

# FINANCIAL STATEMENTS

MBf Holdings Berhad

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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 2009.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its group of companies.

The principal activities of the Group are described in Notes 46 and 47 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year other than as disclosed in Note 48 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year	109,807	48,162
Attributable to:		
Equity holders of the Company	106,514	48,162
Minority interests	3,293	-
	<u>109,807</u>	<u>48,162</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

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 other than the write back of debts and interests and reversal of provision for liabilities of the Group and of the Company, amounting to RM61,263,000 and RM10,403,000 respectively, arising from a legal settlement as disclosed in Note 48(b) and Note 4 to the financial statements.

## DIVIDENDS

No dividend has been paid by the Company since the end of the previous financial year.

As further elaborated in Note 49(a), at the Extraordinary General Meeting ("EGM") held on 27 April 2010 to seek shareholders approval on the proposed privatisation of the Company via a selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 ("Proposed SCR"), in response to the request of the minority shareholders for a special dividend, the Board had requested for Tan Sri Datuk Dr Ninian Mogan Lourdenadin ("TSDDNML"), being the representative of the Major Shareholders, to consider supporting a dividend proposal by the Board as a parting gift to the minority shareholders. TSDDNML agreed to support a proposed final gross dividend of 10 sen per ordinary share, subject to the Proposed SCR being approved at the EGM.

Hence, the Board of Directors have agreed to propose a final gross dividend in respect of the financial year ended 31 December 2009, of 10 sen per share less 25 percent taxation on 570,050,000 ordinary shares, amounting to approximately RM42,754,000 (representing 7.5 sen net per share). The proposed final dividend is subject to shareholders' approval at the Company's forthcoming Annual General Meeting ("AGM"). The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend when approved by the shareholders, will be accounted for in the equity as an appropriation of retained earnings during the financial year ending 31 December 2010.

The Proposed SCR was not approved by the minority shareholders at the EGM.

## 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:

Lee Chaing Huat  
 Tan Sri Datuk Dr. Ninian Mogan Lourdenadin  
 Susan A/P Rajanayagam  
 Martin Richard Haeger  
 Datuk Azizan bin Abd Rahman  
 Abdul Rahman bin Achmed

## 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 was a party, whereby directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate other than those disclosed in directors' interest.

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 or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) 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, except for those benefits which may be deemed to have arisen by virtue of those contracts, agreements and transactions entered into in the ordinary course of business between the Company or its subsidiaries and companies in which the directors are deemed to have financial interest as disclosed in Note 45 to the financial statements.

**DIRECTORS' INTERESTS**

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

	----- Number of Ordinary Shares of RM1 each -----			
	At 1.1.2009	Acquired	Sold	At 31.12.2009
<b>(a) Ordinary Shares</b>				
<b>The Company</b>				
<b>Direct interest</b>				
Susan A/P Rajanayagam	100,000	-	(100,000)	-
Martin Richard Haeger	1,121,422	-	-	1,121,422
Datuk Azizan bin Abd Rahman	11,686,968	-	-	11,686,968
Abdul Rahman bin Achmed	5,000	-	-	5,000
<b>Indirect interest</b>				
Tan Sri Datuk Dr. Ninian Mogan Lourdenadin	412,397,984	38,675,269	-	451,073,253
Martin Richard Haeger	915,271	-	-	915,271

	----- Number of Warrants 2003/2013 -----			
	At 1.1.2009	Acquired	Exercised	At 31.12.2009
<b>(b) Warrants</b>				
<b>The Company</b>				
<b>Direct interest</b>				
Susan A/P Rajanayagam	1,000,000	-	-	1,000,000
Martin Richard Haeger	526,222	-	-	526,222
Datuk Azizan bin Abd Rahman	519,085	-	-	519,085
<b>Indirect interest</b>				
Tan Sri Datuk Dr. Ninian Mogan Lourdenadin	210,623,115	3,735,428	-	214,358,543
Martin Richard Haeger	557,177	-	-	557,177

	Principal amount of United States Dollar ("USD") denominated Redeemable Convertible Secured Loan ----- Stocks ("RCSLS") 2003/2013 -----			
	At 1.1.2009	Acquired	Sold	At 31.12.2009
<b>(c) RCSLS A</b>				
<b>Subsidiary</b> <b>- Wellink Investments Limited</b>				
<b>Direct interest</b>				
Martin Richard Haeger	59,559	-	-	59,559
Datuk Azizan bin Abd Rahman	70,069	-	-	70,069
<b>Indirect interest</b>				
Tan Sri Datuk Dr. Ninian Mogan Lourdenadin	13,868,198	600,241	-	14,468,439
Martin Richard Haeger	63,063	-	-	63,063
<b>(d) RCSLS B</b>				
<b>Subsidiary</b> <b>- Onglory Holdings Limited</b>				
<b>Direct interest</b>				
Martin Richard Haeger	29,754	-	-	29,754
Datuk Azizan bin Abd Rahman	35,004	-	-	35,004
<b>Indirect interest</b>				
Tan Sri Datuk Dr. Ninian Mogan Lourdenadin	1,948,802	541,356	-	2,490,158
Martin Richard Haeger	31,505	-	-	31,505

The features of the RCSLS are disclosed in Note 35 to the financial statements.

By virtue of his interest in the shares of the Company, Tan Sri Datuk Dr. Ninian Mogan Lourdenadin is also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares, warrants and debentures in the Company or its related corporations during the financial year.

**WARRANTS**

On 30 June 2003, as part of its Scheme of Arrangement ("SOA"), the Company issued 11,509,106 warrants to the shareholders of the Company on the basis of one warrant for every five new shares held upon completion of the Reduction and Consolidation of Share Capital and 253,554,710 warrants to the lenders pursuant to the implementation of the SOA. Each warrant entitles its holder to subscribe for one new share at an exercise price of RM1 per share or such adjusted price as may be applicable during the time of exercise of rights which shall be at any time before the maturity date on 19 May 2013. All warrants not exercised by the maturity date shall lapse and shall become null and void.

During the financial year, 100 warrants were exercised and the number of warrants in issue as at 31 December 2009 was 265,063,646. Subsequent to year end, there was a conversion of 30 warrants to an equal number of ordinary shares of RM1.00 each as disclosed in Note 49(b).

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; 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.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and 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) 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:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
- (ii) 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 or of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS**

Details of significant events are disclosed in Note 48 to the financial statements.

**SUBSEQUENT EVENTS**

Details of subsequent events are disclosed in Note 49 to the financial statements.

**AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2010.

**Susan A/P Rajanayagam**

**Martin Richard Haeger**

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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MBf Holdings Berhad

We, Susan A/P Rajanayagam and Martin Richard Haeger, being two of the directors of MBf Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 49 to 153 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2010.

Susan A/P Rajanayagam

Martin Richard Haeger

# STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Chong Siew Hoong, being the officer primarily responsible for the financial management of MBf Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 153 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 **Chong Siew Hoong**  
at Kuala Lumpur in Wilayah Persekutuan  
on 28 April 2010

**Chong Siew Hoong**

Before me,

**R. Vasugi Ammal, PJK**  
No. W480  
Commissioner For Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MBf HOLDINGS BERHAD (Incorporated in Malaysia)

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## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MBf Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 153.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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.

## OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

## 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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MBf HOLDINGS BERHAD (Incorporated in Malaysia)

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MBf Holdings Berhad

# INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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- (b) We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 46 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## OTHER MATTERS

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

**Ernst & Young**  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
28 April 2010

**George Koshy**  
No. 1846/07/11(J)  
Chartered Accountant

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	3	1,891,204	2,062,482	57,137	39,585
Other income	4	115,957	113,782	38,872	12,726
Changes in inventories of finished goods and work in progress		(3,736)	40,414	-	-
Raw materials and consumables used		(205,201)	(223,784)	-	-
Finished goods purchased		(1,062,780)	(1,231,969)	-	-
Depreciation and amortisation	5	(54,856)	(52,869)	(687)	(679)
Staff costs	6	(205,641)	(192,603)	(5,943)	(5,740)
Other expenses	8	(260,756)	(290,927)	(25,878)	(10,162)
Profit from operations		214,191	224,526	63,501	35,730
Finance costs	9	(76,566)	(91,277)	(7,128)	(12,337)
Share of results of associates		2,653	(1,936)	-	-
Profit before tax		140,278	131,313	56,373	23,393
Income tax expense	10	(30,471)	(35,684)	(8,211)	(5,128)
Profit for the year		109,807	95,629	48,162	18,265
Attributable to:					
Equity holders of the Company		106,514	93,903	48,162	18,265
Minority interests		3,293	1,726	-	-
		109,807	95,629	48,162	18,265
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11	18.7	16.5		
Diluted, for profit for the year	11	16.5	15.0		

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

# BALANCE SHEETS

AS AT 31 DECEMBER 2009

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MBf Holdings Berhad

# BALANCE SHEETS

AS AT 31 DECEMBER 2009

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	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	457,699	465,774	4,325	1,373
Land held for development	13	24,615	27,441	-	-
Investment properties	14	100,061	103,379	17,103	17,311
Prepaid land lease payments	15	49,251	44,628	589	593
Intangible assets	16	30,350	30,060	-	-
Self-generating and regenerating assets	17	10,053	12,346	-	-
Investment in subsidiaries	18	-	-	192,265	186,674
Interest in associates	19	7,168	4,515	14	24
Long term receivables	20	14,878	16,906	-	-
Other investments	21	10,687	14,475	1,064	1,500
Deferred tax assets	22	17,705	20,585	-	-
		<b>722,467</b>	<b>740,109</b>	<b>215,360</b>	<b>207,475</b>
<b>Current assets</b>					
Inventories	23	341,941	354,797	-	-
Trade receivables	24	676,937	782,637	-	-
Other receivables	25	86,886	109,663	231	2,618
Tax recoverable		13,565	12,502	11,901	10,346
Amount due from subsidiaries	26	-	-	94,095	87,446
Amount due from associates	27	32	7	-	7
Amount due from non-consolidated subsidiaries	28	-	-	-	-
Cash and bank balances	29	309,923	217,569	19,419	10,522
		<b>1,429,284</b>	<b>1,477,175</b>	<b>125,646</b>	<b>110,939</b>
<b>TOTAL ASSETS</b>		<b>2,151,751</b>	<b>2,217,284</b>	<b>341,006</b>	<b>318,414</b>

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	30	570,050	570,050	570,050	570,050
Reserves		30,907	(57,325)	(476,314)	(524,476)
Shareholders' equity		<b>600,957</b>	<b>512,725</b>	<b>93,736</b>	<b>45,574</b>
Minority interests		16,288	13,364	-	-
<b>Total equity</b>		<b>617,245</b>	<b>526,089</b>	<b>93,736</b>	<b>45,574</b>
<b>Non-current liabilities</b>					
Provision for liabilities	31	4,087	4,011	-	-
Borrowings	32	209,344	243,873	7,750	16,143
Other payables	38	4,375	-	4,375	-
Secured bonds	34	43,491	55,302	-	-
Redeemable Convertible Secured Loan Stocks	35	8,991	10,669	-	-
Deferred leasing income	36	7,642	6,815	-	-
Deferred tax liabilities	22	35,795	32,744	-	-
		<b>313,725</b>	<b>353,414</b>	<b>12,125</b>	<b>16,143</b>
<b>Current liabilities</b>					
Borrowings	32	809,194	808,294	15,935	17,223
Trade payables	37	205,151	203,679	-	-
Other payables	38	121,215	215,725	8,287	6,557
Provision for liabilities	31	66,075	68,689	45,392	45,909
Amount due to subsidiaries	39	-	-	165,531	187,008
Amount due to associates	40	71	438	-	-
Income tax payable		19,075	40,956	-	-
		<b>1,220,781</b>	<b>1,337,781</b>	<b>235,145</b>	<b>256,697</b>
<b>Total liabilities</b>		<b>1,534,506</b>	<b>1,691,195</b>	<b>247,270</b>	<b>272,840</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,151,751</b>	<b>2,217,284</b>	<b>341,006</b>	<b>318,414</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

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MBf Holdings Berhad

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

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	<---Attributable to equity holders of the Company--->					Minority interests RM'000	Total equity RM'000
	<-Non-distributable->				Total RM'000		
	Share capital (Note 30) RM'000	Equity portion of RCSLS* (Note 41) RM'000	Other reserves (Note 41) RM'000	Accumulated losses RM'000			
<b>Group</b>							
<b>At 1 January 2008</b>	570,050	75,536	(6,554)	(227,542)	411,490	10,457	421,947
Foreign currency translation	-	-	7,332	-	7,332	1,181	8,513
Transfer from/(to) income statement	-	216	290	(506)	-	-	-
Net income/(expense) recognised directly in equity	-	216	7,622	(506)	7,332	1,181	8,513
Profit for the year	-	-	-	93,903	93,903	1,726	95,629
Total recognised income for the year	-	216	7,622	93,397	101,235	2,907	104,142
<b>At 31 December 2008</b>	570,050	75,752	1,068	(134,145)	512,725	13,364	526,089
<b>At 1 January 2009</b>	570,050	75,752	1,068	(134,145)	512,725	13,364	526,089
Foreign currency translation	-	-	(18,282)	-	(18,282)	(247)	(18,529)
Dividend paid to minority interest	-	-	-	-	-	(122)	(122)
Transfer from/(to) income statement	-	532	88	(620)	-	-	-
Net income/(expense) recognised directly in equity	-	532	(18,194)	(620)	(18,282)	(369)	(18,651)
Profit for the year	-	-	-	106,514	106,514	3,293	109,807
Total recognised income/(expense) for the year	-	532	(18,194)	105,894	88,232	2,924	91,156
<b>At 31 December 2009</b>	570,050	76,284	(17,126)	(28,251)	600,957	16,288	617,245

\* RCSLS: Redeemable Convertible Secured Loan Stocks

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

	Share capital (Note 30) RM'000	Accumulated losses RM'000	Total RM'000
<b>Company</b>			
<b>At 1 January 2008</b>	570,050	(542,741)	27,309
Profit for the year	-	18,265	18,265
<b>At 31 December 2008</b>	570,050	(524,476)	45,574
Profit for the year	-	48,162	48,162
<b>At 31 December 2009</b>	570,050	(476,314)	93,736

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

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MBf Holdings Berhad

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

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	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	140,278	131,313
Adjustments for:		
Bad debts written off	52	241
Depreciation and amortisation	54,856	52,869
Gross dividends received from other investments	(11)	(1,044)
Gain on deconsolidation of a subsidiary (Note 18(c)(i))	(4,446)	(853)
Gain on allocation of free unquoted shares to a subsidiary	-	(12,841)
Gain on disposal of		
- investment in quoted shares outside Malaysia	(600)	(32,823)
- property, plant and equipment	(85)	(311)
Interest expense	76,566	91,277
Interest income	(5,599)	(6,684)
Impairment of		
- property, plant and equipment	4,664	62
- investment in unquoted shares in Malaysia	436	-
- investment properties	39	751
- goodwill on consolidation	-	2,669
- interest in associates	-	666
- investment in unquoted shares outside Malaysia	-	279
- investment in quoted shares in Malaysia	-	15
Write off of property, plant and equipment	312	336
Provision for doubtful debts	43,342	48,297
Provision for liabilities	29,824	21,921
Net increase in net market value of self-generating and regenerating assets	(544)	(10,794)
Reversal of provision for liabilities	(10,668)	(2,523)
Reversal of provision for doubtful debts	(3,837)	(1,621)
Operating profit before working capital changes carried forward	324,579	281,202

	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit before working capital changes brought forward	324,579	281,202
Reversal of impairment on		
- investment in unquoted shares in Malaysia	-	(250)
- investment in quoted shares in Malaysia	(6)	-
Share of results of associates	(2,653)	1,936
Net unrealised foreign exchange (gain)/loss	(1,389)	3,918
Waiver of debts and interests	(51,106)	(1,643)
Write down of inventories	8,648	5,845
Operating profit before working capital changes	278,073	291,008
Decrease/(Increase) in receivables	75,925	(32,687)
Increase in inventories	(14,919)	(43,336)
Decrease in payables	(26,805)	(12,870)
Net changes in associates balances	(392)	(676)
Decrease in self-generating and regenerating assets	2,589	7,232
Decrease in provision for liabilities	(19,183)	(20,510)
Cash generated from operations	295,288	188,161
Interest paid	(73,758)	(78,775)
Taxes paid	(47,787)	(34,541)
Tax refund	1,040	3,666
Net cash generated from operating activities	174,783	78,511
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of		
- investment in quoted shares outside Malaysia	739	59,896
- property, plant and equipment	6,120	3,359
Dividends received from other investments	11	731
Interest received	5,858	1,722
Cash flows from investing activities carried forward	12,728	65,708

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

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MBf Holdings Berhad

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

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## CASH FLOWS FROM INVESTING ACTIVITIES

	2009 RM'000	2008 RM'000
Cash flows from investing activities brought forward	12,728	65,708
Purchase of		
- property, plant and equipment	(37,916)	(53,073)
- investment properties	(121)	(152)
- prepaid land lease payments	(2,460)	(3,415)
- other investment	-	(1,269)
Acquisition of subsidiaries, net of cash and cash equivalents acquired (Notes 18(b)(ii))	-	(15,392)
Dividend paid by subsidiary to minority interests	(122)	-
Deconsolidation of a subsidiary, net of cash and cash equivalents	-	(499)
Net cash used in investing activities	(27,891)	(8,092)

## CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of short term borrowings	(629,682)	(300,534)
Drawdown of short term borrowings	54,105	94,763
Repayment of hire purchase and lease payables	(29,258)	(50,184)
Redemption of secured bonds	(11,078)	-
Drawdown of long term borrowings	8,084	7,742
Proceeds from commercial papers	504,030	305,000
Net cash (used in)/generated from financing activities	(103,799)	56,787
<b>Net increase in cash and cash equivalents</b>	<b>43,093</b>	<b>127,206</b>
<b>Effect of exchange rate changes</b>	<b>5,855</b>	<b>(1,697)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>45,497</b>	<b>(80,012)</b>
<b>Cash and cash equivalents at end of year (Note 29)</b>	<b>94,445</b>	<b>45,497</b>

## CASH FLOWS FROM OPERATING ACTIVITIES

	2009 RM'000	2008 RM'000
Profit before taxation	56,373	23,393
Adjustments for:		
Depreciation and amortisation	687	679
Gain on disposal of property, plant and equipment	(17)	(18)
Gross dividends from subsidiaries	(53,425)	(34,459)
Impairment of		
- investment in subsidiary	6,114	-
- investment in unquoted shares in Malaysia	436	-
- interest in associate	10	26
- investment properties	-	751
Interest expense	7,128	12,337
Interest income	(4,218)	(9,652)
Provision for doubtful debts		
- subsidiaries	755	383
- other receivables	83	334
Provision for liabilities	10,342	533
Reversal of provision for doubtful debts		
- subsidiaries	(13,805)	(90)
- other receivables	(2,484)	(467)
Reversal of provision for liabilities	(10,157)	(520)
Waiver of debts and interests	(2,079)	-
Write off of property, plant and equipment	-	115
Net unrealised foreign exchange (gain)/loss	(1,144)	3,879
Operating loss before working capital changes	(5,401)	(2,776)
Decrease in receivables	4,973	824
Increase/(decrease) in payables	5,546	(12,732)
Net changes in associates balances	7	-
Net changes in intercompany balances	(26,233)	7,997
Cash used in operations	(21,108)	(6,687)
Tax refund	-	2,081
Interest paid	(1,489)	(2,418)
Net cash used in operating activities	(22,597)	(7,024)

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

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

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MBf Holdings Berhad

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

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## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is at Level 17, Menara MBf, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to its group of companies. The principal activities of the Group are described in Notes 46 and 47. There have been no significant changes in the nature of the principal activities during the financial year other than as disclosed in Note 48.

Related companies in the financial statements refer to member companies within the MBf Holdings Berhad group of companies.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2010.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### (a) Subsidiaries and basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment 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 included in the income statement.

## CASH FLOWS FROM INVESTING ACTIVITIES

	2009 RM'000	2008 RM'000
Purchase of property, plant and equipment	(2,429)	(218)
Purchase of investment in unquoted shares in Malaysia	-	(100)
Proceeds from disposal of property, plant and equipment	60	18
Dividends received from subsidiaries	43,659	26,503
Interest received	297	138
Net cash generated from investing activities	41,587	26,341

## CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of hire purchase	(1,998)	(1,425)
Repayment of short term borrowings	(9,033)	(10,380)
Drawdown of hire purchase	938	1,827
Net cash used in financing activities	(10,093)	(9,978)
<b>Net increase in cash and cash equivalents</b>	<b>8,897</b>	<b>9,339</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>10,522</b>	<b>1,183</b>
<b>Cash and cash equivalents at end of year (Note 29)</b>	<b>19,419</b>	<b>10,522</b>

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

Subsidiaries previously consolidated are deconsolidated at the point where the Group lost its control over such subsidiaries. Such subsidiaries are treated as investment in unconsolidated subsidiaries. The initial carrying amount is calculated using the equity method as at the date when the deconsolidation occurred and is regarded as cost thereafter.

### (b) Associates

Associates are entities in which the Group has significant influence and are neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the

Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

In the Company's financial statements, investment in associates are stated at cost less impairment losses.

On disposal of any such investments, the difference between the net disposal proceeds and their carrying amounts is included in the income statement.

### (c) Intangible assets

#### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity being sold.

#### (ii) Franchise

The Group's franchise was acquired through business combination. The useful life of the franchise is estimated to be indefinite as management believes there is no foreseeable limit to the period over which the franchise is expected to generate net cash flows to the Group. Franchise is stated at cost less any impairment losses. The franchise is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (d) 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 charged to the income statement during the financial period in which they are incurred.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings	1.25%	-	4.50%
Plant, machinery and electrical fittings	5%	-	25%
Motor vehicles	10%	-	33.33%
Furniture and fittings	7.50%	-	33.33%
Office equipment	8%	-	33.33%
Computer equipment	8%	-	33.33%
Renovation and improvements	10%	-	33.33%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

### (e) Land held for development

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less accumulated impairment losses, if any.

Land held for development is reclassified as property development at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

### (f) Investment properties

Investment properties are properties which are held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

No depreciation is provided on the freehold land as it has indefinite useful life.

Depreciation on investment properties is provided on a straight-line basis to write off the cost of each asset to its residual values over its estimated useful life at the annual rates of 2% to 3.33%.

Investment properties are derecognised when they are disposed off or when an 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 as profit or loss in the year in which they arise.

### (g) Self-Generating and Regenerating Assets ("SGARA")

SGARA are valued at fair value at each balance sheet date. Net increases or decreases in fair value of the SGARA less the costs associated with the maintenance and enhancement of the SGARA are recognised as revenue or expenses in the financial year.

SGARA harvested and held for resale are valued at fair value. Fair value is the amount which could be expected to be received from the disposal of the asset in an active and liquid market after deducting costs expected to be incurred in realising the proceeds of such a disposal. The value is the fair value immediately after harvesting or extraction less the associated costs.

Crops of coffee, tea, cocoa and coconuts are held as non-current assets and are valued at fair value, derived from the net present value of the cash flows expected to be generated by the crops discounted at a current market determined rate which reflects the risks associated with those assets. Livestock and timber-balsa are valued at net market value or at cost where no reliable indicator of fair value is available.

### (h) Installation contracts

Where the outcome of a heavy machinery installation contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of an installation contract cannot be reliably estimated, contract revenue is recognised to the extent of the contract costs incurred that are probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total costs incurred on an installation contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (i) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet 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, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, the 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.

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

### (j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out method, specific identification or average cost methods, where appropriate. The cost of raw materials comprises costs of purchases. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (k) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

#### (ii) Other non-current investments

Non-current investments other than investments in subsidiaries, associates and investment properties are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(i).

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

Investment in movies productions is initially recorded at cost and valued at a value expected to be recovered from the exploitation of the copyright in accordance with the respective Production Investment Agreements.

Unquoted shares allocated to a subsidiary are measured at the redemption price, as disclosed in Note 21.

#### (iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statements. On disposal of marketable securities, the difference between the net disposal proceeds and the carrying amount is also recognised in the income statement.

#### (iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### (vi) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

### (vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

### (viii) Redeemable convertible secured loan stocks ("RCSLS")

RCSLS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component, representing the conversion option is included in shareholders' equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of the equity component is not adjusted in subsequent periods.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible bond to the instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying value of the RCSLS.

### (ix) Warrants

Warrants issued are recognised in the financial statements as warrant reserve at their respective fair values as at the date of the issue.

### (x) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

### (xi) Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

## (l) Leases

### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(f)); and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

### (ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represents the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is consistent with that for the depreciable property, plant and equipment as described in Note 2.2(d).

**2. SIGNIFICANT ACCOUNTING POLICIES****(iii) Operating leases - the Group as lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives as provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values of these elements at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Leasehold land is amortised over the period of the respective leases ranging from 40 years to 99 years. In this connection, long term leasehold land refers to land with unexpired lease tenure of 50 years and above.

**(iv) Operating leases - the Group as lessor**

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the respective leases (Note 2.2(r)(ix)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**(m) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**(n) 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 balance sheet date.

Deferred tax is provided for, using the liability method. 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 credit can be utilised. Deferred tax is not recognised if the temporary difference arises from 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 balance sheet date. Deferred tax is recognised in the income statements for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

**(o) Provisions**

Provisions 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 balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

**(p) 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. Short term accumulating compensated absences such as paid annual leave and paid sick leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes.

**(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (q) 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 entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet 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 the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in the income statement in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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.

#### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

The principal exchange rates used for every unit of foreign currency ruling at balance sheet date are as follows:

	2009 RM	2008 RM
Australian Dollar	3.06	2.40
British Sterling Pound	5.50	5.01
Chinese Renminbi	0.50	0.51
Euro	4.91	4.90
Fijian Dollar	1.76	1.97
Hong Kong Dollar	0.44	0.45
Japanese Yen	0.04	0.04
New Zealand Dollar	2.47	2.00
Papua New Guinea Kina	1.29	1.32
Philippines Peso	0.07	0.07
Singapore Dollar	2.44	2.41
Solomon Island Dollar ("SI")	0.44	0.44
Thai Baht	0.10	0.10
Tonga Pa'anga	1.79	1.69
United States Dollar	3.42	3.47
Vanuatu Vatu	0.04	0.03

### (r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### (i) Installation contracts

Revenue from installation contracts is accounted for by the stage of completion method, as described in Note 2.2 (h).

#### (ii) Completed properties

Sale of completed properties is recognised when a deposit is received and the relevant sales and purchase agreement executed.

#### (iii) Factoring income

Factoring administration fee income is recognised upon acceptance of factored invoices while factoring discount income is recognised on accrual basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (iv) Sale of goods

Revenue is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards.

### (v) Interest in suspense

Interest income is not recognised in the income statement when it is anticipated that the debtors have no capability to repay the debts. The suspended interest is recognised on receipt basis.

### (vi) Financial services

- Card annual and renewal fees are recognised upon the issuance or renewal of cards to approved members.
- Cash advance fee is recognised upon billing to cardmembers.
- Line commission revenue is recognised upon collection from cardmembers by the line of credit provider.
- Discount revenue and interchange fees are recognised upon billing to/by merchants and inter-member banks.
- Interest income from line of credit facilities granted is recognised on an accrual basis. However, the recognition of such income is suspended when the cardmember receivable is in arrears for more than 3 months.
- Equipment rental income from merchants who do not fulfill their minimum business volume requirement is recognised rateably over the period of the equipment usage.
- Revenue from the sale of goods under the Easy Payment Plan (EPP) is recognised upon the transfer of significant risks and rewards of ownership to cardmembers. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

### (vii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

### (viii) Revenue from services and shipping operations

Revenue from services rendered and shipping operations which comprise shipping agency fees and dry dock repairs are recognised net of service taxes and discounts as and when the services are performed.

### (ix) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

### (x) Leasing and hire purchase income

Vehicles and equipment sold on guaranteed buy-back arrangements are accounted for as a financing transaction. The sale proceeds received are recorded as a liability and the difference between the sale proceeds and the buy-back price is recognised in revenue as lease income over the term of the agreement on an effective yield basis. The vehicles and equipment transferred are retained as an asset in the balance sheet and are depreciated to their buy-back amount, on a straight-line basis over the terms of the agreements.

Associated finance income is earned on an accrual basis under an effective annual yield method. However, where the instalments are in arrears for more than 3 months, interest income is suspended.

### (xi) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

### (xii) Management fees

Management fees are recognised when services are rendered.

### (xiii) Sales of agricultural products

Revenue from sale of agricultural products is recognised when the significant risk and rewards of ownership of the product have passed to the buyer.

### (xiv) Other revenue

Other revenue is recognised on an accrual basis.

## 2.3 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

### Effective for financial periods beginning on or after 1 July 2009

- FRS 8: Operating Segments

### Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation

## 2. SIGNIFICANT ACCOUNTING POLICIES

- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

### Effective for financial periods beginning on or after 1 March 2010

- Amendments to FRS 132: Financial Instruments: Classification of Rights Issues

### Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

### Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

#### FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

#### FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

#### FRS 8: Operating Segment

FRS 8 replaces FRS 114<sub>2004</sub>: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

#### FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instrument: Disclosure is a new Standard that requires new disclosure in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

## 2.4 Significant accounting estimates and judgements

### (a) Critical judgements made in applying accounting policies

#### (i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals and/or for capital appreciation.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property provided an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

### (ii) Adoption of Bank Negara Malaysia's Credit Card Guidelines on the estimation of provision for bad and doubtful debts

A subsidiary of the Group adopted the above guidelines, whereby:

- 50% of the outstanding amount for cardmembers accounts with ageing of more than 3 months but less than 6 months is provided for as specific provision; and
- 100% of the outstanding amount for cardmembers accounts with ageing of more than 6 months is provided for as specific provision; and
- 2% of the operating accounts and net balance of the outstanding amount for cardmembers account with ageing of more than 3 months but less than 6 months after the specific provision as mentioned above, as general provision.

Additional provision is also made for receivables where collection in full is improbable and there is a high risk of ultimate default; or if the amounts are deemed uncollectible and worthless, on the basis of relevant circumstances, such as credit card fraud.

The guidelines further state that interest income billed to the cardmember accounts but not collected will be clawback as interest in suspense when the accounts ageing are more than 3 months.

### (iii) Revenue recognition

During current financial year, a subsidiary in the Group has recognised RM3,117,000 (2008: RM2,297,000) as provision for card fees waiver based on management estimation of a percentage on current sales levels and average monthly card fees waiver. The provision is recognised for expected requests for fee waiver during current financial year, based on past monthly trend.

### (iv) Writeback of disputed payments

In the course of businesses of the Group, there are payments claimed by creditors/suppliers which are disputed. The management has established that five years should be of sufficient time to resolve such disputes. Unless these disputes have proceeded to litigation, all disputed payments unresolved after five years will be written back to the income statement. Consequent thereto, the Group has written back approximately RM1,122,000 (2008: RM1,115,000) during the financial year.

### (v) Operating leases - the Group as lessor

The Group had entered into commercial property leases with third parties on its property portfolio which were classified as property, plant and equipment or investment property. The Group had ascertained that it retains all significant risks and rewards of ownership of these properties which had been leased out as operating leases.

### (b) Key sources of estimation uncertainty

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

#### (i) Impairment of goodwill

The Group determines whether goodwill is impaired at least once a year. This requires an estimation of the value-in-use of cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires an estimate of the expected future cash flows from the CGU and the choice of a suitable discount rate in order to calculate the present value of those cash flows. During the year, the Group recognised impairment of goodwill amounting to RMNil (2008: RM2,669,000). The carrying amounts of goodwill as at 31 December 2009 was RM28,948,000 (2008: RM28,737,000). Further information is disclosed in Notes 16 and 18(b).

#### (ii) Depreciation of plant, machinery, computer equipment and electrical fittings

Plant, machinery, computer equipment and electrical fittings are depreciated on a straight line basis over their estimated useful lives. Management estimates the depreciation rate of these assets to be 5% to 33% per annum. The carrying amounts of the said assets for the Group as at 31 December 2009 was RM100,262,000 (2008: RM106,161,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant, machinery, computer equipment and electrical fittings. Therefore the future depreciation charge could be revised.

#### (iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management 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 deferred tax assets of the Group was RM17,705,000 (2008: RM20,585,000) and the unrecognised tax losses and capital allowances of the Group was RM298,232,000 (2008: RM344,466,000).

#### (iv) Fair value estimation and impairment assessment of MasterCard Inc. ("MCI") shares and Visa Inc. ("Visa") shares (Note 21)

A subsidiary of the Group received free allocation of unquoted shares from MCI ("MCI shares") and Visa ("Visa shares") in prior financial years, of which some of these MCI and Visa shares had been redeemed by MCI and Visa. The remaining MCI and Visa shares were valued at the redemption price of those shares being the closest available estimate of the fair value of these shares after being recognised as an asset of the Group.

## 2. SIGNIFICANT ACCOUNTING POLICIES

Surplus of fair value as at the balance sheet date over the carrying amounts of the remaining unquoted and quoted MCI and Visa shares amounting to RMNil (2008: RM475,000) and RM6,765,000 (2008: RM1,872,000) respectively were not recognised until the disposal of such shares.

### (v) Provision for liabilities

Provision for commitment in respect of anticipated losses arising from guarantees given for loan granted to certain deconsolidated and disposed subsidiaries are recognised after taking into account the following:

- Total potential liabilities including the interest accruing up to the balance sheet date. Proof of liabilities is based on actual guarantees issued or contractual agreements signed.
- The estimated recoverable amount of the securities pledged based on the latest information available.
- The likelihood of the outcome of the litigation, if any, based on the facts of the matters and legal avenue available to the Group.

### (vi) Contingent liabilities

The contingent liabilities of the Company are principally the possible obligations arising from guarantees given for loans granted to certain deconsolidated and disposed subsidiaries which are not recognised in the accounts as the crystallization of the contingent liabilities is not probable. Whilst certain lenders had initiated legal actions to recover from the Company as guarantor, the directors are of the opinion that adequate provisions had been accounted for based on the legal opinion sought.

The contingent liabilities arising from such guarantees extended in support of banking facilities granted to such deconsolidated and disposed subsidiaries as at 31 December 2009 was RM75,003,000 (2008: RM81,316,000).

### (vii) SGARA

In determining the fair value of the SGARA, the management has made the following assumptions:

#### (i) Fair value of crop plantations

As there is no suitable market evidence available to value the trees by reference to equivalent sales, the crop plantations are valued at fair value based on the net present value. The net present value was determined by the directors as the net present value of cash flows attributable to the trees discounted at a rate which reflected the risks associated with applicable cash flow streams.

In determining the net market value of the crops plantations, the following assumptions were used:

- Coffee reaches maturity in 5 years and will be productive for at least 20 years.
- Tea reaches maturity in 4 to 5 years and will be productive for at least 20 years.
- Cocoa reaches maturity in 5 years and will be productive for at least 15 years.
- Coconuts reach maturity in 5 to 8 years and will be productive for at least 50 years.
- Balsa trees reach maturity in 4 years and is then harvested.

- Discount rate applied is 23% (2008: 23%) which reflects the agronomic and political risks.
- Market price inflated at 5% per annum for coconuts and cocoa, 3% per annum for coffee and 2% per annum for tea.
- Costs will inflate at 5% per annum.
- Average crop yields are used.
- Hectarage reduced annually for planned redevelopment work and natural reductions.

### (ii) Fair value of livestock

The fair value of livestock is determined with reference to the market value of the respective livestock.

### (viii) Impairment of investment

The Company determines the provision for impairment on investments in subsidiaries, if any, by evaluating the financial position of the subsidiaries.

## 3. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales of goods and services	1,359,109	1,435,916	-	-
Revenue from financial services	256,390	263,059	-	-
Revenue from sale of agricultural products	201,222	292,449	-	-
Revenue from shipping operations	22,385	23,748	-	-
Leasing and hire purchase income	26,264	24,128	-	-
Gross dividends from subsidiaries	-	-	53,425	34,459
Income from provision of management services	-	-	3,415	4,875
Rental income	16,812	14,513	297	251
Others	9,022	8,669	-	-
	<b>1,891,204</b>	<b>2,062,482</b>	<b>57,137</b>	<b>39,585</b>

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## 4. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bad debts recovered	10,980	8,376	215	1,634
Commission	3,801	4,372	-	-
Gross dividends from other investments	11	1,044	-	-
Interest income from				
- deposits with licensed banks and financial institutions	5,599	6,684	297	138
- advances to				
- subsidiaries	-	-	3,736	9,514
- others	-	-	185	-
Gain on deconsolidation of a subsidiary	4,446	853	-	-
Gain on allocation of free unquoted shares to a subsidiary	-	12,841	-	-
Gain on disposal of				
- investment in quoted shares outside Malaysia	600	32,823	-	-
- property, plant and equipment	213	859	17	18
Gain on foreign exchange				
- realised	9,926	6,293	145	247
- unrealised	3,178	186	5,726	-
Insurance claim recovered in excess of net carrying amount of investment property written off	-	591	-	-
Net increase in net market value of SGARA	544	10,794	-	-
Rental income	795	874	-	98
Reversal of provision for impairment on				
- investment in unquoted shares in Malaysia	-	250	-	-
- investment in quoted shares in Malaysia	6	-	-	-
Reversal of provision for doubtful debts				
- subsidiaries	-	-	13,805	90
- others	3,837	1,621	2,484	467
Reversal of provision for liabilities	511	2,523	-	520
Waiver of debts and interests				
- subsidiary	-	-	1,833	-
- others	-	1,643	-	-
Write back of debts and interests and reversal of provision for liabilities arising from MBf Leasing settlement	61,263	-	10,403	-

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## 5. DEPRECIATION AND AMORTISATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Depreciation of:				
- property, plant and equipment (Note 12)	51,188	49,414	475	467
- investment properties (Note 14)	2,989	2,858	208	208
Amortisation of prepaid land lease payments (Note 15)	679	597	4	4
	54,856	52,869	687	679

## 6. STAFF COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Wages and salaries	150,947	147,397	3,953	3,925
Bonus	9,975	8,910	1,237	1,177
Social security contributions	718	804	20	20
Employee benefits:				
- provision/(write-back) of short term accumulated compensated absences	3,614	4,475	-	(172)
- others	5,666	5,603	-	-
Defined contribution plans	10,424	11,264	475	477
Other staff related expenses	24,297	14,150	258	313
	205,641	192,603	5,943	5,740

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM5,705,000 (2008: RM5,582,000) and RM1,225,000 (2008: RM1,140,000) respectively as further disclosed in Note 7.

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## 7. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors' remuneration (Note 6)				
- Fees	439	189	-	-
- Other emoluments	5,266	5,393	1,225	1,140
	<b>5,705</b>	5,582	<b>1,225</b>	1,140
Non-executive directors' remuneration (Note 8)				
- Fees	266	249	206	189
Total directors' remuneration	<b>5,971</b>	5,831	<b>1,431</b>	1,329
Estimated money value of benefits-in-kind	440	474	39	48
Total (Note 45)	<b>6,411</b>	6,305	<b>1,470</b>	1,377

The details of remuneration received and receivable by directors of the Company during the financial year are as follows:

	Group		Company	
	2009	2008	2009	2008
Executive:				
Salaries and other emoluments	883	868	883	868
Fees	439	189	-	-
Bonus	210	150	210	150
Defined contribution plans	132	122	132	122
Estimated money value of benefits-in-kind	90	90	39	47
	<b>1,754</b>	1,419	<b>1,264</b>	1,187
Non-executive:				
Fees	266	249	206	189
Estimated money value of benefits-in-kind	-	1	-	1
	<b>266</b>	250	<b>206</b>	190
Total	<b>2,020</b>	1,669	<b>1,470</b>	1,377

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2009	2008
Executive directors:		
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	1	1
RM400,001 - RM450,000	1	-
RM700,001 - RM750,000	-	1
RM950,001 - RM1,000,000	1	-
Non-executive directors:		
Below RM50,000	-	1
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1

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## 8. OTHER EXPENSES

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Auditors' remuneration				
- statutory audits				
- current year	1,749	1,661	90	90
- (over)/under provision in prior years	-	(6)	-	7
- other services	204	455	41	150
Bad debts written off	52	241	-	-
Impairment losses				
- property, plant and equipment	4,664	62	-	-
- investment properties	39	751	-	751
- goodwill on consolidation (Note 16)	-	2,669	-	-
- interest in associates	-	666	10	26
- investment in unquoted shares in Malaysia	436	-	436	-
- investment in unquoted shares outside Malaysia	-	279	-	-
- investment in quoted shares in Malaysia	-	15	-	-
- investment in subsidiary	-	-	6,114	-
Lease rental	1,198	16	-	-
Loss on foreign exchange				
- realised	104	239	13	22
- unrealised	1,789	4,104	4,582	4,104
Loss on disposal of property, plant and equipment	128	548	-	-
Management fees paid/payable to a company in which a director of the Company has interest	1,118	1,127	-	-
Non-executive directors' remuneration (Note 7)	266	249	206	189
Performance based profit incentive fees paid/payable to a company in which a director of the Company has interest				
- current year	-	14,349	-	-
- underprovision in prior year	378	-	-	-
Provision for doubtful debts				
- subsidiaries	-	-	755	383
- others	43,342	48,297	83	334
Provision for liabilities	29,824	21,921	10,342	533
Rental of equipment	1,291	1,219	15	17
Rental of office premises				
- subsidiary	-	-	828	657
- others	18,212	17,044	-	-
Rental paid/payable to companies in which a director of the Company has interest	7,161	4,536	-	-
Write down of inventories	8,648	5,845	-	-
Write off of property, plant and equipment	312	336	-	115

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## 9. FINANCE COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest expense on :				
- RCLS (Note 35) :				
- accretion of premium	(532)	(216)	-	-
- interest expense	2,137	4,232	-	-
	1,605	4,016	-	-
- subsidiaries	-	-	6,165	9,789
- bank overdrafts	15,634	13,622	-	-
- hire purchase and finance lease	3,821	4,042	626	607
- term loans and revolving credits	23,536	24,109	337	1,797
- commercial papers/medium term notes	22,782	23,259	-	-
- secured bonds	336	1,481	-	-
- others	2,829	10,839	-	144
	70,543	81,368	7,128	12,337
Facilities procurement and other fees	2,663	5,070	-	-
Other bank charges and fees	3,360	4,839	-	-
	76,566	91,277	7,128	12,337

## 10. INCOME TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current income tax:				
Malaysian income tax	17,414	13,068	8,211	5,128
Foreign tax	7,041	27,491	-	-
	24,455	40,559	8,211	5,128
Under/(over)provision in prior years:				
Malaysian income tax	435	(407)	-	-
Foreign tax	(322)	(1,777)	-	-
	113	(2,184)	-	-
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	5,775	(2,923)	-	(12)
Relating to changes in tax rates	124	162	-	-
Underprovision in prior years	4	70	-	12
	5,903	(2,691)	-	-
	30,471	35,684	8,211	5,128

Current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries with a paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	: 20%
In excess of RM500,000 of chargeable income	: Malaysian corporate statutory tax rate

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However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, the said subsidiaries no longer qualify for the above preferential tax rates.

Taxation at other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expense applicable to profit before tax 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:

	2009 RM'000	2008 RM'000
<b>Group</b>		
Profit before tax	140,278	131,313
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	35,070	34,141
Effect of income subject to tax rate of 20%	-	16
Effect of different tax rates in other jurisdictions	(999)	3,364
Effect of changes in tax rates on opening balance of deferred tax	124	162
Income not subject to tax	(10,205)	(12,483)
Expenses not deductible for tax purposes	11,630	8,746
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	(9,420)	(2,858)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	1,287	6,710
Under/(over)provision of tax expense in prior years	117	(2,184)
Underprovision of deferred tax in prior years	2,867	70
Income tax expense for the year	30,471	35,684
<b>Company</b>		
Profit before tax	56,373	23,393
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	14,093	6,082
Income not subject to tax	(8,194)	(1,116)
Expenses not deductible for tax purposes	2,312	490
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	-	(394)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	-	66
Income tax expense for the year	8,211	5,128

Tax savings during the financial year arising from:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Utilisation of current year tax losses	45	1,952	-	494
Utilisation of previously unrecognised tax losses	37,588	2,477	-	594

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## 11. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares issued during the financial year.

	2009	2008
Profit attributable to ordinary equity holders of the Company (RM'000)	106,514	93,903
Weighted average number of ordinary shares in issue ('000)	570,050	570,050
Basic earnings per share (sen)	18.7	16.5

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all the potential ordinary shares, i.e. RCSLS. The amount of profit for the year is adjusted by the after-tax effect of interest expense recognised during the financial year which will be saved on conversion of all outstanding RCSLS into ordinary shares. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which will be issued on conversion of all the outstanding RCSLS into ordinary shares. The RCSLS are assumed to have been converted into ordinary shares at the beginning of the year.

	Group	
	2009 RM'000	2008 RM'000
Profit attributable to ordinary equity holders of the Company	106,514	93,903
RCSLS interest	1,605	4,016
Profit attributable to ordinary equity holders of the Company including assumed conversion	108,119	97,919
Weighted average number of ordinary shares in issue ('000)	570,050	570,050
Effects of dilution on all outstanding RCSLS ('000)	86,423	82,363
Adjusted weighted average number of ordinary shares in issue and issuable after conversion of all RCSLS ('000)	656,473	652,413
Diluted earnings per share (sen)*	16.5	15.0

\* The conversion of warrants (conversion price pre-determined at RM1.00 per ordinary share) into ordinary shares is anti-dilutive, and hence excluded in the calculation of diluted earnings per share.

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## 12. PROPERTY, PLANT AND EQUIPMENT

	*Land and buildings RM'000	Plant, machinery and electrical fittings RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment and computer equipment RM'000	Renovation and improvements RM'000	Renovation work-in-progress RM'000	Total RM'000
<b>Group</b>								
<b>At 31 December 2009</b>								
<b>Cost</b>								
At 1 January 2009	323,011	156,000	72,373	65,649	92,584	9,860	-	719,477
Additions	24,326	24,284	19,316	5,724	2,331	305	3,264	79,550
Disposals	(2,421)	(2,052)	(12,478)	(1,407)	(276)	-	-	(18,634)
Write off	-	-	-	(18)	(2,955)	(18)	-	(2,991)
Reclassification	(2,549)	2,549	-	42	(74)	32	-	-
Exchange differences	(21,754)	(3,299)	(3,810)	(6,274)	(421)	42	-	(35,516)
At 31 December 2009	320,613	177,482	75,401	63,716	91,189	10,221	3,264	741,886
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2009								
Accumulated depreciation	33,666	68,214	34,261	41,599	69,949	4,034	-	251,723
Accumulated impairment losses	1,889	77	14	-	-	-	-	1,980
	35,555	68,291	34,275	41,599	69,949	4,034	-	253,703
Depreciation charge for the year (Note 5)	5,214	16,984	13,286	5,006	9,328	1,370	-	51,188
Impairment loss (Note 8)	69	4,595	-	-	-	-	-	4,664
Disposals	(884)	(901)	(9,594)	(1,002)	(218)	-	-	(12,599)
Write off	-	-	-	(17)	(2,644)	(18)	-	(2,679)
Reclassification	(13)	13	-	41	(41)	-	-	-
Exchange differences	(1,653)	(1,480)	(2,424)	(4,356)	(216)	39	-	(10,090)
At 31 December 2009	38,288	87,502	35,543	41,271	76,158	5,425	-	284,187
Analysed as:								
Accumulated depreciation	36,330	82,881	35,529	41,271	76,158	5,425	-	277,594
Accumulated impairment losses	1,958	4,621	14	-	-	-	-	6,593
	38,288	87,502	35,543	41,271	76,158	5,425	-	284,187
<b>Net carrying amount</b>								
At 31 December 2009	282,325	89,980	39,858	22,445	15,031	4,796	3,264	457,699

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## 12. PROPERTY, PLANT AND EQUIPMENT

	*Land and buildings RM'000	Plant, machinery and electrical fittings RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment and computer equipment RM'000	Renovation and improvements RM'000	Renovation work-in-progress RM'000	Total RM'000
<b>Group</b>								
<b>At 31 December 2008</b>								
<b>Cost</b>								
At 1 January 2008	318,060	118,779	58,322	64,075	85,136	7,418	-	651,790
Acquisition of subsidiaries (Note 18 (b))	2,256	3,011	-	-	-	-	-	5,267
Additions	29,982	28,898	21,396	8,256	10,379	6,338	-	105,249
Disposals	(330)	(4,637)	(7,994)	(743)	(658)	-	-	(14,362)
Write off	-	-	-	(1,407)	(1,863)	(3,948)	-	(7,218)
Reclassification	(2,116)	2,116	-	-	-	-	-	-
Exchange differences	(9,759)	7,833	649	(4,532)	(410)	52	-	(6,167)
Transfer to investment properties (Note 14)	(15,082)	-	-	-	-	-	-	(15,082)
At 31 December 2008	323,011	156,000	72,373	65,649	92,584	9,860	-	719,477
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2008								
Accumulated depreciation	27,965	53,550	29,708	41,728	58,739	6,837	-	218,527
Accumulated impairment losses	1,827	77	14	-	-	-	-	1,918
	29,792	53,627	29,722	41,728	58,739	6,837	-	220,445
Depreciation charge for the year (Note 5)	5,543	13,354	11,201	4,992	13,432	892	-	49,414
Acquisition of subsidiaries (Note 18 (b))	-	681	-	-	-	-	-	681
Impairment loss (Note 8)	62	-	-	-	-	-	-	62
Disposals	(209)	(4,168)	(6,248)	(466)	(223)	-	-	(11,314)
Write off	-	-	-	(1,400)	(1,760)	(3,722)	-	(6,882)
Exchange differences	461	4,797	(400)	(3,255)	(239)	27	-	1,391
Transfer to investment properties (Note 14)	(94)	-	-	-	-	-	-	(94)
At 31 December 2008	35,555	68,291	34,275	41,599	69,949	4,034	-	253,703
<b>Analysed as:</b>								
Accumulated depreciation	33,666	68,214	34,261	41,599	69,949	4,034	-	251,723
Accumulated impairment losses	1,889	77	14	-	-	-	-	1,980
	35,555	68,291	34,275	41,599	69,949	4,034	-	253,703
<b>Net carrying amount</b>								
At 31 December 2008	287,456	87,709	38,098	24,050	22,635	5,826	-	465,774

# NOTES TO THE FINANCIAL STATEMENTS

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## \* Land and Buildings

	Freehold land RM'000	Buildings RM'000	Buildings-in-progress RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2009</b>				
<b>Cost</b>				
At 1 January 2009	34,463	287,514	1,034	323,011
Additions	225	22,173	1,928	24,326
Disposals	-	(2,421)	-	(2,421)
Reclassification	-	(1,625)	(924)	(2,549)
Exchange differences	(2,894)	(18,750)	(110)	(21,754)
At 31 December 2009	31,794	286,891	1,928	320,613
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2009				
Accumulated depreciation	-	33,666	-	33,666
Accumulated impairment losses	-	1,889	-	1,889
	-	35,555	-	35,555
Depreciation charge for the year	-	5,214	-	5,214
Impairment loss	-	69	-	69
Disposals	-	(884)	-	(884)
Reclassification	-	(13)	-	(13)
Exchange differences	-	(1,653)	-	(1,653)
At 31 December 2009	-	38,288	-	38,288
<b>Analysed as:</b>				
Accumulated depreciation	-	36,330	-	36,330
Accumulated impairment losses	-	1,958	-	1,958
	-	38,288	-	38,288
<b>Net carrying amount</b>				
At 31 December 2009	31,794	248,603	1,928	282,325

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## 12. PROPERTY, PLANT AND EQUIPMENT

### \* Land and Buildings

	Freehold land RM'000	Buildings RM'000	Buildings-in-progress RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2008</b>				
<b>Cost</b>				
At 1 January 2008	39,129	167,280	111,651	318,060
Acquisition of subsidiaries	-	2,256	-	2,256
Additions	-	27,740	2,242	29,982
Disposals	-	(330)	-	(330)
Reclassification	224	97,051	(99,391)	(2,116)
Exchange differences	(4,890)	2,962	(7,831)	(9,759)
Transfer to investment properties	-	(9,445)	(5,637)	(15,082)
At 31 December 2008	34,463	287,514	1,034	323,011
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2008				
Accumulated depreciation	-	27,965	-	27,965
Accumulated impairment losses	-	1,827	-	1,827
	-	29,792	-	29,792
Depreciation charge for the year	-	5,543	-	5,543
Impairment loss	-	62	-	62
Disposals	-	(209)	-	(209)
Exchange differences	-	461	-	461
Transfer to investment properties	-	(94)	-	(94)
At 31 December 2008	-	35,555	-	35,555
<b>Analysed as:</b>				
Accumulated depreciation	-	33,666	-	33,666
Accumulated impairment losses	-	1,889	-	1,889
	-	35,555	-	35,555
<b>Net carrying amount</b>				
At 31 December 2008	34,463	251,959	1,034	287,456

# NOTES TO THE FINANCIAL STATEMENTS

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	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment and computer equipment RM'000	Renovation and improvements RM'000	Renovation work-in-progress RM'000	Total RM'000
<b>Company</b>						
<b>At 31 December 2009</b>						
<b>Cost</b>						
At 1 January 2009	1,839	43	519	167	-	2,568
Additions	198	1	7	-	3,264	3,470
Disposal	(183)	-	-	-	-	(183)
At 31 December 2009	1,854	44	526	167	3,264	5,855
<b>Accumulated depreciation</b>						
At 1 January 2009	1,010	8	167	10	-	1,195
Depreciation charge for the year (Note 5)	357	4	96	18	-	475
Disposal	(140)	-	-	-	-	(140)
At 31 December 2009	1,227	12	263	28	-	1,530
<b>Net carrying amount</b>						
At 31 December 2009	627	32	263	139	3,264	4,325
<b>At 31 December 2008</b>						
<b>Cost</b>						
At 1 January 2008	1,875	53	736	180	-	2,844
Additions	-	12	68	138	-	218
Disposal	(36)	-	-	-	-	(36)
Write Off	-	(22)	(285)	(151)	-	(458)
At 31 December 2008	1,839	43	519	167	-	2,568
<b>Accumulated depreciation</b>						
At 1 January 2008	698	22	328	59	-	1,107
Depreciation charge for the year (Note 5)	348	4	100	15	-	467
Disposal	(36)	-	-	-	-	(36)
Write Off	-	(18)	(261)	(64)	-	(343)
At 31 December 2008	1,010	8	167	10	-	1,195
<b>Net carrying amount</b>						
At 31 December 2008	829	35	352	157	-	1,373

## 12. PROPERTY, PLANT AND EQUIPMENT

- (a) Net carrying amount of property, plant and equipment held under hire purchase and lease financing arrangements are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Plant, machinery and electrical fittings	22,836	19,297	-	-
Motor vehicles	34,090	30,072	627	829
Furniture and fittings	4,621	5,006	-	-
Office equipment and computer equipment	1,505	4,337	-	-
Renovation and improvements	2,067	2,575	-	-
Renovation work-in-progress	740	-	740	-
	<b>65,859</b>	<b>61,287</b>	<b>1,367</b>	<b>829</b>

- (b) The net carrying amount of property, plant and equipment pledged to financial institutions as securities for borrowings as disclosed in Note 32 is as follows:

	Group	
	2009 RM'000	2008 RM'000
Land and buildings	277,325	282,007
Plant, machinery and electrical fittings	59,813	60,969
Motor vehicles	4,777	7,048
Furniture and fittings	18,356	18,801
Office equipment and computer equipment	1,919	923
	<b>362,190</b>	<b>369,748</b>

- (c) During the current financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM79,550,000 (2008: RM105,249,000) and RM3,470,000 (2008: RM218,000) respectively, by way of the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash	37,916	53,073	2,429	218
Hire purchase and lease financing arrangements	25,978	36,600	938	-
Term loans	15,553	15,576	-	-
Deferred payment	103	-	103	-
	<b>79,550</b>	<b>105,249</b>	<b>3,470</b>	<b>218</b>

- (d) During current financial year, the Group carried out a review of the recoverable amount of the buildings owned by a subsidiary. The review was based on directors' estimates by reference to market evidence of transaction prices of similar properties and resulted in the recognition of an impairment loss of RM69,000 (2008: RM62,000).

- (e) The titles of buildings of the Group with net carrying amount of RM1,612,000 (2008: RM1,664,000) had not been transferred by the developer pending the subdivision of master title or issuance of strata titles. The directors are confident that the titles will be transferred to the Group in due course.

## 13. LAND HELD FOR DEVELOPMENT

	Freehold land RM'000	Leasehold land RM'000	Total RM'000
<b>Group</b>			
<b>At 31 December 2009</b>			
<b>Cost</b>			
At 1 January 2009	2,958	24,483	27,441
Additions	-	107	107
Exchange differences	(316)	(2,617)	(2,933)
At 31 December 2009	<b>2,642</b>	<b>21,973</b>	<b>24,615</b>
<b>At 31 December 2008</b>			
<b>Cost</b>			
At 1 January 2008	3,196	25,402	28,598
Additions	-	973	973
Exchange differences	(238)	(1,892)	(2,130)
At 31 December 2008	<b>2,958</b>	<b>24,483</b>	<b>27,441</b>

The freehold land and leasehold land of the Group with net carrying amount of RM2,642,000 (2008: RM2,958,000) and RM21,973,000 (2008: RM24,483,000) respectively are pledged to financial institutions as securities for borrowings as disclosed in Note 32.

The title of the leasehold land with net carrying amount of RM10,315,000 (2008: RM10,840,000) has not been issued by the authorities pending the completion of certain development works on the property. The directors are confident that the land title will be issued to the Group in due course.

## 14. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Net carrying amount</b>				
At 1 January	103,379	90,401	17,311	18,270
Additions	121	152	-	-
Depreciation charge for the year (Note 5)	(2,989)	(2,858)	(208)	(208)
Exchange differences	(411)	1,447	-	-
Impairment losses (Note 8)	(39)	(751)	-	(751)
Transfer from				
- property, plant and equipment (Note 12)	-	14,988	-	-
At 31 December	<b>100,061</b>	<b>103,379</b>	<b>17,103</b>	<b>17,311</b>

Investment properties comprise commercial properties and an apartment complex.

## 14. INVESTMENT PROPERTIES

- (a) As at 31 December 2009, the fair value of the investment properties of the Group and of the Company was estimated at RM113,779,000 (2008: RM120,718,000) and RM17,868,000 (2008: RM17,485,000) respectively. The fair value of certain investment properties of the Group based on an independent valuer's appraisal based on open market value amounted to RM82,188,000 (2008: RM90,233,000) while the remaining were estimated by the directors with reference to market evidence of transaction prices of similar properties which for the Group and for the Company amounted to RM31,591,000 (2008: RM30,485,000) and RM17,868,000 (2008: RM17,485,000) respectively.
- (b) Investment properties with an aggregate carrying amount of RM82,158,000 (2008: RM85,203,000) are pledged as securities for borrowings and secured bonds as disclosed in Notes 32 and 34 respectively.
- (c) An option to purchase an investment property of the Group and the Company with net carrying amount of RM7,200,000 (2008: RM7,200,000) has been granted to a creditor as part of the settlement agreement in respect of an unsecured margin account as disclosed in Note 32(e)(iii).
- (d) The titles of certain investment properties of the Group and of the Company with an aggregate carrying amount amounting to RM12,156,000 (2008: RM12,521,000) and RM9,844,000 (2008: RM10,050,000) respectively, have yet to be transferred by the developers pending the subdivision of the master titles or issuance of the strata titles. The directors are confident that these titles will be transferred to the Group or to the Company in due course.

## 15. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Net carrying amount</b>				
At 1 January	44,628	43,685	593	597
Additions	3,490	3,415	-	-
Amortisation for the year (Note 5)	(679)	(597)	(4)	(4)
Exchange differences	1,812	(1,875)	-	-
At 31 December	49,251	44,628	589	593
Analysed as:				
Long term leasehold land	24,593	24,600	589	593
Short term leasehold land	24,658	20,028	-	-
	49,251	44,628	589	593

Leasehold land with an aggregate carrying amount of RM43,894,000 (2008: RM41,283,000) is pledged as securities for borrowings as disclosed in Note 32.

The title of long term leasehold land of the Group with aggregate carrying amount of RM178,000 (2008: RM180,000) has yet to be transferred by the developer to the Group pending the subdivision of the master title. However, the directors are confident that the land title will be transferred to the Group in due course.

## 16. INTANGIBLE ASSETS

	Goodwill RM'000	Franchise RM'000	Total RM'000
<b>Group</b>			
<b>Cost</b>			
At 1 January 2008	28,865	-	28,865
Acquisition of subsidiaries (Note 18(b) (ii))	6,184	1,323	7,507
At 31 December 2008	35,049	1,323	36,372
<b>Foreign currency translation</b>	<b>211</b>	<b>79</b>	<b>290</b>
<b>At 31 December 2009</b>	<b>35,260</b>	<b>1,402</b>	<b>36,662</b>
<b>Accumulated impairment losses</b>			
At 1 January 2008	3,643	-	3,643
Impairment loss recognised in income statements (Note 8)	2,669	-	2,669
<b>At 31 December 2008/31 December 2009</b>	<b>6,312</b>	<b>-</b>	<b>6,312</b>
<b>Net carrying amount</b>			
<b>At 31 December 2009</b>	<b>28,948</b>	<b>1,402</b>	<b>30,350</b>
At 31 December 2008	28,737	1,323	30,060

### (a) Impairment loss recognised

The prior year's impairment of goodwill of RM2,669,000 arose from a subsidiary, Computech Electronics Ltd, whereby the excess of the cost of investment over the net assets acquired was written off because of the losses incurred of RM868,000 and difficult trading condition consequence of the global contraction in electronics consumption.

### (b) Impairment tests for goodwill

#### Allocation of goodwill

Goodwill has been allocated to the Group's CGU identified according to country of operation and business segment as follows:

	South Pacific Islands and Australia RM'000	Malaysia RM'000	Total RM'000
<b>At 31 December 2009</b>			
Card and payment services	-	25,222	25,222
Trading and manufacturing	3,726	-	3,726
	3,726	25,222	28,948
At 31 December 2008			
Card and payment services	-	25,222	25,222
Trading and manufacturing	3,515	-	3,515
	3,515	25,222	28,737

## 16. INTANGIBLE ASSETS

### Key assumptions used in value-in-use calculations

At balance sheet date, the management determines whether the carrying values of its non-financial assets are impaired. This involves measuring the receivable amount using the discounted cash flow (DCF) analysis considering the current market indicators, past trends and more recent performance and recent market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts. The DCFs performed by the management covers periods ranging between 5 and 10 years to reflect the maturity of the business development cycle as well as the industry growth potential.

#### (i) Budgeted revenue

The growth rates used to forecast the projected cash flows for the following year approximate the recent performance and/or budgets of the respective CGUs to reflect the growing momentum and economic effects arising from management's experience, strategies and directions. The growth rates used to extrapolate cash flows beyond the following year reflect the past experiences of the respective CGUs ranging between 5% and 24% (2008: 5% and 25%) and thereafter reflect a progressive decline, maintaining a minimum growth rate of 5% (2008: 5%).

#### (ii) Operating and capital expenses

These have been budgeted to be in tandem with the business volume at rates which are not significantly different from the previous years.

#### (iii) Operating environment

There will be no significant changes in the prevailing economic, political, legislation and regulatory conditions that may affect the activities or performance of the subsidiaries.

### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of these CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in the prevailing operating environment which impact the management is unable to ascertain.

## 17. SELF-GENERATING AND REGENERATING ASSETS

	Group	
	2009 RM'000	2008 RM'000
<b>At fair value</b>		
Crop plantations	3,430	3,646
Timber forest	2,255	3,916
Livestocks	4,368	4,784
	<b>10,053</b>	<b>12,346</b>

The crop plantations comprised 1,084 (2008: 1,084) hectares of coffee and 2,094 (2008: 2,094) hectares of tea situated in the Wahgi Valley of the Western Highlands in Papua New Guinea and 776 (2008: 783) hectares of cocoa and 2,202 (2008: 2,202) hectares of coconut palms on the New Britain Island in Papua New Guinea. The timber forest comprised 789 (2008: 638) hectares of balsa trees situated in the New Britain Island in Papua New Guinea.

There is no suitable market evidence available to value the trees by reference to equivalent sales. Consequently, the trees are valued at fair value based on net present value. The fair value of trees is determined by the directors as the net present value of cash flows attributable to the trees discounted at a rate which reflects the risks associated with applicable cash flow streams.

## 18. INVESTMENT IN SUBSIDIARIES

Note	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost		
- In Malaysia (e)	69,408	57,703
- Outside Malaysia (f)	155,590	155,590
	<b>224,998</b>	213,293
Less: Accumulated impairment losses	(32,733)	(26,619)
	<b>192,265</b>	186,674

(a) The Group's equity interests in the subsidiaries, their respective principal activities and countries of incorporation are disclosed in Note 46.

(b) Acquisition of subsidiaries

(i) On 30 December 2009, MBf Printing Industry Sdn Bhd, ("MBfPI") a wholly owned subsidiary company held through MBf Equities Sdn Bhd ("MBfE") was restructured to be held directly by the Company. The entire issued and paid up share capital of MBfPI of 3,000,000 ordinary shares of RM1 each was transferred from MBfE to the Company at a cash consideration of RM4,705,318 set off against the amount due from MBfE.

Thereafter the issued and paid-up share capital of MBfPI was increased to RM10,000,000 with the issuance of 7,000,000 ordinary shares to MBfH at RM1.00 each, satisfied by capitalising a sum of RM7,000,000 out of the amount due by MBfPI to the Company.

(ii) In the previous financial year, the Group acquired 100% equity interest in Computech Electronics Ltd. and Carpenters Vanuatu Holdings Limited and its group of subsidiaries.

The acquired subsidiaries had contributed the following results to the Group:

	2008 RM'000
Revenue	1,972
Loss for the year	(796)

Had the acquisitions occurred on 1 January 2008, the Group's revenue and loss for the year would have been RM6,832,000 and RM605,000 respectively.

## 18. INVESTMENT IN SUBSIDIARIES

The assets and liabilities arising from the acquisitions are as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment (Note 12)	4,586	4,586
Intangible assets - Franchise (Note 16)	1,323	1,323
Receivables	917	1,099
Inventories	3,033	3,033
Other current assets	33	33
Cash and bank balances	432	432
	<u>10,324</u>	<u>10,506</u>
Payables	(144)	(144)
Provision	(112)	(112)
Other current liabilities	(428)	(428)
	<u>(684)</u>	<u>(684)</u>
Fair value of net assets	9,640	<u>9,822</u>
Goodwill on acquisition (Note 16)	6,184	
Total cost of acquisitions	<u>15,824</u>	

**2008  
RM'000**

The cash outflow on the acquisitions is as follows:

Purchase consideration satisfied by cash	15,824
Cash and cash equivalents of subsidiaries acquired	(432)
Net cash outflow to the Group	<u>15,392</u>

### (c) Deconsolidation of a subsidiary

- (i) In the current financial year, the Group deconsolidated MBf Auto Corridor Sdn. Bhd., a 72.34% owned subsidiary of the Company which was placed under a Court Winding Up by a creditor as disclosed in Note 48(d).

The effects of the deconsolidation of the said subsidiary of the Group for the financial period up to the date of deconsolidation are as follows:

- (i) On the results of the Group

	<b>2009 Financial period up to date of deconsolidation RM'000</b>
Revenue	-
Loss before taxation	<u>(16)</u>

- (ii) On the financial position of the Group

	<b>At deconsolidation date RM'000</b>
Payables	(1,049)
Current tax payable	(3,397)
Net liabilities	<u>(4,446)</u>
Gain arising from the deconsolidation of the subsidiary (Note 4)	<u>4,446</u>
Cash outflow arising on deconsolidation of the subsidiary: Cash and cash equivalents of a deconsolidated subsidiary, representing net cash outflow on deconsolidation of interest in the subsidiary	<u>-</u>

- (ii) In the previous financial year, the Group deconsolidated Pacific Centre Sdn. Bhd., a wholly owned subsidiary of the Company which was placed under a Creditors' Voluntary Winding Up.

The effects of the deconsolidation of the said subsidiary of the Group for the financial period up to the date of deconsolidation are as follows:

- (i) On the results of the Group

	<b>2008 Financial period up to date of deconsolidation RM'000</b>
Revenue	-
Loss before taxation	<u>(10)</u>

- (ii) On the financial position of the Group

	<b>At deconsolidation date RM'000</b>
Receivables	2
Cash and bank balances	499
Payables	(1,093)
Current tax payable	(261)
Net liabilities	<u>(853)</u>
Gain arising from the deconsolidation of the subsidiary (Note 4)	<u>853</u>
Cash outflow arising on deconsolidation of the subsidiary: Cash and cash equivalents of a deconsolidated subsidiary, representing net cash outflow on deconsolidation of interest in the subsidiary	<u>499</u>

## 18. INVESTMENT IN SUBSIDIARIES

(d) Incorporation of subsidiaries

During the current financial year, the Group incorporated four (4) wholly owned subsidiaries, namely, BM Leasing (Solomon Island) Limited, Courts Home Maker (Solomon Island) Limited, Carpenters Hardware Limited and Carpenters Cash & Carry Limited which further details are disclosed in Note 48(a).

(e) Unquoted shares in Malaysia

Included herein is a 51% (2008: 51%) direct interest in a wholly owned subsidiary, MBF Cards (M'sia) Sdn. Bhd., with a carrying value of RM15,897,000 (2008: RM15,897,000) which is pledged to secure the USD RCCLS B as disclosed in Note 35(c)(j).

(f) Unquoted shares in Malaysia

This represents a 100% (2008: 100%) interest in MBf Carpenters Pty Limited of which 97.59% (2008: 97.59%) is pledged to secure the USD RCCLS A as disclosed in Note 35(c)(i).

## 19. INTEREST IN ASSOCIATES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	7,110	7,110	50	50
Amount due from associate	5,949	5,949	-	-
Deemed interest in associates	13,059	13,059	50	50
Share of post-acquisition reserves	(528)	(3,181)	-	-
	12,531	9,878	50	50
Less: Accumulated impairment losses	(5,363)	(5,363)	(36)	(26)
	7,168	4,515	14	24
Represented by:				
Share of net tangible assets	6,585	3,932		

The Group's equity interest in associates, their respective principal activities and countries of incorporation are disclosed in Note 47.

The amount due from associate is unsecured, non-interest bearing and is not repayable within 12 months.

The summarised financial information of the associates based on their management financial statements are as follows:

	2009 RM'000	2008 RM'000
<b>Assets and liabilities</b>		
Current assets	97,387	86,913
Non-current assets	25,506	28,645
Total assets	122,893	115,558
Current liabilities	99,781	106,571
Non-current liabilities	8,330	2,202
Total liabilities	108,111	108,773
<b>Results</b>		
Revenue	105,402	87,527
Profit/(loss) for the year	8,067	(4,141)

The Group has discontinued the recognition of its share of losses of certain associates because the share of losses of these associates have exceeded the Group's interest in the associates. The Group's share of loss for the year and losses cumulatively unrecognised is RM1,700 (2008: RM3,000) and RM378,000 (2008: RM371,000) respectively.

## 20. LONG TERM RECEIVABLE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade - hire purchase and finance lease receivables	17,588	19,606	-	-
Less: Unearned interest	(1,389)	(1,221)	-	-
Less: Provision for doubtful debts	(1,321)	(1,479)	-	-
Trade - hire purchase and finance lease receivables due after one year (Note 24)	14,878	16,906	-	-

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## 21. OTHER INVESTMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost				
- in Malaysia	2,934	1,776	1,757	1,757
- outside Malaysia	13,150	14,904	-	-
	16,084	16,680	1,757	1,757
Less: Accumulated impairment losses	(7,573)	(7,137)	(693)	(257)
Effect of exchange rate changes	436	348	-	-
	8,947	9,891	1,064	1,500
Quoted shares, at cost				
- in Malaysia	29	29	-	-
- outside Malaysia	1,726	39	-	-
	1,755	68	-	-
Less: Accumulated impairment losses	(15)	(21)	-	-
	1,740	47	-	-
Others	-	8,481	-	-
Less: Accumulated impairment losses	-	(4,380)	-	-
Effect of exchange rate changes	-	436	-	-
	-	4,537	-	-
	10,687	14,475	1,064	1,500

Movements in accumulated impairment losses are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost				
At beginning of the year	7,137	7,114	257	257
Provision made during the year	436	279	436	-
Reversal made during the year	-	(250)	-	-
Reclassification	-	(6)	-	-
At end of the year	7,573	7,137	693	257
Quoted shares, at cost				
At beginning of the year	21	-	-	-
Provision made during the year	-	15	-	-
Reversal made during the year	(6)	-	-	-
Reclassification	-	6	-	-
At end of the year	15	21	-	-
Others				
At beginning of the year	4,380	4,380	-	-
Written off during the year	(4,380)	-	-	-
At end of the year	-	4,380	-	-

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	Group	
	2009 RM'000	2008 RM'000
Market value		
- Quoted shares in Malaysia	14	8
- Quoted shares outside Malaysia	3,794	39
	3,808	47

Included in the unquoted shares outside Malaysia is an amount of RM3,938,000 (2008: RM5,766,000) attributable to the remaining shares allocated to a subsidiary which have to be converted to quoted shares before sale. These shares are valued at the redemption price of those shares which had been redeemed by the issuers, being the closest available estimate of the fair value of these shares.

The gain on free allocation of unquoted shares recognised during the year was RMNil (2008: RM12,841,000) (as disclosed in Note 4). In addition, the Group has recognised a gain on redemption of unquoted shares of RM600,000 (2008: RM13,344,000) (as disclosed in Note 4).

## 22. DEFERRED TAX

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	12,159	14,818	-	-
Recognised in the income statements (Note 10)	5,903	(2,691)	-	-
Exchange differences	28	32	-	-
At 31 December	18,090	12,159	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(17,705)	(20,585)	-	-
Deferred tax liabilities	35,795	32,744	-	-
	18,090	12,159	-	-

### Deferred tax assets of the Group:

	Provision for liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2009	(11,479)	(9,106)	(20,585)
Recognised in income statements	2,621	(937)	1,684
Exchange differences	707	489	1,196
At 31 December 2009	(8,151)	(9,554)	(17,705)
At 1 January 2008	(9,219)	(5,635)	(14,854)
Recognised in income statements	50	(5,658)	(5,608)
Reclassification	(2,563)	2,563	-
Exchange differences	253	(376)	(123)
At 31 December 2008	(11,479)	(9,106)	(20,585)

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## 22. DEFERRED TAX

### Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Receivables RM'000	Others RM'000	Total RM'000
At 1 January 2009	14,006	497	18,241	32,744
Recognised in income statements	(1,338)	(33)	5,590	4,219
Reclassification	18	-	(18)	-
Exchange differences	(214)	-	(954)	(1,168)
At 31 December 2009	12,472	464	22,859	35,795
At 1 January 2008	4,828	437	24,407	29,672
Recognised in income statements	705	60	2,152	2,917
Reclassification	7,600	-	(7,600)	-
Exchange differences	873	-	(718)	155
At 31 December 2008	14,006	497	18,241	32,744

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unused tax losses	274,214	310,814	-	-
Unabsorbed capital allowances	24,018	33,652	-	215
Other deductible temporary differences	3,016	2,598	-	38
	301,248	347,064	-	253

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries and the Company in which these items arose is subject to no substantial changes in shareholdings of the respective companies under the Income Tax Act, 1967 and guidelines issued by the tax authority. Included in the above are unused tax losses amounting to RM131,283,000 (2008: RM130,109,000) that arose in Papua New Guinea, Hong Kong and Australia and are available indefinitely for offset against future taxable profits of the respective foreign subsidiaries. Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses, or have ceased operation, or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

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## 23. INVENTORIES

	Group	
	2009 RM'000	2008 RM'000
<b>Cost</b>		
Raw materials	39,006	29,326
Work-in-progress	2,584	7,723
Finished goods	156,270	166,579
Consumables	179	1,749
	198,039	205,377
<b>Net realisable value</b>		
Work-in-progress	960	788
Finished goods	129,952	138,574
Consumables	2,628	953
SGARA	10,362	9,105
	143,902	149,420
<b>Total</b>	341,941	354,797

Finished goods comprise agricultural products, consumer products, heavy machinery, passenger vehicles and spare parts.

Inventories of the Group with an aggregate carrying amount of RM323,087,000 (2008: RM335,268,000) are pledged as securities for borrowings as disclosed in Note 32.

The cost of inventories recognised as an expense during the current financial year by the Group amounted to RM1,271,717,000 (2008: RM1,415,339,000).

## 24. TRADE RECEIVABLES

	Group	
	2009 RM'000	2008 RM'000
Trade receivables	198,182	215,283
Credit card receivables	480,571	577,791
Factored receivables	12,111	10,349
Hire purchase and finance lease receivables	50,895	66,746
	741,759	870,169
Less: Unearned interest	(11,199)	(11,699)
Less: Provision for doubtful debts	(38,745)	(58,927)
	691,815	799,543
<b>Analysed as:</b>		
Due within 12 months	676,937	782,637
Due after 12 months (Note 20)	14,878	16,906
	691,815	799,543

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## 24. TRADE RECEIVABLES

Movements in unearned interest are as follows:

	Group	
	2009 RM'000	2008 RM'000
At beginning of the year	11,699	13,715
Increase/(decrease) during the year	770	(1,061)
Exchange differences	(1,270)	(955)
At end of the year	11,199	11,699

Movements in provision for doubtful debts are as follows:

	Group	
	2009 RM'000	2008 RM'000
At beginning of the year	58,927	58,510
Provision made during the year	42,008	45,788
Reversal made during the year	(191)	(581)
Deconsolidation of a subsidiary	(5,874)	-
Written off during the year	(55,324)	(43,842)
Interest in suspense	56	(99)
Exchange differences	(857)	(849)
At end of financial year	38,745	58,927

The Group's primary exposure to credit risk arises through its trade receivables.

The Group's normal trade credit term ranges from 3 to 90 days (2008: 3 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the credit card receivables are RM394,245,000 (2008: RM419,981,000) where interest at rates ranging from 15% to 18% (2008: 15% to 18%) per annum is charged.

As at the balance sheet date, a subsidiary of the Group has to maintain a minimum of RM411,199,000 (2008: RM480,258,000) of cardmembers receivables (after specific provision), computed at 1.1 times the nominal value of the Commercial Paper ("CP") and Medium Term Notes ("MTN") drawdown, required per the terms of the CP/MTN programme as disclosed in Note 32.

A subsidiary of the Group provides consumer credit to their cardmembers under the Easy Payment Plan ("EPP") programme with instalment periods ranging from 3 to 24 months (2008: 3 to 43 months). The amount of unbilled balances for EPP balances as at 31 December 2009 amounted to RM25,013,000 (2008: RM63,238,000).

Each cardmember or customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of cardmembers and customers, there is no significant concentration of credit risk other than as disclosed above.

Other financial information on financial risk of trade receivables are disclosed in Note 51.

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## 25. OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits	32,693	46,009	15	15
Prepayments	12,522	11,129	-	431
Warranty and insurance claims	2,004	334	-	-
Amount due from former subsidiaries	-	151,894	-	131,959
Goods and services tax receivable	12,875	15,118	-	-
Cardmember line of credit *	7,737	8,534	-	-
Sundry receivables	43,126	56,878	351	2,999
	110,957	289,896	366	135,404
Less: Interest in suspense	(838)	(71,014)	-	(69,376)
Less: Provision for doubtful debts	(23,233)	(109,219)	(135)	(63,410)
	86,886	109,663	231	2,618

\* Cardmember line of credit represents amount due from an external line of credit provider which is a licensed bank for the reimbursement of cardmember spending.

Movements in interest in suspense are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of the year	71,014	71,143	69,376	69,376
Interest suspended during the year	30	31	-	-
Written off during the year	(70,206)	(160)	(69,376)	-
At end of the year	838	71,014	-	69,376

Movements in provision for doubtful debts are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of the year	109,219	109,730	63,410	63,359
Provision made during the year	1,251	2,428	-	254
Reversal made during the year	(3,646)	(1,040)	(2,484)	(467)
Written off during the year	(83,684)	(1,987)	(60,791)	(1,977)
Reclassification	-	2,241	-	2,241
Deconsolidation of subsidiaries	(3)	(1,441)	-	-
Exchange differences	96	(712)	-	-
At end of the year	23,233	109,219	135	63,410

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Other financial information on financial risk of other receivables are disclosed in Note 51.

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## 26. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
Amount due from subsidiaries	669,137	910,530
Less: Interest in suspense	(5,955)	(19,622)
Less: Management fee in suspense	(1,440)	(672)
	<b>661,742</b>	<b>890,236</b>
Less: Provision for doubtful debts	(567,647)	(802,790)
	<b>94,095</b>	<b>87,446</b>
Movements in interest in suspense are as follows:		
At beginning of the year	19,622	23,167
Interest suspended during the year	547	2,273
Written off during the year	(14,214)	(5,818)
At end of the year	<b>5,955</b>	<b>19,622</b>
Movements in management fee in suspense are as follows:		
At beginning of the year	672	517
Management fee suspended during the year	1,440	155
Reversal made during the year	(10)	-
Written off during the year	(662)	-
At end of the year	<b>1,440</b>	<b>672</b>
Movements in provision for doubtful debts are as follows:		
At beginning of the year	802,790	779,958
Provision made during the year	755	383
Reversal made during the year	(13,805)	(90)
Written off during the year	(215,668)	-
Exchange differences	(6,425)	22,539
At end of the year	<b>567,647</b>	<b>802,790</b>

The amount due from subsidiaries are unsecured, have no fixed terms of repayment, and non-interest bearing other than RM79,842,000 (2008: RM91,511,000), which attracted effective interest rate at balance sheet date of 4.21% (2008: 5.32%) per annum.

During the current financial year, an amount of RM7,000,000 due from a subsidiary, MBf Printing Industry Sdn Bhd, was capitalised as paid-up share capital in the company by the issuance of 7,000,000 ordinary shares of RM1 each.

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## 27. AMOUNT DUE FROM ASSOCIATES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount due from associates	3,056	3,485	-	7
Less: Provision for doubtful debts	(3,024)	(3,478)	-	-
	<b>32</b>	<b>7</b>	<b>-</b>	<b>7</b>

Movements in provision for doubtful debts are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of the year	3,478	3,752	-	-
Written off during the year	(75)	-	-	-
Exchange differences	(379)	(274)	-	-
At end of the year	<b>3,024</b>	<b>3,478</b>	<b>-</b>	<b>-</b>

The amount due from associates are unsecured, non-interest bearing and are repayable on demand.

## 28. AMOUNT DUE FROM NON-CONSOLIDATED SUBSIDIARIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount due from non-consolidated subsidiaries	20,190	284,871	19,609	281,770
Less: Interest-in-suspense	(42)	(95,215)	(30)	(95,203)
	<b>20,148</b>	<b>189,656</b>	<b>19,579</b>	<b>186,567</b>
Less: Provision for doubtful debts	(20,148)	(189,656)	(19,579)	(186,567)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Movements in interest in suspense are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of the year	95,215	96,276	95,203	96,263
Written off during the year	(95,173)	(1,061)	(95,173)	(1,060)
At end of the year	<b>42</b>	<b>95,215</b>	<b>30</b>	<b>95,203</b>

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## 28. AMOUNT DUE FROM NON-CONSOLIDATED SUBSIDIARIES

Movements in provision for doubtful debts are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of the year	189,656	193,359	186,567	189,925
Provision made during the year	83	81	83	81
Written off during the year	(169,591)	(3,438)	(167,071)	(3,439)
Deconsolidation of a subsidiary	-	(346)	-	-
At end of the year	20,148	189,656	19,579	186,567

The amount due from non-consolidated subsidiaries are unsecured, have no fixed terms of repayment and non-interest bearing.

## 29. CASH AND BANK BALANCES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash on hand and at banks	60,103	32,397	719	522
Deposits with				
- licensed banks	188,911	145,772	18,700	10,000
- other financial institutions	59,043	36,500	-	-
Statutory deposit	1,866	2,900	-	-
	309,923	217,569	19,419	10,522

Deposits with licensed banks of the Group amounting to RM152,364,000 (2008: RM124,785,000) are pledged as securities for borrowings as disclosed in Note 32.

Statutory deposit is maintained with the National Reserve Bank of Tonga pursuant to Section 39 of the Reserve Bank Act of Tonga and hence is not available for general use.

The average maturities of deposits at the end of the financial year are as follows:

	Group		Company	
	2009 Days	2008 Days	2009 Days	2008 Days
Licensed banks	175	181	16	4

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Other financial information on financial risk of cash and bank balances are disclosed in Note 51.

For the purpose of cash flow statements, cash and cash equivalents comprise the following at the balance sheet date:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	309,923	217,569	19,419	10,522
Less: Bank overdrafts (Note 32)	(215,478)	(172,072)	-	-
Total cash and cash equivalents	94,445	45,497	19,419	10,522

## 30. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
<b>Authorised share capital</b>				
1 January/31 December	1,500,000	1,500,000	1,500,000	1,500,000
<b>Issued and fully paid</b>				
1 January/31 December	570,050	570,050	570,050	570,050

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### (a) Warrants

On 30 June 2003, as part of its Scheme of Arrangement ("SOA"), the Company issued 11,509,106 warrants to the existing shareholders then of the Company on the basis of one warrant for every five new shares held upon completion of the Reduction and Consolidation of Share Capital and 253,554,710 warrants to the lenders pursuant to the implementation of the SOA. Each warrant entitles its holder to subscribe for one new share at an exercise price of RM1 per share or such adjusted price as may be applicable during the time of exercise of rights which shall be at any time before the maturity date on 19 May 2013. All warrants not exercised by the maturity date shall lapse and shall become null and void.

	Number of Warrants '000
At 1 January, 2009	265,064
Exercised during the year	*
At 31 December, 2009	265,064

\* 100 warrants exercised

## 31. PROVISION FOR LIABILITIES

Group	Provision for commitment arising from others	Employee benefits	Others	Total
	(Note (a)) RM'000	(Note (b)) RM'000	(Note (c)) RM'000	RM'000
<b>At 31 December 2009</b>				
At 1 January 2009	47,931	19,730	5,039	72,700
Additional provision	10,342	9,791	9,691	29,824
Utilisation of provision	(702)	(10,519)	(9,144)	(20,365)
Reversal of provision	(10,157)	(511)	-	(10,668)
Exchange differences	-	(1,147)	(182)	(1,329)
At 31 December 2009	47,414	17,344	5,404	70,162
<b>Current</b>	47,414	13,257	5,404	66,075
<b>Non-current:</b>				
- Later than 1 year and not later than 2 years	-	1,738	-	1,738
- Later than 2 years and not later than 5 years	-	1,064	-	1,064
- Later than 5 years	-	1,285	-	1,285
	-	4,087	-	4,087
<b>Total</b>	47,414	17,344	5,404	70,162
<b>At 31 December 2008</b>				
At 1 January 2008	49,296	18,952	4,759	73,007
Additional provision	184	10,993	10,744	21,921
Utilisation of provision	-	(9,677)	(10,722)	(20,399)
Reversal of provision	(1,549)	(915)	(59)	(2,523)
Exchange differences	-	377	317	694
At 31 December 2008	47,931	19,730	5,039	72,700
<b>Current</b>	47,931	15,719	5,039	68,689
<b>Non-current</b>				
- Later than 1 year and not later than 2 years	-	1,380	-	1,380
- Later than 2 years and not later than 5 years	-	2,631	-	2,631
	-	4,011	-	4,011
<b>Total</b>	47,931	19,730	5,039	72,700

Company	Provision for commitment arising from others	Employee benefits	Total
	(Note (a)) RM'000	(Note (b)) RM'000	RM'000
<b>Current</b>			
At 1 January 2009	45,909	-	45,909
Additional provision	10,342	-	10,342
Utilisation of provision	(702)	-	(702)
Reversal of provision	(10,157)	-	(10,157)
At 31 December 2009	45,392	-	45,392
At 1 January 2008	45,724	172	45,896
Additional provision	185	348	533
Reversal of provision	-	(520)	(520)
At 31 December 2008	45,909	-	45,909

### (a) Provision for commitment arising from others

This is in respect of anticipated losses arising from guarantees given for loans granted to certain deconsolidated and disposed subsidiaries.

### (b) Employee benefits

Provision for employee benefits is in respect of short term accumulating compensated absences such as paid annual leave and other employee benefits such as employee long service leave, severance payments and labour repatriation payments which are recognised when services are rendered by employees that increase their entitlement to future compensated absences.

### (c) Others

Included herein are provision for:

- (i) warranty claims under the motor vehicle warranty program of certain subsidiaries.
- (ii) insurance and levies in respect of forward contracts entered into by certain subsidiaries.

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## 32. BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Short term borrowings</b>				
Secured:				
Bank overdrafts (Note 29)	215,478	172,072	-	-
Revolving credits	128,782	97,162	-	-
Trust receipts and bankers' acceptances	7,377	6,666	-	-
Hire purchase and lease payables due within one year (Note 33)	16,510	15,763	2,235	1,402
Term loans	47,267	38,046	-	-
Portion of long term loans payable within one year	9,723	26,029	6,500	6,500
Commercial papers	367,649	348,100	-	-
Less: Unamortised discount	(3,792)	(1,653)	-	-
	363,857	346,447	-	-
Medium term notes	-	79,250	-	-
	788,994	781,435	8,735	7,902
Unsecured:				
Short term loans	-	5,063	-	526
Portion of long term loans payable within one year	13,000	14,596	-	1,595
Margin account	7,200	7,200	7,200	7,200
	20,200	26,859	7,200	9,321
	809,194	808,294	15,935	17,223
<b>Long term borrowings</b>				
Secured:				
Term loans	175,654	193,221	4,000	10,500
Hire purchase and lease payables due after one year (Note 33)	28,940	32,902	3,750	5,643
	204,594	226,123	7,750	16,143
Unsecured:				
Term loans	4,750	17,750	-	-
	209,344	243,873	7,750	16,143
<b>Total borrowings</b>				
Bank overdrafts (Note 29)	215,478	172,072	-	-
Revolving credits	128,782	97,162	-	-
Trust receipts and bankers' acceptances	7,377	6,666	-	-
Hire purchase and lease payables	45,450	48,665	5,985	7,045
Term loans	250,394	294,705	10,500	19,121
Commercial papers	363,857	346,447	-	-
Medium term notes	-	79,250	-	-
Margin account	7,200	7,200	7,200	7,200
	1,018,538	1,052,167	23,685	33,366

- (a) The effective interest rates of borrowings at the balance sheet date and the maturities of the borrowings are disclosed as per Note 51.
- (b) The term loans are principally secured by way of fixed charges over certain land and buildings as disclosed in Notes 12, 13, 14 and 15, floating charges over all other assets of certain subsidiaries of the Group, and corporate guarantee of the Company and certain subsidiaries.
- (c) The trust receipts and banker's acceptances are secured over certain fixed deposits as disclosed in Note 29, fixed charges over a leasehold land and buildings as disclosed in Notes 15 and 12 respectively, corporate guarantee of a subsidiary and the Company and the future dividends from the said subsidiary.
- (d) The revolving credits, bank overdrafts and certain term loans are secured by fixed deposits as disclosed in Note 29, fixed charges over certain property, plant and equipment, land held for development of the Group, as disclosed in Notes 12 and 13, and floating charges over all other assets of certain subsidiaries of the Group.
- (e) In prior year, the Company entered into a settlement agreement ("Agreement") with a lender in respect of an unsecured margin account. The salient terms of the Agreement are as follows:
- waiver of debts amounting to RM13,352,000 by the lender;
  - payment of 10% of the settlement sum amounting to RM800,000, which was paid on 28 June 2004; and
  - the balance of the settlement sum amounting to RM7,200,000 to be settled in cash within 6 months of the date of the agreement, failing which, the lender may exercise an option granted by the Company to acquire a parcel of land held for resale in lieu of full settlement of the balance monies as disclosed in Note 14. As of year end, the agreement was pending completion. Further case management was postponed from 5 March 2010 to 11 May 2010.
- (f) Term loans, bank overdrafts and revolving credits amounting to RM270,208,000 (2008: RM225,754,000) are secured by cross guarantees and negative pledges by certain subsidiaries.
- (g) A subsidiary had in prior financial years obtained term loans from Malaysia Debt Ventures Berhad, a wholly-owned subsidiary of the Minister of Finance Inc., under a project financing programme which focus was on the Information and Communications Technology and high growth sectors in Asia. These loans are secured by a corporate guarantee from the Company.
- (h) The RM600 million CP/MTN programme of a subsidiary is secured by first ranking charge over all present and future credit card receivables of the subsidiary at 1.1 times the nominal value of the CP/MTN drawdown and first ranking assignment of and charge over the subsidiary's title, benefits and interest in and to the Debt Service Reserve Account and Proceeds Account.
- As at 31 December 2009, RM367.65 million (2008: RM348.10 million) of CP and RMNil million (2008: RM79.25 million) of MTN with an average remaining maturity periods of 4 months (2008: 3 months) and Nil months (2008: 11 months) respectively, were utilised. The CP/MTN were drawdown to finance the subsidiary's own line of credit lending to cardmembers.
- (i) Other financial information on financial risk of borrowings are disclosed in Note 51.

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## 33. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Minimum hire purchase and lease payments:</b>				
Not later than 1 year	20,814	21,504	2,684	2,393
Later than 1 year and not later than 2 years	18,089	18,039	2,512	2,375
Later than 2 years and not later than 5 years	11,709	16,376	1,623	3,648
More than 5 years	102	-	-	-
	<b>50,714</b>	55,919	<b>6,819</b>	8,416
Less : Future finance charges	(5,264)	(7,254)	(834)	(1,371)
	<b>45,450</b>	48,665	<b>5,985</b>	7,045
<b>Analysis of present value of hire purchase and finance lease liabilities:</b>				
Not later than 1 year	16,510	15,763	2,235	1,402
Later than 1 year and not later than 2 years	16,101	17,120	2,263	1,779
Later than 2 years and not later than 5 years	12,839	15,782	1,487	3,864
	<b>45,450</b>	48,665	<b>5,985</b>	7,045
<b>Analysed as:</b>				
Due within 12 months (Note 32)	16,510	15,763	2,235	1,402
Due after 12 months (Note 32)	28,940	32,902	3,750	5,643
	<b>45,450</b>	48,665	<b>5,985</b>	7,045

The hire purchase and finance lease payables attracted interest during the year at the following range:

	2009	2008
Interest rates per annum	<u>2.18% - 10.45%</u>	<u>2.42% - 10.45%</u>

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## 34. SECURED BONDS

The secured bonds comprise USD12,700,000 (equivalent to RM43,491,000) (2008: USD15,935,000 (equivalent to RM55,302,000)) tax-exempt bonds ("the Bonds"), issued by a subsidiary, Crow Wood Terrace Associates, L.P. ("CWTA").

- The Bonds had been extended for a further 5 years in 2007 to fall due on 15 December 2020.
- The Bonds are secured by the property of CWTA as referred to in Note 14, assignment of leases and rents, and a credit enhancement agreement between CWTA and Redstone Partners II LLC ("Redstone"). As a credit enhancer for the Bonds, Redstone is entitled to a fee a fixed rate equivalent to 2.25% per annum on the outstanding principal balance of the Bonds net of the amount in certain reserves and escrow accounts.
- The Bonds attracted interest at weekly floating rates averaging 0.51% (2008: 2.62%) per annum and interest is payable on the first business day of each month.
- The Bonds agreement specifies that certain reserve and escrow accounts must be maintained by US Bank National Association (the "Trustee") and Redstone. The Trustee maintains a principal reserve fund which provides for monthly principal payments based on an underwriting rate over a 30-year amortisation period. Such payments may be applied against the principal of the Bonds on certain redemption dates.
- The Bonds agreement requires that at least 20% of the project units be set aside for low income tenants under low-income housing as defined in the Bonds agreement.

Movements in secured bonds are as follows:

	Group	
	2009 RM'000	2008 RM'000
At beginning of the year	55,302	52,705
Redemption made during the year	(11,078)	-
Exchange differences	(733)	2,597
At end of the year	<b>43,491</b>	55,302

## 35. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

The USD denominated RCSLS ("USD RCSLS A and B") were issued as part of the Scheme of Arrangement implemented by the Company and certain of its subsidiaries which was completed on 30 June 2003.

The liability component and the equity component of the USD RCSLS A and B (collectively known as "RCSLS") have been apportioned to reflect the fair value of the conversion option and its liability element. The RCSLS accounted for in the balance sheets of the Group is as follows:

	Group	
	2009 RM'000	2008 RM'000
USD RCSLS A	65,876	66,761
USD RCSLS B	19,401	19,662
Total RCSLS	85,277	86,423
Equity component	(70,100)	(70,100)
	15,177	16,323
Accretion of premium in income statements		
At 1 January	(5,654)	(5,438)
Recognised during the year (Note 9)	(532)	(216)
At 31 December	(6,186)	(5,654)
Coupon payable		
At 1 January	-	-
Recognised during the year (Note 9)	2,137	4,232
Paid during the year	(2,137)	(4,232)
At 31 December	-	-
Liability component at 31 December	8,991	10,669

- (a) Interest expense on the USD RCSLS are calculated on the effective yield basis by applying the coupon rate of 12% per annum for an equivalent non-convertible bond to the liability component of the RCSLS.
- (b) In prior years, the issuer of USD RCSLS B, Onglory Holdings Limited, had redeemed USD5,629,012 of the USD RCSLS B (equivalent to then RM21,369,000).
- (c) The principal terms of the USD RCSLS are as follows:

On 30 June 2003, two wholly owned subsidiaries of the Company, Wellink Investments Limited ("WIL") and Onglory Holdings Limited ("OHL") issued USD19,236,664 (equivalent to then RM73,003,000) of USD RCSLS A and USD11,294,335 (equivalent to then RM42,862,000) of USD RCSLS B respectively. At 31 December 2009 and 31 December 2008, the outstanding balance of the USD RCSLS A and USD RCSLS B were USD19,236,664 (RM65,876,000; 2008: RM66,761,000) and USD5,665,323 (RM19,401,000; 2008: RM19,662,000) respectively.

The terms of the USD RCSLS A and B are as follows:

- Conversion rights - the registered holders of the USD RCSLS A and B will have the option at any time during the conversion period to convert the USD RCSLS A and B at the conversion rate into new MBfH Shares.
- Conversion rate - each USD RCSLS A and B will entitle its holder to convert USD denominated RCSLS A and B equivalent to nominal amount of RM1.00 of USD RCSLS A and B for 1 new MBfH Shares. The conversion rate is subject to adjustments in certain circumstances under the terms and conditions of the Trust Deed.
- Conversion period - the USD RCSLS A and B shall be convertible into new MBfH Shares on any business day from the date of issue of the USD RCSLS A and B and until 15 days prior to the maturity date.
- Redemption - the USD RCSLS A and B can be redeemed by WIL and OHL at any time up to the end of the tenure from date of issue. Any balance of nominal amount of USD RCSLS A and B not redeemed on the maturity date will be automatically converted into new MBfH Shares at the conversion rate.
- Redemption rate - at 100% of the nominal amount of the USD RCSLS A and B.
- The USD RCSLS A and B are interest bearing at the London Interbank Offered Rate (LIBOR) for the first two years after the issue date and are payable on the second anniversary of the issue date on 30 June 2005. Thereafter, the interest rate will be increased by 0.5% for every year, up to LIBOR plus 1.5% in the fifth and subsequent years, and the interest will be payable on a quarterly basis commencing from three months after the second anniversary from the issue date on 30 September 2005.
- The USD RCSLS A and B shall mature upon the expiry of a 5 year period. In the event that WIL and OHL are not able to redeem the outstanding nominal amount of the USD RCSLS A and B at the end of the 5 year period, the tenure of the same shall be automatically extended for another 5 year period from 1 July 2008 to mature on 30 June 2013.
- The new MBfH Shares to be issued upon conversion of the USD RCSLS A and B shall upon allotment and issue, rank pari passu in all respect with the existing Company's shares of RM1.00 each including the entitlements to dividends, rights, allotments or other distributions except that they will not be entitled to:
  - any dividend in respect of the financial year preceding that in which the new MBfH Shares are issued; and
  - rights, allotments or other distributions, declared by the Company which entitlement date thereof precedes the relevant conversion date of the USD RCSLS A and B.
- The USD RCSLS A are guaranteed by the Company and secured against shares in a subsidiary, MBf Carpenters Pty Limited, of which the Company is the sole registered and beneficial owner as disclosed in Note 18.
- The USD RCSLS B are guaranteed by the Company and secured against shares in a subsidiary, MBF Cards (M'sia) Sdn. Bhd. which are registered and owned by the Company as disclosed in Note 18.

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## 36. DEFERRED LEASING INCOME

	Group	
	2009 RM'000	2008 RM'000
Representing deferred leasing income:		
Due within 1 year (Note 38)	14,720	11,977
Due between 1 to 5 years	7,642	6,815
	<b>22,362</b>	<b>18,792</b>

## 37. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 1 to 90 days (2008: 1 to 120 days).

## 38. OTHER PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred leasing income (Note 36)	14,720	11,977	-	-
Accruals	40,467	44,384	3,492	3,223
Due to MBf Leasing Sdn. Bhd.	6,875	58,487	6,875	658
Deposits payable	4,555	6,567	-	-
Goods and services tax payable	-	4,207	-	-
Advance from customers	11,102	11,828	-	-
Amount due to parties related to directors (Note 45)	13,803	35,505	-	-
Other payables	34,068	42,770	2,295	2,676
	<b>125,590</b>	<b>215,725</b>	<b>12,662</b>	<b>6,557</b>
Analysed as:				
Due within 1 year	121,215	215,725	8,287	6,557
Due between 1 to 2 years	4,375	-	4,375	-
	<b>125,590</b>	<b>215,725</b>	<b>12,662</b>	<b>6,557</b>

The amount due to MBf Leasing Sdn. Bhd. ("MBf Leasing") (an unrelated company) has been resolved through a legal settlement arrangement between the Company and MBf Leasing during the year. The details are as disclosed in Note 48(b) and the amount as at 31 December 2009 represents the balance of the settlement sum payable by the Company to the other.

The amount due to related parties by the Group of RM10,706,000 (2008: RM16,511,000) attracted interest at weighted average effective rate of 3.28% (2008: 8.75%) per annum. The remaining amounts due to related parties are unsecured and have no fixed terms of repayment.

Other financial information on financial risk of other payables are disclosed in Note 51.

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## 39. AMOUNT DUE TO SUBSIDIARIES

Included is an amount of RM145,776,000 (2008: RM150,920,000) which attracted interest at weighted average effective rate of 3.93% (2008: 5.92%) per annum. The remaining amount due to subsidiaries are interest free, unsecured and have no fixed terms of repayment.

During the year, an amount of RM1,833,000 (2008:RMNil) owing by the Company was waived by a subsidiary.

## 40. AMOUNT DUE TO ASSOCIATES

The amount due to associates are unsecured, interest free and have no fixed terms of repayment.

## 41. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group	
	2009 RM'000	2008 RM'000
Equity portion of RCSLS:		
Capital reserves	58,325	57,793
Warrant reserves	17,959	17,959
	<b>76,284</b>	<b>75,752</b>
Foreign currencies translation reserves	(20,999)	(2,720)
Capital reserves	3,873	3,788
	<b>(17,126)</b>	<b>1,068</b>
	<b>59,158</b>	<b>76,820</b>
The movements in each category of reserves are as follows:		
Equity portion of RCSLS:		
Capital reserves		
Balance at 1 January	57,793	57,577
Transfer from income statements	532	216
Balance at 31 December	<b>58,325</b>	<b>57,793</b>
Warrant reserves		
Balance at 1 January/31 December	<b>17,959</b>	<b>17,959</b>
Foreign currencies translation reserves		
Balance at 1 January	(2,720)	(9,871)
Translation (loss)/gain	(18,279)	7,151
Balance at 31 December	<b>(20,999)</b>	<b>(2,720)</b>
Capital reserves		
Balance at 1 January	3,788	3,317
Transfer from income statements	88	290
Transfer (to)/from exchange reserves	(3)	181
Balance at 31 December	<b>3,873</b>	<b>3,788</b>

## 41. OTHER RESERVES (NON-DISTRIBUTABLE)

The nature and purchase of each category of reserves are as follows:

### (a) Equity portion of RCSLS

This reserve which comprised capital and warrant reserves represents the fair value of:

- (i) the equity component of the RCSLS as determined on the date of issuance of the respective RCSLS; and
- (ii) capital reserve transferred from the income statement during the year is maintained for future conversion of RCSLS into shares.

The amount transferred from the income statement is equivalent to the accretion of premium recognised during the year.

### (b) Foreign currencies translation reserves

The foreign currencies translation reserves is used to record all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency. It also includes exchange differences from the translation of foreign currency loans used to finance investments in foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

### (c) Capital reserves

Capital reserves comprise principally capital gains from the disposal of property, plant and equipment and investments of certain foreign subsidiaries maintained for future appropriation of dividends.

## 42. COMMITMENTS

### (a) Capital commitments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Authorised and contracted for				
- Purchase of property, plant and equipment	115,670	146,844	546	2,341
- Purchase of investment in unquoted shares *	23,086	18,006	-	-
	<b>138,756</b>	<b>164,850</b>	<b>546</b>	<b>2,341</b>
Authorised and not contracted for				
- Purchase of property, plant and equipment	1,022	1,769	250	-

\* This is consequent to a subsidiary company, Carpenters Properties Limited having entered into a Sale and Purchase Agreement on 7 January 2006 to acquire 100% equity interest in Watson Brothers Limited, a property holding company for a total consideration of AUD7,424,000 (approximately RM23,086,000 (2008: RM18,006,000)). The matter fell into dispute due to an income tax implication to the vendors from this transaction and as a result the matter was referred to Arbitration as provided in the Sale and Purchase Agreement. On 4 September 2009, the Arbitrator ruled for specific performance of the Sale and Purchase Agreement in favour of Carpenters Properties Limited, leaving the date of settlement to be agreed between the parties which is pending the approvals for the transaction from the Reserve Bank of Fiji, Tax Authorities and other regulatory bodies. The hearing date to determine the date of settlement has yet to be fixed.

### (b) Non-cancellable operating lease and marketing commitments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Not later than one year	24,701	23,265	15	15
Later than one year and not later than two years	6,314	15,438	15	15
Later than two years and not later than five years	11,596	5,452	6	18
More than 5 years	34,005	33,626	-	-
	<b>76,616</b>	<b>77,781</b>	<b>36</b>	<b>48</b>

## 43. CONTINGENT LIABILITIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Contingent liabilities are in respect of:				
Guarantees extended in support of banking and other credit facilities granted to:				
Subsidiaries				
- secured	-	-	149,592	112,918
- unsecured	-	-	66,250	125,330
Associate				
- secured	3,812	1,696	3,812	1,696
Others				
- secured	75,003	54,342	75,003	54,342
- unsecured	-	26,974	-	26,974
Others - unsecured	2,997	706	-	-
	<b>81,812</b>	<b>83,718</b>	<b>294,657</b>	<b>321,260</b>

The guarantees extended by the Group and the Company in support of banking and other credit facilities granted to an associate and others are secured by the said associate's and a non-consolidated subsidiary's assets.

The guarantees extended by the Company in support of banking and credit facilities granted to its subsidiaries are secured by its investments in certain subsidiaries as disclosed in Notes 18(e) and (f), and subsidiaries' property, plant and equipment and prepaid land lease payment as disclosed in Notes 12 and 15, respectively.

Included in Others is an amount of RM2,326,000 in respect of late payment tax penalty under dispute imposed by tax authorities on a foreign subsidiary.

## 44. SEGMENT INFORMATION

## (a) Business Segments:

The Group is organised on a worldwide basis into 6 major business segments:

- |                                |   |
|--------------------------------|---|
| (i) Card and Payment Services  | Business of issuing credit cards, acquiring merchants, and other related services.  |
| (ii) Trading and Manufacturing | Retailing and wholesaling of merchandise, support of information systems and office equipment, shipping, automotive and heavy earthmoving equipment, hardware merchandising, printing of packaging boxes and manufacturing and distribution of tinned food. |
| (iii) Property                 | Provision of property management, investment in properties, property development including dealing in land and estate management.   |
| (iv) Plantation and Farming    | Agriculture - copra, cocoa, coffee, tea production and coconut oil mill operation.<br>Agro/aquaculture - cattle and prawn farming.  |
| (v) Financial Services         | Provision of financial services.  |
| (vi) Other business segments   | include investment holdings and education, none of which are of a significant size to be reported separately.   |

The directors are of the opinion that all inter-segment transactions had been entered into in the normal course of business and had been established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

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## 44. SEGMENT INFORMATION

	Card and payment services		Trading and manufacturing		Property	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue and expenses</b>						
<b>Revenue</b>						
External sales	247,624	255,789	1,381,722	1,459,664	16,692	14,564
<b>Results</b>						
Segment results	121,140	123,476	42,728	68,651	19,436	19,142
Finance costs	(35,800)	(39,071)	(13,624)	(17,787)	(10,767)	(12,007)
sub-total	85,340	84,405	29,104	50,864	8,669	7,135
Share of results of associates	1,968	85	660	(1,754)	-	-
Taxation						
Profit for the year						
<b>Assets and liabilities</b>						
Segment assets	764,451	809,129	686,741	672,192	352,793	375,275
Interest in associates	2,303	335	1,653	993	-	-
Consolidated total assets						
Segment liabilities/ consolidated total liabilities	613,593	676,080	343,826	416,151	206,292	228,940
<b>Other information</b>						
Capital expenditure	3,606	28,352	48,974	50,845	12,392	16,026
Depreciation and amortisation	11,526	14,508	26,139	22,646	6,272	5,976
Impairment losses/(reversal)	69	(188)	2,667	2,685	-	-
Non-cash expenses other than depreciation, amortisation and impairment losses	24,767	35,049	32,962	29,841	(1,159)	(5)

	Plantation and farming		Financial services		Others		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
External sales	201,222	292,449	35,777	32,209	8,167	7,807	1,891,204	2,062,482
Segment results	(5,804)	22,894	10,561	11,839	26,130	(21,476)	214,191	224,526
Finance costs	(7,084)	(6,392)	(127)	(578)	(9,164)	(15,442)	(76,566)	(91,277)
sub-total	(12,888)	16,502	10,434	11,261	16,966	(36,918)	137,625	133,249
Share of results of associates	-	-	(6)	(7)	31	(260)	2,653	(1,936)
Taxation							(30,471)	(35,684)
Profit for the year							109,807	95,629
Segment assets	163,799	166,882	107,229	108,252	69,570	81,039	2,144,583	2,212,769
Interest in associates	-	-	-	-	3,212	3,187	7,168	4,515
Consolidated total assets							2,151,751	2,217,284
Segment liabilities/ consolidated total liabilities	137,265	108,207	72,945	54,083	160,585	207,734	1,534,506	1,691,195
Capital expenditure	9,511	13,023	184	319	8,601	1,224	83,268	109,789
Depreciation and amortisation	7,856	5,765	350	418	2,713	3,556	54,856	52,869
Impairment losses/(reversal)	1,961	-	-	-	436	1,695	5,133	4,192
Non-cash expenses other than depreciation, amortisation and impairment losses	3,448	-	512	700	(5,538)	2,117	54,992	67,702

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## 44. SEGMENT INFORMATION

### (b) Geographical Segments

Although the Group's 6 major business segments are managed on a worldwide basis, they operate in four principal geographical areas of the world. In Malaysia, its home country, the Group's areas of operations are principally in the business of issuing credit cards and investment holding. Other operations in Malaysia include printing and manufacturing of packaging boxes.

The Group also operates in other countries/regions:

- (i) East Asia - Factoring services, investment holding, manufacturing and retailing.
- (ii) South Pacific Islands and Australia - Automotive and heavy earthmoving equipment, retailing and wholesaling of merchandise, service and support of information system and office equipment, shipping, hardware merchandising, agriculture, agro/aquaculture, coconut oil mill, manufacturing of tinned food, provision of property management, investment in properties, property development including dealing in land and estate management, banking and investment holding.
- (iii) United States of America - Investment holding and property investment.

	Malaysia		East Asia		South Pacific Islands and Australia		United States of America		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue from external customers	299,782	291,826	65,418	57,427	1,514,466	1,702,343	11,538	10,886	1,891,204	2,062,482
Segment assets	903,901	936,106	59,298	55,093	1,103,758	1,127,753	77,626	93,817	2,144,583	2,212,769
Capital expenditure	8,513	36,687	2,509	1,458	72,125	69,971	121	1,673	83,268	109,789

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## 45. SIGNIFICANT RELATED PARTY TRANSACTIONS

Group	2009 RM'000	2008 RM'000
<b>(a) Companies in which an Executive Director cum Group Chief Executive Officer of the Company, Tan Sri Datuk Dr. Ninian Mogan Lourdenadin has interest:</b>		
<b>Revenue:</b>		
Sale of goods to Royel Departmental Stores Sdn. Bhd.	-	991
<b>Expenses:</b>		
Coral Securities Ltd.		
- Performance based profit incentive fees		14,349
- current year	-	-
- underprovision in prior year	378	-
- Management fees	1,118	1,127
- Interest payable	1,501	2,059
Nadin Management Sdn. Bhd.		
- Office rental	83	83
Nadin Sdn. Bhd.		
- Rental of residence	126	144
Royel Departmental Stores Sdn. Bhd.		
- Office rental	10	9
- Purchase of goods and services	1,521	3,982
- Commission payable for the procurement of trade purchases	124	394
Nadin Properties Sdn. Bhd.		
- Office rental	6,942	4,300
- Parking fees and utilities	716	373
Lourdes Medical Services Sdn. Bhd. and Lourdes Medical Centre Sdn. Bhd.		
- Medical services	210	71
Red Alert Online Sdn. Bhd.		
- Administration fee	18	16
Impact Action Sdn. Bhd.		
- Interest payable	-	104
Independent Aviation Sdn. Bhd.		
- Flight services	3,561	4,186
Nadin Holdings Sdn. Bhd.		
- Facility fee for property offered as security for a banking facility*	-	1,500
	<b>16,308</b>	<b>32,697</b>

(\*A 5-storeyed shopping complex valued at RM250 million, belonging to Nadin Holdings Sdn. Bhd., was offered as security for a RM150 million standby banking facility extended to the Company for a subsidiary's financing needs.)

## 45. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2009 RM'000	2008 RM'000
<b>Receipts:</b>		
Advance from Corali Securities Ltd.	-	359
Repayment from Royel Departmental Stores Sdn. Bhd.	428	570
	<b>428</b>	<b>929</b>
<b>Payments:</b>		
Repayments to:		
- Corali Securities Ltd.	32,471	10,086
- Royel Departmental Stores Sdn. Bhd.	3,475	3,084
- Independent Aviation Sdn. Bhd.	3,645	3,242
- Red Alert Online Sdn. Bhd.	18	16
- Lourdes Medical Services Sdn. Bhd. and Lourdes Medical Centre Sdn. Bhd.	210	71
- Nadin Sdn. Bhd.	126	144
- Nadin Management Sdn. Bhd.	83	83
- Impact Action Sdn. Bhd.	-	10,398
- Nadin Holdings Sdn. Bhd.	-	1,500
- Nadin Properties Sdn. Bhd.	7,658	4,673
Rental deposits		
- Nadin Properties Sdn. Bhd.	-	1,575
	<b>47,686</b>	<b>34,872</b>
<b>Balance due from:</b>		
Nadin Sdn. Bhd. - rental deposit	24	24
Nadin Management Sdn. Bhd. - rental deposit	22	22
Nadin Properties Sdn. Bhd.		
- rental deposit	1,721	1,575
- parking and utilities deposits	313	-
Royel Departmental Stores Sdn. Bhd.	4	422
	<b>2,084</b>	<b>2,043</b>
<b>Balance due to:</b>		
Corali Securities Ltd.		
- non-interest bearing	-	15,196
- interest bearing	10,706	16,511
- management fee	612	-
Royel Departmental Stores Sdn. Bhd.	130	2,017
Independent Aviation Sdn. Bhd.	2,355	1,781
	<b>13,803</b>	<b>35,505</b>

(Note: The Executive Director cum Managing Director of the Company, Susan A/P Rajanayagam is also the Managing Director of the above companies except for Corali Securities Ltd.)

### (b) A company in which an Executive Director of the Company, Martin Richard Haeger has interest:

#### Payment to:

HL Design Group Sdn. Bhd.

### (c) Associates

Purchases from BlueScope Lysaght (Fiji) Ltd.

#### Balance due from:

MBf Taylors Limited

MCI Carpenter Ltd.

#### Balance due to:

BlueScope Lysaght (Fiji) Ltd.

### Company

#### Revenue/income:

Gross dividends from subsidiaries

Interest receivable from subsidiaries

Rental income from subsidiary

#### Expenses:

Interest to subsidiaries

Interest to Impact Action Sdn. Bhd. \*

Office rental expense to a subsidiary

Medical services to Lourdes Medical Services Sdn. Bhd. \*  
and Lourdes Medical Centre Sdn. Bhd. \*

Administration fee to Red Alert Online Sdn. Bhd. \*

Parking fees and utilities to Nadin Properties Sdn. Bhd. \*

#### Receipts:

Management fee charged to subsidiaries

Repayment from a subsidiary, Jastura Sdn. Bhd.

2009 RM'000	2008 RM'000
-	94
<b>321</b>	<b>320</b>
<b>7,579</b>	<b>7,591</b>
<b>3,040</b>	<b>3,403</b>
<b>10,619</b>	<b>10,994</b>
<b>70</b>	<b>438</b>
<b>53,425</b>	<b>34,459</b>
<b>3,736</b>	<b>9,514</b>
-	98
<b>57,161</b>	<b>44,071</b>
<b>6,164</b>	<b>9,789</b>
-	104
<b>828</b>	<b>657</b>
<b>23</b>	<b>20</b>
<b>1</b>	<b>1</b>
<b>25</b>	<b>22</b>
<b>7,041</b>	<b>10,593</b>
<b>3,415</b>	<b>4,875</b>
<b>7,120</b>	<b>5,490</b>
<b>10,535</b>	<b>10,365</b>

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## 45. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2009 RM'000	2008 RM'000
<b>Payments:</b>		
Repayment to		
- Impact Action Sdn. Bhd. *	-	10,398
Advances to subsidiaries		
- MBf Printing Industry Sdn. Bhd.	-	406
- Carpenter Products Pty Ltd	880	-
- Carpenters Vanuatu Holding Ltd	1,096	-
- MBf Carpenters Pty Ltd	14,976	-
Procurement of leasing facilities for a subsidiary		
- MBf Printing Industry Sdn. Bhd.	-	1,775
	<b>16,952</b>	<b>12,579</b>

(\* An Executive Director cum Group Chief Executive Officer of the Company, Tan Sri Datuk Dr. Ninian Mogan Lourdenadin has an interest and is a director of these companies, whereas an Executive Director cum Managing Director of the Company, Susan A/P Rajanayagam is a director of these companies).

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

### Compensation of key management personnel

The remuneration of the directors and other members of key management during the year was as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Salaries and other emoluments	7,071	6,634	2,082	2,057
Bonus	1,006	2,025	609	573
Fees	705	438	206	189
Defined contribution plans	658	864	323	307
Estimated money value of benefits-in-kind	495	533	65	77
	<b>9,935</b>	<b>10,494</b>	<b>3,285</b>	<b>3,203</b>
Included in the above are directors' remuneration of:				
Directors' remuneration and estimated money value of benefits-in-kind (Note 7)	<b>6,411</b>	<b>6,305</b>	<b>1,470</b>	<b>1,377</b>

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## 46. SUBSIDIARIES

(a) Details of the subsidiaries included in the consolidated financial statements are as follows:

Name	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009	2008
∞ Atox Cards Sdn. Bhd.	Malaysia	Investment holding	100	100
∞ Jastura Sdn. Bhd.	Malaysia	Investment holding	100	100
MBf Building Technology Sdn. Bhd.	Malaysia	Property investment and letting of office space	100	100
MBF Cards (M'sia) Sdn. Bhd.	Malaysia	Business of issuing credit cards, acquiring merchants and other related services	100	100
MBf Card & Travel Network Sdn. Bhd.	Malaysia	Dormant	100	100
@ MBf Discount Card Sdn. Bhd.	Malaysia	Dormant	100	100
MBf Education Group Sdn. Bhd.	Malaysia	Letting of property and investment holding	100	100
∞φ MBf Equities Sdn. Bhd.	Malaysia	Investment holding	100	100
∞φ MBf Management Sdn. Bhd.	Malaysia	Investment holding	100	100
MBf Media Sdn. Bhd.	Malaysia	Media booking	100	100
MBf Printing Industry Sdn. Bhd.	Malaysia	Printing and manufacturing of packaging boxes	100	100
∞φ MBf Project Management Sdn. Bhd.	Malaysia	Letting of property	100	100
∞φ MBf Protection Services Sdn. Bhd.	Malaysia	Dormant	100	100
∞@ MBf Trading Sdn. Bhd.	Malaysia	Dormant	100	100
∞φ MBf Elevators Sdn. Bhd.	Malaysia	Ceased operation	100	100
∞ Vintage Developers Sdn. Bhd.	Malaysia	Property development	100	100
∞φ MBf Carpenters Pty. Ltd.	Australia	Investment holding	100	100

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## 46. SUBSIDIARIES

Name	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009	2008
∞φ MBf Carpenters (Australia) Pty. Ltd.	Australia	Investment holding	100	100
∞φ Carpenters Products Pty. Ltd.	Australia	Trading and investment holding	100	100
∞ Daltron (Australia) Pty. Ltd.	Australia	Dormant	100	100
∞ Morecambe Pastoral Company Pty. Ltd.	Australia	Cattle farming	100	100
∞ Onglory Holdings Limited	British Virgin Islands	Investment holding	100	100
∞ Wellink Investments Limited	British Virgin Islands	Investment holding	100	100
∞ Hangzhou Xinma Elevator Co. Ltd.	China	Manufacturing, trading, installing and servicing of elevator and lifts	51	51
∞ Carpenters Fiji Ltd.	Fiji	Merchandising, automotive and heavy earthmoving equipment sales & service, hardware merchants, transport & shipping agents, financial services, owners & administrators of properties & investments	100	100
∞ Carpenters Properties Ltd.	Fiji	Property owners and administrators	100	100
∞ Carpenters Steel Company Ltd.	Fiji	Dormant	100	100
∞ Coral Island Motors Ltd.	Fiji	Dormant	100	100
∞ Hyundai Automotive (Fiji) Ltd.	Fiji	Dormant	100	100
∞ Industrial and Marine Engineering Ltd.	Fiji	Ship repairs and general engineering	100	100
∞ Properties Trust (Fiji) Ltd.	Fiji	Property owners and administrators	100	100
∞ WR Carpenter (South Pacific) Limited	Fiji	Investment holding	100	100

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Name	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009	2008
∞ Woolworths Ltd.	Fiji	Dormant	100	100
∞ Hunter Investments Limited	Fiji	Property owners	100	100
∞ Computech Electronics Ltd.	Fiji	Trading in information technology products and services	100	100
∞φ MBf Asia Capital Corporation Holdings Ltd.	Hong Kong	Investment holding	100	100
∞ MBf Asia Capital Corporation Ltd.	Hong Kong	Investment holding	100	100
∞φ MBf Education Group (H.K.) Ltd.	Hong Kong	Investment holding	100	100
∞φ MBf International Ltd.	Hong Kong	Investment holding	100	100
∞ Bunum Wo Estates Limited	Papua New Guinea	Tea and coffee estates	100	100
∞ Boroko Motors Ltd.	Papua New Guinea	Automotive dealer	100	100
∞ BM Leasing Ltd.	Papua New Guinea	Car rental business	100	100
∞ Carpenter Technologies Limited	Papua New Guinea	Trading in information technology products and services	100	100
∞ Courts (PNG) Limited	Papua New Guinea	Retailing of electronic and electrical appliances, household furniture & furnishing	100	100
∞ Higaturu Motors Ltd.	Papua New Guinea	Dormant	74	74
∞ Island Estates Ltd.	Papua New Guinea	Plantations owner	100	100

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MBf Holdings Berhad

## 46. SUBSIDIARIES

Name	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009	2008
∞ Merchants Ltd.	Papua New Guinea	Property owner	100	100
∞ Minjigina Estates Ltd.	Papua New Guinea	Tea estate	100	100
∞ Carpenters Hardware Ltd.	Papua New Guinea	Hardware store operator	100	100
∞ Pacific Trading Company Ltd.	Papua New Guinea	Export company	100	100
∞ Tabubil Automotive Ltd.	Papua New Guinea	Automotive dealer	50	50
∞ Tovarur Plantations Ltd.	Papua New Guinea	Plantations owner/Prawn Farming	100	100
∞ W.R. Carpenter (PNG) Ltd.	Papua New Guinea	Investment holding	100	100
∞ W.R. Carpenter (PNG) Nominees Ltd.	Papua New Guinea	Nominee company	100	100
∞ W.R. Carpenter (Properties) Ltd.	Papua New Guinea	Property owner	100	100
∞ WRC Limited	Papua New Guinea	Oil mill operator and plantations owner/operator	100	100
∞ Coconut Products Ltd.	Papua New Guinea	Dormant	100	100
∞ Carpenter Trading Ltd.	Papua New Guinea	Sales & Marketing	100	100
∞ J. Gadsden (South Pacific) Limited	Papua New Guinea	Manufacturing and distribution of tinned food	100	100
∞ Globe Manufacturing Ltd.	Papua New Guinea	Manufacturing and distribution of tinned food	100	100
∞ James Barnes Packaging Limited	Papua New Guinea	Manufacturing and distribution of tinned food	100	100

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Name	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009	2008
∞φ MBf Factors (Thailand) Ltd.	Thailand	Factoring services	100	100
∞ MBf Bank Ltd.	Tonga	Banking services	93.35	93.35
∞ MBf Insurance Services Ltd.	Tonga	Dormant	93.35	93.35
∞ MBf Life Insurance Ltd.	Tonga	Dormant	93.35	93.35
∞ MBf Wood Terrace Capital Corporation	United States of America	Investment holding	100	100
∞ Crow Wood Terrace Associates, L.P.	United States of America	Owner and manager of an apartment complex	100	100
∞ Carpenters Vanuatu Holding Ltd.	Vanuatu	Investment holding	100	100
∞ Daltron (Vanuatu) Ltd (f.k.a Coconut Products (Vanuatu) Ltd.)	Vanuatu	Trading of information technology products and services	100	100
∞ Carpenter Motors (Vanuatu) Ltd.	Vanuatu	Automotive trading	100	100
∞ Carpenters (South Pacific) Vanuatu Ltd.	Vanuatu	Property holding	100	100
∞ Carpenters Hardware Limited	Vanuatu	Trading in homeware and hardware products	100	-
∞ Carpenters Cash & Carry Limited	Vanuatu	Trading in groceries	100	-
∞ Daltron (Solomon Island) Ltd.	Solomon Island	Trading in information technology products and services	100	100
∞ BM Leasing (Solomon Island) Limited	Solomon Island	Car rental business	100	-
∞ Courts Home Maker (Solomon Island) Limited	Solomon Island	Retailing of electronic and electrical appliances, household furniture & furnishings	100	-

## 46. SUBSIDIARIES

(b) Details of the subsidiaries excluded from the consolidated financial statements are as follows:

Name	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009	2008
Alamanda Development Sdn. Bhd. (In creditors' voluntary liquidation)	Malaysia	Dormant	100	100
MBf Commercial Vehicles Sdn. Bhd. (In court winding up)	Malaysia	Dormant	70	70
Melawati Recreation Bhd. (In creditors' voluntary liquidation)	Malaysia	Dormant	100	100
Melawati Management Sdn. Bhd.	Malaysia	Dormant	100	100
Wisma City Sdn. Bhd. (In creditors' voluntary liquidation)	Malaysia	Dormant	100	100
Pacific Centre Sdn. Bhd. (In creditors' voluntary liquidation)	Malaysia	Dormant	100	100
Carpenters Guam Ltd. (In members' voluntary liquidation)	Guam	Dormant	100	100
MBf Auto Corridor Sdn. Bhd. (In court winding up)	Malaysia	Dormant	72.34	72.34
ε Permodalan MBf Sdn. Bhd. (In members' voluntary liquidation)	Malaysia	Dormant	-	100

∞ Subsidiary not audited by Ernst & Young, Malaysia.

φ Appropriateness of going concern basis of accounting is dependent on its ability to continue profitable operations and/or its holding or ultimate holding company's continued financial support.

@ Financial statements are prepared on a break up basis.

ε The subsidiary was dissolved during the year.

## 47. ASSOCIATES

The financial statements of the associates are coterminous with that of the Group except for BlueScope Lysaght (Fiji) Ltd. and MBf Trustees Berhad, which have financial year ends of 30 June and 31 March, respectively. For the purposes of applying the equity method of accounting, the management financial statements of these associate companies as at 31 December 2009 have been used and appropriate adjustments have been made for the effect of significant transactions, if any.

Details of associates are as follows:

Name	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009	2008
Bonuskad Loyalty Sdn. Bhd.	Malaysia	Managing customer loyalty schemes	25	25
MAN Truck & Bus (M) Sdn. Bhd.	Malaysia	Sale and services of commercial vehicle chasis & provision of maintenance services	30	30
MBf Trustees Berhad	Malaysia	Trustee services	20	20
MBf Discount Cards (Thailand) Ltd.	Thailand	Dormant	49	49
MBf Taylors Limited	Thailand	Provision of education services	39	39
BlueScope Lysaght (Fiji) Ltd.	Fiji	Manufacturing of steel and other building products & office equipment	29.10	29.10
MCI Carpenters Ltd.	Fiji	Dormant	50	50

**48. SIGNIFICANT EVENTS**

The significant events during the year are as follows:

**(a) Incorporation of subsidiaries**

The following 100% owned subsidiary companies were incorporated during the year:

- (i) In the Solomon Islands -BM Leasing (Solomon Island) Limited ("BML") and Courts Home Maker (Solomon Island) Limited ("CHM") by W.R. Carpenter (PNG) Ltd., another wholly owned subsidiary of the Company incorporated in Papua New Guinea ("PNG"). The principal activity of BML is that of an operator of self drive car rental services and that of CHM is the retailing of electrical appliances, household furniture and furnishings; and
- (ii) In the Republic of Vanuatu -Carpenters Hardware Limited ("CHL") and Carpenters Cash & Car Limited ("CCCL") by Carpenters Vanuatu Holding Ltd., a wholly owned subsidiary company held through W.R. Carpenter (PNG) Ltd. The principal activity of CHL is trading in homeware and hardware merchandise whereas that of CCCL is the trading in groceries.

**(b) Legal settlement**

The Company had concluded a settlement arrangement with MBf Leasing Sdn. Bhd. (an unrelated company) in respect of the all the litigation between the parties with the Company paying MBf Leasing Sdn. Bhd. a sum of RM7.5 million as full and final settlement of the litigation actions by the parties. The said settlement sum payable over thirty six (36) monthly installments commencing October 2009 had resulted in a write back of debts and interest and reversal of provision for liabilities of approximately RM61,263,000 and RM10,403,000 for the Group and the Company respectively in the financial year ended 31 December 2009.

**(c) Breach of public shareholding spread**

On 28 October 2009, Tan Sri Datuk Dr. Ninian Mogan Lourdenadin, the Group Chief Executive Officer, Director who is also the substantial shareholder of the Company had acquired 38,675,269 MBfH Shares (representing 6.78% of the total paid up share capital of the Company) and 3,735,428 MBfH Warrants (representing 1.41% of the warrants in issue) of the Company through Market Share Investments Limited, a company incorporated in the British Virgin Islands which he has 100% beneficial interest. His dealings had reduced the Company's public shareholding spread to 18.46% which is not in compliance with the public shareholding spread requirement under Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities had initially granted the Company until 28 January 2010 to rectify the public shareholding spread and on the request of the Company extended the time to 29 April 2010 and thereafter to 31 August 2010. As the Proposed SCR was rejected by the shareholders at the EGM held on 27 April 2010 as disclosed in Note 49 (a), the Board will deliberate on a rectification plan for the Company to comply with the public shareholding spread requirement.

**(d) Deconsolidation of a subsidiary**

On 14 September 2009, a Court winding-up order was served on MBf Auto Corridor Sdn. Bhd. ("MBf Auto"), a 72.34% owned subsidiary of the Company, by a creditor of the company.

The winding up of MBf Auto did not have any material financial or operational impact on the Group and had resulted in a gain on deconsolidation of RM4.4 million.

**49. SUBSEQUENT EVENTS****(a) Proposed privatisation of the Company**

On 11 January 2010, the Company received a proposal from its major shareholders, namely, Impact Action Sdn. Bhd., Market Share Investments Limited, Nadin Holdings Sdn. Bhd. and Tor Private Limited (collectively "the Major Shareholders") proposing to privatise the Company via a selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 ("Proposed SCR"). The Major Shareholders who collectively and directly hold 79.12% of the equity interest in the Company and 80.87% of the Company's warrants in issue, also proposed the acceleration of maturity of warrants and the cancellation of the warrants thereof ("Proposed WAC") in conjunction with the Proposed SCR.

The Proposed SCR involved the cancellation of the entire issued and paid up shares of the Company ("MBfH Shares"), save for the MBfH Shares held by the major shareholders. The shareholders of the Company would receive a cash consideration of RM0.65 for each of the MBfH Share held, save for the Major Shareholders who would not be entitled to any repayment of capital. The Major Shareholders had expressed that they do not intend to maintain the Company's listings status on the Main Market of Bursa Securities.

Under the Proposed WAC, the warrant holders would receive a cash amount of RM0.05 for each of the warrant held and the Major Shareholders would waive their entitlement under the Proposed WAC. The Proposed WAC was conditional upon the Proposed SCR but not vice versa.

Public Investment Bank Berhad ("PIVB") was appointed the independent adviser for the Proposed SCR and Proposed WAC on 18 January 2010. Based on the recommendation of PIVB, the Board save for Tan Sri Datuk Dr. Ninian Mogan Lourdenadin and Ms Susan A/P Rajanayagam (whom are interested in the Proposed SCR and Proposed WAC by virtue of their shareholding and/or directorship in the Major Shareholders and have abstained from any deliberation and voting at the Board meetings with regards to the Proposed SCR and Proposed WAC) had agreed to table the Proposed SCR and Proposed WAC for shareholders' and the warrant holders' consideration respectively.

The Proposed SCR was subject to the following:

- (i) approval from shareholders of the Company;
- (ii) approval from the holders of the RCSLS;
- (iii) consent by the Company's creditors/lenders, where applicable;
- (iv) confirmation by the High Court for the reduction of the Company's ordinary share capital; and
- (v) approvals/consents of any other relevant authorities or persons, if required.

Whereas the Proposed WAC was subject to the following:

- (i) approval from the warrant holders of the Company;
- (ii) implementation of the Proposed SCR; and
- (ii) approvals/consents of any other relevant authorities or persons, if required.

**49. SUBSEQUENT EVENTS**

The Proposed SCR was approved by the RCCLS holders on 22 April 2010. On 27 April 2010, the shareholders did not approve the Proposed SCR. As the SCR was not approved by the shareholders of the Company, the Proposed WAC, which was conditional to the implementation of the Proposed SCR, was not tabled at the Warrantholder's Meeting.

At the EGM, in response to the request of the minority shareholders for a special dividend, the Board had requested for Tan Sri Datuk Dr. Ninian Mogan Lourdenadin ("TSDDNML"), being the representative of the Major Shareholders, to consider supporting a dividend proposal by the Board as a parting gift to the minority shareholders. TSDDNML agreed to support a proposed final gross dividend of 10 sen per ordinary share, subject to the SCR being approved at the EGM. Subsequently, the Board deliberated and decided to propose a final gross dividend of 10 sen per ordinary share for the financial year ended 31 December 2009. The proposed final dividend is subject to shareholders' approval at the Company's forthcoming AGM.

**(b) Conversion of warrants**

On 12 January 2010 there was a conversion of 30 warrants to an equal number of ordinary shares of RM1.00 each. The number of warrants outstanding after the conversion of the said warrants was 265,063,616 and remained the same as at the date of this report.

**(c) Commencement of shipping business**

On 1 March 2010, a wholly owned subsidiary company, MBf Carpenters Shipping Limited was incorporated in the Federal Territory of Labuan for the purpose of conducting a general shipping business.

**(d) Resolution of litigation with AmBank (M) Berhad ("AmBank")**

The Company and its subsidiaries, Alamanda Development Sdn. Bhd. – In Liquidation ("Alamanda") and MBf Project Management Sdn. Bhd. had in December 2004 taken an action against AmBank to nullify the Deed of Novation and the Corporate Guarantee in favour of AmBank in connection with credit facilities granted by AmBank to Alamanda and that these documents were void and unenforceable. Alternatively, the specific performance of a concluded settlement agreement with AmBank was sought. The credit facilities from AmBank were secured by 3,958 acres of land in Kulim, Kedah ("Alamanda Land").

AmBank filed a recovery action to claim the approximate sums totaling RM162.7 million in 2005 and filed another action in 2006 for the recovery of about RM169.4 million. The first action was discontinued in 2007 with the taxation of costs consolidated with the second suit.

On 11 May 2007, the Company and AmBank executed a Settlement Agreement wherein the parties agreed on the compromise and settlement of the disputes at a settlement sum of RM120 million. The settlement involved the Company or its nominee bidding for the Alamanda Land in an open tender conducted by the Liquidators of Alamanda. As there were no other interested parties bidding for the land, the Alamanda Land was acquired by Vintage Development Sdn. Bhd. (Vintage), a subsidiary of the Company for the agreed settlement sum of RM120 million from the Liquidators of Alamanda on 2 January 2008. Vintage made a down payment of RM25.0 million for the Alamanda Land, with the balance to be paid vide a RM95 million term loan from AmBank.

The completion of the Sale and Purchase Agreement and the Settlement Agreement had been pending the perfection of the land ownership transfer documentation. Thereafter supplemental agreements were executed to facilitate the staggered completion of the purchase of the Alamanda Land. The said documentation was completed to the satisfaction of all parties and on 9 March 2010, the parties had withdrawn their respective actions.

The completion of the agreements would result in the write back of provision for commitment of approximately RM17.5 million for the Group and the Company in the financial year ending 31 December 2010.

**50. MATERIAL LITIGATIONS**

The material litigations as at the date of this report are as follows:-

**(i) MBF Cards (M'sia) Sdn. Bhd. ("MBF Cards") Vs GrandTech Systems Sdn. Bhd. ("GrandTech") ("MBF Cards Action") and GrandTech Vs MBF Cards ("GrandTech Action")**

The MBF Cards Action is a claim for approximately RM13.6 million for the non-fulfillment of certain representations by GrandTech, the supplier for goods used in one of MBF Cards' credit card marketing campaigns.

The GrandTech Action for approximately RM6.4 million was filed for the goods delivered, anticipated profit from the remaining undelivered goods and other related expenses. GrandTech had also filed an application for summary relief and interim payment for about RM4.0 million with Kuala Lumpur High Court ("KL High Court"). The KL High Court had dismissed GrandTech's summary relief application and appeal against the said dismissal. GrandTech thereafter filed an appeal to the Court of Appeal against the order. At the hearing on 5 March 2010, GrandTech had withdrawn its appeal against the High Court's Order.

Both the actions have been consolidated and the case management fixed several times were postponed and the latest being on 7 January 2010 whereby both cases have been fixed for full trial commencing from 24 to 26 May 2010. The Board is confident that MBF Cards has a sound claim for the MBF Cards Action and a good defence for the GrandTech Action.

**50. MATERIAL LITIGATIONS****(ii) MBf Holdings Berhad (“MBfH”) & MBf Finance Berhad (now AmBank (M) Berhad (collectively called the “Plaintiffs”) Vs Wee Choo Keong, Loi Hean Sso and Houng Hai Kong (collectively called the “Defendants”)**

The Plaintiffs had on 9 February 1993 obtained an ex-parte injunction to restrain the Defendants from printing, circulating, distributing or publishing in any manner any allegation of impropriety or irregularity or illegality of whatever nature against the Plaintiffs or any of their respective subsidiaries or affiliates.

Wee Choo Keong and Houng Hai Kong (“Appellants”) had applied to set aside the ex-parte injunction which was refused by the High Court in 1996. However the Appellants’ appeal against the court order was allowed by the Court of Appeal in 2007.

Wee Choo Keong’s application to the High Court for legal and incidental costs was dismissed on 30 November 2007 but his application for assessment of damages amounting to approximately RM40 million was heard on 4 February 2010 and fixed for further hearing on 21 July 2010.

Wee Choo Keong’s further application to the High Court to enforce damages was allowed on 26 November 2008 which the Plaintiffs filed an appeal against it on 23 December 2008. As at the date of this report, no date has been fixed for the hearing of the appeal.

It is not possible to ascertain the quantum of damages payable by the Plaintiffs at this juncture and the directors are of the view that the Company’s liability, if any, is not material and accordingly the Company had not provided for it in its book.

**51. 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 market price, credit, liquidity, interest rate, foreign currency and cash flows risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**(b) Market price risk**

The Group enters into forward agricultural commodity sale contracts to fix the selling price in foreign currency of a proportion of its anticipated future production. All forward commodity contracts are completed by the delivery of physical product. At balance sheet date, the nominal value of forward agricultural commodity sale contracts were Kina 23,940,000 (equivalent to RM30,943,000) (2008: Kina 29,076,000 (equivalent to RM38,351,000)).

**(c) Credit risk**

The Group’s credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk are minimised and monitored via strictly limiting the Group’s association to business partners with high creditworthiness.

The carrying amount of long term receivables, trade and other receivables represent the Group’s maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risks.

**(d) Liquidity and cash flow risk**

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuation in cash flows.

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debts 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.

**(e) 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, credit card receivables, factoring receivables and hire purchase receivables.

The Group’s interest rate risk arises primarily from interest bearing borrowings. Borrowings at floating rate expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mixture of fixed and floating rate borrowings and continuously negotiate with the lenders to derive favourable terms which are mutually agreeable.

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## 51. FINANCIAL INSTRUMENTS

### (e) Interest rate risk

The carrying amounts, the effective interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk are tabled below:

Group	Note	Interest rates % per annum	Within 1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>At 31 December 2009:</b>									
<b>Fixed rate</b>									
Financing receivables									
- Credit card receivables	24	15.00	394,245	-	-	-	-	-	394,245
- Factored receivables	24	23.28	9,065	-	-	-	-	-	9,065
- Hire purchase receivables	20, 24	20.50	21,790	11,484	2,155	537	702	-	36,668
Short term loans	32	5.75 - 6.50	(13,000)	-	-	-	-	-	(13,000)
Commercial papers	32	5.50 - 6.30	(363,857)	-	-	-	-	-	(363,857)
Long term loans	32	5.75 - 6.50	-	(3,000)	(1,750)	-	-	-	(4,750)
Hire purchase and finance lease payables	33	2.18-10.45	(16,510)	(16,101)	(7,275)	(212)	(5,352)	-	(45,450)
<b>Floating rate</b>									
Deposits with licensed banks	29	1.00-6.75	188,911	-	-	-	-	-	188,911
Short term loans	32	4.50-11.50	(56,990)	-	-	-	-	-	(56,990)
Trust receipts and bankers' acceptances	32	6.75-8.05	(7,377)	-	-	-	-	-	(7,377)
Revolving loans	32	4.40-6.12	(128,782)	-	-	-	-	-	(128,782)
Bank overdrafts	32	5.05-10.95	(215,478)	-	-	-	-	-	(215,478)
Long term loans	32	4.50-8.45	-	(39,403)	(21,694)	(20,619)	(14,602)	(79,336)	(175,654)
Secured bonds	34	0.51	-	-	-	-	-	(43,491)	(43,491)
USD RCSLS A	35	2.13-3.46	-	-	-	(65,876)	-	-	(65,876)
USD RCSLS B	35	2.13-3.46	-	-	-	(19,401)	-	-	(19,401)
<b>At 31 December 2008:</b>									
<b>Fixed rate</b>									
Financing receivables									
- Credit card receivables	24	15.00	419,981	-	-	-	-	-	419,981
- Factored receivables	24	21.01	7,166	-	-	-	-	-	7,166
- Hire purchase receivables	20, 24	18.50	33,766	13,680	2,244	796	186	-	50,672
Short term loans	32	5.75 - 8.00	(15,121)	-	-	-	-	-	(15,121)
Commercial papers	32	5.60-6.25	(346,447)	-	-	-	-	-	(346,447)
Long term loans	32	5.75-6.50	-	(11,750)	(3,000)	(3,000)	-	-	(17,750)
Medium term notes	32	6.30-7.20	(79,250)	-	-	-	-	-	(79,250)
Hire purchase and finance lease payables	33	2.42-10.45	(15,762)	(17,121)	(13,510)	(2,183)	(89)	-	(48,665)

51. FINANCIAL INSTRUMENTS

(e) Interest rate risk

Group	Note	Interest rates % per annum	Within 1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Floating rate</b>									
Deposits with licensed banks	29	1.98-6.98	145,772	-	-	-	-	-	145,772
Short term loans	32	4.18-8.45	(68,613)	-	-	-	-	-	(68,613)
Trust receipts and bankers' acceptances	32	7.35	(6,666)	-	-	-	-	-	(6,666)
Revolving loans	32	5.45-6.12	(97,162)	-	-	-	-	-	(97,162)
Bank overdrafts	32	5.80-8.45	(172,072)	-	-	-	-	-	(172,072)
Long term loans	32	4.18-8.53	-	(31,659)	(25,559)	(16,831)	(11,591)	(107,581)	(193,221)
Secured bonds	34	2.60	-	-	-	-	-	(55,302)	(55,302)
USD RCSLS A	35	4.19-6.31	-	-	-	-	(66,761)	-	(66,761)
USD RCSLS B	35	4.19-6.31	-	-	-	-	(19,662)	-	(19,662)
<b>Company</b>									
<b>At 31 December 2009:</b>									
<b>Fixed rate</b>									
Hire purchase and finance lease payables	33	2.18-6.33	(2,235)	(2,263)	(1,344)	(143)	-	-	(5,985)
<b>Floating rate</b>									
Deposits with licensed banks	29	1.00-2.00	18,700	-	-	-	-	-	18,700
Term loans	32	6.50-7.70	(6,500)	(4,000)	-	-	-	-	(10,500)
<b>At 31 December 2008:</b>									
<b>Fixed rate</b>									
Term loans	32	8.00	(2,121)	-	-	-	-	-	(2,121)
Hire purchase and finance lease payables	33	2.46 - 6.00	(1,402)	(1,962)	(1,901)	(1,026)	(754)	-	(7,045)
<b>Floating rate</b>									
Deposits with licensed banks	29	2.25-2.30	10,000	-	-	-	-	-	10,000
Term loans	32	7.70 - 7.95	(6,500)	(6,500)	(4,000)	-	-	-	(17,000)

## 51. FINANCIAL INSTRUMENTS

### (f) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in those currency other than their functional currency of the operations to which they relate.

The currency giving rise to this risk are mainly from foreign borrowings especially denominated in Kina, Australian Dollar, Fijian Dollar and US Dollar.

The Group manages its transactional exposure by matching, as far as possible, its receipts and payments in each individual currencies.

The Group does not use any foreign currency instruments to hedge foreign currency exposure on purchases and sales except for short term forward exchange contracts taken by subsidiaries operating in Papua New Guinea, to fix the price of purchases.

At 31 December 2009, the value of forward exchange contracts of subsidiaries in the Group was RM3,783,000 (2008: RM26,057,000).

	Notional amount RM'000	Less than 3 months RM'000	3 to 6 months RM'000
<b>At 31 December 2009:</b>			
Forward exchange contracts	3,783	3,783	-
<b>At 31 December 2008:</b>			
Forward exchange contracts	26,057	18,223	7,834

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	United States Dollar RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	British Sterling Pound RM'000	Euro RM'000	Other currencies RM'000	Total RM'000
<b>At 31 December 2009:</b>								
Investment in unquoted shares	3,939	-	-	-	-	-	-	3,939
Investment in quoted shares	1,688	-	-	-	-	-	-	1,688
Cash and bank balances	1,093	2,173	-	-	319	-	474	4,059
Trade receivables	12,359	5,525	-	937	344	-	5,787	24,952
Other receivables	2,966	1,145	220	-	-	-	1,220	5,551
Trade payables	(6,085)	(4,756)	(1,861)	(1,625)	(32)	(3)	(998)	(15,360)
Other payables	(1,110)	(3,192)	(845)	(222)	-	(109)	(1,933)	(7,411)
	<b>14,850</b>	<b>895</b>	<b>(2,486)</b>	<b>(910)</b>	<b>631</b>	<b>(112)</b>	<b>4,550</b>	<b>17,418</b>

### At 31 December 2008:

Investment in unquoted shares	5,766	-	-	-	-	-	-	5,766
Cash and bank balances	1,068	651	-	-	59	-	762	2,540
Trade receivables	8,359	1,963	-	-	7,724	-	2,146	20,192
Other receivables	1,637	-	26	-	-	-	126	1,789
Trade payables	(5,545)	(968)	(1,002)	(3,568)	-	(4)	(2,234)	(13,321)
Other payables	(870)	(1,861)	(168)	(18)	-	-	(30)	(2,947)
	<b>10,415</b>	<b>(215)</b>	<b>(1,144)</b>	<b>(3,586)</b>	<b>7,783</b>	<b>(4)</b>	<b>770</b>	<b>14,019</b>

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## 51. FINANCIAL INSTRUMENTS

### (g) Fair values

The carrying amounts of financial assets and financial liabilities of the Group and the Company at the balance sheet date approximated their fair values except for the followings:

	Note	2009		2008	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial assets</b>					
<b>Group</b>					
Interest in associates	19	7,168	*	4,515	*
Long term receivables	20	14,878	#	16,906	#
Other investments	21				
- unquoted shares in Malaysia		2,223	*	1,500	*
- unquoted shares outside Malaysia		6,724	*	8,391	*
- quoted shares in Malaysia		14	14	8	8
- quoted shares outside Malaysia		1,726	3,794	39	39
- others		-	*	4,537	*
Amount due from associates	27	32	#	7	#
<b>Company</b>					
Investment in subsidiaries	18				
- unquoted shares in Malaysia		36,675	*	31,084	*
- unquoted shares outside Malaysia		155,590	*	155,590	*
Interest in associates	19	14	*	24	*
Other investments	21				
- unquoted shares in Malaysia		1,064	*	1,500	*
Amount due from subsidiaries	26	94,095	#	87,446	#
Amount due from associates	27	-	#	7	#

### Financial liabilities

#### Group

	Note	2009		2008	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Amount due to associates	40	71	#	438	#
Short term borrowings	32	792,684	792,684	792,531	792,531
Long term borrowings	32	180,404	124,956	210,971	154,414
Hire purchase and lease payables	33	45,450	41,245	48,665	44,907
Secured bonds	34	43,491	43,491	55,302	55,302
RCCLS	35	8,991	16,160	10,669	19,772

#### Company

	Note	2009		2008	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Amount due to subsidiaries	39	165,531	#	187,008	#
Short term borrowings	32	13,700	13,700	15,821	15,821
Long term borrowings	32	4,000	3,747	10,500	9,454
Hire purchase and lease payables	33	5,985	5,478	7,045	6,260

\* It is also not practical to estimate the fair value of the Group's and the Company's non-current unquoted shares due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

# It is not practical to estimate the fair value of amounts due from/to these parties due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

## 52. COMPARATIVE

Certain comparatives have been restated to conform with the current financial year's presentation.