FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
			31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
			RM'000	RM'000	RM'000	RM'000
1	(a)	**Revenue**	**262,546**	**186,066**	**886,280**	**880,070**
	(b)	Cost of sales	(165,643)	(51,863)	(619,772)	(652,461)
	(c)	Gross profit	96,903	134,203	266,508	227,609
	(d)	Other income	4,828	3,075	10,917	9,622
	(e)	Expenses	(14,512)	(37,921)	(75,158)	(109,119)
	(f)	Finance costs	(239)	(1,650)	(3,703)	(6,398)
	(g)	**Profit before tax**	**86,980**	**97,707**	**198,564**	**121,714**
	(h)	Income tax expense	(15,136)	(25,470)	(51,130)	(48,499)
	(i)	**Profit for the period/year**	**71,844**	**72,237**	**147,434**	**73,215**
		Attributable to:				
	(j)	Owners of the parent	53,718	57,802	108,514	61,589
	(k)	Non-controlling interests	18,126	14,435	38,920	11,626
		Profit for the period/year	**71,844**	**72,237**	**147,434**	**73,215**
2		**Earnings per share based on 1(j) above:-**				
		Basic (based on 2012: 363,001,053 [2011: 363,001,053] ordinary shares)	14.80 sen	15.92 sen	29.89 sen	16.97 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	71,844	72,237	147,434	73,215
Foreign currency translation	(899)	1,858	(875)	(166)
Actuarial loss on Retirement Benefit Scheme	(589)	-	(589)	-
Other comprehensive (expense)/income for the period/year, net of tax	(1,488)	1,858	(1,464)	(166)
Total comprehensive income for the period/year	70,356	74,095	145,970	73,049
Attributable to:				
Owners of the parent	51,804	59,355	107,408	61,580
Non-controlling interests	18,552	14,740	38,562	11,469
Total comprehensive income for the period/year	70,356	74,095	145,970	73,049

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(2,828)	(2,444)	(8,302)	(8,388)
Other income including investment income	(2,000)	(631)	(2,615)	(1,234)
Interest expense	239	1,650	3,703	6,398
Depreciation and amortization	4,913	5,281	16,861	22,579
(Write back of impairment)/impairment of receivables	(14,341)	(9,907)	(14,341)	2,986
Impairment of intangible assets	-	6,846	-	6,846
Foreign exchange loss/(gain)	40	(14)	(218)	(14)

Other than the above, there were no provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment/(write back of impairment) of other assets, gain or loss on derivatives, exceptional items, write down of inventories and/or reversal of write down and reversal of provision for costs of restructuring.

FABER GROUP BERHAD
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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at current financial year end	Audited As at preceding financial year end
		31/12/2012	**31/12/2011**
		RM'000	RM'000
	ASSETS		
1	Non-current assets		
	Property, plant and equipment	81,427	93,117
	Land held for property development	1,111	1,102
	Prepaid land lease payments	3,498	3,586
	Intangible assets	27,082	27,546
	Other investments	272	272
	Trade receivables	12,519	144,098
	Deferred tax assets	4,429	2,676
		130,338	272,397
2	Current assets		
	Property development costs	50,278	80,286
	Inventories	25,222	7,078
	Trade and other receivables	412,303	363,306
	Amount due from customer on contracts	-	57,842
	Short term investment	-	2,012
	Short term deposits*	161,050	206,904
	Cash and bank balances*	179,307	113,457
		828,160	830,885
	Total assets	**958,498**	**1,103,282**

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

		Unaudited As at current financial year end 31/12/2012	Audited As at preceding financial year end 31/12/2011
		RM'000	RM'000
	EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent		
	Share capital	90,750	90,750
	Other reserves	4,268	(4,345)
	Retained earnings	424,136	401,571
		519,154	487,976
4	Non-controlling interests	101,156	75,438
	Total equity	620,310	563,414
5	Non-current liabilities		
	Retirement benefit obligations	5,042	4,038
	Provisions	111	99
	Borrowings	13	7,089
	Trade payables	-	33,010
	Deferred tax liabilities	2,662	3,573
		7,828	47,809
6	Current liabilities		
	Retirement benefit obligations	1,126	832
	Borrowings	2,623	148,909
	Trade and other payables	321,952	333,507
	Income tax payable	4,659	8,811
		330,360	492,059
	Total liabilities	338,188	539,868
	Total equity and liabilities	**958,498**	**1,103,282**
7	**Net assets per ordinary share attributable to Owners of the Parent (RM)**	**1.43**	**1.34**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

* Cash, bank balances and short term deposits
Included in the cash, bank balances and short term deposits of the Group is RM121,994,000 (2011 : RM73,175,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Twelve months to 31/12/2012	Audited Twelve months to 31/12/2011
		RM'000	RM'000
Cash flows from operating activities			
Cash receipts from customers		982,188	798,283
Cash payments to suppliers		(435,007)	(424,109)
Cash payments to employees and for expenses		(222,849)	(235,325)
Cash generated from operations		324,332	138,849
Interest paid		(5,123)	(6,490)
Income tax paid		(59,097)	(43,236)
Net cash flow generated from operating activities		260,112	89,123
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		15	29
Acquisition of non-controlling interest		-	(699)
Interest received		8,256	8,376
Purchase of property, plant and equipment		(4,624)	(25,528)
Purchase of intangible assets		-	(59)
Withdrawal/(purchase) of short term investment		2,000	(2,000)
Net cash flow generated from/(used in) investing activities		5,647	(19,881)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares to non-controlling interests		-	725
Redemption of Redeemable Secured Loan Stock ("RSLS")		(143,590)	(9,000)
Redemption of redeemable preference shares in a subsidiary		(7,497)	-
Partial repayment of loan from corporate shareholder of a subsidiary		(311)	-
Repayment of hire purchase obligations		(69)	(90)
Drawdown of other secured bank loans		-	16,073
Repayment of other secured bank loans		(891)	(17,000)
Dividend paid		(76,230)	(21,780)
Dividend paid to non-controlling shareholders of subsidiaries		(16,210)	(3,401)
Net cash flow used in financing activities		(244,798)	(34,473)
Net increase in cash and cash equivalents		**20,961**	**34,769**
Net foreign exchange difference		(965)	716
Cash and cash equivalents as at beginning of financial year		320,361	284,876
Cash and cash equivalents as at end of financial year	**(a)**	**340,357**	**320,361**

(a) Cash and Cash Equivalents comprise the following amounts:

	31/12/2012	31/12/2011
Short term deposits	161,050	206,904
Cash and bank balances	179,307	113,457
	340,357	**320,361**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →						
		← Non-distributable →					
	Share capital	**Share premium**	**Other reserves**	**Retained earnings/ (Accumulated losses)**	**Total**	**Non-controlling interests**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Twelve months to 31 December 2012 (unaudited)							
Balance as at 1 January 2012	90,750	-	(4,345)	401,571	487,976	75,438	563,414
Profit for the year	-	-	-	108,514	108,514	38,920	147,434
Other comprehensive income for the year		-	(550)	(556)	(1,106)	(358)	(1,464)
Total comprehensive income for the year	-	-	(550)	107,958	107,408	38,562	145,970
Redemption of redeemable preference share	-	-	9,163	(9,163)	-	-	-
Dividend	-	-	-	(76,230)	(76,230)	-	(76,230)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	(12,844)	(12,844)
Balance as at 31 December 2012	90,750	-	4,268	424,136	519,154	101,156	620,310
Twelve months to 31 December 2011 (audited)							
Balance as at 1 January 2011	363,001	115,985	(4,336)	(25,775)	448,875	67,045	515,920
Total comprehensive (expense)/income for the year	-	-	(9)	61,589	61,580	11,469	73,049
Reduction in share capital	(272,251)	-	-	272,251	-	-	-
Reduction in share premium	-	(115,985)	-	115,985	-	-	-
Issue of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	725	725
Issue of shares by subsidiary to non-controlling shareholder through capitalisation of loan	-	-	-	-	-	800	800
Effect arising from acquisition of non-controlling interest in a subsidiary	-	-	-	(699)	(699)	-	(699)
Dividend	-	-	-	(21,780)	(21,780)	-	(21,780)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	(4,601)	(4,601)
Balance as at 31 December 2011	90,750	-	(4,345)	401,571	487,976	75,438	563,414

The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), except for the adoption of the following new/revised Financial Reporting Standards ("FRS") which are applicable to the Group with effect from 1 January 2012, as disclosed below:

	Effective for the financial period beginning on or after
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosures (revised)	1 January 2012
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred tax - Recovery of Underlying Assets	1 January 2012

Other than the above, the Group also early adopted FRS 119_{2011}, Employee Benefits, which is effective for the financial period beginning on or after 1 January 2013.

FRS 119_{2011}, Employee Benefits

The Group assesses its accounting policy with regard to the recognition of actuarial gains and losses arising from its defined benefit plans. The Group previously recognised actuarial gains or losses as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognized actuarial gains or losses for the Retirement Benefit Scheme exceed 10% of the higher of the present value of the defined benefit obligations and their fair value of the plan assets.

During the year, the Group determined that it would change its accounting policy to recognize actual gains and losses in the period in which they occur in total in other comprehensive income, consistent with the requirement of FRS $119_{2011.}$

The adoption of the above pronouncements does not have significant impact to the Group.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014.

2. Audit report in respect of the 2011 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2011 was not qualified.

3. Seasonal or cyclical factors

The Group's operations are not materially affected by any seasonal or cyclical factors.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

4. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current year.

5. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current year.

6. Debt and equity securities

Faber Group Berhad ("FGB") did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year ended 31 December 2012, save for the full and final repayment of RM143.6 million of the outstanding RSLS and full redemption of RM7.5 million redeemable preference shares by a subsidiary.

7. Dividend

The final dividend of 8.00 sen less 25% taxation, on 363,001,053 ordinary shares of RM0.25 each was paid on 26 July 2012 in respect of the previous financial year, amounting to RM21,780,063 based on the issued and paid up share capital of the Company as at book closure date of 11 July 2012.

The special interim dividend of 20.00 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each was paid on 20 December 2012 in respect of the current financial year, amounting to RM54,450,158 based on the issued and paid up share capital of the Company as at book closure date of 6 December 2012.

The Directors recommend the payment of a final dividend of 10.00 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each, amounting to RM27,225,079 (7.50 sen net per ordinary share) for financial year ended 31 December 2012.

8. Operating Segments

Operating Segment information for the current financial year to 31 December 2012 is as follows:

By operating segment

	Integrated Facilities Management					
	Concession	**Non-concession**	**Properties**	**Others**	**Elimination**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue						
External sales	577,687	86,271	222,322	-	-	**886,280**
Inter-segment sales	-	-	-	178,694	(178,694)	**-**
Total Revenue	577,687	86,271	222,322	178,694	(178,694)	**886,280**
Results						
Segment results	90,619	37,695	82,618	168,685	(177,350)	**202,267**
Finance costs	(64)	(737)	-	(3,306)	404	**(3,703)**
Profit/(loss) before tax	90,555	36,958	82,618	165,379	(176,946)	**198,564**
Income tax expense	(28,933)	(1,828)	(21,393)	1,024	-	**(51,130)**
Profit/(loss) for the year	61,622	35,130	61,225	166,403	(176,946)	**147,434**
Attributable to:						
Owners of the parent	52,822	35,184	38,574	166,403	(184,469)	**108,514**
Non-controlling interests	8,800	(54)	22,651	-	7,523	**38,920**
Profit/(loss) for the year	61,622	35,130	61,225	166,403	(176,946)	**147,434**

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

9. Material events subsequent to the end of the current financial year

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 December 2012 to the date of this announcement which would substantially affect the financial results of the Group for the twelve months ended 31 December 2012 that have not been reflected in the condensed financial statements.

10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current year including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations except for the following:

(a) On 22 February 2013, Faber Medi-Serve Sdn Bhd ("FMS") had acquired the following:-

(i) 2 ordinary shares of RM1.00 each in Segi Operasi Sdn Bhd ("SOSB"), representing its entire issued and paid-up share capital, for a cash consideration of RM2.00; and
(ii) 2 ordinary shares of RM1.00 each in Segi Kirana Sdn Bhd ("SKSB"), representing its entire issued and paid-up share capital, for a cash consideration of RM2.00.

SOSB is a private limited company duly incorporated in Malaysia under the Companies Act, 1965 on 12 December 2012 with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. SOSB has not commenced operation since its incorporation. The acquisition of SOSB by FMS is to facilitate the formation of a new consortium company in relation to the privatisation of the Hospital Support Services ("HSS"), Ministry of Health for the Sabah Zone.

SKSB is also a private limited company duly incorporated in Malaysia under the Companies Act, 1965 on 12 December 2012 with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. SKSB has not commenced operation since its incorporation. SKSB's acquisition by FMS is to facilitate the formation of a new consortium company in relation to the privatisation of the HSS, Ministry of Health for the Sarawak Zone.

11. Contingent liabilities

There are no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2011.

12. Capital commitments

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	2,815

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

13. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	19,967	21,156	49,535	44,503
- Foreign tax	-	138	-	138
Under/(Over) provision in prior years				
- Malaysian income tax	(1,541)	(1,779)	4,260	(1,779)
	18,426	19,515	53,795	42,862
Deferred tax				
- Relating to origination and reversal of temporary difference	(2,783)	1,418	(2,158)	1,100
- Under provision in prior years	(507)	4,537	(507)	4,537
	(3,290)	5,955	(2,665)	5,637
	15,136	**25,470**	**51,130**	**48,499**

The Group's effective tax in the preceding year corresponding period the effective tax rate of the Group was higher than the statutory tax rate due to tax exempt losses from a major foreign subsidiary operating in a tax exempt country.

14. Status of corporate proposals announced but not completed as at the date of this announcement

There are no corporate proposals announced but not completed as at the date of this announcement except as stated below:

(a) On 5 August 2004, Intensive Quest Sdn Bhd ("IQSB"), a 63%-owned subsidiary of FGB has been placed under members' voluntary liquidation ("MVL") following the passing of a special resolution by its members at an Extraordinary General Meeting held on the same day. IQSB is currently awaiting clearance from the relevant statutory bodies i.e. Employees Provident Fund, Social Security Organisation, Inland Revenue Board ("IRB") and Royal Malaysian Customs Department.

The MVL of IQSB is in line with the provisions of the Shareholders' Agreement in respect of IQSB dated 8 April 2004 between FGB and Medlux Overseas (Guernsey) Limited ("MOG"), whereby FGB and MOG have mutually agreed to voluntarily wind-up IQSB in accordance with applicable laws of Malaysia.

On 25 February 2013, IQSB held its Final Meeting to conclude the members' voluntary winding-up

The Liquidator has subsequently lodged a Return relating to the Final Meeting and the Liquidators' Account of Receipts and Payment with the Companies Commission of Malaysia and the Official Receiver respectively on 25 February 2013.

(b) On 19 September 2008, 2 of the Company's wholly-owned subsidiaries which are dormant and, held directly or indirectly by FGB have been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965 as follows:-

(i) Faber Haulage Sdn Bhd; and

(ii) Merlin Tower Hotel Sdn Bhd.

Mr. Heng Ji Keng and Mr. Michael Joseph Monteiro of Messrs Ferrier Hodgson MH Sdn. Bhd. of 22-M, Monteiro & Heng Chambers, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur have been appointed as Liquidators. The MVL is undertaken to rationalise and streamline the structure of the Group.

The companies are currently awaiting tax clearance from the IRB and their MVL have yet to be completed.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

14. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)

(c) On 12 December 2012, Jiwa Unik Sdn Bhd ("JUSB"), an indirect 51% owned subsidiary of FGB, had submitted an application to the Companies Commission of Malaysia to strike off the name of JUSB from the register pursuant to Section 308 of the Companies Act, 1965. JUSB is currently awaiting the approval from the Companies Commission of Malaysia for the proposed strike off.

15. Update on the new Concession Agreement of Faber Medi-Serve Sdn Bhd

On 19 September 2011, FMS received request from UKAS for the submission of Request for Proposal ("RFP") and FMS had submitted the RFP to UKAS on 3 October 2011, accordingly. Subsequently, on 27 October 2011, UKAS issued a letter to FMS for an interim extension of the Concession Agreement for a six-month period effective from 28 October 2011, subject to the prevailing terms and conditions of the Concession Agreement. Through a letter dated 13 February 2012, FMS was requested by UKAS to submit the Hospital Support Services ("HSS") Addendum No 1 to the RFP, detailing and clarifying on the technical and commercial proposals submitted earlier. FMS had complied to the request and submitted the HSS Addendum No 1 on 23 February 2012. Further, on 25 April, FMS submitted revised RFP to UKAS as requested.

On 27 April 2012, FMS received a letter from UKAS stating that FMS shall in the interim, continue with the existing concession until the signing of a new CA for the privatisation of HSS with the MOH.

On 25 January 2013, FMS received 3 letters all dated 23 January 2013, from the Public Private Partnership Unit of the Prime Minister's Department, which state the following:-

i) For Northern Region of Peninsular Malaysia

That the Government of Malaysia in principle has agreed for FMS to implement the new concession in relation to the Privatisation of the HSS for the Northern Region of Peninsular Malaysia (Perak, Pulau Pinang, Kedah and Perlis) for a period of ten (10) years with the new service fee at an increase of 5.8% from the 2011 Peninsular Malaysia service fee and a further RM16.572 million per annum for the Sustainability Programme, subject to the terms and conditions of the Privatisation of the HSS to be negotiated between the Government and FMS;

ii) For Sabah Zone

That the Government of Malaysia in principle has agreed that the new concession in relation to the Privatisation of the HSS for the Sabah Zone is to be implemented by a new Consortium Company of which FMS will hold 40% equity interest and another 60% equity interest will be held by 1Care Consortium Sdn Bhd. The new concession will be for a period of ten (10) years with the new service fee (including the Sustainability Programme) at an increase of 7.8% from the 2011 Sabah service fee, subject to the terms and conditions of the Privatisation of the HSS to be negotiated between the Government and the Consortium Company; and

iii) For Sarawak Zone

That the Government of Malaysia in principle has agreed that the new concession in relation to the Privatisation of the HSS for the Sarawak Zone is to be implemented by a new Consortium Company, of which FMS will hold 40% equity interest and another 60% equity interest will be held by another consortium company through Metrocare Services Sdn Bhd and the joint venture between Simfoni Dua Sdn Bhd and Perbadanan Pembangunan Ekonomi Sarawak. The new concession will be for a period of ten (10) years with the new service fee (including the Sustainability Programme) at an increase of 8.1% from the 2011 Sarawak service fee, subject to the terms and conditions of the Privatisation of the HSS to be negotiated between the Government and the Consortium Company.

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 December 2012 are as follows:

	Long term borrowings			**Short term borrowings**		
	Secured	Unsecured	**Total**	Secured	Unsecured	**Total**
	RM'000	RM'000	**RM'000**	RM'000	RM'000	**RM'000**
Other borrowings						
Domestic – Hire purchase	-	13	13	-	38	38
Foreign – Bank	-	-	-	1,910	-	1,910
Amount owing to corporate shareholder	-	-	-	-	675	675
TOTAL	-	13	13	1,910	713	2,623

17. Derivatives

There are no derivatives as at the date of this announcement.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

18. Fair value hierarchy

There were no transfers between any levels of the fair value hierarchy that took place during the current interim year and the comparative year. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

19. Breakdown of realised and unrealised profits or losses

	As at current financial year end	As at preceding financial year end
	31/12/2012	**12/31/2011**
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	190,030	239,956
- Unrealised	(8,275)	(5,253)
	181,755	234,703
Consolidation adjustments	242,381	166,868
Total group retained earnings as per consolidated financial statements	424,136	401,571

20. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement except as disclosed below:

(i) **UEM Genisys Sdn Bhd (in liquidation) ("UEM Genisys") vs. Road Builder (M) Sdn Bhd ("Road Builder") and Faber Hotels Holdings Sdn Bhd ("FHHSB") as Third Party (Civil Suit No. S6-22-1085-2008) formerly under (suit No. D7-22-1057-2007)**

A writ of summons was filed by UEM Genisys against Road Builder. In the statement of claim dated 3 August 2007, UEM Genisys is claiming from Road Builder a sum of RM2,142,229.24 together with the usual interests ("being the balance outstanding Sum"). Road Builder in turn filed a Third Party Notice against FHHSB ("the Third Party") to claim for indemnity for the Sum.

Road Builder alleges that the balance outstanding Sum is the responsibility of the Third Party's debt to UEM Genisys and Road Builder has issued a Third Party Notice that the Third Party had by novation, agreed to take over the rights and liabilities of Road Builder as the main contractor of the Project and that the Third Party had undertaken to indemnify Road Builder for losses that may arise from such arrangement.

The Third Party in its Defence denies that there was a novation and that there is only a direct undertaking given by the Third Party to UEM Genisys to pay Road Builder's debt. The Third Party states that as UEM Genisys chose to claim against Road Builder rather than the Third Party, they have waived their right to claim against the Third Party.

On 18 May 2012 the court delivered its decision by allowing the Plaintiff's claim against the Defendant for the sum of RM2,142,229.24 with interest and cost to be assessed, whereas the Defendant's claim for indemnity against the Third party was dismissed with cost to be assessed. The Defendant had on 17 July 2012 lodged an appeal to the Court of Appeal appealing against the decision of the High Court in allowing the Plaintiff's Claim and dismissing the claims against Third Party with cost to be taxed.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

20. Material litigation (cont'd)

(ii) **In the matter of Arbitration between BNoble Sdn Bhd ("Claimant") vs. Faber Medi-Serve Sdn Bhd ('FMS') & Cermin Cahaya Sdn Bhd ('CCSB') ("Respondents") for a claim sum of RM7.32 Million on a breach of Service Agreement dated 8 May 2003 for consultancy and advisory services**

The Claimant's claim is for an outstanding incentive sum of RM2.44 million for each of the 3 contract years which total up to RM7.32 million wherein the claim is disputed by the Respondents on the fact that the profit target was not achieved.

On 19 October 2011, the Arbitral Tribunal could still not be properly constituted as the terms of reference of appointment of the Tribunal have yet to settle in addition to the Claimant's challenge on the appointment of Dato' Hj. Shaik Daud Md. Ismail ("SDMI") as one of the three independent Arbitrators, based on SDMI's previous relationship as a Non-Executive Director of Projek Penyelenggaraan Lebuhraya Berhad ("Propel"). In furtherance, the Claimant and the Respondents are also required to agree to the terms of reference prior to the convening of the Tribunal.

On 2 May 2012, the Respondents' appointed solicitors filed an Application for Termination of Arbitral Proceedings/ Dismissal of Claim/Stay of Arbitral Proceedings due to the Claimant's failure to comply with the Tribunal's Order for Security for Cost dated 20 March 2012. The application was filed based on the failure of the Claimant to furnish the first tranche of the security for costs within the stipulated time and the Claimant's own admission that it was unable to comply with the Tribunal's Order for Security. The Respondents will make a more detailed submission on 14 May 2012.

On 4 May 2012, the Arbitral Tribunal had also requested the Claimant to respond to the Respondents' Application for Termination of Arbitral Proceedings/Dismissal of Claim/Stay of Arbitral Proceedings by 10 May 2012.

With effect from 10 May 2012, the Arbitral Tribunal had ordered stay of the arbitral proceedings for a period of 6 months. If the Claimant complies with the Tribunal's Order in respect of the security ordered within the period of 6 months, the Tribunal will issue fresh directions for the progress of the arbitration. If the Claimant fails to comply with the Order within the period of 6 months, the Respondents may renew their application for the arbitration proceedings to be terminated and the Tribunal will hear both parties before making a final decision.

On 11 December 2012, the Arbitral Tribunal had decided to terminate the proceedings and issued the Termination Order.

(iii) **Baynona Group ("Claimant") vs. Faber Limited Liability Company ("Faber LLC" or "1st Defendant") and Projek Penyelenggaraan Lebuhraya Berhad ("Propel" or "2nd Defendant")**

The claim is in relation to the projects at Madinat Zayed – Zone-1 awarded by Western Region Municipality, Emirate of Abu Dhabi for a net claim amount of AED35,053,763.77 (equivalent to approximately RM29,803,761.57). Propel confirmed that the balance outstanding to the Claimant is AED3,803,707.32 (equivalent to approximately RM3,234,026.07).

On 17 April 2012, the Secretary of the Al Dhafra Court of First Instance, Emirate of Abu Dhabi ("Al Dhafra Court") informed that the Al Dhafra Court had appointed a panel of three experts as requested by the Claimant and had accordingly adjourned the case to 23 April 2012 for the Claimant to pay a fee of AED10,000.00 (equivalent to approximately RM8,338.01) towards the appointment of the panel of experts.

The Al Dhafra Court had adjourned the case to 24 September 2012, 22 October 2012 and thereafter to 10 December 2012 for the expert report.

On 7 January 2013, Al Dhafra Court had issued a judgment which recorded that the Claimant had withdrew the case due to its settlement with Propel and declared that Faber LLC had no relation to the case. The Al Dhafra Court had therefore closed the case and directed the Claimant to bear the court fees and lawyer fees.

(iv) **Sweet Home Technical Works Limited Liability Company ("Claimant") vs. Faber Limited Liability Company ("Faber LLC")**

The claim is in relation to the projects at Liwa and Madinat Zayed in the Emirate of Abu Dhabi ("Contracts"). The Contracts between Faber LLC and the Claimant had ended on 15 March 2011. There is still an outstanding amount due to the Claimant for works carried out prior to the end of the Contracts' period, which is under dispute pending the hearing of the case. The claim amount is AED13,119,213.49 (equivalent to approximately RM11,211,155.08), which Faber LLC is disputing.

On 31 May 2012, the Al Dhafra Court had decided to appoint a new panel of experts to re-evaluate the case. On 24 September 2012, the Al Dhafra Court had adjourned the case to 15 October 2012, and thereafter to 19 November 2012 for the expert report.

On 6 January 2013 the Al Dhafra Court had accepted the expert report in respect of the claim to be paid by Faber LLC to the Claimant, amounting to AED8,054,010.07 (equivalent to approximately RM6,541,969.29). Faber LLC had requested its solicitors to file an appeal on the decision of the Al Dhafra Court.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

20. **Material litigation (cont'd)**

(v) **Tripoli Contracting and General Maintenance ("Claimant") vs. Faber Limited Liability Company ("Faber LLC")**

The claim is in relation to a Sub-Contract Agreement dated 15 September 2010 in relation to the provisions of Civil, Mechanical and Electrical Maintenance Services for Low Cost Houses at Liwa and Madinat Zayed in Western Region Municipality, Emirate of Abu Dhabi, of which works for the same had been completed. The financial claim made by the Claimant against the Defendant is AED1,635,887.18 (equivalent to approximately RM1,389,550.00), which Faber LLC is disputing.

The final verification and certification of the Claimant's submitted invoices undertaken by Faber LLC was based on the approved report, quantity and materials, as per the scope of works and the actual works done/carried out on site. The net total verified and certified amount by Faber LLC was only AED550,877.71 (equivalent to approximately RM467,925.00) as opposed to the Claimant's claim submission of AED1,635,887.18 (equivalent to approximately RM1,389,550.00).

