PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING ISSUED BY THE MALAYSIAN ACCOUNTING STANDARDS BOARD

A1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the year ended 31 December 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with applicable Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for the year ended 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transaction from FRS to MFRS is described in Note A2 below.

A2 Significant accounting policies

2.1 Application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency transition differences of RM43,459,000 (31 December 2011: RM43,459,000) were adjusted to retained earnings.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 January 2011

	FRS as at 1/1/2011 RM'000	**Reclassifications RM'000**	**MFRS as at 1/1/2011 RM'000**
Non-current assets	1,113,604	-	1,113,604
Current assets	1,581,334	-	1,581,334
Total assets	2,694,938	-	2,694,938
Current liabilities	1,269,085	-	1,269,085
Non-current liabilities	548,793	-	548,793
Total liabilities	1,817,878	-	1,817,878
Equity			
Share capital	570,050	-	570,050
Equity portion of RCSLS	68,655	-	68,655
Foreign currency translation reserves	(43,459)	43,459	-
Capital reserves	4,084	-	4,084
Asset revaluation reserves	239,493	-	239,493
Retained earnings	15,381	(43,459)	(28,078)
Equity attributable to owners of the parent	854,204	-	854,204
Non-controlling interests	22,856	-	22,856
Total equity	877,060	-	877,060
Total equity and liabilities	2,694,938	-	2,694,938

Reconciliation of equity as at 31 December 2011

	FRS as at 31/12/2011 RM'000	**Reclassifications RM'000**	**MFRS as at 31/12/2011 RM'000**
Non-current assets	1,512,037	-	1,512,037
Current assets	1,682,104	-	1,682,104
Total assets	3,194,141	-	3,194,141
Current liabilities	1,564,814	-	1,564,814
Non-current liabilities	595,718	-	595,718
Total liabilities	2,160,532	-	2,160,532
Equity			
Share capital	570,050	-	570,050
Equity portion of RCSLS	73,574	-	73,574
Foreign currency translation reserves	45,191	43,459	88,650
Capital reserves	4,084	-	4,084
Asset revaluation reserves	244,345	-	244,345
Retained earnings	71,241	(43,459)	27,782
Equity attributable to owners of the parent	1,008,485	-	1,008,485
Non-controlling interests	25,124	-	25,124
Total equity	1,033,609	-	1,033,609
Total equity and liabilities	3,194,141	-	3,194,141

The transition from FRS to MFRS has not had a material impact on the statements of financial position, statements of comprehensive income and statements of cash flows.

2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation		**Effective for annual periods beginning on or after**
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

A3 Discontinued operation

Consequent to the disposal of MBF Cards (M'sia) Sdn Bhd ("MBF Cards") as elaborated in Note A13(a), for the current period under review, the results related to MBF Cards are presented separately on the income statement as "Profit from discontinued operation, net of tax".

Statement of financial position disclosures

The major classes of assets and liabilities related to MBF Cards classified as held for sale and the reserves as at 30 November 2012 are as follows:

	Group RM'000
Assets:	
Property, plant and equipment	11,980
Intangible assets	25,222
Investment in associate	16,151
Investment securities	16,941
Inventories	381
Trade and other receivables	676,359
Cash and bank balances	144,841
Assets directly associated with disposed subsidiary	**891,875**
Liabilities:	
Loans and borrowings	553,544
Deferred tax liabilities	872
Trade and other payables	79,511
Income tax payable	3,510
Liabilities directly associated with disposed subsidiary	**637,437**
Net assets directly associated with disposed subsidiary	**254,438**
Reserves:	
Accumulated profits	**224,694**

Statement of comprehensive income disclosures

The results of MBF Cards for the period ended 30 November are as follows:

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	CURRENT YEAR QUARTER 31/12/2012 RM'000	**PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000**	**CURRENT YEAR TO DATE 31/12/2012 RM'000**	**PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000**
Revenue	**39,328**	59,776	**220,238**	236,870
Operating expenses	**(30,118)**	(44,833)	**(160,974)**	(170,034)
Other income	**4,780**	9,105	**28,767**	29,709
Profit before finance costs	**13,990**	24,048	**88,031**	96,545
Finance costs	**(5,376)**	(8,438)	**(31,169)**	(32,785)
Share of results of associate	**866**	779	**3,571**	2,099
Profit before tax	**9,480**	16,389	**60,433**	65,859
Taxation	**(2,067)**	(5,300)	**(13,841)**	(16,180)
Profit after tax	**7,413**	11,089	**46,592**	49,679
Consolidation adjustment	**(805)**	(1,183)	**(4,436)**	(4,776)
Profit from discontinued operation, net of tax	**6,608**	9,906	**42,156**	44,903

A4 Seasonal or cyclical factors

The operations of the Group are not exposed to any seasonal or cyclical factors except for the Papua New Guinea Agriculture and Fiji Retail and Wholesale segments.

