



**MBf CORPORATION BERHAD (575672-X)**

**ANNUAL REPORT 2013**

**MBf Corporation Berhad** (575672-X)  
(Incorporated in Malaysia)

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**MBf Corporation Berhad (575672-X)**  
(Incorporated in Malaysia)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Twelfth Annual General Meeting of MBf Corporation Berhad will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 10 June 2014 at 10.00 a.m. for the purpose of transacting the following businesses :-

**AGENDA**

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. Resolution 1
2. To approve payment of Director's Fees of RM15,000.00 for the financial year ended 31 December 2013. Resolution 2
3. To consider and if thought fit, pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965 :- Resolution 3  
  
"That Dato' Nelson Arputham being over the age of 70 years and retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 4
5. To transact any other business of which due notice shall have been given.

**BY ORDER OF THE BOARD**

**LIM KEAT SEE (MAICSA 7020290)**  
**Company Secretary**

Petaling Jaya  
5 May 2014

**Notes:**

A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his / her stead. A proxy may but need not be a member of the Company. A member shall be entitled to appoint more than one proxy subject to Section 149(1)(c) of the Companies Act, 1965. The provision in Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. The Form of Proxy must be deposited at the Registered Office of the Company at Block B1, Level 9, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

**MBf Corporation Berhad** (575672-X)  
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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

DATO' LOY TEIK NGAN, D.I.M.P.  
Managing Director and Chief Executive Officer

DATO' NELSON ARPUTHAM, D.S.P.N.  
Independent Non-Executive Director

### **COMPANY SECRETARY**

Lim Keat See (MAICSA 7020290)

### **AUDITORS**

Crowe Horwath  
Chartered Accountants  
License No.: AF 1018  
Level 16 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: 603 2788 9999  
Fax: 603 2788 9998

### **PRINCIPAL BANKER**

Malayan Banking Berhad

### **REGISTERED OFFICE**

Block B1 Level 9  
Pusat Dagang Setia Jaya  
(Leisure Commerce Square)  
No. 9 Jalan PJS 8/9  
46150 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 603 7875 1200  
Fax : 603 7875 0200

### **REGISTRAR**

Insurban Corporate Services Sdn Bhd  
149-A Jalan Aminuddin Baki  
Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Tel : 603 7729 5529 / 7727 3873  
Fax : 603 7728 5948

**MBf Corporation Berhad (575672-X)**  
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## **Message From The Managing Director/Chief Executive Officer**

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report and Audited Financial Statements of MBf Corporation Berhad ("MBfC") and its Group for the financial year ended 31 December 2013.

### **Group Financial Performance**

The Group recorded lower revenue of RM11.92 million for the financial year as compared to RM14.92 million for the previous financial year, a decrease of RM3.00 million or 20%. The decrease in revenue was mainly due to the reduction in sales of timeshare memberships and annual maintenance fee of RM0.68 million, reduction in rental income of RM1.43 million and no sale of properties (inventories) was recorded during the year as compared to previous year's sale of RM0.88 million.

During the year, the Group also registered other income of RM4.81 million as compared to RM14.19 million for the previous financial year, mainly due to fair value gain on investment properties of RM1.89 million, interest income of RM0.5 million and timeshare membership termination income of RM1.92 million. In the previous financial year, other income were mainly derived from the reversal of provision for guaranteed return of RM10.02 million which are no longer required, recovery of bad debts of RM1.42 million, interest income of RM0.51 million and reversal of allowance for impairment losses on other receivables of RM1.07 million.

Due to the reduction, primarily in other income as explained above, the Group recorded a net profit after taxation of RM2.26 million for the financial year as compared to the previous financial year profit of RM6.66 million, a reduction of RM4.40 million or 66.07%. Profit for the year attributable to owners of the company amounted to RM2.34 million as compared to the previous financial year profit of RM20.89 million. The basic earnings per share for the financial year stood at 0.83 sen as compared to previous year of 7.41 sen.

The Group's profit for the financial year was also affected by the late payment charges of RM2.12 million imposed by Leisure Commerce Square Management Corporation and the provision for a claim against corporate guarantee of RM0.30 million for a banking facility defaulted by a deconsolidated subsidiary, Summerset Resort Sdn Bhd ("SRSB") which has been put into Creditors Voluntary Liquidation on 17 July 2012 by a creditor of SRSB.

### **Prospects**

The Group's core businesses are in promoting and selling of timeshare memberships and sale and/or letting of completed retail and office lots situated at Leisure Commerce Square.

The timeshare business, has been affected by the negative opinions on the industry as well as the poor conditions of the resorts due to the lack of upgrading and refurbishment work. As reported in the previous financial year, steps have already been taken and are presently on-going to upgrade and refurbish the resorts. On completion of the upgrading and refurbishment work, sales are expected to improve. In addition, the Group will continue to drive the rental business on units that have been removed as lodged timeshare units, as an alternative revenue stream.

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In respect of sale and/or letting of completed retail and office lots situated at Leisure Commerce Square, the lease rental from our anchor tenant which ended in August 2013 was not renewed. Efforts are on-going to find tenants and buyers too for these retail and office lots. In view of the current economic conditions together with a glut in office spaces, it has been a great challenge.

As highlighted in the previous financial year, the Group's financial performance for financial year ending 31 December 2014 will be significantly affected by the above developments especially the rental income from the unsold inventories unless new tenants can be found in a timely manner. The Group will continue to source for viable business opportunities that can enhance the Group's financial performance and profitability.

**Appreciation**

On behalf of the Board of Directors, I would like to convey our thanks and appreciation to our valued shareholders, customers, bankers, business associates and regulatory authorities for their support, assistance and co-operation. I would also like to commend the management and staff who have demonstrated their dedication, commitment and undivided loyalty to the Group.

Dato' Loy Teik Ngan

Managing Director/Chief Executive Officer

21 April 2014

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# **MBf CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No : 575672 - X

## **FINANCIAL REPORT** **for the financial year ended 31 December 2013**



**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

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**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Directors' report**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

**Principal activities**

The principal activities of the Company are investment holding, property management and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	<u>2,258</u>	<u>3,643</u>
Attributable to:		
Owners of the Company	2,337	3,643
Non-controlling interests	<u>(79)</u>	<u>-</u>
	<u>2,258</u>	<u>3,643</u>

There were no material transfers to or from reserves or provisions during the financial year.

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

**Dividend**

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

**Directors**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Loy Teik Ngan  
Dato' Nelson Arputham

**MBf CORPORATION BERHAD**  
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**Directors' benefits**

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company or its subsidiaries was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director 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 as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**Directors' interests in shares**

According to the register of directors' shareholdings, the interest of a director in office at the end of the financial year in the shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary share of RM1 each			
	1 January			31 December
	2013	Bought	Sold	2013
<b>The Company</b>				
Dato' Loy Teik Ngan - indirect	111,380,600	-	-	111,380,600

By virtue of his interests in shares in the Company through Leisure Holidays Holdings Sdn. Bhd., Dato' Loy Teik Ngan is deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other director in office at the end of the financial year had no interest in shares in the Company or its related corporations during or at the end of the financial year.

**Other statutory information**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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**Other statutory information (Cont'd)**

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or the amount of the allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) The contingent liability is disclosed in Note 28 to the financial statements. At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors 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.

**Significant events**

Details of the significant events are disclosed in Note 13 to the financial statements.

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**Auditors**

The auditors, Messrs. Crowe Horwath have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 21 April 2014.

Dato' Loy Teik Ngan

Dato' Nelson Arputham

**MBf CORPORATION BERHAD**  
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**Statement by directors**

**Pursuant to Section 169(15) of the Companies Act 1965**

We, Dato' Loy Teik Ngan and Dato' Nelson Arputham, being the two directors of MBf Corporation Berhad, do hereby state that, in our opinion, the accompanying financial statements set out on pages 9 to 65 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Signed in accordance with a resolution of the directors dated 21 April 2014.

Dato' Loy Teik Ngan

Dato' Nelson Arputham

**Statutory declaration**

**Pursuant to Section 169(16) of the Companies Act 1965**

I, Ding Lien Bing, being the officer primarily responsible for the financial management of MBf Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 65 are in my opinion 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.

Subscribed and solemnly declared  
by the abovenamed Ding Lien Bing  
at Klang in the state of Selangor Darul Ehsan  
dated 21 April 2014

Ding Lien Bing

Before me,

# **Independent Auditors' Report To The Members Of MBf CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No.: 575672-X

## **Report on the Financial Statements**

We have audited the financial statements of MBf Corporation Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 9 to 65.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the 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.

