FURQAN BUSINESS ORGANISATION BERHAD
(515965-A)

ANNUAL REPORT 2011

FURQAN BUSINESS ORGANISATION BERHAD (515965-A)

ANNUAL REPORT 2011

www.fbo.com.my

FURQAN BUSINESS ORGANISATION BERHAD (515965-A)
24 Jalan 8/23E
Taman Danau Kota
Setapak
53300 Kuala Lumpur
Tel : 603-4149 8200
Fax : 603-4149 8210

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Dynasty Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 18 June 2012 at 8.30 a.m. to transact the following businesses:

1. To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Reports of Directors' and Auditors' thereon. **(Resolution 1)**

2. To re-elect the following directors who retire in accordance with Article 84 of the Company's Articles of Association, being eligible, offer themselves for re-election:

    a) Dato' Lim Hong Sang **(Resolution 2)**
    b) Dr. Yang Ching Leng @ Chan Ah Kow **(Resolution 3)**
    c) Lim Thian Loong **(Resolution 4)**

3. To approve the payment of Directors' fees of RM122,000 for the year ended 31 December 2011. **(Resolution 5)**

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

    "THAT Messrs Baker Tilly Monteiro Heng, the retiring Auditors, be and are hereby re-appointed Auditors of the Company to hold office until the conclusion of the next annual general meeting at a fee to be determined by the Directors at a later date." **(Resolution 6)**

Special Business

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

5. **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)**

6. **Special Resolution 1 – Proposed Change of Name**

    THAT the name of the Company be changed from Furqan Business Organisation Berhad to EastLand Equity Bhd with effect from the date of the Certificate of Incorporation on Change of Name to be issued by the Companies Commission of Malaysia, AND THAT the Memorandum and Articles of Association of the Company be amended accordingly wherever the name of the Company appears.

    THAT the Directors and/or the Secretary be hereby authorized to carry out all necessary formalities to effect the change of name." **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

7. **Special Resolution 2 - Proposed Amendments to the Articles of Association of the Company**

"THAT the following amendments to the Articles of Association of the Company be and are hereby approved:-

Article No.	Existing Article	Amended Article
64	**Requirement in notice calling meeting/ Appointment of proxies** In every notice calling a general meeting of the Company shall specify the place, day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy may, but need not be a member of the Company and that where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. **Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.**	**Requirement in notice calling meeting/Appointment of proxies** In every notice calling a general meeting of the Company shall specify the place, day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy may, but need not be a member of the Company and that where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each account it holds.* *An exempt authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Subsection 25A(1) of Central Depositories Act.*
64A	-	***Rights of proxy to speak*** *A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting."*

(Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

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,
25 May 2012

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.*
5. *For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Twelfth Annual General Meeting of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 62(1) of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 11 June 2012. Only a depositor whose name appears on the Record of Depositors as at 11 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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

The proposed adoption of Special Resolution 8 in item 6 is to allow the Group to initial re-branding initiative to enhance its corporate identity.

Please refer to Circular to Shareholders dated 25 May 2012 which is dispatched together with the 2011 Annual Report of the Company.

c. *Proposed Amendments to the Articles of Association of the Company*

The proposed adoption of Special Resolution 9 in item 7 is in line with the amendments to Chapter 7 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE ANNUAL GENERAL MEETING

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

Date	Time	Place
18 June 2012 Monday	8.30 a.m	Dynasty Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan

RE-ELECTION OF DIRECTORS

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

a) Dato' Lim Hong Sang
b) Dr. Yang Ching Leng @ Chan Ah Kow
c) Lim Thian Loong

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

THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Details of the attendance of the directors at Board Meetings are stated in this Annual Report.

FIVE-YEAR FINANCIAL HIGHLIGHTS

		FINANCIAL YEAR ENDED 31 DECEMBER				
		2011	**2010**	**2009**	**2008**	**2007**
Revenue	RM	**77,205,054**	31,732,821	31,416,105	69,089,751	77,011,422
EBITDA	RM	**20,410,050**	12,443,281	17,993,591	18,375,526	(3,819,440)
Profit/(Loss) before tax	RM	**18,893,694**	9,431,929	14,551,193	11,048,808	(18,684,978)
Profit/(Loss) from continuing operations	RM	**16,882,227**	7,309,727	12,293,498	8,743,470	(20,742,108)
Discontinued operations	RM	**29,681**	(146,474)	(1,612,367)	(28,185,701)	-
Net Profit/(Loss) attributable to equity holders	RM	**16,911,908**	7,163,253	10,681,131	(19,272,641)	(20,705,296)
Minority Interest	RM	**-**	-	-	(169,590)	(36,812)
Total Assets	RM	**294,288,548**	351,194,740	376,417,892	446,920,933	591,751,626
Total Liabilities	RM	**132,009,110**	205,741,698	238,299,326	319,483,498	444,011,140
Total Net Assets/ Total Equity	RM	**162,279,438**	145,453,042	138,118,566	127,437,435	147,740,486
Return on Equity (ROE)	%	**10.42**	4.92	7.73	-15.12	-14.11
Return on Total Assets (ROTA)	%	**5.75**	2.04	2.84	-4.31	-3.50
Gearing Ratio	Times	**0.81**	1.41	1.73	2.51	3.03
Interest Coverage Ratio	Times	**24.55**	5.07	7.09	2.90	-0.43
Earnings per share (EPS)	SEN	**7.57**	3.21	4.06	(8.63)	(9.27)
Net Tangible Asset per share	RM	**0.73**	0.65	0.62	0.57	0.66
Price Earning (PE) Ratio	Times	**3.04**	4.36	2.96	-0.58	-2.05
Share Price as at the Financial Year End	RM	**0.23**	0.14	0.12	0.05	0.19

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 2011 ("FY11").

OVERVIEW

In year 2011, we continue to experience uncertainty in the global economy arising from the prolonged European debt crisis and weakened US economy. The Malaysian economy continues to grow despite the global condition. For the year, the economy expanded by 5.1%. Bank Negara Malaysia has indicated that the growth was underpinned by favourable domestic demand condition driven by the continued expansion in household and business spending, and public sector expenditure especially in third and fourth quarter of the year. Domestic demand is expected to continue to be the key driver of growth.

Throughout the year we remained cautious and prudent on financial management. As a result, we are pleased to present to you an encouraging financial performance for the financial year 2011.

FINANCIAL PERFORMANCE

The Group recorded a revenue of RM77.21 million for FY11, a significant increase from RM31.73 million for the financial year ended 31 December 2010 ("FY10"). The revenue was derived mainly from investment properties, hospitality and property development sectors with revenue of RM48.42 million, RM22.63 million and RM6.03 million respectively. The increase in revenue came from the disposal of land by an investment properties subsidiary at RM42.19 million and recognition of project development revenue of RM6.03 million in FY11. The Group however recorded lower revenue in leasing and financing sector as the were no suitable new customers during FY11.

With the increase in revenue in FY11, the profit before tax increased by RM9.12 million to RM18.75 million compared to RM9.63 million in FY10. The disposal of land has contributed RM18.85 million of profit while hospitality sector and property development sector have contributed RM6.63 million and RM4.72 million respectively. The profit before tax is adjusted for some significant non operational items namely the write back of provisions for liabilities of RM4.6 million and provision for doubtful debts of RM10.61 million.

The overall financial position of the Group remains healthy. Earnings per share have increased from 3.21 sen in FY10 to 7.57 sen due to higher profit. Net asset per share has also improved from 65 sen in FY10 to 73 sen this year.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

In view of the challenging global economy and financial condition, and weaker external demand, our focus for financial year 2012 ("FY12") will remain on our businesses in Kelantan. Bandar Tasek Raja project in Pasir Mas, Kelantan is currently the Group's ongoing property development project. Phase I of the project was launched in late FY10. In FY12 we will continue on the sale and construction of phase I while our management team will monitor closely on the local market sentiment to determine the best timing for the launch of phase 2 of the project. Besides Bandar Tasek Raja, the management will continue with efforts to manage and monitor the shopping complex and hotel operations in Kota Bharu, Kelantan.

We believe our performance for FY12 will remain stable as our businesses are largely driven by domestic consumption and investment activities. We are optimistic that we will benefit from the expanding domestic demand.

DIVIDEND

The Board does not recommend any dividend in respect to FY11.

APPRECIATION

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

Dato' Faruk bin Othman
(Non-Independent Non-Executive Chairman)

Dato' Lim Hong Sang
(Executive Deputy Chairman)

Sydney Lim Tau Chin
(Managing Director)

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

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Yang Ching Leng @ Chan Ah Kow
Tel : 012-356 0639
Email : chingleng.yang@gmail.com

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

DATO' FARUK BIN OTHMAN

Non-Independent Non-Executive Chairman, *Malaysian, Age 64*

Faruk bin Othman was the Executive Chairman of the Company from 1st October 2002 to 1st February 2011. He was re-designated as Non-Independent Non-Executive Chairman of the Company on 2nd February 2011.

He graduated in Business Studies and completed a post graduate Diploma in Management Studies from University of Sussex, United Kingdom. Faruk has over 30 years experience in the financial sector, mainly in banking and stock broking. He was the Executive Director of Inter-Pacific Securities Sdn Bhd before being appointed as the Executive Chairman of United Merchant Finance Berhad in 1994.

At present, Faruk is the Executive Chairman and a Member of the Remuneration Committee of APFT Berhad, a Director and Member of the Audit Committee of Premier Nalfin Berhad (formerly known as Premium Nutrients Berhad) and a Director and Member of the Audit, Remuneration and Nomination Committees of Sunchirin 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.

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.

He has attended all the Seven (7) Board meetings held during the financial year ended 31st December 2011.

DATO' LIM HONG SANG

Executive Deputy Chairman, *Malaysian, Age 62*

Lim Hong Sang was appointed as Managing Director to the Board from 1st October 2003 to 20th June 2010. He was re-designated as Executive Deputy Chairman of the Company on 21st June 2010.

He 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.

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 past ten (10) years, other than traffic offences, if any.

He has attended all the seven (7) Board meetings held during the financial year ended 31st December 2011.

PROFILE OF THE BOARD OF DIRECTORS

SYDNEY LIM TAU CHIN

Managing Director, *Malaysian, Age 42*

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. He 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.

In August 2004, 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.

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.

He is deemed interested in the shares of the Company by virtue of his directorship and shareholdings in Maylex Ventures Sdn Bhd, a substantial shareholder of the Company.

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.

He has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2011.

DATO' TAN KOK HWA

Executive Director, *Malaysian, Age 62*

Tan Kok Hwa is the Managing Director and co-founder of Eastern Biscuit Factory Sdn Bhd, a wholly owned subsidiary company. He 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, he oversees the overall operations and management of the subsidiary company.

He was appointed as Executive Director of the Company on 1st October 2002.

Tan Kok Hwa 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.

He has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2011.

YONG YEOW WAH

Executive Director, *Malaysian, Aged 59*

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.

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

He has attended all the (7) Board Meetings held during the financial year ended 31st December 2011.

PROFILE OF THE BOARD OF DIRECTORS

LIM THIAN LOONG

Independent Non-Executive Director, Malaysian, Aged 48

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.

Lim Thian Loong was appointed as Independent Non-Executive Director of the Company on 25th February 2010. He is the Chairman of Audit Committee and Remuneration Committee. He is also a Member of Nomination Committee. He also sits on the Board of Sanbumi Holdings Berhad.

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

He has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2011.

DR. YANG CHING LENG @ CHAN AH KOW

Independent Non-Executive Director, Malaysian, Aged 69

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. He lectured in University of Malaya for 27 years. After that he served as a head of department in a private college for 5 years.

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

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

He has attended six (6) out of seven (7) Board Meetings held during the financial year ended 31st December 2011.

