

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2013	Preceding year corresponding quarter 30/09/2012	Nine months to 30/09/2013	Nine months to 30/09/2012
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	176,201	221,750	517,481	623,734
(b) Cost of sales	(128,658)	(159,189)	(401,239)	(454,129)
(c) Gross profit	47,543	62,561	116,242	169,605
(d) Other income	2,774	2,219	9,145	6,089
(e) Expenses	(18,278)	(20,574)	(55,705)	(60,646)
(f) Finance costs	(65)	(872)	(205)	(3,464)
(g) Profit before tax	31,974	43,334	69,477	111,584
(h) Income tax expense	(8,842)	(17,146)	(21,588)	(35,994)
(i) Profit for the period	23,132	26,188	47,889	75,590
Attributable to:				
(j) Owners of the parent	14,555	18,777	33,349	54,796
(k) Non-controlling interests	8,577	7,411	14,540	20,794
Profit for the period	23,132	26,188	47,889	75,590
2 Earnings per share based on 1(j) above (Note 27):-				
Basic (based on 2013: 363,001,053 [2012: 363,001,053] ordinary shares)	4.01 sen	5.17 sen	9.19 sen	15.10 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	Nine months to	Nine months to
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period	23,132	26,188	47,889	75,590
Foreign currency translation	304	1,464	1,049	24
Total comprehensive income for the period	<u>23,436</u>	<u>27,652</u>	<u>48,938</u>	<u>75,614</u>
Attributable to:				
Owners of the parent	14,610	19,827	33,984	55,604
Non-controlling interests	8,826	7,825	14,954	20,010
Total comprehensive income for the period	<u>23,436</u>	<u>27,652</u>	<u>48,938</u>	<u>75,614</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	Nine months to	Nine months to
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(2,666)	(2,057)	(5,946)	(5,474)
Other income including investment income	(108)	(162)	(3,199)	(615)
Interest expense	65	872	205	3,464
Depreciation and amortization	3,529	3,915	11,137	11,948
Impairment of property, plant and equipment	-	-	3,366	-
Foreign exchange loss	-	(827)	-	(258)

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, 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

		Unaudited	Audited
		As at end of	As at preceding
		current quarter	financial year end
		30/09/2013	31/12/2012
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	70,296	81,087
	Land held for property development	1,115	1,111
	Prepaid land lease payments	3,433	3,498
	Intangible assets	27,027	27,082
	Other investments	272	272
	Trade receivables	13,372	12,519
	Deferred tax assets	5,527	4,429
		121,042	129,998
2	Current assets		
	Property development costs	60,335	50,278
	Inventories	17,538	25,222
	Trade and other receivables	267,456	410,961
	Short term deposits*	269,656	161,051
	Cash and bank balances*	98,306	179,306
		713,291	826,818
	Total assets	834,333	956,816

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

	Unaudited	Audited
	As at end of	As at preceding
	current quarter	financial year end
	30/09/2013	31/12/2012
	RM'000	RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	Share capital	90,750
	Other reserves	4,903
	Retained earnings	430,260
		525,913
4	Non-controlling interests	60,159
	Total equity	586,072
5	Non-current liabilities	
	Retirement benefit obligations	5,042
	Provisions	119
	Borrowings	-
	Deferred tax liabilities	2,332
		7,493
6	Current liabilities	
	Retirement benefit obligations	1,239
	Borrowings	1,848
	Trade and other payables	234,282
	Income tax payable	3,399
		240,768
	Total liabilities	248,261
	Total equity and liabilities	834,333
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.45
		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 RM53,084,000 (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 Nine months to 30/09/2013	Unaudited Nine months to 30/09/2012
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	645,168	781,764
Cash payments to suppliers	(316,438)	(350,837)
Cash payments to employees and for expenses	(192,297)	(186,650)
Cash generated from operations	136,433	244,277
Interest paid	(189)	(5,005)
Income tax paid	(29,792)	(40,114)
Net cash flow generated from operating activities	106,452	199,158
Cash flows from investing activities		
Interest received	5,507	5,299
Purchase of property, plant and equipment	(2,514)	(3,501)
Net cash flow generated from investing activities	2,993	1,798
Cash flows from financing activities		
Redemption of Redeemable Secured Loan Stock ("RSLs")	-	(143,590)
Partial redemption of redeemable preference shares in a subsidiary	-	(2,700)
Partial repayment of loan from corporate shareholder of a subsidiary	(371)	(310)
Repayment of hire purchase obligations	(28)	(60)
Repayment of other secured bank loans	(291)	-
Dividend paid	(27,225)	(21,780)
Dividend paid to non-controlling shareholders of subsidiaries	(55,951)	(11,670)
Net cash flow used in financing activities	(83,866)	(180,110)
Net increase in cash and cash equivalents	25,579	20,846
Net foreign exchange difference	2,026	(863)
Cash and cash equivalents as at beginning of financial period	340,357	320,361
Cash and cash equivalents as at end of financial period	367,962	340,344
(a)		
(a) Cash and Cash Equivalents comprise the following amounts:		
Short term deposits	269,656	234,936
Cash and bank balances	98,306	105,408
	367,962	340,344