## **Independent Auditors' Report To The Members Of MBf CORPORATION BERHAD (Cont'd)**

(Incorporated in Malaysia)

Company No.: 575672-X

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### **Other Matters**

The financial statements of the Group and of the Company for the preceding financial period were audited by another firm of auditors whose report dated 17 May 2013 expressed an unqualified opinion on those statements.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in 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) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



## **Independent Auditors' Report To The Members Of MBf CORPORATION BERHAD (Cont'd)**

(Incorporated in Malaysia)

Company No.: 575672-X

### **Other Matters**

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

#### **Crowe Horwath**

Firm Number : AF 1018

Chartered Accountants

Kuala Lumpur

21 April 2014

#### **Chong Tuck Wai**

No. 3023/03/15 (J)

Chartered Accountant

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Statements of profit or loss and other comprehensive income**  
**For the year ended 31 December 2013**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continuing operations</b>					
Revenue	3	11,924	14,915	4,102	7,617
Cost of sales	4	(5,376)	(7,869)	(3,527)	(4,762)
		6,548	7,046	575	2,855
Other income	5	4,806	14,193	4,851	14,782
Staff costs	6(b)	(2,396)	(2,297)	(812)	(663)
Depreciation	11	(1,508)	(1,765)	(3)	(5)
Other expenses	7	(5,372)	(10,268)	(971)	(40,635)
Profit/(Loss) from operations		2,078	6,909	3,640	(23,666)
Finance costs	8	(11)	(16)	-	-
Profit/(Loss) before tax		2,067	6,893	3,640	(23,666)
Taxation	9	191	(236)	3	-
Profit/(Loss) after tax from continuing operations		2,258	6,657	3,643	(23,666)
<b>Discontinued operations</b>					
Gain net of tax from discontinued operations		-	10,146	-	-
Profit/(Loss) after tax		2,258	16,803	3,643	(23,666)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expenses) for the year		2,258	16,803	3,643	(23,666)
Profit/(Loss) for the year attributable to:					
Owners of the Company		2,337	20,887	3,643	(23,666)
Non-controlling interests		(79)	(4,084)	-	-
		2,258	16,803	3,643	(23,666)
Total comprehensive income/(expenses) for the year attributable to:					
Owners of the Company		2,337	20,887	3,643	(23,666)
Non-controlling interests		(79)	(4,084)	-	-
		2,258	16,803	3,643	(23,666)

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
(Incorporated in Malaysia)

**Statements of profit or loss and other comprehensive income**  
**For the year ended 31 December 2013 (Cont'd)**

	<b>Note</b>	<b>Group</b> <b>2013</b> <b>Sen</b>	<b>2012</b> <b>Sen</b>
<b>Earnings per share attributable to owners of the Company:</b>			
Basic, for the year (sen)	10	<u>0.83</u>	<u>7.41</u>
<b>Earnings per share from continuing operations attributable to owners of the Company:</b>			
Basic, for the year (sen)	10	<u>0.83</u>	<u>7.41</u>
<b>Earnings per share from discontinued operations attributable to owners of the Company:</b>			
Basic, for the year (sen)	10	<u>-</u>	<u>3.33</u>

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Statements of financial position as at 31 December 2013**

		<b>Group</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	45,551	46,549
Investment properties	12	9,286	7,897
Unconsolidated subsidiary	15	-	8,655
Trade receivables	16	3,167	2,348
		<u>58,004</u>	<u>65,449</u>
<b>Current assets</b>			
Inventories	17	25,487	25,487
Trade receivables	16	1,184	1,599
Other receivables	18	12,774	13,076
Tax recoverable		303	126
Cash and bank balances	20	15,467	17,215
		<u>55,215</u>	<u>57,503</u>
Assets classified as held for sale	21	-	592
		<u>55,215</u>	<u>58,095</u>
<b>Total assets</b>		<u>113,219</u>	<u>123,544</u>

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Statements of financial position as at 31 December 2013 (Cont'd)**

		<b>Group</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	282,033	282,033
Accumulated losses		(242,175)	(244,512)
		39,858	37,521
Non-controlling interests		14,986	15,065
Total equity		54,844	52,586
<b>Non-current liabilities</b>			
Hire purchase payable	23	7	85
Refundable security deposits	24	8,014	9,021
Timeshare development account	25	38,267	40,844
		46,288	49,950
<b>Current liabilities</b>			
Hire purchase payable	23	78	78
Refundable security deposits	24	947	946
Timeshare development account	25	1,498	1,550
Trade payables	26	12	9
Other payables	27	9,552	18,202
Tax payable		-	223
		12,087	21,008
<b>Total liabilities</b>		58,375	70,958
<b>Total equity and liabilities</b>		113,219	123,544

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
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**Statements of financial position as at 31 December 2013**

		<b>Company</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	4	7
Investment in subsidiaries	13	85,050	85,050
Investment in a jointly controlled entity	14	-	-
Unconsolidated subsidiary	15	-	4,210
		<u>85,054</u>	<u>89,267</u>
<b>Current assets</b>			
Other receivables	18	1,158	1,274
Due from related companies	19	3,093	2,432
Tax recoverable		3	-
Cash and bank balances	20	35	150
		<u>4,289</u>	<u>3,856</u>
<b>Total assets</b>		<u>89,343</u>	<u>93,123</u>
<b>Equity and liability</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	282,033	282,033
Accumulated losses		(245,054)	(248,697)
Total equity		<u>36,979</u>	<u>33,336</u>
<b>Current liabilities</b>			
Other payables	27	1,599	10,094
Due to related companies	19	50,765	49,693
		<u>52,364</u>	<u>59,787</u>
<b>Total liability</b>		<u>52,364</u>	<u>59,787</u>
<b>Total equity and liability</b>		<u>89,343</u>	<u>93,123</u>

The annexed notes form an integral part of the financial statements.

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**MBf CORPORATION BERHAD**  
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**Statements of changes in equity**  
**For the year ended 31 December 2013**

<b>Group</b>	<b>Non-distributable</b>	<b>Distributable</b>	<b>Attributable to Owners</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>Share capital RM'000</b>	<b>Accumulated losses RM'000</b>	<b>of the Company RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2012</b>	282,033	(265,399)	16,634	20,384	37,018
Total comprehensive income/(expenses) for the year	-	20,887	20,887	(4,084)	16,803
Deconsolidation of subsidiaries	-	-	-	(230)	(230)
Dividend paid to non-controlling interest	-	-	-	(1,005)	(1,005)
<b>At 31 December 2012</b>	<b>282,033</b>	<b>(244,512)</b>	<b>37,521</b>	<b>15,065</b>	<b>52,586</b>
<b>At 1 January 2013</b>	282,033	(244,512)	37,521	15,065	52,586
Total comprehensive income/(expenses) for the year	-	2,337	2,337	(79)	2,258
<b>At 31 December 2013</b>	<b>282,033</b>	<b>(242,175)</b>	<b>39,858</b>	<b>14,986</b>	<b>54,844</b>

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Statements of changes in equity**  
**For the year ended 31 December 2013**

	<b>Share capital RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total equity RM'000</b>
<b>Company</b>			
<b>At 1 January 2012</b>	282,033	(225,031)	57,002
Total comprehensive expenses for the year	-	(23,666)	(23,666)
<b>At 31 December 2012</b>	<u>282,033</u>	<u>(248,697)</u>	<u>33,336</u>
<b>At 1 January 2013</b>	282,033	(248,697)	33,336
Total comprehensive income for the year	-	3,643	3,643
<b>At 31 December 2013</b>	<u>282,033</u>	<u>(245,054)</u>	<u>36,979</u>

The annexed notes form an integral part of the financial statements.



