Faber

A member of UEM

Faber

50TH ANNIVERSARY 1963 - 2013

BUILDING VALUE TOGETHER

ANNUAL REPORT 2012

group milestones 1963-2013

1963

1964

1990

1963

31 May
Incorporated as Merlin Hotels Malaysia Berhad. Hotel owner and manager of the "Merlin" brand.

1964

2 January
Listed under the Hotel Sector on the Main Board of the Kuala Lumpur Stock Exchange.

1972

Merged with Faber Union Sdn Bhd, a property developer company to form Faber Merlin Malaysia Berhad.

1990

22 November
Changed name to Faber Group Berhad.

1993

Embarked on expansion and rebranding of the Hotel Division with the tie-up with Starwood International to rebrand some of the hotels to the "Sheraton" brand.

1996

28 October
Awarded a 15-year concession for Hospital Support Services to 71 Government hospitals in Perak, Penang, Kedah, Perlis, Sabah and Sarawak. Embarked on service provision for the Integrated Facilities Management Sector.

2000

Completed the First Debt Restructuring Exercise under the purview of the Corporate Debt Restructuring Committee.

2003

18 November
Faber fell under PN4 condition due to negative shareholders' funds.

Faber 50TH ANNIVERSARY 1963 - 2013 BUILDING VALUE TOGETHER

2004

30 September
Completed Second Restructuring Exercise and formation of Special Purpose Vehicle.

5 November
Bursa Malaysia Securities Berhad uplifted Faber's PN4 condition.

8 November
Faber reclassified under the Trading/Services Sector on the Main Board of Bursa Malaysia Securities Berhad.

2007

Faber paid a dividend of 2% less 27% taxation in respect of FY2006 after a lapse of 22 years.

fms

1996

2008

2009

LAMAN RIMBUNAN ARECA RESIDENCE SEMI DETACHED HOMES

ARMADA VILLA TAMAN DANAU DESA

2010

VILA PRIMA TAMAN DANAU DESA

2011

2008

18 February
The sale of Sheraton Hanoi Hotel marked Faber's exit from the Hotel sector.

26 June
Faber Medi-Serve Sdn Bhd ("FMS") became a wholly owned subsidiary of Faber with the acquisition of the remaining 30% equity interest from Medlux Overseas (Gurnsey) Ltd.

3 November
Capital repayment to Jeram Bintang Sdn Bhd of RM115.0 million Redeemable Convertible Preference Shares.

2009

18 March
Faber L.L.C. was awarded contracts by the Department of Municipal Affairs, Western Region Municipality, Emirate of Abu Dhabi for low cost houses maintenance. The annual total contract is estimated at RM62.0 million.

23 November
Faber L.L.C. was awarded a contract by the Department of Municipal Affairs, Western Region Municipality, Emirate of Abu Dhabi for infrastructure maintenance with an estimated annual total contract price of RM144.0 million.

2010

4 April
Faber Development Holdings Sdn Bhd ("FDH") launched Armada Villa in Taman Danau Desa, Kuala Lumpur with a Gross Development Value ("GDV") of RM141.0 million. 40 three-storey semi-detached houses and 5 three-storey bungalows complete with a clubhouse spread across 5.64 acres.

14 November
Areca Residence Sections 1 and 2 in Kepong, Kuala Lumpur launched by FDH with a GDV of RM190.0 million. 102 units of three-storey semi-detached houses.

2011

19 February
FDH launched Vila Prima in Taman Danau Desa, Kuala Lumpur with a GDV of RM142.0 million. An exclusive gated and guarded niche residential development comprising 31 units four-storey link villas and 3 bungalows with an exclusive clubhouse spread across 2.77 acres.

17 July
FDH launched Section 3, Areca Residence comprising 54 units three-storey semi-detached houses with a GDV of RM102.0 million.

19 September
Completion of the Par Value Reduction and Share Premium Reduction of Faber.

3 October
FMS submitted the Request for Proposal ("RFP") on the Hospital Support Services Concession Agreement ("HSS CA") to Unit Kerjasama Awam Swasta ("UKAS").

27 October
FMS received a letter from UKAS for an extension on the existing HSS CA for a six-month period effective 28 October 2011 until 27 April 2012.

2012

20 January
YB Dato' Sri Liow Tiong Lai, the Health Minister of Malaysia, officially launched FMS Bukit Beruntung Laundry Plant in Selangor.

27 April
FMS received a letter from UKAS whereby the existing HSS CA shall continue until the signing of new HSS CA with the Ministry of Health.

7 & 17 December
FDH successful completion and handover 102 units of Areca Residence Sections 1 and 2 on 7 December and 45 units of Armada Villa in Taman Danau Desa, Kuala Lumpur to purchasers on 17 December respectively.

2013

23 January
Faber received approval in principle from the Malaysian Government for the Hospital Support Services New Concession Agreement ("HSS NCA") for the Northern Region of Peninsular Malaysia to be undertaken by FMS whilst the HSS NCA in Sabah and Sarawak will be undertaken by new consortium companies where FMS holds 40% equity interest in the respective companies.

8 March
FDH successful completion and handover of 54 units Areca Residence Section 3 in Kepong, Kuala Lumpur to purchasers.

50th annual general meeting

inside this report...

DATE: 25 June 2013, Tuesday
TIME: 10.00 a.m
VENUE: Ballroom 1, 1st Floor
Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1
60000 Kuala Lumpur

About Faber

Leadership

Key Initiatives

Transparency

COVER RATIONALE

Since its first inception on 31 May 1963, 2013 marks the 50th anniversary of Faber Group Berhad. With half a century of history behind us, we pride ourselves as an organisation that consistently provides comprehensive and innovative services to our stakeholders.

Today, we are one of the leading players in Integrated Facilities Management ("IFM") and a reputable Property Developer. We constantly deliver value in every way across the board and we believe that the commitment and dedication of our people will continue to sustain our business operations in IFM and Property Development.

2012 Key Highlights

Revenue
RM886.3 million

Profit Before Tax
RM198.6 million

Return On Equity of
19.5%

Shareholders' Funds increased by
6.4% to RM519.2 million

Earnings Per Share grew by
76.5% to 30 sen per share

Net Tangible Assets improved by
7.1% to 136 sen per share

Dividend 2012 increased by
RM59.9 million to **RM81.7** million

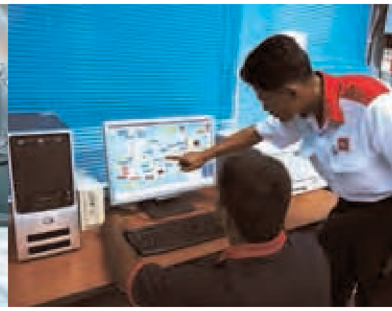
Full settlement of RSLS*
ZERO
Gearing Ratio

Completed and handing over of
RM331.0 million
worth of high-end property projects to purchasers

Sold
RM121.3 million
worth of properties

Total manpower strength of over
7,200
employees

*Redeemable Secured Loan Stocks



OUR
VISION

- To be the no. 1 partner in Integrated Facilities Management
- To be the preferred Property Developer

OUR
MISSION

- To continuously raise the standards in Integrated Facilities Management
- To deliver innovative, quality and valued realty

OUR
CORE VALUES

- Professional
- Passionate
- Caring
- Innovative
- Trustworthy

Company Profile

Faber Group Berhad ("Faber" or "the Group") is listed on the Main Market of Bursa Malaysia Securities Berhad under the Trading/Services Sector. From a Malaysian hospitality concern incorporated 50 years ago, Faber has, following a successful restructuring exercise and strategic initiatives, grown into a leading player in the Integrated Facilities Management ("IFM") and Property Development sectors.

Today, Faber is one of the nation's largest companies providing IFM for Hospital Support Services ("HSS") ranging from Facilities Engineering Maintenance Services ("FEMS"), Biomedical Engineering Maintenance Services ("BEMS"), Cleansing Services ("CLS"), Linen and Laundry Services ("LLS") to Clinical Waste Management Services ("CWMS").

Faber also provides professionally managed IFM services, maximising asset lifespan, functionality and reliability, in other sectors, local and international.

INTEGRATED FACILITIES MANAGEMENT (CONCESSION)

Malaysia

Faber Medi-Serve Sdn Bhd

> Continues to provide HSS to 81 Government hospitals (including 2 laboratories) in 6 states: Perak, Kedah, Penang, Perlis, Sabah and Sarawak until the signing of the new HSS Concession Agreement with the Ministry of Health, Malaysia.

> Undertakes CWMS for more than 820 private clinics and private hospitals throughout the country.

> **FEMS**
- Maintains more than 148,000 units of FEMS assets valued at RM1.8 billion.

> **BEMS**
- Maintains more than 77,000 units of BEMS assets valued at RM1.7 billion.
- Maintains 684 different types of therapeutic, diagnostic and laboratory equipment.

> **CLS**
- Cleans more than 3.6 million sq. meters of floor area daily.
- Invested RM6.2 million in cleansing equipment since 1997.

> **LLS**
- Processes more than 2,350 tonnes of soiled linen monthly.
- Purchased RM165.2 million worth of linen since 1997.
- Invested more than RM89.9 million in laundry plants and equipment.

> **CWMS**
- Incinerates more than 450 tonnes of clinical waste monthly.
- Invested more than RM66.9 million in clinical waste incineration plants and equipment.
- Undertakes about 765,000 scheduled pick-ups each year.

INTEGRATED FACILITIES MANAGEMENT (NON-CONCESSION)

Malaysia

Faber Facilities Sdn Bhd

> Maintains 12 properties comprising 6 commercial properties and 6 residential properties.
> - Commercial properties:
>   Kota Iskandar in Johor; Menara Worldwide, Mercu UEM, the International Medical University and Persada PLUS in the Klang Valley and Kuantan Medical Centre in Pahang.
> - Residential properties:
>   Armada Villa, Danau Impian, Taratak Muhibbah 1, Taratak Muhibbah 2, Seroja Apartment and Alam Idaman Service Apartment in Klang Valley.

> Provides GBI Facilitator and Commissioning Specialist services for 9 projects in Selangor and Johor Bahru.

India

Faber Sindoori Management Services Private Limited

> Joint venture with Apollo Sindoori Hotels Limited.

> Provides CLS and BEMS to Apollo Group of Hospitals.

> Undertakes FEMS for the Rajiv Gandhi International Airport in Hyderabad.

> Provides IFM services to Women and Children Hospital, Pondicherry in the state of Tamil Nadu, India.

Faber Star Facilities Management Limited

> A wholly owned subsidiary with its headquarters in Noida, Uttar Pradesh.

> Formerly provides FEMS for commercial buildings in Noida, Uttar Pradesh and Delhi. Currently consolidating its position and focus on business expansion in Faber Sindoori.

United Arab Emirates

Faber L.L.C.

> Provides FEMS for Sheikh Khalifa Medical City and Al-Rahba Hospital under the auspices of the General Health Authority in the Emirate of Abu Dhabi.

PROPERTY DEVELOPMENT DIVISION

Malaysia

Faber Development Holdings Sdn Bhd

> A reputable, established and reliable developer with a track record spanning almost 40 years.

> Differentiates by undertaking the development of properties focusing on prime locations, competitive pricing and quality finishing.

> Focuses on enhancing value propositions with innovative designs and well planned development projects.

> Remains as one of Faber's core businesses and a significant revenue contributor to the Group.

> Flagship developments include:
> - Taman Desa, Taman Danau Desa and Laman Rimbunan in Kuala Lumpur.
> - Taman Grandview, Sandakan and Taman Hilltop Perdana, Kota Kinabalu in Sabah.

> Track record of completed projects to date:
> - 1,599 units of landed residential units.
> - 546 units of commercial properties.
> - 5,191 units of condominiums and apartments.

> Practices QLASSIC standard established by the Construction Industry Development Board ("CIDB") to enhance the delivery and quality of products.

DATO' IKMAL HIJAZ BIN HASHIM
Chairman

Dear Shareholders,

First and foremost I would like to express our appreciation for your continuous support over the years and I wish to share with you that on 31 May 2013, Faber Group Berhad ("Faber" or "the Group") reached its 50th year in business.

Chairman's Statement

Faber which started as a Malaysian hospitality concern has today emerged as a key player in the Integrated Facilities Management ("IFM") and Property Development sectors. Leveraging on our IFM services capabilities, we have ventured beyond Malaysian shores to India and the United Arab Emirates ("UAE").

Faber has indeed weathered many challenges as well as tasted sweet success in our 50 years of existence. We have endured economic downturns, corporate and debt restructuring exercises as well as business setbacks. At the same time, we have made the most of economic booms as well as leveraged on well-crafted transformation programmes and pragmatic business strategies to make strong strides forward. Today, as a more resilient and more experienced organisation, Faber will strive further for business opportunities in the market segments we operate in.

