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

ANNUAL REPORT 2010

Annual Report 2010

FBO

FURQAN BUSINESS ORGANISATION BERHAD
(515965-A)

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh 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, 20 June 2011 at 8.30 a.m. to transact the following businesses:

1. To receive the Audited Financial Statements for the year ended 31 December 2010 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) Sydney Lim Tau Chin ***(Resolution 2)***
   b) Yong Yeow Wah ***(Resolution 3)***

3. To re-elect Lim Kwee Ong 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 RM56,000 for the year ended 31 December 2010. ***(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 pursuant to Section 132D of the Companies Act, 1965**

   "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. **Special Resolution - Proposed Amendment to the Articles of Association of the Company**

   "THAT the existing Article 146 of the Articles of Association of the Company be deleted in its entirety and to adopt the following new Article 146:-

   146. Dividend payable

   Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or to such person and to such address as the holder may in writing direct; or by electronic transfer or remittance to bank account as designated by the holder entitled to such payment from time to time and such payment shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant or electronic transfer or remittance shall be sent/made at the risk of the person entitled to the money thereby represented. The Company shall not be responsible for any inaccurate details supplied by the Members or any errors, delay or power or electronic failure encountered during or in the course of transmission or postal order." ***(Resolution 8)***

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

BY ORDER OF THE BOARD

TAN KOK AUN (MACS 01564)
WONG WAI YIN (MAICSA No. 7003000)
Company Secretaries

Kuala Lumpur,
27 May 2011

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 (1) proxy to attend and vote in his stead. Where a member appoints two (2) 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., 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

a. Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

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. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting. In order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future projects, working capital and/or acquisitions.

b. Proposed Amendment to the Articles of Association of the Company

The proposed adoption of Special Resolution 8 in item 7 is to allow the Company to pay its cash dividend by way of electronic transfer or remittance.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE ANNUAL GENERAL MEETING

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

Date	Time	Place
20 June 2011 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) Sydney Lim Tau Chin
b) Yong Yeow Wah

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

a) Lim Kwee Ong

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

FINANCIAL HIGHLIGHTS

REVENUE	
2010	**RM 54,036,689**
2009	RM 53,782,441
2008	RM 69,648,608
2007	RM77,011,422
2006	RM 44,382,345

REVENUE BY SEGMENT (in Ringgit Malaysia)

	INVESTMENT HOLDING	LEASING AND FINANCING	HOSPITALITY	INVESTMENT PROPERTIES	TRAVEL & TOUR	PROPERTY DEVELOPMENT
2010	**77,800**	**2,244,573**	**22,253,901**	**7,156,547**	**NIL**	**NIL**
2009	24,910	1,194,115	22,362,148	7,284,662	22,329,806	586,800
2008	30,900	811,715	23,155,573	9,125,592	26,841,828	9,683,000
2007	80,400	1,337,495	22,255,225	9,087,728	37,403,614	6,846,960
2006	NIL	3,914,901	25,198,776	3,863,045	8,935,502	2,470,121

PROFIT / (LOSS) BEFORE TAX	
2010	**RM 9,459,803**
2009	RM 12,741,361
2008	(RM 17,136,891)
2007	(RM 18,684,978)
2006	(RM 37,597,462)

SHAREHOLDERS FUNDS	
2010	**RM 145,453,042**
2009	RM 138,118,566
2008	RM 127,437,435
2007	RM 147,740,486
2006	RM 168,382,004

TOTAL ASSETS EMPLOYED	
2010	**RM 351,194,740**
2009	RM 376,417,892
2008	RM 446,920,933
2007	RM591,751,626
2006	RM 715,791,143

NET TANGIBLE ASSETS PER SHARE	
2010	**RM 0.65**
2009	RM 0.53
2008	RM 0.29
2007	RM0.33
2006	RM 0.38

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Furqan Business Organisation Berhad, 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 2010.

Overview

In year 2010, we witnessed a strong recovery in the local economy especially during the first quarter of the year with a GDP growth of 10.1% and 7.2% for the year. Although economic growth rate seems favorable, we remain cautious and prudent on cost management on the fact that the economy has slowed down continuously from second quarter onward which we believe reflects the uncertainty in the global economy. For the financial year 2010, our focus remained on our core businesses. We are pleased to present to you a sustainable financial performance for financial year 2010.

Financial Performance

For the financial year under review, the Group recorded a total revenue of RM 54.04 million. The revenue was derived mainly from our three core sectors, tour and travel, hospitality and investment properties with revenue of RM22.30 million, RM22.25 million and RM7.16 million respectively. During the financial year, the Group continued an on-going exercise to dispose dormant or non-operating companies. A total of six wholly owned subsidiaries being successfully disposed and from the disposal the Group recorded a non operational gain, net of related expenses, of RM22.4 million.

The profit before tax for financial year 2010 was RM9.46 million. It however did not reflect the full effect of the gain on disposal of subsidiaries, it was due to some significant non recurring expenses incurred during the financial year mainly from impairment loss on quoted shares, provision for legal claims and provision for doubtful debts.

Because of lower net profit in 2010, the earning per share for the year dropped to 3.2 sen from 4.1 sen previous year. Net asset per share has however improved from 53 sen in financial year 2009 to 65 sen this year.

Future Prospects

On 18 April 2011, we have completed the disposal of Discover Orient Holidays Sdn Bhd ("DOHSB") together with its dormant subsidiary Discover Orient Holidays Limited. DOHSB is a tour and travel agency which was one of our core businesses. The disposal was to streamline the Group's operation.

Our focus for the current year will be on our operation in Kelantan. Renaissance Hotel Kota Bharu has always been a major contributor to our revenue and profitability, by undertaking proactive asset management strategy we believe the Hotel will continue to maintain its market leadership position and continue to benefit the Group. On 8 October 2010, we have officially launched a township development project in Pasir Mas, Kelantan with gross development value of approximately RM157 million. The project is carried out in 2 phases and estimated to complete within 3 years. The sale of phase 1 of the project has been encouraging, about 65% sold as of 31 December 2010. We are confident on the success of the project and its contribution to our revenue for financial year 2011.

Moving forward, we will continue to explore for business opportunities while maintain our focus on our current operation.

Dividend

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

Appreciation

On behalf of the Board, I wish to welcome Mr. Lim Kwee Ong who joined the Board as a independent non executive director with effect from 30 December 2010.

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
Non Independent Non Executive Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg. Dato' Faruk Bin Othman
(Non-Independent Non-Executive Chairman)

YBhg. Dato' Lim Hong Sang
(Executive Deputy Chairman)

Sydney Lim Tau Chin
(Managing Director)

YBhg. Dato' Tan Kok Hwa
(Executive Director)

Yong Yeow Wah
(Executive Director)

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

Lim Thian Loong
(Independent Non-Executive Director)

Lim Kwee Ong
(Independent Non-Executive Director)

AUDIT COMMITTEE

Lim Thian Loong (Chairman)
Dr. Yang Ching Leng @ Chan Ah Kow
Lim Kwee Ong

NOMINATION COMMITTEE

Dr. Yang Ching Leng @ Chan Ah Kow (Chairman)
Lim Thian Loong
Lim Kwee Ong

REMUNERATION COMMITTEE

Lim Thian Loong (Chairman)
Dr. Yang Ching Leng @ Chan Ah Kow
Lim Kwee Ong

COMPANY SECRETARIES

Tan Kok Aun (MACS 01564)
Wong Wai Yin (MAICSA 7003000)

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

No. 1 & 1A, 2nd Floor (Room 2)
Jalan Ipoh Kecil
50350 Kuala Lumpur
Tel : 03 – 4043 5750   Fax : 03 – 4043 5755

SHARE REGISTRAR

Tricor Investor Services 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

PROFILE OF THE BOARD OF DIRECTORS

YBHG. DATO' FARUK BIN OTHMAN
Non-Independent Non-Executive Chairman, Malaysian, Age 63

YBhg. Dato' Faruk bin Othman was appointed as Executive Chairman of the Company on 1st October 2002 and subsequently on 2nd February 2011, he was re-designated as Non-Independent Non-Executive Chairman.

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 Inter 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 Executive Chairman of APFT Berhad and a Director and Member of the Audit Committee of Premium Nutrients Berhad. These companies are 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 and/or major shareholder of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

YBhg. Dato' Faruk has attended all the Seven (7) Board meetings held during the financial year ended 31st December 2010.

YBHG. DATO' LIM HONG SANG
Executive Deputy Chairman, Malaysian, Age 61

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 as Managing Director to the Board on 1st October 2003 and subsequently on 21st June 2010, he was re-designated as Executive Deputy Chairman of the Company.

YBhg. Dato' Lim Hong Sang does not have any family relationship with any director and/or major shareholder of the Company or any personal interest in any business arrangement involving 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 seven (7) Board meetings held during the financial year ended 31st December 2010.

YBHG. DATO' TAN KOK HWA
Executive Director, Malaysian, Aged 61

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 and/or major shareholder of the Company or any personal interest in any business arrangement involving the Company. He has no convictions for offences within the past ten (10) years, other than traffic offences, if any.

YBhg. Dato' Tan has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2010.

PROFILE OF THE BOARD OF DIRECTORS

MR. SYDNEY LIM TAU CHIN
Managing Director, Malaysian, Aged 41

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 public listed company. 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 was appointed as Executive Director of the Company on 12th December 2003 and subsequently on 21st June 2010, he was re-designated as Managing Director.

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.

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

Mr. Sydney Lim has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2010.

MR. YONG YEOW WAH
Executive Director, Malaysian, Aged 58

Mr. Yong Yeow Wah was appointed to the Board on 5th September 2003 as Senior Independent Non-Executive Director, and subsequently on 21st June 2010, he was re-designated as Executive Director.

Mr. Yong was journalist for twenty years until 1995 he was engaged as Manager involved in marketing and business development. In 2001, he started his practicing consultant business.

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

Mr. Yong has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2010.

DR. YANG CHING LENG @ CHAN AH KOW
Independent Non-Executive Director, Malaysian, Aged 68

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

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

Dr. Yang has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2010.

PROFILE OF THE BOARD OF DIRECTORS

MR. LIM THIAN LOONG
Independent Non-Executive Director, Malaysian, Aged 47

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 the Chairman of Audit Committee and Remuneration Committee. He is also a Member of Nomination Committee.

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

Mr. Lim has attended five (5) out of six (6) Board Meetings held after his appointment to the Board and during the financial year ended 31st December 2010.

MR. LIM KWEE ONG
Independent Non-Executive Director, Malaysian, Aged 56

Mr. Lim Kwee Ong graduated from University of Malaya with B.Sc(Hons) Major in Mathematics in 1979. He was Project Manager in planning and implementation of several housing projects in Peninsular Malaysia from 1980 to 1998. Since 1999, he is a Dealer's Representative in MIMB Investment Bank Bhd.

Mr. Lim was appointed to the Board on 30th December 2010. He is also a member of Audit Committee, Nomination Committee and Remuneration Committee.

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

There was no Board Meeting held after Mr. Lim's appointment to the Board during the financial year ended 31st December 2010.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Mr. Lim Thian Loong
Chairman of the Audit Committee
(Independent Non-Executive Director)

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

Mr. Lim Kwee Ong
Audit Committee Member
(Independent Non-Executive Director)
(Appointed 30 December 2010)

Mr. Yong Yeow Wah
Formerly Chairman of Audit Committee
(Formerly Senior Independent Non-Executive Director)
(Redesignated to Executive Director with effect from 21 June 2010)

During the year, Mr Yong Yeow Wah was redesignated to Executive Director. The Company has applied and obtained consent from Bursa Malaysia Securities Berhad for extension of time to fill the vacancy. The Company has complied with the prescribed requirement of Bursa Malaysia Securities Berhad upon appointment of Mr. Lim Kwee Ong as an Independent Non-Executive Director and Audit Committee Member on 30 December 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, then 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; or

(c) fulfils 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 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 and 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.

AUDIT COMMITTEE REPORT

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;

(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.

AUDIT COMMITTEE REPORT

MEETINGS

The Audit Committee 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 2010, the Audit Committee:-

(i) Reviewed the progress of internal audit function against the approved audit plan for the years 2010 and 2011;

(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 2010 and unaudited quarterly financial results announcements of the Group, prior to the Board's approval;

(vi) Reviewed with the External Auditors the scope of work and results of their examination together with the actions taken thereon; and

(vii) Reviewed any related party transaction that may arise within the Group of Company.

DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31st December 2010 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 *	3/3
Dr. Yang Ching Leng @ Chan Ah Kow	5/5
Lim Thian Loong **	4/4
Lim Kwee Ong ***	0/0

* *Resigned on 21 June 2010*
** *Appointed on 25 February 2010*
*** *Appointed on 30 December 2010*

AUDIT COMMITTEE REPORT

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 RM35,000.

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 2010 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 integrity 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 19th May 2011.

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 substance 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 fulfil 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 2010, the board met on seven (7) occasions, 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.

All Board meetings were held at the Conference Room of the Company, 2nd Floor, 24 Jalan 8/23E, Taman Danau Kota, Setapak, 53300 Kuala Lumpur, except the Board meeting on 21st June 2010 held at Merbok Room, Level 6, Renaissance Kota Bharu Hotels, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan.

