952,357	496,581	6,867,006
Net Carrying Amount at 31st December 2009	770,800	13,181,428	-	1,499,917	1,235,425	861,564	106,727	17,655,861

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2008	Office premises At 1996 valuation RM	Office premises At 2007 valuation RM	Capital 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
Cost (unless otherwise stated)									
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 group 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
Depreciation 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 group 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
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

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
2009				
Cost				
At 1st January 2009	1,237,705	27,336	225,826	1,490,867
Additions	553,550	-	5,858	559,408
Disposals/Write-off	(1,397)	(7,234)	(111,666)	(120,297)
At 31st December 2009	1,789,858	20,102	120,018	1,929,978
Accumulated Depreciation				
At 1st January 2009	631,197	16,600	215,421	863,218
Depreciation for the financial year	310,209	2,808	3,204	316,221
Disposals/Write-off	(373)	(7,214)	(111,657)	(119,244)
At 31st December 2009	941,033	12,194	106,968	1,060,195
Net Carrying Amount at 31st December 2009	848,825	7,908	13,050	869,783
2008				
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
Depreciation 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

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	
	2009 RM	**2008 RM**
Cost		
Office premises	719,410	5,844,085
Accumulated depreciation		
Office premises	(49,200)	(1,467,712)
Net Carrying Amount	670,210	4,376,373
Transfer to assets of disposal group classified as held for sale (Note10)	-	(3,689,763)
	670,210	686,610

Property, plant and equipment of the Group with the net carrying amount of RM770,800/- (2008 : RM8,494,994/-) are charged to financial institutions as securities for banking and credit facilities granted to the Group as disclosed in Notes 32 and 37 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 RM1,022,872/- (2008 : RM1,391,085/-) and RM841,527/- (2008 : RM599,200/-) respectively which are acquired under hire-purchase arrangements.

Certain motor vehicles under hire-purchase with the net carrying amount of RM34,954/- (2008 : RM236,705/-) are registered under the names of third parties in trust for the Group.

13. INVESTMENT PROPERTIES

	Group	
	2009 RM	2008 RM
Freehold land, at fair value		
At beginning of the financial year	1,105,000	1,000,000
Net gain on fair value adjustment	-	105,000
	1,105,000	1,105,000
Hotel and shopping complex, at fair value		
At beginning/end of the financial year	83,607,000	83,607,000
Shophouses, at fair value		
At beginning of the financial year	-	800,000
Net loss on fair value adjustment	-	(180,000)
	-	620,000
	84,712,000	85,332,000
Less: Transfer to non-current assets held for sale (Note 27)		
-Shophouses	-	(620,000)
At end of the financial year	84,712,000	84,712,000

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/-(2008 : RM83,607,000/) have been charged to financial institutions as securities for the term loans facilities granted to the subsidiary and former subsidiary company, FBO Leasing Sdn. Bhd. as disclosed in Note 32 to the financial statements and the strata title yet to be registered under the name of the subsidiary.

14. PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments relate to the lease of land for the Group's office premise in Kuala Lumpur and land in Kelantan. The lease will expire in 2085 and 2075 respectively and the Group does not have an option to purchase the leased land at the expiry of the lease period. Prepaid land lease payments are amortised over the lease term of the land.

	Group	
	2009 RM	**2008 RM**
At Cost		
At beginning of the financial year	6,418,045	6,129,507
Additions during the year	1,300,000	288,538
At end of the financial year	7,718,045	6,418,045
Accumulated Amortisation		
At beginning of the financial year	(110,296)	(12,820)
Amortisation charge for the financial year	(95,840)	(97,476)
At end of the financial year	(206,136)	(110,296)
Accumulated impairment loss		
At beginning of the financial year	-	-
Add: Impairment loss	(124,360)	-
At end of the financial year	(124,360)	-
	7,387,549	6,307,749

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2009 RM	**2008 RM**
Unquoted shares, at cost	188,513,178	188,413,183

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 2009 %	Effective Equity Interest 2008 %	Principal Activities
Direct Subsidiaries			
Eastern Biscuit Factory Sdn. Bhd.	100	100	Property development, investment in properties and hotel operations.
FBO Leasing Sdn. Bhd.	-	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.
Mandarin Leisure Sdn. Bhd.^	-	100	Dormant.
Golden Forum Sdn. Bhd.^	-	100	Property investment.
Duta Kota Sdn. Bhd.	-	100	Dormant.
FBO Properties Sdn. Bhd. Ø	100	100	Dormant.
FBO Technologies Sdn. Bhd. Ø	100	100	Dormant.
Perfect Diamond Capital Sdn. Bhd. *	100	100	Investment holding.
Subsidiaries of Eastern Biscuit Factory Sdn. Bhd.			
Broadland Amalgamated Sdn. Bhd. ^	-	100	Property development.
FBO Land (Serendah) Sdn. Bhd. Ø	100	100	Property investment.
Subsidiaries of FBO Leasing Sdn. Bhd.			
FBO Agency Sdn. Bhd.	-	100	Insurance agent.
FBO Commercial Sdn. Bhd.	-	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.

15. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Effective Equity Interest 2009	2008	Principal Activities
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. ^	-	100	Dormant.

^ Prior to disposal, these subsidiaries become a direct subsidiary of Duta Kota Sdn. Bhd. during the financial year.

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

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

Incorporated in Hong Kong.

* On 7th July 2009, Perfect Diamond Capital Sdn. Bhd. had increased its issued and paid up capital from RM2/- to RM100,000/- and the Company had further subscribed for 99,998 ordinary shares of RM1/- for a total consideration of RM99,998/-.

16. INVESTMENT IN ASSOCIATES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Unquoted shares, at cost	400,000	4	400,000	-
Share of post-acquisition result	(216,265)	-	-	-
	183,735	4	400,000	-
Less: Accumulated impairment losses	-	(4)	-	-
	183,735	-	400,000	-

16. INVESTMENT IN ASSOCIATES (Continued)

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

Name of Company	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
P.A. Projects Sdn. Bhd.*#	20	-	Design, supply, fabricating and installation of aluminium products
Hasil Saujana Sdn. Bhd.#**	-	29	Supermarket operations
Likas Square Coffee House Sdn. Bhd.#***	-	40	Operator of coffee houses and restaurant

* On 3rd 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.

** During the financial year, the Company had entered into a Share Sale Agreement disposed of Hasil Saujana Sdn. Bhd. for total consideration of RM139,000/-.

*** Written off during the financial year

\# These associates are not audited by Baker Tilly Monteiro Heng.

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

	Group 2009 RM	Group 2008 RM
ASSETS AND LIABILITIES		
Current Assets	303,232	1,045,867
Non-Current Assets	545,671	133,978
Total Assets	848,903	1,179,845
Current Liabilities	376,453	981,039
Non-Current Liabilities	-	-
Total Liabilities	376,453	981,039
RESULTS		
Revenue	42,676	5,304,680
(Loss)/profit for the financial year	(774,644)	38,622

17. OTHER INVESTMENTS

	Group 2009 RM	Group 2008 RM
Quoted in Malaysia, at cost	500,405	500,405
Less: Impairment losses	(324)	(125,324)
	500,081	375,081
Quoted outside Malaysia, at cost	5,958,269	5,958,269
Less: Impairment losses	(2,682,397)	(5,590,397)
	3,275,872	367,872
	3,775,953	742,953
Market value of:-		
- Quoted in Malaysia	650,050	375,003
- Quoted outside Malaysia	3,276,615	367,460
	3,926,665	742,463

As disclosed in Note 36 to the financial statements, investments in quoted shares have been pledged with financial institutions as security for banking facilities of a subsidiary.

18. LAND HELD FOR DEVELOPMENT

	Group 2009 RM	Group 2008 RM
Long leasehold land, at cost		
At beginning of the financial year	7,110,642	7,110,642
Less: Accumulated impairment losses	(800,000)	(300,000)
Reclassification to other receivables (Note 23)	(4,310,642)	-
At end of the financial year	2,000,000	6,810,642

Included in long leasehold land is an amount of RM4,310,642/- (2008 : RM4,310,642/-) which represent 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.

18. LAND HELD FOR DEVELOPMENT (Continued)

On 11th January 2010, a Deed of Settlement was executed between the subsidiary and PBTMBNS for the premium sum of RM4,248,998/- at the rate of 8% interest per annum to be calculated on a daily basis on the Premium Sum from 1st December 2006 until full settlement.

During the financial year, the Group had reclassified the land held for development to other receivables.

19. LEASE AND HIRE-PURCHASE RECEIVABLES

	Group	
	2009 RM	2008 RM
Lease receivables	-	42,627,878
Hire-purchase receivables	-	47,600,287
Other financing receivables	25,065,011	23,618,378
	25,065,011	113,846,543
Less: Unearned interest	(2,570,245)	(4,183,112)
	22,494,766	109,663,431
Less: Allowance for doubtful debts	(1,776,342)	(74,617,501)
	20,718,424	35,045,930
Less: Transfer to assets of disposal group classified as held for sale (Note 10)	-	(24,198,906)
	20,718,424	10,847,024
Receivable:-		
Within twelve months	8,218,424	9,347,024
After twelve months	12,500,000	1,500,000
	20,718,424	10,847,024

20. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2009 RM	2008 RM
At beginning of the financial year	2,705,712	3,102,120
Amount related to disposal of a subsidiary	-	(396,408)
At end of the financial year	2,705,712	2,705,712

Goodwill acquired in business combinations is arose from the acquisition of the travel and tour business segment.

