

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2014	Preceding year corresponding quarter 31/03/2013	Three months to 31/03/2014	Three months to 31/03/2013
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
1 (a) Revenue	159,453	165,868	159,453	165,868
(b) Cost of sales	(128,209)	(129,713)	(128,209)	(129,713)
(c) Gross profit	31,244	36,155	31,244	36,155
(d) Other income	3,174	4,410	3,174	4,410
(e) Expenses	(17,812)	(18,429)	(17,812)	(18,429)
(f) Finance costs	(3)	(13)	(3)	(13)
(g) Share of results of associates	309	327	309	327
(h) Profit before tax	16,912	22,450	16,912	22,450
(i) Income tax expense	(6,282)	(5,648)	(6,282)	(5,648)
(j) Profit for the period	10,630	16,802	10,630	16,802
Attributable to:				
(k) Owners of the parent	8,164	11,533	8,164	11,533
(l) Non-controlling interests	2,466	5,269	2,466	5,269
Profit for the period	10,630	16,802	10,630	16,802
2 Earnings per share based on 1(k) above (Note 26):-				
Basic (based on 2014: 363,001,053 [2013: 363,001,053] ordinary shares)	2.25 sen	3.18 sen	2.25 sen	3.18 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2014	Preceding year corresponding quarter 31/03/2013	Three months to 31/03/2014	Three months to 31/03/2013
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Profit for the period	<u>10,630</u>	<u>16,802</u>	<u>10,630</u>	<u>16,802</u>
Other comprehensive income				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	<u>414</u>	<u>487</u>	<u>414</u>	<u>487</u>
Total comprehensive income for the period, net of tax	<u>11,044</u>	<u>17,289</u>	<u>11,044</u>	<u>17,289</u>
Attributable to:				
Owners of the parent	8,545	11,913	8,545	11,913
Non-controlling interests	<u>2,499</u>	<u>5,376</u>	<u>2,499</u>	<u>5,376</u>
Total comprehensive income for the period	<u>11,044</u>	<u>17,289</u>	<u>11,044</u>	<u>17,289</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 2013.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2014	Preceding year corresponding quarter 31/03/2013	Three months to 31/03/2014	Three months to 31/03/2013
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(2,938)	(1,427)	(2,938)	(1,427)
Interest expense	3	13	3	13
Depreciation and amortization	3,203	3,838	3,203	3,838

Other than the above, there were no provision for and write off of receivables, 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 assets, foreign exchange (gain)/loss, (gain)/ loss on derivatives, write down of inventories and/or reversal of write down, reversal of provision for costs of restructuring and exceptional items.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at end of current	As at preceding
		quarter	financial year end
		31/03/2014	31/12/2013
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	60,443	62,794
	Land held for property development	1,115	1,115
	Prepaid land lease payments	3,389	3,411
	Intangible assets	27,040	27,050
	Investment in associates	4,840	4,531
	Other investments	272	272
	Trade receivables	20,482	20,337
	Deferred tax assets	2,192	2,584
		119,773	122,094
2	Current assets		
	Property development costs	80,268	71,956
	Inventories	12,859	13,665
	Trade and other receivables	214,328	192,789
	Short term deposits*	383,815	363,687
	Cash and bank balances*	49,186	103,191
		740,456	745,288
	Total assets	860,229	867,382

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

	Unaudited	Audited
	As at end of current	As at preceding
	quarter	financial year end
	31/03/2014	31/12/2013
	RM'000	RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	Share capital	
	Other reserves	
	Retained earnings	
	561,124	552,579
4	Non-controlling interests	
	608,919	608,254
5	Non-current liabilities	
	Retirement benefit obligations	
	Provisions	
	Trade payables	
	Deferred tax liabilities	
	11,786	11,446
6	Current liabilities	
	Retirement benefit obligations	
	Borrowings	
	Trade and other payables	
	Income tax payable	
	239,524	247,682
	251,310	259,128
	Total liabilities	Total liabilities
	Total equity and liabilities	Total equity and liabilities
	860,229	867,382
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.55	1.52

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

* Cash, bank balances and short term deposits

Included in the cash, bank balances and short term deposits of the Group is RM40,484,000 (2013 : RM44,598,000) 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