Details of the attendance at the Board meetings held during the financial year ended 31st December 2010 are as follows: –

Director	22 February 2010 (1100 hrs)	20 April 2010 (1145 hrs)	5 May 2010 (1100 hrs)	19 May 2010 (1130 hrs)	21 June 2010 (0900 hrs)	27 August 2010 (1140 hrs)	29 November 2010 (1100 hrs)	Total Meeting Attended
Dato' Faruk Bin Othman	X	X	X	X	X	X	X	7/7
Dato' Lim Hong Sang	X	X	X	X	X	X	X	7/7
Dato' Tan Kok Hwa	X	X	X	X	X	X	X	7/7
Sydney Lim Tau Chin	X	X	X	X	X	X	X	7/7
Yong Yeow Wah	X	X	X	X	X	X	X	7/7
Dr. Yang Ching Leng@Chan Ah Kow	X	X	X	X	X	X	X	7/7
Lim Thian Loong *	-	X	0	X	X	X	X	5/6
Lim Kwee Ong **	-	-	-	-	-	-	-	0/0

* *Appointed on 25 February 2010*
** *Appointed on 30 December 2010*

Board Composition and Balance

The 8-member Board comprises Non-Independent Non-Executive Chairman, Executive Deputy 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 the 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 the 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 of reference and the Audit Committee's rights and responsibilities are set out in Audit Committee Report of this Annual Report.

Nomination Committee

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

1. Dr. Yang Ching Leng @ Chan Ah Kow (Chairman)
2. Mr. Lim Thian Leong (Member)
3. Mr. Lim Kwee Ong (Member)

The roles and responsibilities 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, the directors to fill the seats on the 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 has also established the Remuneration Committee which comprises the following Non-Executive Directors:

1. Mr. Lim Thian Loong (Chairman)
2. Dr. Yang Ching Leng @ Chan Ah Kow (Member)
3. Mr. Lim Kwee Ong (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 form, 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, have completed the Mandatory Accreditation Programme ("MAP") prescribed by, Bursa Malaysia Securities Berhad, and during the financial year 2010, training courses/seminars attended by various Directors except Mr. Lim Kwee Ong include:-

- Developing Sustainable Market Leadership using the Balanced Scorecard.

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 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 end 31st December 2010, is as follows:-

Remuneration Package	Executive Directors RM	Non-Executive Directors RM	Total RM
Directors' Fees	-	56,000	56,000
Salaries and other emoluments	1,516,340	-	1,516,340
Benefits-in-kind	340,050	-	340,050
Total	1,856,390	56,000	1,912,390

The number of Directors of the Company whose total remuneration per annum fall within the respective bands for the financial year ended 31st December 2010 are as follows:-

Range of remuneration per annum	Number of Directors	
	Executive	Non-Executive
RM50,000 and below	-	4
RM100,001 - RM150,000	1	-
RM300,001 - RM350,000	1	-
RM350,001 - RM400,000	1	-
RM500,001 - RM550,000	2	-
Total	5	4

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 the Chairman's Statement in this Annual Report. The Board is assisted in this area by the Audit Committee, whose terms of reference are defined in the Audit Committee Report published in this Annual Report.

Internal Control

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

The Group's Internal Control Statement is set out in 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 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 Standards ("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 2010 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 Malaysian Code on Corporate Governance ("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. During the current financial year, the subsidiaries operating in the travel and tours, hospitality, investment property and property development industries were audited by the internal auditors. The audits were focused on revenue, cost of operations and profit margin, trade receivables, inventory management and the property development and construction in progress.

All audit 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 meetings are submitted to the Board for review and further deliberation. The Management is responsible for ensuring that all corrective actions are taken within the required time frame on reported weaknesses.

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 19th May 2011.

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

1. UTILISATION OF PROCEEDS
There were no proceeds raised from corporate proposals during the financial year.

2. SHARE BUY BACKS
The Company did not enter into any share buyback transactions during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES
The Company did not issue any options, warrants or convertible securities during the financial year.

4. PENALTIES
There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors and management by the relevant regulatory bodies which have material impact on the operations or financial position of the Group during the financial year.

5. NON-AUDIT FEE
Non-audit fee payable to external auditors for the financial year amounted to RM8,000.

6. VARIATION IN RESULTS
There was no variation in the financial results of 10% or more from unaudited results announced.

7. MATERIAL CONTRACTS
There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

8. REVALUATION POLICY ON LANDED PROPERTIES
The Group's revaluation policy is disclosed in Note10 to the financial statements.

9. 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. ("THHSB"), Forad Management Sdn. Bhd. and Dato' Tan Kok Hwa ("DTKH").

On 22nd January 2007, Universal Trustee (Malaysia) Berhad, the stakeholder for the profit guaranteed pledge shares, completed disposal of Security Shares with total proceeds of RM1.42 million. The profit shortfall after the disposal of Security Shares is RM18.83 million.

THHSB and DTKH ("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").

The Proposed Variations have been approved by the shareholders of the Company at the Extraordinary General Meeting dated 21st December 2009.

The profits of EBF for the first guaranteed year ended 31 December 2010 is RM5,736,170, which has exceeded the yearly minimum guaranteed profit of RM5 million.

(b) Discover Orient Holidays Sdn. Bhd.

There was a shortfall in profit of Discover Orient Holidays Sdn. Bhd ("DOHSB") for the period of 1st November 2006 until 31st October 2007 and 31st October 2008 amounting to RM169,416/-and RM52,171/- respectively compared to RM500,000/- a year profit guarantee, thus resulting in total shortfall of RM778,413/-. DOHSB reported a profit of RM755,545 for the third guaranteed period ended 31st October 2009, which has exceeded the yearly minimum guaranteed profit. On aggregate basis, the total shortfall is RM2,022,868/-. As of the date of this report, the guarantors have issued payments of RM360,000 to FBO out of the total profit shortfall.

In view of the active role of the vendor for the successful disposal of DOHSB to Matrix Merchant Sdn Bhd (now known as Matrix Triumph Sdn Bhd) on 18 April 2011, the Board has agreed to a full settlement of RM450,000 for the balance of the profit guarantee shortfall. As of the date of this report, RM240,000 has been paid by the vendor.

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

Corporate Social Responsibility

In year 2010, the Group continued to express its care for environment and to society at large. The Group participated in various program through Renaissance Hotel Kota Bharu "Spirit to Serve Project 2010". Among others, the following programs had been carried out in year 2010 :

1. **Environmental Cleaning Project**
   - Participated in cleaning up activities at the waterfall surroundings of Air Terjun Jeram Pasu Recreation Park.

2. **Restoration Work for Home of a Single Mother**
   - Supply of building material and labor to rebuild part of the house of Puan Rahimanh, a single mother, whose house was badly damaged by termites.

3. **Majlis Berbuka Puasa Bersama Anak-anak Yatim**
   - Sponsor for breaking of fast at our Hotel ballroom for the orphans from Yayasan Kebajikan Anak-Anak Yatim Kelantan (YAATIM) and Pertubuhan Kebajikan Anak-Anak Yatim Kelantan (PEKAYATIM) Orphanages.

4. **Study Tour and Luncheon**
   - Sponsor for students from Sekolah Kebangsaan Tanah Merah (1) who suffered from autism or epilepsy.

5. **Make My Wish Come True – Christmas and New Year Project**
   - The wishes of the needy students were put up on a Christmas tree in our Hotel lobby where the guests and well-wishers were encouraged to fulfill the children's wishes by buying school essentials such as school bags, shoes and stationeries for them.

For the coming year, the Group is committed to continue the tradition of being a good corporate citizen who appreciate the environment and care for the community at large.

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 2010.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit from continuning operations, net of tax	7,309,727	621,725
Loss from discontinued operation, net of tax	(146,474)	-
Other comprehensive income	20,511	21,254
	7,183,764	642,979
Total comprehensive income attributable to:-		
Equity holders of the Company	7,183,764	642,979
Minority interest	-	-
	7,183,764	642,979

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 2010.

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

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

DIRECTORS' REPORT

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS' REPORT

SHARE OPTIONS AND WARRANTS

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

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

DIRECTORS

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

Dato' Faruk Bin Othman
Dato' Lim Hong Sang
Dato' Tan Kok Hwa
Sydney Lim Tau Chin
Yong Yeow Wah
Yang Ching Leng @ Chan Ah Kow
Lim Thian Loong
Lim Kwee Ong - appointed on 30.12.2010

In accordance with Article 84 of the Company's Articles of Association, Sydney Lim Tau Chin and Yong Yeow Wah, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Lim Kwee Ong, 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 2010 are as follows:-

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2010	**Bought**	**Sold**	**At 31.12.2010**
The Company				
Direct interest				
Dato' Tan Kok Hwa	91,228	-	-	91,228
Indirect interest				
Dato' Lim Hong Sang *	20,500,037	-	20,500,037	-
Sydney Lim Tau Chin **	33,037,367	5,469,100	20,500,037	18,006,430
Dato' Tan Kok Hwa ***	20,500,037	-	20,500,000	37

* 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.

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

DIRECTORS' REPORT

DIRECTORS' BENEFITS

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

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

MATERIAL LITIGATIONS

Material litigations are disclosed in Note 42 to the financial statements.

SIGNIFICANT MATTERS

Significant matters that occurred during to the financial year are disclosed in Note 43 to the financial statements.

SUBSEQUENT EVENT

Event that occurred subsequent to the financial year are disclosed in Note 44 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 2011

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 financial statements set out on pages 11 to 104 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2010 and of their financial performance 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 Companies Act, 1965 in Malaysia.

The information set out in Page 105 to the financial statements have been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

DATO' FARUK BIN OTHMAN
Director

DATO' LIM HONG SANG
Director

Kuala Lumpur

Date: 20th April 2011

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 financial statements set out on pages 11 to 104 and the supplementary information set out on page 105 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 2011

Before me,

ARSHAD ABDULLAH (No. W550)
Commissioner of Oaths
Kuala Lumpur, Wilayah Persekutuan

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FURQAN BUSINESS ORGANISATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Furqan Business Organisation Berhad, which comprise the statements of financial position as at 31st December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 104.

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 ("FRS") and the Companies Act, 1965 ("the Act") in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and error.

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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the FRS and the Act so as to give a true and fair view of the financial position of the Group and of the Company as of 31st December 2010 and of their financial performance and cash flows for the financial year then ended.

Emphasis of Matter

In forming our opinion, we draw attention to Note 43 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 TO THE MEMBERS OF FURQAN BUSINESS ORGANISATION BERHAD

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Act, 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 is 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

The supplementary information set out in Page 105 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act 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. 578/05/12 (J/PH)
Partner

Kuala Lumpur

Date: 20th April 2011

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

	Note	Group		Company	
		2010	2009	2010	2009
Continuing Operations		RM	RM	RM	RM
Revenue	4	31,732,821	31,416,105	707,800	690,000
Other operating income					
- Gain on disposal of investment in subsidiaries		291,034,911	88,751,822	1	1,901,160
- Impairment of other receivables no longer required		1,150,655	17,363	2,123,949	25,453,985
- Others		1,033,276	4,559,385	569,183	272,622
Staff costs					
- Hotel operations		(4,385,858)	(4,705,820)	-	-
- Others		(1,929,661)	(1,709,585)	(445,252)	(488,806)
Directors' remuneration	6	(1,538,740)	(1,524,152)	(485,000)	(363,300)
Finance costs (net)	7	(2,316,489)	(2,390,255)	(11,149)	(18,909)
Cost of completed properties sold		(1,909,262)	(736,672)	-	-
Consumables used		(3,046,011)	(2,992,889)	-	-
Depreciation of property, plant and equipment		(599,022)	(956,303)	(324,057)	(316,221)
Provision for liabilities		(5,270,580)	(33,673,204)	-	(33,000,000)
Other operating expenses		(294,524,111)	(61,504,602)	(1,513,750)	(17,630,305)
Profit/(loss) before income tax expense	8	9,431,929	14,551,193	621,725	(23,499,774)
Income tax expense	9	(2,315,278)	(2,041,430)	-	-
Share of result of associate		193,076	(216,265)	-	-
Profit/(loss) for the financial year from continuing operations		7,309,727	12,293,498	621,725	(23,499,774)
Discontinued Operations					
Loss from discontinued operations, net of tax	10	(146,474)	(1,612,367)	-	-
Profit/(loss) for the financial year		7,163,253	10,681,131	621,725	(23,499,774)
Other comprehensive income					
Net gain on fair value changes on available-for-sales financial assets		20,511	-	21,254	-
Total comprehensive income/(loss) for the financial year		7,183,764	10,681,131	642,979	(23,499,774)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) attributable to:-					
Equity holders of the Company		7,163,253	10,681,131	621,725	(23,499,774)
Minority interest		-	-	-	-
		7,163,253	10,681,131	621,725	(23,499,774)
Total comprehensive income/(loss) attributable to:-					
Equity holders of the Company		7,183,764	10,681,131	642,979	(23,499,774)
Minority interest		-	-	-	-
		7,183,764	10,681,131	642,979	(23,499,774)
Earning/(loss) per ordinary share attributable to equity holders of the Company (Sen)	11				
Basic, for profit from continuing operations		3.27	4.68		
Basic, for loss from discontinued operations		(0.06)	(0.62)		
Basic, for profit for the financial year		3.21	4.06		
Diluted		-	-		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2010

	Note	Group 2010 RM	Group 2009 RM (Restated)	Company 2010 RM	Company 2009 RM (Restated)
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	16,682,677	17,655,861	1,074,336	869,783
Investment properties	13	83,607,000	84,712,000	-	-
Prepaid land lease payments	14	7,291,708	7,387,549	-	-
Investment in subsidiaries	15	-	-	185,293,004	188,513,178
Investment in associate	16	376,811	183,735	400,000	400,000
Other investments	17	479,055	3,775,953	479,055	-
Land held for development	18	2,000,000	2,000,000	-	-
Financing receivables	19	833	12,500,000	-	-
Goodwill arising on consolidation	20	-	2,705,712	-	-
Total Non-Current Assets		110,438,084	130,920,810	187,246,395	189,782,961
Current Assets					
Property development expenditure	21	24,068,741	12,085,881	-	-
Inventories	22	5,406,853	7,332,175	-	-
Financing receivables	19	25,406,460	8,218,424	-	-
Trade and other receivables	23	12,794,410	27,391,423	249,902	1,204,424
Tax recoverable		790,823	629,517	-	-
Amount owing by subsidiaries	24	-	-	43,153,590	40,919,633
Deposits placed with licensed banks	25	3,368,474	6,536,865	1,925,164	1,733,780
Cash and bank balances	26	4,917,948	3,716,391	392,802	303,184
Total Current Assets		76,753,709	65,910,676	45,721,458	44,161,021
Non-current assets held for sale	27	154,325,206	179,586,406	850,000	961,200
Assets of disposal group classified as held for sale	10	9,677,741	-	3,220,173	-
		240,756,656	245,497,082	49,791,631	45,122,221
TOTAL ASSETS		351,194,740	376,417,892	237,038,026	234,905,182

