



MBf CORPORATION BERHAD (575672-X)

ANNUAL REPORT 2016

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of MBf Corporation Berhad will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 21 June 2017 at 10.00 a.m. for the purpose of transacting the following businesses :-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.
[Please refer to Explanatory Note (a)]
2. To approve the payment of Director's fees of RM15,000.00 for the financial year ended 31 December 2016. Resolution 1
3. To approve the payment of a monthly Director's fees of RM1,250.00 for the period from 1 January 2017 until the conclusion of the next Annual General Meeting ("AGM") of the Company, to be paid monthly in arrears after each month of completed service of the Director. Resolution 2
4. To approve an amount of up to RM7,000.00 as benefits payable to the Non-Executive Director of the Company for the period from 1 January 2017 until the conclusion of the next AGM of the Company.
[Please refer to Explanatory Note (b)] Resolution 3
5. To re-appoint Dato' Nelson Arputham as Director of the Company.
[Please refer to Explanatory Note (c)] Resolution 4
6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 5
7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

LILY YIN KAM MAY (MAICSA 0878038)
LIM BEE TING (MIA 16769)
Company Secretaries

Petaling Jaya
11 May 2017

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Notes: Proxy

A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his / her stead. A proxy may but need not be a member of the Company. A member shall be entitled to appoint more than one proxy subject to Section 334(2) of the Companies Act, 2016. The Form of Proxy must be deposited at the Registered Office of the Company at Block B1, Level 9, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Explanatory Notes

(a) Audited Financial Statements for the Financial Year Ended 31 December 2016

This Agenda item is meant for discussion only, as Section 340(1)(a) of the Companies Act, 2016 does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this Agenda item is not put forward for voting.

(b) Resolution 3

The total estimated amount of Director's benefits payable such as meeting allowances is calculated based on the number of scheduled Board's meetings for the current financial year ending 31 December 2017 until the next AGM. This authority, unless revoked or varied by the Company at a general meeting will expire at the conclusion of the next AGM of the Company.

(c) Resolution 4

This Resolution 4 is to re-appoint Dato' Nelson Arputham who is over 70 years of age and was re-appointed at the Fourteenth AGM held on 14 June 2016 pursuant to Section 129(6) of the Companies Act, 1965 (which was then in force) to hold office until the conclusion of the next AGM. The said Section 129(6) is now superseded by the Companies Act, 2016 which does not require a director over 70 years of age to be re-appointed at the AGM. This resolution once passed will confirm the appointment of Dato' Nelson Arputham without any further requirement for him to seek re-appointment in future.

Personal Data Policy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, regulations and/or guidelines (collectively, the "Purposes") (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

COMPANY SECRETARIES

Lily Yin Kam May (MAICSA 0878038)
Lim Bee Ting (MIA 16769)

AUDITORS

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

PRINCIPAL BANKER

Malayan Banking Berhad

REGISTERED OFFICE

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

REGISTRAR

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

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Message From The Managing Director/Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report and Audited Financial Statements of MBf Corporation Berhad ("MBfC") and its Group for the financial year ended 31 December 2016.

Group Financial Performance

The Group registered lower revenue of RM5.54 million for the financial year as compared to RM7.35 million for the previous financial year, a decrease of RM1.81 million or 24.63%. The decrease in revenue was mainly due to a reduction of RM1.87 million in annual maintenance fee and the absence of enrolment fee caused by the non-sale of new Timeshare Memberships as compared to the previous financial year where enrolment fee of RM1.06 million was recorded. The lower revenue was mitigated by an increase in rental income from RM0.33 million to RM0.40 million for the financial year.

Despite the reduction in revenue of RM1.81 million, the Group recorded a Gross Profit of RM4.04 million for the financial year as compared to RM4.37 million for the previous financial year, a reduction of RM0.33 million or 7.6%. This was mainly due to the strategies of outsourcing some of our timeshare resorts to third party operators who are responsible for the maintenance and running cost for these timeshare resorts thereby enable the Group to have substantial savings in operational and capital expenses.

During the financial year, the Group also registered other income of RM7.88 million as compared to RM2.96 million for the previous financial year, mainly due to reversal of allowance for impairment losses on property, plant and equipment of RM5.62 million, interest income of RM0.42 million, rental income of RM0.36 million, resorts rental income of RM0.28 million, revenue sharing from Perdana Beach Resort of RM0.17 million, overprovision of legal fees of RM0.46 million, timeshare membership termination income of RM0.05 million, administrative fees of RM0.18 million, car park rental income of RM0.07 million, fair value adjustment on long term trade receivables of RM0.04 million and forfeiture of rental deposit of RM0.21 million.

The Group recorded a profit after taxation of RM5.80 million for the financial year as compared to the previous financial year profit of RM0.25 million, an increase of RM5.55 million. This was primarily due to reversal of allowance for impairment losses on property, plant and equipment of RM5.62 million. Profit for the year attributable to equity holders of the Company amounted to RM1.48 million as compared to the previous financial year profit of RM0.12 million. The basic earnings per share for the financial year stood at 0.52 sen as compared to previous year of 0.04 sen.

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For the financial year ended 31 December 2016, the major initiatives by the Group are:-

1. On 18 February 2016, the Group signed the Management Agreement with LCR Management Sdn Bhd (“LCRM”) for LCRM to manage a timeshare resort namely Leisure Cove, Penang for the Group. LCRM assumed the management of Leisure Cove, Penang from 18 April 2016. The objective for this exercise is to reduce operational expenses, enhance revenue and minimize capital expenditures for its timeshare business. This initiative will enable the Group to save about RM1.06 million per annum.

This was made possible through the Group obtaining approval on 16 January 2016 and 12 February 2016 from its Leisure Holiday Club Timeshare Members and Companies Commission of Malaysia respectively to remove additional 25 units (previously already removed 10 units) from 39 units of timeshare accommodation units located at Leisure Cove, Penang from its timeshare business.

2. On 23 September 2016, the Group had signed the Management Agreement with Amber Court Management Company (“ACMC”) for ACMC to manage a timeshare resort namely Amber Court Apartment, Genting Highlands for the Group. This Management Agreement is to take effect from 1 June 2016. The objective for this exercise is also to reduce operational expenses, enhance revenue and minimize capital expenditures for its timeshare business. This initiative will enable the Group to save about RM0.19 million per annum.
3. The Companies Commission of Malaysia (“CCM”) had on 18 January 2016 gave its approval for the Group to utilize RM0.48 million from the ConnectionPoints Sinking Fund (“CPSF”) of RM0.52 million as at 31 August 2015 for the refurbishment of twelve (12) units of Kemang Indah Apartment, Port Dickson, a timeshare resort under the Leisure Holiday Club Timeshare Scheme, an internal exchange scheme of the Group. In addition, on 30 November 2016, the Group had further utilized RM0.08 million from the CPSF to refurbish additional eight (8) units of Kemang Indah Apartment and Greenhill Resort, another timeshare resort of the Group located at Cameron Highlands.

This approval from CCM came about after the approval was obtained from the ConnectionPoints Timeshare Members on 24 October 2015.

Prospects

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

The timeshare business has continued to be affected by the negative opinions on the industry, where some players had ceased the sale of the new Timeshare Memberships and two companies in the industry in December 2016 had received approvals to dissolve their timeshare schemes. However, the Group will continue to streamline the timeshare business to further reduce operational expenses, enhance revenue and improve the quality of the timeshare accommodation units at the resorts mainly from the availability of the Sinking

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Fund. In this respect, as explained above, several of our timeshare resorts had been outsourced to third party operators.