In 2012, the Group continued to deliver a resilient performance, sustaining its revenue and posting higher profit. Our Property Development Division in particular turned in a commendable performance on the back of higher revenue and profit from its on-going projects in Kuala Lumpur.

With regard to the long-awaited IFM concession, on 23 January 2013 Faber received three letters for the Northern Region of Peninsular Malaysia, Sabah and Sarawak zones respectively from the Public Private Partnership Unit of the Prime Minister's Department (also known as Unit Kerjasama Awam Swasta or "UKAS"). These letters outlined the Government of Malaysia's approval in principle for the Hospital Support Services New Concession Agreements ("HSS NCAs") for the Northern Region of Peninsular Malaysia in Perak, Kedah, Penang and Perlis to be wholly undertaken by Faber Medi-Serve Sdn Bhd ("FMS"), whilst the respective HSS NCAs for Sabah and Sarawak are to be undertaken by the new consortium companies of each state. The tenure for the HSS NCAs is for a period of 10 years subject to the terms and conditions to be negotiated between the Government and the Concession companies. Meanwhile, the existing Concession Agreement for the Northern Region of Peninsular Malaysia, Sabah and Sarawak will continue until the signing of the HSS NCAs.

Against this backdrop, I present herewith the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2012.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2012, Faber's revenue grew marginally to RM886.3 million from RM880.1 million in the preceding year. Our IFM Concession Division and Property Development Division recorded positive variances of RM15.0 million and RM65.1 million respectively. The higher revenue for the IFM Concession Division came on the back of higher variation orders and reimbursable works, while the Property Development Division recorded a positive variance mainly due to higher take-up rate from its projects in Kuala Lumpur.

The IFM Non-Concession Division reported lower revenue as a result of the non-renewal of contracts for low-cost houses and infrastructure maintenance in the UAE, which expired in April 2011 and June 2011 respectively.

The Group achieved a Profit Before Tax ("PBT") of RM198.6 million in 2012, a 63.2% increase in comparison to PBT of RM121.7 million in 2011. The IFM Non-Concession Division and Property Development Division recorded positive variances of RM58.5 million and RM34.0 million respectively in 2012. The higher PBT from the IFM Non-Concession Division was due to the write back of the impairment on trade receivables and provision for contractors' costs by Faber L.L.C. The Property Development Division's positive variance came on the back of higher revenue from higher take-up rate.

Chairman's Statement

As at end December 2012, Faber's Shareholders' Funds increased to RM519.2 million (2011: RM488.0 million) while Earnings Per Share improved to 30 sen as compared to 17 sen in 2011.

HEADLINE KEY PERFORMANCE INDICATORS ("KPIs")

The Group achieved a Return On Equity ("ROE") of 19.5% in 2012, which was higher than the target ROE of between 15% and 17% for the year. The Group continues to focus its efforts on increasing its operational efficiencies whilst at the same time improving the quality of its products and the level of its services.

Faber's KPI for revenue growth in 2012 was 0.7% which was below the target of between 10% and 12%. This was due to lower revenue contributions from both the IFM Non-Concession and Property Development Divisions and the delay in materialising new businesses.

SHAREHOLDER VALUE CREATION

Despite the year's challenges, Faber remains committed to delivering value to its shareholders. In respect of the financial year ended 31 December 2012, the Board is recommending the payment of a final dividend of 10.00 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each, amounting to RM27.2 million (7.50 sen net per ordinary share).

Together with the special interim dividend of 20.00 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each, amounting to RM54.5 million (15.00 sen net per ordinary share) paid out on 20 December 2012, the total dividend for financial year 2012 less 25% taxation is 22.5 sen per ordinary share (2011: 8.00 sen per ordinary share less 25% taxation).

INTEGRATED FACILITIES MANAGEMENT

In Malaysia, our IFM services are undertaken by two wholly owned subsidiaries, Faber Medi-Serve Sdn Bhd ("FMS") and Faber Facilities Sdn Bhd ("FFSB"). The former is responsible for the IFM Concession, while the latter is responsible for the IFM Non-Concession services.

In maintaining our competitive edge, we continue our efforts to improve our overall IFM service deliverables to our customers particularly in the key areas of service quality and cost efficiency.

IFM CONCESSION IN MALAYSIA

On 22 February 2013, Faber through FMS has acquired and set up two wholly owned subsidiaries i.e. FMS Services (Sabah) Sdn. Bhd., formerly known as Segi Operasi Sdn. Bhd. and FMS Services (Sarawak) Sdn. Bhd. formerly known as Segi Kirana Sdn. Bhd. to facilitate the formation of new consortium company in these states respectively.

Pursuant to the letters from UKAS, the HSS NCAs in East Malaysia will be undertaken by two new consortium companies, namely Sedafiat Sdn. Bhd. ("SBB") in Sabah and One Medicare Sdn. Bhd. ("OMSB") in Sarawak. Faber through FMS Services (Sabah) Sdn Bhd and FMS Services (Sarawak) Sdn. Bhd. will hold 40% equity interest respectively in each of the above-mentioned consortium companies.

On 27 February 2013, Faber held a joint venture agreements signing ceremony with its partners for the formation of the new consortium company in Sabah comprising 1Care Consortium Sdn. Bhd., SSB, FMS and FMS Services (Sabah) Sdn Bhd; as well as in Sarawak comprising Metrocare Services Sdn. Bhd., OMSB, FMS and FMS Services (Sarawak) Sdn Bhd.

For the HSS NCAs, FMS will continue to provide the five HSS as per the current concession comprising Facilities Engineering Maintenance Services ("FEMS"); Biomedical Engineering Maintenance Services ("BEMS"); Linen and Laundry Services ("LLS"); Clinical Waste Management Services ("CWMS") and Cleansing Services ("CLS").

In addition to the above, the HSS NCAs will also include the implementation of sustainability programmes where the Government seeks to garner economic improvements through environmental preservation, particularly in the areas of water management, indoor air quality, energy efficiency and the 3Rs (Reduce, Reuse, Recycle).

These latest developments have indeed ended the uncertainty regarding the award of the new concessions. Currently, all the concession companies are in negotiation with the Government to finalise the terms and conditions as well as the effective date of implementation of the HSS NCAs.

IFM NON-CONCESSION BUSINESS

Malaysia

FFSB continues to deliver comprehensive IFM Non-Concession services to its Malaysian clientele. To date, FFSB manages IFM services for six commercial properties and six residential properties.

FFSB is also making progress on the Green Building Standards and Green Building Index ("GBI") market segments on the back of increased awareness of these areas and rising demand for related services. These business activities involve Faber delivering independent third-party specialist services to the clients we serve to ensure greater environmental efficiency and sustainability.

In 2012, FFSB secured the GBI Facilitator and Commissioning Specialist Services for Tune Hotels and Puteri Harbour as well as Energy Manager Services for Perodua Manufacturing plant and Mycron Steel factory. FFSB is also pursuing other local opportunities and is focusing on institutional clientele and companies that seek to outsource their IFM services as a value add to their business operations thus allowing them to focus on their core businesses.

India

FFSB via its subsidiaries, Faber Star Facilities Management Limited ("Faber Star") and Faber Sindoori Management Services Private Limited ("Faber Sindoori") undertake FEMS, BEMS and CLS for India's private hospitals and commercial properties.

Currently, FFSB is consolidating its position in India by reviewing the business strategy and business model for the Group's business in this region.

We are looking at expanding our growth in Faber Sindoori by increasing our BEMS and FEMS contracts with Apollo Group of Hospitals. Faber Star has been providing FEMS and CLS mainly for commercial buildings in Delhi and the state of Uttar Pradesh. Faber Sindoori currently provides 11 BEMS contracts and 43 CLS contracts mainly for the Apollo Group of Hospitals as well as FEMS to the Rajiv Gandhi International Airport in Hyderabad. The combined annual contract from India in 2012 amounted to RM31.0 million.

Moving forward, FFSB will continue to explore IFM business opportunities in India.

United Arab Emirates

The Group, through its subsidiary, Faber L.L.C. continues to undertake FEMS for the Sheikh Khalifa Medical City and Al-Rahba Hospital. During the financial year under review, Faber L.L.C. received a "Certificate of Appreciation for Outstanding Performance and Dedication" from Al-Rahba Hospital.

With regard to the infrastructure and low cost houses maintenance contracts by the Department of Municipal Affairs, Western Region Municipality ("WRM") in Abu Dhabi, we have made satisfactory progress in the collections of claims. Together with our claims consultant and legal advisor, we are aggressively pursuing the remaining payment from WRM and are confident to receive the remaining balance in 2013.

Faber L.L.C. continues to explore business opportunities in UAE and has submitted tender bids for several hospitals under the auspices of the General Health Authority in the Emirate of Abu Dhabi.

PROPERTY DEVELOPMENT

For Property Development, Faber Development Holdings Sdn Bhd ("FDH") delivered a commendable performance in 2012 amidst a challenging marketplace. FDH's 2012 achievements included the successful completion and the handover of 45 units of its Armada Villa in Taman Danau Desa, Kuala Lumpur.

Chairman's Statement

On top of this, FDH delivered vacant possession for 102 units of Areca Residence – Sections 1 and 2 in Laman Rimbunan, Kepong, Kuala Lumpur while the balance 54 units of Areca Residence – Section 3 were handed over to purchasers in March 2013. Altogether, these projects had a Gross Development Value ("GDV") of RM433.0 million and contributed 92% of our Property Development revenue in 2012.

Vila Prima in Taman Danau Desa comprising 31 units of four-storey link villas and 3 units of bungalows continues to receive good response with a take-up rate of 38% as at end March 2013. This project has a GDV of RM142.0 million and is scheduled for completion in the first quarter of 2014.

In the pipeline are two condominiums projects. The first is a 255-unit condominium development spread over 2.5 acres of prime land along Persiaran Gurney, Kuala Lumpur which is located nearby the city centre and targeted to be launched in the second half of 2013 with an estimated GDV of RM203.0 million. FDH is also targeting to launch a second condominium project in the last quarter of 2013 in Kota Kinabalu, Sabah which is the Lucky Heights Phase 2 development offering 413 units. With an estimated GDV of RM190.0 million, this condominium project forms the final phase of the overall 10 acres of land available for development.

In tandem with current market trends and the demand for innovative design and superior quality properties, FDH has refined its vision statement to that of "The Preferred Property Developer". In line with this, FDH will focus its efforts on realising its mission of "Delivering Innovative, Quality and Valued Realty."

QUALITY INITIATIVES

We recognise the importance of improving and enhancing the Group's management systems and business framework to ensure excellent service delivery and quality products as well as to maintain our competitive edge. To this end, the Group continues to implement various management systems certifiable to internationally recognised standards as well as incorporate relevant best practices and guidelines in the provisioning of our products and services.

To ensure customer expectations are met, the companies within the Group continue to roll out a host of improvement initiatives and regularly review their processes and procedures to improve products and services performances.

Towards this end, we have implemented the Business Excellence Framework ("BEF") using the Malaysia Productivity Corporation ("MPC") BEF as a holistic approach and catalyst to further enhance business excellence and maintain our competitive edge in the marketplace.

On 24 October 2012, Faber was awarded a "Certificate of Excellence" at the Industry Excellence Awards 2011 organised by the Ministry of International Trade and Industry Malaysia ("MITI"). The award from MITI is in recognition of Faber's commitment to organisational excellence and the delivery of quality products and services.

GOVERNANCE

We are aware of our responsibilities to all our stakeholders and the public, and are committed to upholding the tenets of integrity, transparency and accountability in accordance with the highest ethical standards. In all that we do, we will align our core values of being professional, passionate, caring, innovative and trustworthy to help us move forward as a united organisation. We are confident that our efforts will enable us to successfully build a business and work culture that is in line with our corporate vision and mission.

MOVING FORWARD

As we set our sights on taking the Group to the next level of growth as one of the leading players in IFM and Property Development sectors, we will leverage on astute business performances, high service standards and innovative product offerings.

For the IFM services, we will continue to explore business opportunities and expand our domestic and international footprint.

We also look forward to working together with our new joint venture partners in Sabah and Sarawak to build our combined capabilities. We are also strongly poised to explore opportunities with companies that are keen to outsource their IFM activities.

On Property Development, FDH will focus its efforts on acquiring land banks in prime locations in Kuala Lumpur and other major cities. At the same time, in aligning itself with changing market needs, FDH remains open to exploring opportunities beyond the niche market segment such as mixed developments on larger pieces of land plus high-rise integrated developments.

