FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
			30/06/2013	**30/06/2012**	**30/06/2013**	**30/06/2012**
			RM'000	RM'000	RM'000	RM'000
1	(a)	**Revenue**	**168,284**	**217,989**	**341,280**	**401,984**
	(b)	Cost of sales	(135,749)	(159,772)	(272,581)	(294,940)
	(c)	Gross profit	32,535	58,217	68,699	107,044
	(d)	Other income	2,085	2,066	6,371	3,870
	(e)	Expenses	(19,820)	(20,623)	(37,427)	(40,072)
	(f)	Finance costs	(61)	(1,146)	(140)	(2,592)
	(g)	**Profit before tax**	**14,739**	**38,514**	**37,503**	**68,250**
	(h)	Income tax expense	(7,098)	(10,692)	(12,746)	(18,848)
	(i)	**Profit for the period**	**7,641**	**27,822**	**24,757**	**49,402**
		Attributable to:				
	(j)	Owners of the parent	7,261	19,532	18,794	36,019
	(k)	Non-controlling interests	380	8,290	5,963	13,383
		Profit for the period	**7,641**	**27,822**	**24,757**	**49,402**
2		**Earnings per share based on 1(j) above (Note 27):-**				
		Basic (based on 2013: 363,001,053 [2012: 363,001,053] ordinary shares)	2.00 sen	5.38 sen	5.18 sen	9.92 sen

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

FABER GROUP BERHAD
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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2013	**30/06/2012**	**30/06/2013**	**30/06/2012**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	7,641	27,822	24,757	49,402
Foreign currency translation	(219)	(104)	745	(1,440)
Total comprehensive income for the period	7,422	27,718	25,502	47,962
Attributable to:				
Owners of the parent	6,983	20,336	19,374	35,777
Non-controlling interests	439	7,382	6,128	12,185
Total comprehensive income for the period	7,422	27,718	25,502	47,962

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.

Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2013	**30/06/2012**	**30/06/2013**	**30/06/2012**
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(1,853)	(1,697)	(3,280)	(3,417)
Other income including investment income	(232)	(369)	(3,091)	(453)
Interest expense	61	1,146	140	2,592
Depreciation and amortization	3,730	3,857	7,608	8,033
Impairment of assets	3,366	-	3,366	-
Foreign exchange loss	-	-	-	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 receivables, 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
(5067-M)
Incorporated in Malaysia

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at end of current quarter 30/06/2013	Audited As at preceding financial year end 31/12/2012
		RM'000	RM'000
	ASSETS		
1	Non-current assets		
	Property, plant and equipment	72,759	81,087
	Land held for property development	1,115	1,111
	Prepaid land lease payments	3,455	3,498
	Intangible assets	27,034	27,082
	Other investments	272	272
	Trade receivables	13,209	12,519
	Deferred tax assets	5,527	4,429
		123,371	129,998
2	Current assets		
	Property development costs	58,246	50,278
	Inventories	21,558	25,222
	Trade and other receivables	359,429	410,961
	Short term deposits*	169,639	161,051
	Cash and bank balances*	143,821	179,306
		752,693	826,818
	Total assets	**876,064**	**956,816**

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

		Unaudited As at end of current quarter 30/06/2013	Audited As at preceding financial year end 31/12/2012
		RM'000	RM'000
	EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent		
	Share capital	90,750	90,750
	Other reserves	4,848	4,268
	Retained earnings	415,705	424,136
		511,303	519,154
4	Non-controlling interests	72,695	101,156
	Total equity	583,998	620,310
5	Non-current liabilities		
	Retirement benefit obligations	5,042	5,040
	Provisions	112	111
	Borrowings	-	13
	Deferred tax liabilities	2,881	2,662
		8,035	7,826
6	Current liabilities		
	Retirement benefit obligations	1,201	1,126
	Borrowings	2,050	2,623
	Dividend payable	27,225	-
	Trade and other payables	251,038	320,272
	Income tax payable	2,517	4,659
		284,031	328,680
	Total liabilities	292,066	336,506
	Total equity and liabilities	**876,064**	**956,816**
7	**Net assets per ordinary share attributable to Owners of the Parent (RM)**	**1.41**	**1.43**