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	
Nine months to 30 September 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	-	635	33,349	33,984	14,954	48,938
Dividend	-	-	(27,225)	(27,225)	-	(27,225)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	(55,951)	(55,951)
Balance as at 30 September 2013	<u>90,750</u>	<u>4,903</u>	<u>430,260</u>	<u>525,913</u>	<u>60,159</u>	<u>586,072</u>
Nine months to 30 September 2012 (unaudited)						
Balance as at 1 January 2012	90,750	(4,345)	401,571	487,976	75,438	563,414
Total comprehensive income for the period	-	808	54,796	55,604	20,010	75,614
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 September 2012	<u>90,750</u>	<u>(237)</u>	<u>431,287</u>	<u>521,800</u>	<u>86,000</u>	<u>607,800</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”). 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.

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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 30 September 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.

No interim dividend is declared for the current period ended 30 September 2013 (2012: special interim dividend of 20.00 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each).

8. Operating Segments

Operating Segment information for the current financial period to 30 September 2013 is as follows:

By operating segment

	Integrated Facilities Concession	Management Non-concession	Properties	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	440,658	49,940	26,883	-	-	517,481
Inter-segment sales	-	22	-	70,851	(70,873)	-
Total Revenue	440,658	49,962	26,883	70,851	(70,873)	517,481
Results						
Segment results	55,396	18,087	4,389	57,531	(65,721)	69,682
Finance costs	(30)	(628)	-	-	453	(205)
Profit/(loss) before tax	55,366	17,459	4,389	57,531	(65,268)	69,477
Income tax expense	(16,203)	(2,925)	(1,991)	(469)	-	(21,588)
Profit/(loss) for the period	39,163	14,534	2,398	57,062	(65,268)	47,889
Attributable to:						
Owners of the parent	30,450	13,404	304	57,062	(67,871)	33,349
Non-controlling interests	8,713	1,130	2,094	-	2,603	14,540
Profit/(loss) for the period	39,163	14,534	2,398	57,062	(65,268)	47,889

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

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 September 2013 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 2013 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 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.

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

10. Changes in the composition of the Group (cont'd)

- (b) On 21 November 2013, FMS had entered into a share sale agreement ("SSA") with Simfoni Dua Sdn Bhd ("SDSB") for the disposal of 385,000 ordinary shares of RM1.00 each in Fresh Linen Services (Sarawak) Sdn Bhd ("FLS Sarawak") representing 55% of FMS's equity in FLS Sarawak to the SDSB for a total cash consideration of RM6,600,000.00 ("Proposed Disposal"). SDSB holds 315,000 ordinary shares of RM1.00 each in FLS Sarawak amounting to 45% of the issued shares.

FLS Sarawak was incorporated in Malaysia on 13 June 2002 with an authorised share capital of RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM700,000.00 divided into 700,000 ordinary shares of RM1.00 each. FLS Sarawak is carrying on the business of providing laundry processing activities for the Ministry of Health hospitals in the state of Sarawak.

The Proposed Disposal will not have any material effect to the consolidated earnings of FGB Group for the financial year ending 31 December 2013.

Upon completion of the Proposed Disposal, FLS Sarawak will cease to be a subsidiary of FMS.

None of the directors or substantial shareholders of FGB or persons connected with them has any interest, whether direct or indirect, in the Proposed Disposal and no shareholder approval is required.

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	843

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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	Preceding year corresponding quarter	Nine months to	Nine months to
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	9,344	11,300	21,902	29,568
Under provision in prior years				
- Malaysian income tax	48	5,801	1,115	5,801
	9,392	17,101	23,017	35,369
Deferred tax				
- Relating to origination and reversal of temporary difference	(550)	45	96	625
- Over provision in prior years	-	-	(1,525)	-
	(550)	45	(1,429)	625
	8,842	17,146	21,588	35,994

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 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.
- (b) 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 members' voluntary liquidation ("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.

- (c) On 5 August 2013, the Board of Directors of FGB ("Board"), 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 Proposals").

CIMB Investment Bank Berhad ("CIMB") had been appointed as the Main Adviser to FGB for the Proposals and RHB Investment Bank Berhad as the Independent Adviser to advise the non-interested directors and non-interested shareholders of FGB on the fairness and reasonableness of the Proposals.

On 6 September 2013, the Board, (save for Dato' Mohd Izzaddin Idris, Encik Azmir Merican Azmi Merican and Puan Elakumari a/p Kantilal, being the Interested Directors for the Proposal) had accepted UEM's offer for the Company to participate in the Proposals subject to, amongst others, the signing of definitive agreements based on mutually acceptable terms, satisfactory and complete due diligence, corporate and shareholders' approvals, third party approvals and all governmental and regulatory approvals required under applicable laws and regulations. In arriving at the decision, the Board (save for the Interested Directors) has considered the views of the Main Adviser and the Independent Adviser and other relevant information relating to the Proposals.

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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 20 November 2013, TC Parking Sdn Bhd ("TCP"), 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.

TCP had appointed Mr. Heng Ji Keng and Mr. Andrew Heng of Messrs 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.

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 September 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	-	-	-	-	23	23
Foreign – Bank	-	-	-	1,521	-	1,521
Amount owing to corporate shareholder	-	-	-	-	304	304
TOTAL	-	-	-	1,521	327	1,848

17. Derivatives

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

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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
	30/09/2013	31/12/2012
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	279,152	267,086
- Unrealised	(7,284)	(8,275)
	271,868	258,811
Consolidation adjustments	158,392	165,325
Total group retained earnings as per consolidated financial statements	430,260	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.

The hearing of the appeal by the Defendant to the Appeal Court is fixed on 18 February 2014.

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) 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 was fixed for Case Management before the Judge by the Court on 18 September 2013. The next case management has been fixed on 10 December 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.

(iv) SSP Medical Technologies Sdn Bhd ("SSP" or "Plaintiff") vs. Faber Medi-Serve Sdn Bhd ("FMS" or "1st Defendant") and Healthtronics (M) Sdn Bhd ("HMSB" or "2nd Defendant")

SSP had on 6 September 2013 served a Writ of Summons on FMS and HMSB, a 60% owned subsidiary of FMS. The Writ of Summons is in respect of the Shareholders Agreement ("SA") dated 21 May 2002 and the Agreement for Service ("AFS") dated 28 June 2002 in respect of HMSB. The Writ of Summons states that the Plaintiff sues for itself and on behalf of HMSB. The Plaintiff seeks various relief including a declaration that the 1st Defendant is in breach of the SA and an order to prevent the 1st Defendant from entering into any agreement for the delivery of Bio-Medical Engineering Maintenance (BEM) and Electronic Facilities Engineering Maintenance (EFEM) services under the New Concession Agreement ("NCA") with any party other than the 2nd Defendant. The Plaintiff also filed an injunction to restrain FMS from acquiring and taking over the assets of FMS under the AFS and from entering into any agreement for the delivery of BEM and EFEM services under the NCA with any party other than HMSB.

The matter has been fixed for case management on 10 September 2013, and thereafter on 23 October 2013.

On 1 October 2013, FMS was served with the sealed copy of the Plaintiff's Notice of Application for injunction. The Plaintiff's Statement of Claim was served on the 1st Defendant on 2 October 2013 and the 1st Defendant had filed and served the Defence on 22 October 2013.

On 23 October 2013, the High Court had fixed the next case management on 7 November 2013. The High Court had also fixed the injunction application for mention on 31 October 2013 to fix a hearing date.

On 31 October 2013, the High Court had fixed the injunction application for hearing on 22 January 2014.

On 7 November 2013, the High Court fixed the next case management on 21 November 2013, on which day the Plaintiff's solicitors informed that the Defence had been filed and served on FMS on 20 November 2013. The Court had also fixed the next case management on 22 January 2014. The trial dates have been fixed on 23 April 2014 and 24 April 2014.

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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 30/09/2013 RM'000	Immediate preceding quarter 30/6/2013 RM'000	Variance RM'000	Variance %
Revenue:				
Integrated Facilities Management ("IFM")				
Concession	147,206	147,073	133	0.1
Non-concession	17,740	16,725	1,015	6.1
Property	11,255	4,486	6,769	>100.0
Group	176,201	168,284	7,917	4.7

Profit Before Tax:

Integrated Facilities Management				
Concession	18,114	18,920	(806)	(4.3)
Non-concession	13,979	1,128	12,851	>100.0
Property	2,546	(1,961)	4,507	>100.0
Others/Elimination	(2,665)	(3,348)	683	20.4
Group	31,974	14,739	17,235	>100.0

The Group's revenue for the current quarter of RM176.2 million was 4.7% or RM7.9 million higher than the preceding quarter of RM168.3 million. Property Division recorded higher revenue by RM6.8 million mainly due to higher take up rate for the project in Kepong. IFM Non-concession recorded higher revenue by RM1.0 million mainly due to new projects secured locally and in India.

The Group recorded higher profit before tax ("PBT") for the current quarter of RM32.0 million, as compared to RM14.7 million in the preceding quarter. IFM Non-concession recorded higher PBT by RM12.9 million mainly due to reversal of over accrued costs for the projects in UAE amounting to RM10.2 million in the current quarter. In addition, there was an impairment of assets amounting to RM0.8 million in the preceding quarter. Property Division recorded higher PBT by RM4.5 million mainly due to the higher revenue as explained above.

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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 and period**

	Current year quarter 30/09/2013 RM'000	Preceding year corresponding quarter 30/09/2012 RM'000	Variance RM'000	Variance %	Nine months to 30/09/2013 RM'000	Nine months to 30/09/2012 RM'000	Variance RM'000	Variance %
Revenue:								
Integrated Facilities Management								
Concession	147,206	141,736	5,470	3.9	440,658	425,386	15,272	3.6
Non-concession	17,740	16,143	1,597	9.9	49,940	50,486	(546)	(1.1)
Property	11,255	63,871	(52,616)	(82.4)	26,883	147,862	(120,979)	(81.8)
Group	176,201	221,750	(45,549)	(20.5)	517,481	623,734	(106,253)	(17.0)
Profit Before Tax:								
Integrated Facilities Management								
Concession	18,114	21,995	(3,881)	(17.6)	55,366	64,348	(8,982)	(14.0)
Non-concession	13,979	2,368	11,611	>100.0	17,459	6,438	11,021	>100.0
Property	2,546	20,411	(17,865)	(87.5)	4,389	49,625	(45,236)	(91.2)
Others/Elimination	(2,665)	(1,440)	(1,225)	(85.1)	(7,737)	(8,827)	1,090	12.3
Group	31,974	43,334	(11,360)	(26.2)	69,477	111,584	(42,107)	(37.7)

The Group's revenue for the current quarter of RM176.2 million was lower by RM45.5 million as compared to RM221.8 million in the corresponding quarter last year and year-to-date revenue of RM517.5 million was lower by RM106.3 million against RM623.7 million for the preceding year. Property Division recorded lower revenue for the current quarter and year-to-date 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 higher revenue for the current quarter mainly due to the new projects secured locally and in India. The positive variance was offset by the discontinuation of certain contracts which resulted in a negative variance for the year-to-date.

The negative variance above was partly mitigated by positive variance from IFM Concession. The higher revenue recorded by IFM Concession for the current quarter and year-to-date 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 RM32.0 million was lower by RM11.4 million as compared to RM43.3 million in the corresponding quarter last year and year-to-date PBT of RM69.5 million was lower by RM42.1 million against RM111.6 million in the preceding year corresponding period. Property Division recorded lower PBT due to lower revenue as explained above. 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.

Lower PBT from both Property Division and IFM Concession was partly mitigated by higher PBT from IFM Non-Concession due to reversal of over accrued costs for the projects in UAE amounting to RM10.2 million in the current quarter.

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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 30/09/2013	Preceding year corresponding quarter 30/09/2012	Nine months to 30/09/2013	Nine months to 30/09/2012
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	29,373	42,149	63,736	109,574
Adjusted tax	(7,343)	(10,537)	(15,934)	(27,394)
NOPAT	22,030	31,612	47,802	82,180
<u>Economic charge computation:</u>				
Average invested capital	272,437	367,116	272,437	367,116
Weighted average cost of capital ("WACC")	12.0%	11.7%	12.0%	11.7%
Economic charge	8,173	10,738	24,519	32,214
EP	13,857	20,874	23,283	49,966

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 September 2013 against the corresponding quarter last year :
- EP of RM13.9 million is lower by RM7.0 million as compared to the preceding year corresponding quarter of RM20.9 million mainly due to a lower EBIT.
- (b) Performance of the current period ended 30 September 2013 against last year :
- EP of RM23.3 million is lower by RM26.7 million as compared to the preceding year corresponding quarter of RM50.0 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:

	September 2013	December 2013
	(9 months)	(12 months)
	Actual from operations	Target
Headline KPI		
Revenue Target	RM517 million	RM800 million
Return on Equity	6.9% 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.

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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. The revenue contribution from IFM Concession is expected to be marginally higher as compared to the preceding year while the profit margin is expected to be lower due to the increase in costs. 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.

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	Nine months to	Nine months to
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	14,555	18,777	33,349	54,796
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	4.01 sen	5.17 sen	9.19 sen	15.10 sen

Kuala Lumpur
25 November 2013

By Order of the Board
Sheikh Azree Mokhtar (LS0008368)
Secretary