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2010

	Note	Group 2010 RM	Group 2009 RM (Restated)	Company 2010 RM	Company 2009 RM (Restated)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	28	111,667,288	111,667,288	111,667,288	111,667,288
Capital reserve	28	110,238,037	110,238,037	110,238,037	110,238,037
Fair value reserve	28	21,254	-	21,254	-
Revaluation reserve		-	100,590	-	-
Accummulated losses		(76,574,127)	(83,887,349)	(16,416,205)	(17,037,930)
Reserve of disposal group classified as held for sale	10	100,590	-	-	-
		145,453,042	138,118,566	205,510,374	204,867,395
Minority interests		-	-	-	-
Total Equity		145,453,042	138,118,566	205,510,374	204,867,395
Non-Current Liabilities					
Hire-purchase payables	29	566,161	451,180	566,161	441,550
Term loans	30	6,788,553	9,028,558	-	-
Deferred tax liabilities	31	11,075,222	8,734,866	-	-
Total Non-Current Liabilities		18,429,936	18,214,604	566,161	441,550
Current Liabilities					
Trade and other payables	32	94,573,101	103,242,400	216,279	239,401
Provisions for liabilities	33	34,662,711	30,250,444	28,991,500	29,151,500
Hire-purchase payables	29	271,764	271,547	263,127	205,336
Term loan instruments	34	43,678,087	83,400,242	-	-
Short term borrowings	35	7,636,080	259,869	-	-
Term loans	30	2,237,965	2,140,344	-	-
Tax payable		519,876	519,876	-	-
Amount owing to a subsidiary	24	-	-	1,490,585	-
		183,579,584	220,084,722	30,961,491	29,596,237
Liabilities directly associated with disposal group classified as held for sale	10	3,732,178	-	-	-
Total Current Liabilities		187,311,762	220,084,722	30,961,491	29,596,237
Total Liabilities		205,741,698	238,299,326	31,527,652	30,037,787
TOTAL EQUITY AND LIABILITIES		351,194,740	376,417,892	237,038,026	234,905,182

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

	Attributable to Equity Holders of the Company						
	Non-Distributable					Distributable	
Group	**Share Capital RM**	**Revaluation Reserve RM**	**Fair value Reserve RM**	**Disposal group classified as held for sale RM**	**Capital Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1st January 2009	446,669,151	100,590	-	-	-	(319,332,306)	127,437,435
Total comprehensive income	-	-	-	-	-	10,681,131	10,681,131
Capital reorganisation exercise	(335,001,863)	-	-	-	-	335,001,863	-
Reclassification (Note 45)	-	-	-	-	110,238,037	(110,238,037)	-
At 31st December 2009 as restated	111,667,288	100,590	-	-	110,238,037	(83,887,349)	138,118,566
At 31st December 2009							
- As previous reported	111,667,288	100,590	-	-	-	26,350,688	138,118,566
- Reclassification (Note 45)	-	-	-	-	110,238,037	(110,238,037)	-
At 31st December 2009 as restated	111,667,288	100,590	-	-	110,238,037	(83,887,349)	138,118,566
Effect of adopting FRS 139	-	-	150,712	-	-	-	150,712
Reserve attributable to disposal group classified as held for sale	-	(100,590)	-	100,590	-	-	-
Realisation of fair value reserves for disposal group	-	-	(149,969)	-	-	149,969	-
Total comprehensive income for the financial year	-	-	20,511	-	-	7,163,253	7,183,764
At 31st December 2010	111,667,288	-	21,254	100,590	110,238,037	(76,574,127)	145,453,042

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

	Attributable to Equity Holders of the Company				
		Non-Distributable		Distributable	
Company	**Share Capital RM**	**Capital Reserve RM**	**Fair Value Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1st January 2009	446,669,151	-	-	(218,301,982)	228,367,169
Total comprehensive losses	-	-	-	(23,499,774)	(23,499,774)
Capital reorganisation exercise	(335,001,863)	-	-	335,001,863	-
Reclassification (Note 45)	-	110,238,037	-	(110,238,037)	-
At 31st December 2009 as restated	111,667,288	110,238,037	-	(17,037,930)	204,867,395
At 31st December 2009					
- As previous reported	111,667,288	-	-	93,200,107	204,867,395
- Reclassification (Note 45)	-	110,238,037	-	(110,238,037)	-
At 31 December 2009 as restated	111,667,288	110,238,037	-	(17,037,930)	204,867,395
Total comprehensive income	-	-	21,254	621,725	642,979
At 31st December 2010	111,667,288	110,238,037	21,254	(16,416,205)	205,510,374

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES :				
Profit/(Loss) before income tax expense				
-Continuing operations	9,431,929	14,551,193	621,725	(23,499,774)
-Discountinued operations	(165,202)	(1,593,567)	-	-
Adjustments for :				
Allowance for doubtful debts no longer required				
-Continuing operations	(1,150,655)	(17,363)	(2,123,949)	(25,453,985)
Bad debts recovered :				
-Discountinued operations	-	(300)	-	-
(Gain)/loss on disposal of :				
Investment in subsidiaries	(291,034,911)	(88,751,822)	(1)	(1,901,160)
Non-current assets held for sales	(80,000)	(50,000)	(80,000)	-
Property, plant and equipment				
-Continuing operations	(43,224)	(1,069,565)	(43,224)	(776)
-Discountinued operations	-	(93,000)	-	-
Investment in an associate	-	(139,000)	-	-
Net loss on fair value adjustment on non-current assets held for sales	-	6,531,245	-	30,000
Interest income from :				
-Continuing operations	(107,831)	(184,552)	(28,564)	(32,229)
-Discountinued operations	(941)	(1,514)	-	-
Waiver of debts	-	-	-	(210,653)
Written off :				
Bad debts				
-Continuing operations	269,954,037	29,001,792	-	3,509,890
-Discountinued operations	24,118	582,684	-	-
Inventories	-	740,000	-	-
Property, plant and equipment	28	6,461	28	29
Impairment loss :				
Prepaid land lease payments	-	124,360	-	-
Land held for development	-	500,000	-	-
Other investments	2,818,071	-	-	-
Net loss on fair value adjustments on investment properties	155,000	-	-	-
Interest expenses :				
-Continuing operations	2,424,320	2,574,807	39,713	51,138
-Discountinued operations	42,538	376,981	-	-
Allowance for doubtful debts :				
-Continuing operations	5,261,289	6,100,191	353,441	12,871,725
-Discountinued operations	76,684	1,573,161	-	-
Depreciation of property, plant and equipment :				
-Continuing operations	599,022	956,303	324,057	316,221
-Discountinued operations	321,930	353,357	-	-
Amortisation of prepaid lease payments	95,841	95,840	-	-
Provision for liabilities	5,270,580	33,704,161	-	33,000,000
Reversal of impairment loss in other investments	-	(3,033,000)	-	-
Unrealised loss on foreign currency exchange				
-Continuing operations	-	-	-	-
-Discountinued operations	18,271	24,881	-	-
	3,910,894	2,863,734	(936,774)	(1,319,574)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Changes in Working Capital :				
Property development expenditure	(11,982,860)	(812,960)	-	-
Inventories	1,925,322	2,065,549	-	-
Lease and hire-purchase receivables	(7,928,249)	(10,056,825)	-	-
Trade and other receivables	(264,285,816)	(27,172,836)	954,522	(950,554)
Trade and other payables	274,343,432	23,358,152	(23,122)	(138,139)
Provision for liabilities	(858,313)	(5,940,805)	(160,000)	(3,848,500)
	(4,875,590)	(15,695,991)	(165,374)	(6,256,767)
Income tax paid	(235,850)	(249,565)	-	-
Income tax refund	81,944	19,146	-	-
Net Operating Cash Flows	(5,029,496)	(15,926,410)	(165,374)	(6,256,767)
CASH FLOWS FROM INVESTING ACTIVITIES :				
Purchase of property, plant and equipment (Note B)	(624,522)	(240,350)	(114,314)	(179,408)
Proceeds from disposal of property, plant and equipment	43,500	96,500	43,500	1,800
Additions investment in subsidiary	-	-	(2)	(99,998)
Additions in other investments	-	-	(457,801)	-
Additions in non-current assets held for sales	-	-	(850,000)	(991,200)
Proceeds from disposal of an associate	-	139,000	-	-
Proceeds from disposal of non-current assets held for sales	2,191,200	5,400,000	1,041,200	-
Proceeds from investment properties	950,000	-	-	-
Proceeds from disposal of subsidiaries	-	-	4	1,901,164
Net cash (outflow)/inflow from disposal of subsidiaries (Note A)	(17,856)	18,924,601	-	-
Acquisition of prepaid land lease payments	-	(1,300,000)	-	-
Additions to investment in associates	-	(400,000)	-	(400,000)
Deposits held as security value	(19,816)	(28,281)	-	-
Interest received :				
-Continuing operations	107,831	184,552	28,564	32,229
-Discountinued operations	941	1,514	-	-
Net Investing Cash Flows	2,631,278	22,777,536	(308,849)	264,587

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM FINANCING ACTIVITIES :				
Repayment of term loan instruments	(1,553,750)	(426,250)	-	-
Repayment of term loans	(1,929,812)	(1,984,961)	-	-
Drawdown of short term borrowings	7,500,000	122,994	-	-
Interest paid :				
-Continuing operations	(2,424,320)	(576,492)	(39,713)	(51,138)
-Discountinued operations	(42,538)	(376,981)	-	-
Payment of hire-purchase payables	(366,006)	(360,795)	(232,198)	(198,538)
Amount owing (to)/by subsidiaries	-	-	1,027,136	(2,114,908)
Net Financing Cash Flows	1,183,574	(3,602,485)	755,225	(2,364,584)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,214,644)	3,248,641	281,002	(8,356,764)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	9,200,762	5,952,121	2,036,964	10,393,728
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7,986,118	9,200,762	2,317,966	2,036,964
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	4,713,650	3,515,064	392,802	303,184
Housing Development Account	204,298	201,327	-	-
Deposits placed with licensed banks	3,368,474	6,536,865	1,925,164	1,733,780
Bank overdrafts	(136,080)	(259,869)		-
	8,150,342	9,993,387	2,317,966	2,036,964
Less: Deposits held as security value	(812,441)	(792,625)	-	-
Add : Cash and cash equivalents from discontinued operations	648,217	-	-	-
	7,986,118	9,200,762	2,317,966	2,036,964

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

A. SUMMARY OF EFFECTS ON DISPOSAL OF SUBSIDIARIES

2010

On 3rd May 2010, the Group has incorporated an indirect interest subsidiary, Rimaflex Nominee (Tempatan) Sdn. Bhd. for a total consideration of RM2/-, representing 100% of the total issued and paid up capital in the company.

On 14th October 2010, the Company acquired its indirect subsidiary, EBF Land Sdn. Bhd. from Austral Amalgamated Berhad for a total consideration of RM2/-, representing 100% of the total issued and paid up capital in the company

On 10th December 2010, the Group and the Company disposed off the entire interest in the following direct/indirect subsidiaries to a third party for a total consideration of RM2/-.

(a) Austral Amalgamated Berhad
(b) Arch Peak Sdn. Bhd.
(c) Crystal Oblique Sdn. Bhd.
(d) Explicit Vantage Sdn. Bhd.
(e) Kazamas Corporation Sdn. Bhd.

On 24th December 2010, the Company had entered into a Share Sale Agreement to dispose 2 ordinary shares of RM1.00 each in FBO Technologies Sdn. Bhd. representing 100% of the total issued and paid up capital in the company for a total consideration of RM2/-.

2009

On 23rd January 2009, the Company 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/- arising from the disposal of 20,000,000/- shares in 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.

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

	2010 RM	2009 RM
Revenue	44,500	2,746,530
Other operating income	5,021,439	3,161,693
Finance costs	(1,130,994)	(348,343)
Depreciation of property, plant and equipment	-	(12,906)
Other operating expenses	(4,116,532)	(5,096,530)
(Loss)/Profit before tax expense	(181,587)	450,444
Income tax credit	2,404	21,675
Net (loss)/profit for the financial year	(179,183)	472,119

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2010

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

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

	2010 RM	2009 RM
Property, plant and equipment	-	5,075,182
Other investments	650,050	-
Non current assets held for sale	23,150,000	-
Other receivables and prepayments	3,607,833	2,376,445
Lease and hire purchase receivables	-	21,370,144
Inventories	-	16,703,128
Cash and bank balances	17,860	286,935
Deposit placed with a licensed bank	-	25,000
Tax recoverable	16,676	17,330
Trade payables	(29,808,205)	-
Other payables and accruals	(250,500,716)	(37,815,750)
Block discount payables	-	(29,328,734)
Term loans	(38,168,405)	(7,198,451)
Short term borrowings	-	(35,464,508)
Bank overdrafts	-	(17,335,376)
Tax payable	-	(5,562,007)
Net liabilities disposed of	(291,034,907)	(86,850,662)
Disposal considerations	4	1,901,160
Gain on disposal of subsidiaries	(291,034,911)	(88,751,822)
Cash flow effect:-		
Total proceeds from disposal - cash considerations	4	1,901,160
Cash and cash equivalents of subsidiaries disposed of	17,860	17,023,441
Net cash (outflow)/inflow	(17,856)	18,924,601

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 RM1,921,522/- (2009:RM620,350/-) and RM528,914/- (2009:RM559,408/-) respectively, of which RM1,630,409/- (2009: RM548,000/-) and RM512,276/- (2009 : RM548,000/-) 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 RM333,409/- (2009: RM168,000/-) and RM97,676/- (2009 :RM168,000/-) 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 associate 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 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.4 to the financial statements.