**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Statements of cash flows**  
**For the year ended 31 December 2013**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from/(for) operating activities</b>				
Profit/(Loss) before tax from				
continuing operations	2,067	6,893	3,640	(23,666)
Gain before tax from				
discontinued operation	-	10,146	-	-
Profit/(Loss) before tax, total	<u>2,067</u>	<u>17,039</u>	<u>3,640</u>	<u>(23,666)</u>
Adjustments for:				
Allowance for impairment losses on				
receivables:				
- related companies	-	-	682	12,701
- trade receivables	532	2,861	-	-
Reversal of allowance for impairment				
losses on receivables:				
- continuing operations	-	(1,073)	-	-
- discontinued operation	-	(3,750)	-	-
Allowance for impairment losses on:				
- investment in subsidiaries	-	-	-	27,642
- property, plant and equipment	-	4,127	-	-
Bad debts written off	-	42	-	-
Depreciation of property, plant and				
equipment	1,508	1,765	3	5
Fair value gain on investment properties	(1,886)	-	-	-
Gain on disposal of property, plant and				
equipment	(5)	(34)	-	-
Gain on disposal of investment				
properties	(8)	-	-	-
Gain on deconsolidation of				
subsidiaries	-	(7,736)	-	-
Surplus on liquidation of unconsolidated				
subsidiary	-	-	(4,409)	-
Interest income	(500)	(513)	(442)	(873)
Interest expenses	11	16	-	-
Property, plant and equipment written off	-	5	-	5
Reversal of allowance for impairment				
losses on investment in a subsidiary	-	-	-	(4,210)
Operating profit/(loss) before working	<u>1,719</u>	<u>12,749</u>	<u>(526)</u>	<u>11,604</u>
capital changes carried forward				

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Statements of cash flows**

**For the year ended 31 December 2013 (Cont'd)**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from/(for) operating activities (Cont'd)</b>				
Operating profit/(loss) before working capital changes brought forward	1,719	12,749	(526)	11,604
Adjustments for:				
Provision for guaranteed return written back	-	(10,015)	-	(9,665)
Provision for guaranteed return	-	744	-	-
Provision for claim against corporate guarantee	300	-	-	-
Operating profit/(loss) before working capital changes	2,019	3,478	(526)	1,939
(Increase)/decrease in trade and other receivables	(634)	(10,749)	113	(55)
Increase in amount due from related companies	-	-	(1,343)	-
Increase/(decrease) in amount due to related companies	-	-	1,514	(901)
Decrease in inventories	-	659	-	-
(Decrease)/increase in trade and other payables	(310)	6,832	124	(993)
Decrease in timeshare development account and refundable security deposits	(3,635)	(1,510)	-	-
Net cash for operating activities	(2,560)	(1,290)	(118)	(10)
Interest received	500	513	3	1
Interest paid	(11)	(16)	-	-
Tax paid	(191)	(1,979)	-	-
Net cash for operating activities	(2,262)	(2,772)	(115)	(9)
<b>Balance carried forward</b>	<b>(2,262)</b>	<b>(2,772)</b>	<b>(115)</b>	<b>(9)</b>

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Statements of cash flows**

**For the year ended 31 December 2013 (Cont'd)**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Balance brought forward</b>	<u>(2,262)</u>	<u>(2,772)</u>	<u>(115)</u>	<u>(9)</u>
<b>Cash flows from/(for) investing activities</b>				
Acquisition of property, plant and equipment	(18)	(58)	-	-
Proceeds from disposal of property, plant and equipment	10	109	-	-
Proceeds from disposal of investment properties	600	-	-	-
Dividend paid to non-controlling interest	<u>-</u>	<u>(1,005)</u>	<u>-</u>	<u>-</u>
Net cash from/(for) investing activities	<u>592</u>	<u>(954)</u>	<u>-</u>	<u>-</u>
<b>Cash flows for financing activity</b>				
Repayment of hire purchase obligations	<u>(78)</u>	<u>(143)</u>	<u>-</u>	<u>-</u>
Net cash for financing activity	<u>(78)</u>	<u>(143)</u>	<u>-</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,748)</u>	<u>(3,869)</u>	<u>(115)</u>	<u>(9)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>17,215</u>	<u>21,084</u>	<u>150</u>	<u>159</u>
<b>Cash and cash equivalents at end of year</b>	<u>15,467</u>	<u>17,215</u>	<u>35</u>	<u>150</u>
<b>Cash and cash equivalents comprise:</b>				
Deposits with financial institution	6,454	15,860	-	101
Deposits in money market fund	8,462	-	-	-
Cash and bank balances	<u>551</u>	<u>1,355</u>	<u>35</u>	<u>49</u>
	<u>15,467</u>	<u>17,215</u>	<u>35</u>	<u>150</u>

The annexed notes form an integral part of the financial statements.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**For the year ended 31 December 2013**

**1. General information**

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business of the Company is located at Block B1, Level 9, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 April 2014.

The Company is principally engaged in the business of investment holding, property management and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statement. There have been no significant changes in the nature of these activities during the financial year.

**2. Significant accounting policies**

**2.1 Basis of preparation**

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

**(i) Effective for annual periods beginning on or after 1 January 2013**

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

**MFRSs and IC Interpretations (Including The Consequential Amendments)**

MFRS 10 : Consolidated Financial Statements

MFRS 11 : Joint Arrangements

MFRS 12 : Disclosure of Interests in Other Entities

MFRS 13 : Fair Value Measurement

MFRS 119 (2011) : Employee Benefits

MFRS 127 (2011) : Separate Financial Statements

MFRS 128 : Investments in Associates and Joint Ventures

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**2. Significant accounting policies (Cont'd)**

**2.1 Basis of preparation (Cont'd)**

**(i) Effective for annual periods beginning on or after 1 January 2013 (Cont'd)**

**MFRSs and IC Interpretations (Including The Consequential Amendments)  
 (Cont'd)**

Amendments to MFRS 7 : Disclosures - Offsetting Financial Assets and  
 Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12 : Transition Guidance

Amendments to MFRS 101 : Presentation of Items of Other Comprehensive  
 Income

IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 - 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

**(ii) Standards and Interpretations issued but not yet effective**

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 (2009) : Financial Instruments	)
MFRS 9 (2010) : Financial Instruments	)
MFRS 9 : Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	) To be announced by MASB
Amendments to MFRS 9 and MFRS 7 : Mandatory Effective Date of MFRS 9 and Transition Disclosures	)
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011) : Investment Entities	1 January 2014

**MBf CORPORATION BERHAD**  
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**2. Significant accounting policies (Cont'd)**

**2.1 Basis of preparation (Cont'd)**

**(ii) Standards and Interpretations issued but not yet effective (Cont'd)**

<b>MFRSs and IC Interpretations (Including The Consequential Amendments) (Cont'd)</b>	<b>Effective Date</b>
Amendments to MFRS 119 : Defined Benefit Plans - Employee Contributions	1 July 2014
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 : Levies	1 January 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (a) MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosure.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**2. Significant accounting policies (Cont'd)**

**2.1 Basis of preparation (Cont'd)**

**(ii) Standards and Interpretations issued but not yet effective (Cont'd)**

- (b) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosure.
- (c) The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.

**2.2 Basis of consolidation**

**(i) Subsidiaries**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2013.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

**(a) Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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**2. Significant accounting policies (Cont'd)**

**2.2 Basis of consolidation (Cont'd)**

**(a) Business combinations (Cont'd)**

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

**(b) Non-controlling interests**

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

**(c) Changes in ownership interests in subsidiaries without change of control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

**(d) Loss of control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.



**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)****2. Significant accounting policies (Cont'd)****2.2 Basis of consolidation (Cont'd)****(d) Loss of control (Cont'd)**

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**(ii) Jointly controlled entities**

Jointly controlled entities are corporations, partnerships or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control. The Group's interests in the jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity, the Group's share of profits less losses of jointly controlled entities based on the latest audited financial statements or management accounts of the entities concerned. Where necessary, adjustments are made to the results and net assets of jointly controlled entities to ensure consistency of accounting policies with those of the Group. The Group's investment in the jointly controlled entities is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post-acquisition change in the Group's share of net assets of the jointly controlled entities.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in profit or loss.

**MBf CORPORATION BERHAD**  
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**2. Significant accounting policies (Cont'd)**

**2.3 Goodwill**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

**2.4 Cash and cash equivalents**

For purposes of the cash flow statements, cash and cash equivalents include cash and short term funds and deposits with financial institutions, net of outstanding bank overdrafts.

**2.5 Investments in subsidiaries**

The Company's investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

**2.6 Property, plant and equipment, and depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

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**2. Significant accounting policies (Cont'd)**

**2.6 Property, plant and equipment, and depreciation (Cont'd)**

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Freehold buildings	2%
Leasehold buildings	Over the lease period of 26 to 79 years
Renovation and building improvements	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Computer equipment	20%
Motor vehicles	20%
Others	10%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

**2.7 Investment properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

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. Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

**2.8 Inventories**

Inventories comprise completed properties held for resale.

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

**2.9 Hire purchase assets**

Equipment acquired under hire purchase agreements are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 2.6 above.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**2. Significant accounting policies (Cont'd)**

**2.9 Hire purchase assets (Cont'd)**

The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to profit or loss over the period of the respective agreements using the effective interest rate.

**2.10 Provision for liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and 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. 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, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**2.11 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 consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

**(ii) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)****2. Significant accounting policies (Cont'd)****2.12 Income tax**

Income tax on the profit or loss for the year comprises current 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 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 the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

**2.13 Impairment of non-financial assets**

The carrying amounts of non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)****2. Significant accounting policies (Cont'd)****2.13 Impairment of non-financial assets (Cont'd)**

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs 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 risks specific to the asset. Where the carrying amount of an asset exceeds 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, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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 loss 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 the 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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**2.14 Revenue recognition**

- (i) Revenue from rental of office units are recognised on an accrual basis.
- (ii) Enrolment fees are recognised as income upon execution of the Timeshare Agreement.
- (iii) Annual maintenance charges are recognised as income upon execution and renewal of the Timeshare Agreement.
- (iv) Management fee, rental and service charges are recognised on an accrual basis.
- (v) Dividend income is recognised when the right to receive payment is established.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)**

**2. Significant accounting policies (Cont'd)**

**2.14 Revenue recognition (Cont'd)**

- (vi) Fixed annual fee in relation to the timeshare development account and refundable security deposits are recognised over the remaining period of the related Timeshare Agreement as disclosed in Note 2.21.