	Unaudited Three months to 31/03/2014 RM'000	Unaudited Three months to 31/03/2013 RM'000 (Restated)
Cash flows from operating activities		
Cash receipts from customers	142,970	155,595
Cash payments to suppliers	(93,319)	(101,654)
Cash payments to employees and for expenses	(65,917)	(71,024)
Cash used in operations	(16,266)	(17,083)
Interest paid	(6)	(20)
Income tax paid	(8,886)	(9,046)
Net cash flow used in operating activities	(25,158)	(26,149)
Cash flows from investing activities		
Interest received	2,862	1,400
Purchase of property, plant and equipment	(1,265)	(1,012)
Net cash flow generated from investing activities	1,597	388
Cash flows from financing activities		
Partial repayment of loan from corporate shareholder of a subsidiary	(132)	(121)
Repayment of hire purchase obligations	-	(10)
Dividend paid to non-controlling shareholders of subsidiaries	(10,379)	(2,574)
Net cash flow used in financing activities	(10,511)	(2,705)
Net decrease in cash and cash equivalents	(34,072)	(28,466)
Net foreign exchange difference	195	909
Cash and cash equivalents as at beginning of financial period	466,878	339,583
Cash and cash equivalents as at end of financial period	(a) 433,001	312,026
(a) Cash and Cash Equivalents comprise the following amounts:		
Short term deposits	383,815	135,529
Cash and bank balances	49,186	176,497
	433,001	312,026

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three months to 31 March 2014 (unaudited)						
Balance as at 1 January 2014	90,750	6,207	455,622	552,579	55,675	608,254
Profit for the period	-	-	8,164	8,164	2,466	10,630
Other comprehensive income	-	381	-	381	33	414
Total comprehensive income for the period	-	381	8,164	8,545	2,499	11,044
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	(10,379)	(10,379)
Balance as at 31 March 2014	<u>90,750</u>	<u>6,588</u>	<u>463,786</u>	<u>561,124</u>	<u>47,795</u>	<u>608,919</u>
Three months to 31 March 2013 (unaudited)						
Balance as at 1 January 2013	90,750	4,268	424,136	519,154	101,156	620,310
Impact on adoption of FRS 10	-	858	(1,955)	(1,097)	(1,156)	(2,253)
Balance as at 1 January 2013 (Restated)	<u>90,750</u>	<u>5,126</u>	<u>422,181</u>	<u>518,057</u>	<u>100,000</u>	<u>618,057</u>
Profit for the period	-	-	11,533	11,533	5,269	16,802
Other comprehensive income	-	380	-	380	107	487
Total comprehensive income for the period	-	380	11,533	11,913	5,376	17,289
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	(2,574)	(2,574)
Balance as at 31 March 2013	<u>90,750</u>	<u>5,506</u>	<u>433,714</u>	<u>529,970</u>	<u>102,802</u>	<u>632,772</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 2013.

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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 2013.

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 January 2014, as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127 : Investment Entities	1 January 2014

The adoption of the above new/revised/amendment to FRSs is not expected to have any significant impact to the Group.

Restatement of comparative

In Quarter 4, 2013, the Group reclassified a subsidiary in India, Faber Sindoori Management Services Private Limited previously accounted for as a subsidiary to associate. As the reclassification is required to be accounted for on a retrospective basis, the preceding year comparatives are restated to be consistent with current period presentation.

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 profits.

2. Audit report in respect of the 2013 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2013 was not qualified.

3. Seasonal or cyclical factors

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

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.

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

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 2014.

7. Dividend

For the financial year ended 31 December 2013, the Directors recommended a single tier final dividend of 10.00 sen on 363,001,053 ordinary shares of RM0.25 each, amounting to RM36,300,105 for shareholders' approval at the forthcoming Annual General Meeting.

No interim dividend is declared for the current period ended 31 March 2014 (2013: nil).

8. Operating Segments

Operating Segment information for the current financial period to 31 March 2014 is as follows:

By operating segment

	Integrated Facilities Management		Properties	Others	Elimination	Group
	Concession	Non-concession				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	149,444	7,741	2,268	-	-	159,453
Inter-segment sales	-	-	-	6,267	(6,267)	-
Total Revenue	149,444	7,741	2,268	6,267	(6,267)	159,453
Results						
Segment results	19,147	1,227	(1,305)	1,674	(4,137)	16,606
Finance costs	(3)	(175)	-	-	175	(3)
Share of results of associates	-	309	-	-	-	309
Profit/(loss) before tax	19,144	1,361	(1,305)	1,674	(3,962)	16,912
Income tax expense	(5,456)	(288)	(388)	(150)	-	(6,282)
Profit/(loss) for the period	13,688	1,073	(1,693)	1,524	(3,962)	10,630
Attributable to:						
Owners of the parent	11,293	1,073	(1,735)	1,524	(3,991)	8,164
Non-controlling interests	2,395	-	42	-	29	2,466
Profit/(loss) for the period	13,688	1,073	(1,693)	1,524	(3,962)	10,630

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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 31 March 2014 to the date of this announcement which would substantially affect the financial results of the Group for the three months ended 31 March 2014 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.

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 2013.

12. Capital commitments

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	5,237

13. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	4,943	6,937	4,943	6,937
Under/(over) provision in prior years				
- Malaysian income tax	196	(329)	196	(329)
	5,139	6,608	5,139	6,608
Deferred tax				
- Relating to origination and reversal of temporary difference	225	(960)	225	(960)
- Under provision in prior years	918	-	918	-
	1,143	(960)	1,143	(960)
	6,282	5,648	6,282	5,648

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

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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

The following are corporate proposals announced but not completed as at the date of this announcement:

- (a) On 12 December 2012, Jiwa Unik Sdn Bhd ("JUSB"), a 51% owned subsidiary of Faber Development Holdings Sdn Bhd, which in turn is a wholly-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, 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 FGB 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.

On 18 April 2014, FGB entered into a conditional share sale agreement with UEM in relation to the proposals for a total consideration of RM500 million to be satisfied by a combination of cash and issuance of shares for the proposed acquisition of PROPEL and RM651 million to be satisfied by issuance of shares for the proposed acquisition of OPUS.

On 20 May 2014, FGB had submitted to Bursa Securities the listing application in relation to the proposed acquisitions.

- (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.

- (e) On 19 May 2014, Faber Medi-Serve Sdn Bhd, a wholly-owned subsidiary of FGB, had entered into a conditional asset management services agreement with Konsortium ProHAWK Sdn Bhd to provide Asset Management Services for the facilities and infrastructure of a Women and Children's Hospital in Malaysia.

AmInvestment Bank had been appointed as Principal Adviser to FGB for the Proposal and RHB Investment Bank as Independent Adviser to advise the non-interested directors and non-interested shareholders of FGB on the Proposal in accordance with the Listing Requirements.

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

15. Status of the new Concession Agreement of Faber Medi-Serve Sdn Bhd ("FMS")

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

ii) For Sabah Zone

That the Government of Malaysia in principle has agreed that the new concession in relation to the Privatisation of the HSS for the Sabah Zone is to be implemented by a new Consortium Company of which FMS will hold 40% equity interest and another 60% equity interest will be held by 1Care Consortium Sdn Bhd ("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 Services Sdn Bhd ("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, Segi Operasi Sdn Bhd (now known as FMS Services (Sabah) Sdn Bhd) entered into a Joint Venture Agreement ("JVA") with FMS, 1Care and Sedafiat Sdn Bhd ("SSB") for the purpose of carrying out the HSS to the hospitals operated by the Ministry of Health ("MOH") throughout the state of Sabah, via the Joint Venture Company ("JVC"), SSB.

Also on the same date, Segi Kirana Sdn Bhd (now known as FMS Services (Sarawak) Sdn Bhd) entered into a JVA with FMS, Metrocare and One Medicare Sdn Bhd ("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.

FMS has attended various discussions and negotiations with MOH in relation to the new technical and operational requirements pursuant to the New Concession Agreement ("NCA"). The negotiation is still ongoing. Management believe that the NCA will be signed in due course.

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 March 2014 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						
Amount owing to corporate shareholder	-	-	-	-	44	44
TOTAL	-	-	-	-	44	44

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 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.

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

19. Breakdown of realised and unrealised profits or losses

	As at end of current quarter	As at preceding financial year end
	31/03/2014	31/12/2013
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	315,768	310,663
- Unrealised	1,224	225
	<hr/>	<hr/>
	316,992	310,888
Consolidation adjustments	146,794	144,734
	<hr/>	<hr/>
Total group retained earnings as per consolidated financial statements	463,786	455,622
	<hr/>	<hr/>

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 claimed from Road Builder a sum of RM2,142,229.24 together with the usual interests ("the balance outstanding sum"). Road Builder in turn filed a Third Party Notice against FHHSB to claim for indemnity for the Sum.

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

FHHSB in its Defence denied that there was a novation and that there was only a direct undertaking given by FHHSB to UEM Genisys to pay Road Builder's debt. FHHSB stated that as UEM Genisys chose to claim against Road Builder rather than FHHSB, they waived their right to claim against FHHSB.

On 18 May 2012, the Court delivered its decision by allowing UEM Genisys' claim against Road Builder for the sum of RM2,142,229.24 with interest and cost to be assessed, whereas Road Builder's claim for indemnity against FHHSB was dismissed with cost to be assessed. On 17 July 2012, Road Builder lodged an appeal to the Court of Appeal against the decision of the High Court in allowing UEM Genisys's claim and dismissing the claim against FHHSB with cost to be taxed.

The hearing of the appeal by Road Builder to the Appeal Court fixed on 18 February 2014 was adjourned to 7 May 2014. On 7 May 2014, the Court of Appeal dismissed Road Builder's appeal with costs of RM20,000.00 awarded to each respondent (i.e. UEM Genisys and FHHSB).

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 ended on 15 March 2011. There was an outstanding amount due to the Claimant for works carried out prior to the end of the Contracts' period, which was under dispute pending the hearing of the case. The claim amount was AED13,119,213.49 (equivalent to approximately RM11,211,155.08), which Faber LLC disputed.

On 31 May 2012, the Al Dhafra Court appointed a new panel of experts to re-evaluate the case. On 24 September 2012, the Al Dhafra Court 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 accepted the expert report in respect of the claim to be paid by Faber LLC to the Claimant, which amounted to AED8,054,010.07 (equivalent to approximately RM6,541,969.29). Faber LLC requested its solicitors to file an appeal on the decision of the Al Dhafra Court.

On 16 December 2013, the Abu Dhabi Cassation Court rejected Faber LLC's appeal and confirmed the Al Dhafra Court's decision. The Claimant also filed an additional claim of AED2,000,000.00. On 7 January 2014, Faber LLC filed the supporting documents for the counter claim which amounted to AED8,534,028.00 and the Claimant filed their rejoinder to Faber LLC's claim. A hearing on the matter was held on 29 January 2014, and the Court adjourned the judgment to a later date to be decided by the Court.

A meeting with the expert was held on 16 February 2014 and Faber LLC submitted a copy of its counterclaim together with a translation of all the supporting documents that were filed in Court. Faber LLC subsequently submitted an additional memorandum together with supporting documents to provide further details of the counter claim to the expert. The case was posted to 15 April 2014 for filing the expert report in Court.

During the hearing on 15 April 2014, the Court adjourned the case to 29 April 2014.

On 29 April 2014, the Court heard the matter and thereafter adjourned the same to 12 May 2014 for judgment. On 12 May 2014, the Al Dhafra Court rejected Faber LLC's counter claim and decided on behalf of the Claimant. The Al Dhafra Court requested Faber LLC to pay the amount as per the expert report of AED1,799,748.32 (equivalent to RM1,583,598.55) to the Claimant together with interest of 6% from 15 March 2011 until the date of payment.

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

RMSB is a 55%-owned subsidiary of Faber Development Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of FGB. The remaining 45% shareholding in RMSB is held by Cekap Corporation Berhad, a subsidiary of MKH Berhad.

On 29 May 2003, RMSB appointed JPS as a civil and structural consulting engineer and Tesonic on 9 January 2008 as a testing specialist contractor 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 comprised 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").