The Group did not record any sales of new Timeshare Memberships during the financial year and going forward sale of new Timeshare Memberships will be very minimal if at all. As an alternative revenue stream, the Group will continue to drive the rental business on units that have been removed as lodged timeshare accommodation units.

In regards to the sale and/or letting of completed retail and office lots situated at Leisure Commerce Square, efforts are on-going to find tenants and buyers which have proven to be a very challenging exercise due to current business environment and soft property market.

The Malaysian economy continues to face many challenges such as the continuing impact of Goods and Services Tax (GST) and weakening of the ringgit that caused the increase of the imports which fuel the increase in prices of many products and services. All these had affected and erode the consumer purchasing power and consumption. In addition, there is a glut in office spaces and property industry continues to face many challenges and is not expected to recover soon.

In view of the above, the Group's financial performance for financial year ending 31 December 2017 will be very much dependent on the sale of new timeshare memberships and the sale/rental income from the unsold inventories and investment properties. In addition, the Group will reap the full benefits of operational overheads savings from the outsourcing arrangements from 18 April 2016 and 1 June 2016 for Leisure Cove and Amber Court Apartment respectively.

The Group will continue to source for viable business opportunities and partnerships that can enhance the Group's financial performance.

Appreciation

On behalf of the Board of Directors, I would like to convey our thanks and appreciation to our valued shareholders, customers, bankers, business associates and regulatory authorities for their continued support and assistance. I also would like to thank the management and all staff for their continued commitment, dedication and loyalty to the Group.

Dato' Loy Teik Ngan
Managing Director/Chief Executive Officer

7 April 2017

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(Incorporated in Malaysia)

Company No : 575672 - X

FINANCIAL REPORT **for the financial year ended 31 December 2016**

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal activities

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

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

Results

	Group RM'000	Company RM'000
Profit for the year	<u>5,796</u>	<u>14,756</u>
Attributable to:		
Owners of the Company	1,475	14,756
Non-controlling interests	<u>4,321</u>	<u>-</u>
	<u>5,796</u>	<u>14,756</u>

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

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

Dividend

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

Directors

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

Dato' Loy Teik Ngan
Dato' Nelson Arputham

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Directors' interests in shares

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

	Number of ordinary share of RM1 each			
	1 January 2016	Bought	Sold	31 December 2016
Indirect interest in the Company				
Dato' Loy Teik Ngan	111,380,600	-	-	111,380,600

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

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

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 23 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and

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Other statutory information (Cont'd)

- (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) it necessary to write off any bad debts or the additional amount of the allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) 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 of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations 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 and of the Company for the financial year in which this report is made.

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Significant event occurring after the reporting period

The significant events occurring after the reporting period are disclosed in Note 25 to the financial statements.

Auditors

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

Signed in accordance with a resolution of the directors dated 7 April 2017.

Dato' Loy Teik Ngan

Dato' Nelson Arputham

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Statement by directors

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

We, Dato' Loy Teik Ngan and Dato' Nelson Arputham, being the two directors of MBf Corporation Berhad, do hereby state that, in our opinion, the financial statements set out on pages 10 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 7 April 2017.

Dato' Loy Teik Ngan

Dato' Nelson Arputham

Statutory declaration

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

I, Ding Lien Bing, being the officer primarily responsible for the financial management of MBf Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 66 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
Ding Lien Bing,
at Klang in the state of Selangor Darul Ehsan
dated 7 April 2017

Ding Lien Bing

Before me

Commissioner for Oaths

Independent Auditors' Report To The Members Of MBf CORPORATION BERHAD

(Incorporated in Malaysia)

Company No.: 575672-X

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MBf Corporation Berhad., which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 66.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Groups and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

(Incorporated in Malaysia)

Company No.: 575672-X

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

Other Matters

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

Crowe Horwath

Firm Number : AF 1018

Chartered Accountants

Ong Beng Chooi

Approval No.: 3155/05/17 (J)

Chartered Accountant

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of profit or loss and other comprehensive income
For the year ended 31 December 2016

		Group		Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	3	5,541	7,350	1,785	1,680
Cost of sales	4	(1,499)	(2,984)	-	-
Gross profit		4,042	4,366	1,785	1,680
Other income	5	7,881	2,961	14,121	104
Staff costs	6	(2,492)	(2,401)	(926)	(906)
Depreciation	11	(1,453)	(1,413)	-	(1)
Other expenses	7	(2,143)	(3,163)	(218)	(469)
Profit from operations		5,835	350	14,762	408
Finance costs	8	-	-	(6)	-
Profit before tax		5,835	350	14,756	408
Income tax expense	9	(39)	(96)	-	-
Profit after taxation		5,796	254	14,756	408
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		5,796	254	14,756	408
Profit after taxation attributable to:					
Owners of the Company		1,475	115	14,756	408
Non-controlling interests		4,321	139	-	-
		5,796	254	14,756	408
Total comprehensive income attributable to:					
Owners of the Company		1,475	115	14,756	408
Non-controlling interests		4,321	139	-	-
		5,796	254	14,756	408

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

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Statements of profit or loss and other comprehensive income
For the year ended 31 December 2016 (Cont'd)

	Note	Group 2016 Sen	2015 Sen
Earnings per share attributable to owners of the Company:			
Basic, for the year (sen)	10	<u>0.52</u>	<u>0.04</u>
Earnings per share from continuing operations attributable to owners of the Company:			
Basic, for the year (sen)	10	<u>0.52</u>	<u>0.04</u>

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

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2016

		Group	
	Note	2016 RM'000	2015 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	47,415	42,820
Investment properties	12	9,151	9,151
Trade receivables	14	467	1,304
		<u>57,033</u>	<u>53,275</u>
Current assets			
Inventories	15	15,246	15,246
Trade receivables	14	209	417
Other receivables	16	12,230	12,234
Current tax assets		126	282
Cash and bank balances	18	11,100	11,971
		<u>38,911</u>	<u>40,150</u>
Total assets		<u>95,944</u>	<u>93,425</u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	19	282,033	282,033
Accumulated losses		(240,014)	(241,489)
		<u>42,019</u>	<u>40,544</u>
Non-controlling interests		5,044	723
Total equity		<u>47,063</u>	<u>41,267</u>
Non-current liabilities			
Refundable security deposits	20	4,556	5,474
Timeshare development account	21	32,690	34,334
		<u>37,246</u>	<u>39,808</u>

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

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2016 (Cont'd)

		Group	
	Note	2016	2015
		RM'000	RM'000
Current liabilities			
Refundable security deposits	20	828	842
Timeshare development account	21	1,428	1,439
Other payables	22	9,379	10,069
		<u>11,635</u>	<u>12,350</u>
Total liabilities		<u>48,881</u>	<u>52,158</u>
Total equity and liabilities		<u>95,944</u>	<u>93,425</u>

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

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2016

		Company	
	Note	2016 RM'000	2015 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	-	-
Investment in subsidiaries	13	50,647	37,841
		<u>50,647</u>	<u>37,841</u>
Current assets			
Other receivables	16	1,089	923
Due from related companies	17	2,344	133
Current tax asset		2	2
Cash and bank balances	18	12	419
		<u>3,447</u>	<u>1,477</u>
Total assets		<u>54,094</u>	<u>39,318</u>
Equity and liability			
Equity attributable to owners of the Company			
Share capital	19	282,033	282,033
Accumulated losses		(229,928)	(244,684)
Total equity		<u>52,105</u>	<u>37,349</u>
Current liabilities			
Other payables	22	1,647	1,633
Due to related companies	17	342	336
		<u>1,989</u>	<u>1,969</u>
Total liability		<u>1,989</u>	<u>1,969</u>
Total equity and liability		<u>54,094</u>	<u>39,318</u>