**2.15 Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plan**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

**2.16 Financial assets**

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

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

The Group determines 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.

As at the reporting date, the Group did not have any financial assets categorised as financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

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**2. Significant accounting policies (Cont'd)**

**2.16 Financial assets (Cont'd)**

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

**(i) 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.

Loans 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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, 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.

**2.17 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 are recognised in the statement of financial position when, and only when, the Group becomes 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.

The Group has not designated any financial liabilities as financial liabilities at fair value through profit or loss.



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**2. Significant accounting policies (Cont'd)**

**2.17 Financial liabilities (Cont'd)**

**(i) Other financial liabilities**

Trade and other payables, amount due to related companies and refundable security deposits 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 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 under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.18 Impairment of financial assets**

**(i) Trade receivables, other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)****2. Significant accounting policies (Cont'd)****2.18 Impairment of financial assets (Cont'd)****(i) Trade receivables, other receivables and other financial assets carried at amortised cost (Cont'd)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.19 Equity instruments**

Ordinary shares are classified as equity. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**2.20 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

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**2. Significant accounting policies (Cont'd)**

**2.21 Timeshare development account and refundable security deposits**

The timeshare development account and refundable security deposits are credited to profit and loss over the remaining period of the related Timeshare Agreement.

**2.22 Fair value measurements**

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**2.23 Significant accounting estimates and judgements**

Preparation of the financial statements involves making certain estimates, assumptions concerning the future and applying judgements. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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**2. Significant accounting policies (Cont'd)**

**2.23 Significant accounting estimates and judgements (Cont'd)**

The key assumptions 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.

**(i) Impairment of properties**

The Group determines whether land and buildings, investment properties and completed properties classified as inventories are impaired when indications of impairment exist. The Group evaluates whether such indications of impairment exist based on reference to indicative market prices of similar properties in the same vicinity or past valuation reports performed by independent valuers. The carrying amount of land and buildings, investment properties and completed properties classified as inventories are as disclosed in Notes 11, 12 and 17.

**(ii) Deferred tax assets**

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which these temporary differences can be utilised. Significant management 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 carrying value of recognised and unrecognised temporary differences is disclosed in Notes 9.

**(iii) Impairment of loans and receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as 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 amounts of the Group's trade and other receivables at the reporting date are disclosed in Notes 16 and 18.

**MBf CORPORATION BERHAD**  
**(Incorporated in Malaysia)****2. Significant accounting policies (Cont'd)****2.23 Significant accounting estimates and judgements (Cont'd)****(iv) Useful lives of buildings**

The costs of freehold and leasehold buildings are depreciated on a straight-line basis over the assets' estimated economic useful lives and lease period. Changes in the expected level of usage and the state of upkeep and refurbishment could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's freehold and leasehold buildings as at 31 December 2013 is as disclosed in Note 11.

**(v) Timeshare development account and refundable security deposit account**

61.25% of the timeshare members' enrolment fees are initially recognised in the timeshare development account and the refundable security deposit account. The carrying amount of the Group's timeshare development account and refundable security deposit account is then recognised as income in profit or loss over a period of between 29 to 49 years. The Group determines this period over which income is recognised based on historical experience and the timeshare industry's practice. The carrying amount of the Group's refundable security deposit account and timeshare development account as at the reporting date is disclosed in Notes 24 and 25, respectively.

**(vi) Impairment of subsidiaries and amount due from subsidiaries**

The Company assesses at each reporting date whether there is any objective evidence for impairment of subsidiaries and the amount due from subsidiaries. In assessing these balances for impairment, the Company will consider factors such as the profitability of existing operations or the significant financial difficulties of the respective subsidiary. The carrying amount of the Company's investment in subsidiaries and the amounts due from subsidiaries are as disclosed in Notes 13 and 19, respectively.

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**3. Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Timeshare enrolment fees and annual maintenance fees	8,343	9,026	-	-
Sale of properties	-	879	-	-
Dividend income	-	-	-	2,345
Rental income	3,581	5,010	3,622	4,842
Management fee	-	-	480	430
	<u>11,924</u>	<u>14,915</u>	<u>4,102</u>	<u>7,617</u>

**4. Cost of sales**

Cost of sales of the Group represents timeshare commission, timeshare marketing and other direct timeshare related expenditure, cost of development properties sold and rental expenses for letting.

Cost of sales of the Company represents expenses incurred in relation to the letting of properties.

**5. Other income**

Included in other income are:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Reversal of allowance for impairment losses on other receivables	-	1,073	-	-
Bad debts recovered	-	1,416	-	34
Gain on disposal of equipment	5	34	-	-
Gain on disposal of investment properties	8	-	-	-
Fair value gain on investment properties	1,886	-	-	-
Interest income	500	513	442	873
Surplus from liquidation of unconsolidated subsidiary	-	-	4,409	-
Termination income	1,918	-	-	-
Provision for guaranteed return written back	-	10,015	-	9,665
Reversal of allowance for impairment losses on investment in a subsidiary (Note 13)	-	-	-	4,210
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,210</u>

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**6. Directors' remuneration and staff costs**

**(a) Directors' remuneration**

The details of the directors' remuneration of the Group and of the Company during the year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive director: (Note 6(b))				
Salaries and other emoluments	204	204	120	120
Defined contribution plan	24	24	14	14
	<u>228</u>	<u>228</u>	<u>134</u>	<u>134</u>
Non-executive directors: (Note 7)				
Fee	15	15	15	15
Total directors' remuneration	<u>243</u>	<u>243</u>	<u>149</u>	<u>149</u>

**(b) Staff costs**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive director's remuneration (Note 6(a))	228	228	134	134
Staff salaries and other benefits	1,928	1,833	577	446
Defined contribution plan	240	236	101	83
	<u>2,396</u>	<u>2,297</u>	<u>812</u>	<u>663</u>

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**7. Other expenses**

Included in other expenses are:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration:				
- statutory audit	48	76	15	22
- non-audit services	7	4	1	-
Non-executive director's fee (Note 6(a))	15	15	15	15
Allowance for impairment losses on receivables:				
- related companies (Note 19)	-	-	682	12,701
- trade receivables (Note 16)	532	2,861	-	-
Allowance for impairment losses on:				
- investment in subsidiaries (Note 13)	-	-	-	27,642
- property, plant and equipment (Note 11)	-	4,127	-	-
Property, plant and equipment written off	-	5	-	5
Late payment interest on service charges	2,122	-	-	-
Provision for claim against corporate guarantee	300	-	-	-
Bad debts written off	-	42	-	-
Rental of land and building	-	-	12	8

**8. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Hire purchase interest	11	16	-	-

**9. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax expense:				
- Current income tax	(33)	(94)	-	-
- Over/(Under) provision in prior years	224	(142)	3	-
Tax credit/(expense)	191	(236)	3	-



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**9. Taxation (Cont'd)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax from continuing operations	2,067	6,893	3,640	(23,666)
Gain before tax from discontinued operations	-	10,146	-	-
Profit/(Loss) before tax	<u>2,067</u>	<u>17,039</u>	<u>3,640</u>	<u>(23,666)</u>
Taxation at the Malaysian statutory tax rate of 25% (2012: 25%)	(517)	(4,260)	(910)	5,917
Income not subject to tax	1,144	5,820	1,213	4,302
Expenses not deductible for tax purposes	(551)	(1,272)	(209)	(10,091)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	379	290	-	-
Deferred tax assets not recognised	(488)	(672)	(94)	(128)
Over/(Under) provision of tax in prior years	224	(142)	3	-
Tax credit/(expense)	<u>191</u>	<u>(236)</u>	<u>3</u>	<u>-</u>

No deferred tax assets have been recognised in respect of the following items:-

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	<u>11,924</u>	<u>11,391</u>	<u>884</u>	<u>508</u>
Unabsorbed capital allowances	<u>12</u>	<u>122</u>	<u>12</u>	<u>12</u>

Deferred tax assets have not been recognised in respect of these items as there is no assurance of their realisation in the foreseeable future.

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**9. Taxation (Cont'd)**

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group and of the Company are subject to no substantial changes in shareholdings of the Group and of the Company under Section 44(5A) and (5B) of the Income Tax Act 1967. Deferred tax assets have not been recognised in respect of these items because it is not probable that Group relief will be applicable for the losses and there is uncertainty as to when the companies that have a recent history of losses will earn profits.