21. PROPERTY DEVELOPMENT EXPENDITURE

	Group 2009 RM	Group 2008 RM
Property development expenditure		
- Long leasehold land	3,822,902	3,822,902
- Development costs	7,450,019	18,088,618
At beginning of the financial year	11,272,921	21,911,520
Cost incurred during the financial year		
- Development costs	812,960	4,585,190
Less:		
Cost recognised as an expense in income statements	-	(15,223,789)
At end of the financial year	12,085,881	11,272,921
Represented by :		
- Long leasehold land	3,822,902	3,822,902
- Development costs	8,262,979	7,450,019
	12,085,881	11,272,921

NOTES TO THE FINANCIAL STATEMENTS

22. INVENTORIES

	Group	
	2009	**2008**
	RM	**RM**
At cost,		
Condominium units ready for sale	5,138,771	5,355,643
Food and beverages	392,404	497,280
	5,531,175	5,852,923
At net realisable value,		
Foreclosed properties:-		
- Shopping complex shoplots, less accumulated write-down of RM15,684,000/-	-	8,000,000
- Shophouses, less accumulated write-down of RM402,280/-	-	8,703,129
	-	16,703,129
Completed shophouses and residential houses	991,200	3,045,000
Completed properties	1,801,000	2,231,000
Transfer to non-currents assets held for sales (Note 27)	(991,200)	-
Transfer to assets of disposal group classified as held for sale (Note 10)	-	(16,703,129)
	7,332,175	11,128,923

Certain inventories amounting to RM5,138,771/- (2008 : RM22,058,772/-) have been charged to local licensed banks as security for term loans and other credit facilities granted to a former subsidiary, FBO Leasing Sdn. Bhd. as disclosed in Notes 32 and 37 to the financial statements.

Included in inventories, are amounts totalling RM1,650,000/- (2008: RM1,750,000/-) which have been charged as securities for term loan instruments of the subsidiary as disclosed in Note 36 to the financial statements.

In year 2008, included in the foreclosed properties are amounts totalling RM16,703,129/-belonging to a former subsidiary, 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		Company	
	2009 RM	2008 RM	2009 RM	2008 RM (Restated)
Trade receivables	8,776,279	9,199,917	-	-
Less: Allowance for doubtful debts	(1,411,889)	(1,312,516)	-	-
	7,364,390	7,887,401	-	-
Other receivables	22,756,506	22,741,145	1,201,249	19,057,274
Less: Allowance for doubtful debts	(3,931,936)	(1,575,093)	(1,140)	(19,008,178)
	18,824,570	21,166,052	1,200,109	49,096
Deposits	772,575	1,056,289	4,315	227,782
Prepayments	429,888	425,507	-	2,992
	27,391,423	30,535,249	1,204,424	279,870
Less: Transfer to assets of disposal group as classified as held for sale (Note 10)	-	(1,338,603)	-	-
	27,391,423	29,196,646	1,204,424	279,870

Group

The trade credit term ranges from 5 to 90 days (2008: 5 to 90 days).

The currency exposure profile of trade receivables is as follows:-

	Group	
	2009 RM	2008 RM
United States Dollar	1,336,828	1,273,662
Hong Kong Dollar	2,082,645	1,178,678
Renminbi	3,775	3,774
Ringgit Malaysia	5,353,031	6,743,803
	8,776,279	9,199,917

Included in other receivables are amounts totalling RM12,215,500/-(2008 : RM9,360,000/-) represent advances to a contractor for a property development project.

NOTES TO THE FINANCIAL STATEMENTS

24. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2009 RM	2008 RM (Restated)
Amount owing by subsidiaries	83,774,730	100,956,326
Less: Allowance for doubtful debts	(42,855,097)	(66,738,450)
	40,919,633	34,217,876

Amount owing by/(to) subsidiaries is non-trade in nature, unsecured and interest free.

25. DEPOSITS PLACED WITH LICENSED BANKS

Group
Deposits placed with licensed banks of RM792,625 /- (2008 : RM764,344/-) are pledged to the banks for banking facilities granted to the Group.

Included in the deposit pledged to banks in 2008 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	3,515,064	7,009,564	303,184	393,728
Cash held under Housing Development Account	201,327	385,379	-	-
	3,716,391	7,394,943	303,184	393,728

Group

Cash held under Housing Development Account represent receipts from purchasers of residential properties less payments or withdrawals provided pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966.

27. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At beginning of the financial year	182,768,657	314,285,849	-	-
Transfer from:-				
- Property, plant and equipments (Note 12)	7,707,794	-	-	-
- Investment properties (Note 13)	-	620,000	-	-
- Inventories (Note 18)	991,200	-	-	-
Additions	-	767,412	991,200	-
Disposals	(5,350,000)	(128,783,175)	-	-
Net loss on fair value adjustments	(6,531,245)	(4,121,429)	(30,000)	-
At end of the financial year	179,586,406	182,768,657	961,200	-

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 RM33,000,000/- (2008 : RM38,000,000/-) have been charged to Danaharta as security for the term loan instruments as disclosed in Note 36 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.

