

**FABER GROUP BERHAD**  
**(5067-M)**  
**Incorporated in Malaysia**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013.**

**THE FIGURES HAVE NOT BEEN AUDITED.**

**I(A). CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
1 (a) <b>Revenue</b>	<b>172,996</b>	<b>183,995</b>	<b>172,996</b>	<b>183,995</b>
(b) Cost of sales	(136,832)	(135,168)	(136,832)	(135,168)
(c) Gross profit	36,164	48,827	36,164	48,827
(d) Other income	4,286	1,804	4,286	1,804
(e) Expenses	(17,607)	(19,449)	(17,607)	(19,449)
(f) Finance costs	(79)	(1,446)	(79)	(1,446)
(g) <b>Profit before tax</b>	<b>22,764</b>	<b>29,736</b>	<b>22,764</b>	<b>29,736</b>
(h) Income tax expense	(5,648)	(8,156)	(5,648)	(8,156)
(i) <b>Profit for the period</b>	<b>17,116</b>	<b>21,580</b>	<b>17,116</b>	<b>21,580</b>
Attributable to:				
(j) Owners of the parent	11,533	16,487	11,533	16,487
(k) Non-controlling interests	5,583	5,093	5,583	5,093
<b>Profit for the period</b>	<b>17,116</b>	<b>21,580</b>	<b>17,116</b>	<b>21,580</b>
2 <b>Earnings per share based on 1(j) above (Note 27):-</b>				
Basic (based on 2013: 363,001,053 [2012: 363,001,053] ordinary shares)	3.18 sen	4.54 sen	3.18 sen	4.54 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

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**I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	RM'000	RM'000	RM'000	RM'000
Profit for the period	17,116	21,580	17,116	21,580
Foreign currency translation	964	(1,336)	964	(1,336)
<b>Total comprehensive income for the period</b>	<u>18,080</u>	<u>20,244</u>	<u>18,080</u>	<u>20,244</u>
<b>Attributable to:</b>				
Owners of the parent	12,391	15,441	12,391	15,441
Non-controlling interests	5,689	4,803	5,689	4,803
<b>Total comprehensive income for the period</b>	<u>18,080</u>	<u>20,244</u>	<u>18,080</u>	<u>20,244</u>

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

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**Remarks to Condensed Consolidated Income Statement:**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(1,427)	(1,720)	(1,427)	(1,720)
Other income including investment income	(2,859)	(84)	(2,859)	(84)
Interest expense	79	1,446	79	1,446
Depreciation and amortization	3,878	4,176	3,878	4,176
Foreign exchange loss	-	569	-	569

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.

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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>Unaudited</b>	<b>Audited</b>
		<b>As at end of</b>	<b>As at preceding</b>
		<b>current quarter</b>	<b>financial year end</b>
		<b>31/03/2013</b>	<b>31/12/2012</b>
		RM'000	RM'000
<b>ASSETS</b>			
1	Non-current assets		
	Property, plant and equipment	78,643	81,087
	Land held for property development	1,102	1,111
	Prepaid land lease payments	3,477	3,498
	Intangible assets	27,040	27,082
	Other investments	272	272
	Trade receivables	12,868	12,519
	Deferred tax assets	5,527	4,429
		128,929	129,998
2	Current assets		
	Property development costs	50,674	50,278
	Inventories	24,201	25,222
	Trade and other receivables	444,469	410,961
	Short term deposits*	135,529	161,051
	Cash and bank balances*	176,960	179,306
		831,833	826,818
	Total assets	<b>960,762</b>	<b>956,816</b>

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

	<b>Unaudited As at end of current quarter  31/03/2013  RM'000</b>	<b>Audited As at preceding financial year end  31/12/2012  RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
3	Equity attributable to Owners of the Parent	
	Share capital	90,750
	Other reserves	4,268
	Retained earnings	424,136
		<b>531,545</b>
4	Non-controlling interests	101,156
	Total equity	<b>620,310</b>
5	Non-current liabilities	
	Retirement benefit obligations	5,040
	Provisions	111
	Borrowings	13
	Deferred tax liabilities	2,662
		<b>8,093</b>
6	Current liabilities	
	Retirement benefit obligations	1,126
	Borrowings	2,623
	Trade and other payables	320,272
	Income tax payable	4,659
		<b>316,853</b>
	Total liabilities	<b>336,506</b>
	Total equity and liabilities	<b>960,762</b>
7	<b>Net assets per ordinary share attributable to Owners of the Parent (RM)</b>	<b>1.43</b>
		<b>1.46</b>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

\* Cash, bank balances and short term deposits

Included in the cash, bank balances and short term deposits of the Group is RM155,970,000 (2012 : RM121,994,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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**III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>Note</b>	<b>Unaudited Three months to 31/03/2013</b>	<b>Unaudited Three months to 31/03/2012</b>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	158,428	156,062
Cash payments to suppliers	(103,804)	(103,720)
Cash payments to employees and for expenses	(71,771)	(53,348)
Cash used in operations	(17,147)	(1,006)
Interest paid	(64)	(2,986)
Income tax paid	(9,046)	(7,717)
<b>Net cash flow used in operating activities</b>	<b>(26,257)</b>	<b>(11,709)</b>
<b>Cash flows from investing activities</b>		
Interest received	1,400	1,606
Purchase of property, plant and equipment	(1,012)	(1,678)
<b>Net cash flow generated from/(used in) investing activities</b>	<b>388</b>	<b>(72)</b>
<b>Cash flows from financing activities</b>		
Redemption of Redeemable Secured Loan Stock ("RSLs")	-	(32,120)
Partial repayment of loan from corporate shareholder of a subsidiary	(121)	-
Repayment of hire purchase obligations	(10)	(23)
Repayment of other secured bank loans	(291)	-
Dividend paid to non-controlling shareholders of subsidiaries	(2,574)	-
<b>Net cash flow used in financing activities</b>	<b>(2,996)</b>	<b>(32,143)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(28,865)</b>	<b>(43,924)</b>
Net foreign exchange difference	997	(264)
Cash and cash equivalents as at beginning of financial period	340,357	320,361
<b>Cash and cash equivalents as at end of financial period</b>	<b>(a) 312,489</b>	<b>276,173</b>
<b>(a) Cash and Cash Equivalents comprise the following amounts:</b>		
Short term deposits	135,529	150,796
Cash and bank balances	176,960	125,377
	<b>312,489</b>	<b>276,173</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

	← Attributable to owners of the parent →			Total	Non- controlling interests	Total equity
	Non- distributable					
	Share capital	Other reserves	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Three months to 31 March 2013 (unaudited)</b>						
Balance as at 1 January 2013	90,750	4,268	424,136	519,154	101,156	620,310
Total comprehensive income for the period	-	858	11,533	12,391	5,689	18,080
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	(2,574)	(2,574)
Balance as at 31 March 2013	<u>90,750</u>	<u>5,126</u>	<u>435,669</u>	<u>531,545</u>	<u>104,271</u>	<u>635,816</u>
<b>Three months to 31 March 2012 (unaudited)</b>						
Balance as at 1 January 2012	90,750	(4,345)	401,571	487,976	75,438	563,414
Total comprehensive (expense)/income for the period	-	(1,046)	16,487	15,441	4,803	20,244
Balance as at 31 March 2012	<u>90,750</u>	<u>(5,391)</u>	<u>418,058</u>	<u>503,417</u>	<u>80,241</u>	<u>583,658</u>

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 2012.

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**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 2012.

**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/amendment to Financial Reporting Standards ("FRSs") which are mandatory for annual financial periods beginning on or after 1 July 2012, as disclosed below:

	<b>Effective for the financial period beginning on or after</b>
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 10 : Consolidated Financial Statements	1 January 2013
FRS 11 : Joint Arrangements	1 January 2013
FRS 12 : Disclosure of Interests in Other Entities	1 January 2013
FRS 13 : Fair Value Measurements	1 January 2013
FRS 127 <sub>2011</sub> : Separate Financial Statements	1 January 2013
FRS 128 <sub>2011</sub> : Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 : Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance	1 January 2013
Amendments to FRSs 'Improvement to FRSs (2012)'	1 January 2013

The adoption of the above new/revised/amendment to FRSs is not expected to have any 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 has been 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 are allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities are mandatory for annual periods beginning on or after 1 January 2014.

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

In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively, against opening retained earnings.

**2. Audit report in respect of the 2012 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2012 was not qualified.

**3. Seasonal or cyclical factors**

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



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**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 period.

**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 period.

**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 period ended 31 March 2013.

**7. Dividend**

For the financial year ended 31 December 2012, the Directors proposed a final dividend of 10.00 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each, amounting to a dividend payable of RM27,225,079 (7.50 sen net per ordinary share) for shareholders' approval at the forthcoming Annual General Meeting.

The Director do not recommend the payment of any interim dividend for the current period ended 31 March 2013 (2012: nil)

**8. Operating Segments**

Operating Segment information for the current financial period to 31 March 2013 is as follows:

**By operating segment**

	<b>Integrated Facilities Management</b>		<b>Properties</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	<b>Concession</b>	<b>Non-concession</b>				
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>						
External sales	146,379	15,475	11,142	-	-	<b>172,996</b>
Inter-segment sales	-	10	-	9,673	(9,683)	-
<b>Total Revenue</b>	<b>146,379</b>	<b>15,485</b>	<b>11,142</b>	<b>9,673</b>	<b>(9,683)</b>	<b>172,996</b>
<b>Results</b>						
Segment results	18,345	2,520	3,804	5,908	(7,734)	<b>22,843</b>
Finance costs	(13)	(168)	-	-	102	<b>(79)</b>
<b>Profit/(loss) before tax</b>	<b>18,332</b>	<b>2,352</b>	<b>3,804</b>	<b>5,908</b>	<b>(7,632)</b>	<b>22,764</b>
Income tax expense	(3,472)	(335)	(1,733)	(108)	-	<b>(5,648)</b>
<b>Profit/(loss) for the period</b>	<b>14,860</b>	<b>2,017</b>	<b>2,071</b>	<b>5,800</b>	<b>(7,632)</b>	<b>17,116</b>
<b>Attributable to:</b>						
Owners of the parent	11,211	1,703	559	5,800	(7,740)	<b>11,533</b>
Non-controlling interests	3,649	314	1,512	-	108	<b>5,583</b>
<b>Profit/(loss) for the period</b>	<b>14,860</b>	<b>2,017</b>	<b>2,071</b>	<b>5,800</b>	<b>(7,632)</b>	<b>17,116</b>

**9. Material events subsequent to the end of the current financial period**

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 March 2013 to the date of this announcement which would substantially affect the financial results of the Group for the three months ended 31 March 2013 that have not been reflected in the condensed financial statements.

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

**10. Changes in the composition of the Group**

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

- (a) Formation of new venture companies to undertake the Privatisation of the Hospital Support Services ("HSS") in Sabah and Sarawak.

(i) Sabah Zone

On 22 February 2013, Faber Medi-serve Sdn Bhd ("FMS") had acquired 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.

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 HSS, Ministry of Health ("MOH") for the Sabah Zone.

On 4 March 2013, SOSB increased its authorised share capital to RM5,000,000.00 and subsequently on 20 March 2013, SOSB increased its paid-up and issued capital to RM100,000.00.

On 28 March 2013, SOSB changed its name to FMS Services (Sabah) Sdn Bhd ("FMS Sabah").

On 12 April 2013, FMS Sabah subscribed/purchased for 40,000 ordinary shares of RM1.00 each in Sedafiat Sdn Bhd ("SSB") for a cash consideration of RM40,000.00 representing 40% of the issued and paid-up share capital of SSB. The other shareholder of SSB is 1Care Consortium Sdn Bhd ("1Care"), which holds the remaining 60% equity interest in SSB.

(ii) Sarawak Zone

On 22 February 2013, FMS acquired 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.

SKSB 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. 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.

On 4 March 2013, SKSB increased its authorised share capital to RM5,000,000.00 and subsequently on 20 March 2013, SKSB increased its paid-up and issued capital to RM100,000.00.

On 21 March 2013, SKSB changed its name to FMS Services (Sarawak) Sdn Bhd ("FMS Sarawak").

On 9 April 2013, FMS Sarawak subscribed for 40,000 ordinary shares of RM1.00 each in One Medicare Sdn Bhd ("OMSB") for a cash consideration of RM40,000.00 representing 40% of the issued and paid-up share capital of OMSB. Metrocare Services Sdn Bhd ("Metrocare"), the other shareholder of OMSB holds the remaining 60% equity interest in OMSB.