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

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

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

The Group and the Company had adopted the following revised FRSs, amendments to FRS and IC Interpretations ("IC Int") that are relevant to their operations and are mandatory for the current financial year:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors

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") (Continued)

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

FRS 110	Events After the Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments : Recognition and Measurement
FRS 140	Investment Property
IC Int	
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

		Effective for financial periods beginning on or after
Revised FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2011
FRS 2	Share-based Payment	1 July 2010 and 1 January 2011
FRS 3	Business Combinations	1 January 2011
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 7	Financial Instruments : Disclosures	1 January 2011
FRS 101	Presentation of Financial Statements	1 January 2011
FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2011
FRS 128	Investments in Associates	1 January 2011
FRS 131	Interests in Joint Ventures	1 January 2011
FRS 132	Financial Instruments : Presentation	1 March 2010 and 1 January 2011
FRS 134	Interim Financial Reporting	1 January 2011
FRS 138	Intangible Assets	1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2011

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") (Continued)

(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
IC Int		
IC Int 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 15	Agreements for the Construction of Real Estate	1 January 2012
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
IC Int 18	Transfers of Assets from Customers	1 January 2011
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Int		
IC Int 9	Reassessment of Embedded Derivatives	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2011
IC Int 14	Prepayments of a Minimum Funding Requirements	1 July 2011
IC Int 15	Agreements for the Construction of Real Estate	30 August 2010

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 and IC Int 15 are described as below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1st July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1st July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However the Group does not intend to early adopt.

IC Interpretation 15 Agreements for the Construction of Real Estate

This interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 *Construction Contracts* or FRS 118 *Revenue*.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Changes in Accounting Policies

Adoption of the new and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int did not have any effect on the financial performance or position of the Group and the Company except for those discussed below.

FRS 7 Financial Instruments: Disclosure

Prior to 1st January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosure to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31st December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments and the geographical areas in which the Group operates. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 5 to the financial statements.

FRS 101 Presentation of Financial Statements (revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expenses recognised in profit and loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error of the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes of managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 117 Leases

Amendment to FRS117 Leases removes the classification of leases of land and building, and instead, requires assessment of classification based on risks and rewards of itself. The reassessment of land elements of unexpired leases shall be made restropectively in accordance with FRS108. The Group has reassessed and determined that all leasehold land of the Group which are in substance operating leases and has continued to classify its leasehold land under prepaid land lease payments.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Changes in Accounting Policies

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets and financial liabilities. The Group and the Company have adopted FRS 139 prospectively on 1st January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1st January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(a) Investments in equity securities

Prior to 1st January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1st January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM479,055/-. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1st January 2010 amounting to RM150,712/-.

(b) Impairment of trade and other receivables

Prior to 1st January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

As at 1st January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the amount of allowance for impairment loss to be recognised as at 1st January 2010 is equal to the allowance for doubtful debts recognised prior to 1st January 2010. Thus, no adjustments to the opening balance of retained earnings as at that date.

The following are effects arising from the above changes in accounting policies:

	Increase/(Decrease)	
	As at 31.12.2010 RM	**As at 1.1.2010 RM**
Statement of financial position		
Group		
Investment securities (non-current) - available-for-sale financial assets	20,511	(150,712)
Other reserves - fair value reserve	129,458	(150,712)
Accummulated losses	(149,969)	-
Company		
Investment securities (non-current) - available-for-sale financial assets	21,254	-
Other reserves - fair value reserve	21,254	-

	Increase/(Decrease)	
	Group 2010	**Company 2010**
Statement of comprehensive income		
Other comprehensive (loss)/income, net of tax	20,511	21,254

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4. 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 and Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

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.

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 statements of comprehensive income. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. 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. Minority interests in the results of the Group is presented on the face of the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners of the Company.

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.

In the Company's separate financial statements, investments in subsidiaries are stated at costs less impairment losses, unless the investment is held for sale.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4. Significant Accounting Policies (Continued)

(b) Associates (continued)

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 2.4(q).

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated statement of comprehensive income. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of Group's interest in the associate, and the unrealised losses are eliminated to the extent of the costs that can be recovered. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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 statements of comprehensive income.

(c) 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 2.4(q).

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4. Significant Accounting Policies (Continued)

(c) Goodwill (continued)

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 profit or loss.

(d) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenue from financing receivables

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4. Significant Accounting Policies (Continued)

(d) Revenue Recognition

(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.

(e) 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.

(f) Borrowing Costs

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

(g) Taxation

The tax expense in the statement of comprehensive income 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 reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss , except when it arises from a transaction which is recognised either in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4. Significant Accounting Policies (Continued)

(h) 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 2.4(q).

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 statements of comprehensive income 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%

Capital work- in- progress are not depreciated as these assets are not intended for use.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in the statements of comprehensive income 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 statements of comprehensive income in the financial year the asset is derecognised.

(i) 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 profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(j) 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 statement of financial position 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 statement of comprehensive income 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.

The Group has reassessed the classification of land elements of unexpired leases at the date the Group adopts the amendments to FRS 117 Leases on 1st January 2010. The Group determines that all leasehold land as disclosed in Note 14 to the financial statements that has an indefinite economic life and title is not expected to pass to the lessees by the end of the lease term as operating leases.

(k) 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 profit or loss 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 (eliminated) from the statement of financial position. The difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss in the financial year of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(l) 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 profit or loss.

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 profit or loss, any corresponding exchange gain or loss is recognised in the profit or loss.

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 statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of comprehensive income 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 other comprehensive income.

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 as other comprehensive income 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.

(m) 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 2.4(q).

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(m) Property Development Activities (Continued)

(i) Land held for development (Continued)

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

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss 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.

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 profit or loss.

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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

(n) 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.

(o) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(o) Financial Assets (Continued)

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near future.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains and losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-Sale Financial Assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(o) Financial Assets (Continued)

(iv) Available-for-Sale Financial Assets (Continued)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(p) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(q) Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(q) Impairment of Assets (Continued)

(i) Impairment of Financial Assets (Continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its 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 risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

(r) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(r) Financial Liabilities (Continued)

(i) Financial Liabilities at Fair Value Through Profit or Loss (Continued)

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(s) Provisions for Liabilities

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(t) Equity Instruments

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 financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

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 statement of comprehensive income. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(u) 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.

(v) Operating Segment

In the previous years, a segment was distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8 Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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 to the financial statements (apart from those involving estimations which are dealt with below).

Useful lives of property, plant and equipment

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

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Key sources of estimation uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

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.

NOTES TO THE FINANCIAL STATEMENTS

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

(ii) Key sources of estimation uncertainty (Continued)

Impairment of property, plant and equipment

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

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

Allowance for inventories

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

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 23 to the financial statements.

Impairment of available-for sales financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group recognised an impairment loss of RM2,818,071/- for quoted equity instruments classified as available-for-sale financial assets as there were significant and prolonged decline in the fair value of this investment.

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

The Group carried out the impairment test based on a variety of estimates including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Group to estimate the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investment in subsidiaries of the Company as at 31st December 2010 was RM185,293,004/- (2009 : RM188,513,178/-) and the amount owing by subsidiary as at 31st December 2010 was RM43,153,590/- (2009 : RM40,919,633/-).

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.

NOTES TO THE FINANCIAL STATEMENTS

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

(ii) Key sources of estimation uncertainty (Continued)

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 RM70,521,478/- (2009 : RM69,331,854/-) and RM6,222,979/- (2009 : RM5,843,720/-) respectively.

4. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Rental income from:-				
- Hotel operations	12,181,016	12,731,685	-	-
- Property investment	6,519,347	7,044,472	77,800	-
Other income from hotel operations	10,072,885	9,630,463	-	-
Leasing, hire-purchase and other interest income	2,244,573	1,157,585	-	-
Administrative charges receivable from subsidiaries	-	-	630,000	690,000
Sales of completed properties	715,000	851,900	-	-
	31,732,821	31,416,105	707,800	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; and
(v) Property development.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group	Continuing Operations								Discontinued Operations	Total Operations
2010	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Eliminations RM	Consolidated RM	RM	RM
Revenue										
External sales	77,800	2,244,573	22,253,901	7,156,547	-	-	-	31,732,821	22,303,868	54,036,689
Inter-segment sales	630,000	-	-	-	-	-	(630,000)	-	-	-
	707,800	2,244,573	22,253,901	7,156,547	-	-	(630,000)	31,732,821	22,303,868	54,036,689
Results										
Segment results	(6,229,558)	(1,630,232)	6,429,075	(877,001)	(10,357,159)	(51,287)	22,148,091	9,431,929	(165,202)	9,266,727
Share of result of associate								193,076	-	193,076
Profit/(loss) before income tax expense								9,625,005	(165,202)	9,459,803
Income tax expense								(2,315,278)	18,728	(2,296,550)
Net loss on fair value changes on available-for-sale financial assets								20,511	-	20,511
Total comprehensive income/(loss) for the financial year								7,330,238	(146,474)	7,183,764
Total comprehensive income/(loss) attributable to:-										
Equity holders of the Company								7,330,238	(146,474)	7,183,764
Minority interests								-	-	-
								7,330,238	(146,474)	7,183,764

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group	Continuing Operations								Discontinued Operations	Total Operations
2010	Investment holding	Leasing and financing	Hospitality	Investment properties	Property development	Others	Eliminations	Consolidated		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets										
Segment assets	2,875,073	26,258,066	4,094,696	300,921,042	2,788,901	2,001,464	1,786,934	340,726,176	9,658,011	350,384,187
Unallocated assets								790,823	19,730	810,553
								341,516,999	9,677,741	351,194,740
Liabilities										
Segment liabilities	31,004,046	7,513,270	3,533,435	70,499,184	69,942,681	7,921,806	-	190,414,422	3,732,178	194,146,600
Unallocated laibilities								11,595,098	-	11,595,098
								202,009,520	3,732,178	205,741,698
Other information										
Capital Expenditure	528,914	-	-	250,041	16,166	-	-	795,121	1,126,401	1,921,522
Depreciation of property, plant and equipment	324,057	-	-	259,903	15,062	-	-	599,022	321,930	920,952
Net loss on fair value adjustment on investment properties	-	155,000	-	-	-	-	-	155,000	-	155,000

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

The segmental information of the Group are as follows:-

Group	Continuing Operations								Discontinued Operations	Total Operations
2009	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Eliminations RM	Consolidated RM	RM	RM
Revenue										
External sales	24,910	1,157,585	22,362,148	7,284,662	586,800	-	-	31,416,105	22,366,336	53,782,441
Inter-segment sales	690,000	-	-	-	2,215,200	-	(2,905,200)	-	-	-
	714,910	1,157,585	22,362,148	7,284,662	2,802,000	-	(2,905,200)	31,416,105	22,366,336	53,782,441
Results										
Segment results	(33,457,636)	(1,064,636)	5,985,449	(19,130,245)	(3,127,874)	(1,156,165)	66,502,300	14,551,193	(1,593,567)	12,957,626
Share of result of associated company								(216,265)	-	(216,265)
Profit/(loss) before income tax expense								14,334,928	(1,593,567)	12,741,361
Income tax expense								(2,041,430)	(18,800)	(2,060,230)
Total comprehensive income/ (loss) for the financial year								12,293,498	(1,612,367)	10,681,131
Total comprehensive income/ (loss) attributable to:										
Equity holders of the Company								12,293,498	(1,612,367)	10,681,131
Minority interests								-	-	-
								12,293,498	(1,612,367)	10,681,131

NOTES TO THE FINANCIAL STATEMENTS

5. **SEGMENTAL INFORMATION (Continued)**

The segmental information of the Group are as follows:-

Group	←			Continuing Operations				→	Discontinued Operations	Total Operations
2009	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Travel and tour RM	Property development RM	Others RM	Eliminations RM	Consolidated 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											
Segment 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 laibilities									9,254,742	-	9,254,742
									238,299,326	-	238,299,326
Other information											
Capital Expenditure	559,408	-	-	7,778	-	30,080	-	-	597,266	23,084	620,350
Depreciation of property, plant and equipment	316,221	-	-	228,117	-	411,965	-	-	956,303	353,357	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

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

NOTES TO THE FINANCIAL STATEMENTS

6. KEY MANAGEMENT PERSONNEL

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive Directors				
Salaries and allowances	1,318,500	1,303,472	375,000	277,500
Other emoluments	164,240	166,680	54,000	31,800
Non-Executive Directors				
Fees	56,000	54,000	56,000	54,000
	1,538,740	1,524,152	485,000	363,300

The estimated monetary value of Directors' benefit-in-kind is RM158,414/- (2009 : RM107,338/-).

