

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31-Mar -2009 RM <u>Unaudited</u>	As at 31-Dec -2008 RM <u>Audited</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	27,264,499	26,980,455
Investment properties	84,712,000	84,712,000
Prepaid lease payments	6,151,041	6,307,749
Investment in associates	290,000	-
Other investments	742,953	742,953
Land held for development	6,310,642	6,810,642
Lease and hire-purchase receivables	13,000,000	1,500,000
Goodwill arising on consolidation	2,705,712	2,705,712
Total Non-Current Assets	<u>141,176,847</u>	<u>129,759,511</u>
Current Assets		
Property development expenditure	11,272,921	11,272,921
Inventories	10,315,055	11,128,923
Lease and hire-purchase receivables	8,922,325	9,347,024
Trade and other receivables	20,343,279	29,196,646
Tax recoverable	2,245,098	2,213,742
Deposits placed with licensed banks	4,967,037	15,980,331
Cash and bank balances	5,603,994	7,394,943
Total Current Assets	<u>63,669,709</u>	<u>86,534,530</u>
Non-current assets held for sale	176,067,412	182,768,657
Assets of disposal group	-	47,858,235
	<u>239,737,121</u>	<u>317,161,422</u>
TOTAL ASSETS	<u><u>380,913,968</u></u>	<u><u>446,920,933</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	111,667,288	446,669,151
Revaluation reserve	100,590	100,590
Accumulated losses	21,242,249	(319,332,306)
Total Equity	<u>133,010,127</u>	<u>127,437,435</u>
Non-Current Liabilities		
Hire-purchase payables	616,016	382,132
Term loans	10,871,339	11,352,338
Deferred tax liabilities	8,408,773	8,408,773
Total Non-Current Liabilities	<u>19,896,127</u>	<u>20,143,243</u>
Current Liabilities		
Trade and other payables	137,903,728	103,196,685
Provisions for liabilities	2,882,821	2,487,088
Hire-purchase payables	363,189	321,390
Term loan instruments	83,801,492	83,826,492
Short term borrowings	391,110	-
Term loans	1,863,297	1,855,125
Tax payable	802,077	802,676
Total Current Liabilities	<u>228,007,714</u>	<u>192,489,456</u>
Liabilities of disposal group	-	106,850,799
Total Liabilities	<u>247,903,841</u>	<u>319,483,498</u>
TOTAL EQUITY AND LIABILITIES	<u><u>380,913,968</u></u>	<u><u>446,920,933</u></u>
Net asset per share (sen)	60	29

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

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 31-March-2009 RM	3 months ended 31-March-2008 RM	Year-to-date 31-March-2009 RM	Year-to-date 31-March-2008 RM
Continuing Operations				
Revenue	11,509,965	14,054,775	11,509,965	14,054,775
Expenses excluding finance cost	(4,340,068)	(12,414,101)	(4,340,068)	(12,414,101)
Other operating income	<u>606,405</u>	<u>1,288,728</u>	<u>606,405</u>	<u>1,288,728</u>
Profit from operations	7,776,302	2,929,402	7,776,302	2,929,402
Finance cost	<u>(308,321)</u>	<u>(2,431,361)</u>	<u>(308,321)</u>	<u>(2,431,361)</u>
Profit before taxation	7,467,981	498,041	7,467,981	498,041
Taxation	<u>1,310</u>	<u>(117,259)</u>	<u>1,310</u>	<u>(117,259)</u>
Profit for the period from continuing operations	7,469,291	380,782	7,469,291	380,782
Discontinued operations				
Loss from discontinued operations	<u>(1,896,599)</u>	<u>(5,610,663)</u>	<u>(1,896,599)</u>	<u>(5,610,663)</u>
Net profit/(loss) for the period	<u>5,572,692</u>	<u>(5,229,881)</u>	<u>5,572,692</u>	<u>(5,229,881)</u>
Attributable to :				
Equity holders of the parent	5,572,692	(5,225,060)	5,572,692	(5,225,060)
Minority interests	<u>-</u>	<u>(4,821)</u>	<u>-</u>	<u>(4,821)</u>
	<u>5,572,692</u>	<u>(5,229,881)</u>	<u>5,572,692</u>	<u>(5,229,881)</u>
Earning/(loss) per ordinary share attributable to equity holders of the Company (sen)				
- Basic:				
from continuing operations	3.34	0.17	3.34	0.17
from discontinued operations	<u>(0.85)</u>	<u>(2.51)</u>	<u>(0.85)</u>	<u>(2.51)</u>
for the period	<u>2.50</u>	<u>(2.34)</u>	<u>2.50</u>	<u>(2.34)</u>
- Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Company →			Total RM	Minority Interests RM	Total Equity RM
	Share Capital RM	Non-distributable Revaluation Reserve RM	Distributable Accumulated Losses RM			
At 1 January 2008	446,669,151	100,590	(300,059,665)	146,710,076	1,030,410	147,740,486
Net loss for the period	-	-	(5,225,060)	(5,225,060)	(4,821)	(5,229,881)
At 31 March 2008	446,669,151	100,590	(305,284,725)	141,485,016	1,025,589	142,510,605
At 1 January 2009	446,669,151	100,590	(319,332,306)	127,437,435	-	127,437,435
Capital reduction	(335,001,863)	-	335,001,863	-	-	-
Net profit for the period	-	-	5,572,692	5,572,692	-	5,572,692
At 31 March 2009	111,667,288	100,590	21,242,249	133,010,127	-	133,010,127

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

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 31-March-2009 RM	3 months ended 31-March-2008 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) for the period	7,467,981	498,043
- Continuing operations	(1,896,599)	(5,610,663)
- Discontinued operations		
Adjustments for:		
(Gain)/Loss on disposal of:		
Investments in subsidiary companies	(65,273,682)	(2,796,718)
Property, plant and equipment	(43,000)	67,174
Interest income	(49,930)	(17,135)
Interest expense	656,664	5,056,229
Allowance for doubtful debts	15,192,496	1,176,125
Impairment loss on:		
Non-current assets held for sale	6,701,245	-
Prepaid lease payment	124,360	-
Land held for development	500,000	-
Written off:		
Inventories	400,000	1,000,000
Bad debts	-	1,317,382
Depreciation of property, plant and equipment	353,514	418,988
Amortisation of prepaid lease payments	32,348	-
Unrealised loss on foreign currency exchange	7,412	-
Operating Profit/(Loss) Before Working Capital Changes	(35,827,191)	1,109,425
(Increase)/Decrease in:		
Inventories	413,868	533,411
Lease and hire-purchase receivables	(11,060,726)	-
Trade and other receivables	(4,554,695)	(4,670,528)
Increase/(Decrease) in:		
Trade and other payables	36,134,505	11,685,983
Block discount payables	-	(4,330)
Cash Generated From/(Used In) Operations	(14,894,239)	8,653,961
Tax paid	(31,956)	(13,839)
Net Cash From/(Used In) Operating Activities	(14,926,195)	8,640,122
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(624,652)	(276,751)
Proceeds from disposal of property, plant and equipment	43,000	60,000
Additions to investment properties	-	(60,004)
Net cash (out)/inflow from disposal of subsidiary companies*	19,528,847	(66,318)
Additions to investment in associates	(290,000)	-
Increase in deposits pledged to banks	-	(460,350)
Interest received	49,930	17,135
Net Cash From Financing Activities	18,707,125	(786,288)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of term loan instruments	(25,000)	-
Repayment of term loans	(296,234)	(2,365,411)
Interest paid	(271,923)	(5,056,229)
Net addition/(payment) of hire-purchase payables	275,683	(225,022)
Net Cash Used In Financing Activities	(317,474)	(7,646,662)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,463,456	207,172
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,952,121	(7,797,297)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,415,577	(7,590,125)
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	5,603,994	10,520,590
Deposits placed with licensed banks	4,967,037	8,146,971
Bank overdrafts	(391,110)	(24,818,178)
	10,179,921	(6,150,617)
Deposits pledged with licensed bank	(764,344)	(1,439,508)
	9,415,577	(7,590,125)

* The impact of the cash flows from discontinued operations in respect of operating activities, investing activities and financing activities have not been separately disclosed for the preceding year's corresponding period. For the first quarter ended 31 March 2008, the net cash outflow from discontinued operations amounted to RM281,460.

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

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

EXPLANATORY NOTES

A1 Basis of preparation

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

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

A2 Audit qualifications

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

A3 Seasonality or cyclicity of operation

For the financial period under review, the operations of the Group are not subject to material seasonal or cyclical fluctuations.

A4 Changes in the composition of the Group

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

- (i) On 23 January 2009, the Board announced disposal of the wholly-owned subsidiary, FBO Leasing Sdn Bhd to the original vendors as settlement of law suit filed by the Company against them.
- (ii) On 3 April 2009, the Company had subscribed for 290,000 ordinary shares of RM1 representing 29% of the equity interest of P.A. Projects Sdn. Bhd. for a total consideration of RM290,000.

A5 Unusual items

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

A6 Changes in estimates

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

A7 Debt and equity securities

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

- (a) a credit balance of RM335 million that was utilised to eliminate the accumulated losses of the Company;
- (b) the par value of each ordinary share of the Company reduced from RM1.00 to RM0.50; and
- (c) the reduction in the number of issued and paid up share capital of the Company from 446,669,151 ordinary shares to 223,334,575 ordinary shares

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

A8 Dividends paid

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

A9 Segmental reporting

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

	Investment properties	Leasing & financing	Travel & tour	Hospitality	Investment holding	Property development	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continued operations									
Revenue									
External revenue	1,783	229	4,527	4,939	7	25	-	-	11,510
Inter-segment revenue	-	-	4	-	172	-	-	(176)	-
Total revenue	1,783	229	4,531	4,939	179	25	-	(176)	11,510
Results									
Segment profit/(loss)	(19,885)	(453)	169	1,017	(43,383)	(3,616)	(341)	8,945	(57,547)
Interest income	-	-	-	-	16	26	8	-	50
Finance cost	(253)	-	(12)	-	(43)	(1)	-	-	(309)
Loss before taxation									(57,806)
Taxation									1
Loss for the period from continuing operations									(57,805)
Discontinued operations									
Loss for the period from discontinued operations									(1,896)
Gain on disposal of subsidiary company									65,274
Profit for the period									5,573

A10 Carrying amount of revalued assets

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

A11 Subsequent material event

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

A12 Changes in contingent liabilities and contingent assets

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

A13 Capital Commitments

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

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

B1 Review of performance

In the current quarter, the Group recorded revenue of RM11 million compared to RM14 million in the previous year's corresponding quarter mainly due to lower revenue recorded by subsidiary companies in the hospitality and travel and tour.

B2 Material changes in the profit before taxation

The Group reported profit before tax from continuing operations of RM7.47 million for current quarter compared to profit before tax of RM0.50 million for the preceding quarter. The increase in profit was mainly due to the positive effect of disposal of a subsidiary company.

B3 Group prospects

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

Barring any unforeseen circumstances, the Board expects to continue efforts in achieving better performance for the remaining period of the financial year.

B4 Variance of profit guarantee

(i) Eastern Biscuits Factory Sdn Bhd

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

During the financial year ended 31 December 2004, EBFSB had recorded a profit before tax of RM8.387 million resulting in a shortfall of RM6.393 million. For the financial year ended 31 December 2005, EBFSB's profit before tax was RM4.48 million, thus resulting in a shortfall of RM13.84 million. As of 21 October 2005, the Company had sent a Letter of Demand to each of the vendors of EBFSB, namely Dato' Tan Kok Hwa ("DTKH"), Teong Hoe Holding Sdn. Bhd. ("THHSB") and Forad Management Sdn. Bhd. ("FMSB"), to recover the profit guarantee shortfall for the financial year ended 31 December 2004.

On 4 May 2006, the Company received a settlement proposal from one of the profit guarantors, the vendor of EBFSB, namely THHSB, for the profit guarantee shortfall of RM6.393 million for the financial year ended 31 December 2004.

The Board has sought legal opinion on the enforcement of the profit guarantee shortfalls. On 16 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 31 December 2005.

On 25 July 2006, the Company had requested Universal Trustee (Malaysia) Berhad ("the TRUSTEE"), the stakeholder for the profit guaranteed pledge shares ("Security Shares"), to sell all the Security Shares held by the vendors in the open market. The sale of Security Shares commenced in November 2006.

On 22 January 2007, the TRUSTEE had completed the disposal of Security Shares with a total proceeds of RM1.42 million. The profit short fall after the disposal of Security Shares is RM18.83 million.

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

On 23 July 2007, a judgment in default of appearance was entered into against the FMSB for the sum of RM18.83 million. However the FMSB has failed to settle the said judgment sum todate.

Meanwhile, THHSB and DTKH and the Company have agreed to settle the shortfall amicably. On 25 September 2008 the parties recorded a consent order in the court based on the terms stated in the Settlement Agreement. The order was received on 3 December 2008. Kindly refer to the Company's announcement dated 5 December 2008.

The settlement is now pending shareholders approval.

(ii) Discover Orient Holidays Sdn Bhd

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

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

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

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

B5 Taxation

	3 months ended	3 months ended	Year-to-date	Year-to-date
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
	RM'000	RM'000	RM'000	RM'000
Tax (expense)/income				
Income tax				
-current year	(16)	(24)	(16)	(24)
-prior year	17	(93)	17	(93)
	1	(117)	1	(117)

The tax expense was in respect of Malaysian tax.

B6 Unquoted investments

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

B7 Quoted investments

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

	At Cost	At Book Value	At Market Value
	RM'000	RM'000	RM'000
Other investments			
- Quoted in Malaysia	500	375	405
- Quoted outside Malaysia	5,958	368	382
Total quoted investments	6,458	743	787

B8 Status of corporate proposal

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

- i) Proposed share capital reduction pursuant to Section 64(1) of the Companies Act, 1965 involving the cancellation of RM0.75 of the par value of each existing ordinary share of RM1.00 each in the Company (“Proposed Par Value Reduction”);
- ii) Proposed consolidation of every two (2) ordinary shares of RM0.25 each after the Proposed Par Value Reduction into one (1) new ordinary share of RM0.50 each (“Proposed Share Consolidation”); and
- iii) Proposed amendment to the relevant clause of the Memorandum of Association of the Company to give effect to the Proposed Par Value Reduction and Proposed Share Consolidation.

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

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

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

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

B9 Group borrowings and debts securities

Total secured bank borrowings are as follows:

	RM’000
Payable within 12 months	
Term loans	85,665
Hire-purchase payables	363
Short term borrowings	391
	<u>86,419</u>
Payable after 12 months	
Term loans	10,871
Hire-purchase payables	616
	<u>11,487</u>
Total	<u><u>97,906</u></u>

B10 Off balance sheet financial instruments

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

B11 Changes in material litigation

There were no material litigations for the financial period under review.

B12 Dividend

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

B13 Earning per shares

	3 months ended 31-Mar-2009	3 months ended 31-Mar-2008	Year-to-date 31-Mar-2009	Year-to-date 31-Dec-2008
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- from continuing operation	7,469	386	7,469	386
- from discontinued operation	<u>(1,896)</u>	<u>(5,611)</u>	<u>(1,896)</u>	<u>(5,611)</u>
- for the period	<u>5,573</u>	<u>(5,225)</u>	<u>5,573</u>	<u>(5,225)</u>
Number of ordinary share in issue ('000)	223,335	223,335	23,335	223,335
Earning/(loss) per ordinary share				
- Basic:				
- from continuing operation	3.34	(0.17)	3.34	0.17
- from discontinued operation	<u>(0.85)</u>	<u>(2.51)</u>	<u>(0.85)</u>	<u>(2.51)</u>
- for the period	<u>2.49</u>	<u>(2.68)</u>	<u>2.49</u>	<u>(2.68)</u>
- Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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