With regard to our 2013 Headline KPIs, we have set a revenue target of RM800.0 million for 2013 and a ROE target of between 8% and 10% for the year. These Headline KPIs take into consideration the current developments on the HSS NCAs, the on-going and future launches of our property development projects as well as our new business development efforts.

The coming year's results comprise substantial contributions from the IFM Division while the contribution from Property Development Division is dependent on project launches and the take-up rate.

Looking ahead, amidst the challenging economic and business environments, the Group remains fully committed and focused on successfully delivering its Headline KPIs.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to convey my utmost gratitude to our clients, investors, business partners and bankers for their steadfast support and belief in Faber. I especially extend a warm welcome to our partners in Sabah and Sarawak and look forward to working together with them to continue raising the standards in HSS. I also wish to express my sincere appreciation to the Government of Malaysia and the relevant regulatory authorities for their support and cooperation rendered over the years.

We are especially appreciative of all our dedicated staff whose commitment to service and product excellence has brought Faber thus far. I also wish to express my gratitude to my fellow Board members and the Group's entire management team. Their commitment to the task at hand has certainly stood us in good stead.

The Board acknowledges the contributions of our directors who have resigned in 2012 as well as recently in 2013 namely Encik Annuar Marzuki bin Abdul Aziz who resigned on 10 August 2012, as well as Datuk Zainal Abidin bin Alias, Datuk Mohamed Zain bin Mohamed Yusuf and Encik Puasa bin Osman who all resigned on 9 May 2013. We thank all of them for their valuable contributions and guidance during their tenure with us and wish them every success in their future endeavours.

We extend a warm welcome to our new directors namely Encik Azmir Merican bin Azmi Merican who was appointed a Director of Faber on 4 December 2012 and Datuk Ir Abdullah Sani bin Abd Karim, Mr. Robert Tan Bun Poo and Dr. Saman @ Saimy bin Ismail who were all appointed on 9 May 2013. We look forward to their contributions as we work together for Faber.

In the 50th year of Faber's existence, we are poised to enter another new phase in Faber's history and many exciting times are ahead for all of us. As Faber continues its journey of providing service excellence, new lifestyles, business growth and sustainable performance, we trust that all our stakeholders will continue to lend us their earnest support.

Thank you.

DATO' IKMAL HIJAZ BIN HASHIM
Chairman

Operations Review

INTEGRATED FACILITIES MANAGEMENT

In Malaysia, Faber Group Berhad's ("Faber" or "the Group") Integrated Facilities Management ("IFM") business is undertaken by our two wholly owned subsidiaries, Faber Medi-Serve Sdn Bhd ("FMS") and Faber Facilities Sdn Bhd ("FFSB"), which are responsible for Faber's IFM Concession and IFM Non-Concession segments respectively.

In India, FFSB provides IFM services through its subsidiaries, Faber Star Facilities Management Limited ("Faber Star") and Faber Sindoori Management Services Private Limited ("Faber Sindoori"). In the United Arab Emirates ("UAE"), Faber's activities are undertaken by our subsidiary, Faber L.L.C.

In the year under review, the IFM Division contributed RM664.0 million in revenue and RM127.5 million Profit Before Tax ("PBT") to the Group.

IFM CONCESSION IN MALAYSIA

FABER MEDI-SERVE SDN BHD ("FMS")

Faber's IFM concession business in Malaysia began on 28 October 1996, when FMS was awarded a 15-year Government Concession by the Ministry of Health ("MoH") to provide Hospital Support Services ("HSS") to 71 Government hospitals in the states of Perak, Kedah, Penang, and Perlis in Peninsular Malaysia as well as Sabah and Sarawak in East Malaysia.

FMS has since been operating and maintaining HSS for Government hospitals by providing Facilities Engineering Maintenance Services ("FEMS"), Biomedical Engineering Maintenance Services ("BEMS"), Cleansing Services ("CLS"), Linen and Laundry Services ("LLS") and Clinical Waste Management Services ("CWMS"). Over the years, the number of Government hospitals managed by FMS has grown to 81 including two laboratories. FMS also undertakes CWMS for 820 private clinics and private hospitals nationwide.

In last year's annual report, we highlighted that we were continuing with the existing HSS Concession Agreement ("CA") following a letter received from the Public Private Partnership Unit of the Prime Minister's Department (also known as Unit Kerjasama Awam Swasta or "UKAS"). The letter dated 27 April 2012, stated that FMS should in the interim, continue with the existing concession until the signing of a HSS NCA for the privatisation of HSS with the MoH.

NEW CONCESSION AGREEMENTS

Pursuant to the letters from UKAS on 22 February 2013, FMS has completed the formation of consortiums and signed the joint venture Agreements with its partners from Sabah and Sarawak as highlighted in the Chairman's Statement.

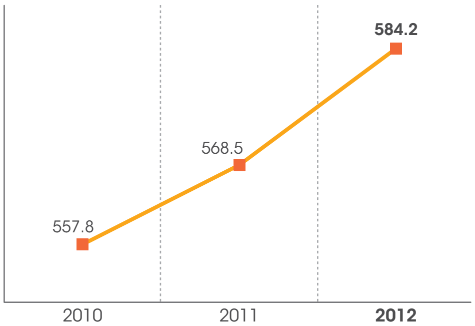
Currently, all the concession companies are in negotiations with the Government to finalise the terms and conditions as well as the effective date of implementation of the HSS NCAs.

FMS incinerates more than 450 tonnes of clinical waste monthly.

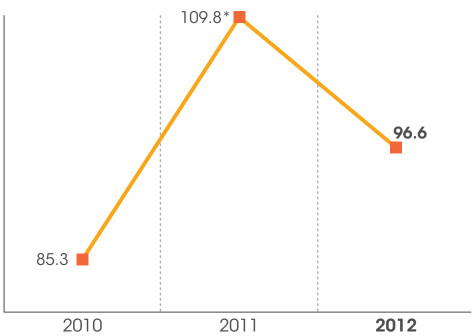
FINANCIAL REVIEW

FMS' revenue increased to RM584.2 million in 2012, reflecting a 2.8% increase over 2011's revenue of RM568.5 million. However, PBT dropped by 12% to RM96.6 million from RM109.8 million previously. The higher revenue was attributable to higher variation orders for the new installed facilities and reimbursable works. In 2011, the PBT was higher compared to 2012 mainly due to the write back of impairment on receivables.

Revenue
RM Million



Profit Before Tax
RM Million



* Write back of impairment on receivables

FMS' comprehensive maintenance programmes aim to uphold quality and promote efficiency to optimise the lifespan of assets.

FMS undertakes about 765,000 scheduled pick-ups of clinical waste each year.

Operations Review

INTEGRATED FACILITIES MANAGEMENT

FMS maintains both a dependable supply and consistent quality of linen to hospitals.

OPERATIONAL HIGHLIGHTS

Being a pioneer in the IFM industry, the Group is consistently working to raise industry standards. To this end, Faber continues to strengthen its comprehensive business model for the provision of HSS that includes a professional workforce with both technical expertise and management experience, an extensive array of facilities and equipment, as well as highly efficient systems and processes. All of these have done much to enhance the quality of Faber's IFM services and propel FMS forward.

Our new RM18.0 million Bukit Beruntung Laundry Plant ("BBLP") in Selangor which was officially launched by the Health Minister in January 2012 continues to make good progress in the Linen and Laundry Services or LLS. Having commenced operation in April 2011, this facility is processing some 9.5 tonnes of soiled linen per day from concession hospitals in Slim River, Tapah and Kampar as well as from Hospital Bahagia Ulu Kinta. Equipped with the latest LLS technology, the plant can process up to 15 tonnes of linen per day. With upgrades, the plant's capacity can potentially expand to 40 tonnes per day.

At the time of writing, BBLP has aggressively expanded its services to optimise its capacity. Some of its major clients include the Prince Court Medical Centre, Kuala Lumpur and Hospital Angkatan Tentera Tuanku Mizan. Aside from BBLP, FMS currently has four other laundry plants in Kuala Ketil in Kedah, Kamunting in Perak, Kota Kinabalu in Sabah, and Sejingkat in Sarawak. The combined capacity of all these plants is 61 tonnes per day.

All FMS laundry plants are adopting the AS/NZS 4146:2000 standards. To date, FMS laundry plants in Kuala Ketil and Kamunting have attained ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards certification while the laundry plant in Sejingkat is ISO 9001:2008 certified. The Kuala Ketil plant is also MS1722:2011 certified. FMS laundry plants are capable of serving customers who are MSQH (Malaysian Society for Quality in Health) and JCI (Joint Commission International) certified. All FMS's laundry plants also meet both hygiene and environmental standards as specified by the MoH and the Department of Environment Malaysia. Going forward, FMS is strongly positioned to meet the increasing demand for laundry services from private hospitals throughout the Peninsula.

Under the new HSS NCAs, FMS will provide the five HSS as per previous years and will also include a sustainability programme. This programme seeks to garner economic improvements through environmental preservation, particularly in the areas of water management, indoor air quality, energy efficiency and the 3Rs (Reduce, Reuse, Recycle). FMS is currently exploring how it can best tap the Group's expertise, experience and existing programmes to roll out effective sustainability initiatives.

Going forward, FMS looks forward to working together with its new joint venture partners in Sabah and Sarawak to build their combined capabilities. The Group will also continue to explore business opportunities on the IFM services front to expand its domestic and international footprint.

Faber Sindoori provides FEMS for the Rajiv Gandhi International Airport in Hyderabad, India.

IFM NON-CONCESSION BUSINESS

FABER FACILITIES SDN BHD ("FFSB")

FFSB is in the business of delivering comprehensive IFM non-concession services to its Malaysian clientele. FFSB began as an in-house department providing services for the properties developed by Faber's Property Development Division. Over the years, it has developed its capabilities, and now provides professionally administered IFM services for commercial and residential properties as well as private hospitals.

Today, this wholly owned subsidiary of Faber offers comprehensive IFM services including facilities management and administration, building maintenance services, housekeeping management, landscape and ground maintenance, security, safety and health management, financial and tenancy management, as well as biomedical engineering maintenance services.

Over the years, FFSB has made good inroads into the energy conservation arena where it offers energy performance management services and supporting energy efficiency services. FFSB has also created a reputation for itself in its role as a Green Building Index ("GBI") Facilitator and Commissioning Specialist on the back of rising awareness in Green Building standards and rating systems.

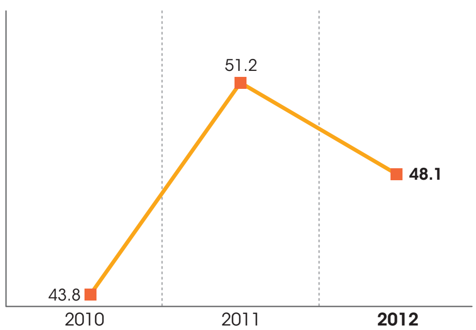
Through its mobile unit, the company offers planned preventive maintenance as well as mechanical and engineering ("M&E") services at various sites in the Klang Valley. FFSB's mobile team of highly skilled technicians are tasked with repairing major M&E breakdowns and responding promptly to calls for both scheduled and unscheduled maintenance. They have effectively helped improve client efficiency and uptime.

In 2011, FFSB obtained ISO 14001:2004 accreditation for its Environmental Management System and continues to improve upon its systems and processes.

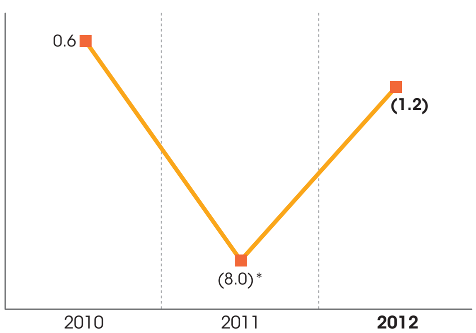
FINANCIAL REVIEW

For the financial year 2012, FFSB recorded lower revenue of RM48.1 million in comparison to RM51.2 million in 2011 mainly due to the discontinuation of several projects in 2012. FFSB registered a Loss Before Tax ("LBT") of RM1.2 million over LBT of RM8.0 million in 2011. There was an impairment on financial assets amounting to RM8.2 million in 2011.

Revenue
RM Million



Profit/(Loss) Before Tax
RM Million



* Included in the LBT was an impairment of RM8.2 million

Operations Review

INTEGRATED FACILITIES MANAGEMENT

Mercu UEM and Persada PLUS are amongst the commercial properties where FFSB provides its IFM services.