A5 Unusual items due to their nature, size or incidence

Included in operating expenses are the following non-recurring items:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
i) Provision for floods losses in Fiji – net of insurance claim	(1,849)	-	(3,782)	-
ii) Impairment of goodwill and franchise	-	(5,198)	-	(5,198)
iii) Loss on deconsolidation of subsidiaries	-	-	(77)	-
	(1,849)	(5,198)	(3,859)	(5,198)

Included in other income are the following non-recurring items:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
i) Net gain from fair value adjustment of Investment Properties	-	1,995	-	115,523
ii) Gain on disposal of subsidiary	382,803	-	382,803	-
iii) Provision for liabilities no longer required	-	10,978	-	10,978
iv) Fire insurance claim	-	6,138	-	6,138
v) Gain on disposal of property, plant and equipment	-	-	5,459	-
	382,803	19,111	388,262	132,639

A6 Profit before tax

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

(I) Continuing operations

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
(a)	Interest income	(529)	(1,363)	(2,006)	(1,820)
(b)	Foreign exchange (gain)/loss	(3,272)	167	(9,223)	217
(c)	Gain on disposal on subsidiary	(382,803)	-	(382,803)	-
(d)	Net gain on disposal of property, plant and equipment	(311)	(41)	(6,032)	(337)
(e)	Net gain from fair value adjustment of Investment Properties	(3,501)	(1,940)	(3,501)	(115,468)
(f)	Reversal of impairment of property, plant and equipment	(268)	-	(268)	-
(g)	Other income (investment, commission, rental income etc.)	(14,910)	(22,574)	(29,875)	(32,987)
(h)	Interest expense	22,542	26,333	81,745	69,170
(i)	Depreciation and amortization	12,284	22,683	57,055	54,700
(j)	Allowance for impairment of trade and other receivables	(2,781)	8,691	2,390	14,679
(k)	Write down of inventories	7,560	(137)	8,364	7,612
(l)	Net fair value loss/(gain) on financial instruments:				
	- held for trading investment securities	(3)	(4)	3	-
	- derivatives	298	829	(69)	(426)
	- designated at fair value through profit or loss	(302)	34	(698)	(453)
(m)	Inventories written off	8,482	6,991	8,482	7,226

(II) Discontinued operation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
(a) Interest income	(725)	(1,101)	(4,164)	(4,116)
(b) Foreign exchange loss/(gain)	(104)	(2)	34	(153)
(c) Net loss/(gain) on disposal of property, plant and equipment	2	(2)	(203)	9
(d) Net gain from fair value adjustment of Investment Properties	-	(55)	-	(55)
(e) Other income (investment, commission, rental income etc.)	(2,645)	(4,536)	(15,245)	(15,565)
(f) Interest expense	5,376	8,438	31,169	32,785
(g) Depreciation and amortization	1,072	1,817	6,264	7,880
(h) Allowance for impairment of trade and other receivables	8,833	10,056	40,987	35,504
(i) Write (back)/down of inventories	-	(114)	41	(106)
(j) Net fair value gain on financial instruments: - designated at fair value through profit or loss	(379)	(2,017)	(4,072)	(4,349)

A7 Changes in estimates

There were no changes in estimates that had a material effect on the results of the quarter under review.

A8 Pre-acquisition profits

The above results do not comprise any pre-acquisition profit.

A9 Dividends paid

There was no dividend paid, proposed or declared during the quarter under review.

A10 Debt and equity securities

(a) Class B US Dollar Denominated Redeemable Convertible Secured Loan Stock ("RCSLS-B")

On 10 September 2012, Onglory Holdings Limited, a wholly-owned subsidiary had fully redeemed in cash the entire outstanding RCSLS B of USD5,665,323.28 which was issued pursuant to the Scheme of Arrangement of MBfH in June 2003.

(b) Class A US Dollar Denominated Redeemable Convertible Secured Loan Stock (“RCSLS-A”)

On 3 October 2012 and 8 November 2012, 2,791,085 and 4,581,595 MBfH ordinary shares of RM1.00 each were issued pursuant to the conversion of RCSLS A amounting to USD916,011 and USD1,522,125 respectively equivalent to nominal amount of RM1.00 of RCSLS A for 1 new MBfH ordinary share

(c) Paid-up and Issued Share Capital

During the year, 290 warrants 2003/2013 were exercised to subscribe for 290 ordinary shares of RM1.00 each at an exercise price of RM1.00 per share.

As at 31 December 2012, the issued and paid-up share capital of the Company was RM577,423,104 comprising 577,423,104 ordinary shares of RM1.00 each and the total warrants 2003/2013 in issue was 265,063,306.

A11 Segment information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012 RM’000	**PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM’000**	**CURRENT YEAR TO DATE 31/12/2012 RM’000**	**PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM’000**
Revenue				
Continuing operations				
Papua New Guinea - Automotive	**232,166**	181,383	**877,345**	576,723
Papua New Guinea - Agriculture	**43,875**	98,735	**260,144**	359,985
Fiji - Retail and Wholesale	**120,345**	122,262	**448,425**	401,196
Fiji – Automotive	**66,685**	48,236	**258,125**	235,727
Fiji – Property	**5,605**	10,835	**20,754**	30,100
Shipping	**32,193**	34,466	**136,889**	147,307
Others *	**154,044**	124,134	**543,480**	485,363
Consolidation adjustments	**(7,573)**	(12,565)	**(36,832)**	(42,713)
	647,340	607,486	**2,508,330**	2,193,688
Discontinued operation				
Card and Payment Services	**39,328**	59,776	**220,238**	236,870
Total revenue	**686,668**	667,262	**2,728,568**	2,430,558