LIM KWEE ONG

Independent Non-Executive Director, Malaysian, Aged 57

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 Berhad.

He was appointed as Independent Non-Executive Director of the Company on 30th December 2010. He is a member of Audit Committee, Remuneration Committee and Nomination Committee.

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

He has attended all the seven (7) Board Meetings held during the financial year ended 31st December 2011.

AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

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)

Lim Kwee Ong
Audit Committee Member
(Independent Non-Executive Director)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Members

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

At least one member of the Audit Committee must be:

(a) a member of the 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.

AUDIT COMMITTEE REPORT

Authority

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

(i) have the authority to investigate 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) able to obtain 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) able 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

The Audit Committee shall review and report to the Board on the following key matters:

i. To review the appointment, resignation, conduct and audit plans of the Internal and External Auditors;

ii. To review the assistance given by the employees of the Company to the external auditors and the internal auditors;

iii. To review the quarterly results and year end financial statements, prior to the approval by the Board;

iv. To review any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and

v. To review and report to the Board of the state of the system of internal control of the Group.

Summary Of Activities

During the financial year ended 31st December 2011, the Audit Committee:-

(i) 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;

(ii) Reviewed the audited financial statements for the year ended 31st December 2011 and unaudited quarterly financial results announcements of the Group, prior to the Board's approval;

(iii) Reviewed the Audit Plan 2011 with external auditors;

(iv) Reviewed the assistance given by the Company's officers to the external auditors;

(v) Reviewed Internal Control Statement, Corporate Governance Statement, and Audit Committee Report;

(vi) Reviewed any related party transaction that may arise within the Group of Company;

(vii) Evaluated the system of internal accounting controls;

(viii) Reviewed of Company's compliance with Principles Code of Corporate Governance and Listing Requirements with the internal auditors.

AUDIT COMMITTEE REPORT

DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31st December 2011 and the details of the attendance of each Audit Committee member are as follows:-

Name Of Commitee Member	Meeting Attended
Dr. Yang Ching Leng @ Chan Ah Kow	4/5
Lim Thian Loong	5/5
Lim Kwee Ong	5/5

INTERNAL AUDIT FUNCTION

The Group had established an internal audit function. This function is outsourced to an internal audit services company and functionally, the lead internal auditor reports to the Committee directly.

The Committee reviews and approves the annual internal audit plan before the Internal Auditors carry out their functions. All audit findings are reported to the Committee and areas of improvement and audit recommendations identified are communicated to the management for further action.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2011 was RM20,000 (2010: RM35,000).

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.

THE BOARD OF DIRECTORS

The Company continues to beled and controlled by the sameboard members comprising one (1) non-independent non-executive chairman four (4) executive directors, three (3) independent non-executive directors. The Board reviews the composition of the board members annually and ensures that the current composition of the board functions competently. In addition, with the presence of the independent and non-executive directors constituting half of the board size, the Board ensures that the broader views and objectivity are brought into the Board's deliberation and decision making processes.

The roles and responsibilities of the Chairman and Managing Director are separated and assumed by different directors. The Board had identified Dr. Yang Ching Leng @ Chan Ah Kow to act as the Senior Independent Non-Executive Director to provide shareholders with an alternative to convey their concerns and seek clarifications from the Board. The details of contact number and email of Dr. Yang Ching Leng @ Chan Ah Kow are listed on the corporate information.

A description of the background of each director is presented on pages 10 to 12.

The Board is provided with appropriate and current information to enable it to discharge its duties effectively. The management is invited to attend the Board and Audit Committee meetings and to provide explanations to the Board on the operations of the Group. In addition, the Board is also briefed progressively by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory and listing requirements.

The Board recognises the importance for reviewing and adopting a strategic plan and overseeing the conduct of the business. This will ensure that the business is being properly managed and controlled. Progressively, the performance of the Group's stragtegic actionsare reviewed by the Board in consideration of the quarterly financial results, project's progress reports and explanations provided by the management as a benchmark of management's performance.

STATEMENT OF CORPORATE GOVERNANCE

During the financial year, seven (7) Board meetings were held as at 31st December 2011. Detail of each Director's attendance are as follow:

Director	22 February 2011 (1215 hrs)	29 March 2011 (1040 hrs)	20 April 2011 (1200 hrs)	19 May 2011 (1115 hrs)	19 August 2011 (1200 hrs)	23 November 2011 (1205 hrs)	12 December 2011 (1100 hrs)	Total Meeting Attended
Dato' Faruk Bin Othman	✓	✓	✓	✓	✓	✓	✓	7/7
Dato' Lim Hong Sang	✓	✓	✓	✓	✓	✓	✓	7/7
Dato' Tan Kok Hwa	✓	✓	✓	✓	✓	✓	✓	7/7
Sydney Lim Tau Chin	✓	✓	✓	✓	✓	✓	✓	7/7
Yong Yeow Wah	✓	✓	✓	✓	✓	✓	✓	7/7
Dr. Yang Ching Leng@ Chan Ah Kow	-	✓	✓	✓	✓	✓	✓	6/7
Lim Thian Loong	✓	✓	✓	✓	✓	✓	✓	7/7
Lim Kwee Ong	✓	✓	✓	✓	✓	✓	✓	7/7

All board members have access to the advice and service of the Company Secretaries. Primarily, the Companies Secretaries administer, attend, prepare minutes of the Board and Board committees meetings; ensure that Board procedures are followed; and advise the Board in respect of compliance issues.

The Board maintains specific Board committees namely Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific Board agenda. However, in order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee. The Chairman of the respective Board Committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

Appointment To The Board

The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new directors to the Board. The current members of the Committee are made up of independent non-executive directors. The composition of the Nomination Committee is as follows:

Chairman :	Dr. Yang Ching Leng @ Chan Ah Kow	*Chairman / Independent Non-Executive Director*
Member :	Lim Thian Loong	*Independent Non-Executive Director*
Member :	Lim Kwee Ong	*Independent Non-Executive Director*

STATEMENT OF CORPORATE GOVERNANCE

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.

During the financial year, the Nomination Committee conducted a meeting to assess the board composition and skill sets of each director.

Director's Training

Continuous learning and training are part of Directors' development programmes. The Directors recognise the needs to attend trainings to enable the directors to discharge their duties effectively.

The Directors' Training details are as followings:

No.	Director	Training Attended
1	Dato' Faruk Bin Othman *Non-Independent Non-Executive Chairman*	• How to Handle Media Interviews and Tricky Media Questions • Listing Obligations for Cash Company
2	Dato' Lim Hong Sang *Executive Deputy Chairman*	• Leadership and Self-Deception at Work
3	Sydney Lim Tau Chin *Managing Director*	• Leadership and Self-Deception at Work
4	Dato' Tan Kok Hwa *Executive Director*	• Corporate Directors Training Programme
5	Yong Yeow Wah *Executive Director*	• Government Financial Assistance Programmes for Malaysian companies
6	Dr. Yang Ching Leng @ Chan Ah Kow *Independent Non-Executive Director*	• Government Financial Assistance Programmes for Malaysian companies
7	Lim Thian Loong *Independent Non-Executive Director*	• 2012 Budget Seminar • Boardroom & Reporting Excellence • Workshop on Corporate Tax Issues for YA 2011
8	Lim Kwee Ong *Independent Non-Executive Director*	• Mandatory Accreditation Programme for Directors of Public Listed Companies • Managing Investment Portfolio • Key Obligations for DRs Relating to Trading

STATEMENT OF CORPORATE GOVERNANCE

Re-election Of Directors

Director re-election provides an opportunity for shareholders to review the directors' performance and renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

This requirement has been adhered to by the Board in every AGM. Profile of directors standing for election covering their details of profession, meeting attendance, directorships in other public companies and shareholdings in the Group are stated in this Annual Report.

Directors' Remuneration

The remuneration of the Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. All directors play no part in the decision of their own remuneration.

The members of the Remuneration Committee are:

Chairman :	Lim Thian Loong	*Independent Non-Executive Director*
Member :	Dr. Yang Ching Leng @ Chan Ah Kow	*Independent Non-Executive Director*
Member :	Lim Kwee Ong	*Independent Non-Executive Director*

The Committee considers the principles recommended by the Code in determining the directors' remuneration, whereby, the executive directors' remuneration is designed to link rewards to the Group's performance whilst the remuneration of the non-executive directors is determined in accordance with their experience and the level of responsibilities assumed.

During the financial year, the Remuneration Committee had conducted two (2) meetings to review the remunerations of the Executive Directors.

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM50,001 - RM100,000	1	1
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	2	-
Total	5	4

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Fees* (RM)	Salaries (RM)	Benefit-in-kind/ Allowance (RM)	Total (RM)
Executive Directors	-	1,334,075	79,886	1,413,961
Non-Executive Directors	122,000	-	13,167	135,167
Total	122,000	1,334,075	93,053	1,549,128

**Subject to the approval by shareholders at the AGM.*

The Board views that the transparency in respect of the Directors' remuneration has been reasonably dealt with by the 'band disclosure' presented in the above. Therefore, the detailed remuneration of each director is excluded.

STATEMENT OF CORPORATE GOVERNANCE

Shareholders

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Where practicable, the Board is prepared to enter into a dialogue with institutional shareholders. Currently, the corporate information is disseminated through various disclosures and announcements made to the Bursa Securities. This information is electronically published at the Bursa Securities website at **http://www.bursamalaysia.com**. Apart from that, the Company also maintains its own website at **http://www.fbo.com.my/home.html**. This website contains the essential corporate information and public annoucements.

The AGM remains as the principal forum for dialogue with all shareholders while the Extraordinary General Meetings would be held as and when required. During the financial year, the eleventh ("11th") AGM was held on 20th June 2011. Before the proposed resolutions were put to a vote, the shareholders were provided with opportunities to seek clarifications.

Accountability And Audit

The Board is committed to present a balance and understandable assessment of the Group's financial position and prospects to the stakeholders and general public. In presenting the annual financial statements and quarterly announcements of its results, the Board assures that the Group uses appropriate accounting policies consistently and estimates are supported by reasonable and prudent judgments.

It is the Board's responsibility to maintain a sound system of internal control for the Group. The effectiveness of the system of internal control is reviewed by the management and independently assessed by the internal auditors under the purview of the Audit Committee. The internal audit function is currently outsourced to an independent internal audit services company. Information on the Group's state of internal control is reported in the Statement on Internal Control which is presented on page 22.

Audit Committee

The Audit Committee establishes transparent and professional relationship with the External Auditors. Annually, the Audit Committee reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the executive directors and employees of the Group as and when necessary. The Audit Committee noted the Code's best practice that at least two (2) meetings shall be held with the external auditors without the presence of executive board members annually and the Audit Committee Chairman should engage on continuous basis with the senior management.

On separate note, the Board is always mindful of the Listing Requirements on the review of the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years. During the year, members of the Board who are not Audit Committee members had reviewed the performance of the Audit Committee and its members.

The composition, terms of reference, key functions and activities of the Audit Committee are explained on Audit Committee Report on pages 13 to 16 of the Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

COMPLIANCE WITH THE BEST PRACTICES

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.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

I. The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year; and

II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31st December 2011, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

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.

Risk Management And Internal Control Reviews

The Board confirms that the process of identifying and prioritising significant and major risks in operating business entities within the Group is ongoing with the aim of identifying, evaluating and mitigating the risk associated with all the business entities within the Group. The Management is responsible for creating a risk awareness culture and for building the necessary knowledge of risk management. They also responsible for managing risks and internal control associated with the operations and ensuring compliance with applicable laws and regulations.

The Company has out-sourced its internal audit function to an external internal audit firm. The Internal Auditors undertook periodic reviews of the effectiveness of the internal control systems covering the critical controls of key subsidiaries.All audit findings, are duly documented in audit reports and tabled to the Audit Committee. Implementation of audit recommendations are followed up and reported to the Audit Committee accordingly. Highlights of the Audit Committee meetings are reported to the Board for review and further deliberation.