As at the balance sheet date, certificate of title to a land included in non-current assets held for sale amounting to RM20,500,000/- (2008: RM20,500,000/-) has not been issued in the name of Austral Amalgamated Berhad.

28. SHARE CAPITAL

	Group and Company			
	Number of Shares			
	2009 Unit	2008 Unit	2009 RM	2008 RM
Ordinary shares				
At Par Value of RM0.50/- (2008: RM1/-)				
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 the beginning of the financial year	446,669,151	446,669,151	446,669,151	446,669,151
Capital reorganisation exercise	(223,334,576)	-	(335,001,863)	-
At the end of the financial year	223,334,575	446,669,151	111,667,288	446,669,151

28. SHARE CAPITAL (Continued)

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 exercise reduced 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 which 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 Market 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. RETAINED PROFITS

Company

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28th December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividend will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31st December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the tax credits under Section 108 of the Income Tax Act, 1967 ("Section 108 balance") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31st December 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the Section 108 balance as at 31st December 2009 to distribute cash dividend payments to ordinary shareholders as defined under Finance Act 2007.

NOTES TO THE FINANCIAL STATEMENTS

30. RETAINED PROFITS (Continued)

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the distribution of its retained profits of approximately RM9,884/- as at 31st December 2009 by way of dividends. If the balance of the retained profits of RM93,190,223/- were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

31. HIRE-PURCHASE PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum hire-purchase payables				
- not later than one year	301,438	351,984	232,278	170,256
- later than one year but not later than five years	478,684	426,342	469,792	348,290
- later than five years	-	-	-	-
	780,122	778,326	702,070	518,546
Less: Future finance charges	(57,395)	(74,804)	(55,184)	(53,122)
Present value of hire-purchase payables	722,727	703,522	646,886	465,424
Represented by				
- Current	271,547	321,390	205,336	152,514
- Long term	451,180	382,132	441,550	312,910
	722,727	703,522	646,886	465,424

The hire-purchase payables of the Group and of the Company bore interest ranges from 3.54% to 6.89% (2008 : 2.00% to 12.00%) and 3.54% to 4.77% (2008: 3.61% to 4.90%) respectively per annum.

32. TERM LOANS

	Group	
	2009 RM	2008 RM
Total outstanding	11,168,902	20,352,314
Less: Liabilities directly associated with disposal group classified as held for sale (Note 10)	-	(7,144,851)
	11,168,902	13,207,463
Less: Portion due within one year	(2,140,344)	(1,855,125)
Portion repayable after one year	9,028,558	11,352,338

NOTES TO THE FINANCIAL STATEMENTS

32. TERM LOANS (Continued)

Term Loans 2009 RM	Term Loans 2008 RM	Securities/Repayment terms
10,902,160	12,882,379	Secured by legal charge over a subsidiary's non-current assets held for sales and corporate guarantee from the Company. The term loans are repayable by 120 monthly instalments of RM237,221/- each.
-	7,144,851	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.
266,742	325,084	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.
11,168,902	20,352,314	

The term loans bear interest at an effective interest rates ranging from 7.60% to 8.00% (2008: 8.00% to 8.75%) per annum.

Included in the term loans in 2008 are amounts totalling RM7,144,851/- belongings to a former subsidiary, 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.

33. DEFERRED TAX LIABILITIES

	Group 2009 RM	Group 2008 RM
At beginning of the financial year	8,408,773	6,276,662
Transferred from income statement (Note 9)	326,093	2,132,111
At end of the financial year	8,734,866	8,408,773
Representing the tax effect of :-		
Temporary differences between net book value and corresponding tax written value	8,734,866	8,408,773

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM (Restated)
Trade payables	35,650,551	41,449,252	-	-
Other payables	19,737,369	18,537,177	23,466	314,290
Accrued expenses	4,976,368	3,509,614	134,435	63,250
Deposit received	920,854	760,005	81,500	-
Advances received from potential purchasers	1,750,037	1,282,337	-	-
Lease deposits and advance rentals	-	1,973,045	-	-
Prepaid hire-purchase instalment	-	424,389	-	-
Amount owing to former related party	-	7,638,046	-	-
Accrued interest on:-				
- Guaranteed secured term loan	36,326,961	35,200,960	-	-
- Non-guaranteed convertible secured term loan	3,880,260	3,346,252	-	-
Overdue interest payable	-	4,651,002	-	-
	103,242,400	118,772,079	239,401	337,540
Less:				
Liabilities directly associated with disposal group classified held for sale (Note 10)	-	(15,575,394)	-	-
	103,242,400	103,196,685	239,401	377,540

The normal trade credit term granted to the Group ranges from 30 to 60 days (2008: 30 to 60 days).