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 RM98,753,000 (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

	Note	Unaudited Six months to 30/06/2013	Unaudited Six months to 30/06/2012
		RM'000	RM'000
Cash flows from operating activities			
Cash receipts from customers		365,752	527,623
Cash payments to suppliers		(207,849)	(248,234)
Cash payments to employees and for expenses		(134,176)	(158,546)
Cash generated from operations		23,727	120,843
Interest paid		(116)	(4,161)
Income tax paid		(18,177)	(18,867)
Net cash flow generated from operating activities		5,434	97,815
Cash flows from investing activities			
Interest received		3,135	3,456
Purchase of property, plant and equipment		(2,089)	(2,839)
Net cash flow generated from investing activities		1,046	617
Cash flows from financing activities			
Partial redemption of Redeemable Secured Loan Stock ("RSLS")		-	(66,008)
Partial redemption of redeemable preference shares in a subsidiary		-	(2,700)
Partial repayment of loan from corporate shareholder of a subsidiary		(244)	(189)
Repayment of hire purchase obligations		(19)	(46)
Repayment of other secured bank loans		(291)	-
Dividend paid to non-controlling shareholders of subsidiaries		(34,589)	(11,670)
Net cash flow used in financing activities		(35,143)	(80,613)
Net (decrease)/increase in cash and cash equivalents		**(28,663)**	**17,819**
Net foreign exchange difference		1,766	19
Cash and cash equivalents as at beginning of financial period		340,357	320,361
Cash and cash equivalents as at end of financial period	**(a)**	**313,460**	**338,199**

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

Short term deposits	169,639	141,848
Cash and bank balances	143,821	196,351
	313,460	**338,199**

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.

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →					
		Non-distributable				
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six months to 30 June 2013 (unaudited)						
Balance as at 1 January 2013	90,750	4,268	424,136	519,154	101,156	620,310
Total comprehensive income for the period	-	580	18,794	19,374	6,128	25,502
Dividend	-	-	(27,225)	(27,225)	-	(27,225)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	(34,589)	(34,589)
Balance as at 30 June 2013	90,750	4,848	415,705	511,303	72,695	583,998
Six months to 30 June 2012 (unaudited)						
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	-	(242)	36,019	35,777	12,185	47,962
Redemption of redeemable preference shares	-	3,300	(3,300)	-	-	-
Dividend	-	-	(21,780)	(21,780)	-	(21,780)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	(9,448)	(9,448)
Balance as at 30 June 2012	90,750	(1,287)	412,510	501,973	78,175	580,148

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.

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"). The Group has also adopted 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:

	Effective for the financial period beginning on or after
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 $_{2011}$: Separate Financial Statements	1 January 2013
FRS 128 $_{2011}$: 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 do not 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 three years. Consequently, adoption of the MFRS Framework by Transitioning Entities are mandatory for annual periods beginning on or after 1 January 2015.

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 2015.

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.

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 30 June 2013.

7. **Dividend**

The 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) in respect of the financial year ended 31 December 2012 was approved by the shareholders during the Annual General Meeting on 25 June 2013 and paid on 24 July 2013.

The Director do not recommend the payment of any interim dividend for the current period ended 30 June 2013 (2012: nil).

8. **Operating Segments**

Operating Segment information for the current financial period to 30 June 2013 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	293,452	32,200	15,628	-	-	**341,280**
Inter-segment sales	-	14	-	11,623	(11,637)	**-**
Total Revenue	293,452	32,214	15,628	11,623	(11,637)	**341,280**
Results						
Segment results	37,275	3,948	1,843	2,662	(8,085)	**37,643**
Finance costs	(23)	(468)	-	-	351	**(140)**
Profit/(loss) before tax	37,252	3,480	1,843	2,662	(7,734)	**37,503**
Income tax expense	(9,341)	(1,352)	(1,759)	(294)	-	**(12,746)**
Profit/(loss) for the period	27,911	2,128	84	2,368	(7,734)	**24,757**
Attributable to:						
Owners of the parent	23,704	1,689	(1,199)	2,368	(7,768)	**18,794**
Non-controlling interests	4,207	439	1,283	-	34	**5,963**
Profit/(loss) for the period	27,911	2,128	84	2,368	(7,734)	**24,757**

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 30 June 2013 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 2013 that have not been reflected in the condensed financial statements.

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	1,082

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	Six months to	Six months to
	30/06/2013	**30/06/2012**	**30/06/2013**	**30/06/2012**
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	5,621	10,439	12,558	18,268
Under provision in prior years				
- Malaysian income tax	1,396	-	1,067	-
	7,017	10,439	13,625	18,268
Deferred tax				
- Relating to origination and reversal of temporary difference	1,606	253	646	580
- Over provision in prior years	(1,525)	-	(1,525)	-
	81	253	(879)	580
	7,098	**10,692**	**12,746**	**18,848**

The Group's effective tax rate for the current quarter/period was higher compared to the statutory tax rate mainly due to losses at certain subsidiaries not eligible for Group relief.

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 members' voluntary liquidation ("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.

On 27 May 2013, Faber Haulage Sdn Bhd and Merlin Tower Hotel Sdn Bhd held their Final Meeting to conclude the members' voluntary winding-up.

The Liquidators had subsequently completed and 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.

(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.

(c) On 14 June 2013, Sehat Technologies Sdn Bhd ("Sehat"), a 51%-owned subsidiary of Faber Healthcare Management Sdn Bhd, which in turn is a wholly-owned subsidiary of FGB had been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965.

The MVL is undertaken to rationalise and streamline the structure of FGB Group.

Sehat had appointed Mr. Heng Ji Keng and Mr. Michael Joseph Monteiro of Messrs Ferrier Hodgson MH Sdn Bhd of Ferrier Hodgson MH Sdn Bhd, Baker Tilly MH Tower, Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur as the joint and several Liquidators for the purpose of the MVL.

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)

(d) On 5 August 2013, the Board of Directors of FGB had received a letter from UEM Group Berhad ("UEM") which sets out an offer to dispose the entire equity interest in Opus Group Berhad ("OPUS") held by UEM and 100% equity interest in Projek Penyelenggaraan Lebuhraya Berhad ("PROPEL") held by UEM Builders Berhad ("UEMBB"), a subsidiary of UEM to FGB ("Offer") at a minimum offer price of RM1,127,500,000 or maximum offer price of RM1,151,000,000.

The Board will appoint relevant advisers in due course and deliberate on the terms of the Offer and decide on the next course of action. Further announcement will be made once the Board has made a decision on the Offer.

15. Status of 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 30 June 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**
Other borrowings						
Domestic – Hire purchase	-	-	-	-	32	32
Foreign – Bank	-	-	-	1,587	-	1,587
Amount owing to corporate shareholder	-	-	-	-	431	431
TOTAL	-	-	-	1,587	463	2,050

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 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
	30/06/2013	**31/12/2012**
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	254,851	267,086
- Unrealised	(7,000)	(8,275)
	247,851	258,811
Consolidation adjustments	167,854	165,325
Total group retained earnings as per consolidated financial statements	415,705	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.

(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.

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

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

(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.

The case had been closed by Al Dhafra Court on 20 May 2013. Faber LLC and the Claimant had settled the matter at the amount of AED950,000.00 (equivalent to approximately RM780,474.00) via a settlement agreement signed on 28 April 2013.

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(iv) **Rimbunan Melati Sdn Bhd ("RMSB") vs. JPS Consulting Sdn Bhd ("JPS") and Tesonic (M) Sdn Bhd ("Tesonic") ("Defendants")**

RMSB's solicitors had served the Writ of Summons and Statement of Claim bearing Suit No. 22C-32-07/2013 on both the Defendants on 14 August 2013 as informed by our solicitors on 15th August 2013.

RMSB had appointed JPS via a letter of appointment dated 29 May 2003 as a civil and structural consulting engineer and Tesonic on 9 January 2008 to carry out Pile Depth Analysis ("PDA") for its project works at the project site for Phase 3, 191 units of 3 storey terrace houses, which comprises Section No. 1-11 units of 3 storey terrace houses and Section No. 2-80 units of 3 storey terrace houses at Lot H.S.(D) 107003, PT 21706 (previously known as Geran 33388, Lot 55311), Jalan Kepong, Mukim Batu, Daerah & Wilayah Persekutuan, Kuala Lumpur ("Project Site").

RMSB's claims against the Defendants are on jointly and severally liability basis for damages on negligence and for breach of contract on defects and rectification work due to civil and structural design works based on the As Built Piling Works and Building Works for the works at the Project Site. RMSB also sought damages from Tesonic for negligence on services and duties as a testing specialist contractor in conducting PDA testing amounting to a total amount of RM5,769,642.03 as at June 2013.

The matter is fixed for Case Management before the Judge by the Court on 18 September 2013.

The matter has also been fixed for trial by the Court on 17 and 18 February 2014, and if necessary, additional dates to be requested at the next case management.

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

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

	Current quarter	Immediate preceding quarter	Variance	Variance
	30/06/2013	**31/3/2013**		
	RM'000	RM'000	RM'000	%
Revenue:				
Integrated Facilities Management ("IFM")				
Concession	147,073	146,379	694	0.5
Non-concession	16,725	15,475	1,250	8.1
Property	4,486	11,142	(6,656)	(59.7)
Group	**168,284**	**172,996**	**(4,712)**	**(2.7)**
Profit Before Tax:				
Integrated Facilities Management				
Concession	18,920	18,332	588	3.2
Non-concession	1,128	2,352	(1,224)	(52.0)
Property	(1,961)	3,804	(5,765)	>(100.0)
Others/Elimination	(3,348)	(1,724)	(1,624)	(94.2)
Group	**14,739**	**22,764**	**(8,025)**	**(35.3)**

The Group's revenue for the current quarter of RM168.3 million was 2.7% or RM4.7 million lower than the preceding quarter of RM173.0 million. Property Division recorded lower revenue by RM6.7 million mainly due to lower take up rate for the projects at Taman Desa and Kepong. Lower revenue from Property Division was partially mitigated by higher revenue from IFM Non-concession and IFM Concession. IFM Non-concession recorded higher revenue by RM1.3 million mainly due to new projects secured locally and in India. IFM Concession recorded higher revenue by RM0.7 million mainly due to higher reimbursable works.

The Group recorded lower profit before tax ("PBT") for the current quarter of RM14.7 million, as compared to RM22.8 million in the preceding quarter. Property Division recorded lower PBT by RM5.8 million as a result of the lower revenue as explained above, the gross profit of which is insufficient to cover the fixed operating costs. In addition, IFM Non-concession recorded lower PBT mainly due to an impairment of assets amounting to RM0.8 million in the current quarter.

Lower PBT from both Property Division and IFM Non-Concession was partly mitigated by higher PBT from IFM Concession by RM0.6 million 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 period

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Six months to	Six months to	Variance	Variance
	30/06/2013	**30/06/2012**			**30/06/2013**	**30/06/2012**		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Integrated Facilities Management								
Concession	147,073	143,222	3,851	2.7	293,452	283,650	9,802	3.5
Non-concession	16,725	16,791	(66)	(0.4)	32,200	34,343	(2,143)	(6.2)
Property	4,486	57,976	(53,490)	(92.3)	15,628	83,991	(68,363)	(81.4)
Group	**168,284**	**217,989**	**(49,705)**	**(22.8)**	**341,280**	**401,984**	**(60,704)**	**(15.1)**
Profit Before Tax:								
Integrated Facilities Management								
Concession	18,920	19,088	(168)	(0.9)	37,252	42,353	(5,101)	(12.0)
Non-concession	1,128	2,344	(1,216)	(51.9)	3,480	4,070	(590)	(14.5)
Property	(1,961)	21,086	(23,047)	>(100.0)	1,843	29,214	(27,371)	(93.7)
Others/Elimination	(3,348)	(4,004)	656	16.4	(5,072)	(7,387)	2,315	31.3
Group	**14,739**	**38,514**	**(23,775)**	**(61.7)**	**37,503**	**68,250**	**(30,747)**	**(45.1)**

The Group's revenue for the current quarter of RM168.3 million was lower by RM49.7 million as compared to RM218.0 million in the corresponding quarter last year and year-to-date revenue of RM341.3 million was lower by RM 60.7 million against RM402.0 million for the preceding year. Property Division recorded lower revenue 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 mainly due to the discontinuation of certain contracts, mitigated by the new projects secured locally and in India.

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

The Group's current quarter PBT of RM14.7 million was lower by RM23.8 million as compared to RM38.5 million in the corresponding quarter last year and year-to-date PBT of RM37.5 million was lower by RM30.7 million against RM68.3 million in the preceding year corresponding period. Property Division and IFM Non-Concession recorded lower PBT due to lower revenue as explained above. In addition, IFM Non-Concession had impaired assets amounting to RM0.8 million in the current quarter. IFM Concession recorded lower PBT mainly due to the implementation of the minimum wages effective 1 January 2013 and an impairment of incinerator plant at Lahad Datu, Sabah amounting to RM2.6 million.

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	Six months to	Six months to
	30/06/2013	**30/06/2012**	**30/06/2013**	**30/06/2012**
	RM'000	RM'000	RM'000	RM'000
Net operating profit after tax ("NOPAT") computation:				
Earnings before interest and tax ("EBIT")	12,947	37,963	34,363	67,425
Adjusted tax	(3,237)	(9,491)	(8,591)	(16,856)
NOPAT	**9,710**	**28,472**	**25,772**	**50,569**
Economic charge computation:				
Average invested capital	313,659	405,826	313,659	405,826
Weighted average cost of capital ("WACC")	12.0%	11.4%	12.0%	11.4%
Economic charge	**9,410**	**11,566**	**18,820**	**23,132**
EP	**300**	**16,906**	**6,952**	**27,437**

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 30 June 2013 against the corresponding quarter last year :

EP of RM0.3 million is lower by RM16.6 million as compared to the preceding year corresponding quarter of RM16.9 million mainly due to a lower EBIT.

(b) Performance of the current period ended 30 June 2013 against last year :

EP of RM7.0 million is lower by RM20.4 million as compared to the preceding year corresponding quarter of RM27.4 million mainly due to a lower EBIT.

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

The achievement on the headline KPI is as follows:

	June 2013 (6 months) Actual from operations	**December 2013 (12 months) Target**
Headline KPI		
Revenue Target	RM341 million	**RM800 million**
Return on Equity	4.1%[1]	**8-10%**

[1] For the computation of Return on Equity above, the profit attributable to Owners of the Parent for the period excludes the impairment of incinerator plant at Lahad Datu, Sabah amounting to RM2.6 million.

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

25. Prospects 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 the contribution from the IFM Concession for the second half of the year to be consistent with the first half of the year. Nevertheless, the contribution from Property Division is expected to be lower than the preceding year, as most of the current on-going projects are at the tail end of completion. At the same time, the Group is continuing its efforts to identify and acquire landbank.

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	Six months to	Six months to
	30/06/2013	**30/06/2012**	**30/06/2013**	**30/06/2012**
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	7,261	19,532	18,794	36,019
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	2.00 sen	5.38 sen	5.18 sen	9.92 sen

By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary

Kuala Lumpur
28 August 2013