The Key Controls

The other Group's key 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 to ensure its relevance ;
- 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 Board and Audit Committee meetings held to assess and deliberate on the corporate, operational and audit matters; 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 feels that the existing level of systems of internal control is reasonable to enable the Group to achieve its business objectives. Nonetheless, the Board recognises that the systems of internal control should be continuously improved in line with the evolving business development. It should also be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Review Of Statement On Internal Control By External Auditors

The External Auditors have reviewed this Statement on Internal Control for inclusion in this annual report for the year ended 31st December 2011 and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the systems of internal control of the Group.

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. VARIATION IN RESULTS

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

6. 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 2011 or entered into since the end of the previous financial year.

7. 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 amounted to RM7,897,567/- during the financial year ended 31 December 2011 (2010:RM5,736,170/-), which has exceeded the yearly minimum guaranteed profit of RM5 million.

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

(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 vendors for the successful disposal of DOHSB to Matrix Triump Sdn Bhd (previously known as Matrix Merchant Sdn Bhd) on 18 April 2011, the Board has agreed to a full settlement of RM450,000 for the balance of profit guarantee shortfall. As of the date of this report, only RM420,000 has been paid by the vendor. The management is actively pursuing the balance from the guarantors.

CORPORATE SOCIAL RESPONSIBILITY

In year 2011, 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 2011". Among others, the following programs had been carried out in year 2011 :

1. **Donation to Mercy Malaysia**
   - Participated in collection of donation from Hotel guests and associates for Mercy Malaysia to help victims of Japan Tsunami.
2. **Blood Donation Drive**
   - Collaborated with Hospital Raja (P) Zainab, Kota Bharu for a blood donation campaign. About 41 pints of blood were collected.
3. **"Walk With Me" Charity Program**
   - Participated in the program organised by Association of Royal Kelantan to support the poor.
4. **Donation to Yayasan Orang Kurang Upaya Kelantan**
   - Sponsored Birthday Cake, lucky draw items and RM3,000 cash for the Carnival of Yayasan Orang Kurang Upaya Kelantan.
5. **Make My Wish Come True**
   - The Hotel initiated a program to collect donation for poor school children. 160 children from 4 schools were presented with school necessities such as school bags, uniforms and stationery.
6. **Donation to Perbadanan Agensi Anti Dadah Kebangsaan ("PADK")**
   - PADK and the Hotel worked together with a local artist to hold an art exhibition at the Hotel. 30% of the revenue from the paintings sold was donated to PADK, an organisation that supports children with HIV.
7. **Breaking of Fast with orphans**
   - Sponsored 220 orphans from Yayasan Anak-anak Yatim Kelantan and Pertubuhan Kebajikan Anak-anak Yatim Kelantan for breaking of fast at the Hotel. The orphans were also given Duit Raya at the event.
8. **Donation to Hospital**
   - In conjunction with Global Customer Appreciation Week, the Hotel donated 20 chairs and 20 standing fans to the pediatric ward of Hospital Raja Perempuan Zainab II.

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 2011.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 14 and 15 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/(loss) from continuing operations, net of tax	16,882,227	(3,894,996)
Profit from discontinued operation, net of tax	29,681	-
Other comprehensive income	15,078	15,078
	16,926,986	(3,879,918)
Total comprehensive income/(loss) attributable to:-		
Owners of the Company	16,926,986	(3,879,918)
Non-controlling interest	-	-
	16,926,986	(3,879,918)

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 2011.

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 39 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

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

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, 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 2011 are as follows:-

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2011	Bought	Sold	At 31.12.2011
The Company				
Direct interest				
Dato' Tan Kok Hwa	91,228	-	-	91,228
Indirect interest				
Sydney Lim Tau Chin *	18,006,430	-	-	18,006,430
Dato' Tan Kok Hwa **	37	-	-	37

* 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' 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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown 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.

DIRECTORS' REPORT

MATERIAL LITIGATIONS

Material litigations are disclosed in Note 41 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' LIM HONG SANG
Director

………………………………..
YONG YEOW WAH
Director

Kuala Lumpur

Date: 26th April 2012

STATEMENT BY DIRECTORS

We, **DATO' LIM HONG SANG** and **YONG YEOW WAH**, 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 34 to 104 are properly drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31st December 2011 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 supplementary information set out on Page 105 to the financial statements has 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' LIM HONG SANG
Director

…………………………………………..
YONG YEOW WAH
Director

Kuala Lumpur

Date: 26th April 2012

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 34 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 26th April 2012.

Before me,

KAPT (B) AFFANDI BIN AHMAD (No.W602)
Commissioner for 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 2011 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 34 to 104.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Financial Reporting Standards and the Companies Act, 1965 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 misstatement, whether due to fraud or 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 about 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 the 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 of financial statements that give a true and fair view 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31st December 2011 and of their financial performances and cash flows for the financial year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 33(d) and Note 39 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 matters are of such importance that is fundamental to the understanding of the financial statements 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 Companies Act, 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in a 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.

c) Other than those subsidiaries with emphasis of matter paragraph in relation to the going concern in the auditors' reports as indicated in Note 14 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

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 Disclosure 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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents 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: 26th April 2012

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011

	Note	Group		Company	
		2011	2010	2011	2010
Continuing Operations		RM	RM	RM	RM
Revenue	4	77,205,054	31,732,821	647,650	707,800
Other operating income					
- Gain on disposal of investment in subsidiaries		1,025,656	291,034,911	3,679,827	1
- Allowance for doubtful debts no longer required		-	1,150,655	-	2,123,949
- Reversal of provision for liabilities		4,600,000	-	-	-
- Waiver of term loan interest		9,663,814	-	-	-
- Others		846,146	1,033,276	156,869	569,183
Staff costs					
- Hotel operations		(4,097,707)	(4,385,858)	-	-
- Others		(1,435,332)	(1,929,661)	(408,718)	(445,252)
Directors' remuneration		(1,456,075)	(1,538,740)	(568,833)	(485,000)
Finance costs (net)	6	(802,208)	(2,316,489)	(3,251)	(11,149)
Property development expenditure	20	(4,902,482)	-	-	-
Cost of completed properties sold		-	(1,909,262)	-	-
Cost of investment properties sold		(33,000,000)	-	-	-
Consumables used		(3,095,727)	(3,046,011)	-	-
Depreciation of property, plant and equipment		(618,304)	(599,022)	(342,548)	(324,057)
Provision for liabilities		(678,825)	(5,270,580)	-	-
Other operating expenses		(24,360,316)	(294,524,111)	(7,055,992)	(1,513,750)
Profit/(Loss) before income tax expense	7	18,893,694	9,431,929	(3,894,996)	621,725
Income tax expense	8	(1,862,956)	(2,315,278)	-	-
Share of result of associate		(148,511)	193,076	-	-
Profit/(Loss) for the financial year from continuing operations		16,882,227	7,309,727	(3,894,996)	621,725
Discontinued Operations					
Profit/(Loss) from discontinued operations, net of tax	9	29,681	(146,474)	-	-
Profit/(Loss) for the financial year		16,911,908	7,163,253	(3,894,996)	621,725
Other comprehensive income					
Net gain on fair value changes on available for sale financial assets		15,078	20,511	15,078	21,254
Total comprehensive income/(loss) for the financial year		16,926,986	7,183,764	(3,879,918)	642,979

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011 (Continued)

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) attributable to:-					
Owners of the Company		16,911,908	7,163,253	(3,894,996)	621,725
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		16,926,986	7,183,764	(3,879,918)	642,979
Earning/(loss) per ordinary share attributable to Owners of the Company (Sen)	10				
Basic, for profit from continuing operations		7.56	3.27		
Basic, for profit/(loss) from discontinued operations		0.01	(0.06)		
Basic, for profit for the financial year		7.57	3.21		
Diluted		7.57	3.21		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2011

		Group		Company	
		2011	2010	2011	2010
		RM	RM	RM	RM
ASSETS	**Note**				
Non-Current Assets					
Property, plant and equipment	11	16,043,292	16,682,677	680,098	1,074,336
Investment properties	12	83,607,000	83,607,000	-	-
Prepaid land lease payments	13	7,195,864	7,291,708	-	-
Investment in subsidiaries	14	-	-	197,529,271	185,293,004
Investment in associate	15	228,300	376,811	400,000	400,000
Other investments	16	494,133	479,055	494,133	479,055
Land held for development	17	2,000,000	2,000,000	-	-
Financing receivables	18	-	833	-	-
Goodwill arising on consolidation	19	-	-	-	-
Total Non-Current Assets		109,568,589	110,438,084	199,103,502	187,246,395
Current Assets					
Property development expenditure	20	20,273,712	24,068,741	-	-
Inventories	21	5,488,777	5,406,853	-	-
Financing receivables	18	13,046,749	25,406,460	-	-
Trade and other receivables	22	14,589,463	12,794,410	120,040	249,902
Accrued billing		1,379,670	-	-	-
Tax recoverable		792,311	790,823	-	-
Amount owing by subsidiaries	23	-	-	29,932,443	43,153,590
Deposits placed with licensed banks	24	2,981,772	3,368,474	1,500,000	1,925,164
Cash and bank balances	25	4,842,299	4,917,948	206,738	392,802
Total Current Assets		63,394,753	76,753,709	31,759,221	45,721,458
Non-current assets held for sale	26	121,325,206	154,325,206	850,000	850,000
Assets of disposal group classified as held for sale	9	-	9,677,741	-	3,220,173
		184,719,959	240,756,656	32,609,221	49,791,631
TOTAL ASSETS		294,288,548	351,194,740	231,712,723	237,038,026

STATEMENTS OF FINANCIAL POSITION AS AT 31ST DECEMBER 2011 (Continued)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	27 (a)	111,667,288	111,667,288	111,667,288	111,667,288
Capital reserve	27 (b)	110,238,037	110,238,037	110,238,037	110,238,037
Fair value reserve	27 (c)	36,332	21,254	36,332	21,254
Accummulated losses		(59,662,219)	(76,574,127)	(20,311,201)	(16,416,205)
Reserve of disposal group classified as held for sale	9	-	100,590	-	-
Total Equity		162,279,438	145,453,042	201,630,456	205,510,374
Non-Current Liabilities					
Hire-purchase payables	28	304,031	566,161	304,031	566,161
Term loans	29	4,382,580	6,788,553	-	-
Deferred tax liabilities	30	12,724,992	11,075,222	-	-
Total Non-Current Liabilities		17,411,603	18,429,936	304,031	566,161
Current Liabilities					
Trade and other payables	31	77,937,712	94,573,101	161,212	216,279
Provisions for liabilities	32	30,387,561	34,662,711	28,965,500	28,991,500
Hire-purchase payables	28	227,687	271,764	227,687	263,127
Term loan instruments	33	3,165,805	43,678,087	-	-
Short term borrowings	34	-	7,636,080	-	-
Term loans	29	2,358,866	2,237,965	-	-
Tax payable		519,876	519,876	-	-
Amount owing to a subsidiary	23	-	-	423,837	1,490,585
		114,597,507	183,579,584	29,778,236	30,961,491
Liabilities directly associated with disposal group classified as held for sale	9	-	3,732,178	-	-
Total Current Liabilities		114,597,507	187,311,762	29,778,236	30,961,491
Total Liabilities		132,009,110	205,741,698	30,082,267	31,527,652
TOTAL EQUITY AND LIABILITIES		294,288,548	351,194,740	231,712,723	237,038,026