**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 2012.

**12. Capital commitments**

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	950

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

13. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/03/2013</b> RM'000	Preceding year corresponding quarter <b>31/03/2012</b> RM'000	Three months to <b>31/03/2013</b> RM'000	Three months to <b>31/03/2012</b> RM'000
Current income tax				
- Malaysian income tax	6,937	7,829	6,937	7,829
Over provision in prior years				
- Malaysian income tax	(329)	-	(329)	-
	<u>6,608</u>	<u>7,829</u>	<u>6,608</u>	<u>7,829</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(960)	327	(960)	327
	<u>5,648</u>	<u>8,156</u>	<u>5,648</u>	<u>8,156</u>

There is no significant difference between the Group's effective tax rate and statutory tax rate for the current quarter.

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 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.

(b) 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.

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

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

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. 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 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.

On 27 February 2013, SOSB entered into a Joint Venture Agreement ("JVA") with FMS, 1Care and SSB for the purpose of carrying out the HSS to the hospitals operated by the MOH throughout the state of Sabah, via the Joint Venture Company ("JVC"), SSB.

Also on the same date, SKSB entered into a JVA with FMS, Metrocare and OMSB for the purpose of carrying out the HSS to the hospitals operated by the MOH throughout the state of Sarawak, via the JVC, OMSB.

**16. Borrowings and debt securities**

Details of Group borrowings and debt securities as at 31 March 2013 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
<b><u>Other borrowings</u></b>						
Domestic – Hire purchase	-	3	3	-	38	38
Foreign – Bank	-	-	-	1,707	-	1,707
Amount owing to corporate shareholder	-	-	-	-	554	554
<b>TOTAL</b>	-	3	3	1,707	592	2,299

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

**17. Derivatives**

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

**18. Fair value hierarchy**

There were no transfers between any levels of the fair value hierarchy that took place during the current interim period and the comparative period. 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 end of current quarter	As at preceding financial year end
	<b>31/03/2013</b>	<b>31/12/2012</b>
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	275,320	267,086
- Unrealised	(7,532)	(8,275)
	267,788	258,811
Consolidation adjustments	167,881	165,325
Total group retained earnings as per consolidated financial statements	435,669	424,136

**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) 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.

**(iii) 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, 4 March 2013, 25 March 2013, 15 April 2013 and thereafter until the availability of the expert report, of which the first expert meeting was conducted on 8 April 2013.

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

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

	Current quarter 31/03/2013 RM'000	Immediate preceding quarter 31/12/2012 RM'000	Variance RM'000	Variance %
<b>Revenue:</b>				
Integrated Facilities Management ("IFM")				
Concession	146,379	152,301	(5,922)	(3.9)
Non-concession	15,485	35,785	(20,300)	(56.7)
Property	11,142	74,460	(63,318)	(85.0)
Elimination	(10)	-	(10)	n/a
<b>Group</b>	<b>172,996</b>	<b>262,546</b>	<b>(89,550)</b>	<b>(34.1)</b>

**Profit Before Tax:**

Integrated Facilities Management				
Concession	18,332	26,207	(7,875)	(30.0)
Non-concession	2,352	30,520	(28,168)	(92.3)
Property	3,804	32,993	(29,189)	(88.5)
Others/Elimination	(1,724)	(2,740)	1,016	37.1
<b>Group</b>	<b>22,764</b>	<b>86,980</b>	<b>(64,216)</b>	<b>(73.8)</b>

The Group's revenue for the current quarter of RM173.0 million was 34.1% or RM89.6 million lower than the preceding quarter of RM262.5 million. Property Division recorded lower revenue by RM63.3 million due to the completion of Laman Rimbunan Phase 4 and 5 in Kepong and Armada Villa in Taman Desa in December 2012. IFM Non-concession recorded lower revenue by RM20.3 million as there was no further recognition of revenue from infrastructure maintenance contracts in United Arab Emirates ("UAE"). IFM Concession recorded lower revenue by RM5.9 million mainly due to lower reimbursable works.

The Group recorded lower profit before tax ("PBT") for the current quarter of RM22.8 million, as compared to RM87.0 million in the preceding quarter. The lower PBT for Property Division by RM29.2 million and IFM Non-concession by RM28.2 million respectively are as a result of the lower revenue. In addition, IFM Non-concession recorded a favorable one-off item amounting to RM11.6 million in the preceding quarter. The lower PBT for IFM Concession by RM7.9 million is mainly due to the implementation of the minimum wages effective 1 January 2013.