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

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2016

Group	Non-distributable		Distributable		Attributable to Owners of the Company		Non-controlling interests		Total equity	
	Share capital	RM'000	Accumulated losses	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	282,033		(241,604)		40,429		584		41,013	
Total comprehensive income for the year	-		115		115		139		254	
At 31 December 2015	282,033		(241,489)		40,544		723		41,267	
At 1 January 2016	282,033		(241,489)		40,544		723		41,267	
Total comprehensive income for the year	-		1,475		1,475		4,321		5,796	
At 31 December 2016	282,033		(240,014)		42,019		5,044		47,063	

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

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of changes in equity
For the year ended 31 December 2016

	Non- distributable	Distributable	
	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 January 2015	282,033	(245,092)	36,941
Total comprehensive income for the year	-	408	408
At 31 December 2015	<u>282,033</u>	<u>(244,684)</u>	<u>37,349</u>
At 1 January 2016	282,033	(244,684)	37,349
Total comprehensive income for the year	-	14,756	14,756
At 31 December 2016	<u>282,033</u>	<u>(229,928)</u>	<u>52,105</u>

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

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows (for)/from operating activities				
Profit before tax from continuing operations	5,835	350	14,756	408
Adjustments for:				
Allowance for impairment losses on:				
- related companies	-	-	-	240
- trade receivables	258	1,260	-	-
Bad debt written off	1	-	-	-
Depreciation of property, plant and equipment	1,453	1,413	-	1
Property, plant and equipment written off	1	-	-	-
Interest expense	-	-	6	-
Dividend income	-	-	(1,305)	(1,200)
Fair value adjustment on long term trade receivables	(37)	(47)	-	-
Forfeiture of rental deposit	(209)	-	(194)	-
Gain on disposal of property, plant and equipment	(2)	(1)	-	-
Gain on disposal of investment properties	-	(39)	-	-
Interest income	(417)	(432)	(1)	-
Reversal for impairment losses on:				
- related companies	-	-	(1,120)	-
Reversal of allowance for impairment losses on investment in subsidiaries	-	-	(12,806)	(104)
Reversal of allowance for impairment losses on property, plant and equipment	(5,624)	-	-	-
Operating profit/(loss) before working capital changes carried forward	<u>1,259</u>	<u>2,504</u>	<u>(664)</u>	<u>(655)</u>

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

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2016 (Cont'd)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows (for)/from operating activities (Cont'd)				
Operating profit/(loss) before working capital changes brought forward	1,259	2,504	(664)	(655)
Decrease/(Increase) in trade and other receivables	1,036	(245)	28	165
Decrease/(Increase) in amount due from related companies	-	-	9	(232)
Increase/(Decrease) in amount due to related companies	-	-	6	(96)
(Decrease)/Increase in other payables	(535)	(691)	14	21
Decrease in timeshare development account and refundable security deposits	(2,587)	(2,731)	-	-
Net cash for operating activities	(827)	(1,163)	(607)	(797)
Interest paid	-	-	(6)	-
Tax refunded	269	6	2	3
Tax paid	(152)	(153)	(2)	(2)
Net cash for operating activities	(710)	(1,310)	(613)	(796)
Cash flows (for)/from investing activities				
Interest received	417	432	1	-
Dividend received	-	-	205	1,200
Acquisition of property, plant and equipment	(425)	(24)	-	-
Proceeds from disposal of property, plant and equipment	2	4	-	-
Proceeds from disposal of investment properties	-	70	-	-
Net cash (for)/from investing activities	(6)	482	206	1,200

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

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MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2016 (Cont'd)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows for financing activity				
Repayment to a subsidiary's shareholder representing net cash for financing activities	(155)	(608)	-	-
Net (decrease)/increase in cash and cash equivalents	(871)	(1,436)	(407)	404
Cash and cash equivalents at beginning of year	11,971	13,407	419	15
Cash and cash equivalents at end of year	11,100	11,971	12	419
Cash and cash equivalents comprise:				
Cash and bank balances	546	424	12	19
Deposits in money market fund	10,404	10,548	-	-
Fixed deposits with licensed banks	150	999	-	400
	11,100	11,971	12	419

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

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

Notes to the financial statements
For the year ended 31 December 2016

1. General information

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 7 April 2017.

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

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

(i) Effective for annual periods beginning on or after 1 January 2016

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

MFRSs and IC Interpretations (Including the Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities -
Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint
Operations

Amendments to MFRS 101: Disclosure Initiative

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

(i) Effective for annual periods beginning on or after 1 January 2016 (Cont'd)

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

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 - 2014 Cycle

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

(ii) Standards and Interpretations issued but not yet effective

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

MFRSs and IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

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

MFRSs and IC Interpretations (Including the Consequential Amendments) (Cont'd)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 - Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycles: ● Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 - 2016 Cycles: ● Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters ● Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* *Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

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

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

2.2 Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.2 Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

(a) Business combinations

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

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

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

(b) Non-controlling interests

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

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

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

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.2 Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

(d) Loss of control

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

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

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

2.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

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

2.4 Cash and cash equivalents

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

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.5 Investments in subsidiaries

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

2.6 Property, plant and equipment, and depreciation

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

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

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

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

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.7 Investment properties

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

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

Transfers are made to or from investment properties only when there is change in use. For a transfer from investment properties to owner-occupied properties or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied properties become investment properties, such properties shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

2.8 Inventories

Inventories comprise completed properties held for resale.

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

2.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 when a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.10 Functional and 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 and presentation currency.

(ii) Foreign currency transactions

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

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

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

2.11 Income tax

(i) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.11 Income tax (Cont'd)

(ii) Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 end of the reporting date.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

2. Significant accounting policies (Cont'd)

2.11 Income tax (Cont'd)

(iii) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred is related to purchases of assets or services which is recoverable from the taxation authorities, the GST is included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables respectively.

2.12 Impairment of non-financial assets

The carrying amounts of non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and impairment loss shall be recognised.

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

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

MBf CORPORATION BERHAD
(Incorporated in Malaysia)**2. Significant accounting policies (Cont'd)****2.12 Impairment of non-financial assets (Cont'd)**

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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

2.13 Revenue recognition

- (i) Revenue from rental of office units are accounted for on a straight-line method over the lease term.
- (ii) Enrolment fees are recognised as income upon execution of the Timeshare Agreement.
- (iii) Annual maintenance charges are recognised as income upon execution and renewal of the Timeshare Agreement.
- (iv) Management fee, rental and service charges are recognised on an accrual basis.
- (v) Dividend income is recognised when the right to receive payment is established.
- (vi) Fixed annual fee in relation to the timeshare development account and refundable security deposits are recognised over the remaining period of the related Timeshare Agreement as disclosed in Note 2.19.

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2. Significant accounting policies (Cont'd)

2.14 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

2.15 Financial assets

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

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

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

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

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

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2. Significant accounting policies (Cont'd)

2.15 Financial assets (Cont'd)

(i) Loans and receivables

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

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

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.16 Financial liabilities

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

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

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

(i) Other financial liabilities

Other payables, amount due to related companies and refundable security deposits are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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2. Significant accounting policies (Cont'd)

2.16 Financial liabilities (Cont'd)

(i) Other financial liabilities (Cont'd)

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 Impairment of financial assets

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

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

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

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

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2. Significant accounting policies (Cont'd)

2.17 Impairment of financial assets (Cont'd)

(i) Trade receivables, other receivables and other financial assets carried at amortised cost (Cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit and loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

2.18 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.19 Timeshare development account and refundable security deposits

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

2.20 Fair value measurements

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

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2. Significant accounting policies (Cont'd)

2.20 Fair value measurements (Cont'd)

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

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

2.21 Equity instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

2.22 Related parties

A party is related to an entity (referred to as "reporting entity") if:

- (a) A person or a close member of that person's family is related to reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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2. Significant accounting policies (Cont'd)

2.22 Related parties (Cont'd)

- (b) An entity is related to a reporting entity if any of the following conditions applies (Cont'd):-
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a) (i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

2.23 Significant accounting estimates and judgements

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

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2. Significant accounting policies (Cont'd)

2.23 Significant accounting estimates and judgements (Cont'd)

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

(i) Impairment of properties

The Group determines whether land and buildings, investment properties and completed properties classified as inventories are impaired when indications of impairment exist. The Group evaluates whether such indications of impairment exist based on reference to indicative market prices of similar properties in the same vicinity or past valuation reports performed by independent valuers. The carrying amount of land and buildings, investment properties and completed properties classified as inventories are as disclosed in Notes 11, 12 and 15 respectively.