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011

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
	← Attributable to owners of the Company						→
		← Non-Distributable			→	Distributable	
At 1st January 2010	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	-	-	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
Realisation of fair value reserves for disposal group	-	-	-	(100,590)	-	-	(100,590)
Total comprehensive income for the financial year	-	-	15,078	-	-	16,911,908	16,926,986
At 31st December 2011	111,667,288	-	36,332	-	110,238,037	(59,662,219)	162,279,438

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011 (Continued)

	← Attributable to owners of the Company →				
		Non-Distributable		Distributable	
Company	Share Capital RM	Capital Reserve RM	Fair Value Adjustment Reserve RM	Accumulated Losses RM	Total Equity RM
At 1st January 2010	111,667,288	110,238,037	-	(17,037,930)	204,867,395
Total comprehensive income for the financial year	-	-	21,254	621,725	642,979
At 31st December 2010	111,667,288	110,238,037	21,254	(16,416,205)	205,510,374
Total comprehensive loss for the financial year	-	-	15,078	(3,894,996)	(3,879,918)
At 31st December 2011	111,667,288	110,238,037	36,332	(20,311,201)	201,630,456

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES :				
Profit/(Loss) before income tax expense				
-Continuing operations	18,893,694	9,431,929	(3,894,996)	621,725
-Discontinued operations	29,681	(165,202)	-	-
Adjustments for :				
Allowance for impairment on trade receivables no longer required				
-Continuing operations	-	(1,150,655)	-	(2,123,949)
Bad debts recovered	(60,000)	-	-	-
Gain on disposal of :				
Investment in subsidiaries	(1,025,656)	(291,034,911)	(3,679,827)	(1)
Non-current assets held for sale	-	(80,000)	-	(80,000)
Property, plant and equipment				
-Continuing operations	-	(43,224)	-	(43,224)
Interest income from :				
-Continuing operations	(82,618)	(107,831)	(38,415)	(28,564)
-Discontinued operations	(1)	(941)	-	-
Waiver of term loan interest	(9,663,814)	-	-	-
Written off :				
Bad debts				
-Continuing operations	-	269,954,037	-	-
-Discontinued operations	-	24,118	-	-
Property, plant and equipment	2,497	28	2,497	28
Impairment loss :				
-Subsidiaries	-	-	23,733	-
-Other investments	-	2,818,071	-	-
Net loss on fair value adjustments on investment properties	-	155,000	-	-
Interest expenses :				
-Continuing operations	884,826	2,424,320	41,666	39,713
-Discontinued operations	16,617	42,538	-	-
Allowance for impairment :				
-Continuing operations	10,617,618	5,261,289	6,262,229	330,049
-Discontinued operations	-	76,684	-	-
Depreciation of property, plant and equipment :				
-Continuing operations	618,304	599,022	342,548	324,057
-Discontinued operations	91,305	321,930	-	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011 (Continued)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Amortisation of prepaid lease payments	95,844	95,841	-	-
(Reversal of)/Provision for liabilities	(3,921,175)	5,270,580	-	-
Unrealised loss on foreign currency exchange				
-Discontinued operations	11,367	18,271	-	-
	16,508,489	3,910,894	(940,565)	(960,166)
Changes in Working Capital :				
Property development expenditure	3,795,029	(11,982,860)	-	-
Non current assets held for sale	33,000,000	-	-	-
Inventories	(81,924)	1,925,322	-	-
Lease and hire-purchase receivables	1,752,361	(7,928,249)	-	-
Trade and other receivables	(3,690,986)	(264,285,816)	129,862	696,604
Trade and other payables	(6,601,823)	274,343,432	(55,067)	(23,122)
Provision for liabilities	(353,975)	(858,313)	(26,000)	(160,000)
	44,327,171	(4,875,590)	(891,770)	(446,684)
Income tax (paid)/refund				
-Continuing operations	(214,674)	(235,850)	-	-
-Discontinued operations	(12,000)	81,944	-	-
Net Operating Cash Flows	44,100,497	(5,029,496)	(891,770)	(446,684)
CASH FLOWS FROM INVESTING ACTIVITIES :				
Purchase of property, plant and equipment (Note B)	(36,627)	(624,522)	(1,411)	(114,314)
Proceeds from disposal of property, plant and equipment	50,604	43,500	50,604	43,500
Additions investment in subsidiaries	-	-	(12,260,000)	(2)
Additions in other investments	-	-	-	(457,801)
Additions in non-current assets held for sale	-	-	-	(850,000)
Proceeds from disposal of non-current assets held for sale	-	2,191,200	-	1,041,200
Proceeds from disposal of investment properties	-	950,000	-	-
Proceeds from disposal of subsidiaries	-	-	6,900,000	4
Net cash inflow/(outflow) from disposal of subsidiaries (Note A)	6,388,390	(17,856)	-	-
Deposits held as security value	(22,690)	(19,816)	-	-
Interest received :				
-Continuing operations	82,618	107,831	38,415	28,564
-Discontinued operations	1	941	-	-
Net Investing Cash Flows	6,462,296	2,631,278	(5,272,392)	(308,849)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011 (Continued)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
CASH FLOWS FROM FINANCING ACTIVITIES :				
Repayment of term loan instruments	(40,512,282)	(1,553,750)	-	-
Repayment of term loans	(2,299,306)	(1,929,812)	-	-
Drawdown of short term borrowings	(7,500,000)	7,500,000	-	-
Interest paid :				
-Continuing operations	(884,826)	(2,424,320)	(41,666)	(39,713)
-Discontinued operations	(16,617)	(42,538)	-	-
Payment of hire-purchase payables	(346,940)	(366,006)	(297,570)	(232,198)
Amount owing by subsidiaries	-	-	5,892,170	1,308,446
Net Financing Cash Flows	(51,559,971)	1,183,574	5,552,934	1,036,535
NET CHANGE IN CASH AND CASH EQUIVALENTS	(997,178)	(1,214,644)	(611,228)	281,002
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	7,986,118	9,200,762	2,317,966	2,036,964
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6,988,940	7,986,118	1,706,738	2,317,966
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	4,634,075	4,713,650	206,738	392,802
Housing Development Account	208,224	204,298	-	-
Deposits placed with licensed banks	2,981,772	3,368,474	1,500,000	1,925,164
Bank overdrafts	-	(136,080)	-	-
	7,824,071	8,150,342	1,706,738	2,317,966
Less: Deposits held as security value	(835,131)	(812,441)	-	-
Add: Cash and cash equivalents from discontinued operations	-	648,217	-	-
	6,988,940	7,986,118	1,706,738	2,317,966

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011 (Continued)

A. SUMMARY OF EFFECTS ON DISPOSAL OF SUBSIDIARIES

2011

On 18th April 2011, 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 RM6,900,000/-.

(a) Discover Orient Holidays Sdn. Bhd.
(b) Discover Orient Holidays Limited

2010

On 3rd May 2010, the Group 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/-.

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

	2011 RM	2010 RM
Revenue	6,161,990	44,500
Other operating income	-	5,021,439
Ticketing and tour arrangement costs	(5,511,786)	-
Finance costs (net)	(16,616)	(1,130,994)
Depreciation of property, plant and equipment	(91,305)	-
Other operating expenses	(512,602)	(4,116,532)
Profit/(Loss) before tax expense	29,681	(181,587)
Income tax credit	-	2,404
Net profit/(loss) for the financial year	29,681	(179,183)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2011 (Continued)

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:-

	2011 RM	2010 RM
Property, plant and equipment	1,886,752	-
Other investments	-	650,050
Non current assets held for sale	-	23,150,000
Trade and other receivables	4,886,093	3,607,833
Cash and bank balances	485,377	17,860
Deposit placed with a licensed bank	26,233	-
Tax recoverable	31,730	16,676
Trade payables	(2,385,007)	(29,808,205)
Other payables and accruals	(688,555)	(250,500,716)
Term loans	(198,338)	(38,168,405)
Hire purchase payables	(775,063)	-
Net assets/(liabilities) disposed	3,269,222	(291,034,907)
Revaluation reserve	(100,590)	-
Goodwill	2,705,712	-
	5,874,344	(291,034,907)
Disposal consideration	6,900,000	4
Gain on disposal of subsidiaries	(1,025,656)	(291,034,911)
Cash flow effect:-		
Total proceeds from disposal - cash considerations	6,900,000	4
Cash and cash equivalents of subsidiaries disposed	(511,610)	(17,860)
Net cash inflow/(outflow) on disposal	6,388,390	(17,856)

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 RM32,020/- (2010: RM1,921,522/-) and RM1,411/- (2010:RM528,914/-) respectively, of which RM Nil/- (2010: RM1,630,409/-) and RM Nil/- (2010 : RM512,276/-) 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 RM Nil/- (2010: RM333,409/-) and RM Nil/- (2010 : RM97,676/-) respectively.

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 14 and 15 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 26th April 2012.

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.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRS which are applicable to the Group and the Company as described fully in Note 2.2 to the financial statements.

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 2.3 to the financial statements.

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

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

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

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

The Group and the Company had adopted the following revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:

Revised FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 12	Service Concession Arrangements
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distribution of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 13	Customer Loyalty Programmes

The main effects of the adoption of the above revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below:-

FRS 3 Business Combinations (Revised)

The adoption of the FRS 3 affects the way in which the Group accounts for business combinations. The main changes made in this revised standard were:

- All the acquisition-related costs incurred by the acquirer in connection with the business combination shall be recognised as expense in profit or loss in the period in which the costs are incurred (rather than included in goodwill);

- All considerations transferred by the acquirer, including contingent considerations, in a business combination shall be measured at fair value as at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as liabilities are recognised in accordance with FRS139, FRS137 or other FRSs, as appropriate (rather than by adjusting goodwill);

- An acquirer is no longer permitted to recognise contingencies acquired in a business combination that do not meet the definition of a liability;

- For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Previously, only the latter was permitted;

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

FRS 3 Business Combinations (Revised) (Continued)

- For a business combination achieved in stages, the equity interests held by the acquirer in the acquiree immediately before achieving control are re-measured at its acquisition-date fair value with any corresponding gain or loss recognised in profit or loss; and

- Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interest in the acquiree, and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

This revised FRS3 shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2010. There is no financial impact on the financial statements of the Group for the current financial year as there were no business combinations during the financial year.

FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 127 requires that any changes in a parent's ownership interest in a subsidiary company that do not result in the loss of control are accounted for within equity. When the Group loses control of a subsidiary company, any remaining interest retained in the former subsidiary company will be measured at fair value and any resulting gain or loss is recognised in profit or loss. Total comprehensive income will be proportionately allocated to the owners of the parent and to the non-controlling interests even if it results in the non-controlling interests having a deficit balance.

The revised FRS 127 shall be applied prospectively to business combinations for which the acquisition date is on or after 1 July 2010. There is no financial impact on the financial statements of the Group for the current financial year as there were no business combinations during the financial year.

Amendments to FRS 7 Financial Instruments: Disclosures

Disclosures on fair value and liquidity have been enhanced upon the adoption of this amendment. In particular, financial instruments measured at fair value are disclosed by class in a three-level fair value measurement hierarchy, with specific disclosures related to transfers between levels in the hierarchy and detailed disclosures on level three of the fair value hierarchy. Certain disclosures on liquidity are also modified. The adoption of this amendment resulted in additional disclosures in the financial statements but did not have any financial impact on the Group and the Company.

IC Int 4 Determining Whether an Arrangement Contains a Lease

This IC Int clarifies that when the fulfilment of an arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, then the arrangement should be accounted for as a lease under FRS 117, even though it does not take the legal form of a lease. This interpretation did not have any financial impact on the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

IC Int 12 Service Concession Arrangements

This IC Int applies to operators of infrastructure for public-to-private service concession arrangement and sets out general principles on recognising and measuring the obligations and related rights in service concession arrangements such as the treatment of the operator's rights over the infrastructure, the recognition and measurement of arrangement consideration, subsequent accounting treatment of a financial asset and an intangible asset and the accounting treatment for the borrowing costs. This interpretation has to be applied retrospectively unless it is impracticable to do so and in that case the financial assets and intangible assets that existed shall be recognised at the start of the earliest period presented by using their previous carrying amounts as their carrying amount as at that date and test for impairment. This interpretation did not have any financial impact on the Group and the Company.