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
Results				
Continuing operations				
Papua New Guinea - Automotive	**28,099**	6,302	**107,486**	21,461
Papua New Guinea - Agriculture	**(1,329)**	(20,915)	**(37,498)**	(15,357)
Fiji - Retail and Wholesale	**13,384****	(1,959)	**7,762****	(12,385)**
Fiji – Automotive	**3,899**	1,034	**9,498**	4,322
Fiji – Property	**66**	4,457	**1,576**	10,408
Shipping	**(24,082)**	(14,186)	**(55,173)**	(47,492)
Others *	**376,788****	(14,925)	**341,522****	74,160**
Consolidation adjustments	**3,384**	141	**7,106**	6,970
Profit from operations	**400,209**	(40,051)	**382,279**	42,087
Share of results of associates	**(230)**	120	**(29)**	(189)
Profit/(loss) before tax	**399,979**	(39,931)	**382,250**	41,898
Discontinued operation				
Card and Payment Services				
Profit before tax	**7,809**	14,427	**52,426**	58,984
Share of result of associate	**866**	779	**3,571**	2,099
Profit before tax	**8,675**	15,206	**55,997**	61,083
Total profit before tax	**408,654**	(24,725)	**438,247**	102,981

* Others include provision of support services for information systems and office equipment, printing of packaging boxes, manufacturing and distribution of tinned food, provision of financial services and investment holding, none of which are of a significant size to be reported separately.

** Comprised unusual items as in Note A5.

A12 Subsequent events

(a) Increase in Paid-up and Issued Share Capital

70 ordinary shares of RM1.00 were issued pursuant to the conversion of 20 and 50 warrants 2003/2013 on 16 January 2013 and 30 January 2013 respectively at an exercise price of RM1.00 per share.

(b) Receipt of Notice of Take-Over Offer

On 6 February 2013, the Company received a Notice of Conditional Take-Over Offer ("Notice") by Tor Private Limited, Nadin Holdings SdnBhd, Impact Action SdnBhd and Market Share Investments Limited (collectively referred to as the "Joint Offerors") through Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad) to acquire the following:

(i) all the remaining ordinary shares of RM1.00 each in MBf Holdings Berhad ("Offer Shares") which are not already owned by the Joint Offerors;

(ii) all the remaining warrants 2003/2013 ("Warrants") not already owned by the Joint Offerors ("Offer Warrants");

(iii) all the new MBfH Shares which may be issued prior to the closing of the Offer arising from the exercise of the outstanding Warrants;

(iv) all the outstanding Class A United States Dollar ("USD") denominated redeemable convertible secured loan stock ("RCSLS") not already owned by the Joint Offerors ("Offer RCSLS"); and

(v) all the new MBfH Shares which may be issued prior to the closing of the Offer arising from the exercise of the outstanding RCSLS

for a cash consideration of RM1.50 per Offer Share, RM0.50 per Offer Warrant and RM4.64 per Offer RCSLS ("Offer").

In the event MBfH declares, makes or pays any dividend and/or distribution on or after the date of the Notice (i.e. 6 February 2013) but prior to the close of the Offer ("Closing Date"), the shareholder is entitled to retain such dividend and/or distribution and the consideration for each Offer Share shall be reduced by the quantum of the net dividend and/or distribution which such shareholder is entitled to. Any reduction in offer price for the Offer Shares arising from the distribution will not result in a reduction in the offer price for the Offer Warrants and Offer RCSLS.

Similarly, in the event a notice of intention to redeem the RCSLS in full is issued, on or prior to the Closing Date, the offer for the RCSLS will no longer be valid. However, in the interest of ensuring equitable treatment and upon the Offer becoming unconditional, the Joint Offerors will pay the differential amount between the offer price for each Offer RCSLS and the redemption amount per Offer RCSLS to such RCSLS Holders who are entitled to receive the full redemption amount.

The Offer shall be conditional upon the Joint Offerors having received, before the close of the Closing Date, valid acceptances in respect of the Offer Shares, which would result in them holding in aggregate, together with such MBfH Shares that are already acquired, held or entitled to be acquired or held by them, if any, more than 90% of the voting shares of MBfH ("Acceptance Condition"). The Joint Offerors do not intend to maintain the listing status of MBfH in the event the Acceptance Condition is achieved.

In the case of a take-over offer upon 90% or more of the listed shares of the listed issuer are held by a shareholder either individually of jointly with associates of the said shareholder and the listed issuer announcing that the offeror does not intend to maintain the listing status of the listed issuer, Bursa Securities shall suspend the trading of the securities of the listed issuer upon expiry of 5 market days from the date of the immediate announcement by the listed issuer.

As at the date of this report, the Joint Offerors jointly hold 514,865,851 MBfH Shares, representing 89.17% of the voting shares of MBfH.

The Notice was sent to the shareholders and warrant holders on 13 February 2013.

(c) Public Shareholding Spread

On 8 February the Company announced that its public shareholding spread was 8.57% which has reduced to 8.27% at the date of this report. Pursuant to paragraph 16.02(2) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") trading in the Company's listed securities will be suspended immediately upon the expiry of 30 market days from the date of the announcement in view that its public shareholding spread is below 10% of its listed shares. As such, the suspension will be effected on 25 March 2013.