The Abu Dhabi Court had fixed the hearing of the Notice of Claim on 13 September 2012, 26 September 2012 and thereafter to 11 October 2012 for review of the documents submitted by all parties.

On 11 October 2012, the Abu Dhabi Court had accepted Faber LLC's application to transfer the case to the Al Dhafra Court. On 31 January 2013, the Al Dhafra Court has fixed the first hearing date for the case on 18 February 2013.

On 18 February 2013, the Al Dhafra Court has postponed the case to 25 February 2013.

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21. **Comparison between the current quarter and the immediate preceding quarter**

	Current quarter	Immediate preceding quarter	Variance	Variance
	31/12/2012	**30/09/2012**		
	RM'000	RM'000	RM'000	%
Revenue:				
Integrated Facilities Management ("IFM")				
Concession	152,301	141,736	10,565	7.5
Non-concession	35,785	16,143	19,642	>100.0
Property	74,460	63,871	10,589	16.6
Group	**262,546**	**221,750**	**40,796**	**18.4**
Profit Before Tax:				
Integrated Facilities Management				
Concession	26,207	21,995	4,212	19.1
Non-concession	30,520	2,368	28,152	>100.0
Property	32,993	20,411	12,582	61.6
Others/Elimination	(2,740)	(1,440)	(1,300)	(90.3)
Group	**86,980**	**43,334**	**43,646**	**>100.0**

The Group's revenue for the current quarter of RM262.5 million was 18.4% or RM40.8 million higher than the preceding quarter of RM221.8 million. IFM Concession recorded higher revenue mainly due to higher variation orders and reimbursable works. IFM Non-concession recorded higher revenue due to recognition of revenue from infrastructure maintenance project in United Arab Emirates ("UAE"). In addition, Property Division recorded higher revenue in the current quarter due to higher progress billings from Laman Rimbunan Phase 4 and 5 in Kepong and Armada Villa in Taman Desa.

The Group recorded higher profit before tax ("PBT") for the current quarter of RM87.0 million, as compared to RM43.3 million in the preceding quarter. The positive variance was mainly due to higher revenue as explained above and reversal of over accrued costs. In addition, under IFM Non-concession, the Group has written back the impairment on trade receivable from Western Region Municipality ("WRM") amounting to RM11.6 million.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

22. Detailed analysis of the performance for the current quarter and year

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Twelve months to	Twelve months to	Variance	Variance
	31/12/2012	**31/12/2011**			**31/12/2012**	**31/12/2011**		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Integrated Facilities Management								
Concession	152,301	151,658	643	0.4	577,687	562,661	15,026	2.7
Non-concession	35,785	(17,062)	52,847	>100.0	86,271	160,218	(73,947)	(46.2)
Property	74,460	51,470	22,990	44.7	222,322	157,191	65,131	41.4
Group	**262,546**	**186,066**	**76,480**	**41.1**	**886,280**	**880,070**	**6,210**	**0.7**
Profit Before Tax:								
Integrated Facilities Management								
Concession	26,207	43,262	(17,055)	(39.4)	90,555	105,018	(14,463)	(13.8)
Non-concession	30,520	36,749	(6,229)	(17.0)	36,958	(21,541)	58,499	>100.0
Property	32,993	16,399	16,594	>100.0	82,618	48,626	33,992	69.9
Others/Elimination	(2,740)	1,297	(4,037)	>(100.0)	(11,567)	(10,389)	(1,178)	(11.3)
Group	**86,980**	**97,707**	**(10,727)**	**(11.0)**	**198,564**	**121,714**	**76,850**	**63.1**

The Group's revenue for the current quarter of RM262.5 million was 41.1% or RM76.5 million higher than the corresponding quarter last year of RM186.1 million. In the current quarter, IFM Non-Concession recorded higher revenue of RM35.8 million mainly due to recognition of revenue from infrastructure maintenance project in UAE. In the corresponding quarter last year, there was a reversal of revenue from IFM Non-concession projects in UAE amounting to RM32.5 million. The revenue was earlier recognized in third quarter of FY2011 based on the Group's best judgment on Faber LLC's entitlement to the revenue in accordance to respective contracts. Further to the on going negotiation with the WRM and based on the latest available information, the revenue was subsequently reversed in the fourth quarter of FY2011.

Property Division recorded higher revenue by RM23.0 million mainly due to higher progress billings from Laman Rimbunan Phase 4 and 5 in Kepong and Vila Prima in Taman Desa.

For the year-to-date, the Group recorded revenue of RM886.3 million against RM880.1 million for the preceding year. IFM Concession and Property Division recorded positive variance of RM15.0 million and RM65.1 million respectively. IFM Concession recorded positive variance mainly due to higher variation orders and reimbursable works. Property Division recorded positive variance mainly due to higher progress billings from Laman Rimbunan Phase 4 and 5 in Kepong and Vila Prima in Taman Desa.