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

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

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosures of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Revised FRSs		
FRS 119	Employee Benefits	1 January 2013
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2012
FRS 7	Financial Instruments: Disclosures	1 January 2012 and 1 January 2013
FRS 101	Presentation of Financial Statements	1 July 2012
FRS 112	Income Taxes	1 January 2012
FRS 132	Financial Instruments: Presentation	1 January 2014
New IC Int		
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

		Effective for financial periods beginning on or after
Amendments to IC Int		
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 July 2011

A brief discussion on the above significant new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to of the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in profit or loss.

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 9.

FRS 10 brings about convergence between FRS 127 and SIC-12, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

FRS 11 Joint Arrangements

FRS 11 supersedes the former FRS 131 Interests in Joint Ventures. Under FRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for its using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

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

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Amendments to FRS 112 Income Taxes

This amendment to FRS 112 addresses the measurement approach for deferred tax assets and liabilities in respect of investment properties which are measured at fair value. The amendment introduces a rebuttable presumption that the investment property is recovered entirely through sale. In such cases, deferred tax assets or liabilities are provided at tax rates applicable when recovering the property entirely through sale. If this presumption is rebutted, deferred tax assets or liabilities are provided based on tax rates applicable when consuming substantially the economic benefits embodied in the property over a period of time (for example via rental income).

FRS 128 Investments in Associates and Joint Ventures (Revised)

This revised FRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised FRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 9.

(c) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issue a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework for an additional one year. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, certain subsidiaries in the Group which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework for an additional one year. The Group and the Company will prepare its first MFRSs financial statements using the MFRSs framework for the financial year ending 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)

(c) MASB Approved Accounting Standards, MFRSs (Continued)

As at 31st December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, except those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2 (b). The effect is based on the Group's and the Company's best estimates at reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1st January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS1 cannot be determined and estimated reliably until the process is completed.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group does not expect any impact on the financial statements arising from the adoption of this standard.

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

2.3 Significant Accounting Policies

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

(a) Basis of Consolidation 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation and Subsidiaries (Continued)

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.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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.

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

Where losses applicable to the minority exceed the non-controlling interest in the equity of a subsidiary, the excess and any further losses applicable to the non-controlling interest are charged against the Group's interest except to the extent that the non-controlling interest 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 profit until the non-controlling interest share of losses previously absorbed by the Group has been recovered.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences and carrying amount of goodwill that relate to the subsidiary and is recognised in the consolidated statement of comprehensive income.

In accordance with FRS 127, Consolidated and Separate Financial Statements (revised), upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the precious subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Any loss applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Goodwill on Consolidation

(i) Acquisition before 1 January 2011

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any.

.

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. Gain or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity 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 profit or loss.

(ii) Acquisition on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and related to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and or future service.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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 profit or loss as an expense in the period in which they are incurred.

(g) Taxation

The tax expense in profit or loss 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 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, 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.

(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 2.3(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(h) Property, Plant and Equipment (Continued)

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 profit or loss 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 profit or loss 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 profit or loss 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(j) Leases (Continued)

(i) Finance leases (Continued)

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 profit or loss 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 13 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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(l) Foreign Currencies (Continued)

(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 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 profit or loss, any corresponding exchange gain or loss is recognised in 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 profit or loss 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 2.3(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(m) Property Development Activities (Continued)

(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 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 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 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 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)

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(o) Financial Assets (Continued)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(q) Impairment of Assets (Continued)

(i) Impairment of Financial Assets (Continued)

An impairment loss in respect of available-for-sale financial assets is recognised in 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.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(r) Assets held for sale

Asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with FRS 5 that is at the lower of carrying amount and fair value less cost to sell. Any differences are included in the profit or loss.

(s) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(t) 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.

(u) 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 profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Cash and Cash Equivalents

For the purpose of the statements of cash flows, 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.

(w) Operating Segment

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, 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).

<u>Classification between operating lease and finance lease for leasehold land</u>

The Group has developed certain criteria based on FRS 117 in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

NOTES TO THE FINANCIAL STATEMENTS

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

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

Classification between operating lease and finance lease for leasehold land (Continued)

Finance lease is a lease that transfers substantially all the risk and rewards incidental to ownership of an asset and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the finance lease, the lease will be classified as property, plant and equipment if it is for own use or will be classified as investment property if it is to earn rentals or for capital appreciation or both. Judgements is made on the individual leasehold land to determine whether the leasehold land qualifies as an operating lease or finance lease.

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 13 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.

(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.

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 22 to the financial statements.

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 available-for-sale 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.

In the previous financial year, 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 2011 was RM197,529,271/- (2010:RM185,293,004/-) and the amount owing by subsidiaries as at 31st December 2011 was RM29,932,443/- (2010:RM43,153,590/-).

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.

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 RM45,786,568/- (2010:RM46,297,787/-) and RM6,287,374/- (2010:RM6,090,170/-) respectively.

4. REVENUE

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Rental income from:-				
- Hotel operations	12,469,131	12,181,016	-	-
- Property investment	6,307,682	6,519,347	70,150	77,800
Other income from hotel operations	10,158,362	10,072,885	-	-
Leasing, hire-purchase and other interest income	52,477	2,244,573	-	-
Administrative charges receivable from subsidiaries	-	-	577,500	630,000
Sales of completed properties	-	715,000	-	-
Sales of development properties	6,031,850	-	-	-
Sales of investment properties	42,185,552	-	-	-
	77,205,054	31,732,821	647,650	707,800

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION

FRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

(a) General 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.

(b) Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on an arm's length basis in a manner similar to transactions with third parties.

Segment results is measured based on segment profit before tax that are reviewed by the Group's chief operating decision maker. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

(c) Geographical Information

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

(d) Information about Major Customer

Major customers' information is revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

Revenue includes revenue from a major customer amounting to RM38,400,000/-, arising from sales from the investment properties segment.

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
2011	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	70,150	52,477	22,627,493	48,423,084	6,031,850	-	-	77,205,054	6,161,990	83,367,044
Inter-segment sales	577,500	-	-	-	-	-	(577,500)	-	-	-
	647,650	52,477	22,627,493	48,423,084	6,031,850	-	(577,500)	77,205,054	6,161,990	83,367,044
Results										
Segment results	(3,903,579)	(11,482,403)	6,628,721	36,102,200	4,716,781	(3,839)	(13,164,187)	18,893,694	29,681	18,923,375
Share of result of associate								(148,511)	-	(148,511)
Profit before income tax expense								18,745,183	29,681	18,774,864
Income tax expense								(1,862,956)	-	(1,862,956)
Net gain on fair value changes on available-for-sale financial assets								15,078	-	15,078
Total comprehensive income for the financial year								16,897,305	29,681	16,926,986
Total comprehensive income attributable to:-										
Owners of the Company								16,897,305	29,681	16,926,986

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

Group	Continuing Operations								Discontinued Operations	Total Operations
2011	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	4,355,710	13,156,433	4,473,086	216,425,659	53,255,635	2,001,414	(171,700)	293,496,237	-	293,496,237
Unallocated assets								792,311	-	792,311
								294,288,548	-	294,288,548
Liabilities										
Segment liabilities	29,672,231	12,742	2,920,462	11,742,393	65,532,244	7,927,504	956,666	118,764,242	-	118,764,242
Unallocated laibilities								13,244,868	-	13,244,868
								132,009,110	-	132,009,110
Other information										
Capital Expenditure	1,411	-	-	27,500	3,109	-	-	32,020	4,607	36,627
Depreciation of property, plant and equipment	342,548	-	-	263,500	12,256	-	-	618,304	91,305	709,609

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL INFORMATION (Continued)

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:-										
Owners of the Company								7,330,238	(146,474)	7,183,764

NOTES TO THE FINANCIAL STATEMENTS

5. **SEGMENTAL INFORMATION (Continued)**

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

6. FINANCE COSTS (net)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income				
- Fixed deposits	81,369	107,831	38,415	28,564
- Overdue interest	1,249	-	-	-
	82,618	107,831	38,415	28,564
Interest expenses				
- Short term borrowings	(280,957)	(298,828)	-	-
- Term loans	(561,948)	(2,084,741)	-	-
- Hire-purchase payables	(41,921)	(40,751)	(41,666)	(39,713)
	(884,826)	(2,424,320)	(41,666)	(39,713)
	(802,208)	(2,316,489)	(3,251)	(11,149)

7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
After crediting:-				
Impairment no longer required :				
- Former subsidiaries	-	1,150,655	-	1,150,655
- Subsidiaries	-	-	-	973,294
Bad debts recovered	60,000	-	-	-
Gain on disposal of :				
- Investment in subsidiaries	1,025,656	291,034,911	3,679,827	1
- Property, plant and equipment	-	43,224	-	43,224
- Non current assets held for sale	-	80,000	-	80,000
Profit guarantee from vendors of a subsidiary	90,000	360,000	90,000	360,000
Waiver of term loan interest	9,663,814	-	-	-
Reversal of provision for liabilities	4,600,000	-	-	-
and charging :-				
Audit fee	(90,000)	(108,200)	(30,000)	(42,000)
Allowance for impairment :				
- Lease and hire purchase receivables	(10,608,183)	(3,239,380)	-	-
- Trade receivables	(9,435)	(86,841)	-	-
- Other receivables	-	(1,935,068)	-	(257,918)
- Amount owing by subsidiaries	-	-	(6,262,229)	(72,131)
Amortisation of prepaid lease payments	(95,844)	(95,841)	-	-
Depreciation of property, plant and equipment	(618,304)	(599,022)	(342,548)	(324,057)
Impairment loss on :				
- Subsidiaries	-	-	(23,733)	-
- Other investments	-	(2,818,071)	-	-
Net loss on fair value adjustments on investment properties	-	(155,000)	-	-
Provision for liabilities	(678,825)	(5,270,580)	-	-
Realised loss on foreign exchange	(40,337)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Rental of :				
- Office premises	(19,200)	(17,600)	-	-
- Parking	(18,000)	(18,000)	-	-
- Hostel	(84,000)	(84,000)	-	-
- Equipment	(84,993)	(95,362)	-	-
Royalty fee payable to third party	(452,550)	-	-	-
Staff costs :				
- Employees' Provident Fund	(446,617)	(517,087)	(40,338)	(39,884)
- SOCSO	(94,130)	(85,328)	(4,317)	(4,173)
- Salaries and allowance	(4,788,699)	(5,356,932)	(364,063)	(401,195)
- Other staff related costs	(203,593)	(356,172)	-	-
Written off :				
- Bad debts	-	(269,954,037)	-	-
- Property, plant and equipment	(2,497)	(28)	(2,497)	(28)

8. INCOME TAX EXPENSE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax				
- current year	(213,186)	(300)	-	-
- over accrual in prior years	-	25,378	-	-
	(213,186)	25,078	-	-
Deferred tax liabilities (Note 30)				
- current year	(1,682,688)	(1,617,293)	-	-
- over/(under) accrual in prior years	32,918	(723,063)	-	-
	(1,649,770)	(2,340,356)	-	-
	(1,862,956)	(2,315,278)	-	-

The income tax is calculated at the statutory rate of 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) before income tax expense	18,893,694	9,431,929	(3,894,996)	621,725
Taxation at applicable statutory tax rate of 25%	(4,723,423)	(2,357,982)	973,749	(155,431)
Tax effects arising from				
- non-deductible expenses	(3,026,581)	(94,773)	(1,719,002)	(228,016)
- non-taxable income	5,342,911	2,024,786	942,457	762,706
- reversal/(origination) of deferred tax assets not recognised in the financial statements	511,219	(1,189,624)	(197,204)	(379,259)
- over/(under) accrual in prior years	32,918	(697,685)	-	-
Tax expense for the financial year	(1,862,956)	(2,315,278)	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (Continued)

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Deductible temporary differences	495,157	459,152	466,209	378,338
Unutilised tax losses	182,651,112	184,731,996	24,683,289	23,982,343
Net deferred tax assets	183,146,269	185,191,148	25,149,498	24,360,681
Potential deferred tax assets not recognised at 25%	45,786,568	46,297,787	6,287,374	6,090,170

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

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/-. The disposal of DOH was completed on 18th April 2011.