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest income				
- Fixed deposits	107,831	155,252	28,564	32,229
- Overdue interest	-	25,428	-	-
- Others	-	3,872	-	-
	107,831	184,552	28,564	32,229
Interest expenses				
- Short term borrowings	(298,828)	(2,995)	-	-
- Term loans	(2,084,741)	(2,516,843)	-	-
- Hire-purchase payables	(40,751)	(54,969)	(39,713)	(51,138)
	(2,424,320)	(2,574,807)	(39,713)	(51,138)
	(2,316,489)	(2,390,255)	(11,149)	(18,909)

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
After crediting:-				
Impairment no longer required :				
- Trade receivables	-	17,363	-	-
- Former subsidiaries	1,150,655	-	1,150,655	-
- Subsidiaries	-	-	973,294	25,453,985
Gain on disposal of :				
- Investment in subsidiaries	291,034,911	88,751,822	1	1,901,160
- Investment in associate	-	139,000	-	-
- Property, plant and equipment	43,224	1,069,565	43,224	776
- Non current assets held for sale	80,000	50,000	80,000	-
Profit guarantee from vendors of a subsidiary	360,000	-	360,000	-
Rental income from buildings	-	61,297	-	-
Waiver of :				
- Amount owing to related company	-	-	-	210,653
Reversal of impairment loss in other investments	-	3,033,000	-	-
and charging :-				
Audit fee	(108,200)	(142,900)	(42,000)	(40,000)
Allowance for impairment :				
- Lease and hire purchase receivables	(3,239,380)	(1,500,000)	-	-
- Trade receivables	(86,841)	(1,000,000)	-	-
- Other receivables	(1,935,068)	(3,600,191)	(257,918)	-
- Amount owing by subsidiaries	-	-	(72,131)	(12,871,725)
Amortisation of prepaid lease payments	(95,841)	(95,840)	-	-
Depreciation of property, plant and equipment	(599,022)	(956,303)	(324,057)	(316,221)
Hire of vehicles	(80,208)	(81,613)	-	-
Impairment loss on :				
- Land held for development	-	(500,000)	-	-
- Other investments	(2,818,071)	-	-	-
- Prepaid land lease payments	-	(124,360)	-	-
Net loss on fair value adjustments on :				
- Investment properties	(155,000)	-	-	-
- Non-current assets held for sale	-	(6,531,245)	-	(30,000)
Provision for liabilities	(5,270,580)	(33,704,161)	-	(33,000,000)
Realised loss on foreign exchange	-	(17,025)	-	-
Rental of :				
- Office premises	(17,600)	(53,968)	-	-
- Parking	(84,000)	(18,000)	-	-
- Hostel	(23,512)	(77,000)	-	-
- Equipment	-	(105,453)	-	-
Royalty fee payable to third party	-	(448,802)	-	-
Staff costs :				
- Employees' Provident Fund	(517,087)	(518,638)	(39,884)	(38,918)
- SOCSO	(85,328)	(88,409)	(4,173)	(4,226)
- Salaries and allowance	(5,356,932)	(5,456,117)	(401,195)	(445,662)
- Other staff related costs	(356,172)	(352,241)	-	-
Written off :				
- Inventories	-	(740,000)	-	-
- Bad debts	(269,954,037)	(29,001,792)	-	(3,509,890)
- Property, plant and equipment	(28)	(6,461)	(28)	(29)

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Income tax				
- current year	(300)	(7,317)	-	-
- over/(under) accrual in prior years	25,378	(1,708,020)	-	-
	25,078	(1,715,337)	-	-
Deferred tax liabilities (Note 31)				
- current year	(1,617,293)	(1,467,827)	-	-
-(under)/over accrual in prior years	(723,063)	1,141,734	-	-
	(2,340,356)	(326,093)	-	-
	(2,315,278)	(2,041,430)	-	-

The income tax is calculated at the statutory rate of 25% (2009: 25%) 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before income tax expense	9,431,929	14,551,193	621,725	(23,499,774)
Taxation at applicable statutory tax rate of 25% (2009: 25%)	(2,357,982)	(3,637,798)	(155,431)	5,874,944
Tax effects arising from				
- non-deductible expenses	(94,773)	(19,558,530)	(228,016)	(11,974,242)
- non-taxable income	2,024,786	22,409,887	762,706	6,284,814
- effect of Real Property Gains Tax	-	(5,250)	-	-
- origination of deferred tax assets not recognised in the financial statements	(1,189,624)	(683,453)	(379,259)	(185,516)
- under accrual in prior years	(697,685)	(566,286)	-	-
Tax expense for the financial year	(2,315,278)	(2,041,430)	-	-

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deductible temporary differences	436,403	342,343	379,929	298,462
Unutilised tax losses	281,649,509	276,985,072	24,511,986	23,076,416
Net deferred tax assets	282,085,912	277,327,415	24,891,915	23,374,878
Potential deferred tax assets not recognised at 25% (2009: 25%)	70,521,478	69,331,854	6,222,979	5,843,720

No deferred tax asset is recognised on the deductible temporary differences as it is not certain whether taxable profits will be available in the future against which the deferred tax asset can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

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

2010

On 29th December 2010, the Board announced that the Company had on the even date entered into a Share Purchase Agreement to dispose 200,000 ordinary shares of RM1/- each in Discover Orient Holidays Sdn. Bhd.("DOH") representing 100% of the total issued and paid up capital in DOH for a total consideration of RM6,900,000/-.

As at 31st December 2010, the assets and liabilities related to DOH have been presented in the statements of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" and its related results are presented separately in the statements of comprehensive income under Discontinued Operation. The disposal of DOH was completed on 18th April 2011.

2009

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 the financial year 2007, the Group had settled the loan with Amanah Factors via a payment of RM1.8 million. In the financial year 2009, Ambank had also approved and accepted the settlement with discharge of FBO Berhad as guarantor via a payment of RM3 million.

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 via a letter dated 27th August 2009 submitted a settlement proposal to settle the liability of the Company in the above matters. The Company has received a letter dated 15th December 2010 from Bank Rakyat approving to restructure the balance outstanding to a new facility.

<u>Statements of financial position disclosures</u>

The major classes of assets and liabilities of DOH classified as held for sale and the related asset revaluation reserve as at 31st December 2010 are as follows:-

	Group 2010 RM
Assets:	
Goodwill on consolidation	2,705,712
Property, plant and equipment	1,973,450
Trade and other receivables	4,330,632
Tax recoverable	19,730
Deposits placed with licensed banks	26,233
Cash and bank balances	621,984
Assets of disposal group classified as held for sale	9,677,741

NOTES TO THE FINANCIAL STATEMENTS

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

The major classes of assets and liabilities of DOH classified as held for sale on the consolidated statement of financial position as at 31st December 2010 are as follows:-

	Group 2010 RM
Liabilities:	
Term loans	212,572
Trade and other payables	2,703,810
Hire purchase payables	815,796
Liabilities directly associated with disposal group classified as held for sale	3,732,178
Net assets directly associated with disposal group classified as held for sale	5,945,563
Reserve:	
Asset revaluation reserve	100,590

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

The non-current assets classified as held for sale on the Company's statements of financial position as at 31st December 2010 is as follows:-

	Company 2010 RM
Assets:	
Investment in subsidiary	3,220,173

Statements of comprehensive income disclosures

The results of DOH (2009 : DOH and FBOL) for the financial year ended 31st December 2010 are as follows:-

	Group 2010 RM	Group 2009 RM
Revenue	22,303,868	22,366,336
Other income	-	197,980
Staff costs	(851,070)	(894,711)
Depreciation of property, plant and equipment	(321,930)	(353,357)
Finance costs (net)	(41,597)	(375,467)
Ticketing and tour arrangement costs	(19,793,506)	(19,525,316)
Other expenses	(1,460,967)	(3,009,032)
Loss before income tax expense	(165,202)	(1,593,567)
Income tax credit/(expense)	18,728	(18,800)
Net loss for the financial year	(146,474)	(1,612,367)

NOTES TO THE FINANCIAL STATEMENTS

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

Statements of comprehensive income disclosures (Continued)

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

	Group	
	2010	2009
	RM	RM
After charging:-		
Audit fee		
- current year	(35,000)	(35,000)
Allowance for impairment :		
- other receivables	(76,684)	(58,974)
- lease and hire purchase receivables	-	(1,514,187)
Bad debts written off	(24,118)	(582,684)
Depreciation of property, plant and equipment	(321,930)	(353,357)
Rental of office premises	(12,000)	(15,300)
Hire of:		
- Boats	(401,354)	(758,704)
- Coaches	(955,693)	(1,112,043)
Directors' remunerations :		
-Salaries	(220,905)	(226,723)
-Other emoluments	-	(6,000)
-Fees	(12,612)	(12,612)
Staff costs :		
-Employees' Provident Fund	(69,242)	(80,509)
-Salaries and allowances	(669,950)	(702,156)
-SOCSO	(8,457)	(9,235)
-Other staff related costs	(103,421)	(66,036)
Unrealised loss on foreign exchange	(18,271)	(24,881)
Realised loss on foreign exchange	(245,044)	-
Interest expenses	(42,538)	(376,981)
and crediting:-		
Bad debts recovered	-	300
Gain on disposal of property, plant and machinery	-	93,000
Realised gain on foreign exchange	-	33,230
Rental income from third party	-	70,461
Interest income	941	1,514

NOTES TO THE FINANCIAL STATEMENTS

11. EARNING/(LOSS) PER SHARE

Basic

The basic earnings/(loss) per share which has been calculated based on the profit/(loss) for the financial year attributable to the equity holders of the Company of RM7,163,253/- (2009 : RM10,681,131/-) are disclosed as follows:-

	Group			
	2010		2009	
	Number of Shares Unit	Amount RM	Number of Shares Unit	Amount RM
Ordinary Share of RM0.50 each				
Issued and fully paid-up share capital				
At the beginning of the financial year	223,334,575	111,667,288	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	223,334,575	111,667,288

	2010 RM	2009 RM
Earning/(loss) attributable to equity holders of the Company		
Profit from continuing operations	7,309,727	12,293,498
Loss from discontinued operations	(146,474)	(1,612,367)
Profit for the financial year	7,163,253	10,681,131
Weighted average number of ordinary shares in issue	223,334,575	261,882,735

	2010 Sen	2009 Sen
Basic earning/(loss) per share for		
Profit from continuing operations	3.27	4.68
Loss from discontinued operations	(0.06)	(0.62)
Profit for the financial year	3.21	4.06

Diluted

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

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

Group 2010 Cost (unless otherwise stated)	Office premises At 2007 valuation RM	Capital Work in progress RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
At 1st January 2010	820,000	13,181,428	2,729,394	5,374,816	1,813,921	603,308	24,522,867
Additions	-	-	72,172	1,630,409	194,210	24,731	1,921,522
Disposals/Write-off	-	-	-	(256,441)	(140)	(60,437)	(317,018)
Reclassification	-	-	-	-	2,250	(2,250)	-
Transfer to assets of disposal group classified as held for sale (Note 10)	(820,000)	-	-	(4,394,664)	(85,020)	(245,404)	(5,545,088)
At 31st December 2010	-	13,181,428	2,801,566	2,354,120	1,925,221	319,948	20,582,283
Accumulated Depreciation							
At 1st January 2010	49,200	-	1,229,477	4,139,391	952,357	496,581	6,867,006
Depreciation for the financial year	16,400	-	140,078	619,442	113,539	31,493	920,952
Disposals/Write-off	-	-	-	(256,165)	(114)	(60,435)	(316,714)
Transfer to assets of disposal group classified held for sale (Note10)	(65,600)	-	-	(3,248,278)	(66,187)	(191,573)	(3,571,638)
At 31st December 2010	-	-	1,369,555	1,254,390	999,595	276,066	3,899,606
Net Carrying Amount at 31st December 2010	-	13,181,428	1,432,011	1,099,730	925,626	43,882	16,682,677

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2009 Cost (unless otherwise stated)	Office premises At 2007 valuation RM	Capital Work in progress RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
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

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Motor vehicles	Furniture, fittings and renovations	Computers and office equipment	Total
2010	**RM**	**RM**	**RM**	**RM**
Cost				
At 1st January 2010	1,789,858	20,102	120,018	1,929,978
Additions	512,276	5,600	11,038	528,914
Disposals/Write-off	(256,441)	(140)	(22,579)	(279,160)
Reclassification	-	2,250	(2,250)	-
At 31st December 2010	2,045,693	27,812	106,227	2,179,732
Accumulated Depreciation				
At 1st January 2010	941,033	12,194	106,968	1,060,195
Depreciation for the financial year	316,329	3,638	4,090	324,057
Disposals/Write-off	(256,165)	(114)	(22,577)	(278,856)
At 31st December 2010	1,001,197	15,718	88,481	1,105,396
Net Carrying Amount at 31st December 2010	1,044,496	12,094	17,746	1,074,336
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

In the financial 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 was determined by reference to the market value basis. The surplus arising from the revaluation amounting to RM100,590/- has been credited to the revaluation reserve account as disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Group 2010 RM	Group 2009 RM
Cost		
Office premises	719,410	719,410
Accumulated depreciation		
Office premises	(65,600)	(49,200)
Net Carrying Amount	653,810	670,210
Transfer to assets of disposal group classified as held for sale (Note 10)	(653,810)	-
	-	670,210

Property, plant and equipment of the Group in the financial year 2009 with a net carrying amount of RM770,800/- are charged to financial institutions as securities for banking and credit facilities granted to the Group as disclosed in Note 30 to the financial statements.

Included in property, plant and equipment of the Group and of the Company are motor vehicles with a net carrying amount of RM1,040,518/- (2009 : RM1,022,872/-) and RM1,040,518/- (2009 : RM841,527/-) respectively which are acquired under hire-purchase arrangements.

In the financial year 2009, certain motor vehicles under hire-purchase with a net carrying amount of RM34,954/- were registered under the names of third parties in trust for the Group.

13. INVESTMENT PROPERTIES

	Group 2010 RM	Group 2009 RM
Freehold land, at fair value		
At the beginning of the financial year	1,105,000	1,105,000
Disposals during the financial year	(1,105,000)	-
	-	1,105,000
Shopping complex, at fair value		
At the beginning/end of the financial year	83,607,000	83,607,000
At the end of the financial year	83,607,000	84,712,000

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

The shopping complex has been charged to financial institution as securities for the term loan facilities granted to a subsidiary and a former subsidiary, FBO Leasing Sdn. Bhd.. The strata title of the shopping complex has yet to be registered under the name of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

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. These leases will expire in 2085 and 2075 respectively and the Group does not have an option to purchase the leasehold land at the expiry of the lease period. Prepaid land lease payments are amortised over the lease term of the land.

	Group 2010 RM	Group 2009 RM
At Cost		
At the beginning of the financial year	7,718,045	6,418,045
Additions during the year	-	1,300,000
At the end of the financial year	7,718,045	7,718,045
Accumulated Amortisation		
At the beginning of the financial year	(206,136)	(110,296)
Amortisation charge for the financial year	(95,841)	(95,840)
At the end of the financial year	(301,977)	(206,136)
Accumulated Impairment Loss		
At the beginning of the financial year	(124,360)	-
Impairment loss for the financial year	-	(124,360)
At the end of the financial year	(124,360)	(124,360)
	7,291,708	7,387,549

15. INVESTMENT IN SUBSIDIARIES

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost	185,293,004	188,513,178

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

Name of Company	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Direct Subsidiaries			
Eastern Biscuit Factory Sdn. Bhd.	100	100	Property development, investment in properties and hotel operations.
Austral Amalgamated Berhad Ø	-	100	Investment holding.
FBO Land (Setapak) Sdn. Bhd. Ø	100	100	Property development.
Discover Orient Holidays Sdn. Bhd.*	100	100	Tour operator and travel agent.
FBO Properties Sdn. Bhd. Ø	100	100	Dormant.
FBO Technologies Sdn. Bhd. Ø	-	100	Dormant.
Perfect Diamond Capital Sdn. Bhd.	100	100	Investment holding.
EBF Land Sdn. Bhd. Ø	100	-	Investment holding.

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		Principal Activities
	2010	2009	
Indirect Subsidiaries	%	%	
Subsidiary of Eastern Biscuit Factory Sdn. Bhd.			
FBO Land (Serendah) Sdn. Bhd. Ø	100	100	Property investment.
Subsidiaries of Austral Amalgamated Berhad			
Kazamas Corporation Sdn. Bhd. Ø	-	100	Property development.
EBF Land Sdn. Bhd. Ø	-	100	Investment holding.
Arch Peak Sdn. Bhd. Ø	-	100	Special purpose vehicle.
Crystal Oblique Sdn. Bhd. Ø	-	100	Special purpose vehicle.
Explicit Vantage Sdn. Bhd. Ø	-	100	Special purpose vehicle.
Subsidiary of Discover Orient Holidays Sdn. Bhd.			
Discover Orient Holidays Limited Ω # *	100	100	Travel and general trading.
Subsidiary of Perfect Diamond Capital Sdn. Bhd.			
Rimaflex Sdn. Bhd. Ø	100	100	Money lending.
Subsidiary of EBF Land Sdn. Bhd.			
Exquisite Properties Sdn. Bhd. Ø	100	100	Dormant.
Subsidiary of Rimaflex Sdn. Bhd.			
Rimaflex Nominees (Tempatan) Sdn. Bhd. Ø	100	-	Dormant.

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

Ω This subsidiaries is not audited by Baker Tilly Monteiro Heng.

Incorporated in Hong Kong.

* On 29th December 2010 , the Company announced has entered into a Sales and Purchase Agreement to dispose off Discover Orient Holidays Sdn. Bhd. for a consideration of RM6,900,000/-.

16. INVESTMENT IN ASSOCIATE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares, at cost	400,000	400,000	400,000	400,000
Share of post-acquisition result	(23,189)	(216,265)	-	-
	376,811	183,735	400,000	400,000
Less: Accumulated impairment losses	-	-	-	-
	376,811	183,735	400,000	400,000

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN ASSOCIATE(Continued)

Details of the associate which incorporated in Malaysia, is as follows:-

Name of Company	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
P.A. Projects Sdn. Bhd. #	20	20	Design, supply, fabricating and installation of aluminium products.

This associate is not audited by Baker Tilly Monteiro Heng.

The summarised financial information of the associate is as follow:-

	Group 2010 RM	Group 2009 RM
ASSETS AND LIABILITIES		
Current Assets	5,432,885	303,232
Non-Current Assets	561,606	545,671
Total Assets	5,994,491	848,903
Current Liabilities	3,803,755	376,453
Non-Current Liabilities	-	-
Total Liabilities	3,803,755	376,453
RESULTS		
Revenue	9,163,918	42,676
Profit/(loss) for the financial year	965,379	(774,644)

17. OTHER INVESTMENTS

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)				
At 1st January	500,405	500,405	-	-
Less: Impairment losses	(324)	(324)	-	-
Effect of adopting FRS 139	149,969	-	-	-
Disposal of subsidiary, fair value	(650,050)	-	-	-
	-	500,081	-	-
- Equity instruments (quoted outside Malaysia)				
At 1st January	5,958,269	5,958,269	-	-
Less: Impairment losses	(2,682,397)	(2,682,397)	-	-
	3,275,872	3,275,872	-	-
Effect of adopting FRS 139	743	-	-	-
Impairment losses	(2,818,071)	-	-	-
Addition during the year	-	-	457,801	-
Net gain on fair value changes recognised in other comprehensive income	20,511	-	21,254	-
	479,055	3,275,872	479,055	-
At 31st December	479,055	3,775,953	479,055	-

NOTES TO THE FINANCIAL STATEMENTS

18. LAND HELD FOR DEVELOPMENT

	Group	
	2010 RM	2009 RM
Long leasehold land, at cost		
At the beginning of the financial year	2,800,000	7,110,642
Less: Accumulated impairment losses	(800,000)	(800,000)
Reclassification to other receivables (Note 23)	-	(4,310,642)
At the end of the financial year	2,000,000	2,000,000

19. FINANCING RECEIVABLES

	Group	
	2010 RM	2009 RM
Financing receivables	33,044,869	25,065,011
Less: Unearned interest	(2,621,854)	(2,570,245)
	30,423,015	22,494,766
Less: Allowance for impairment	(5,015,722)	(1,776,342)
	25,407,293	20,718,424
Receivable:-		
Within twelve months	25,406,460	8,218,424
After twelve months	833	12,500,000
	25,407,293	20,718,424

20. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2010 RM	2009 RM
At the beginning of the financial year	2,705,712	2,705,712
Less: Transfer to assets of disposal group classified as held for sale (Note 10)	(2,705,712)	-
At the end of the financial year	-	2,705,712

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

NOTES TO THE FINANCIAL STATEMENTS

21. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2010 RM	**2009 RM**
Property development expenditure		
- Long leasehold land	3,822,902	3,822,902
- Development costs	8,262,979	7,450,019
At beginning of the financial year	12,085,881	11,272,921
Cost incurred during the financial year		
- Development costs	11,982,860	812,960
At end of the financial year	24,068,741	12,085,881
Represented by :		
- Long leasehold land	3,822,902	3,822,902
- Development costs	20,245,839	8,262,979
	24,068,741	12,085,881

22. INVENTORIES

	Group	
	2010 RM	**2009 RM**
At cost,		
Condominium units ready for sale	4,579,509	5,138,771
Food and beverages	376,344	392,404
	4,955,853	5,531,175
Completed shophouses and residential houses	-	991,200
Completed properties	451,000	1,801,000
Transfer to non-currents assets held for sales (Note 27)	-	(991,200)
	5,406,853	7,332,175

The condominiums of RM4,579,509/- (2009 : RM5,138,771/-) 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.

Included in inventories, are amounts totalling RM300,000/- (2009: RM1,650,000/-) which have been charged as securities for term loan instruments of the subsidiary as disclosed in Note 34(e) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	8,740,920	8,776,279	-	-
Less: Allowance for impairment	(1,575,414)	(1,411,889)	-	-
	7,165,506	7,364,390	-	-
Other receivables	13,508,159	22,756,506	240,041	1,201,249
Less: Allowance for impairment	(4,607,947)	(3,931,936)	-	(1,140)
	8,900,212	18,824,570	240,041	1,200,109
Deposits	440,887	772,575	1,795	4,315
Prepayments	618,437	429,888	8,066	-
	17,125,042	27,391,423	249,902	1,204,424
Less: Transfer to assets of disposal group as classified as held for sale (Note 10)	(4,330,632)	-	-	-
Total trade and other receivables	12,794,410	27,391,423	249,902	1,204,424
Add: Cash and bank balances (Note 26)	4,917,948	3,716,391	392,802	303,184
Deposits placed with licensed banks	3,368,474	6,536,865	1,925,164	1,733,780
Total loans and receivables	21,080,832	37,644,679	2,567,868	3,241,388

Group

The trade credit term ranges from 5 to 90 days (2009: 5 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(a) Trade receivables

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

	Group	
	2010 RM	2009 RM
United States Dollar	448,452	1,336,828
Hong Kong Dollar	1,347,046	2,082,645
Taiwan Dollar	551,283	-
Renminbi	68,814	3,775
Ringgit Malaysia	6,325,325	5,353,031
	8,740,920	8,776,279

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Ageing analysis of trade receivables

The analysis of the Group's trade receivables is as follows:

	Group	
	2010 RM	2009 RM
Neither past due nor impaired	3,165,416	3,234,926
1 to 30 days past due not impaired	1,969,286	1,482,515
31 to 60 days past due not impaired	496,539	947,730
61 to 90 days past due not impaired	311,516	367,809
91 to 120 days past due not impaired	254,724	441,264
More than 121 days past due not impaired	-	18,955
	3,032,065	3,258,273
Impaired	2,543,439	2,283,080
	8,740,920	8,776,279

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

At the reporting date, the Group has trade receivables amounting to RM3,032,065/-(2009: 3,258,273/-) that are past due but not impaired.

Trade receivables that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2010 RM	2009 RM
Individually impaired		
Trade receivables - nominal amounts	2,543,439	2,283,080
Less : Allowance for impairment	(1,575,414)	(1,411,889)
	968,025	871,191

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Receivables that are impaired (Continued)

Movement in allowance accounts:

	Group 2010 RM	Group 2009 RM
At 1 January	(1,411,889)	(998,301)
Impairment for the financial year	(163,525)	(1,058,974)
Written off	-	628,023
Reversal of impairment loss	-	17,363
	(1,575,414)	(1,411,889)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

At the reporting date, the Group and the Company have provided an allowance of RM4,607,947 (2009 : RM3,931,936/-) for impairment of the other receivables with a nominal amount of RM13,508,159/- (2009 : RM22,756,506/-).

Included in other receivables are amounts totalling RM8,029,041/-(2009 : RM12,215,500/-) which represents advances to a contractor for a property development project which will set off with the future project costs. Therefore, no impairment has been provided for the financial year ended 31st December 2010.

Included in long leasehold land in year 2009 is an amount of 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") on 26th August 1996 to develop a piece of leasehold land. Subsequently, the leasehold land has been alienated to another party. The subsidiary had filed a legal case against PBTMBNS for the recovery of the said land held for development for breach of the said arrangement.

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

In the year 2009, the Group had reclassified the land held for development to other receivables.

In the year 2010, the above stated amounts are not included in the account as the subsidiary had been disposed off during the year.

24. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company 2010 RM	Company 2009 RM
Amount owing by subsidiaries	65,837,747	83,774,730
Less: Allowance for impairment	(22,684,157)	(42,855,097)
	43,153,590	40,919,633
Amount owing to a subsidiary	(1,490,585)	-

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

NOTES TO THE FINANCIAL STATEMENTS

25. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM812,441 /- (2009 : RM792,625/-) are pledged to the banks for banking facilities granted to the Group as disclosed in Note 35 to the financial statements.

26. CASH AND BANK BALANCES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	5,335,634	3,515,064	392,802	303,184
Cash held under Housing Development Account	204,298	201,327	-	-
Less: Transfer to assets of disposal group classified as held for sale (Note 10)	(621,984)	-	-	-
	4,917,948	3,716,391	392,802	303,184

Cash held under Housing Development Account are opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act, 1966.

27. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At the beginning of the financial year	179,586,406	182,768,657	961,200	-
Transfer from:-				
- Property, plant and equipments	-	7,707,794	-	-
- Inventories	-	991,200	-	-
Additions	-	-	-	991,200
Transfer from disposal subsidiary				
- Shop lot	-	-	850,000	-
Disposals	(2,111,200)	(5,350,000)	(961,200)	-
Net loss on fair value adjustments	-	(6,531,245)	-	(30,000)
Disposal of subsidiaries	(23,150,000)	-	-	-
At the end of the financial year	154,325,206	179,586,406	850,000	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/- (2009 : RM33,000,000/-) have been charged to Danaharta and/or other financial institutions as security for the term loan instruments as disclosed in Note 34 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 balance sheet date, certificate of title to a land included in non-current assets held for sale amounting to RM Nil (2009 : RM20,500,000/-) has not been issued in the name of the subsidiary of Austral Amalgamated Berhad ("AAB"). The Company had disposed of AAB during the financial year.

The non-current assets held for sale with carrying amount of RM120,475,206/- (2009 : RM120,475,206/-) have been charged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

28. (a) SHARE CAPITAL

	Group and Company			
	Number of Shares			
	2010	2009	2010	2009
Ordinary shares of RM0.50/- each	Unit	Unit	RM	RM
Authorised				
At the 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	223,334,575	446,669,151	111,667,288	446,669,151
Capital reorganisation exercise	-	(223,334,576)	-	(335,001,863)
At the end of the financial year	223,334,575	223,334,575	111,667,288	111,667,288

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 statement of financial position 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.

(b) Capital Reserve

Capital reserve arose from the par value reduction exercise during the last financial year. It represents surplus arising after off-setting of issued and paid up capital against accumulated losses at the date when the reduction of share capital became effective.

The capital reserve is a non-distributable reserve.