OPERATIONAL HIGHLIGHTS – MALAYSIA

To date, FFSB provides IFM services for six commercial properties and six residential properties. The commercial properties FFSB is servicing in the Klang Valley include Menara Worldwide, Mercu UEM, the International Medical University and Persada PLUS. FFSB is also providing IFM services to Kota Iskandar, the Johor State Administrative Centre in Nusajaya and the Kuantan Medical Centre in Pahang. For residential properties, FFSB undertakes IFM services for Armada Villa, Danau Impian, Taratak Muhibbah 1, Taratak Muhibbah 2, Seroja Apartment and the Alam Idaman Service Apartment, all located in the Klang Valley.

In tandem with increased awareness of Green Building standards and rating systems, FFSB continues to make strong strides forward in this area. The year saw FFSB taking measures to strengthen its Green Building Consultancy Services portfolio by incorporating a US Green Building System certification i.e. Leadership in Energy and Environmental Design ("LEED") and also an Energy Manager element. This enables FFSB to provide specialist services that deliver greater environmental efficiency and sustainability.

In 2012, FFSB secured GBI Facilitator and Commissioning Specialist Services contracts for Tune Hotels and Puteri Harbour while securing Energy Manager Services contracts for Perodua Manufacturing plant and Mycron Steel factory. FFSB continues to explore other local growth opportunities. It has turned its attention to institutional clientele and companies that require outsourced IFM services, so that they in turn can focus on their core activities.

OPERATIONAL HIGHLIGHTS – INDIA

Faber commenced operations in India in 2006 through its subsidiaries, Faber Star Facilities Management Limited ("Faber Star") and Faber Sindoori Management Services Private Limited ("Faber Sindoori").

In 2012, Faber Star based in Noida, Uttar Pradesh, undertook FEMS and CLS mainly for commercial buildings in Delhi and Uttar Pradesh. Faber Star holds commercial contracts for five FEMS projects namely for Essel Tower, PSRI, Amar Ujala, Pearl Business Park and Safdarjung Injuries Centre. These have a combined estimated value of RM1.4 million.

Faber Sindoori is a 51% subsidiary of FFSB via local joint venture partner Apollo Sindoori Hotels Limited. Faber Sindoori has 11 contracts to provide BEMS and 43 contracts for CLS mainly for the Apollo Group of Hospitals. It also provides FEMS to the Rajiv Gandhi International Airport in Hyderabad and IFM services to the Women and Children's Hospital, Pondicherry in the state of Tamil Nadu. The combined annual value of the contracts from India in 2012 amounted to RM31.0 million.

To date, Faber Sindoori has achieved ISO 9001:2008 and OHSAS 18001:2007 certification by the National Quality Assurance ("NQA") of India. On 25 September 2012, Faber Sindoori has been accredited with ISO/IEC 17025:2005 certification. These achievements are testament of its commitment to improving its systems and processes and delivering quality services.

Currently, FFSB is consolidating its position in India by reviewing its business strategy and business model for the Group's business in India. FFSB is looking at expanding its growth in Faber Sindoori by increasing its BEMS and FEMS services to Apollo Group of Hospitals. Moving forward, FFSB will continue to explore IFM business opportunities in India.

OPERATIONAL HIGHLIGHTS – UNITED ARAB EMIRATES

Faber through its subsidiary, Faber L.L.C. provides FEMS for the Sheikh Khalifa Medical City and Al-Rahba Hospital under the auspices of the General Health Authority in the Emirate of Abu Dhabi. In 2012, the company received a "Certificate of Appreciation for Outstanding Performance and Dedication" from Al-Rahba Hospital.

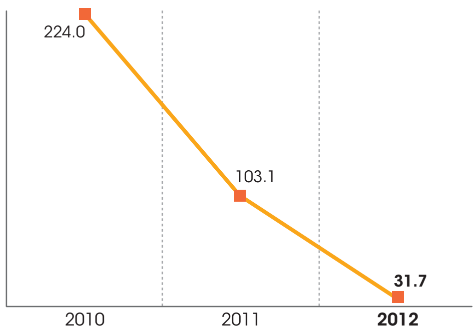
With regard to the infrastructure and low cost houses maintenance contracts by the Department of Municipal Affairs, Western Region Municipality ("WRM") in Abu Dhabi, Faber L.L.C has made satisfactory progress in the collection of claims. Together with the claims consultant and legal advisor, Faber L.L.C. is aggressively pursuing the remaining payment from WRM and is confident of receiving the balance in 2013.

FINANCIAL REVIEW

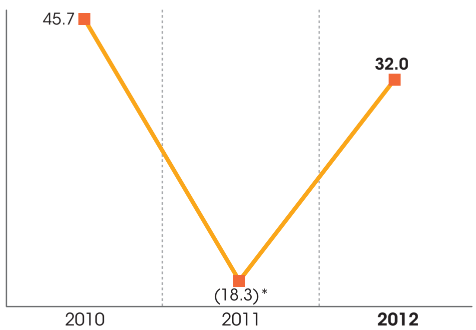
During the year under review, Faber L.L.C. reported RM31.7 million in revenue and Profit Before Tax ("PBT") of RM32.0 million. The decline in financial performance was due to the reported non-renewal of contracts by WRM in Abu Dhabi.

Going forward, the company is exploring opportunities in the UAE and has submitted tender bids for several hospitals under the auspices of the General Health Authority.

Revenue
RM Million



Profit/(Loss) Before Tax
RM Million



* Included in the LBT was a provision for impairment on receivables amounting to RM14.0 million

Operations Review

PROPERTY DEVELOPMENT

FABER DEVELOPMENT HOLDINGS SDN BHD ("FDH")

The Group's Property Development business remains one of Faber's core businesses and is undertaken by wholly owned subsidiary, FDH. With almost 40 years of experience to its name, FDH's strategic shift towards innovative niche property developments in the past few years has contributed positively to the Group's results.

Faber's flagship developments in Taman Desa and Taman Danau Desa, Kuala Lumpur which offer an ideal blend of landed residential units, high-rise condominiums and commercial properties including comprehensive amenities, have earned them the enviable reputation of being amongst the Klang Valley's premier neighbourhoods. The Group's mixed-development projects within Laman Rimbunan, Kepong, Kuala Lumpur, comprising landed residential units and commercial properties, have also earned a reputation for being well-planned and highly desirable residential enclaves.

FDH properties have consistently met customers' demand for quality real estate and delivered real value via their offer of prime locations as well as quality designs and finishing that meet the needs of discerning property buyers.

Due to the strategic locations of FDH's property development, purchasers have generally enjoyed capital gains as most of the properties within Taman Desa, Taman Danau Desa and Laman Rimbunan Kepong have significantly appreciated in value.

In East Malaysia, Faber has also established its presence as a niche property developer with housing projects in Taman Hilltop Perdana, Kota Kinabalu and Taman Grandview, Sandakan, Sabah.

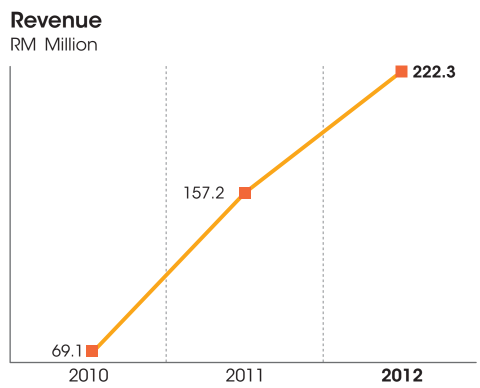
FINANCIAL REVIEW

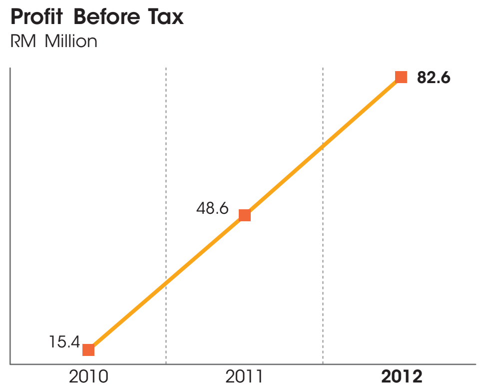
In 2012, FDH achieved strong growth, posting revenue of RM222.3 million in comparison to RM157.2 million in the preceding year. PBT rose by 70% to RM82.6 million from RM48.6 million previously on the back of higher revenue from higher take-up rates.

COMPLETED PROJECTS

FDH's 2012 achievements included the successful completion and handover of 40 units of three-storey semi-detached houses, 5 units of three-storey bungalows and an exclusive clubhouse for Armada Villa in Taman Danau Desa in December 2012. This project had a Gross Development Value ("GDV") of RM141.0 million.

FDH also delivered 102 units of three-storey semi-detached houses for Areca Residence – Sections 1 and 2 in Laman Rimbunan, Kepong in December 2012 which had a GDV of RM190.0 million.



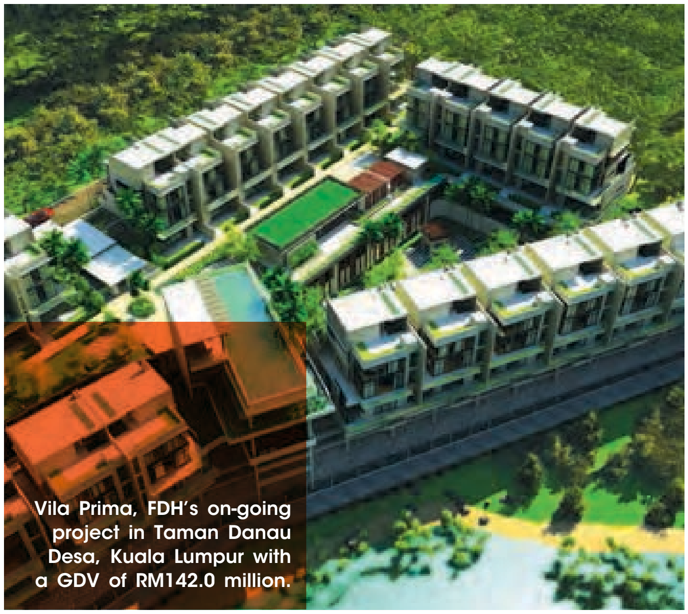


Vacant possession for the remaining 54 units of three-storey semi-detached houses for Areca Residence – Section 3 was issued in March 2013. This project had a GDV of RM102.0 million.

These completed projects had a total GDV of RM433.0 million and contributed 92% of our property development arm's revenue in 2012.

ON-GOING PROJECT

FDH's on-going project in Taman Danau Desa, Vila Prima, is an exclusive gated and guarded community featuring 31 resort-style four-storey link villas and 3 bungalows with average built-up areas of 4,500 sq. ft. and 5,800 sq. ft., all surrounded by beautifully landscaped gardens overlooking the adjacent lake. All units are designed with luxurious finishing and comprehensive facilities including individual glass lifts and a minimum of four parking bays per unit. This project has a GDV of RM142.0 million with unit prices ranging between RM2.7 million and RM5.0 million. The project had a take-up rate of 38% at the end of March 2013.



Vila Prima, FDH's on-going project in Taman Danau Desa, Kuala Lumpur with a GDV of RM142.0 million.

FUTURE PROJECTS

The near future will see the launch of two high-end condominium projects. The first is a 255-unit condominium development spread over 2.5 acres of prime land along Persiaran Gurney, Kuala Lumpur, just under 2 km from the KLCC Twin Towers. The concave shaped modern building design, with comprehensive condominium facilities, has been orientated to provide most of the units with stunning views of the KLCC Twin Towers. Initially targeted for launch as a 191-unit development in the fourth quarter of 2012, this project now has a target launch in mid-2013 and an estimated GDV of RM203.0 million.

The second high-end condominium project, Lucky Heights, will be launched end of 2013. Located in Kota Kinabalu, Sabah, this high-end development will offer 413 units of luxury condominiums spread over five acres of land. This project has an estimated GDV of RM190.0 million and forms the final phase of the overall 10 acres of land available for development.

FDH's future project, a 255-unit condominium along Persiaran Gurney, Kuala Lumpur with a GDV of RM203.0 million.

Operations Review

PROPERTY DEVELOPMENT

BECOMING "THE PREFERRED PROPERTY DEVELOPER"

FDH has revised its vision in tandem with current market trends and the demand for innovative designs and superior quality properties. In tandem with its vision of becoming "The Preferred Property Developer", FDH will focus its efforts on its mission of "Delivering Innovative, Quality and Valued Realty."

FDH continues to implement the Quality Assessment System in Construction ("QLASSIC") standard in all its development projects. Guided by the stringent guidelines and standards of the Construction Industry Development Board ("CIDB"), FDH has further strengthened its construction processes and the quality of its workmanship to meet the QLASSIC standard. The improving trend in terms of a rising QLASSIC score underscores FDH's commitment to excellence in construction activities.

The Group will continue its momentum of growth by leveraging on its expertise in the niche market segment and replenishing its land banks with a key focus on strategic locations to meet the high expectations of today's house buyers.

THE WAY FORWARD

The Group remains committed to focusing its efforts on the IFM business expansion now that the developments concerning the HSS NCAs have effectively ended the uncertainty regarding the award of the concession. Notwithstanding this, and subject to the finalisation of our negotiations with the Government and the effective date of the new HSS concessions for the three zones, the Group expects a lower contribution from the IFM Concession moving forward. FMS will be holding minority equity of 40% in the respective joint venture companies for the Sabah and Sarawak concessions.

Leveraging on our track records, technical competencies and experience in IFM, we are exploring business opportunities in non-concession and private sectors, locally and overseas.

Our Property Development Division is all set to continue its growth momentum by leveraging on its expertise in the niche market segment. In line with this, FDH is aggressively looking to replenish its land banks. While its key focus will be parcels of land in strategic locations in Kuala Lumpur and other major cities, given the scarcity of this kind of land bank, FDH is also looking at developing pockets of land and is actively exploring opportunities for land acquisitions, joint ventures with landowners, as well as public-private partnership agreements. In order to align itself with changing market needs, FDH remains open to exploring opportunities beyond the niche market segment such as mixed developments on larger pieces of land plus high-rise integrated developments.

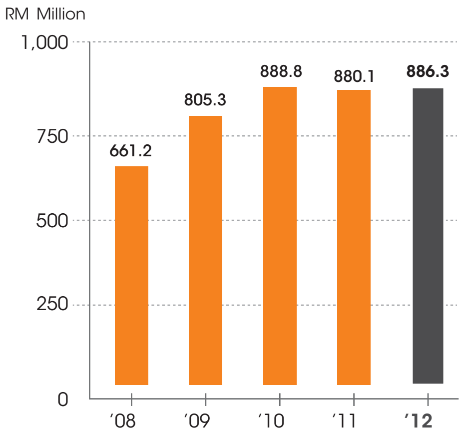
Moving forward, we anticipate substantial contributions from our IFM Division while the contributions from our Property Development Division is dependent on project launches and the take-up rate.

Faber remains committed to maintaining the momentum of its performance on the IFM and Property Development fronts as well as to delivering value to all stakeholders.

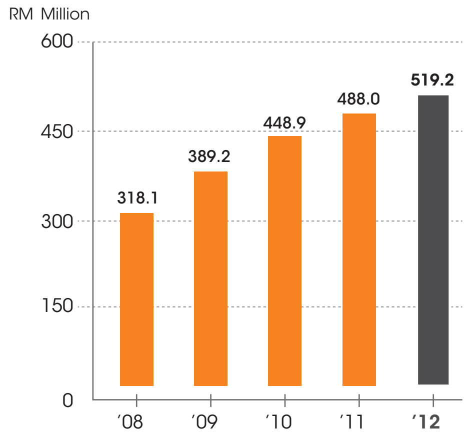
Armada Villa, launched in April 2010 was successfully completed and handed over to purchasers in December 2012.

5-Year Group Financial Highlights

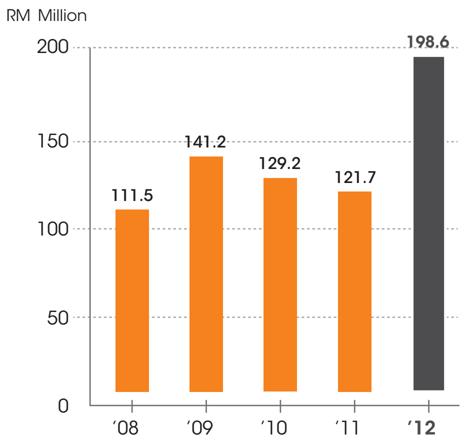
REVENUE



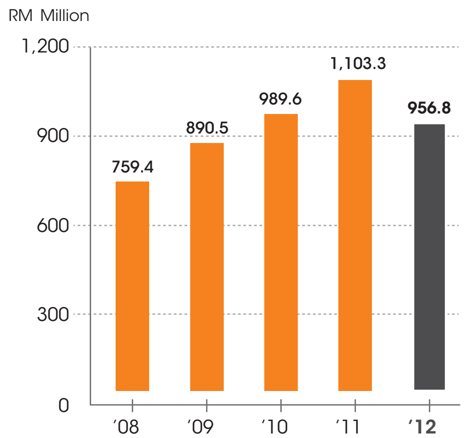
SHAREHOLDERS' FUNDS



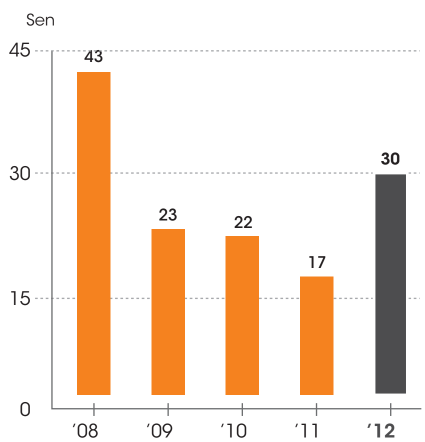
PROFIT BEFORE TAX



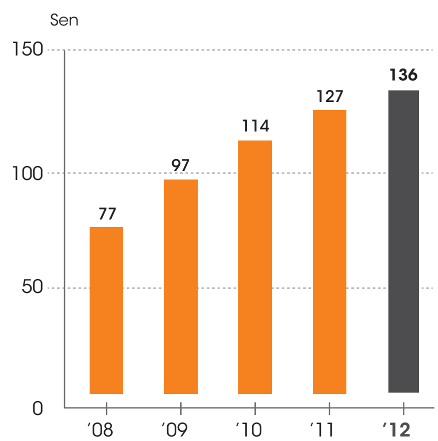
TOTAL ASSETS



EARNINGS PER SHARE



NET TANGIBLE ASSETS PER SHARE



5-Year Group Financial Summary

STATEMENTS OF FINANCIAL POSITION

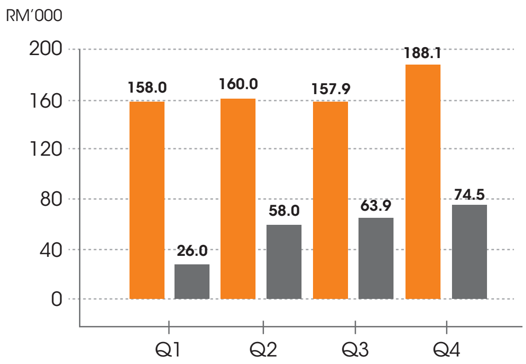
	<—— As at 31 Dec ——>				
IN RM MILLION	**2008**	**2009**	**2010**	**2011**	**2012**
ASSETS					
Non-current assets	172.5	188.9	154.6	272.4	**130.0**
Current assets	586.9	701.6	835.0	830.9	**826.8**
TOTAL ASSETS	**759.4**	**890.5**	**989.6**	**1,103.3**	**956.8**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	363.0	363.0	363.0	90.8	**90.8**
Share premium	116.0	116.0	116.0	–	**–**
Other reserves	(0.3)	(0.8)	(4.3)	(4.4)	**4.3**
(Accumulated losses)/ Retained earnings	(160.6)	(89.0)	(25.8)	401.6	**424.1**
	318.1	**389.2**	**448.9**	**488.0**	**519.2**
Non-controlling interests	59.1	67.2	67.0	75.4	**101.1**
Total equity	**377.2**	**456.4**	**515.9**	**563.4**	**620.3**
Non-current liabilities	193.5	183.3	166.6	47.8	**7.8**
Current liabilities	188.7	250.8	307.1	492.1	**328.7**
Total liabilities	**382.2**	**434.1**	**473.7**	**539.9**	**336.5**
TOTAL EQUITY AND LIABILITIES	**759.4**	**890.5**	**989.6**	**1,103.3**	**956.8**
Net tangible asset per share (sen)	77.3	97.5	113.6	126.9	**135.6**
Current ratio (times)	3.1	2.8	2.7	1.7	**2.5**
Liquidity ratio (times)	1.7	1.2	0.9	0.7	**1.0**
Gearing ratio (times)	0.6	0.5	0.4	0.4	**0.0**

INCOME STATEMENTS

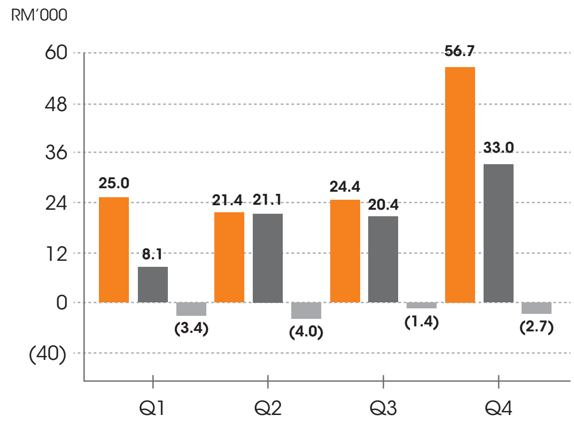
IN RM MILLION	2008	2009	2010	2011	2012
	<—		As at 31 Dec		—>
Continuing Operations					
Revenue	661.2	805.3	888.8	880.1	**886.3**
Earnings before interest, taxation, depreciation and amortisation	143.0	169.0	158.2	150.7	**219.0**
Profit before tax	111.5	141.2	129.2	121.7	**198.6**
Income tax expense	(29.8)	(34.8)	(25.8)	(48.5)	**(51.2)**
Profit from continuing operations, net of tax	81.7	106.4	103.4	73.2	**147.4**
Discontinued Operations					
Profit/(loss) for the year from discontinued operation, net of tax	93.2	(0.3)	–	–	**-**
Profit net of tax	**174.9**	**106.1**	**103.4**	**73.2**	**147.4**
Attributable to:					
Owners of the parent	155.7	82.7	78.8	61.6	**108.5**
Non-controlling interests	19.2	23.4	24.6	11.6	**38.9**
	174.9	**106.1**	**103.4**	**73.2**	**147.4**
Earnings per share (sen)	42.9	22.8	21.7	17.0	**29.9**
Earnings before interest, taxation, depreciation and amortisation as a percentage of revenue (%)	22	21	18	17	**25**
Pre-tax profit as a percentage of revenue (%)	17	18	15	14	**22**
Pre-tax profit as a percentage of shareholders' funds at year end (%)	35	36	29	25	**38**
Dividend per share – gross (sen)	3.0	4.0	6.0	8.0	**28.0**

2012 Group Quarterly Performance

REVENUE BY SEGMENT



PROFIT/(LOSS) BEFORE TAX BY SEGMENT



Integrated Facilities Management   Property Development   Others

FOR THE YEAR ENDED 31 DECEMBER 2012

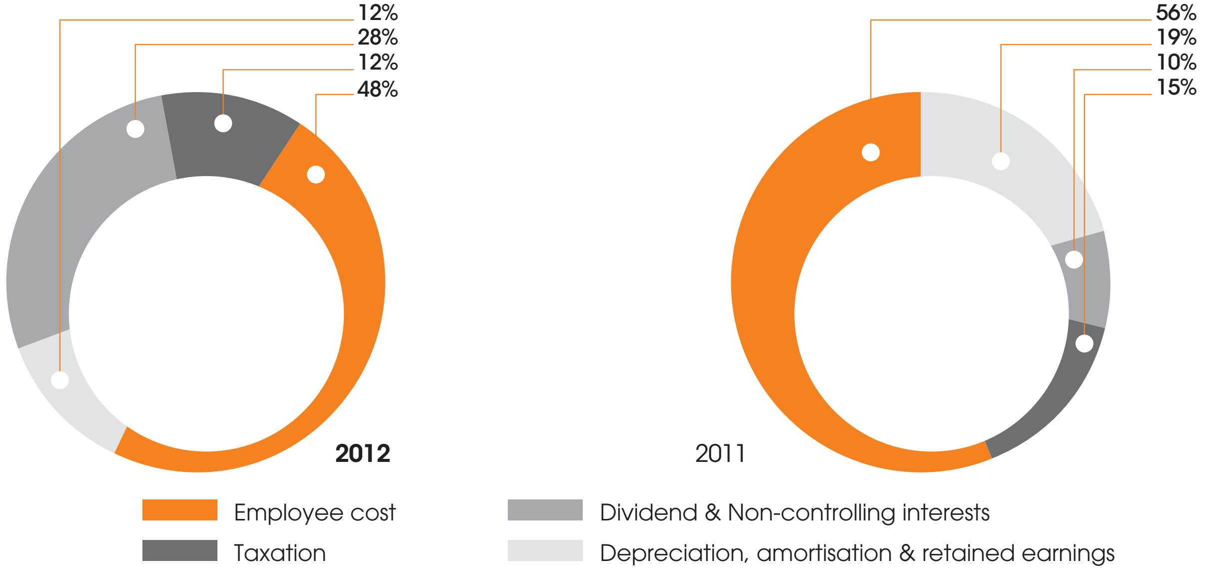
	Quarter RM'000				
	1st	2nd	3rd	4th	Total
Revenue	183,995	217,989	221,750	262,546	886,280
Operating expenses	(150,441)	(176,538)	(175,848)	(175,365)	(678,192)
Other Income	1,804	2,066	2,219	4,828	10,917
Earnings before interest, taxation, depreciation and amortisation	35,358	43,517	48,121	92,009	219,005
Profit before taxation	29,736	38,514	43,334	86,980	198,564
Profit attributable to owners of the parent	16,487	19,532	18,777	53,718	108,514
Earnings per share (sen)	4.5	5.4	5.2	14.8	29.9

BY SEGMENT

	Quarter RM'000				
	1st	2nd	3rd	4th	Total
Revenue					
Integrated Facilities Management	157,980	160,013	157,879	188,086	663,958
Property Development	26,015	57,976	63,871	74,460	222,322
Group	**183,995**	**217,989**	**221,750**	**262,546**	**886,280**
Profit before taxation					
Integrated Facilities Management	24,991	21,432	24,363	56,727	127,513
Property Development	8,128	21,086	20,411	32,993	82,618
Others	(3,383)	(4,004)	(1,440)	(2,740)	(11,567)
Group	**29,736**	**38,514**	**43,334**	**86,980**	**198,564**

Group Statement Of Value Added

DISTRIBUTION OF VALUE ADDED



STATEMENT OF VALUE ADDED

	2012 RM Million	2011 RM Million
VALUE ADDED		
Revenue	**886**	880
Other income	**3**	2
Interest income	**8**	8
Operating expenses	**(475)**	(558)
Finance cost	**(4)**	(6)
Value added available for distribution	**418**	**326**
DISTRIBUTION		
To Employees		
Employee cost	**202**	182
To Government		
Taxation	**51**	48
To Shareholders		
Dividend	**76**	22
Non-controlling interests	**39**	12
Retained for reinvestment and future growth		
Depreciation and amortisation	**17**	23
Retained earnings	**33**	39
Total distributed	**418**	**326**

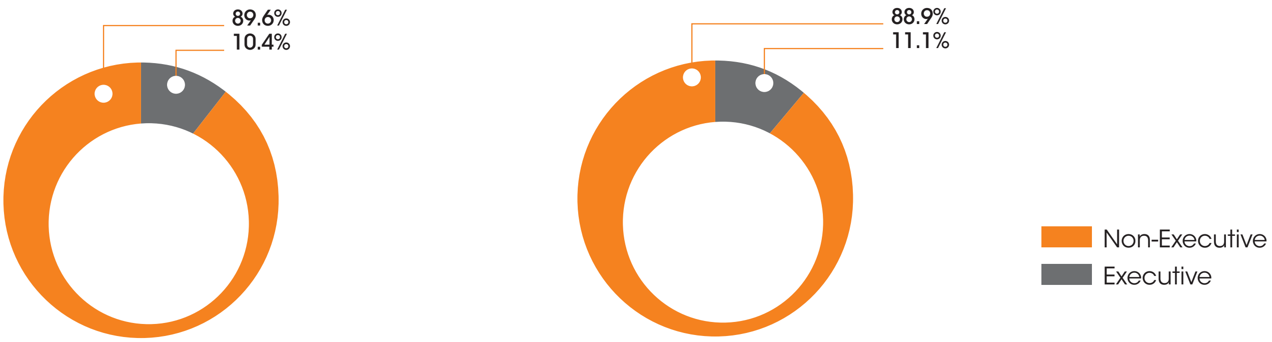
2012 Group Manpower Summary

MANPOWER STRENGTH BY REGION

as at 31 December 2012
Total: 7,236

as at 31 December 2011
Total: 7,417

EMPLOYEE COMPOSITION BY LEVEL



as at 31 December 2012
Total: 7,236

as at 31 December 2011
Total: 7,417

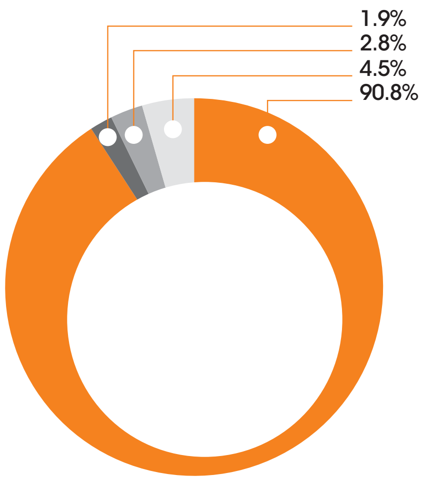
EMPLOYEE COMPOSITION BY ETHNICITY IN MALAYSIA

as at 31 December 2012
Total: 3,698

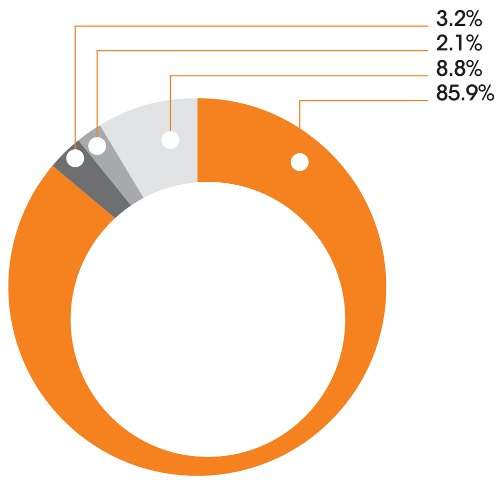
as at 31 December 2011
Total: 3,839

2012 Group Learning And Development Expenditure

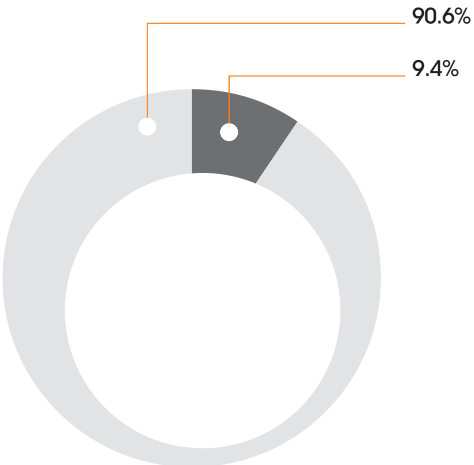
LEARNING AND DEVELOPMENT EXPENDITURE DISTRIBUTION 2012



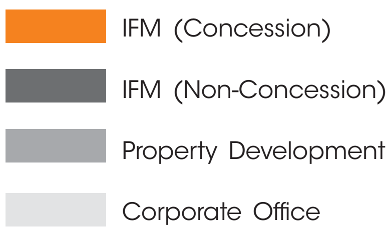
Soft Skill Training: RM1,917,538.84



Technical Training: RM1,480,511.07

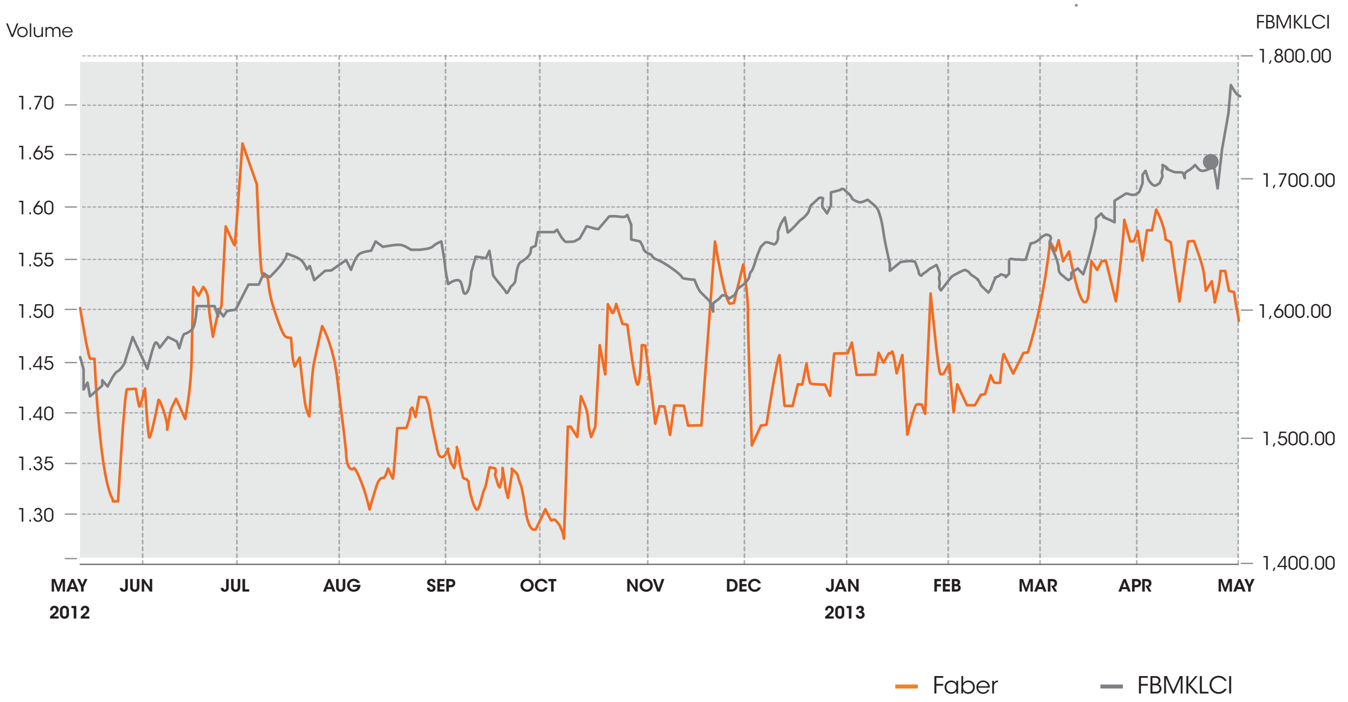


Leadership Training: RM39,265.00



Share Price Movement

SHARE PRICE MOVEMENT FOR THE PERIOD FROM 10 MAY 2012 TO 10 MAY 2013



PRICE	RM	DATE
HIGHEST	1.66	4 July 2012
LOWEST	1.27	5 October 2012

Highest volume during this period is 62,027 on 20 November 2012.

Group Financial Calendar

2012

29 FEBRUARY

- Announcement on financial results for the 4th quarter ended 31 December 2011.
- Announcement on Key Performance Indicator ("KPI") Targets for the financial year 2012.
- Announcement on proposed final dividend for financial year 2011.

22 MARCH

- Payment of Redeemable Secured Loans Stocks ("RSLS") coupon due for the first six months from 1 October 2011 to 31 March 2012 and partial redemption of cumulative outstanding balance of RSLS amounting to RM35.0 million.

20 APRIL

- Announcement on amended financial results for the financial year ended 31 December 2011.

27 APRIL

- Announcement on the receipt by Faber Medi-Serve Sdn Bhd ("FMS") of a letter dated 27 April 2012 from Unit Kerjasama Awam Swasta ("UKAS") whereby FMS shall in the interim continue with the existing Concession until the signing of a new Hospital Support Services Concession Agreement with Ministry of Health.

24 MAY

- Announcement on financial results for the 1st quarter ended 31 March 2012.

27 JUNE

- 49th Annual General Meeting.

29 JUNE

- Payment of RSLS coupon due for the three months from 1 April 2012 to 30 June 2012 and partial redemption of cumulative outstanding balance of RSLS amounting to RM35.0 million.

26 JULY

- Payment of final dividend of 8 sen less 25% income tax per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2011.

9 AUGUST

- Announcement of financial results for the 2nd quarter ended 30 June 2012.

28 SEPTEMBER

- Full and final redemption of the RSLS cumulative outstanding balance amounting to RM78.359 million.

19 NOVEMBER

- Announcement of financial results for the 3rd quarter ended 30 September 2012.
- Announcement of special interim dividend of 20 sen less 25% income tax per ordinary share of RM0.25 each in respect of the financial year ending 31 December 2012.

20 DECEMBER

- Payment of special interim dividend of 20 sen less 25% income tax per ordinary share of RM0.25 each in respect of the financial year ending 31 December 2012.

2013

25 FEBRUARY

- Announcement on financial results for the 4th quarter ended 31 December 2012.
- Announcement on KPI Targets for the financial year 2013.
- Announcement on proposed final dividend for financial year 2012.

Corporate Structure

Group's Key Operating Companies

Faber

A member of UEM

INTEGRATED FACILITIES MANAGEMENT DIVISION

100% FABER HEALTHCARE MANAGEMENT SDN BHD

- 57% / 43% Faber Medi-Serve Sdn Bhd
  - 100% FMS Services (Sarawak) Sdn Bhd (formerly known as Segi Kirana Sdn Bhd)
    - 40% One Medicare Sdn Bhd
  - 100% FMS Services (Sabah) Sdn Bhd (formerly known as Segi Operasi Sdn Bhd)
    - 40% Sedafiat Sdn Bhd
  - 60% Healthtronics (M) Sdn Bhd
  - 60% Fresh Linen Services (Sabah) Sdn Bhd
  - 55% Fresh Linen Services (Sarawak) Sdn Bhd

100% FABER FACILITIES SDN BHD

- 100% Faber Facilities Management Sdn Bhd
- 100% General Field Sdn Bhd
- 100% Faber Star Facilities Management Limited (Incorporated in India)
- 51% Faber Sindoori Management Services Private Limited (Incorporated in India)

75% FABER L.L.C. (Incorporated in United Arab Emirates)

PROPERTY DEVELOPMENT DIVISION

100% FABER DEVELOPMENT HOLDINGS SDN BHD

- 100% Faber Union Sdn Bhd
- 100% Country View Development Sdn Bhd
- 100% Faber Grandview Development (Sabah) Sdn Bhd
- 55% Rimbunan Melati Sdn Bhd

Organisation Chart

Faber
A member of UEM

BOARD OF DIRECTORS

- Audit and Risk Committee
- Nomination and Remuneration Committee
- Investment Committee

MANAGING DIRECTOR

CORPORATE OFFICE

- Corporate Affairs and Finance
- Organisational Improvement and Compliance
- Business Development
- Corporate Legal and Secretarial
- Corporate Human Resource and Administration
- Corporate Communications

OPERATIONS

- **INTEGRATED FACILITIES MANAGEMENT**
- **PROPERTY DEVELOPMENT**

Corporate Information

Name	Position	Audit and Risk Committee ("ARC")	Nomination and Remuneration Committee ("NRC")	Investment Committee ("IC")
Dato' Ikmal Hijaz bin Hashim	Chairman/Independent Non-Executive			Chairman
Adnan bin Mohammad	Managing Director			Member
Datuk Ir Abdullah Sani bin Abd Karim#	Senior Independent Non-Executive Director	Member	Chairman	Member
Dato' Mohd Izzaddin bin Idris	Non-Independent Non-Executive Director			
Oh Kim Sun^	Independent Non-Executive Director	Chairman		
Robert Tan Bun Poo^*@#	Independent Non-Executive Director	Member		
Dr. Saman @ Saimy bin Ismail#	Independent Non-Executive Director	Member	Member	
Elakumari a/p Kantilal*	Non-Independent Non-Executive Director	Member		
Suhaimi bin Halim	Non-Independent Non-Executive Director			
Azmir Merican bin Azmi Merican#	Non-Independent Non-Executive Director		Member	Member

^ *member of the Malaysian Institute of Certified Public Accountants*
* *member of the Malaysian Institute of Accountants*
@ *member of the Malaysian Institute of Taxation*

date of appointment

Name	Appointed to the Board of Directors	Appointed to the ARC	Appointed to the NRC	Appointed to the IC
Datuk Ir Abdullah Sani bin Abd Karim	9 May 2013	9 May 2013	9 May 2013	9 May 2013
Robert Tan Bun Poo	9 May 2013	9 May 2013		
Dr. Saman @ Saimy bin Ismail	9 May 2013	9 May 2013	9 May 2013	
Azmir Merican bin Azmi Merican	4 December 2012		23 January 2013	23 January 2013

COMPANY SECRETARY

Suriati binti Ashari
(LS0009029)

GROUP MANAGEMENT

FABER GROUP BERHAD
Adnan bin Mohammad
Managing Director

FABER MEDI-SERVE SDN BHD
Tuan Farezuddeen Ahmad bin Tuan Ibrahim
Director of Operations

FABER FACILITIES SDN BHD
Tuan Farezuddeen Ahmad bin Tuan Ibrahim
Director of Operations

FABER DEVELOPMENT HOLDINGS SDN BHD
Khalid bin Abd Majid
Head of Company

FABER L.L.C.
Riad Ahmad Ramzi
Chief Executive Officer

REGISTERED OFFICE

20th Floor, Menara 2
Faber Towers
Jalan Desa Bahagia,
Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : +6 03 7628 2888
Fax : +6 03 7628 2828
www.fabergroup.com.my

AUDITORS

ERNST & YOUNG (AF 0039)
CHARTERED ACCOUNTANTS
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : +6 03 7495 8000
Fax : +6 03 7495 8114

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel : +6 03 7841 8000
Fax : +6 03 7841 8008

PRINCIPAL BANKERS

CIMB BANK BERHAD
AMBANK BERHAD
ALLIANCE BANK MALAYSIA BERHAD
PUBLIC BANK BERHAD

PRINCIPAL SOLICITORS

CHEANG & ARIFF
LUTFI & CO.
SHEARN DELAMORE & CO.
ZUL RAFIQUE & PARTNERS

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

STOCK NAME/CODE: FABER/1368

STOCK SECTOR:
TRADING/SERVICES

Our Achievements

2012

AL-RAHBA HOSPITAL, ABU DHABI
Certification of Appreciation for Outstanding Performance and Dedication, awarded to Faber L.L.C.

2012/2011

INDUSTRY EXCELLENCE AWARDS 2011
Certificate of Industry Excellence by the Ministry of International Trade and Industry Malaysia.

2011

INSTITUTE FOR INFRASTRUCTURE ASSET MANAGEMENT, UNITED STATES OF AMERICA
Best Practices – Healthcare Asset Management Award 2011.

2011 FROST & SULLIVAN MALAYSIA EXCELLENCE AWARD
Facilities Management Company of the Year.

2011/2010

STARBIZ-ICR MALAYSIA CORPORATE RESPONSIBILITY AWARDS 2010
Winner for Marketplace category for companies below RM1 billion market capitalisation.

2009

STARBIZ-ICR MALAYSIA CORPORATE RESPONSIBILITY AWARDS 2009
Finalist for Workplace category for companies below RM1 billion market capitalisation.

ASIA PACIFIC ENTREPRENEURSHIP AWARD ("APEA") 2009
Outstanding Entrepreneurship Award conferred to Adnan bin Mohammad, Managing Director of Faber Group Berhad.

ANUGERAH KUMPULAN UEM
"Sri Cemerlang" Award for People and Organisational Development.

NATIONAL AWARD FOR MANAGEMENT ACCOUNTING 2009 ("NAfMA")
Practice Solution Award (Non-Listed Company) conferred to Faber Medi-Serve Sdn Bhd.

2008

STARBIZ-ICR MALAYSIA CORPORATE RESPONSIBILITY AWARDS 2008
Winner for Workplace category for companies below RM1 billion market capitalisation.

ANUGERAH KUMPULAN UEM
"Sri Cemerlang" Award for Productivity of Resources.

UEM LIVE TALENT EXTRAVAGANZA 2008
1st Runner Up.

CONTINUAL IMPROVEMENT COMPETITION UEM 2007
Champion – "LLS" Team.

CONTINUAL IMPROVEMENT COMPETITION UEM 2007
2nd Runner Up – "Kamunting Plant" Team.

Calendar Of Events

4 April

2012

20 January 2012
YB Dato' Sri Liow Tiong Lai, the Health Minister of Malaysia, officially launched Faber Medi-Serve Sdn Bhd ("FMS") Bukit Beruntung Laundry Plant in Selangor.

29 February – 1 March 2012
Faber Facilities Sdn Bhd ("FFSB") together with Alpha Catalyst Consulting Sdn Bhd and the Multimedia Development Corporation jointly organised a three-day Faber Innovation Catalyst Camp 2012 at Persada PLUS and Faber Towers.

4 April 2012
The Memorandum of Collaboration ("MoC") signing ceremony between Faber and Universiti Kuala Lumpur Institute of Industrial Technology ("UniKL MITEC") held in Johor Bahru, Johor. The MoC is intended to provide industrial training placements for UNIKL MITEC's students to conduct Lean Six Sigma projects in Faber.

23-25 May 2012
During the 14th Graduation Convocation of Politeknik Sultan Salahuddin Abdul Aziz Shah, Shah Alam ("PSA") Selangor, Faber was invited as the honourable presenter of certificates to graduates due to our collaboration with PSA in the Work Based Learning programme for Advanced Diploma in Electronics Engineering (Medical) and Advanced Diploma in Facility Management. Faber was represented by YBhg Datuk Ir Abdullah Sani bin Abd Karim.

31 May 2012
FMS participated in a booth exhibition during PSA's "Re-skilling and Up-Skilling" opening ceremony at Politeknik Ungku Omar, Ipoh, Perak officiated by YB Dato' Seri Mohamed Khaled bin Nordin, the Minister of Higher Education.

18 June 2012
FMS together with "Hospital Wanita & Kanak-Kanak Sabah" and "Dewan Bandaraya Kota Kinabalu" organised the *"Kempen Kebersihan Tandas Dan Anti Vandalisma Tandas Awam"* to promote awareness on public hygiene and anti-vandalism of public toilets.

21 June 2012
Faber participated in a booth exhibition during UniKL MITEC's official launching ceremony by YB Datuk Seri Shafie Apdal, Minister of Rural and Regional Development in Johor Bahru, Johor.

21-22 June 2012
Faber held its inaugural Faber Excellence Day 2012 to honour the Group's subsidiaries' excellence practices in environmental sustainability, service quality and safety and health related initiatives.

27 June 2012
Faber held its 49th Annual General Meeting at the Sime Darby Convention Centre, Kuala Lumpur.

3 October 2012
Faber's Management and employees together with other employees of UEM Group jointly welcome the Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak during his official launched of Mercu UEM, the headquarters of UEM Group.

24 October 2012
Faber was awarded a Certificate of Excellence at the Industry Excellence Awards 2011 ceremony organised by the Ministry of International Trade and Industry to recognise the Group's organisational excellence and quality products and services achievement.


23 -25 May

27 June

29 November 2012
The Memorandum of Collaboration signing ceremony between Faber and Ministry of Higher Education on the continuation of "Work Based Learning" programme between Faber and PSA for the Advanced Diploma in Electronics Engineering (Medical) and Advanced Diploma in Facility Management.

30 November – 2 December 2012
Faber Development Holdings Sdn Bhd ("FDH") participated in the Star Property Fair to showcase and promote Vila Prima, its latest niche development in Taman Danau Desa, Kuala Lumpur.

2 December 2012
FDH officially launched its Vila Prima website in conjunction with the Property Talk by Mr. Ho Chin Soon on the property investment within Kuala Lumpur and Klang Valley.

3 – 4 December 2012
Faber held its annual Directors and Management Retreat attended by members of the Board of Directors and Senior Management of the Group for strategic review and planning.

7 December 2012
FDH issued vacant possession to purchasers of Areca Residence Sections 1 and 2, Laman Rimbunan, Kepong, Kuala Lumpur.