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

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 Operations.

Statements of financial position disclosures

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

9. 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 11 to the financial statements.

The non-current assets classified as held for sale on the Company's statements of financial position was as follows:-

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

Statements of comprehensive income disclosures

The results of DOH for the financial year ended 31st December 2011 are as follows:-

	Group 01.01.2011 to 18.04.2011 RM	Group 01.01.2010 to 31.12.2010 RM
Revenue	6,161,990	22,303,868
Staff costs	(278,208)	(851,070)
Depreciation of property, plant and equipment	(91,305)	(321,930)
Finance costs (net)	(16,616)	(41,597)
Ticketing and tour arrangement costs	(5,511,786)	(19,793,506)
Other expenses	(234,394)	(1,460,967)
Profit/(Loss) before income tax expense	29,681	(165,202)
Income tax credit	-	18,728
Net profit/(loss) for the financial year	29,681	(146,474)

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group	
	01.01.2011 to 18.04.2011 RM	**01.01.2010 to 31.12.2010 RM**
After charging:-		
Audit fee		
- current year	-	(35,000)
Allowance for impairment :		
- other receivables	-	(76,684)
Bad debts written off	-	(24,118)
Depreciation of property, plant and equipment	(91,305)	(321,930)
Rental of office premises	(3,000)	(12,000)
Hire of:		
- Boats	(74,204)	(401,354)
- Coaches	(348,674)	(955,693)
Directors' remunerations :		
-Salaries	-	(220,905)
-Fees	(3,153)	(12,612)
Staff costs :		
-Employees' Provident Fund	(47,469)	(69,242)
-Salaries and allowances	(227,287)	(669,950)
-SOCSO	(3,452)	(8,457)
-Other staff related costs	(16,384)	(103,421)
Unrealised loss on foreign exchange	(11,367)	(18,271)
Realised loss on foreign exchange	(53,743)	(245,044)
Interest expenses	(16,617)	(42,538)
and crediting:-		
Interest income	1	941

10. 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 owners of the Company of RM16,911,908/- (2010 : RM7,163,253/-) are disclosed as follows:-

	Group			
	2011		2010	
	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/end of the financial year	223,334,575	111,667,288	223,334,575	111,667,288

NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2011	2010
Earning/(loss) attributable to owners of the Company	RM	RM
Profit from continuing operations	16,882,227	7,309,727
Profit/(Loss) from discontinued operations	29,681	(146,474)
Profit for the financial year	16,911,908	7,163,253
Weighted average number of ordinary shares in issue	223,334,575	223,334,575

	2011	2010
	RM	RM
Basic earning/(loss) per share (Sen) for		
Profit from continuing operations	7.56	3.27
Profit/(Loss) from discontinued operations	0.01	(0.06)
Profit for the financial year	7.57	3.21

Diluted

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

11. PROPERTY, PLANT AND EQUIPMENT

Group 2011 Cost (unless otherwise stated)	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 2011	13,181,428	2,801,566	2,354,120	1,925,221	319,948	20,582,283
Additions	-	6,500	-	21,000	4,520	32,020
Disposals/Write-off	-	-	(64,073)	(2,142)	(499)	(66,714)
At 31st December 2011	13,181,428	2,808,066	2,290,047	1,944,079	323,969	20,547,589
Accumulated Depreciation						
At 1st January 2011	-	1,369,555	1,254,390	999,595	276,066	3,899,606
Depreciation for the financial year	-	140,403	354,307	109,019	14,575	618,304
Disposals/Write-off	-	-	(11,213)	(2,142)	(258)	(13,613)
Reclassification	-	767	-	(767)	-	-
At 31st December 2011	-	1,510,725	1,597,484	1,105,705	290,383	4,504,297
Net Carrying Amount at 31st December 2011	13,181,428	1,297,341	692,563	838,374	33,586	16,043,292

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

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 9)	(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 (Note 9)	(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

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	**Motor vehicles**	**Furniture, fittings and renovations**	**Computers and office equipment**	**Total**
2011	**RM**	**RM**	**RM**	**RM**
Cost				
At 1st January 2011	2,045,693	27,812	106,227	2,179,732
Additions	-	-	1,411	1,411
Disposals/Write-off	(64,073)	-	(499)	(64,572)
At 31st December 2011	1,981,620	27,812	107,139	2,116,571
Accumulated Depreciation				
At 1st January 2011	1,001,197	15,718	88,481	1,105,396
Depreciation for the financial year	332,555	4,198	5,795	342,548
Disposals/Write-off	(11,213)	-	(258)	(11,471)
At 31st December 2011	1,322,539	19,916	94,018	1,436,473
Net Carrying Amount at 31st December 2011	659,081	7,896	13,121	680,098
2010				
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

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 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

11. 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	
	2011 RM	2010 RM
Cost		
Office premises	-	719,410
Accumulated depreciation		
Office premises	-	(65,600)
Net Carrying Amount	-	653,810
Transfer to assets of disposal group classified as held for sale (Note 9)	-	(653,810)
	-	-

Included in property, plant and equipment of the Group and of the Company are motor vehicles with a net carrying amount of RM630,213/- (2010 : RM1,040,518/-) and RM630,213/- (2010 : RM1,040,518/-) respectively which are acquired under hire-purchase arrangements.

12. INVESTMENT PROPERTIES

	Group	
	2011 RM	2010 RM
Freehold land, at fair value		
At the beginning of the financial year	-	1,105,000
Disposals during the financial year	-	(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	83,607,000

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 a 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

13. 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	
	2011 RM	2010 RM
At Cost		
At the beginning of the financial year	7,718,045	7,718,045
Additions during the year	-	-
At the end of the financial year	7,718,045	7,718,045
Accumulated Amortisation		
At the beginning of the financial year	(301,977)	(206,136)
Amortisation charge for the financial year	(95,844)	(95,841)
At the end of the financial year	(397,821)	(301,977)
Accumulated Impairment Loss		
At the beginning of the financial year	(124,360)	(124,360)
Impairment loss for the financial year	-	-
At the end of the financial year	(124,360)	(124,360)
	7,195,864	7,291,708

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Unquoted shares, at cost	197,753,003	185,493,003
Less: Impairment lossess	(223,732)	(199,999)
	197,529,271	185,293,004

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

Name of Company	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Direct Subsidiaries			
Eastern Biscuit Factory Sdn. Bhd. #	100	100	Property development, investment in properties and hotel operations.
FBO Land (Setapak) Sdn. Bhd. Ø	100	100	Property development.
Discover Orient Holidays Sdn. Bhd. *	-	100	Tour operator and travel agent.
FBO Properties Sdn. Bhd. Ø	100	100	Dormant.
Perfect Diamond Capital Sdn. Bhd.	100	100	Investment holding.
EBF Land Sdn. Bhd. Ø	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Indirect Subsidiaries			
Subsidiary of Eastern Biscuit Factory Sdn. Bhd.			
FBO Land (Serendah) Sdn. Bhd. Ø	100	100	Property investment.
Subsidiary of Discover Orient Holidays Sdn. Bhd.			
Discover Orient Holidays Limited *	-	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	100	Dormant.

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

* Ceased to be a subsidiary on 18th April 2011.

On 31st March 2011, the Company had further subscribed for 12,260,000 ordinary shares of RM1/- each in Eastern Biscuit Factory Sdn. Bhd.

15. INVESTMENT IN ASSOCIATE

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	400,000	400,000	400,000	400,000
Share of post-acquisition result	(171,700)	(23,189)	-	-
	228,300	376,811	400,000	400,000

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

Name of Company	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	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.

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN ASSOCIATE (Continued)

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

	Group 2011 RM	Group 2010 RM
ASSETS AND LIABILITIES		
Current Assets	7,806,359	5,432,885
Non-Current Assets	616,721	561,606
Total Assets	8,423,080	5,994,491
Current Liabilities	6,974,901	3,803,755
Total Liabilities	6,974,901	3,803,755
RESULTS		
Revenue	8,877,152	9,163,918
(Loss)/Profit for the financial year	(742,557)	965,379

16. OTHER INVESTMENTS

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)				
At 1st January	-	500,405	-	-
Less: Impairment losses	-	(324)	-	-
Effect of adopting FRS 139	-	149,969	-	-
Disposal of subsidiary, fair value	-	(650,050)	-	-
	-	-	-	-
- Equity instruments (quoted outside Malaysia)				
At 1st January	479,055	5,958,269	479,055	-
Less: Impairment losses	-	(2,682,397)	-	-
	479,055	3,275,872	479,055	-
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	15,078	20,511	15,078	21,254
	494,133	479,055	494,133	479,055
At 31st December	494,133	479,055	494,133	479,055

NOTES TO THE FINANCIAL STATEMENTS

17. LAND HELD FOR DEVELOPMENT

	Group	
	2011 RM	2010 RM
Long leasehold land, at cost	2,800,000	2,800,000
Less: Accumulated impairment losses	(800,000)	(800,000)
	2,000,000	2,000,000

18. FINANCING RECEIVABLES

	Group	
	2011 RM	2010 RM
Financing receivables	31,873,443	33,044,869
Less: Unearned interest	(3,202,789)	(2,621,854)
	28,670,654	30,423,015
Less: Allowance for impairment	(15,623,905)	(5,015,722)
	13,046,749	25,407,293
Receivable:-		
Within twelve months	13,046,749	25,406,460
After twelve months	-	833
	13,046,749	25,407,293

19. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2011 RM	2010 RM
At the beginning of the financial year	-	2,705,712
Less: Transfer to assets of disposal group classified as held for sale (Note 9)	-	(2,705,712)
At the end of the financial year	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

20. PROPERTY DEVELOPMENT EXPENDITURE

	Group 2011 RM	Group 2010 RM
Property development expenditure		
- Leasehold land, at cost	3,822,902	3,822,902
- Development costs	20,245,839	8,262,979
At the beginning of the financial year	24,068,741	12,085,881
Cost incurred during the financial year		
- Development costs	1,107,453	11,982,860
	1,107,453	11,982,860
Costs recognised as expense in profit or loss		
- Leasehold land, at cost	(142,530)	-
- Development costs	(4,759,952)	-
	(4,902,482)	-
	20,273,712	24,068,741
Represented by :		
- Leasehold land, at cost	3,680,372	3,822,902
- Development costs	16,593,340	20,245,839
	20,273,712	24,068,741

21. INVENTORIES

	Group 2011 RM	Group 2010 RM
At cost,		
Condominium units ready for sale	4,579,509	4,579,509
Food and beverages	458,268	376,344
	5,037,777	4,955,853
Completed properties	451,000	451,000
	5,488,777	5,406,853