Once the suspension is effected, it will only be uplifted by Bursa Securities upon full compliance with the Require Public Shareholding Spread or as may be determined by Bursa Securities.

(d) Voluntary striking off of Company under Section 308(1) of the Companies Act, 1965

On 20 February 2013 the Company announced that an application was made to the Companies Commission of Malaysia ("CCM") for the voluntary striking-off of Frezhtalkz Mobile SdnBhd ("FTM"), a dormant wholly-owned subsidiary company of MBfH. CCM had in its letter dated 25 January 2013 (which was received on 19 February 2013) advised that a notice will be published in the *Gazette* with a view to striking the name of FTM off the register within one month from 25 January 2013 if it does not receive any response to the contrary from FTM.

A13 Changes in composition of the Group

On 10 July 2012 the Company together with its wholly owned subsidiaries, Atox Cards Sdn Bhd and Jastura Sdn Bhd entered into a conditional share sale agreement with AMMB Holdings Berhad for the proposed disposal of 100% equity interest held by them in MBF Cards for a total cash consideration of RM623.40 million, subject to adjustment on completion.

The disposal was completed on 3 December 2012 at the final sale consideration of RM641.40 million.

A14 Commitments

As at 31 December 2012 the commitments were:-

	RM'000
a) Capital commitments	
Authorised and contracted for:	
- Purchase of property, plant and equipment	2,286
- Purchase of investment in unquoted shares	24,206
	26,492
b) Operating expenditure:	
Not later than one year	19,409
Later than one year and not later than two years	7,104
Later than two years and not later than five years	9,811
Later than 5 years	52,899
	89,223

A15 Contingent liabilities

The contingent liabilities as at 31 December 2012 were:-

	RM'000
a) Guarantees extended in support of banking and other credit facilities granted to an associate – (secured)	1,536
b) Others – unsecured	601
	2,137

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance

Quarter ended 31 December 2012

	Q4 2012	Q4 2011	Increase/(Decrease)	
	RM'mil	RM'mil	RM'mil	%
Revenue				
- Continuing operations	647.34	607.49	39.85	7
- Discontinued operation	39.33	59.77	(20.44)	(34)
Total	**686.67**	**667.26**	**19.41**	**3**
Profits/(loss) before tax				
- Continuing operations	399.98	(39.93)	439.91	1,101
- Discontinued operation	8.67	15.21	(6.54)	(43)
Total	**408.65**	**(24.72)**	**433.37**	**1,753**
Taxation	**(22.73)**	**(8.58)**	**14.15**	**164**
Profit/(loss), net of tax				
- Continuing operations	379.31	(43.21)	422.52	977
- Discontinued operation	6.61	9.91	(3.30)	(33)
Total	**385.92**	**(33.30)**	**419.22**	**1,258**

The higher revenue was principally contributed by the continuing operations in the South Pacific:-
- Papua New Guinea (RM16.57 million) - mainly from its Automotive segment (RM50.79 million) and Trading segment (RM14.48 million), mitigated by the lower sales in the Agriculture segment due to declined production volume and commodity prices (RM54.86 million); and
- Fiji (RM20.22 million) – from its Automotive sales (RM18.45 million).

The much improved Group operating profit before tax of RM27.70 million (excluding non-recurring net gains of RM380.95 million) compared to operating loss before tax of RM38.63 million (excluding non-recurring net gains of RM13.91 million) in the corresponding quarter of 2011 was due principally to:-
- the increased revenue as explained above;
- the increased profit in the PNG Automotive segment (RM28.10 million vs. RM6.30 million in Q4 2011) as a result of the continuing strong demand from the LNG projects and its improved profit margin; and
- lower loss in the PNG-Agriculture segment consequent of cost control measures being put in place.

Year ended 31 December 2012

	2012	2011	Increase/(Decrease)	
	RM'mil	RM'mil	RM'mil	%
Revenue				
- Continuing operations	2,508.33	2,193.69	314.64	14
- Discontinued operation	220.24	236.87	(16.63)	(7)
Total	**2,728.57**	**2,430.56**	**298.01**	**12**
Operating profits before tax & non-recurring items				
- Continuing operations	(2.15)	(85.54)	83.39	97
- Discontinued operation	55.99	61.08	(5.09)	(8)
Total	**53.84**	**(24.46)**	**78.30**	**320**
Non- recurring items	**384.40**	**127.44**	**256.96**	**202**
Profits before tax	**438.24**	**102.98**	**335.26**	**326**
Taxation	**(52.67)**	**(43.82)**	**8.85**	**20**
(Loss)/Profit, net of tax				
- Continuing operations	343.42	14.26	329.16	2,308
- Discontinued operation	42.16	44.90	(2.74)	(6)
Total	**385.58**	**59.16**	**326.42**	**552**

The increased revenue for the year ended 31 December 2012 was principally attributed to the higher contributions from the continuing operations in South Pacific, particularly - Papua New Guinea (RM238.80 million) mainly from its Automotive segment (RM300.62 million). Such increase was mitigated by lower revenue in the Agriculture segment (RM99.85 million) and Fiji (RM76.93 million), from its Retail & Wholesale and Automotive segments.

The Group's profit before tax was RM438.24 million for the current year versus last year's of RM102.98 million, higher by RM335.26 million or 326%. Included therein were the non-recurring items as disclosed in Note A5 above.

Disregarding the non-recurring items the Group would be reporting an operating profit before tax of RM53.84 million (2011: loss of RM24.46 million) which included the contributions from MBF Cards and the improved results was due principally to the favourable performance of the Papua New Guinea operations, namely its Automotive segment and the Retail and Wholesale segment in Fiji.

Operations Review - Year Ended 31 December 2012

a) Papua New Guinea – Automotive

Current quarter

This segment registered higher revenue by 28% compared to the corresponding quarter of 2011 (RM232.17 million vs RM181.38 million) mainly due to increased sales of light and heavy vehicles of 844 units compared to 734 units in the 4th quarter of 2011 and boosted by the strong Kina. The profit before tax for the current quarter was higher by 346% compared to the 4th quarter result of 2011 (RM28.10 million vs RM6.30 million) due to the Group's ability to achieve the targeted sales and maintain the gross profit margins.

For the twelve month period
This segment registered an increase of 52% in revenue (RM877.35 million vs RM576.72 million) (boosted by the strengthened Kina currency (relative to Ringgit Malaysia) and the increased number of vehicles sold in PNG of 3,697 units versus 2,498 units in 2011. The profit before tax was RM107.49 million (Kina71.15 million), 401% or RM86.03 million (Kina54.95 million) higher than the RM21.46 million (Kina16.21 million) reported for 2011 consequent to the increased revenue.

b) Papua New Guinea – Agriculture

Current quarter
This segment reported sales of RM43.88 million (Kina29.66 million), a decrease by 55% compared to the previous corresponding quarter of 2011 of RM98.74 million (Kina66.90 million) due to lower coconut oil export volume (3,652 MT compared to previous corresponding quarter of 7,964 MT) and commodity price (Kina 2,065 per MT FOB compared to previous corresponding quarter of Kina 2,199 per MT FOB).

Pretax loss of RM1.33 million (Kina0.98 million) was lower compared to the previous year's corresponding quarter of RM20.92 million (Kina15.96 million) despite the decrease in revenue due to cost cutting measure undertaken by this segment.

For the twelve month period
The lower revenue by 27% as compared to the previous year (RM260.14 million vs RM359.99 million) was due principally to the decrease in FOB CNO prices from an average price of Kina3,712 per MT to Kina 2,401 per MT. Total tonnage of coconut oil sold was lower than previous year's by 47%. Consequently this segment reported loss of RM37.50 million (Kina24.82 million) versus a loss of RM15.36 million (Kina11.60 million) for 2011.

c) Fiji – Retail and Wholesale

Current quarter
The revenue for the current quarter was slightly lower than the corresponding quarter of previous year by 2% (RM120.34 million vs RM122.26 million) (FJD70.10 million vs FJD70.63 million). Despite registering a slight lower revenue, this segment recorded a pretax profit of RM13.38 million (FJD7.74 million) compared to the previous year's corresponding quarter of pretax loss of RM1.96 million (FJD1.12 million) due to the Group's ability to maintain the gross profit margins during the current quarter.

For the twelve month period
Total revenue for the year was RM448.43 million (FJD259.58 million) compared to 2011 of RM401.20 million (FJD234.18 million). The higher revenue in year 2012 was mainly driven by Christmas/ New Year festivities, Get Back promotion and GET 1 Promotion sales. Improved revenue was the key attribute for the segment turning around from a pretax loss of RM12.38 million (FJD7.23 million) in year 2011 to a pretax profit of RM7.76 million (FJD4.49 million) in 2012.

e) Fiji – Automotive

Current quarter
Revenue was higher by 38% compared to the corresponding quarter in previous year (RM66.68 million vs RM48.24 million) (FJD38.86 million vs RM27.66 million) due to higher sales volume for passenger cars, light/ heavy commercial and used vehicles. Profit before tax was 277% higher than the corresponding quarter of the previous year (RM3.90 million vs RM1.03 million) (FJD2.26 million vs FJD0.59 million), driven mainly by increased sales and improved costs control.

For the twelve month period
Revenue for the year under review was higher by 10% compared to 2011 (RM258.12 million vs RM235.73 million) (FJD149.42 million vs FJD137.59 million) generally because of the higher sales volume for passenger cars, light/ heavy commercial and used vehicles. Profit before tax was 120% higher than the previous year (RM9.50 million vs RM4.32 million) (FJD5.50 million vs FJD2.52 million) consequent to the costs control put in place by the Fiji Group.

f) Fiji – Property

Current quarter
This segment recorded lower revenue by 48% compared to the corresponding quarter of 2011 (RM5.60 million vs RM10.83 million) (FJD3.26 million vs FJD6.27 million) due to lower rental income on reduced internal rates. The reduced revenue resulted in the segment just breaking even compared to the preceding year's corresponding quarter of a profit of RM4.46 million (FJD2.59 million).

For the twelve month period
Revenue was lower by 31% compared to year 2011 (RM20.75 million vs RM30.10 million) (FJD12.01 million vs FJD17.57 million) primarily due to lower rental rates. The profit before tax for the current year was 84% lower than year 2011 (RM1.57 million vs RM10.41 million) (FJD0.91 million vs FJD6.08 million) due generally to the decrease in revenue.

g) Shipping

Current quarter
This segment recorded revenue of RM32.19 million in the 4^{th} quarter (70% of the revenue contributed by main liner operation) lower by 7% compared to 4^{th} quarter of 2011 due to a delayed voyage that push the reporting to 2013.

Loss before tax for the current quarter was RM24.08 million, an increase by 70% compared to the preceding quarter of year 2011 contributed mainly by the Coastal shipping operation (RM5.65 million) due to weak demand and high maintenance/operating costs for its relatively old fleet (averaging more than 20 years).

Year to date
Total revenue for the Shipping segment was 7% lower compared to 2011 (RM136.89 million vs RM147.31 million). Loss before tax was 16% higher compared to loss incurred in year 2011 (RM55.17 million vs RM47.49 million). The liner and agency operations reported lower losses (RM32.81 million vs RM48.12 million) but the coastal shipping operation continued to incur higher losses thus accounting for the more unfavourable performance.

h) Others

Current quarter
Revenue increased by RM29.91 million or 24% to RM154.04 million from last year's corresponding quarter of RM124.13 million principally due to the strengthening of the Kina currency against the Malaysian Ringgit.

The favourable variance of RM391.71 million in pre-tax profit was primarily due to the non-recurring items of RM382.80 million and improved performance in PNG of RM21.84 million.

Year to date
Included in the results are non recurring items totaling RM388.19 million (2011: RM121.61 million) as disclosed in Note A5.

Whilst revenue increased by RM58.12 million or 47% to RM543.48 million from last year's of RM485.36 million, net losses from these operations (excluding the non-recurring items) decreased marginally from RM47.45 million to RM46.66 million.

B2 Variation of results against preceding quarter

The current quarter's pre-tax profit including MBF Cards' totalling RM408.65 million was RM391.06 million or 2,223% higher than the preceding quarter's pre-tax profit of RM17.59 million. The favourable variance was due to the exceptional gain on disposal of MBF Cards of RM382.80 million.

B3 Prospects for 2013

The Group maintains a challenging outlook for its continuing operations:-

- PNG Operations – With the LNG project now at about 70% completed, the Group's operations are accordingly expected to see slower growth in its Automotive segment particularly the heavy vehicles/trucks. Its Agriculture segment will continue to be affected by the uncertain global demand, high import inflation and the appreciating PNG currency which may stifle foreign demand.

- Fiji Operations – Fiji's growth outlook remains relatively flat and with the rationalization of operations and cost controls put in place, the Group is expecting its operations to perform better than 2012.

- Shipping – The rationalization of the liner operations which comprise the re-organisation of its fleet size and voyage routes and the introduction of logistic services by the agency operation in PNG had resulted in better performance by these sectors. However, the outlook for the Group's coastal liner service in PNG remains very challenging.

The Group's focus for 2013 remains the same which are to achieve greater group synergies, managing costs and production efficiency. Efforts shall include expanding its existing operations to increase market share and venturing into businesses which complement its shipping and retail operations.

B4 Variance of actual profit from forecast profit

The Company has not provided any forecast or profit guarantee for the period under review.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
Current income tax				
- Malaysian	**1,937**	1,729	**14,079**	11,527
- Foreign	**4,852**	(4,971)	**32,346**	9,008
- Under/(Over) provision in prior year	**76**	149	**(9)**	260
	6,865	(3,093)	**46,416**	20,795
Deferred taxation	**15,867**	11,668	**6,253**	23,020
	22,732	8,575	**52,669**	43,815
Attributable to:-				
- Continuing operations	**20,665**	3,275	**38,828**	27,635
- Discontinued operation	**2,067**	5,300	**13,841**	16,180
	22,732	8,575	**52,669**	43,815

In Q4 2011 the unused tax losses incurred prior to 1 January 2011 was de-recognised as deferred assets following the amendment of Income Tax (Amendment) Decree 2012 (Decree No 6 of 2012) in Fiji wherein all carrying forward of income tax losses ceased to continue from 1 January 2012. Thereafter on 24 April 2012 the Fiji Revenue & Customs Authority amended the ruling to permit the carrying forward of such losses for up to four (4) years from the year of loss instead of eight (8) years (prior to Decree No. 6 of 2012). Arising therefrom provision for deferred taxation of RM8.61 million was reversed in the first quarter of 2012.

The Group's effective tax rate was higher than the statutory rates as the tax losses suffered by certain subsidiaries were not available as group relief.

B6 Profits/(losses) on sale of unquoted investment and properties

There were no sales of unquoted investment or properties during the financial quarter under review.

B7 Quoted securities

There were no dealings in quoted securities for the current financial quarter.

Total investments in quoted securities as at 31 December 2012 were as follows:-

		Quoted in Malaysia RM'000	Quoted outside Malaysia RM'000
(i)	Cost	29	6,578
	Provision for diminution in value	(12)	-
(ii)	Net book value	17	6,578
(iii)	Market value	17	6,578

B8 Status of corporate proposals

A wholly owned subsidiary, Carpenters Properties Limited had entered into a Sale and Purchase Agreementto acquire the 100% share interest in Watson Brothers Limited, a property holding company from Messrs Robin Watson and David Zundel on 7th January 2006. The matter fell into dispute due to an income tax implication to the vendors from this transaction and as a result the matter was referred to Arbitration as provided in the Sale and Purchase Agreement. On 4th September 2009, the Arbitrator ruled for specific performance of the Sale and Purchase Agreement in favour of Carpenters Properties Limited.

There had been no progress on the matter which is still pending further directions and continuation of hearing by the Arbitrator

B9 Group borrowings

(a) Redeemable Convertible Secured Loan Stocks ("RCSLS") And Secured Bonds

	RM'000	RM'000
RCSLS A (USD19,236,664)		58,816
RCSLS B (USD5,665,323)		17,322
		76,138
Less: Redemption of RCSLS B *		(17,322)
Less: Conversion of RCSLS A **		(7,455)
Total RCSLS		51,361
Less : Equity portion of RCSLS		
Total equity portion of RCSLS	(74,108)	
Less: Repayment of RCSLS B	16,738	
Less: Conversion of RCSLS A	7,204	
		(50,166)
Net RCSLS		**1,195**
Secured Bonds (USD12,700,000)		**38,830**
		40,025

* RCSLS B was redeemed on 10 September 2012.
** USD916,011 and USD1,522,125 of RCSLS A had been converted to shares on 3 October 2012 and 8 November 2012 respectively.

The salient terms of the RCSLS and Secured Bonds are as follows:

	Nominal value	Tenure	Maturity Date	Coupon Rate
a) RCSLS A-2003/2013	USD1 each	10 years	30.6.2013	} LIBOR + 1.5% p.a.
b) Secured Bonds	USD1 each	25 years	5.12.2020	} Weekly floating rate as determined by the Remarketing Agent – averaging 0.19% p.a. for the period ended 31 December 2012.

(b) Long term loans and borrowings

	Total RM'000
Secured	
- Hire purchase and lease payable	22,453
- Term loans	351,189
	373,642

(c) Short term loans and borrowings

	Total RM'000
Secured	
- Bank overdrafts	450,928
- Revolving credits	24,207
- Trust receipts and bankers' acceptances	13,900
- Hire purchase and lease payable	15,890
- Term loans	56,202
	561,127
Total loans and borrowings	934,769

Loans and borrowings denominated in foreign currencies are as follows:-

	Foreign Currency '000
Fijian Dollar	107,250
Papua New Guinea Kina	362,434
United States Dollar	31,937
Vanuatu Vatu	719,152
Solomon Dollar	28,997

B10 Derivative financial instruments

The forward currency contracts used to hedge the Group's sales and purchases denominated in various foreign currencies are as follows:

	Contract/ Notional Amount (RM'000)	<------------- Fair Value ------------> Assets (RM'000)	Liabilities (RM'000)
Non-hedging derivatives:			
Current (Less than 1 year)			
Forward currency contracts	4,520	68	-
	4,520	**68**	**-**

During the current financial quarter, the Group recognized a loss of RM0.30 million, arising from fair value changes in derivative assets and liabilities. The fair value changes were attributable to the changes in foreign exchange spot and forward rates.

B11 Material litigation

The material litigation as at the date of this announcement are as follows:-

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

The MBF Cards Action is for rescission, assessment of value of the goods supplied by GrandTech for a credit card campaign and damages for misrepresentation, attrition and loss of customers.

The subsequent GrandTech Action for approximately RM6.4 million was filed for the goods delivered, anticipated profit from the remaining undelivered goods and related expenses.

GrandTech had filed an application for summary relief and interim payment for about RM4.0 million which application was dismissed. Its appeal to the Court of Appeal against the said order was subsequently withdrawn.

Both the actions have been consolidated and is now fixed for continued trial from 3rd to 10th of May 2013.

The Board is confident that MBF Cards has a sound claim for the MBF Cards Action and a reasonably good defence for the GrandTech Action.

(ii) MBf Holdings Bhd & MBf Finance Berhad (now AmBank (M) Berhad) (collectively called the "Plaintiffs") Vs Wee Choo Keong, Loi Hean Sso and Houng Hai Kong (collectively called the "Defendants")

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

In 1996, Wee Choo Keong's and Houng Hai Kong's application to set aside the ex-parte injunction. Their appeal against the dismissal was allowed by the Court of Appeal in April 2007.

The Defendants obtained an order to assess damages based on the Plaintiffs' undertaking given when the ex-parte injunction was granted. Wee Choo Keong's application for assessment of damages for approximately RM40 million is now fixed for hearing on 5th and 6th March 2013. Whereas Houng Hai Kong's application for assessment of damages is fixed for hearing on 27th February 2013.