**10. Basic earnings per share**

Basic earnings per share amounts are calculated by dividing the net profit for the year attributed to ordinary owners of the Company by the number of ordinary shares in issue during the year.

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary owners of the Company		
- continuing operations	2,337	11,496
- discontinued operations	-	9,391
	<u>2,337</u>	<u>20,887</u>
Number of ordinary shares in issue	<u>282,033</u>	<u>282,033</u>
Basic earnings per share (sen)		
- continuing operations	0.83	4.08
- discontinued operations	-	3.33
	<u>0.83</u>	<u>7.41</u>

No diluted earnings per share is presented as there are no dilution potential ordinary shares in the Company.

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**11. Property, plant and equipment**

<b>Group</b>	<b>Land and buildings* RM'000</b>	<b>Renovation and building improvements RM'000</b>	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Computer equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Cost / Valuation</b>								
As at 1 January 2013	76,770	1,334	7,700	2,220	54	481	7	88,566
Additions	-	-	10	2	6	-	-	18
Disposals	-	-	(206)	(4)	-	-	-	(210)
Written off	(201)	-	-	(3)	-	-	-	(204)
Transfer from investment properties (Note 12)	3,540	-	-	-	-	-	-	3,540
Transfer to investment properties (Note 12)	(5,550)	-	-	-	-	-	-	(5,550)
As at 31 December 2013	74,559	1,334	7,504	2,215	60	481	7	86,160

**Accumulated depreciation and impairment**

As at 1 January 2013	30,814	1,262	7,694	1,897	54	289	7	42,017
Charge for the year	1,343	27	13	28	1	96	-	1,508
Disposals	-	-	(201)	(4)	-	-	-	(205)
Written off	(201)	-	-	(3)	-	-	-	(204)
Transfer to investment properties (Note 12)	(2,507)	-	-	-	-	-	-	(2,507)
As at 31 December 2013	29,449	1,289	7,506	1,918	55	385	7	40,609
<b>Net carrying amount</b>								
As at 31 December 2013	45,110	45	(2)	297	5	96	-	45,551

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**11. Property, plant and equipment (Cont'd)**

<b>Group</b>	<b>Land and buildings* RM'000</b>	<b>Renovation and building improvements RM'000</b>	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Computer equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>								
As at 1 January 2012	77,614	1,334	7,702	2,168	299	793	2,909	92,819
Additions	-	-	1	57	-	-	-	58
Disposals	-	-	-	-	-	(155)	-	(155)
Written off	-	-	(3)	(5)	-	-	-	(8)
Attributable to discontinued operations	(844)	-	-	-	(245)	(157)	(2,902)	(4,148)
As at 31 December 2012	76,770	1,334	7,700	2,220	54	481	7	88,566
<b>Accumulated depreciation and impairment</b>								
As at 1 January 2012	25,731	1,258	7,593	1,846	299	412	2,909	40,048
Charge for the year	1,492	4	101	54	-	114	-	1,765
Disposals	-	-	-	-	-	(80)	-	(80)
Impairment (Note 7)	4,127	-	-	-	-	-	-	4,127
Written off	-	-	-	(3)	-	-	-	(3)
Attributable to discontinued operations	(536)	-	-	-	(245)	(157)	(2,902)	(3,840)
As at 31 December 2012	30,814	1,262	7,694	1,897	54	289	7	42,017
<b>Net carrying amount</b>								
As at 31 December 2012	45,956	72	6	323	-	192	-	46,549

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**11. Property, plant and equipment (Cont'd)**

	Office equipment RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Total RM'000
<b>Company</b>				
<b>Cost</b>				
As at 1 January 2013 / 31 December 2013	10	5	16	31
<b>Accumulated depreciation</b>				
As at 1 January 2013	7	2	15	24
Charge for the year	2	1	-	3
As at 31 December 2013	9	3	15	27
<b>Net carrying amount</b>				
As at 31 December 2013	1	2	1	4
<b>Cost</b>				
As at 1 January 2012	15	8	16	39
Written off	(5)	(3)	-	(8)
As at 31 December 2012	10	5	16	31
<b>Accumulated depreciation</b>				
As at 1 January 2012	6	1	15	22
Charge for the year	3	2	-	5
Written off	(2)	(1)	-	(3)
As at 31 December 2012	7	2	15	24
<b>Net carrying amount</b>				
As at 31 December 2012	3	3	1	7

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**11. Property, plant and equipment (Cont'd)**

\* Land and buildings of the Group comprise:

	<b>Freehold land RM'000</b>	<b>Freehold buildings RM'000</b>	<b>Leasehold buildings RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>Cost / Valuation</b>				
As at 1 January 2013	1,787	53,605	21,378	76,770
Written off	-	-	(201)	(201)
Transfer from investment properties	-	-	3,540	3,540
Transfer to investment properties	-	-	(5,550)	(5,550)
As at 31 December 2013	1,787	53,605	19,167	74,559
<b>Accumulated depreciation</b>				
As at 1 January 2013	421	19,692	10,701	30,814
Charge for the year	-	1,063	280	1,343
Written off	-	-	(201)	(201)
Transfer to investment properties	-	-	(2,507)	(2,507)
As at 31 December 2013	421	20,755	8,273	29,449
<b>Net carrying amount</b>				
As at 31 December 2013	1,366	32,850	10,894	45,110
<b>Cost</b>				
As at 1 January 2012	1,787	53,605	22,222	77,614
Deconsolidated during the year	-	-	(844)	(844)
As at 31 December 2012	1,787	53,605	21,378	76,770
<b>Accumulated depreciation</b>				
As at 1 January 2012	421	18,682	6,628	25,731
Charge for the year	-	1,010	482	1,492
Impairment (Note 7)	-	-	4,127	4,127
Deconsolidated during the year	-	-	(536)	(536)
As at 31 December 2012	421	19,692	10,701	30,814
<b>Net carrying amount</b>				
As at 31 December 2012	1,366	33,913	10,677	45,956

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**11. Property, plant and equipment (Cont'd)**

The net book values of property, plant and equipment under hire purchase as disclosed in Note 23 are as follows:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Motor vehicles	96	192

**12. Investment properties**

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Leasehold buildings</b>		
<b>At fair value</b>		
As at 1 January	7,897	8,489
Transfer to assets classified as held for sale (Note 21)	-	(592)
Transfer from property, plant and equipment (Note 11)	3,043	-
Transfer to property, plant and equipment (Note 11)	(3,540)	-
Fair value gain	1,886	-
As at 31 December	9,286	7,897

**13. Investment in subsidiaries**

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>		
Unquoted shares, at cost:	207,142	207,142
Less: Allowance for impairment losses	(122,092)	(122,092)
Net carrying amount	85,050	85,050

The cost of investment in subsidiary of RM4,210,000 was reclassified in the previous year from investment in subsidiaries to unconsolidated subsidiary as disclosed in Note 15.

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**13. Investment in subsidiaries (Cont'd)**

The movements of the allowance account used to record the impairment losses are as follows:

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	122,092	186,457
Charge for the year (Note 7)	-	27,642
Written back (Note 5)	-	(4,210)
Written off	-	(87,797)
At 31 December	<u>122,092</u>	<u>122,092</u>

The following are the subsidiaries of the Company, all of which are incorporated in Malaysia:

<b>Name</b>	<b>Equity interest held</b>		<b>Principal activities</b>
	<b>2013</b>	<b>2012</b>	
	<b>%</b>	<b>%</b>	
Leisure Holidays Bhd.	76.48	76.48	Promoting and selling of timeshare memberships
Leisure Holidays Marketing Sdn. Bhd. *	76.48	76.48	Sales and marketing of timeshare, property and club memberships
Leisure Holidays Resorts Management Sdn. Bhd. *	76.48	76.48	Resort management services
Leisure Commerce Square Sdn. Bhd.	70.00	70.00	Investment property
MBF Premier Berhad	100.00	100.00	Investment holding company
Mexan Enterprise Sdn. Bhd.	100.00	100.00	Investment holding company



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**13. Investment in subsidiaries (Cont'd)**

Name	Equity interest held		Principal activities
	2013 %	2012 %	

Subsidiaries liquidated during the prior financial years

(i)	Summerset Group Management Sdn Bhd @ *	65.01	65.01	Dormant
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Subsidiaries liquidated during the previous financial year

(ii)	Summerset Resort Sdn Bhd @ *	65.01	65.01	Hotel operator and property developer
(iii)	Summerset D' Rantau Sdn Bhd @	-	60.00	Dormant
(iv)	MBf Unit Trust Management Berhad @	-	70.00	Dormant

Note:

- (i) On 5 June 2011, Summerset Group Management Sdn Bhd was placed under creditors' voluntary winding up which is currently pending dissolution. It was deconsolidated in the financial year 2011.
- (ii) On 17 July 2012, Summerset Resort Sdn Bhd was placed under creditors' voluntary winding up which is currently pending dissolution. It was deconsolidated in the previous financial year.
- (iii) On 21 September 2012, Summerset D'Rantau Sdn. Bhd. was placed under creditors' voluntary winding up and was subsequently dissolved on 26 February 2013.
- (iv) On 24 December 2012, MBf Unit Trust Management Berhad was placed under members' voluntary winding up and was subsequently dissolved on 27 June 2013.