The condominiums of RM4,579,509/- (2010 : RM4,579,509/-) 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/- (2010: RM300,000/-) which have been charged as securities for term loan instruments of the subsidiary as disclosed in Note 33(e) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables	5,460,165	8,740,920	-	-
Less: Allowance for impairment	(1,376,955)	(1,575,414)	-	-
	4,083,210	7,165,506	-	-
Other receivables	14,596,442	13,508,159	108,911	240,041
Less: Allowance for impairment	(4,547,341)	(4,607,947)	-	-
	10,049,101	8,900,212	108,911	240,041
Deposits	246,815	440,887	1,795	1,795
Prepayments	210,337	618,437	9,334	8,066
	14,589,463	17,125,042	120,040	249,902
Less: Transfer to assets of disposal group as classified as held for sale (Note 9)	-	(4,330,632)	-	-
Total trade and other receivables	14,589,463	12,794,410	120,040	249,902
Add: Cash and bank balances (Note 25)	4,842,299	4,917,948	206,738	392,802
Deposits placed with licensed banks	2,981,772	3,368,474	1,500,000	1,925,164
Total loans and receivables	22,413,534	21,080,832	1,826,778	2,567,868

Group

The trade credit term ranges from 7 to 90 days (2010: 5 to 90 days). Other credit terms are assessed and approved on a case by case basis. 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	
	2011 RM	2010 RM
United States Dollar	-	448,452
Hong Kong Dollar	-	1,347,046
Taiwan Dollar	-	551,283
Renminbi	-	68,814
Ringgit Malaysia	5,460,165	6,325,325
	5,460,165	8,740,920

NOTES TO THE FINANCIAL STATEMENTS

22. 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	
	2011	**2010**
	RM	**RM**
Neither past due nor impaired	664,023	3,165,416
1 to 30 days past due not impaired	60,660	1,969,286
31 to 60 days past due not impaired	821,888	496,539
61 to 90 days past due not impaired	17,396	311,516
91 to 120 days past due not impaired	11,264	254,724
More than 121 days past due not impaired	755,678	-
	1,666,886	3,032,065
Impaired	3,129,256	2,543,439
	5,460,165	8,740,920

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 RM1,666,886/- (2010: RM3,032,065/-) 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	
	2011	**2010**
	RM	**RM**
Collectively impaired		
Trade receivables - nominal amounts	3,129,256	2,543,439
Less : Allowance for impairment	(1,376,955)	(1,575,414)
	1,752,301	968,025

Movement in allowance accounts:

	Group	
	2011	**2010**
	RM	**RM**
At 1 January	(1,575,414)	(1,411,889)
Impairment for the financial year	(9,435)	(163,525)
Reversal of impairment loss	207,894	-
	(1,376,955)	(1,575,414)

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE AND OTHER RECEIVABLES (Continued)

(b) Other receivables

Group

At the reporting date, the Group had provided an allowance of RM4,547,341/- (2010 : RM4,607,947 /-) for impairment of the other receivables with a nominal amount of RM14,596,442/- (2010 : RM13,508,159/-).

Included in other receivables are amounts totalling RM9,360,000/- (2010: RM8,029,041/-) which represents advances to a contractor for a property development project which will be set off with the future project costs. Therefore, no impairment has been provided for the financial year ended 31st December 2011.

23. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Amount owing by subsidiaries	58,878,829	65,837,747
Less: Allowance for impairment	(28,946,386)	(22,684,157)
	29,932,443	43,153,590
Amount owing to a subsidiary	(423,837)	(1,490,585)

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

24. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM835,131/- (2010: RM812,441/-) are pledged to the banks for banking facilities granted to the Group as disclosed in Note 34 to the financial statements.

25. CASH AND BANK BALANCES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	4,634,075	5,335,634	206,738	392,802
Cash held under Housing Development Account	208,224	204,298	-	-
Less: Transfer to assets of disposal group classified as held for sale (Note 9)	-	(621,984)	-	-
	4,842,299	4,917,948	206,738	392,802

Group

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

NOTES TO THE FINANCIAL STATEMENTS

26. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At the beginning of the financial year	154,325,206	179,586,406	850,000	961,200
Transfer from disposal subsidiary				
- Shop lot	-	-	-	850,000
Disposals	(33,000,000)	(2,111,200)	-	(961,200)
Disposal of subsidiaries	-	(23,150,000)	-	-
At the end of the financial year	121,325,206	154,325,206	850,000	850,000

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/- have been charged to Danaharta and/or other financial institutions as security for the term loan instruments as disclosed in Note 33 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 ("AAB"). The Company had disposed off AAB on 10th December 2010.

During the financial year, the non-current assets held for sale with carrying amounts of RM33,000,000/- had been disposed off by its subsidiary, FBO Land (Serendah) Sdn. Bhd. to settle the term loan instrument as stated in Note 33 to the financial statements.

The non-current assets held for sale with carrying amount of RM120,475,206/- (2010 : RM120,475,206/-) have been charged to financial institutions as securities for credit facilities granted to the Group as disclosed in Note 29 to the financial statements.

27. (a) SHARE CAPITAL

	Group and Company			
	Number of Shares			
	2011	2010	2011	2010
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/end of the financial year	223,334,575	223,334,575	111,667,288	111,667,288

(b) Capital Reserve

Capital reserve arose from the par value reduction exercise undertaken by the Company in year 2009. It represents surplus arising after the off-setting of the Company's issued and paid up capital against its 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

28. HIRE-PURCHASE PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Future minimum hire-purchase payables				
- not later than one year	254,418	574,524	254,418	306,936
- later than one year but not later than five years	327,132	1,304,934	327,132	619,947
	581,550	1,879,458	581,550	926,883
Less: Future finance charges	(49,832)	(225,737)	(49,832)	(97,595)
	531,718	1,653,721	531,718	829,288
Less: Liabilities directly associated with disposal group classified as held for sale (Note 9)	-	(815,796)	-	-
Present value of hire-purchase payables	531,718	837,925	531,718	829,288
Represented by				
- Current	227,687	271,764	227,687	263,127
- Long term	304,031	566,161	304,031	566,161
	531,718	837,925	531,718	829,288

The hire-purchase payables of the Group and of the Company bore interest ranging from 3.40% to 6.85% (2010: 3.47% to 6.9%) and 3.40% to 6.85% (2010: 3.47% to 6.9%) respectively per annum.

29. TERM LOANS

	Group	
	2011 RM	2010 RM
Total outstanding	6,741,446	9,239,090
Less: Liabilities directly associated with disposal group classified as held for sale (Note 9)	-	(212,572)
	6,741,446	9,026,518
Less: Portion due within one year	(2,358,866)	(2,237,965)
Portion repayable after one year	4,382,580	6,788,553

Term Loans		Securities/Repayment terms
2011 RM	2010 RM	
6,741,446	9,026,518	Secured by legal charge over a subsidiary's non-current assets held for sale (Note 26) and corporate guarantee from the Company. The term loans are repayable by 120 monthly instalments of RM237,251/- each.
-	212,572	Secured by legal charge on a freehold lot office (Note 11) 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.
6,741,446	9,239,090	

The term loans bear interest at an effective interest rates of 8.60 % (2010: 7.60% to 8.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

30. DEFERRED TAX LIABILITIES

	Group	
	2011 RM	2010 RM
At the beginning of the financial year	11,075,222	8,734,866
Transferred from profit or loss (Note 8)	1,649,770	2,340,356
At the end of the financial year	12,724,992	11,075,222
Representing the tax effect of:-		
Temporary differences between net book value and corresponding tax written value	12,724,992	11,075,222

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	3,709,829	6,263,265	-	-
Other payables	4,409,216	4,988,098	71,112	40,817
Amount owing to former subsidiaries	65,322,590	65,322,590	-	-
Accrued expenses	2,474,605	4,153,498	70,000	153,112
Deposits received	1,792,637	4,961,218	20,100	22,350
Advances received from potential purchasers	228,835	201,158	-	-
Accrued interest on:-				
- Guaranteed secured term loan	-	9,055,776	-	-
- Non-guaranteed convertible secured term loan	-	2,331,308	-	-
	77,937,712	97,276,911	161,212	216,279
Less:				
Liabilities directly associated with disposal group classified as held for sale (Note 9)	-	(2,703,810)	-	-
	77,937,712	94,573,101	161,212	216,279

The normal trade credit term granted to the Group ranges from 30 to 60 days (2010: 30 to 60 days).

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

NOTES TO THE FINANCIAL STATEMENTS

32. PROVISIONS FOR LIABILITIES

	Provision for commitments RM	Provision for furniture, fittings and equipments RM	Provision for claims RM	Total RM
Group				
At 1st January 2010	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
Add: Additional	-	678,825	-	678,825
Less: Utilisation of provision	(26,000)	(327,975)	-	(353,975)
Less: Reversal	-	-	(4,600,000)	(4,600,000)
At 31st December 2011	28,965,500	1,422,061	-	30,387,561

	Provision for commitments RM
Company	
At 1st January 2010	29,151,500
Add: Additional	-
Less: Utilisation of provision	(160,000)
At 31st December 2010	28,991,500
Add: Additional	-
Less: Utilisation of provision	(26,000)
At 31st December 2011	28,965,500

(a) Provision for furniture, fittings and equipment

The provisions for furniture, fittings and equipment are the funds 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 a financial institution for loan granted to a former subsidiary, FBO Leasing Sdn. Bhd..

(c) Provision for claims

This was in respect of claims provided for a legal case with Bennes Engineering Sdn. Bhd. (In Liquidation) as disclosed in Note 41(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33. TERM LOAN INSTRUMENTS

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

	Group 2011 RM	Group 2010 RM
Guaranteed secured term loan ("GSTL")	1,420,100	33,648,430
Non-guaranteed convertible secured term loan ("NGCSTL")	1,745,705	10,029,657
	3,165,805	43,678,087

(b) The salient features of the GSTL include the following:-

- The GSTL bears interest at a fixed interest rate ranging from 2% to 4% 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 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 4% 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 fifth anniversary from the date of issuance 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) During the previous financial year, the GSTL and NGCSTL amounts totalling RM40,462,282/- was owing to a scheme creditor by FBO Land (Serendah) Sdn. Bhd. ("FBO Land (Serendah)"), a subsidiary of the Group together with accrued interest of RM11,387,084/-. The Group had suspended the accrual of interest of term loans owing to a scheme creditor as the directors were of the view that the outstanding amounts were 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 was considered necessary.

On 23rd February 2011, FBO Land (Serendah) had disposed of certain parcels of land which were charged to the scheme creditor to a third party for RM3,785,552/- and the proceeds were utilised for partial settlement towards the GSTL and NGCSTL granted to FBO Land (Serendah) by the scheme creditor.

Subsequently, FBO Land (Serendah) had identified another third party to purchase the remaining parcels of land which were also charged to the scheme creditor for an amount of RM38,400,000/-. On 3rd October 2011, the scheme creditor had confirmed that the redemption sum of the said properties to be RM38,400,000/- which is to be taken as full and final settlement of the restructured GSTL and NGCSTL term loans and the accrued interest payable.

(e) 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

34. SHORT TERM BORROWINGS

	Group	
	2011 RM	2010 RM
Bank overdrafts	-	136,080
Trade financing	-	7,500,000
	-	7,636,080

Short term borrowings 2011 RM	Short term borrowings 2010 RM	Securities
-	136,080	Secured by pledge of fixed deposit of RM835,131/- (2010: RM812,441/-) with a licensed bank and also a 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	

The bank overdrafts bore interest at rates ranging from 8.05% - 8.80% per annum.

The trade financing facilities bore interest at 8.25% per annum.