(c) Fair Value Reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

NOTES TO THE FINANCIAL STATEMENTS

29. HIRE-PURCHASE PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum hire-purchase payables				
- not later than one year	574,524	301,438	306,936	232,278
- later than one year but not later than five years	1,304,934	478,684	619,947	469,792
- later than five years	-	-	-	-
	1,879,458	780,122	926,883	702,070
Less: Future finance charges	(225,737)	(57,395)	(97,595)	(55,184)
	1,653,721	722,727	829,288	646,886
Less: Liabilities directly associated with disposal group classified as held for sale (Note 10)	(815,796)	-	-	-
Present value of hire-purchase payables	837,925	722,727	829,288	646,886
Represented by				
- Current	271,764	271,547	263,127	205,336
- Long term	566,161	451,180	566,161	441,550
	837,925	722,727	829,288	646,886

The hire-purchase payables of the Group and of the Company bore interest ranging from 3.47% to 6.9% (2009 : 3.54% to 6.89%) and 3.47% to 6.9% (2009: 3.54% to 4.77%) respectively per annum.

30. TERM LOANS

	Group	
	2010 RM	2009 RM
Total outstanding	9,239,090	11,168,902
Less: Liabilities directly associated with disposal group classified as held for sale (Note 10)	(212,572)	-
	9,026,518	11,168,902
Less: Portion due within one year	(2,237,965)	(2,140,344)
Portion repayable after one year	6,788,553	9,028,558

Term Loans 2010 RM	Term Loans 2009 RM	Securities/Repayment terms
9,026,518	10,902,160	Secured by legal charge over a subsidiary's non-current assets held for sales (Note 27) and corporate guarantee from the Company. The term loans are repayable by 120 monthly instalments of RM237,221/- each.
212,572	266,742	Secured by legal charge on a freehold lot office (Note 12) 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.
9,239,090	11,168,902	

The term loans bear interest at an effective interest rates ranging from 7.60% to 8.00% (2009: 7.60% to 8.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31. DEFERRED TAX LIABILITIES

	Group	
	2010 RM	2009 RM
At the beginning of the financial year	8,734,866	8,408,773
Transferred from income statement (Note 9)	2,340,356	326,093
At the end of the financial year	11,075,222	8,734,866
Representing the tax effect of:-		
Temporary differences between net book value and corresponding tax written value	11,075,222	8,734,866

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	6,263,265	35,650,551	-	-
Other payables	4,988,098	19,737,369	40,817	23,466
Amount owing to former subsidiaries	65,322,590	-	-	-
Accrued expenses	5,224,709	4,976,368	153,112	134,435
Deposits received	3,890,007	920,854	22,350	81,500
Advances received from potential purchasers	201,158	1,750,037	-	-
Accrued interest on:-				
- Guaranteed secured term loan	9,055,776	36,326,961	-	-
- Non-guaranteed convertible secured term loan	2,331,308	3,880,260	-	-
	97,276,911	103,242,400	216,279	239,401
Less:				
Liabilities directly associated with disposal group classified as held for sale (Note 10)	(2,703,810)	-	-	-
	94,573,101	103,242,400	216,279	239,401

The normal trade credit term granted to the Group ranges from 30 to 60 days (2009: 30 to 60 days).

The amount owing to former subsidiaries is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

33. PROVISIONS FOR LIABILITIES

	Provision for commitments RM	Provision for furniture, fittings and equipments RM	Provision for claims RM	Total RM
Group				
At 1st January 2009	-	2,487,088	-	2,487,088
Add: Additional	33,000,000	673,204	-	33,673,204
Add: 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
Add: Additional	-	667,588	4,600,000	5,267,588
Add: Interest income earned	-	2,992	-	2,992
Less: Utilisation of provision	(160,000)	(698,313)	-	(858,313)
At 31st December 2010	28,991,500	1,071,211	4,600,000	34,662,711

	Provision for commitments RM
Company	
At 1st January 2009	-
Add: Additional	33,000,000
Less: Utilisation of provision	(3,848,500)
At 31st December 2009	29,151,500
Add: Additional	-
Less: Utilisation of provision	(160,000)
At 31st December 2010	28,991,500

(a) Provision for furniture, fittings and equipment

The provisions for furniture, fittings and equipment are the fund used and expended for the following:-

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

(ii) Refurbishment and extraordinary repairs to the building.

(b) Provision for commitments

This is in respect of anticipated losses arising from a corporate guarantee given to financial institution for loan granted to a former subsidiary, FBO Leasing Sdn. Bhd.

(c) Provision for claims

This is in respect of claims provided for a legal case with Bennes Engineering Sdn. Bhd. (In Liquidation) as disclosed in Note 42(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

34. TERM LOAN INSTRUMENTS

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

	Group	
	2010 RM	2009 RM
Guaranteed secured term loan ("GSTL")	33,648,430	49,417,780
Guaranteed non-secured term loan ("GNSTL")	-	20,278,964
Non-guaranteed convertible secured term loan ("NGCSTL")	10,029,657	13,703,498
	43,678,087	83,400,242
Less: Non-current portion	-	-
Current portion	43,678,087	83,400,242

(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 pasu 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.

(d) Included in the GSTL and GNSTL are amounts totalling RM32,178,330/- (2009: 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 and inventories of the Group.

NOTES TO THE FINANCIAL STATEMENTS

35. SHORT TERM BORROWINGS

	Group 2010 RM	Group 2009 RM
Bank overdrafts	136,080	259,869
Trade financing	7,500,000	-
	7,636,080	259,869

Short term borrowings 2010 RM	Short term borrowings 2009 RM	Securities
136,080	259,869	Secured by pledge of fixed deposit of RM812,441/- (2009 : RM792,625/-) with licensed bank and also corporate guarantee by the Company.
7,500,000	-	Secured by 45,000,000 shares and 16,500,000 warrants in P.A Resources Berhad together with a corporate guarantee by the Company and personal guarantee from the lease receivable of a subsidiary, Chong Sze San.
7,636,080	259,869	

The bank overdrafts bear interest at rates ranging from 8.05% - 8.80% (2009: 8.05%) per annum.

The trade financing facilities bears interest at 8.25% (2009: Nil) per annum.

36. SIGNIFICANT 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.

	Company 2010 RM	Company 2009 RM
Management fees from subsidiaries	270,000	270,000
Administrative charges from subsidiaries	360,000	420,000
Rental of motor vehicle from subsidiary	66,756	61,193

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.

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value.

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2010				
Financial Assets				
Investment securities				
- Quoted outside Malaysia	479,055	479,055	479,055	479,055
Financing receivables	25,407,293	23,309,443	-	-
Financial Liabilities				
Trade financing	7,500,000	6,928,838	-	-
Bank overdraft	136,080	125,074	-	-
Hire purchase payables	837,925	796,355	829,288	788,147
Term loan instruments	43,678,087	41,205,742	-	-
Term loan	9,026,518	8,388,957	-	-
2009				
Financial Assets				
Investment securities				
- Quoted in Malaysia	500,081	650,050	-	-
- Quoted outside Malaysia	3,275,872	3,276,615	-	-
Lease and hire purchase receivables	20,718,424	19,007,728	-	-
Financial Liabilities				
Bank overdraft	259,869	249,814	-	-
Hire purchase payables	722,727	686,905	646,886	621,080
Term loan instruments	83,400,242	76,513,983	-	-
Term loan	11,168,902	10,360,763	-	-

It is also not practical to estimate the fair value of amount owing by/(to) subsidiaries and associate due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of their fair value:

	Note
Financial Assets	
Trade and other receivables	23
Deposit placed with licensed bank	25
Cash and bank balances	26
Financial Liabilities	
Hire purchase payables	29
Term loans	30
Trade and other payables	32
Term loan instruments	34
Short term borrowings	35

The carrying amounts of these financial assets and liabilities are a reasonable approximation of their fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments
Fair value is determined directly by reference to their published market bid price at the reporting date.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Exposure to credit risk

The Group is exposed to credit risk mainly from financing receivables, trade and other 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 receivables and trade receivables, should all its customers fail to perform their obligations as of 31st December 2010, is the carrying amount of these receivables as disclosed in the statement of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 23(a). Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 23(a).

Inter - company balances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM91,163,271/- (2009: RM106,283,574/-) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material except for as disclosed in Note 40 to the financial statements.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk (Continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2010	Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM	Total RM
Group				
Financial Liabilities				
Trade and other payables	94,573,101	-	-	94,573,101
Hire purchase payables	271,764	566,161	-	837,925
Bank overdrafts	136,080	-	-	136,080
Trade financing	7,500,000	-	-	7,500,000
Term loans	2,237,965	6,788,553	-	9,026,518
Term loans instrument	43,678,087	-	-	43,678,087
Company				
Trade and other payables	216,279	-	-	216,279
Hire purchase payable	263,127	566,161	-	829,288

2009	Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM	Total RM
Group				
Financial Liabilities				
Trade and other payables	103,242,400	-	-	103,242,400
Hire purchase payables	271,547	451,180	-	722,727
Bank overdrafts	259,869	-	-	259,869
Term loans	2,140,344	9,028,558	-	11,168,902
Term loans instrument	83,400,242	-	-	83,400,242
Company				
Trade and other payables	239,401	-	-	239,401
Hire purchase payable	205,336	441,550	-	646,886

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The Company and the Group manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as the end of the reporting period were:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed rate instruments				
Financial Liabilities				
Hire purchase payables	837,925	722,727	829,288	646,886
Trade financing	7,500,000	-	-	-
Term loan	9,026,518	11,168,902	-	-
Term loan instruments	43,678,087	83,400,242	-	-
Floating rate instruments				
Financial Asset				
Short term deposits	3,368,474	6,536,865	1,925,164	1,733,780
Financial Liability				
Bank overdrafts	136,080	259,869	-	-

Sensitivity analysis for interest rate risk

(i) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

(ii) Fair value sensitivity analysis for floating rate instruments

A change of 1% in interest rates at the end of reporting period would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

Sensitivity analysis for interest rate risk (Continued)

	Profit before tax	
	Increase 1%	Decrease 1%
	2010	2010
	RM	RM
Group		
Floating rate instruments		
Financial Assets	33,685	(33,685)
Financial Liabilities	1,361	(1,361)
Company		
Floating rate instruments		
Financial Assets	19,252	(19,252)

(d) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments outside Malaysia are listed on ASX in Australia. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

(e) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the Group's functional currency.

Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax and accumulated losses in response to reasonable possible changes in the foreign exchange rates to which the Group has significant exposure at the reporting date, assuming all other variable risk variables remained constant. Other components of the equity would not be affected by changes in the foreign exchange rate:-

	Increase / (Decrease)			
	Strengthen (10%)		Weaken (10%)	
	2010	2009	2010	2009
	RM	RM	RM	RM
Group's net loss				
United State Dollar	44,845	133,683	(44,845)	(133,683)
Hong Kong Dolar	134,705	208,265	(134,705)	(208,265)
Renminbi	6,881	378	(6,881)	(378)
New Taiwan Dollar	55,128	-	(55,128)	-

NOTES TO THE FINANCIAL STATEMENTS

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an ongoing basis. To maintain the capital structure, the group may adjust the dividend payment to shareholders.

There were no changes in the Group's approach to capital management during the financial year.

	Group	
	2010 RM	**2009 RM**
Total borrowings	61,178,608	95,551,740
Less : Cash and cash equivalents	8,286,420	10,253,256
Net debt	52,892,188	85,298,484
Total equity	145,453,042	138,118,566
Debt-to-equity ratio	0.36	0.62

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

40. CONTINGENT LIABILITIES

As at 31st December 2010, the contingent liabilities were as follows:-.

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Corporate guarantees given by the Company to secure for credit facilities granted to :				
- Certain subsidiaries				
- Principal payment	-	-	41,148,430	69,696,744
- Accrued interest	-	-	9,055,776	36,326,961
- Former subsidiary	-	-		
- Principal payment	20,278,964	-	20,278,964	-
- Accrued interest	20,544,021	-	20,544,021	-
Bank overdraft's secured over fixed deposits of a subsidiary	-	-	136,080	259,869
	40,822,985	-	91,163,271	106,283,574

Group

The contingent liabilities represent the remaining outstanding balance of Guaranteed non-secured loan from a former subsidiary, Crystal Oblique Sdn. Bhd. ("COSB"), direct subsidiary of Austral Amalgamted Berhad ("AAB") which is owing to Pengurusan Danaharta Nasional Berhad ("Danaharta").

On 10th December 2010, the Company disposed off the entire interest in AAB to a third party for a total consideration of RM2/- and the Directors of the Company are of the view that the outstanding amount are considered to be resolved as part of the settlement agreement with Danaharta who will not demand for repayment on the outstanding amount. However, the Company is contingently liable on the credit facilities granted to COSB and the new buyer is fully aware of the scheme arrangements that made with the creditors and have agreed and consented to the same.

NOTES TO THE FINANCIAL STATEMENTS

41. PROFIT GUARANTEES

(a) Eastern Biscuit Factory Sdn. Bhd.

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

On 22nd January 2007, Universal Trustee (Malaysia) Berhad, the stakeholder for the profit guaranteed pledge shares, completed disposal of Security Shares with total proceeds of RM1.42 million. The profit shortfall after the disposal of Security Shares is RM18.83 million.

THHSB and DTKH ("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 to 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").

The Proposed Variations have been approved by the shareholders of the Company at the Extraordinary General Meeting dated 21st December 2009.

The profits of EBF for the first guaranteed year ended 31 December 2010 is RM5,736,170, which has exceeded the yearly minimum guaranteed profit of RM5 million.

(b) Discover Orient Holidays Sdn. Bhd.