\* held through Leisure Holidays Bhd.

@ Prior to the liquidation of the above-mentioned companies, the companies were previously audited by a firm other than Crowe Horwath.

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**14. Investment in a jointly controlled entity**

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares in Malaysia, at cost	175	175
Share of post-acquisition losses	(175)	(175)
Represented by share of net assets		
in a jointly controlled entity	-	-

Details of the Group's investment in a jointly controlled entity, a company incorporated in Malaysia, are as follows:

<b>Name</b>	<b>Equity interest held</b>		<b>Principal activity</b>
	<b>2013</b>	<b>2012</b>	
	<b>%</b>	<b>%</b>	
Oncard Malaysia Sdn. Bhd.	50.00	50.00	Dormant

The Group's share of the current assets, current liabilities, income and expenses of the jointly controlled entity is as follows:

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Current assets	8	39
Current liabilities	(1,109)	(1,053)
Net liabilities	(1,101)	(1,014)
Revenue	-	-
Expenses	(87)	(32)
Loss before tax	(87)	(32)
Income tax expense	-	-
Net loss for the year	(87)	(32)

The Group's share of the net liabilities has been limited to its cost of investment in the jointly controlled entity.

**15. Unconsolidated subsidiary**

Unconsolidated subsidiary represents the investment in a subsidiary, MBf Unit Trust Management Berhad, which was not consolidated as the said subsidiary has been placed under members' voluntary winding up as disclosed in Note 13.

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**16. Trade receivables**

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	14,824	15,607
Less: Allowance for impairment losses	(10,473)	(11,660)
Net trade receivables	<u>4,351</u>	<u>3,947</u>

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Of which:		
Due within 1 year	1,184	1,599
Due after 1 year	3,167	2,348
	<u>4,351</u>	<u>3,947</u>

The Group's normal trade credit terms range from 30 to 180 (2012: 30 to 180) days. Other current terms are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Ageing analysis of trade receivables

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

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Non-current</u></b>		
Neither past due nor impaired	3,167	2,348
<b><u>Current</u></b>		
1 to 30 days past due not impaired	347	336
31 to 60 days past due not impaired	147	127
61 to 90 days past due not impaired	145	119
More than 91 days past due not impaired	545	1,017
Total past due but not impaired	1,184	1,599
Impaired	<u>10,473</u>	<u>11,660</u>
	<u>14,824</u>	<u>15,607</u>

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**16. Trade receivables (Cont'd)**

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired include in-house loans granted to the purchasers of timeshare memberships which are repayable after one year.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The remaining balance of receivables that are past due but not impaired are unsecured in nature and not renegotiated during the financial year.

Receivables that are impaired

The movements of the allowance account used to record the impairment losses are as follows:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	11,660	9,749
Charge for the year (Note 7)	532	2,861
Written off	(1,719)	(950)
At 31 December	<u>10,473</u>	<u>11,660</u>

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

**17. Inventories**

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
Unsold properties	39,224	39,224
Less: Allowance for impairment losses	(13,737)	(13,737)
	<u>25,487</u>	<u>25,487</u>

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**18. Other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sundry receivables and deposits	1,373	1,893	1,154	1,273
Amount due from a subsidiary not consolidated	11,120	11,120	-	-
Prepayments	281	63	4	1
	<u>12,774</u>	<u>13,076</u>	<u>1,158</u>	<u>1,274</u>

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivable.

**19. Due from/(to) related companies**

The amounts due from/(to) related companies comprise:

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from subsidiaries	16,487	15,144
Less: Allowance for impairment losses	(13,394)	(12,712)
	<u>3,093</u>	<u>2,432</u>
Due to subsidiaries	<u>(50,765)</u>	<u>(49,693)</u>

Except for an amount of RM15,942,000 (2012: RM14,599,000) due to the Company from a subsidiary which bears interest at 3% (2012: 3%) per annum, the other amounts due from/(to) related companies are unsecured, interest free and have no fixed terms of repayment.

The movements of the allowance account used to record the impairment losses are as follows:

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	12,712	33,880
Charge for the year (Note 7)	682	12,701
Recovered	-	(34)
Transfer due to deconsolidation of a subsidiary	-	(33,835)
At 31 December	<u>13,394</u>	<u>12,712</u>

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**20. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	551	1,355	35	150
Deposits in money market fund	8,462	-	-	-
Fixed deposits with licensed banks	6,454	15,860	-	-
	<u>15,467</u>	<u>17,215</u>	<u>35</u>	<u>150</u>

Included in cash and bank balances of the Group are bank balances of RM224,379 (2012: RM348,141) in trust accounts established in accordance with the terms of the Trust Deed entered into by a subsidiary, the Trustee and the subsidiary's timeshare members.

Included in deposits with licensed banks of the Group are deposits of RM465,418 (2012: RM448,391) in sinking fund trust accounts established in accordance with the terms of the Trust Deed entered into by a subsidiary, the Trustee and the subsidiary's timeshare members.

The range of interest rates per annum and average maturities of deposits of the Group as at the end of the financial year were as follows:

	<b>Interest Rates</b>		<b>Maturities</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>%</b>	<b>Days</b>	<b>Days</b>
<b>Group</b>				
Fixed deposits with licenced banks	1.80 - 3.05	1.70 - 3.05	1 - 64	1 - 87
Deposits in money market fund	<u>2.75 - 3.39</u>	<u>-</u>	<u>1</u>	<u>-</u>

**21. Assets classified as held for sale**

Included in assets classified as held for sale are investment properties comprising several units of condominiums.

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment properties (Note 12)	<u>-</u>	<u>592</u>

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**22. Share capital**

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013	2012
	Unit ('000)	Unit ('000)	RM'000	RM'000
Authorised:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January/31 December	282,033	282,033	282,033	282,033

**23. Hire purchase payable**

	Group	
	2013	2012
	RM'000	RM'000
Not later than one year	89	89
Later than one year but not later than two years	7	89
Later than two years but not later than five years	-	7
	96	185
Less: Finance charge on hire purchase payable	(11)	(22)
	85	163
Current	78	78
Non-current		
Later than one year but not later than two years	7	78
Later than two years but not later than five years	-	7
	7	85
	85	163

The hire purchase payable bear interest of 2.7% (2012: 2.7% to 3.4%) per annum.

**24. Refundable security deposits**

The refundable security deposits are funds paid by subscribers to ensure that the subscribers comply with the terms and conditions of the subscribers' agreements over the duration of the agreements. The refundability of these funds is subject to the terms and conditions of the subscribers' agreements. The balance outstanding as at the reporting date is stated net of any amounts utilised to settle fixed annual fees outstanding. Of the amount outstanding as at the reporting date, RM8,014,000 (2012: RM9,021,000) is expected to be realised after more than one year from the reporting date.

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**25. Timeshare development account**

The timeshare development account is to be utilised to cover the cost of acquisition or construction and furnishing of each resort or holiday apartment used for the timeshare business. The balance outstanding as at the reporting date is stated net of any amounts utilised to settle fixed annual fees outstanding. Of the amount outstanding as at 31 December 2013, RM38,267,000 (2012: RM40,844,000) is expected to be realised after more than one year from the reporting date.

**26. Trade payables**

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	12	9

The normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days).

**27. Other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to a subsidiary not consolidated	-	8,625	-	8,625
Sundry payables	5,582	5,979	1,253	1,253
Accruals	3,970	3,598	346	216
	<u>9,552</u>	<u>18,202</u>	<u>1,599</u>	<u>10,094</u>

The normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days).

The amount due to a subsidiary not consolidated relates to an amount due to MBf Unit Trust Management Berhad which was previously placed under member's voluntary winding up and was subsequently dissolved on 27 June 2013 as disclosed in Note 13.