35. SIGNIFICANT RELATED COMPANY TRANSACTIONS

(a) Identification of related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

The nature of the relationship with the related parties is as follows:-

Related Parties	Nature of Relationship
Eastern Biscuit Factory Sdn. Bhd. ("EBF")	Subsidiary company
FBO Land (Setapak) Sdn. Bhd. ("FBOLSTP")	Subsidiary company
FBO Properties Sdn. Bhd. ("FBOP")	Subsidiary company
Perfect Diamond Capital Sdn. Bhd. ("PDC")	Subsidiary company
EBF Land Sdn. Bhd. ("EBFL")	Subsidiary company
FBO Land (Serendah) Sdn. Bhd. ("FBOLSRD")	Subsidiary company
Rimaflex Sdn. Bhd. ("RMF")	Subsidiary company
Rimaflex Nominees (Tempatan) Sdn. Bhd. ("RMFNT")	Subsidiary company
Exquisite Properties Sdn. Bhd. ("EP")	Subsidiary company
P.A. Projects Sdn. Bhd. ("PAP")	Associate company

NOTES TO THE FINANCIAL STATEMENTS

35. SIGNIFICANT RELATED COMPANY TRANSACTIONS (Continued)

(b) Significant Related Party Transactions and Balances

In the normal course of business, the Group and the Company undertake transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial period/year (in addition to related party disclosures mentioned elsewhere in the financial statements).

	Company	
	2011 RM	2010 RM
Management fees from subsidiaries		
- RMF	247,500	270,000
Administrative charges from subsidiaries		
- RMF	330,000	360,000
Rental of motor vehicle from subsidiary		
- EBF	66,756	66,756

The directors of the Company are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(c) Key Management Personnel Compensation

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive Directors				
Salaries and allowances	1,168,200	1,318,500	390,000	375,000
Other emoluments	165,875	164,240	56,833	54,000
Non-Executive Directors				
Fees	122,000	56,000	122,000	56,000
	1,456,075	1,538,740	568,833	485,000

The estimated monetary value of Directors' benefit-in-kind is RM93,053/- (2010: RM158,414/-).

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.

36. 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
2011				
Financial Assets				
Financing receivables	13,046,749	12,024,653	-	-
Financial Liabilities				
Hire purchase payables	531,718	505,796	531,718	505,796
Term loan instruments	3,165,805	3,165,805	-	-
Term loan	6,741,446	6,207,593	-	-

NOTES TO THE FINANCIAL STATEMENTS

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(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 (Continued)

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2010				
Financial Assets				
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	-	-

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.

(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	22
Deposit placed with licensed bank	24
Cash and bank balances	25
Financial Liabilities	
Hire purchase payables	28
Term loans	29
Trade and other payables	31
Term loan instruments	33
Short term borrowings	34

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.

NOTES TO THE FINANCIAL STATEMENTS

37. 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.

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 2011, 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 22(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 22(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.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

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 RM42,243,085/- (2010: RM91,163,271/-) 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 39 to the financial statements.

(b) Liquidity Risk

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.

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.

2011	Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM	Total RM
Group				
Financial Liabilities				
Trade and other payables	77,937,712	-	-	77,937,712
Hire purchase payables	227,687	304,031	-	531,718
Term loans	2,358,866	4,382,580	-	6,741,446
Term loans instrument	3,165,805	-	-	3,165,805
Company				
Trade and other payables	161,212	-	-	161,212
Hire purchase payable	227,687	304,031	-	531,718
2010				
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

NOTES TO THE FINANCIAL STATEMENTS

37. 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 Group and the Company 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed rate instruments				
Financial Liabilities				
Hire purchase payables	531,718	837,925	531,718	829,288
Trade financing	-	7,500,000	-	-
Term loan	6,741,446	9,026,518	-	-
Term loan instruments	3,165,805	43,678,087	-	-
Floating rate instruments				
Financial Asset				
Deposits placed with licensed banks	2,981,772	3,368,474	1,500,000	1,925,164
Financial Liability				
Bank overdrafts	-	136,080	-	-

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.

	Profit before tax			
	Increase 1%		Decrease 1%	
	2011 RM	2010 RM	2011 RM	2010 RM
Group				
Floating rate instruments				
Financial Assets	29,818	33,685	(29,818)	(33,685)
Financial liabilities	-	1,361	-	(1,361)
Company				
Floating rate instruments				
Financial Assets	15,000	19,252	(15,000)	(19,252)

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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 profit 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%)	
	2011 RM	2010 RM	2011 RM	2010 RM
Group's net profit				
United State Dollar	-	44,845	-	(44,845)
Hong Kong Dolar	-	134,705	-	(134,705)
Renminbi	-	6,881	-	(6,881)
New Taiwan Dollar	-	55,128	-	(55,128)

38. 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	
	2011 RM	2010 RM
Total borrowings	10,438,969	61,178,608
Less : Cash and cash equivalents	7,824,071	8,286,422
Net debt	2,614,898	52,892,186
Total equity	162,279,438	145,453,042
Debt-to-equity ratio	0.02	0.36

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.

NOTES TO THE FINANCIAL STATEMENTS

39. CONTINGENT LIABILITIES

As at 31st December 2011, the contingent liabilities were as follows:-.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Corporate guarantees given by the Company for credit to secure facilities granted to :-				
- Certain subsidiaries				
- Principal payment	-	-	1,420,100	41,148,430
- Accrued interest	-	-	-	9,055,776
- Former subsidiary				
- Principal payment	20,278,964	20,278,964	20,278,964	20,278,964
- Accrued interest	20,544,021	20,544,021	20,544,021	20,544,021
Bank overdraft's secured over fixed deposits of a subsidiary	-	-	-	136,080
	40,822,985	40,822,985	42,243,085	91,163,271

Group and Company

The contingent liabilities represent the remaining outstanding balance of the Guaranteed Non-Secured Term Loan of a former subsidiary, Crystal Oblique Sdn. Bhd. ("COSB"), direct subsidiary of Austral Amalgamated Berhad ("AAB") which is owing to Pengurusan Danaharta Nasional Berhad ("Danaharta").

In the previous financial year, on 10th December 2010, the Company had disposed of the entire equity interest in AAB to a party for a total consideration of RM2/-. 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 have been made with the creditors and have agreed and consented to the same.

40. 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 the 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 amounted to RM7,897,567/- during the financial year ended 31 December 2011 (2010:RM5,736,170/-), which has exceeded the yearly minimum guaranteed profit of RM5 million.

NOTES TO THE FINANCIAL STATEMENTS

40. PROFIT GUARANTEES (Continued)

(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 the 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/-.

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, RM420,000 has been received from the guarantor.

41. 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.

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.

On 25th November 2011, the abovementioned transaction had been fully completed.

NOTES TO THE FINANCIAL STATEMENTS

41. MATERIAL LITIGATIONS (Continued)

(ii) Bennes Engineering 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.

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 32) based on market value of RM230,000/- each was provided in the financial statements during the last financial year.

On 8th June 2011, BESB has withdrawn the suit against FBOLS. Accordingly, the provision for claims of RM4,600,000/- had been reversed during the financial year.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALSIED AND UNREALISED PROFITS OR LOSSES

On 25th March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained 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.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31st December 2011 are as follows:-

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- Realised	68,767,181	43,994,981	8,654,299	12,575,295
- Unrealised	9,636,884	7,004,600	(28,965,500)	(28,991,500)
	78,404,065	50,999,581	(20,311,201)	(16,416,205)
Total share of accumulated losses from an associate:				
- Realised	(171,700)	(23,189)	-	-
- Unrealised	-	-	-	-
	78,232,365	50,976,392	(20,311,201)	(16,416,205)
Less : Consolidation adjustments	(137,894,584)	(127,550,519)	-	-
Total group accumulated losses as per statements of financial position	(59,662,219)	(76,574,127)	(20,311,201)	(16,416,205)

The determination of realised and unrealised profits is based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure 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.

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area/ Floor 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	6 6	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	14	816,448	09/01/2008
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	14	850,000	15/10/2009
Exquisite Properties Sdn Bhd	Property development land	Lot 56908 Mukim Pulai Johor	Leasehold (Expiring on 20 Oct 2096)	6,540 square metres	N/A	2,000,000	26/4/2011
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey International Class 5-Star Hotel A parcel of land	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan Lot No. 82 GN No. 8158 Seksyen 21 Bandar Kota Bharu Jajahan Kota Bharu, Kelantan	Freehold	9,664 square metres	14	205,382,206	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	14	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	5,079,416	27/04/2009
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	3,680,372	27/04/2009

ANALYSIS OF SHAREHOLDINGS AS AT 13 APRIL 2012

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	:	**17,274**

DISTRIBUTION OF SHAREHOLDINGS AS AT 13 APRIL 2012

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,963	46.10%	334,719	0.15%
100 to 1,000 shares	5,300	30.68%	1,704,749	0.77%
1,001 to 10,000 shares	2,917	16.88%	12,560,526	5.62%
10,001 to 100,000 shares	941	5.45%	29,814,563	13.35%
100,001 to 11,166,727 shares	150	0.87%	118,199,088	52.92%
11,166,728 and above	3	0.02%	60,720,930	27.19%
TOTAL	**17,274**	**100%**	**223,334,575**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 13 APRIL 2012 (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 13 APRIL 2012 (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	238,400	0.11	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 13 APRIL 2012

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	**AIBB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN. BHD.	10,255,000	4.59
5	**CHONG OI LING**	10,201,900	4.57
6	**MELVINYEO KIANDEE**	8,347,500	3.74
7	**NG VUI KEE @ VICKY NG**	7,965,500	3.57
8	**LING HUNG TAH**	6,448,600	2.89
9	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	5,090,500	2.28
10	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KUAN PENG CHING @ KUAN PENG SOON	4,530,550	2.03
11	**HLB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KUAN HUI VOON	4,411,500	1.98
12	**HLB NOMINEES (ASING) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR EXPLICIT GROUP LIMITED	3,000,000	1.34
13	**CIMSEC NOMINEES (ASING) SDN BHD** CIMB FOR LONG RETURN INVESTMENTS LIMITED	2,821,200	1.26
14	**BSN MERCHANT BANK BHD**	2,488,683	1.11
15	**RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHAI KIN LOONG	2,365,400	1.06

ANALYSIS OF SHAREHOLDINGS
AS AT 13 APRIL 2012

THIRTY LARGEST SHAREHOLDERS

		Shareholdings	
No.	Name	No. of Shares	Percentage (%)
16	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.86
17	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.84
18	**ONG YEW BENG**	1,880,000	0.84
19	**AIBB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR EVERGREEN CITY HOLDINGS SDN. BHD.	1,556,000	0.70
20	**NOR ASHIKIN BINTI KHAMIS**	1,436,750	0.64
21	**WINNER CHOICE HOLDING LIMITED**	1,353,750	0.61
22	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN. BHD.	1,333,100	0.60
23	**ECML NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR KWONG MING KWEI	1,250,000	0.56
24	**KEAN MOONG YIN**	1,144,000	0.51
25	**GAN CHONG LIM**	1,132,550	0.51
26	**KUMPULAN HAMODAL SDN. BHD.**	1,116,218	0.50
27	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	1,052,900	0.47
28	**LIN SHU YUAN**	1,050,025	0.47
29	**CHAI MUN HA**	933,000	0.42
30	**CHU TIAM @ CHU CHU NGAN**	844,900	0.38
	Total	**148,535,188**	**66.51**

This page has been left blank intentionally.

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 Twelfth Annual General Meeting of the Company to be held at Dynasty Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 18 June 2012 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 2011	Resolution 1		
2.	To re-elect Dato' Lim Hong Sang	Resolution 2		
3.	To re-elect Dr. Yang Ching Leng @ Chan Ah Kow	Resolution 3		
4.	To re-elect Lim Thian Loong	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 change of name	Resolution 8		
9.	To approve proposed amendments to the Articles of Association of The Company	Resolution 9		

(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: ______________________ Contact No: ______________________

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.
5. For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Twelfth Annual General Meeting of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 62(1) of the Company's Article of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 11 June 2012. Only a depositor whose name appears on the Record of Depositors as at 11 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

Then fold here

Affix RM0.80
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

1st fold here