35. PROVISIONS FOR LIABILITIES

	Provision for commitments RM	Provision of furniture, fittings and equipment RM	Total RM
Group			
At 1st January 2008	-	1,948,603	1,948,603
Add: Additional provision	-	694,667	694,667
Interest income earned	-	12,427	12,427
Less: Utilisation of provision	-	(168,609)	(168,609)
At 31st December 2008	-	2,487,088	2,487,088
Add: Additional provision	33,000,000	673,204	33,673,204
Interest income earned	-	30,957	30,957
Less: Utilisation of provision	(3,848,500)	(2,092,305)	(5,940,805)
At 31st December 2009	29,151,500	1,098,944	30,250,444
Company			
At 1st January 2008	-	-	-
Add: Additional provision	-	-	-
Less: Utilisation of provision	-	-	-
At 31st December 2008	-	-	-
Add: Additional provision	33,000,000	-	33,000,000
Less: Utilisation of provision	(3,848,500)	-	(3,848,500)
At 31st December 2009	29,151,500	-	29,151,500

(a) Provision of furniture, fittings and equipment

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.

(b) Provision for commitments

This is in respect of anticipated losses arising from corporate guarantee given to financial institution for loan granted to a former subsidiary, FBO Leasing Sdn. Bhd. as stated in Note 10 and Note 43(ii) to the financial statements.

36. TERM LOAN INSTRUMENTS

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

	Group	
	2009 RM	**2008 RM**
Guaranteed secured term loas ("GSTL")	49,417,780	49,844,030
Guaranteed non-secured term loan ("GNSTL)	20,278,964	20,278,964
Non-guaranteed convertible secured term loan ("NGCSTL")	13,703,498	13,703,498
	83,400,242	83,826,492
Less: Non-current portion	-	-
Current portion	83,400,242	83,826,492

(b) 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.

(c) 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.

- 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.

36. TERM LOAN INSTRUMENTS (Continued)

(d) Included in the GSTL and GNSTL are amounts totalling RM52,457,294/- owing to a scheme creditor which represent the remaining outstanding balances for significant payment made previously pursuant to a settlement agreement by the Group in 2006. The directors of the Company are of the view that the outstanding amounts are considered resolved as part of the settlement understanding, and that the scheme creditor will not demand for repayment on the outstanding interest amounts and therefore no accrual of interest is considered necessary.

(e) Other than the GNSTL, all the GSTL and NGCSTL are denominated in Ringgit Malaysia and are secured by way of charges over certain non-current assets held for sale, quoted investments and inventories of the Group.

37. SHORT TERM BORROWINGS

	Group	
	2009 RM	**2008 RM**
Bank overdrafts	259,869	17,188,318
Islamic non-revolving credits	-	27,952,591
Revolving loans	-	7,388,923
	259,869	52,529,832
Less: Liabilities directly assosiated with disposal group classified as held for sale (Note10)	-	(52,529,832)
	259,869	-

Bank Overdrafts		Securities
2009 RM	**2008 RM**	
-	17,188,318	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.
259,869	-	Secured by pledge of fixed deposit of RM792,625/- with licensed bank and also corporate guarantee by the Company.
259,869	17,188,318	

37. SHORT TERM BORROWINGS (Continued)

The bank overdrafts bear interest at rates ranging at 8.05 % (2008: 4.75% to 8.90%) per annum.

The Islamic non-revolving credits in 2008 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% per annum.

The revolving loans in 2008 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 6.50% to 11.00% per annum.

The short term borrowings in 2008, are related to a former subsidiary, FBO Leasing Sdn. Bhd., which has been reclassified as liabilities directly associated with disposal group classified as held for sale as stated in Note 10 to the financial statements.

38. BLOCK DISCOUNT PAYABLES

	Group	
	2009 RM	**2008 RM**
Total outstanding	-	26,258,338
Less: Liabilities directly associated with disposal group classified as held for sale (Note 10)	-	(26,258,338)
	-	-

The block discount in 2008 bear interest at rates ranging 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 in 2008, are related to a former subsidiary, FBO Leasing Sdn. Bhd., which has been reclassified as liabilities directly associated with disposal group classified as held for sale as stated in Note 10 to the financial statements.

39. 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.

Related parties of the Group include subsidiaries and joint venture.

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Gain on disposal of investment in subsidiaries	88,751,822	28,543,879	1,901,160	50,000
Management fees from joint venture	-	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.

40. 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 2009, is the carrying amount of these receivables as disclosed in the balance sheets.

40. **FINANCIAL INSTRUMENTS (Continued)**

(i) Financial Risk Management and Objectives (Continued)

(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 2009. The investments in financial assets are mainly short-term in nature and they are not held for speculative purposes.

2009 Group	Effective interest rate %	Within 1 year RM	1-5 years RM	>5 years RM	Total RM
Financial Asset					
Deposits placed with licensed bank	1.70 - 3.70	6,536,865	-	-	6,536,865
Financial Liabilities					
Borrowings					
- Term loan instruments	6.00 - 12.00	83,400,242	-	-	83,400,242
- Term loans	7.60 - 8.00	2,140,344	8,916,029	112,519	11,168,892
- Bank overdrafts	8.05	259,869	-	-	259,869
- Hire-purchase payables	3.54 - 6.89	271,547	451,180	-	722,727
Company					
Financial Asset					
Deposits placed with licensed bank	1.7 - 3.20	1,733,780	-	-	1,733,780
Financial Liability					
Hire-purchase payables	3.54 - 4.77	205,336	441,550	-	646,886

40. 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 bank	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 bank	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

(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.

40. 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:-

Group	Note	2009 Carrying Amount RM	2009 Fair Value RM	2008 Carrying Amount RM	2008 Fair Value RM
Financial Assets					
Other investments	17	3,775,953	3,926,665	742,953	742,463
Lease and hire-purchase receivables	19	20,718,424	19,007,728	10,847,024	10,630,084
Financial Liabilities					
Hire-purchase payables	31	722,727	686,905	703,522	657,497
Term loan instruments	36	83,400,242	76,513,983	83,826,492	78,342,516
Term loans	32	11,168,902	10,360,763	13,207,463	12,229,132
Company					
Financial Liability					
Hire-purchase payables	31	646,886	621,080	465,424	434,976

The fair values of lease and hire-purchase receivables and payables, term loan instruments 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.

41. CONTINGENT LIABILITIES

As at 31st December 2009, the contingent liabilities were as follows:-

	Company	
	2009 RM	2008 RM
Corporate guarantees given by the Company to secure for credit facilities granted to certain subsidiaries		
- Principal payment	69,696,744	70,122,994
- Accrued interest	36,326,961	35,200,960
Bank overdraft's secured over fixed deposits of a subsidiary	259,869	-
	106,283,574	105,323,954

42. 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.

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 2009, 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 ("TRUSTEE"), the stakeholder for the profit guaranteed pledge 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, 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.

42. PROFIT GUARANTEES (Continued)

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

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

Meanwhile, the THHSB and DTKH ("New Guarantors") have agreed to settle amicably and on 25th September 2008 the parties have recorded a consent order in the Court based on the terms stated in a 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 the Company and both parties agreed to seek alternative solutions to make good the shortfall. After due discussion between both parties, the New Guarantors have proposed to settle the shortfall with a higher profit guarantee amount i.e. the cumulative audited profit before tax of EBF shall not be less than RM21.66 million for the financial year ended 31st December 2010 and 2011 and 2012 whereby the audited profit before tax of EBF for financial year ended 31st December 2010 and 2011 shall not be less than RM5 million, respectively ("Proposed Variations").

Pursuant thereto, the Board had on 25th November 2009 announced that the Company 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 11th January 2010, the Board announced that the ordinary resolution on aforesaid proposal for its shareholders' consideration and approval as per the Notice of the Extraordinary General Meeting ("EGM") dated 21st December 2009 have been duly tabled and passed by the shareholders of the Company at the EGM.

(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.

42. PROFIT GUARANTEES (Continued)

(b) Discover Orient Holidays Sdn. Bhd. (Continued)

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.

On 13th March 2009, the Board wrote to the guarantors to submit plan to fulfil the said guarantee upon its expiry. On 30th July 2009, the guarantors wrote to request to repay the shortfall in equal monthly instalment. The Board has accepted the request.

The Board has allowed the guarantors to submit the repayment plan which currently is in the midst of finalisation by the guarantors.

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

43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(i) Sabah Development Bank Berhad vs Austral Amalgamated Berhad ("AAB") and Furqan Business Organisation Berhad ('the Company")

The Company had on 19th June 2009 received the sealed copy of the Writ of Summons (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 19th May 2009 from Sabah Development Bank Berhad ("Plaintiff") for the sum of RM19,299,872/- as at 3rd March 2009 together with interest on the sum of RM16,652,773/- at the rate of 6% per annum from 4th March 2009 until the date of full payment on the amount owing by a wholly owned subsidiary Austral Amalgamated Berhad ("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 5th August 2009 filed a Defence Statement. On 25th September 2009, the Plaintiff filed the Reply and Defence to counter claim.

The Revolving Credit Facility is secured by a piece of land purchased by AAB in 1994 from Potowin Sdn. Bhd. ("Potowin") for a purchase consideration of RM17,500,000/-. As at the date of this report the ownership title of the said land is yet to be transferred to AAB. The Company has instructed its lawyer to initiate separate action to obtain consequential order(s) from the Court to order Potowin to execute the memorandum of transfer.

43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

(i) Sabah Development Bank Berhad vs Austral Amalgamated Berhad ("AAB") and Furqan Business Organisation Berhad ('the Company") (Continued)

On 4th December 2009, 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 28th 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.

Without prejudice to the pending action in the Kota Kinabalu High Court, the Plaintiff has confirmed to the Company that the redemption sum for the said land is RM25,539,491/- as at 23rd March 2010.

On 26th March 2010, AAB confirmed an interest by a potential buyer on the said land for the redemption sum of RM25,539,491/- and the potential buyer has agreed to purchase the said land on the terms and conditions stipulated in the said letter of offer. The disposal of the said land is in the midst of finalisation as of the date of this report. The Board is of the view that settlement agreement will be executed by May 2010.

The abovementioned Revolving Credit Facility is pursuant to the Restructuring Scheme and in all material times, the Plaintiff has the land as security and all necessary documents to execute the disposal of the land to settle the loan. The Plaintiff had in 2007 secured an interested purchaser and a sale and purchase agreement was executed. In 2009 the Plaintiff notify the Company that the sale was not completed. The directors are of the view that the land value is more than sufficient to repay the loan. Accordingly provision for any additional liability is not required.

(ii) Bank Kerjasama Rakyat Malaysia vs FBO Leasing Sdn. Bhd. and Furqan Business Organisation Berhad

The Company had on 24th July 2009 received a copy of the Writ of Summon and Statement of Claims as per Court Order dated 22th 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/- as at 24th 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.

43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Continued)

(ii) Bank Kerjasama Rakyat Malaysia vs FBO Leasing Sdn. Bhd. and Furqan Business Organisation Berhad (Continued)

The Company had on 29th July 2009 filed to strike out the suit. On 7th 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 20th 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 7th September 2009 followed by another letter dated 19th October 2009, that the Notice of Discontinuance had been filed into Court on 28th September 2009. As such the Company has on 20th October 2009 withdrawn its application to strike out the Plaintiff's suit without order as to costs.

Nevertheless, the Group had sent a letter dated 27th August 2009 to the bank proposing a settlement of the liability in the above matter. As at 31st December 2009, the Group has yet to receive a reply from the said bank.

44. COMPARATIVE FIGURES

During the financial year, the Company disposed of certain subsidiaries of the Group, certain comparative figures have been reclassified to conform with the current year presentation:-

Company	**As previously stated RM**	**Reclassification RM**	**As restated RM**
Balance Sheet			
Trade and other receivables	281,010	19,007,038	19,288,048
Amount owing by subsidiaries	119,963,364	(19,007,038)	100,956,326
Amount owing to subsidiaries	(4,933,507)	211,333	(4,722,174)
Trade and other payables	(166,207)	(211,333)	(377,540)

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	23/12/2009
Arch Peak Sdn Bhd	2 units 3 storey shop house	Taman Danau Kota, Setapak Kuala Lumpur.	Leasehold (Expiring on 2085)	8,003 square feet	12	2,650,000	09/01/2008
Crystal Oblique Sdn Bhd	2 units 4 storey shop house	Taman Danau Kota, Setapak Kuala Lumpur.	Leasehold (Expiring on 2085)	15,057 square feet	12	2,000,000	09/01/2008
FBO Land (Setapak) Sdn Bhd	66 units of flat 1 unit of condominium	Taman Danau Kota, Setapak Kuala Lumpur.	Leasehold (Expiring on 2085 and 2086)	17.96 acres	4 4	1,801,000	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	12	838,816	09/01/2008
FBO Land (Serendah) Sdn Bhd	Property development land	Lot 1115, 1263, 1264, 1728, 1942, 2061 & 2062, Mukim Serendah, Selangor Darul Ehsan.	Freehold	461.64 acres	N/A	33,000,000	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	11	770,800	26/12/2007
Furqan Business Organisation Berhad	2 units of double storey terrace house and 3 units of double storey shop house	Taman Ria, Johor Bahru, Johor.	Freehold	9,300 square feet	10	961,200	15/10/2009
Exquisite Properties Sdn Bhd	Property development land	Lot 25789, Mukim Pulai, Johor.	Leasehold (Expiring on 9 Sept 2919)	10,546 square metres	N/A	2,000,000	16/01/2008
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	12	204,082,206	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed condominium 17 units Completed shop lots 24 units	Kota Sri Mutiara , Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan.	Freehold	8,057.71 square metres	12	5,138,771	19/06/2003
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot 99, Section 21 Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan.	Leasehold (Expiring on 1 Mar 2075)	5,766.98 square metres	N/A	5,248,731	30/09/2007
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot no. 82 GN no. 8158 Seksyen 21 Bandar Kota Bharu, Jajahan Kota Bharu, Kelantan.	Freehold	1,606.1 square metres	N/A	1,300,000	20/08/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Mukim Kuala Lemal Jajahan Pasir Mas, Kelantan.	Leasehold (Expiring on 22 July 2074)	31.72 acres	N/A	3,822,902	04/07/2006
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 30 APRIL 2010

Authorised Share Capital	:	**RM1,000,000,000**
Issued and Paid-up Capital	:	**RM111,667,288**
Class of Shares	:	**Ordinary shares of RM0.50 each**
Voting Rights	:	**One vote per ordinary share**
No. of Shareholders	:	**18,480**

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 APRIL 2010

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,908	42.79%	333,162	0.15%
100 to 1,000 shares	5,495	29.74%	1,817,004	0.81%
1,001 to 10,000 shares	3,555	19.24%	15,919,904	7.13%
10,001 to 100,000 shares	1,337	7.23%	43,712,338	19.57%
100,001 to 11,166,727 shares	183	0.99%	113,747,167	50.93%
11,166,728 and above	2	0.01%	47,805,000	21.41%
TOTAL	18,480	100%	223,334,575	100%

DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2010 *(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	37 #	- ^
Dato' Lim Hong Sang	-	-	37 *	- ^
Sydney Lim Tau Chin	-	-	12,537,367 **	5.61

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2010 *(as per Register of Substantial Security Holders)*

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	-	-	12,537,367**	5.61
Equal Accord Sdn. Bhd.	17,515,000	7.84	-	-
Maylex Ventures Sdn. Bhd.	12,537,330	5.61	-	-
Prestige Pavilion Sdn. Bhd.	30,290,000	13.56	-	-

\# 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.

^ Less than 0.01%

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2010

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Shareholdings Percentage(%)
1	**TA NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR PRESTIGE PAVILION SDN. BHD.	30,290,000	13.56
2	**OSK NOMINEES (TEMPATAN) SDN BERHAD** PLEDGED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN. BHD.	17,515,000	7.84
3	**OSK NOMINEES (TEMPATAN) SDN BERHAD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	9,808,530	4.39
4	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PENGURUSAN DANAHARTA NASIONAL BERHAD FOR AUSTRAL AMALGAMATED BERHAD	9,289,200	4.16
5	**NOR ASHIKIN BINTI KHAMIS**	7,642,550	3.42
6	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KUAN PENG CHING @ KUAN PENG SOON	6,530,550	2.92
7	**HLB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KUAN HUI VOON (SIN 6108)	4,411,500	1.98
8	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR BRIGHT MEMORY SDN BHD	4,234,100	1.90
9	**NUMINA GEM SDN BHD**	3,859,200	1.73
10	**CIMSEC NOMINEES (ASING) SDN BHD** CIMB FOR LONG RETURN INVESTMENTS LIMITED (PB)	3,821,200	1.71
11	**HLB NOMINEES (ASING) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR EXPLICIT GROUP LIMITED (SIN 90658-3)	3,000,000	1.34
12	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN BHD	2,728,800	1.22
13	**BSN MERCHANT BANK BHD**	2,488,683	1.11
14	**RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHAI KIN LOONG (MTK)	2,365,400	1.06
15	**KUMPULAN HAMODAL SDN. BHD.**	2,116,218	0.95
16	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.86
17	**ONG YEW BENG**	1,880,000	0.84
18	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHU YOKE HUA	1,651,250	0.74
19	**LIM SENG CHEE**	1,383,625	0.62
20	**LIN SHU-YUAN**	1,366,925	0.61
21	**GAN CHONG LIM**	1,132,550	0.51
22	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	1,125,700	0.50
23	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KOH LOKE MOY	1,044,050	0.47
24	**CHU TIAM @ CHU CHU NGAN**	1,000,000	0.45
25	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR OH CHUI YIN (PB)	1,000,000	0.45
26	**CHONG CHING SIEW HOLDINGS SDN BHD**	943,750	0.42
27	**CHAI MUN HA**	933,000	0.42
28	**NG CHONG KEONG**	865,300	0.39
29	**OSK NOMINEES (TEMPATAN) SDN BERHAD** PLEDGED SECURITIES ACCOUNT FOR TAN SOCK HUI	809,700	0.36
30	**ANDY LEE KUAN MIN**	710,000	0.32
	Total	**127,864,813**	**57.25**

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 **Tenth 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, 21 June 2010** at **8.30 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 2009	Resolution 1		
2.	To re-elect Dato' Faruk Bin Othman	Resolution 2		
3.	To re-elect Dato' Tan Kok Hwa	Resolution 3		
4.	To re-elect Lim Thian Loong	Resolution 4		
5.	To approve the payment of Director's fees	Resolution 5		
6.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the directors to fix their remuneration	Resolution 6		
7.	To authorise the Directors to issue shares	Resolution 7		

(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 **Tricor Investor Services Sdn. Bhd. (formerly known as 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.*

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Then fold here

Affix Postage
Stamp Here

The Share Registrars

TRICOR INVESTOR SERVICES SDN BHD (118401-V)
(formerly known as TENAGA KOPERAT SDN BHD)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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