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

22. **Detailed analysis of the performance for the current quarter**

	Current year quarter <b>31/03/2013</b> RM'000	Preceding year corresponding quarter <b>31/03/2012</b> RM'000	Variance RM'000	Variance %
<b>Revenue:</b>				
Integrated Facilities Management				
Concession	146,379	140,428	5,951	4.2
Non-concession	15,485	17,552	(2,067)	(11.8)
Property	11,142	26,015	(14,873)	(57.2)
Elimination	(10)	-	(10)	n/a
<b>Group</b>	<b>172,996</b>	<b>183,995</b>	<b>(10,999)</b>	<b>(6.0)</b>

**Profit Before Tax:**

Integrated Facilities Management				
Concession	18,332	23,265	(4,933)	(21.2)
Non-concession	2,352	1,726	626	36.3
Property	3,804	8,128	(4,324)	(53.2)
Others/Elimination	(1,724)	(3,383)	1,659	49.0
<b>Group</b>	<b>22,764</b>	<b>29,736</b>	<b>(6,972)</b>	<b>(23.4)</b>

The Group's revenue for the current quarter of RM173.0 million was 6.0% or RM11.0 million lower than the corresponding quarter last year of RM184.0 million. In the current quarter, Property Division recorded lower revenue by RM14.9 million mainly due to the completion of Laman Rimbunan Phase 4 and 5 in Kepong and Armada Villa in Taman Desa in December 2012. IFM Non-concession recorded lower revenue by RM2.1 million mainly due to the discontinuation of certain contracts.

The negative variance above was partly mitigated by positive variance from IFM Concession. The higher revenue by RM6.0 million was mainly due to higher variation orders and increased bed occupancy rate at the government hospitals within FGB's concession area.

The Group's PBT for the current quarter of RM22.8 million was lower by RM7.0 million as compared to RM29.7 million in the corresponding quarter last year. IFM Concession recorded lower PBT by RM4.9 million mainly due to the implementation of the minimum wages effective 1 January 2013. Property Division recorded lower PBT by RM4.3 million due to lower revenue as explained above.

Lower PBT from both Property Division and IFM Concession was partly mitigated by higher PBT from IFM Non-concession. The higher PBT by RM0.6 million was mainly due to discontinuation of contracts with negligible margins.



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

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	RM'000	RM'000	RM'000	RM'000
<b><u>Net operating profit after tax ("NOPAT") computation:</u></b>				
Earnings before interest and tax ("EBIT")	21,416	29,462	21,416	29,462
Adjusted tax	(5,354)	(7,366)	(5,354)	(7,366)
<b>NOPAT</b>	<b>16,062</b>	<b>22,096</b>	<b>16,062</b>	<b>22,096</b>
<b><u>Economic charge computation:</u></b>				
Average invested capital	327,657	445,516	327,657	445,516
Weighted average cost of capital ("WACC")	11.9%	11.2%	11.9%	11.2%
<b>Economic charge</b>	<b>9,748</b>	<b>12,474</b>	<b>9,748</b>	<b>12,474</b>
<b>EP</b>	<b>6,314</b>	<b>9,622</b>	<b>6,314</b>	<b>9,622</b>

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.

EP of RM6.3 million is lower by RM3.3 million as compared to the preceding year corresponding quarter of RM9.6 million mainly due to lower EBIT.

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

**24. Achievement of the Headline Key Performance Indicators (“KPI”) for the current period**

The achievement on the headline KPI is as follows:

	<b>March 2013</b>	<b>December 2013</b>
	<b>(3 months)</b>	<b>(12 months)</b>
	<b>Actual from operations</b>	<b>Target</b>
<b>Headline KPI</b>		
Revenue Target	RM173 million	<b>RM800 million</b>
Return on Equity	2.3%	<b>8-10%</b>

**25. Prospect for the current 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”)**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	11,533	16,487	11,533	16,487
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	3.18 sen	4.54 sen	3.18 sen	4.54 sen

**Kuala Lumpur**  
**10 May 2013**

**By Order of the Board**  
**SURIATI ASHARI (LS0009029)**  
**Secretary**