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**28. Contingent liability**

On 18 February 2013, Malaysian Holiday Timeshare Developers Federation ("MHTDF") received a reply from the Inland Revenue Board ("IRB") with regards to IRBs' decision to tax on the deferred income accrued in the books of timeshare operators over three years from the years of assessment 2014 to 2016. As at 31 December 2013, the balance of timeshare development account amounted to RM39.76 million (2012: RM42.39 million) which may attract a tax payment of RM9.94 million (2012: RM10.60 million) over the three years. The industry through MHTDF is pursuing the matter with IRB. The IRB via MHTDF had requested for all timeshare companies to submit cash flow projections to support the application for a period longer than three years. The cash flow projections have been submitted pending decision from IRB. As at 31 December 2013, the Group and the Company have not made any provision for any potential additional tax liability for this amount pending the ongoing discourse with IRB.

**29. Significant related party transactions**

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividend income from a subsidiary company	-	2,345
Rental costs payable to subsidiary companies	2,313	3,175
Management fee charged to subsidiary companies	480	430
Interest income receivable from a subsidiary company	442	873

**30. Financial instruments**

**(a) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

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**30. Financial instruments (Cont'd)**

**(b) Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a fixed rate borrowings.

As at the end of the reporting date, as the Group has no significant interest-bearing financial liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

<b>Group</b>	<b>Fixed interest rate RM'000</b>	<b>Non interest bearing RM'000</b>	<b>Total RM'000</b>
<b>2013</b>			
<b>Financial assets</b>			
Trade receivables	-	4,351	4,351
Other receivables	-	12,493	12,493
Deposits and bank balances	14,916	551	15,467
Total financial assets	14,916	17,395	32,311
<b>Financial liabilities</b>			
Trade payables	-	12	12
Other payables	-	9,552	9,552
Hire purchase payable	85	-	85
Refundable security deposits	-	8,961	8,961
Total financial liabilities	85	18,525	18,610
<b>Net financial assets/(liabilities)</b>	<b>14,831</b>	<b>(1,130)</b>	<b>13,701</b>

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**30. Financial instruments (Cont'd)**

**(b) Interest rate risk (Cont'd)**

<b>Group</b>	<b>Fixed interest rate RM'000</b>	<b>Non interest bearing RM'000</b>	<b>Total RM'000</b>
<b>2012</b>			
<b>Financial assets</b>			
Trade receivables	-	3,947	3,947
Other receivables	-	13,013	13,013
Deposits and bank balances	15,860	1,355	17,215
Total financial assets	15,860	18,315	34,175
<b>Financial liabilities</b>			
Trade payables	-	9	9
Other payables	-	18,202	18,202
Hire purchase payable	163	-	163
Refundable security deposits	-	9,967	9,967
Total financial liabilities	163	28,178	28,341
<b>Net financial assets/(liabilities)</b>	15,697	(9,863)	5,834
<b>Company</b>			
<b>2013</b>			
<b>Financial assets</b>			
Other receivables	-	1,154	1,154
Due from related companies	3,093	-	3,093
Deposits and bank balances	-	35	35
Total financial assets	3,093	1,189	4,282
<b>Financial liabilities</b>			
Other payables	-	1,599	1,599
Due to related companies	-	50,765	50,765
Total financial liabilities	-	52,364	52,364
<b>Net financial assets/(liabilities)</b>	3,093	(51,175)	(48,082)

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**30. Financial instruments (Cont'd)**

**(b) Interest rate risk (Cont'd)**

<b>Company</b>	<b>Fixed interest rate RM'000</b>	<b>Non interest bearing RM'000</b>	<b>Total RM'000</b>
<b>2012</b>			
<b>Financial assets</b>			
Other receivables	-	1,273	1,273
Due from related companies	2,432	-	2,432
Deposits and bank balances	-	150	150
Total financial assets	2,432	1,423	3,855
<b>Financial liabilities</b>			
Other payables	-	10,094	10,094
Due to related companies	-	49,693	49,693
Total financial liabilities	-	59,787	59,787
<b>Net financial assets/(liabilities)</b>	2,432	(58,364)	(55,932)

**(c) Liquidity risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

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**30. Financial instruments (Cont'd)**

**(c) Liquidity risk (Cont'd)**

The table below details the expected contractual cash flow by maturity of financial liabilities held at 31 December 2013:

<b>Group</b>	<b>On demand or within 1 month RM'000</b>	<b>More than 1 but less than 6 months RM'000</b>	<b>More than 6 but less than 12 months RM'000</b>	<b>More than 12 months RM'000</b>	<b>Total RM'000</b>
<b>2013</b>					
<b>Financial liabilities</b>					
Trade and other payables	9,564	-	-	-	9,564
Hire purchase payable	7	37	45	7	96
Refundable security deposits	79	395	473	8,014	8,961
	<u>9,650</u>	<u>432</u>	<u>518</u>	<u>8,021</u>	<u>18,621</u>
<b>2012</b>					
<b>Financial liabilities</b>					
Trade and other payables	18,211	-	-	-	18,211
Hire purchase payable	7	37	45	96	185
Refundable security deposits	79	394	473	9,021	9,967
	<u>18,297</u>	<u>431</u>	<u>518</u>	<u>9,117</u>	<u>28,363</u>

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**30. Financial instruments (Cont'd)**

**(c) Liquidity risk (Cont'd)**

Company	On demand or within 1 month RM'000	More than 1 but less than 6 months RM'000	More than 6 but less than 12 months RM'000	More than 12 months RM'000	Total RM'000
<b>2013</b>					
<b>Financial liabilities</b>					
Other payables	1,599	-	-	-	1,599
Due to related companies	50,765	-	-	-	50,765
	<u>52,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,364</u>
<b>2012</b>					
<b>Financial liabilities</b>					
Other payables	10,094	-	-	-	18,211
Due to related companies	49,693	-	-	-	49,693
	<u>59,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,904</u>

**(d) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's credit risk is primarily attributable to trade and other receivables and bank balance. In respect of trade and other receivables, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and policies and procedures are in place to ensure that the Group's exposure to bad debts is kept to a minimum. In respect of cash and cash equivalents, the Group's policy is to place surplus cash with licensed banks in Malaysia.

The maximum amount of exposure to credit risk arising from the Group's trade and other receivables and cash and cash equivalents equal to the carrying amount of these financial assets on the statement of financial position.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

The profiles of the Group's trade and other receivables and cash and bank balances at the reporting date are as disclosed in Notes 16, 18 and 20, respectively.

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**30. Financial instruments (Cont'd)**

**(e) Categories of financial instrument**

Financial instruments of the Group and of the Company are categorised as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
<b>- loans and receivables</b>				
Trade receivables	4,351	3,947	-	-
Other receivables	12,493	13,013	1,154	1,273
Due from related companies	-	-	3,093	2,432
Cash and bank balances	15,467	17,215	35	150
	<u>32,311</u>	<u>34,175</u>	<u>4,282</u>	<u>3,855</u>
<b>Financial liabilities</b>				
Hire purchase payable	85	163	-	-
Trade payables	12	9	-	-
Other payables	9,552	18,202	1,599	10,094
Due to related companies	-	-	50,765	49,693
Refundable security deposits	8,961	9,967	-	-
	<u>18,610</u>	<u>28,341</u>	<u>52,364</u>	<u>59,787</u>

**(f) Fair values**

Determination of fair values:

**(i) Trade and other receivables**

The carrying amounts of trade and other receivables approximate their fair values due to the relatively short term maturity of these financial instruments.

**(ii) Cash and bank balances**

The carrying amounts approximate its fair values due to the relatively short term maturity of this financial instrument.

**(iii) Trade and other payables, and amount due to related companies**

The carrying amounts of the above payables approximate their fair values due to the relatively short term maturity of this financial instruments.

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**30. Financial instruments (Cont'd)**

**(f) Fair values (Cont'd)**

Determination of fair values: (Cont'd)

**(iv) Hire purchase payable**

The fair values of hire purchase payable is determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

**(g) Fair values measurements**

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

Group	Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
<b>2013</b>					
<b>Financial liabilities</b>					
Hire purchase payable	-	86	-	86	85
2012	Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level*				
	RM'000				
<b>Financial liabilities</b>					
Hire purchase payable		155		155	163

\* comparative fair value information is not presented by levels, by virtue of the exemption given in MFRS 13.



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**31. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains sufficient capital to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the financial year ended 31 December 2013.

**32. Material Litigations**

**(a) Leisure Commerce Square Joint Management Body ("LCS JMB") versus Leisure Commerce Square Sdn Bhd ("LCSSB")**

In year 2009, LCS JMB being the management body of LCSSB, filed a legal suit against LCSSB, a subsidiary of the Company, for service charges and outgoings purportedly due and owing by LCSSB to LCS JMB in respect of all unsold units of offices and retail units at Leisure Commerce Square ("LCS") of approximately RM11 million.

LCSSB has also filed a counter claim to demand the refund of the service charges and outgoings paid to the Building Management fund from the LCS JMB pertaining to all the unsold units amounting to approximately RM10 million.