On 14 August 2013, RMSB's solicitors served the Writ of Summons and Statement of Claim bearing Suit No. 22C-32-07/2013 on both the Defendants.

RMSB's claims against the Defendants were 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 amounting to RM5,769,642.03 for negligence on services and duties as a testing specialist contractor in conducting the PDA testing.

The matter was fixed for case management on 3 March 2014. On 3 March 2014, the parties recorded a Consent Judgment on the following terms:-

- (a) JPS was to pay RM1.3 million to the Plaintiff as full and final settlement of this Suit with no order as to costs; and
- (b) The Plaintiff was to withdraw the claim against Tesonic with no liberty to file afresh and with no order as to costs.

The Court directed that the hearing dates of 3 and 4 June 2014 be vacated and all expert reports filed in Court thus far be returned to the parties.

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

20. Material litigation (cont'd)

(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")

On 6 September 2013, SSP served a Writ of Summons on FMS and HMSB, a 60% owned subsidiary of FMS. The Writ of Summons was 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 stated that the Plaintiff sued for itself and on behalf of HMSB. The Plaintiff sought various reliefs including a declaration that the 1st Defendant was 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 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 was 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 filed and served the Defence on 22 October 2013.

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

On 31 October 2013, the High Court 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, upon which the Plaintiff's solicitors informed the Court that the reply to the Defence had been filed and served on FMS on 20 November 2013. The Court also fixed the next case management on 22 January 2014. The trial dates were fixed on 23 April 2014 and 24 April 2014.

During the hearing of the Plaintiff's application for injunction and case management which were held on 22 January 2014, the Judge reserved the decision on the Plaintiff's application and postponed the case management until 29 January 2014.

The case management on 29 January 2014 was postponed to 30 January 2014. The Court on 30 January 2014 did not decide on the said application and fixed a further date on 4 February 2014 for clarification.

On 4 February 2014, the Court decided that the Plaintiff's application for interlocutory injunction was academic and upon the parties' agreement the Court made no order on the application for injunction. The Court fixed the next case management on 21 February 2014.

On 21 February 2014, the Court fixed 7 March 2014 for further case management, as well as the hearing of the Plaintiff's application for further and better particulars of FMS' Statement of Defence.

The Court was informed on 7 March 2014 during the case management and hearing of the Plaintiffs' application for further and better particulars that the 1st Defendant required an additional 2 weeks to respond to Plaintiffs' request for particulars. In view of the above, the Judge vacated the trial dates on 23 and 24 April 2014 and the next case management was fixed on 26 March 2014 to confirm the new trial dates.

During the case management held on 26 March 2014, the Judge fixed 7 April 2014 as the mention date to fix the trial dates.

On 7 April 2014, the Judge fixed the trial dates on 7 to 9 July 2014 and the next case management on 15 April 2014.

During the case management on 15 April 2014, the Judge fixed the Plaintiff's application to amend the Statement of Claim for hearing on 16 May 2014.

On 15 May 2014, the Plaintiff served on the 1st Defendant's solicitors the sealed notice of application to withdraw the suit with liberty to file afresh, together with the supporting affidavit.

During the hearing on 16 May 2014, the Court struck out the Plaintiff's application for further and better particulars with no order as to costs. In relation to the Plaintiff's application to withdraw the suit, the Court fixed the same for hearing on 7 July 2014. The Court also fixed for mention the Plaintiff's application to amend the Statement of Claim on the same day.

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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 31/03/2014 RM'000	Immediate preceding quarter 31/12/2013 RM'000	Variance RM'000	Variance %
Revenue:				
Integrated Facilities Management ("IFM")				
Concession	149,444	177,189	(27,745)	(15.7)
Non-concession	7,741	12,491	(4,750)	(38.0)
Property	2,268	7,502	(5,234)	(69.8)
Group	159,453	197,182	(37,729)	(19.1)

Profit Before Tax:

Integrated Facilities Management				
Concession	19,144	35,758	(16,614)	(46.5)
Non-concession	1,361	4,902	(3,541)	(72.2)
Property	(1,305)	4,424	(5,729)	>(100.0)
Others/Elimination	(2,288)	(6,489)	4,201	64.7
Group	16,912	38,595	(21,683)	(56.2)

The Group's revenue for the current quarter of RM159.5 million was RM37.7 million or 19.1% lower than the preceding quarter of RM197.2 million. IFM Concession recorded lower revenue by RM27.7 million mainly due to lower variation orders in the current quarter. Furthermore, the higher revenue in the preceding quarter was due to one-off proceeds on linen loss claim. Non-concession recorded lower revenue by RM4.7 million mainly due to lower contracts secured locally. Property Division recorded lower revenue by RM5.2 million mainly due to lower sales.

The Group recorded lower profit before tax ("PBT") for the current quarter of RM16.9 million, as compared to RM38.6 million in the preceding quarter. IFM Concession and IFM Non-concession recorded lower PBT mainly due to lower revenue as explained above. Property Division recorded loss before tax ("LBT") as a result of lower revenue, the gross profit of which is insufficient to cover the fixed operating costs. In addition, there was a reversal of costs on fully completed projects based on the final accounts in the preceding quarter.

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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	Preceding year corresponding quarter	Variance	Variance
	31/03/2014	31/03/2013		
	RM'000	RM'000	RM'000	%
		(Restated)		
Revenue:				
Integrated Facilities Management				
Concession	149,444	146,379	3,065	2.1
Non-concession	7,741	8,347	(606)	(7.3)
Property	2,268	11,142	(8,874)	(79.6)
Group	159,453	165,868	(6,415)	(3.9)

Profit Before Tax:

Integrated Facilities Management				
Concession	19,144	18,332	812	4.4
Non-concession	1,361	2,038	(677)	(33.2)
Property	(1,305)	3,804	(5,109)	>(100.0)
Others/Elimination	(2,288)	(1,724)	(564)	(32.7)
Group	16,912	22,450	(5,538)	(24.7)

The Group's revenue for the current quarter of RM159.5 million was lower by RM6.4 million as compared to RM165.9 million in the corresponding quarter last year. IFM Non-concession recorded lower revenue mainly due to lower contribution from the project in UAE. Property Division recorded significantly lower revenue for the current quarter mainly due to lower sales. The negative variance was partially mitigated by higher revenue from IFM Concession mainly due to higher variation orders.

The Group's current quarter PBT of RM16.9 million was lower by RM5.5 million as compared to RM22.5 million in the corresponding quarter last year. IFM Non Concession recorded lower PBT mainly due to lower revenue as explained above. Property Division recorded LBT as a result of lower revenue, the gross profit of which is insufficient to cover the fixed operating costs. The negative variance was partially mitigated by higher PBT from IFM Concession as a result of higher revenue as explained above.

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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 31/03/2014 RM'000	Preceding year corresponding quarter 31/03/2013 RM'000 (Restated)	Three months to 31/03/2014 RM'000	Three months to 31/03/2013 RM'000 (Restated)
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	13,977	21,036	13,977	21,036
Adjusted tax	(3,494)	(5,259)	(3,494)	(5,259)
NOPAT	10,483	15,777	10,483	15,777
<u>Economic charge computation:</u>				
Average invested capital	160,965	320,407	160,965	320,407
Weighted average cost of capital ("WACC")	12.0%	11.9%	12.0%	11.9%
Economic charge	4,829	9,532	4,829	9,532
EP	5,654	6,245	5,654	6,245

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 RM5.7 million is lower by RM0.5 million as compared to the preceding year corresponding quarter of RM6.2 million mainly due to a lower EBIT.

24. **Prospects for the current financial year**

The Group will continue to focus its effort in securing new businesses. We expect lower contribution from the Hospital Support Services contract ("HSS") once the new concession agreements are signed due to our lower equity stakes for the new concessions in Sabah and Sarawak. The outlook for the Property business is expected to be challenging due to new cooling off measures introduced by the Government in Budget 2014.

25. **Profit forecast**

The Group did not issue any profit forecast in the current quarter.

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

26. **Earnings per share ("EPS")**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	8,164	11,533	8,164	11,533
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	2.25 sen	3.18 sen	2.25 sen	3.18 sen

Kuala Lumpur
28 May 2014

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