(ii) Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which these temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised temporary differences is disclosed in Note 9.

(iii) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's trade and other receivables at the reporting date are disclosed in Notes 14 and 16 respectively.

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2. Significant accounting policies (Cont'd)

2.23 Significant accounting estimates and judgements (Cont'd)

(iv) Useful lives of buildings

The costs of freehold and leasehold buildings are depreciated on a straight-line basis over the assets' estimated economic useful lives and lease period. Changes in the expected level of usage and the state of upkeep and refurbishment could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's freehold and leasehold buildings as at 31 December 2016 is as disclosed in Note 11.

(v) Timeshare development account and refundable security deposit account

61.25% of the timeshare fees are initially recognised as enrolment fees. The balance are recognised in the timeshare development account and the refundable security deposit account. The carrying amount of the Group's timeshare development account and refundable security deposit account is then recognised as income in profit or loss over a period of between 29 to 49 years. The Group determines this period over which income is recognised based on historical experience and the timeshare industry's practice. The carrying amount of the Group's refundable security deposit account and timeshare development account as at the reporting date is disclosed in Notes 20 and 21 respectively.

(vi) Impairment of subsidiaries and amount due from subsidiaries

The Company assesses at each reporting date whether there is any objective evidence for impairment of subsidiaries and the amount due from subsidiaries. In assessing these balances for impairment, the Company will consider factors such as the profitability of existing operations or the significant financial difficulties of the respective subsidiary. The carrying amount of the Company's investment in subsidiaries and the amounts due from related companies are as disclosed in Notes 13 and 17 respectively.

(vii) Classification between investment properties and owner-occupied properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held 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 accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if 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.

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3. Revenue

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Timeshare enrolment fee and annual maintenance fee	5,143	7,017	-	-
Dividend income	-	-	1,305	1,200
Rental income	398	333	-	-
Management fee	-	-	480	480
	<u>5,541</u>	<u>7,350</u>	<u>1,785</u>	<u>1,680</u>

4. Cost of sales

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

5. Other income

Included in other income are:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Reversal of allowance for impairment losses on related companies (Note 17)	-	-	1,120	-
Reversal of allowance for impairment losses on investment in subsidiaries (Note 13)	-	-	12,806	104
Reversal of allowance for impairment losses on property, plant and equipment (Note 11)	5,624	-	-	-
Bad debts recovered	-	12	-	-
Gain on disposal of property, plant and equipment	2	1	-	-
Gain on disposal of investment properties	-	39	-	-
Interest income on:				
- fixed deposits	412	431	1	-
- others	5	1	-	-
Termination income	53	984	-	-
Overprovision of legal fees	460	-	-	-
Rental income from investment properties	356	420	-	-
Fair value adjustment on long term trade receivables	37	47	-	-
Forfeiture of rental deposit	209	-	194	-
	<u>209</u>	<u>-</u>	<u>194</u>	<u>-</u>

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6. Staff costs

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Executive director's remuneration (Note 23)	228	228	134	134
Other key management personnel (Note 23)	738	858	738	703
Staff salaries and other benefits	1,373	1,195	51	64
Defined contribution benefits	153	120	3	5
	<u>2,492</u>	<u>2,401</u>	<u>926</u>	<u>906</u>

7. Other expenses

Included in other expenses are:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- statutory audit - current year	52	54	15	15
- statutory audit - under provision in previous year	-	1	-	-
- non-audit services	14	9	2	2
Non-executive director's fee (Note 23)	15	15	15	15
Allowance for impairment losses on:				
- related companies (Note 17)	-	-	-	240
- trade receivables (Note 14)	258	1,260	-	-
Bad debt written off	1	-	-	-
Property, plant and equipment written off	1	-	-	-
Rental of land and building	-	-	12	12
	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>

8. Finance costs

	Company	
	2016	2015
	RM'000	RM'000
Interest expense charged by a subsidiary company	<u>6</u>	<u>-</u>

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9. Income tax expense

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Tax expense:				
- Current income tax	(64)	(91)	-	-
-Over/(Under) provision in previous year	25	(5)	-	-
	<u>(39)</u>	<u>(96)</u>	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,835	350	14,756	408
Taxation at the Malaysian statutory tax rate of 24% (2015: 25%)	(1,400)	(88)	(3,541)	(102)
Income not subject to tax	1,566	103	3,655	326
Expenses not deductible for tax purposes	(471)	(422)	(32)	(94)
Utilisation of previously unrecognised tax losses	354	496	-	-
Deferred tax assets not recognised	(113)	(180)	(82)	(130)
Over/(Under) provision of tax in previous year	25	(5)	-	-
Income tax expense	<u>(39)</u>	<u>(96)</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	5,201	5,442	532	450
Unabsorbed capital allowances	3	3	3	3

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

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10. Basic earnings per share

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

	Group	
	2016	2015
	RM'000	RM'000
Profit attributable to ordinary owners of the Company	<u>1,475</u>	<u>115</u>
Number of ordinary shares in issue	<u>282,033</u>	<u>282,033</u>
Basic earnings per share (sen)	<u>0.52</u>	<u>0.04</u>

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

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11. Property, plant and equipment

Group	Land and buildings* RM'000	Renovation and building improvements RM'000	Furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicle RM'000	Others RM'000	Total RM'000
Cost								
As at 1 January 2016	74,559	1,121	7,277	1,972	60	481	7	85,477
Additions	-	6	402	17	-	-	-	425
Disposals	-	-	(49)	(287)	-	-	-	(336)
Written off	-	(135)	(182)	(251)	(25)	-	-	(593)
As at 31 December 2016	74,559	992	7,448	1,451	35	481	7	84,973
Accumulated depreciation and impairment								
As at 1 January 2016	32,133	1,077	7,177	1,724	58	481	7	42,657
Charge for the year	1,341	1	60	50	1	-	-	1,453
Reversal of allowance for impairment losses (Note 5)	(5,624)	-	-	-	-	-	-	(5,624)
Disposals	-	-	(49)	(287)	-	-	-	(336)
Written off	-	(135)	(182)	(250)	(25)	-	-	(592)
As at 31 December 2016	27,850	943	7,006	1,237	34	481	7	37,558
Net carrying amount								
As at 31 December 2016	46,709	49	442	214	1	-	-	47,415

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

Group	Land and buildings* RM'000	Renovation and building improvements RM'000	Furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicle RM'000	Others RM'000	Total RM'000
Cost								
As at 1 January 2015	74,559	1,121	7,348	1,977	60	481	7	85,553
Additions	-	-	22	2	-	-	-	24
Disposals	-	-	(85)	(7)	-	-	-	(92)
Written off	-	-	(8)	-	-	-	-	(8)
As at 31 December 2015	74,559	1,121	7,277	1,972	60	481	7	85,477
Accumulated depreciation and impairment								
As at 1 January 2015	30,792	1,076	7,250	1,678	57	481	7	41,341
Charge for the year	1,341	1	20	50	1	-	-	1,413
Disposals	-	-	(85)	(4)	-	-	-	(89)
Written off	-	-	(8)	-	-	-	-	(8)
As at 31 December 2015	32,133	1,077	7,177	1,724	58	481	7	42,657
Net carrying amount								
As at 31 December 2015	42,426	44	100	248	2	-	-	42,820

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

	Office equipment RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Total RM'000
Company				
Cost				
As at 1 January 2016 /				
31 December 2016	10	5	16	31
Accumulated depreciation				
As at 1 January 2016 /				
31 December 2016	10	5	16	31
Net carrying amount				
As at 31 December 2016	-	-	-	-
Cost				
As at 1 January 2015 /				
31 December 2015	10	5	16	31
Accumulated depreciation				
As at 1 January 2015	10	4	16	30
Charge for the year	-	1	-	1
As at 31 December 2015	10	5	16	31
Net carrying amount				
As at 31 December 2015	-	-	-	-

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

* Land and buildings of the Group comprise:

	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
Group				
Cost				
As at 1 January 2016/ 31 December 2016	1,787	53,605	19,167	74,559
Accumulated depreciation				
As at 1 January 2016	421	22,881	8,831	32,133
Charge for the year	-	1,063	278	1,341
Reversal of allowance for impairment losses	(421)	(5,203)	-	(5,624)
As at 31 December 2016	-	18,741	9,109	27,850
Net carrying amount				
As at 31 December 2016	1,787	34,864	10,058	46,709
Cost				
As at 1 January 2015/ 31 December 2015	1,787	53,605	19,167	74,559
Accumulated depreciation				
As at 1 January 2015	421	21,818	8,553	30,792
Charge for the year	-	1,063	278	1,341
As at 31 December 2015	421	22,881	8,831	32,133
Net carrying amount				
As at 31 December 2015	1,366	30,724	10,336	42,426

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12. Investment properties

	Group	
	2016	2015
	RM'000	RM'000
Long term leasehold buildings		
At fair value		
As at 1 January	9,151	9,182
Disposals	-	(31)
As at 31 December	<u>9,151</u>	<u>9,151</u>

The details of the Group's investment properties that carried at fair values are analysed as follows:-

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2016				
Long term leasehold buildings	-	9,151	-	<u>9,151</u>
2015				
Long term leasehold buildings	-	9,151	-	<u>9,151</u>

The level 2 fair values of the leasehold buildings have been derived by using the market comparison approach performed by independent valuers. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique used during the financial year.

There were no transfers between level 1 and level 2 during the financial year.

13. Investment in subsidiaries

	Company	
	2016	2015
	RM'000	RM'000
Unquoted shares, at cost:		
As at 1 January / 31 December	207,142	207,142
Less: Allowance for impairment losses		
As at 1 January	169,301	169,405
Reversal of allowance for impairment losses (Note 5)	(12,806)	(104)
As at 31 December	<u>156,495</u>	<u>169,301</u>
Net carrying amount	<u>50,647</u>	<u>37,841</u>

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13. Investment in subsidiaries (Cont'd)

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

Name of Subsidiary	Percentage of Issued Share Capital held by Parent		Principal Activities
	2016	2015	
	%	%	
Leisure Holidays Bhd.	76.48	76.48	Promoting and selling of timeshare memberships
Leisure Holidays Marketing Sdn. Bhd. *	76.48	76.48	Promoting and marketing of timeshare and club memberships
Leisure Holidays Resorts Management Sdn. Bhd. *	76.48	76.48	Resort management services
Leisure Commerce Square Sdn. Bhd.	70.00	70.00	Property developer
MBF Premier Sdn. Bhd.	100.00	100.00	Investment holding company

Subsidiaries liquidated during the prior financial years

(i)	Summerset Group Management Sdn. Bhd. @ *	65.01	65.01	Dormant
(ii)	Summerset Resort Sdn. Bhd. @ *	65.01	65.01	Dormant

Note:

* Held through Leisure Holidays Bhd.

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

(i) On 5 June 2011, Summerset Group Management Sdn. Bhd. was placed under creditors' voluntary winding up which is currently pending dissolution. It was deconsolidated in the financial year 2011.

(ii) On 17 July 2012, Summerset Resort Sdn. Bhd. was placed under creditors' voluntary winding up which is currently pending dissolution. It was deconsolidated in the financial year 2012.

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13. Investment in subsidiaries (Cont'd)

(iii) The non-controlling interests at the end of the reporting period comprise the following:

	Effective equity interest		The Group	
	2016 %	2015 %	2016 RM'000	2015 RM'000
Leisure Holidays Bhd. and it's subsidiary companies	23.52	23.52	1,264	(3,021)
Leisure Commerce Square Sdn. Bhd.	30.00	30.00	3,780	3,744
			<u>5,044</u>	<u>723</u>

(iv) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:

	Leisure Holidays Bhd. and it's subsidiary companies	
	2016 RM'000	2015 RM'000
<u>At 31 December</u>		
Non-current assets	68,653	52,742
Current assets	1,618	2,155
Non-current liabilities	(37,246)	(39,808)
Current liabilities	(13,966)	(14,251)
Net assets	<u>19,059</u>	<u>838</u>
<u>Financial Year Ended 31 December</u>		
Revenue	5,143	7,017
Profit for the financial year	18,221	793
Total comprehensive income	<u>18,221</u>	<u>793</u>
Total comprehensive income attributable to non-controlling interests	<u>4,285</u>	<u>186</u>
Net cash flows from operating activities	176	31
Net cash flows for investing activities	<u>(424)</u>	<u>(20)</u>

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13. Investment in subsidiaries (Cont'd)

- (iv) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):

	Leisure Commerce Square Sdn. Bhd.	
	2016	2015
	RM'000	RM'000
<u>At 31 December</u>		
Non-current assets	427	429
Current assets	16,216	16,308
Current liabilities	(5,848)	(6,060)
Net assets	<u>10,795</u>	<u>10,677</u>
<u>Financial Year Ended 31 December</u>		
Revenue	398	333
Profit/(Loss) for the financial year	118	(158)
Total comprehensive income/(expenses)	<u>118</u>	<u>(158)</u>
Total comprehensive income/(expenses) attributable to non-controlling interests	<u>35</u>	<u>(47)</u>
Net cash flows from operating activities	74	181
Net cash flows for financing activities	<u>(156)</u>	<u>(608)</u>

14. Trade receivables

	Group	
	2016	2015
	RM'000	RM'000
Trade receivables	11,035	11,916
Less: Allowance for impairment losses	(10,359)	(10,195)
Net trade receivables	<u>676</u>	<u>1,721</u>
	Group	
	2016	2015
	RM'000	RM'000
Of which:		
Due within 1 year	209	417
Due after 1 year	467	1,304
	<u>676</u>	<u>1,721</u>

The Group's normal trade credit terms range from 30 to 180 (2015: 30 to 180) days. Other current terms are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

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14. Trade receivables (Cont'd)

Ageing analysis of trade receivables

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

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2016			
Neither past due nor impaired	467	-	467
Past due			
1 to 30 days	93	(74)	19
31 to 60 days	43	(39)	4
61 to 90 days	73	(46)	27
More than 91 days	10,359	(10,200)	159
	<u>11,035</u>	<u>(10,359)</u>	<u>676</u>
2015			
Neither past due nor impaired	1,304	-	1,304
Past due			
1 to 30 days	272	(227)	45
31 to 60 days	129	(117)	12
61 to 90 days	168	(155)	13
More than 91 days	10,043	(9,696)	347
	<u>11,916</u>	<u>(10,195)</u>	<u>1,721</u>

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

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14. Trade receivables (Cont'd)

Receivables that are impaired

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

	Group	
	2016	2015
	RM'000	RM'000
At 1 January	10,195	9,448
Charge for the year (Note 7)	258	1,260
Written off	(94)	(513)
At 31 December	<u>10,359</u>	<u>10,195</u>

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

15. Inventories

	Group	
	2016	2015
	RM'000	RM'000
At fair value:		
Unsold properties	23,538	23,538
Less: Allowance for impairment losses	(8,292)	(8,292)
	<u>15,246</u>	<u>15,246</u>

16. Other receivables

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	473	408	224	-
Amount due from a subsidiary not consolidated	11,120	11,120	-	-
Deposits	569	627	857	918
Prepayments	68	79	8	5
	<u>12,230</u>	<u>12,234</u>	<u>1,089</u>	<u>923</u>

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivable other than the amount due from a subsidiary company, Summerset Resort Sdn. Bhd. ("SRSB"), amounting to RM11,119,614 (2015:RM11,119,614) which is currently under creditors' voluntary winding up. The said amount is admitted as secured creditor of SRSB. The amount is non-interest bearing and repayable upon disposal of the parcels of land owned by SRSB with the net carrying amount of RM15,295,484.

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17. Due from/(to) related companies

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

	Company	
	2016	2015
	RM'000	RM'000
Due from subsidiaries	2,344	1,253
Less: Allowance for impairment losses	-	(1,120)
	<u>2,344</u>	<u>133</u>
Due to a subsidiary	<u>(342)</u>	<u>(336)</u>

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The amount due to a subsidiary company is unsecured, non-interest bearing and has no fixed terms of repayment except for an amount of RM236,014 (2015: Nil) which bear interest at 5.00% (2015: Nil) per annum.

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

	Company	
	2016	2015
	RM'000	RM'000
At 1 January	1,120	880
Charge for the year (Note 7)	-	240
Written back (Note 5)	(1,120)	-
At 31 December	<u>-</u>	<u>1,120</u>

18. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	546	424	12	19
Deposits in money market fund	10,404	10,548	-	-
Fixed deposits with licensed banks	150	999	-	400
	<u>11,100</u>	<u>11,971</u>	<u>12</u>	<u>419</u>

Included in cash and bank balances of the Group are bank balances of RM185,481 (2015: RM166,554) in trust accounts established in accordance with the terms of the Trust Deeds entered into by a subsidiary, the Trustee and the subsidiary's Timeshare Members.

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18. Cash and cash equivalents (Cont'd)

Included in deposits with licensed banks of the Group are deposits of RM150,175 (2015: RM145,606) in sinking fund trust accounts established in accordance with the terms of the Trust Deeds entered into by a subsidiary, the Trustee and the subsidiary's Timeshare Members.

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

	Interest rates		Maturity periods	
	2016 %	2015 %	2016 Days	2015 Days
Group				
Deposits in money market fund	2.67 - 3.77	2.71 - 3.97	1	1
Fixed deposits with licenced banks	2.95 - 3.00	2.00 - 3.20	1 - 90	1 - 90

19. Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2016 Unit ('000)	2015 Unit ('000)	2016 RM'000	2015 RM'000
Authorised:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January/31 December	282,033	282,033	282,033	282,033

20. Refundable security deposits

The refundable security deposits are funds paid by subscribers to ensure that the subscribers comply with the terms and conditions of the subscribers' agreements over the duration of the agreements. The refund ability of these funds is subject to the terms and conditions of the subscribers' agreements. The balance outstanding as at the reporting date is stated net of any amounts utilised to settle fixed annual fees outstanding. The portion of the refundable security deposits to be utilised after the period of 12 months from the reporting date amounting to RM4,556,000 (2015: RM5,474,000) is reflected as a non-current liability in the Statements of Financial Position.

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21. Timeshare development account

The timeshare development account is to be utilised to cover the cost of acquisition or construction and furnishing of each resort or holiday apartment used for the timeshare business. The balance outstanding as at the reporting date is stated net of any amounts utilised to settle fixed annual fees outstanding. The portion of the timeshare development account to be utilised after the period of 12 months from the reporting date amounting to RM32,690,000 (2015: RM34,334,000) is reflected as a non-current liability in the Statements of Financial Position.

22. Other payables

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sundry payables	3,808	4,245	1,252	1,253
Accruals	2,790	2,888	395	380
Amount due to a subsidiary's shareholder	2,781	2,936	-	-
	<u>9,379</u>	<u>10,069</u>	<u>1,647</u>	<u>1,633</u>

Amount due to a subsidiary's shareholder is unsecured, non-interest bearing and is repayable on demand.

23. Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors				
<u>Directors of the Company</u>				
<i>Executive director (Note 6)</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	204	204	120	120
Defined contribution benefits	24	24	14	14
	<u>228</u>	<u>228</u>	<u>134</u>	<u>134</u>
<i>Non-executive director (Note 7)</i>				
Short-term employee benefits:				
- fee	15	15	15	15
Total directors' remuneration	<u>243</u>	<u>243</u>	<u>149</u>	<u>149</u>

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23. Key management personnel compensation (Cont'd)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other key management personnel (Note 6)				
Short-term employee benefits				
- salaries, bonuses and other benefits	620	730	620	591
Defined contribution benefits	118	128	118	112
Total compensation for other key management personnel	<u>738</u>	<u>858</u>	<u>738</u>	<u>703</u>

24. Significant related party disclosures

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with related parties during the financial year:-

	Company	
	2016	2015
	RM'000	RM'000
Dividend income from a subsidiary company	1,305	1,200
Management fee charged to subsidiary companies	480	480
Rental expense paid or payable to a subsidiary company	(12)	(12)
Interest expense paid or payable to a subsidiary company	(6)	-
Secretarial fee paid to a company in which a director of the Company has interest	<u>(23)</u>	<u>(30)</u>

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24. Significant related party disclosures (Cont'd)

(b) Significant related party transactions and balances (Cont'd)

The significant outstanding balances of related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

25. Significant event occurring after the reporting period

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Company upon its initial adoption are:-

- (i) Removal of the authorised share capital;
- (ii) Ordinary shares will cease to have par value; and

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Company for the financial year ending 31 December 2017.

26. Financial instruments

(a) Financial risk management objectives and policies

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

(b) Interest rate risk

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

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

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

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26. Financial instruments (Cont'd)

(b) Interest rate risk (Cont'd)

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

Group	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
2016			
Financial assets			
Trade receivables	-	676	676
Other receivables	-	11,593	11,593
Deposits, cash and bank balances	10,554	546	11,100
Total financial assets	10,554	12,815	23,369
Financial liabilities			
Other payables	-	9,379	9,379
Refundable security deposits	-	5,384	5,384
Total financial liabilities	-	14,763	14,763
Net financial assets/(liabilities)	10,554	(1,948)	8,606
2015			
Financial assets			
Trade receivables	-	1,721	1,721
Other receivables	-	11,528	11,528
Deposits, cash and bank balances	11,547	424	11,971
Total financial assets	11,547	13,673	25,220
Financial liabilities			
Other payables	-	10,069	10,069
Refundable security deposits	-	6,316	6,316
Total financial liabilities	-	16,385	16,385
Net financial assets/(liabilities)	11,547	(2,712)	8,835

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26. Financial instruments (Cont'd)

(b) Interest rate risk (Cont'd)

Company	Fixed interest rate RM'000	Non interest bearing RM'000	Total RM'000
2016			
Financial assets			
Other receivables	-	224	224
Due from related companies	-	2,344	2,344
Cash and bank balances	-	12	12
Total financial assets	-	2,580	2,580
Financial liabilities			
Other payables	-	1,647	1,647
Due to related companies	-	342	342
Total financial liabilities	-	1,989	1,989
Net financial assets	-	591	591
2015			
Financial assets			
Due from related companies	-	133	133
Deposits, cash and bank balances	400	19	419
Total financial assets	400	152	552
Financial liabilities			
Other payables	-	1,633	1,633
Due to related companies	-	336	336
Total financial liabilities	-	1,969	1,969
Net financial assets/(liabilities)	400	(1,817)	(1,417)

(c) Liquidity risk

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

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26. Financial instruments (Cont'd)

(c) Liquidity risk (Cont'd)

The table below details the expected contractual cash flow by maturity of financial liabilities held at 31 December 2016:

	On demand or within 1 month RM'000	More than 1 but less than 6 months RM'000	More than 6 but less than 12 months RM'000	More than 12 months RM'000	Total RM'000
Group					
2016					
Financial liabilities					
Other payables	9,379	-	-	-	9,379
Refundable security deposits	69	345	414	4,556	5,384
Total financial liabilities	9,448	345	414	4,556	14,763
2015					
Financial liabilities					
Other payables	10,069	-	-	-	10,069
Refundable security deposits	70	351	421	5,474	6,316
Total financial liabilities	10,139	351	421	5,474	16,385
	On demand or within 1 month RM'000	More than 1 but less than 6 months RM'000	More than 6 but less than 12 months RM'000	More than 12 months RM'000	Total RM'000
Company					
2016					
Financial liabilities					
Other payables	1,647	-	-	-	1,647
Due to related companies	342	-	-	-	342
Total financial liabilities	1,989	-	-	-	1,989

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26. Financial instruments (Cont'd)

(c) Liquidity risk (Cont'd)

Company	On demand or within 1 month RM'000	More than 1 but less than 6 months RM'000	More than 6 but less than 12 months RM'000	More than 12 months RM'000	Total RM'000
2015					
Financial liabilities					
Other payables	1,633	-	-	-	1,633
Due to related companies	336	-	-	-	336
Total financial liabilities	1,969	-	-	-	1,969

(d) Credit risk

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

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

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for the amount due from a liquidating subsidiary company, Summerset Resort Sdn. Bhd. ("SRSB"), of RM11,119,614 will be recovered when the land held by SRSB is disposed subsequently.

The profiles of the Group's trade and other receivables and cash and bank balances at the reporting date are as disclosed in Notes 14, 16 and 18 respectively.

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26. Financial instruments (Cont'd)

(e) Categories of financial instrument

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial assets				
- loans and receivables				
Trade receivables	676	1,721	-	-
Other receivables	11,593	11,528	224	-
Due from related companies	-	-	2,344	133
Cash and bank balances	11,100	11,971	12	419
Total financial assets	23,369	25,220	2,580	552
Financial liabilities				
Other payables	9,379	10,069	1,647	1,633
Due to related companies	-	-	342	336
Refundable security deposits	5,384	6,316	-	-
Total financial liabilities	14,763	16,385	1,989	1,969

(f) Fair values

Determination of fair values:

(i) Trade and other receivables

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

The carrying amounts of non-current trade receivables are determined by discounting the relevant cash flow using interest rates for similar instruments at the end of reporting period.

(ii) Cash and bank balances

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

(iii) Other payables and amount due to related companies

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

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26. Financial instruments (Cont'd)

(g) Fair value measurements

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

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial asset								
Trade receivables (non- current)	-	-	467	-	-	-	467	467
2015								
Financial asset								
Trade receivables (non- current)	-	-	1,304	-	-	-	1,304	1,304

The fair values of trade receivables (non-current) are measured using discounted cash flow projections based on a borrowing rate of 5.00% (2015: 5.20%). The discount rate equals to the current market interest rate for similar instruments.

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27. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the financial year ended 31 December 2016.

28. Material Litigation

**LCS Management Corporation ("LCSMC") versus
Leisure Commerce Square Sdn Bhd ("LCSSB")**

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

LCSSB has also filed a counter claim to demand the refund of the service charges and outgoings paid to the Building Management fund from the LCSJMB (now known as LCS Management Corporation ("LCSMC") which was formed on 23 May 2013) in respect of unsold units of offices and retail units at Leisure Commerce Square of approximately RM10 million.

LCSMC further quantified the claim on services charges on accessory parcels of RM41.35 million giving rise to a total claim of RM52.35 million vide their main witness statement served on LCSSB on 23 October 2014.

The full trial proceeded on 3 and 4 November 2014, 5 and 6 May 2015 and the High Court on 17 September 2015 ruled mainly as follows:-

- (a) No service charges are payable for unsold units of offices and retail units that are not occupied for the period pre Building and Common Property (Maintenance and Management) Act 2007 which is the period before 12 April 2007.
- (b) No service charges are payable on accessory parcels.

Arising from the High Court decision, LCSMC and LCSSB are to meet to reconcile the billings and payments from both parties, the process of which is still on-going. The Group financial statements are not expected to be materially affected by this reconciliation exercise, where at this point, the quantum cannot be accurately ascertained.

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29. Comparative Figures

The following figures have been reclassified to conform with the presentation of the current financial year :-

	Group		Company	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
<u>Cash Flows Statements (Extract):-</u>				
<u>Cash flows (for)/from operating activities</u>				
Adjustments for:				
Dividend income	-	-	(1,200)	-
<u>Net cash (for)/from operating activities</u>				
Interest received	-	432	-	-
<u>Cash flows (for)/from investing activities</u>				
Interest received	432	-	-	-
Dividend received	-	-	1,200	-
	<hr/>	<hr/>	<hr/>	<hr/>

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List of Properties

- held by MBf Corporation Berhad Group as at 31 December 2016

No.	Addresses	Description and Existing Use	Total Area (Square Meter)	Tenure/ Approximate Age of Buildings (Years)	Expiry Date	Net Book Value (RM'000)
1.	Block Aster (A1) Jalan Gereja 39000 Tanah Rata Cameron Highland Pahang Darul Makmur	36 units of apartments For timeshare business	3,381	Leasehold / 24	2038	3,920
2.	No. 563, Jalan Wee Hein Tze 11200 Tanjung Bungah, Penang	49 units of apartments For timeshare business	2,438	Freehold / 24	-	13,080
3.	Lot 79, Jalan Kuala Melaka Padang Matsirat, 07100 Langkawi Kedah Darul Aman	74 units of apartments For timeshare business	6,977	Freehold / 19	-	12,776
4.	Lot 1854, Jalan Desaru Bandar Penawar 81930 Kota Tinggi Johor Darul Takzim	50 units of apartments For timeshare business	4,834	Leasehold / 21	2088	3,761
5.	218, Jalan Ipoh 51200 Kuala Lumpur	24 units of apartments For timeshare business	2,236	Freehold / 23	-	4,029
6.	Lot No. 752, Batu 7 Jalan Pantai Teluk Kemang 71050 Port Dickson	30 units of apartments For timeshare business	2,086	Freehold / 25	-	1,374

575672-X

MBf CORPORATION BERHAD
(Incorporated in Malaysia)

List of Properties

- held by MBf Corporation Berhad Group as at 31 December 2016 (Cont'd)