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

(iii) MBf Holdings Berhad ("MBfH") & MBf Education Group Sdn Bhd ("MEG") (collectively called "the Plaintiffs") Vs Dato' Loy Teik Ngan, Datin Chong Kwei Kee, Puan Sri Datin Ling Mah Lee, Tan Sri Dato' Lim Cheng Pow, Taylor's Education Bhd, Taylor's College Sdn Bhd, Educrest Sdn Bhd, Lim Tian Huat, ~~&~~ Chew Cheng Leong, Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain, Shaikh Mohd Bin Mohd Zain, Syed Abdul Rashad Bin Syed Ali, Wonderful Sunrise Sdn Bhd & Total Binary Sdn Bhd (collectively called "the Defendants")

The claim is to recover the Plaintiffs' assets which were disposed of by the directors of MBfH & MEG at the material time. The assets in question are MBfH's 66.67% equity interest in MBf Taylors Sdn Bhd (now known as Taylor's Education Sdn Bhd) & a parcel of land in Subang on which Taylor's College is constructed. These assets are presently registered under companies owned and/or controlled by the Loy Family.

The applications by the 8th and 9th Defendants, Lim Tian Huat and Chew Cheng Leong to strike off the suit against themselves were dismissed on 7 July 2011. Their appeals against the dismissal were also dismissed by the Court of Appeal.

The Plaintiffs' application to include additional defendants whom are Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain, Shaikh Mohd Bin Mohd Zain, Syed Abdul Rashad Bin Syed Ali, Wonderful Sunrise Sdn Bhd and Total Binary Sdn Bhd was allowed by the Court on 25 June 2012.

The matter was called for trial on 5th December 2012 but was vacated by the judge who informed parties to explore for settlement and fixed the matter for case management on 7th January 2013.

On 7th January 2013, solicitors for the Plaintiffs apprised the court on the matters including the 1st and 3rd Defendants' applications to amend their respective Defence ("Defendants' Amendment Application") and for disposal of the case on a preliminary point of law ("Order 14A"). On 17th January 2013, the judge recorded order in terms of the Defendants' Amendment Application by consent of parties and fixed the Defendants' application under Order 14A for hearing on 20th March and 1st April 2013. Pending disposal and subject to the outcome of Order 14A, the trial dates in May (27th to 30th), June (17th to 20th) and July (1st to 4th) 2013 have been maintained.

The Board believes that if the Plaintiffs succeed in their claim which may be protracted, it would have a favourable impact on the Group's financials.

B12 Dividend

No dividend was declared during the quarter under review.

B13 Earnings per share ("EPS")

(a) Basic
Basic EPS is calculated by dividing the net profit or loss for the periods under review by the weighted average number of ordinary shares in issue during the same periods.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011	CURRENT YEAR TO DATE 31/12/2012	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011
RM'000				
Net profit/(loss)	**385,679**	(33,031)	**385,242**	58,842
Less: Profit from discontinued operation, net of tax	**(6,608)**	(9,908)	**(42,156)**	(44,903)
Net profit/(loss) from continuing operations	**379,071**	(42,939)	**343,086**	13,939
Weighted average number of ordinary shares in issue ('000)	**571,511**	570,050	**571,511**	570,050
Basic EPS/(LPS) (sen)				
- attributable to owners of the parent	**67.48**	(5.79)	**67.41**	10.32
- from continuing operations	**66.33**	(7.53)	**60.03**	2.45
- from discontinued operations	**1.15**	1.74	**7.38**	7.87

(b) Diluted

For the purpose of calculating the diluted earnings per share, the net profit for the periods under review and the weighted average number of ordinary shares in issue during the same periods have been adjusted for the dilutive effects of the potential issue of new ordinary shares on conversion of the RCSLS.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011	CURRENT YEAR TO DATE 31/12/2012	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011
RM'000				
Net profit/(loss)	**385,679**	(33,031)	**385,242**	58,842
Net adjustment for effects of RCSLS conversion	**(335)**	(382)	**(1,670)**	(1,573)
Interest income from cash proceeds on exercise of warrants	**15,506**	15,109	**15,506**	15,109
Adjusted net (loss)/profit	**400,850**	(18,304)	**399,078**	72,378
Less: Profit from discontinued operation, net of tax	**(6,608)**	(9,908)	**(42,156)**	(44,903)
Adjusted net (loss)/profit from continuing operations	**394,242**	(28,212)	**356,922**	27,475

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2012	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011	CURRENT YEAR TO DATE 31/12/2012	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011
Weighted average number of ordinary shares in issue ('000)	**571,511**	570,050	**571,511**	570,050
On full conversion of RCSLS ('000):	**343,940**	341,899	**343,940**	341,899
Weighted average number of ordinary shares in issue and to be issued on conversion of RCSLS ('000)	**915,451**	911,949	**915,451**	911,949
Diluted (LPS)/EPS (sen)*				
- attributable to owners of the parent	**43.79**	(2.01)	**43.59**	7.93
- from continuing operations	**43.07**	(3.09)	**38.99**	3.01
- from discontinued operation	**0.72**	1.08	**4.60**	4.92

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

B14 Realised and Unrealised Profits/(Losses)

	AS AT 31/12/2012 RM'000	AS AT 31/12/2011 RM'000
Total retained profits of MBfH and its subsidiaries		
- Realised	**330,519**	(47,880)
- Unrealised	**73,981**	71,921
	404,500	24,041
Total share of retained profits from associated companies:		
- Realised	**7,283**	3,741
Total Group retained profits	**411,783**	27,782

By Order Of The Board
MBf HOLDINGS BERHAD

Chong Siew Hoong (MIA 5062)
Lau Wing Hong (MAICSA 7010572)
Company Secretaries

Date : 25 February 2013