There was a shortfall in profit of Discover Orient Holidays Sdn. Bhd ("DOHSB") for the period of 1st November 2006 until 31st October 2007 and 31st October 2008 amounting to RM169,416/-and RM52,171/- respectively compared to RM500,000/- a year profit guarantee, thus resulting in total shortfall of RM778,413/-. DOHSB reported a profit of RM755,545 for the third guaranteed period ended 31st October 2009, which has exceeded the yearly minimum guaranteed profit. On aggregate basis, the total shortfall is RM2,022,868/-. As of the date of this report, the guarantors have issued payments of RM360,000 to FBO out of the total profit shortfall.

In view of the active role of the vendor for the successful disposal of DOHSB to Matrix Merchant Sdn Bhd (now known as Matrix Triumph Sdn Bhd) on 18 April 2011, the Board has agreed to a full settlement of RM450,000 for the balance of the profit guarantee shortfall. As of the date of this report, RM240,000 has been paid by the vendor.

42. MATERIAL LITIGATIONS

(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 2010-II) together with the Amended Statement of Claim both dated 19th May 2010 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 2010 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.

NOTES TO THE FINANCIAL STATEMENTS

42. MATERIAL LITIGATIONS (Continued)

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

The abovementioned Revolving Credit Facility is pursuant to the Restructuring Scheme and at 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 notified the Company that the sale was not completed.

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 13th May 2010, AAB entered into a Sale and Purchase Agreement with a third party to dispose the said land for a consideration of RM25,539,491/-, which is equivalent to the said redemption sum.

On 10th December 2010, the Company has disposed off AAB and as at the reporting date, the transaction is pending for completion.

(ii) Bennes Enginnering Sdn Bhd (In Liquidation) vs FBO Land (Setapak) Sdn. Bhd.

FBO Land (Setapak) Sdn. Bhd. ("FBOLS"), a wholly owned subsidiary of the Company had on 29th June 2010 received a copy of generally endorsed Writ of Summon (Dalam Mahkamah Tinggi Malaya di Kuala Lumpur (Bahagian Sivil) Guaman No.:S-22-936-2009) without a statement of Claims attached in regard to a suit commenced by Bennes Engineering Sdn. Bhd. (In Liquidation) ("BESB").

FBOLS had on 16th July 2010 received the Statement of Claim dated 15th July 2010 from BESB's solicitor giving the details on their claims as follows:-

1. Allegedly pursuant to a Settlement Agreement dated 29th July 1998 ("the Alleged Settlement Agreement") entered into between BESB and FBOLS, FBOLS had agreed to pay BESB the sum of RM7,750,318 without cost and interest as the full and final settlement of the BESB's alleged claim against FBOLS.

2. Pursuant to Clause 2 of the Alleged Settlement Agreement, FBOLS had allegedly agreed to pay the sum of RM7,750,318. The sum of RM3,000,000 was allegedly to be paid by selling 20 units of apartment at housing development area known as Villa Danau under Milikan Hakmilik Master H.S.(D) 61768, P.T. No. 1118, Mukim Setapak Daerah Kuala Lumpur, Negeri Wilayah Persekutuan to BESB at a purchase consideration of RM150,000 per unit for each Sale and Purchase Agreement which was to be executed within five days from the date of the Alleged Settlement Agreement.

3. There were allegedly 20 Sale and Purchase Agreements entered into between BESB and FBOLS ("the Alleged Sale and Purchase Agreements").

4. FBOLS is alleged to have breached its obligation under the Alleged Sale and Purchase Agreements by failing to deliver vacant possession of the properties under the Alleged Sale and Purchase Agreements.

NOTES TO THE FINANCIAL STATEMENTS

42. MATERIAL LITIGATIONS (Continued)

(ii) Bennes Enginnering Sdn Bhd (In Liquidation) vs FBO Land (Setapak) Sdn. Bhd. (Continued)

5. BESB claims from FBOLS:
   (a) Specific performance of the Alleged Sale and Purchase Agreements and that FBOLS delivers the vacant possession of the properties under the Alleged Sale and Purchase Agreements;
   (b) Alternatively that each property under the Alleged Sale and Purchase Agreements be valued and paid to BESB;
   (c) Damages;
   (d) Costs;
   (e) Interest at a rate of 10% per annum on the purchase consideration of each of Parcel and/or Lot calculated from 36 months after the date of the Alleged Sale and Purchase Agreements until the date of full payment;
   (f) Cost of this action; and
   (g) Any other relief deem fit by the Court.

The Board has appointed a solicitor to act for FBOLS. The Board wishes to inform that BESB is an unsecured creditor of FBOLS and the Board is of the opinion that any debt owing by FBOLS has been addressed in the restructuring scheme of FBOLS undertaken by Pengurusan Danaharta Nasional Berhad in 2002.

The Group has filed a Defence Statement on 13th August 2010 and the Court has fixed on 29th April 2011 for case management.

A provision for claims of RM4,600,000/- (Note 33) based on market value of RM230,000/- each has been provided in the financial statements during the financial year.

43. SIGNIFICANT MATTERS

(i) Included in Note 34(d), the GSTL and GNSTL amounts totalling RM32,178,330/- (2009: RM52,457,294/-) owing to a scheme creditor which represents the remaining outstanding balances of a 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.

(ii) On 10th December 2010, the Company disposed off the entire interest in Austral Amalgamated Berhad to a third party for a total consideration of RM2/-. The Company is contingently liable on the credit facilities granted to Crystal Oblique Sdn. Bhd. of RM40,822,985/- which represents the remaining outstanding balances of Guaranteed Non Secured Term Loan owing to a scheme creditor. The new buyer is fully aware of the scheme arrangements that made with the creditor and have agreed and consented to the same as stated in Note 40 to the financial statements. The Directors of the Company are of the view that the outstanding amount are considered to be resolved as part of the settlement agreement with the scheme creditor who will not demand for repayment on the outstanding amount.

(iii) The Company had on 19th June 2009 received a writ of summons together with the amended statement of claim both dated on 19th May 2009 from Sabah Development Bank Berhad (“the said bank”) 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 Austral Amalgamated Berhad, for the Revolving Credit Facility Agreement entered with the said bank.

On 13th May 2010, AAB entered into a Sale and Purchase Agreement with a third party to dispose the said land for a consideration of RM25,539,491/-, which is equivalent to the said redemption sum.

On 10th December 2010, the Company has disposed off AAB and as at the reporting date, the transaction is pending for completion as stated in Note 42(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

44. SUBSEQUENT EVENT

On 31st March 2011, the Company has capitalised advance due from Eastern Biscuit Factory Sdn. Bhd. ("EBF"), a wholly owned subsidiary by RM12,260,000 via an allotment of 12,260,000 ordinary shares of RM1.00 each in EBF.

45. COMPARATIVE FIGURES

(i) Reclassification of account

The reclassification pertains to the surplus arising from the capital reorganisation exercise. During the financial year, the directors have decided to reclassify the surplus arising from the capital reorganisation exercise to capital reserve as the excess are not allowed to distribute to the shareholders. The effects of the reclassification of account as stated below:

Group	As previously stated RM	Reclassification RM	As restated RM
Statement of financial position			
Accummulated losses	26,350,688	(110,238,037)	(83,887,349)
Capital reserve	-	110,238,037	110,238,037
Company			
Statement of financial position			
Accummulated losses	93,200,107	(110,238,037)	(17,037,930)
Capital reserve	-	110,238,037	110,238,037

(ii) Disposal of subsidiaries

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

Company	As previously stated RM	Reclassification RM	As restated RM
Statement of financial position			
Amount owing by former subsidiaries	1,205,564	19,249,305	20,454,869
Amount owing by subsidiaries	83,774,730	(19,249,305)	64,525,425

SUPPLEMENTARY INFORMATION ON REALSIED AND UNREALISED PROFITS OR LOSSES

On 25th March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers and requires to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The determination of realised and unrealised profits is complied based on Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits or losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The Group's accumulated losses as at reporting date may be analysed as follows:

	Group 2010 RM	Company 2010 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	43,994,981	12,575,295
- Unrealised	7,004,600	(28,991,500)
	50,999,581	(16,416,205)
Total share of accumulated losses from an associate:		
- Realised	(23,189)	-
- Unrealised	-	-
	50,976,392	(16,416,205)
Less : Consolidation adjustments	(127,550,519)	-
Total group accumulated losses as per statements of financial position	(76,574,127)	(16,416,205)

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
FBO Land (Setapak) Sdn Bhd	12 units of flat 1 unit of condominium	Taman Danau Kota Setapak Kuala Lumpur	Leasehold (Expiring on 2085 and 2086)	9,513 square feet	5 5	451,000	27/03/2008
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	13	827,632	09/01/2008
FBO Land (Serendah) Sdn Bhd	Property development land	Lot 1115, 1263, 1264, 1728, 1942, 2061 & 2062 Mukim Serendah Negeri Selangor Darul Ehsan	Freehold	431.73 acres	N/A	33,000,000	11/04/2011
Furqan Business Organisation Berhad	4 storey shop house	No. 22, Jalan 8/23E Taman Danau Kota Setapak 53300 Kuala Lumpur	Leasehold (Expiring on 2085)	1,650 square feet	13	850,000	15/10/2009
Exquisite Properties Sdn Bhd	Property development land	Lot 25789 Mukim Pulai Johor	Leasehold (Expiring on 20 Oct 2096)	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	8,058 square metres	13	204,082,206	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed condominium 13 units Completed shop lots 22 units	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	25,381 square feet	13	4,579,509	27/04/2009
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)	5,767 square metres	N/A	5,164,074	27/04/2009
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 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	27/04/2009

ANALYSIS OF SHAREHOLDINGS
AS AT 25 APRIL 2011

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	:	**18,205**

DISTRIBUTION OF SHAREHOLDINGS AS AT 25 APRIL 2011

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,932	43.57%	333,967	0.15%
100 to 1,000 shares	5,400	29.66%	1,764,054	0.79%
1,001 to 10,000 shares	3,281	18.02%	14,571,149	6.53%
10,001 to 100,000 shares	1,354	7.44%	46,723,946	20.92%
100,001 to 11,166,727 shares	235	1.29%	99,220,529	44.43%
11,166,728 and above	3	0.02%	60,720,930	27.18%
TOTAL	18,205	100%	223,334,575	100%

DIRECTORS' SHAREHOLDINGS AS AT 25 April 2011 (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 #	-
Sydney Lim Tau Chin	-	-	18,006,430 *	8.06

SUBSTANTIAL SHAREHOLDERS AS AT 25 April 2011 (as per Register of Substantial Security Holders)

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	-	-	18,006,430 *	8.06
Tan Kok Aun	-	-	18,006,430 *	8.06
Equal Accord Sdn. Bhd.	17,515,000	7.84	-	-
Maylex Ventures Sdn. Bhd.	18,006,430	8.06	-	-
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 his directorship and shareholding in Maylex Ventures Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS AS AT 25 APRIL 2011

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.	12,915,930	5.78
4	**NOR ASHIKIN BINTI KHAMIS**	7,000,050	3.13
5	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KUAN PENG CHING @ KUAN PENG SOON	6,530,550	2.92
6	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	5,090,500	2.28
7	**HLB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KUAN HUI VOON (SIN 6108)	4,411,500	1.98
8	**HLB NOMINEES (ASING) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR EXPLICIT GROUP LIMITED (SIN 90658-3)	3,000,000	1.34
9	**CIMSEC NOMINEES (ASING) SDN BHD** CIMB FOR LONG RETURN INVESTMENTS LIMITED (PB)	2,821,200	1.26
10	**BSN MERCHANT BANK BHD**	2,488,683	1.11
11	**RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHAI KIN LOONG (MTK)	2,365,400	1.06
12	**KUMPULAN HAMODAL SDN. BHD.**	2,116,218	0.95
13	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.86
14	**ONG YEW BENG**	1,880,000	0.84
15	**CHU TIAM @ CHU CHU NGAN**	1,644,900	0.74

ANALYSIS OF SHAREHOLDINGS
AS AT 25 APRIL 2011

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Shareholdings Percentage (%)
16	**HO SIEW TAI**	1,380,000	0.62
17	**WINNER CHOICE HOLDINGS LIMITED**	1,353,750	0.61
18	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN. BHD.	1,333,100	0.60
19	**GAN CHONG LIM**	1,132,550	0.51
20	**LIN SHU YUAN**	1,050,025	0.47
21	**CHAI MUN HA**	933,000	0.42
22	**ANDY LEE KUAN MIN**	710,000	0.32
23	**NOR AZIAH BINTI BUANG**	650,000	0.29
24	**TA NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR AUSTRAL AMALGAMATED BERHAD	647,113	0.29
25	**CHANG MEI YUN**	628,450	0.28
26	**TAN AH SAN @ TAN AH SENG**	600,000	0.27
27	**YEN MEE LIN**	590,550	0.26
28	**UOBM NOMINEES (TEMPATAN) SDN BHD** UOBM FOR JAMES BIN IBRAHIM (PBM)	550,000	0.25
29	**TA NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHEONG SIEW FAH	525,000	0.24
30	**INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR NG SOON LAI	500,500	0.22
	Total	114,572,001	51.30

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FURQAN BUSINESS ORGANISATION BERHAD (515965-A)
Incorporated in Malaysia

CDS ACCOUNT NO. OF AUTHORISED NOMINEE

PROXY FORM

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

NRIC No./ID No./Company No. ____________________________ (new)__________________________ (old)

of ____(full address)

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 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 Eleventh 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, 20 June 2011 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 the Audited Financial Statements for the year ended 31 December 2010	Resolution 1		
2.	To re-elect Sydney Lim Tau Chin	Resolution 2		
3.	To re-elect Yong Yeow Wah	Resolution 3		
4.	To re-elect Lim Kwee Ong	Resolution 4		
5.	To approve the payment of Directors' 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		
8.	To approve proposed amendment to the Articles of Association of the Company	Resolution 8		

(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 (1) proxy to attend and vote in his stead. Where a member appoints two (2) 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, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur**, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

Fold this flap for sealing

Then fold here

Affix Postage Stamp Here

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

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