Management Corporation of LCS was formed on 23 May 2013. As a result of which, LCS JMB is now replaced by Leisure Commerce Square Management Corporation ("LCS MC").

During the current financial year, LCSSB has made a full payment of RM1,909,498 to LCS MC for Unit A-04-01-07 and Block C due to the insistence by LCS MC as a condition to obtain the consent for the tenants to proceed with their renovation. The payment has been charged out as an expense in the financial statement and the recovery of the said payment from LCS MC is pending judgement by the Court.

The Court has also ruled for a mediation exercise between the two parties. The mediation was scheduled on 17 June 2013 but was later postponed without a fixed date. The Court had earlier fixed trial for 28th to 30th October 2013 but was later postponed and now fixed for 14th to 16th May 2014.

LCSSB's lawyers opined that the LCSSB stands a good chance in dismissing the claim and succeeding in its counter claim, if inter alia, the Court agrees that no service charges are to be imposed on the unsold units prior to the formation of the LCS JMB.

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**32. Material Litigations (Cont'd)**

**(b) Leisure Square Corporate Parking Sdn Bhd ("LSCP") vs  
Leisure Commerce Square Sdn Bhd ("LCSSB")**

In the previous financial year, Leisure Square Corporate Parking Sdn Bhd ("LSCP") filed a legal suit against LCSSB for the imposition of service charges by the LCS JMB (now known as Leisure Commerce Square Management Corporation ("LCS MC")) on the accessory parcels (car parks).

At the time of purchase by LSCP in 2006, the Building and Common Property (Maintenance and Management) Act 2007 was not enacted yet and there was no imposition of service charges on the car parks based on the Strata Title Act 1985 at that point. It was agreed that this would only apply when the Management Corporation was formed.

LSCP is claiming approximately RM1.83 million (excluding interest) from the day the LCS MC impose the service charges on the car parks as at 31 December 2012.

The Shah Alam High Court has on 30 January 2013 ruled in favour of LCSSB. However, the Plaintiff, LSCP has filed an appeal on 21 February 2013 which was fixed for hearing on 25 February 2014 but was later postponed to 6 May 2014.

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## ANALYSIS OF SHAREHOLDINGS

*As at 3 March 2014*

Authorised share capital	:	RM500,000,000
Issued and Paid-up capital	:	RM282,033,314
Class of Share	:	Ordinary shares of RM1 each
Number of Shareholders	:	42,400
Voting Rights	:	On a show of hands – one vote for every shareholder On a poll – one vote for every ordinary share held

### SUBSTANTIAL SHAREHOLDERS

Name	<i>Direct</i>	%	<i>Indirect</i>	%
Leisure Holidays Holdings Sdn Bhd	111,380,600	39.49	-	-
Chuah Hun Leong	15,721,610	5.57	-	-
Dato' Loy Teik Ngan	-	-	111,380,600*	39.49

\* Deemed interested by virtue of his indirect interest in the Company pursuant to Section 122A of the Companies Act, 1965.

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	21,026	49.59	901,763	0.32
100 - 1,000	18,028	42.52	4,727,351	1.68
1,001- 10,000	2,185	5.15	8,463,832	3.00
10,001 - 100,000	969	2.29	34,331,383	12.17
100,001 and below 5% of issued shares	190	0.45	106,506,775	37.76
5% and above of issued shares	2	0.00	127,102,210	45.07
Total	42,400	100.00	282,033,314	100.00

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## ANALYSIS OF SHAREHOLDINGS

*As at 3 March 2014*

### TOP 30 SHAREHOLDERS AS PER REGISTER & RECORD OF DEPOSITORS

No.	Name	No. of Shares	% of Issued Capital
1.	LEISURE HOLIDAYS HOLDINGS SDN BHD	111,380,600	39.49
2.	CHUAH HUN LEONG	15,721,610	5.57
3.	TEH CHEE FEI	12,256,300	4.35
4.	CHEE HONG LEONG	8,695,000	3.08
5.	MAYBANK NOMINEES (ASING) SDN BHD Beneficiary : Nomura Singapore Limited For Xcess Finance Co Ltd	5,619,000	1.99
6.	LAU CHEONG KOON	3,463,000	1.22
7.	LIEW YAM FEE	3,000,000	1.06
8.	KUOK YIT LI @ KUOK LEE LEE	2,830,000	1.00
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD Beneficiary : SDB Asset Management Sdn Bhd For Sabah Development Bank Berhad	2,379,300	0.84
10.	CITIGROUP NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For OCBC Securities Private Limited	2,175,522	0.77
11.	SU MING KEAT	1,900,000	0.67
12.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Beneficiary : Pledged Securities Account For Ling Kwong Ming	1,697,700	0.60
13.	YEW CHAN LENG @ YAU CHAN LEONG	1,500,000	0.53
14.	CARTABAN NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For Credit Agricole (Suisse) SA	1,477,034	0.52
15.	CIMSEC NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For CIMB Securities (Singapore) Pte Ltd	1,387,570	0.49
16.	TANG KAM KEW	1,250,000	0.44
17.	HO SIEW CHIN	1,130,000	0.40
18.	TOH TIAM HWAT	1,050,000	0.37
19.	AMSEC NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For Amfraser Securities Pte Ltd	1,035,775	0.37
20.	KONG CHOON HOCK	1,000,000	0.35
21.	TAY SOO CHENG	1,000,000	0.35
22.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For UOB Kay Hian Pte Ltd	892,375	0.32

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## ANALYSIS OF SHAREHOLDINGS

*As at 3 March 2014*

### TOP 30 SHAREHOLDERS AS PER REGISTER & RECORD OF DEPOSITORS (Cont'd)

No.	Name	No. of Shares	% of Issued Capital
23.	ONG KOON HO	880,000	0.31
24.	JF APEX NOMINEES (TEMPATAN) SDN BHD Beneficiary : Pledged Securities Account For Chow Heng Lan	870,000	0.31
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD Beneficiary : Pledged Securities Account for Tan Sea Ming	850,000	0.30
26.	NG HOCK TEE	830,000	0.29
27.	HO SIEW CHOY	810,000	0.29
28.	GOH JUAI HIAN	765,000	0.27
29.	BANGKOK BANK BERHAD	731,000	0.26
30.	LIM KENG ANN	694,300	0.25
	<b>TOTAL</b>	<b>189,271,086</b>	<b>67.06</b>

## PROXY FORM

### MBf Corporation Berhad (575672-X) (Incorporated in Malaysia)

No. of Shares Held	Shareholder's Contact No.

"Proxy A"

I/We, \_\_\_\_\_ NRIC/Passport/Company No. \_\_\_\_\_ of

being a member/members of **MBf Corporation Berhad**, hereby appoint \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_

or failing him/her, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_ of

or failing him/her, the Chairman of the meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the **TWELFTH ANNUAL GENERAL MEETING** of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 10 June 2014 at 10.00 A.M. or at any adjournment thereof.

"Proxy B"

Where it is desired to appoint a second proxy this section must also be completed, otherwise it should be deleted.

I/We, \_\_\_\_\_ NRIC/Passport/Company No. \_\_\_\_\_ of

being a member/members of **MBf Corporation Berhad**, hereby appoint \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_

or failing him/her, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_ of

or failing him/her, the Chairman of the meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the **TWELFTH ANNUAL GENERAL MEETING** of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 10 June 2014 at 10.00 A.M. or at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy A	%
Second Proxy B	%
	<u>100%</u>

In case of a vote taken by a show of hands \*First Proxy A/ Second Proxy B shall vote on my/our behalf.

My/our proxies shall vote as follows:-

RESOLUTIONS	FIRST PROXY A		SECOND PROXY B	
	FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1				
Ordinary Resolution 2				
Ordinary Resolution 3				
Ordinary Resolution 4				

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote or abstain from voting at his/their discretion.)

Dated this ..... day of .....

Signature(s) / Common Seal of Shareholder(s)

#### Notes:

A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his / her stead. A proxy may but need not be a member of the Company. A member shall be entitled to appoint more than one proxy subject to Section 149(1)(c) of the Companies Act, 1965. The provision in Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. The Form of Proxy must be deposited at the Registered Office of the Company at Block B1, Level 9, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Fold the line for sending

Affix  
Stamp  
Here

The Company Secretary  
**MBf CORPORATION BERHAD**(575672-X)  
Block B1, Level 9,  
Pusat Dagang Setia Jaya  
(Leisure Commerce Square),  
No. 9, Jalan PJS 8/9, 46150 Petaling Jaya,  
Selangor Darul Ehsan

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**MBf Corporation Berhad** (575672-X)

Block B1, Level 9, Pusat Dagang Setia Jaya, (Leisure Commerce Square)  
No.9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan