Dear Shareholders,

On behalf of the Board of Directors of MBf Holdings Berhad ("MBfH" or "the Company"), it is my pleasure to present the Annual Report of MBfH for the financial year ended 31 December 2008.

The MBf Group's 2008 revenue was RM2.06 billion, a growth of RM318.39 million or 18.26% compared to 2007's revenue of RM1.74 billion. The revenue growth was primarily from the operations in the South Pacific Islands, namely Papua New Guinea ("PNG") and Fiji.

The profit before tax for 2008 was RM131.31 million, a reduction of RM7.37 million or 5.31% from the previous year of RM138.68 million. The decline in the profit before tax was attributable to the higher finance costs on borrowings obtained for the credit card operations and investments in the South Pacific Islands for the construction of the MHCC shopping complex in Fiji, acquisition of subsidiaries in PNG region to expand its automotive and retail sectors and to further diversify into the information technology business.

Included in the profit before tax are non-operating income of RM46.29 million (2007: RM39.02 million) which comprised principally:-

- gains on disposal of quoted investments of RM32.82 million (2007: RM18.17 million);
- gain recognized on the allocation of unquoted shares by card franchisor of RM12.84 million (2007: nil); and
- waiver of debts and interests of RM1.64 million (2007: RM6.82 million).

The main contributors to the MBf Group's performance are the operations in PNG, Fiji and the Card and Payment Services Division in Malaysia:-

1) The W.R. Carpenter (PNG) Limited Group ("the PNG Group") registered double digit revenue growth of about 26.51% or Kina 145.84 million (RM230.25 million) on its revenue of Kina 696.05 million (RM879.11 million) compared to 2007 of Kina 550.21 million (RM648.86 million).

   Its' pretax profit of Kina 52.10 million (RM65.80 million) was 30.67% or Kina 12.23 million (RM18.78 million) better than last year's of Kina 39.87 million (RM47.02 million). This was attributable to improved sales in the automotive and retail sectors; higher commodity and coconut oil prices in the early part of the year, coupled with improved yields in its coffee and tea estates.

2) The W.R. Carpenter (South Pacific) Limited Group ("the Fiji Group") in Fiji registered a satisfactory performance with revenue at FJD387.46 million (RM814.68 million), an increase of FJD56.78 million (RM107.60 million) or 17.17% over the preceding year's FJD330.68 million (RM707.08 million).

   Profit before tax was FJD9.72 million (RM20.44 million), a reduction of FJD0.72 million (RM1.88 million) or 6.90% over previous year's pretax profit of FJD10.44 million (RM22.32 million). The decrease was due to a significant increase in interest costs of FJD2.67 million (RM5.46 million) over the previous year on the increased borrowings taken for property acquisition, construction and business expansion projects. The inclusion of the first full year rental income from the MHCC shopping complex which was commissioned in mid December 2007 had mitigated the higher interest costs.

3) In Malaysia, the Card and Payment Services Division despite reporting a dip in revenue of 10.15% from RM284.67 million in 2007 to RM255.79 million in 2008 reported a higher profit before tax of RM84.49 million versus 2007 of RM75.56 million, an improvement of RM8.93 million or 11.82%. The lower revenue was attributable to lower cardmember spending in the midst of prevailing poorer economic environment.

The MBf Group's net profit attributable to shareholders was RM93.90 million, compared to RM102.76 million in 2007, a reduction of RM8.86 million or 8.62%. Consequently, earnings per share was lower at 16.5 sen against the previous year of 18.0 sen but net assets per share improved by 24.52% or 17.7 sen to 89.9 sen from 2007's 72.2 sen.

SIGNIFICANT CORPORATE DEVELOPMENTS

(a) Acquisition and incorporation of subsidiaries

For the purpose of expanding the information technology business, W.R. Carpenter (PNG) Limited, a wholly owned subsidiary in PNG had during the year incorporated:-

- Daltron (Australia) Pty Ltd in Australia with an issued and paid up share capital of A$2 through its wholly owned subsidiary Carpenter Technologies Limited; and
- Daltron (Solomon Island) Ltd in the Solomon Island with an issued and paid up share capital of SI$100,000;

and through Carpenter Technologies Limited, acquired a 100% equity in a Fijian company, Computech Electronics Ltd ("Computech") for a total cash consideration of FJD1.25 million (equivalent to RM2.75 million at the exchange rate of FJD1 : RM2.2000) from Mr. John Moyer and Emwal Nominees Ltd. The principal activity of Computech is software development and its' paid up share capital is FJD50,000 divided into 50,000 shares of FJD1 each.

With the intention to expand its trading operations to the neighboring islands, W.R. Carpenter (PNG) Limited acquired from Garde Limited, a non-related party, Carpenters Vanuatu Holding Limited ("Carpenters Vanuatu") for a total consideration of Vatu 396.4 million (equivalent to RM13.1 million at the exchange rate Vatu 1 : RM0.0331). Carpenters Vanuatu has three (3) subsidiaries whose principal activities are automotive trading, wholesaler and retailer of information technology products and office equipments and property investment.

(b) Subscription of shares in subsidiaries

- The Company had on 25 February 2008 increased the paid up share capital of its wholly-owned subsidiary Vintage Developers Sdn Bhd ("Vintage Developers") to RM100,000 by way of subscribing for 99,998 ordinary shares of RM1.00 each at par for cash. Vintage Developers has yet to commence operation and its' intended principal activities are those of a property developer.
- A wholly owned subsidiary, MBF Cards (M'sia) Sdn Bhd ("MBF Cards") had on 9 April 2008 increased the paid up share capital of its wholly owned subsidiary, MBf Building Technology Sdn Bhd ("MBf Building Tech") from RM8,680,002 to RM10,000,000 by way of subscribing for 1,319,998 ordinary shares of RM1.00 each at par for cash. The principal activity of MBf Building Tech is property investment and the letting of properties.

(c) Winding–up of a subsidiary

As part of the MBf Group's ongoing rationalization exercise, Pacific Centre Sdn Bhd, a wholly owned subsidiary was placed under creditors' voluntary winding up on 22 April 2008. The company was incorporated on 8 October 1973 as a property developer and had ceased such activities in 1999.

(d) Sale of Quoted Investments

- Shares in Ramu Agri-Industries Limited ("Ramu")

  W.R. Carpenter (PNG) Limited was unsuccessful in its competing bid with New Britain Palm Oil Limited ("NBPOL") to takeover the remaining 19,419,717 shares (representing 80.55% of the issued and paid-up share capital) in Ramu. It had instead on 12 September 2008 accepted the offer from NBPOL to dispose of its entire shareholdings of 4,101,519 shares in Ramu at a cash offer price of Kina 6.80 (approximately RM9.11 at the exchange rate of Kina 1 : RM1.3395) per share.

  The acceptance of NBPOL's offer was completed on 21 September 2008 on receipt of the cash proceeds of approximately Kina 27.89 million (equivalent to RM37.65 million at the exchange rate of Kina 1 : RM1.3500), resulting in a gain of Kina 15.42 million (equivalent to RM19.04 million at the exchange rate of Kina 1 : RM1.2350).

  A dividend of Kina 0.20 per Ramu share was declared by Ramu and W.R. Carpenter (PNG) Limited received its entitlement of approximately Kina 0.82 million (equivalent to RM1.11 million at the exchange rate of Kina 1 : RM1.3500) on 5 September 2008, prior to the disposal of Ramu shares to NBPOL.

- MasterCard Inc. ("MCI") shares

  During the year, MBF Cards sold 14,985 of its MCI shares which resulted in a gain of RM13.34 million. MBF Cards was allotted 93,232 free MCI shares in conjunction with MCI's conversion to a private stock company in 2005 and thereafter to a public company in 2006. As of 31 December 2008, MBF Cards had a remaining balance of 1,240 MCI shares.

(e) Settlement Agreement with AmBank (M) Berhad ("AmBank")

The Company and AmBank had entered into a Settlement Agreement on 11 May 2007 to compromise and settle all disputes arising out of or in connection with the outstanding legal suits in respect of the facilities granted by AmBank to certain subsidiaries of the Company. Consequently, a Sale and Purchase Agreement was entered into on 2 January 2008 by Vintage Developers with the Liquidators of Alamanda Development Sdn Bhd ("Alamanda"), another 100% owned subsidiary of MBfH to purchase the land owned by Alamanda (herein referred to as the "Alamanda Land") which are pledged to AmBank for the banking facilities granted to certain subsidiaries. All parties have mutually agreed to extend the completion of the agreements to 31 May 2009 which are pending the documentation for the registration of certain pieces of the Alamanda Land.

PROSPECTS

All operations of the MBf Group experienced the vagaries of the global economic meltdown in the last quarter of 2008 and it is anticipated the adversity will intensify and flow through into 2009/2010.

The MBf Group's agriculture operations in PNG are affected by the volatility of the world commodities prices. The economy in Fiji is bracing for tougher times in view of the looming recession and the slowdown in its key markets of tourism and exports, and lately the devaluation of the Fijian Dollar which its Reserve Bank defended is for a speedier recovery of its economy.

As for the domestic scene, the MBf Group's credit card operation continues to be challenging with more cautious consumer spending, higher operating costs and margin compression.

With the prospect of a depressed global economic scenario and uncertainty surrounding the future, the MBf Group is less optimistic of sustaining its past business growth and performance in 2009.

Nevertheless, the MBf Group will continue to be prudent and vigilant in managing its business to weather these challenging times. Business models will be reviewed continuously and the MBf Group will undertake ongoing initiatives to remain competitive and to enhance its underlying cost structure. The MBf Group will continue to invest for the future, to improve and enhance operating infrastructure, processes and resources to better position the MBf Group when the global economy recovers.

ACKNOWLEDGEMENT

The Board wishes to express its sincerest gratitude and appreciation to all our valued customers, bankers and business associates for their continued support and trust in the MBf Group.

We also wish to record our appreciation to the management and staff of the MBf Group, for their untiring commitment, loyalty, unity and contribution to the growth and success of the MBf Group.

Last but not least, the Board would also like to thank the shareholders for their continued support of the MBf Group and to re-affirm its commitment to ensure that the MBf Group perseveres and triumph over these adverse times.

LEE CHAING HUAT
Chairman
5 June 2009