IFM Non-concession recorded negative variance of RM73.9 million as a result of the non-renewal of contracts for infrastructure and low cost houses maintenance in UAE. Low cost houses maintenance and infrastructure maintenance contracts expired in April and June 2011 respectively.

The Group's PBT for the current quarter of RM87.0 million was lower by RM10.7 million as compared to RM97.7 million in the corresponding quarter last year. IFM Concession and Non-concession recorded negative variance of RM17.1 million and RM6.2 million respectively. In the corresponding quarter last year, IFM Concession recorded a higher profit mainly due to the recognition of favourable non-recurring one-off items amounting to RM4.7 million and reversal of over accrued cost. IFM Non-concession on the other hand, recorded higher PBT in the corresponding quarter last year mainly as a result of the reversal of cost in relation to works completed for the project in UAE recognised in third quarter FY2011.

The negative variance above was mitigated by positive variance from Property Division. The higher profit was mainly due to higher revenue as explained above.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

22. **Detailed analysis of the performance for the current quarter and year (cont'd)**

For the year-to-date, the Group recorded a PBT of RM198.6 million against RM121.7 million for the preceding year. IFM Non-concession and Property Division recorded positive variance of RM58.5 million and RM34.0 million respectively. In the preceding year, IFM Non-concession recognised an impairment loss due to the expectation of significant delay in collection of the trade receivables from the principal, WRM and an adverse non-recurring one-off item of RM6.8 million. The Group has written back the impairment on trade receivable from WRM in the current year. Whilst, Property Division recorded positive variance due to higher revenue as explained above.

Higher PBT from both IFM Non-concession and Property Division was partly mitigated by lower PBT from IFM Concession. In the preceding year, IFM Concession recognised favourable non-recurring one-off items totaling to RM15.6 million which resulted in higher profit.

23. **Economic profit ("EP") statement**

	Individual Quarter		**Cumulative Quarter**	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
	RM'000	RM'000	RM'000	RM'000
Net operating profit after tax ("NOPAT") computation:				
Earnings before interest and tax ("EBIT")	84,391	96,913	193,965	119,724
Adjusted tax	(21,098)	(24,228)	(48,491)	(29,931)
NOPAT	**63,293**	**72,685**	**145,474**	**89,793**
Economic charge computation:				
Average invested capital	370,757	440,153	370,757	440,153
Weighted average cost of capital ("WACC")	11.7%	11.9%	11.7%	11.9%
Economic charge	**10,845**	**13,095**	**43,379**	**52,378**
EP	**52,448**	**59,590**	**102,095**	**37,415**

The EP statement is as prescribed under the Government Linked Companies transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

(a) Performance of the current quarter ended 31 December 2012 against the corresponding quarter last year :

EP of RM52.4 million is lower by RM7.2 million as compared to the preceding year corresponding quarter of RM59.6 million mainly due to lower EBIT.

(b) Performance of the current year ended 31 December 2012 against last year :

EP of RM102.1 million is higher by RM64.7 million as compared to the preceding year corresponding quarter of RM37.4 million mainly due to a higher EBIT and lower average invested capital.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

24. Achievement of the Headline Key Performance Indicators ("KPI") for the current year

The achievement on the headline KPI is as follows:

	December 2012 (12 months) Actual from operations	December 2012 (12 months) Target
Headline KPI		
Revenue Growth	0.7%	**10 - 12%**
Return on Equity	19.5%[1]	**15 - 17%**

[1] For the computation of Return on Equity above, the profit attributable to Owners of the Parent for FY2012 excludes the write back of impairment on trade receivable from WRM amounting to RM11.6 million.

25. Prospect for the 2013 financial year

The Group continues to focus its effort on new business from the IFM Non-concession. Notwithstanding that, subject to the finalisation of negotiation with the Government and the effective date of the HSS new concessions for the Northern Zone of Peninsular Malaysia, Sabah Zone and Sarawak Zone, the Group expects lower contribution from the IFM Concession moving forward. This is due to the new concessions for Sabah Zone and Sarawak Zone where FMS will be holding a minority equity of 40 percent in the respective joint venture companies. In addition, the contribution from Property Division is also expected to be lower, as most of the current on-going projects are at the tail end of completion, though efforts to acquire landbank will continue.

26. Profit forecast

No commentary is made on any variance between actual profit from forecast profit as it does not apply to the Group.

27. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	53,718	57,802	108,514	61,589
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	14.80 sen	15.92 sen	29.89 sen	16.97 sen

By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary

Kuala Lumpur
25 February 2013