No.	Addresses	Description and Existing Use	Total Area (Square Meter)	Tenure/ Approximate Age of Buildings (Years)	Expiry Date	Net Book Value (RM'000)
7.	Amber Court 69000 Genting Highlands	36 units of apartments For timeshare business	2,316	Freehold / 22	-	2,382
8.	Lot PTMT A2/01/2766 Mukim Batu Katil District of Melaka	50 units of apartments Not in use	3,663	Leasehold / 24	2076	*
9.	7-15 Monte Carlo Avenue Surfers Paradise, Queensland 4217 Australia	10 units of apartments For timeshare business	566	Freehold / 22	-	1,926
10.	Pusat Dagang Setia Jaya 9 Jalan PJS 8/9, 46150 Petaling Jaya Selangor Darul Ehsan	13 units of office lots For use as office and rental	4,378	Leasehold / 18	2091	12,087
11.	Lot 53 PN 11812 Pusat Dagang Setia Jaya 9 Jalan PJS 8/9, 46150 Petaling Jaya Selangor Darul Ehsan	24 carpark bays	721	Leasehold / 18	2091	424
12.	Unit B2-7A 2nd Floor, Binova Industrial Centre No. 1 Jalan 2/87B Kawasan Perusahaan Segambut Off Jalan Segambut Bawah 51200 Kuala Lumpur	Light industrial and office lot For use as store	141	Leasehold / 26	2077	101

* Denote as RM 1

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

ANALYSIS OF SHAREHOLDINGS

As at 14 February 2017

Authorised share capital	:	RM500,000,000
Issued and Paid-up capital	:	RM282,033,314
Class of Share	:	Ordinary shares of RM1 each
Number of Shareholders	:	41,303
Voting Rights	:	On a show of hands – one vote for every shareholder On a poll – one vote for every ordinary share held

SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
Leisure Holidays Holdings Sdn Bhd	111,380,600	39.49	-	-
Chuah Hun Leong	15,721,610	5.57	-	-
Dato' Loy Teik Ngan	-	-	111,380,600*	39.49
* Deemed interested by virtue of his indirect interest in the Company pursuant to Section 197 of the Companies Act, 2016.				

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	20,719	50.16	887,307	0.31
100 - 1,000	17,320	41.93	4,511,810	1.60
1,001- 10,000	2,113	5.12	8,277,032	2.93
10,001 - 100,000	961	2.33	34,085,275	12.09
100,001 and below 5% of issued shares	188	0.46	107,169,680	38.00
5% and above of issued shares	2	0.00	127,102,210	45.07
Total	41,303	100.00	282,033,314	100.00

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

ANALYSIS OF SHAREHOLDINGS

As at 14 February 2017

TOP 30 SHAREHOLDERS AS PER REGISTER & RECORD OF DEPOSITORS

No.	Name	No. of Shares	% of Issued Capital
1.	LEISURE HOLIDAYS HOLDINGS SDN BHD	111,380,600	39.49
2.	CHUAH HUN LEONG	15,721,610	5.57
3.	TEH CHEE FEI	12,256,300	4.35
4.	CHEE HONG LEONG	8,695,000	3.08
5.	MAYBANK NOMINEES (ASING) SDN BHD Beneficiary : Nomura Singapore Limited For Xcess Finance Co Ltd	5,619,000	1.99
6.	CHONG SEM SHOONG	3,463,000	1.23
7.	LIEW YAM FEE	3,000,000	1.06
8.	KUOK YIT LI @ KUOK LEE LEE	2,830,000	1.00
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD Beneficiary : SDB Asset Management Sdn Bhd For Sabah Development Bank Berhad	2,379,300	0.84
10.	CITIGROUP NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For OCBC Securities Private Limited	2,177,397	0.77
11.	SU MING KEAT	1,900,000	0.67
12.	UOB KAY HIAN NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For UOB Kay Hian Pte Ltd	1,860,438	0.66
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Beneficiary : Pledged Securities Account For Ling Kwong Ming	1,697,700	0.60
14.	YEW CHAN LENG @ YAU CHAN LEONG	1,500,000	0.53
15.	CARTABAN NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For Credit Agricole (Suisse) SA	1,477,034	0.52
16.	CIMSEC NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For CIMB Securities (Singapore) Pte Ltd	1,302,270	0.46
17.	TANG KAM KEW	1,250,000	0.44
18.	HO SIEW CHIN	1,130,000	0.40
19.	TOH TIAM HWAT	1,050,000	0.37
20.	AMSEC NOMINEES (ASING) SDN BHD Beneficiary : Exempt An For KGI Securities (Singapore) Pte Ltd	1,040,972	0.37

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

ANALYSIS OF SHAREHOLDINGS

As at 14 February 2017

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

No.	Name	No. of Shares	% of Issued Capital
21.	KONG CHOON HOCK	1,000,000	0.35
22.	TAY SOO CHENG	1,000,000	0.35
23.	ONG KOON HO	880,000	0.31
24.	JF APEX NOMINEES (TEMPATAN) SDN BHD Beneficiary : Pledged Securities Account For Chow Heng Lan	870,000	0.31
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD Beneficiary : Pledged Securities Account for Tan Sea Ming	850,000	0.30
26.	NG HOCK TEE	830,000	0.29
27.	HO SIEW CHOY	810,000	0.29
28.	GOH JUAI HIAN	765,000	0.27
29.	BANGKOK BANK BERHAD	731,000	0.26
30.	LIM KENG ANN	694,300	0.25
	TOTAL	190,160,921	67.38

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PROXY FORM

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

No. of Shares Held	Shareholder's Contact No.

“Proxy A”

I/We, _____ NRIC/Passport/Company No. _____ of

being a member/members of **MBf Corporation Berhad**, hereby appoint _____
NRIC/Passport No. _____ of _____
or failing him/her, _____ NRIC/Passport No. _____ of

or failing him/her, the Chairman of the meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the **FIFTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 21 June 2017 at 10:00 a.m. or at any adjournment thereof.

“Proxy B”

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

I/We, _____ NRIC/Passport/Company No. _____ of

being a member/members of **MBf Corporation Berhad**, hereby appoint _____
NRIC/Passport No. _____ of _____
or failing him/her, _____ NRIC/Passport No. _____ of

or failing him/her, the Chairman of the meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the **FIFTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 21 June 2017 at 10:00 a.m. or at any adjournment thereof.

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

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

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

My/our proxies shall vote as follows:-

RESOLUTIONS	FIRST PROXY A		SECOND PROXY B	
	FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1				
Ordinary Resolution 2				
Ordinary Resolution 3				
Ordinary Resolution 4				
Ordinary Resolution 5				

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

Dated this day of

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

Notes:

A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his / her stead. A proxy may but need not be a member of the Company. A member shall be entitled to appoint more than one proxy subject to Section 334(2) of the Companies Act, 2016. The Form of Proxy must be deposited at the Registered Office of the Company at Block B1, Level 9, Pusat Dagang Setia Jaya (Leisure Commerce Square), No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Fold the line for sending



Affix
Stamp
Here

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

Second fold here



SPECIAL OFFER!

Don't miss out on your chance to SAVE!

Buy 1 Night Get Extra 1 Night Free!

Kemang Indah,

Port Dickson

RM200 per night

Perdana Beach Resort,
Langkawi

RM300 per night

Greenhill,

Cameron Highlands

RM350 per night

Leisure Cove,

Penang

RM300 per night



- Rates offered is subject to GST of 6%
- Accommodation offered are 2 or 3 bedrooms unit which can sleep 6 persons
- Subject to terms and conditions
- This offer is only for the Shareholders of MBF Corporation Berhad

For more information, please contact us at: -
03-7861 8855 or info@leisureholidays.com.my



Leisure Holidays Bhd

923, Level 9, Block B1, Pusat Dagang Setia Jaya,

No 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor

Tel: +603-7861 8899 Fax: +603-78736860 Email: info@leisureholidays.com.my

Website: www.leisureholidays.com.my

MBf Corporation Berhad (575672-X)

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