17 December 2012
FDH issued vacant possession to purchasers of Armada Villa, Taman Danau Desa, Kuala Lumpur.


3 October

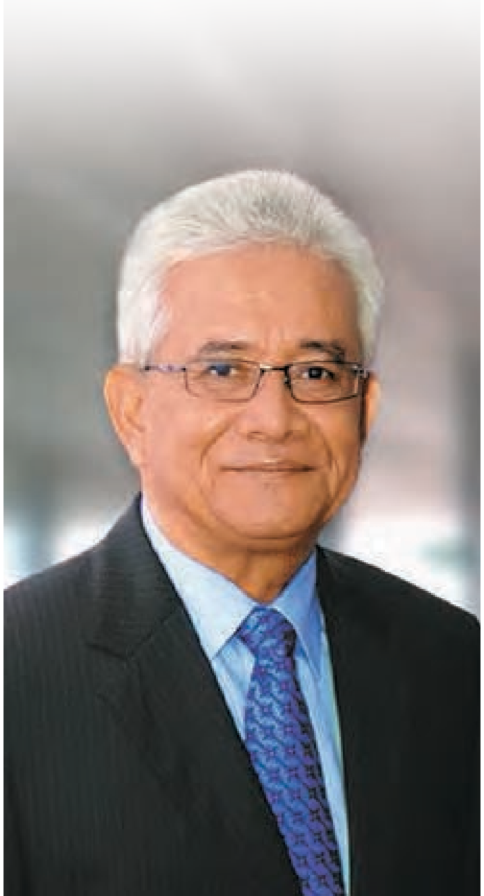
2 December


3 - 4 December


Subsidiari Faber Group laksana konsesi HSS baharu
Faber secures several concessions for HSS
Faber to continue expanding IFM division
OSK jangka Faber capai prestasi kukuh bagi separuh kedua tahun kewangan 2012
Faber aims to achieve stronger performance in second half of 2012
Faber posts RM19.5m net profit in 2Q
FABER Group Bhd posted a 18.3% growth in net profit for its second-quarter (2Q) ended June 30, 2012, at RM19.5 million compared to RM16.5 million in the same quarter last year due to higher revenue recorded. Revenue rose 16.9% to RM218 million for the quarter due to higher variation orders and higher bed occupancy rates, it said in an exchange filing yesterday. The property division pretax rose sharply to RM21 million mainly due to higher progress billings from one of its property developments Laman Rimbunan Phase 4 and 5 in Kepong. The company recorded an earnings per share of 5.38 sen for the quarter.
About Us
About Us
Services

Media Highlights

Board Of Directors' Profile



DATO' IKMAL HIJAZ BIN HASHIM
60, Malaysian
Chairman/Independent
Non-Executive Director

Date appointed to the Board:
- 1 March 2009

Membership of Board Committees:
- Chairman of the Investment Committee

Qualifications:
- Master of Philosophy in Land Management, University of Reading, United Kingdom
- Bachelor of Arts with Honours, Universiti Malaya

Working experience and occupation:
- **1976 – 1990:** Served in the Administrative and Diplomatic Service of the Government in various capacities in the District Office, Regional Development Authorities, and Training Management and Administrative under various Ministries.
- **1991 – 1992:** Joined United Engineers (M) Berhad as the General Manager of the Malaysia-Singapore Second Crossing Project.
- **1993 – 1999:** Appointed as the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad ("PLUS") on 1 January 1993 and subsequently appointed as Managing Director from 1 January 1995 to 30 June 1999. Resigned as Managing Director of PLUS in 1999, but remained as a Director until November 2001.
- **1999:** Appointed as the Managing Director of Prolink Development Sdn Bhd ("Prolink") and Acting Chairman of the Supervisory Board for the Property Division of the Renong Group in July 1999.
- **2000:** Appointed as the President of the Renong Group's Property Division in February 2000 while maintaining the position as the Managing Director of Prolink.
- **2002:** Appointed as the Managing Director of Renong Berhad until October 2003.
- **2003 – 2007:** Appointed as the Managing Director/Chief Executive Officer of Pos Malaysia Berhad on 6 December 2003. Appointed as the Executive Director of Pos Malaysia & Services Holdings Berhad ("PMSHB") on 19 December 2003. Re-designated as PMSHB's Group Managing Director/ Chief Executive Officer on 13 April 2004.
- **2007 – 2009:** Assumed the post of Chief Executive of Iskandar Regional Development Authority on 23 February 2007 until February 2009.
- **2009 – present:** Chairman of Faber Group Berhad from 1 March 2009.

Directorships of other public companies:
- Nadayu Properties Berhad
- EP Manufacturing Berhad

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 10/10

ADNAN BIN MOHAMMAD
52, Malaysian
Managing Director

Date appointed to the Board:
- 1 April 2007

Membership of Board Committees:
- Member of the Investment Committee

Qualifications:
- Bachelor of Business Administration (Finance), University of Missouri, Kansas City, United States of America
- Diploma in Banking Studies from MARA Institute of Technology

Membership of Associations:
- Member of the Malaysian Institute of Management

Working experience and occupation:
- **1985 – 1986:** Served at Malayan Banking Berhad.
- **1989:** Served at Bank Rakyat Berhad.
- **1989 – 1990:** Joined Projek Lebuhraya Utara-Selatan Berhad ("PLUS") as a Project Finance Officer.
- **1990 – 1992:** Joined Bumiputera Merchant Bankers Berhad as a Corporate Banking Officer.
- **1992 – 2000:** Appointed as Project Finance Assistant Manager at PLUS and subsequently promoted to Senior General Manager of the Finance Division.
- **2000 – 2005:** Served the UEM Group in various capacities including as the Managing Director of TIMEdotNet Berhad, the Chief Operating Officer of Intria Berhad, the Managing Director of Park May Berhad and the Chief Executive Officer of E-Idaman Sdn Bhd.
- **2005 – 2007:** Appointed as the Chief Operating Officer of UEM Builders Berhad.
- **2007 – present:** Managing Director of Faber Group Berhad.

Directorships of other public companies:
- None

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 9/10

Board Of Directors' Profile

DATUK IR ABDULLAH SANI BIN ABD KARIM
58, Malaysian
Senior Independent
Non-Executive Director

Date appointed to the Board:
- 9 May 2013

Membership of Board Committees:
- Chairman of the Nomination and Remuneration Committee
- Member of the Audit and Risk Committee
- Member of the Investment Committee

Qualifications:
- Bachelor of Science (Hons), Civil Engineering, University of Birmingham, United Kingdom

Membership of Associations:
- Fellow of the Institution of Engineers, Malaysia
- Registered Professional Engineer, Lembaga Jurutera Malaysia
- Member of the Association of Consulting Engineers, Malaysia

Working experience and occupation:
- **1976 – 1982:** Started his career as a Civil Engineer with the Engineering Unit of the Urban Development Authority. Promoted to Assistant Director and headed the Engineering Unit from 1977.
- **1982 – 1987:** Joined Kumarasivam Tan & Ariffin Sdn Bhd as a Director and Co-Head of the Civil & Structural Department.
- **1987 – 1989:** Served Island & Peninsular Berhad as the General Manager (Property).
- **1989 – Present:** In September 1989, he initiated his engineering company A. Sani & Associates (proprietorship) which was then restructured to A. Sani & Associates Sdn Bhd. On 15 October 2007, he was appointed as a Director of Faber Development Holdings Sdn Bhd.

Directorships of other public companies:
- None

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 0/0*

* Reflects the number of Board of Directors' Meetings attended during the time the Director held office.

DATO' MOHD IZZADDIN BIN IDRIS
50, Malaysian
Non-Independent Non-Executive Director

Date appointed to the Board:
- 5 August 2010

Membership of Board Committees:
- None

Qualifications:
- Bachelor of Commerce Degree (First Class Honours in Finance), University of New South Wales, Australia

Membership of Associations:
- Fellow of Chartered Public Accountants, Australia
- Member of Malaysian Institute of Accountants
- Malaysia Financial Reporting Foundation

Working experience and occupation:
- **1985 – 1996:** Served at Malaysian International Merchant Bankers Berhad which included a 3-year secondment in the late 1980s to Barclays de Zoete Wedd Limited, a London-based investment bank and a subsidiary of then Barclays Bank PLC.
- **1996 – 2004:** Joined Southern Bank Berhad as the Senior Vice President (Corporate Finance) and the Chief Financial Officer ("CFO") of Ranhill Berhad. He also held the position of the Chief Operating Officer of Malaysian Resources Corporation Berhad.
- **2004 – 2009:** Joined Tenaga Nasional Berhad as the CFO/Senior Vice President (Group Finance).
- **2009 – Present:** Appointed as the Group Managing Director/Chief Executive Officer of UEM Group Berhad and also the Non-Executive Deputy Chairman of PLUS Expressways International Berhad (formerly known as PLUS Expressways Berhad).

Directorships of other public companies:
- Cement Industries of Malaysia Berhad
- OPUS Group Berhad
- PLUS Expressways International Berhad (formerly known as PLUS Expressways Berhad)
- PLUS Malaysia Berhad
- Projek Lebuhraya Utara-Selatan Berhad
- Projek Lebuhraya Usahasama Berhad
- TIME Engineering Berhad
- UEM Builders Berhad
- UEM Group Berhad
- UEM Land Holdings Berhad

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 9/10

Board Of Directors' Profile

OH KIM SUN
64, Malaysian
Independent Non-Executive Director

Date appointed to the Board:
- 28 September 2007

Membership of Board Committees:
- Chairman of the Audit and Risk Committee

Qualifications:
- Institute of Chartered Accountants in England and Wales ("ICAEW")

Membership of Associations:
- Member of the Malaysian Institute of Certified Public Accountants

Working experience and occupation:
- **1972 – 1994:** Began career with Coopers & Lybrand in London. He also held positions as the Finance Director of Taiko Plantations Sdn Bhd, the Financial Controller of ICI Malaysia, and the Finance Manager (Secondment) at the ICI Headquarters in London responsible for Northern Europe. He led a successful management buyout of ICI's Malaysian operations in 1994.
- **1994 – 2003:** Appointed Group Executive Director of Chemical Company of Malaysia Berhad.
- **2004 – present:** Currently serves on the Board of Directors of several Public Listed Companies.

Directorships of other public companies:
- UEM Land Holdings Berhad
- Golden Land Berhad
- Nikko Electronics Berhad (In Liquidation)
- OPUS Group Berhad

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 8/10

ROBERT TAN BUN POO
62, Malaysian
Independent Non-Executive Director

Date appointed to the Board:
- 9 May 2013

Membership of Board Committees:
- Member of the Audit and Risk Committee

Qualifications:
- Institute of Chartered Accountants in Australia
- Bachelor of Commerce – University of Newcastle, Australia

Membership of Associations:
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Institute of Chartered Accountants in Australia
- Member of the Malaysian Institute of Taxation

Working experience and occupation:
- **1974 – 1978:** Began career with Deloitte Haskins & Sells in Sydney.
- **1978 – 2011:** Joined Deloitte Touche Tohmatsu, Malaysia (formerly known as Deloitte KassimChan. He has more than thirty-seven (37) years of experience in the audits of both private and public companies. Served major local and international clients in an extensive range of industries, which include banking, insurance and other financial services, construction and property development, manufacturing, retailing (including hypermarkets), engineering, gaming and entertainment, leisure and hospitality, food and distribution and the service industry.
- He was also involved in leading assignments related to outsourced internal audits and risk management services, initial public offerings, corporate restructuring, mergers and acquisitions, and financial due diligence.

Directorships of other public companies:
- QL Resources Berhad
- AmLife Insurance Berhad

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 0/0*

* Reflects the number of Board of Directors' Meetings attended during the time the Director held office.

Board Of Directors' Profile

DR. SAMAN @ SAIMY BIN ISMAIL
66, Malaysian
Independent Non-Executive Director

Date appointed to the Board:
- 9 May 2013

Membership of Board Committees:
- Member of the Audit and Risk Committee
- Member of the Nomination and Remuneration Committee

Qualifications:
- Master of Public Health, University of California Berkeley, United States of America
- Bachelor of Medicine and Surgery, Universiti Malaya ("UM")

Membership of Associations:
- Preliminary Investigation Committee member for Malaysian Medical Council till 2010
- Ad Hoc panel member of Malaysian Medical Council and Malaysian Qualifying agency for the accreditation of medical schools local and overseas
- Member of the Society for Quality in Health

Working experience and occupation:
- **1984 – 2001:** Served with the Ministry Of Health of Malaysia for more than twenty-five (25) years. He held various clinical and senior management positions in both health and hospital establishments around the country namely i.e. Deputy Medical Superintendent Seremban Hospital, Medical Superintendent Kota Bharu Hospital, Deputy Director Of Health Services Kelantan, Director of Health Services Terengganu and Director of Health Services Sabah.
- **2001 – current**: Joined Faculty of Medicine, UM as Associate Professor and Public Health Consultant, Health Policy & Management Unit, Department of Social & Preventive Medicine, Faculty of Medicine, UM.

Directorships of other public companies:
- None

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 0/0*

* Reflects the number of Board of Directors' Meetings attended during the time the Director held office.

ELAKUMARI A/P KANTILAL
56, Malaysian
Non-Independent Non-Executive Director

Date appointed to the Board:
- 22 October 2001

Membership of Board Committees:
- Member of the Audit and Risk Committee

Qualifications:
- Masters of Science in Finance and Accounting, University of East Anglia, United Kingdom
- Bachelor of Accounting, Universiti Kebangsaan Malaysia

Membership of Associations:
- Member of the Malaysian Institute of Accountants

Working experience and occupation:
- **1981 – 1994:** Served in various senior positions with the Government in the Accountant General's Office and the Ministry of Finance.
- **1994 – current:** Director of the Investment Division of Khazanah Nasional Berhad.

Directorships of other public companies:
- TIME dotCom Berhad
- TIME Engineering Berhad

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 7/10

Board Of Directors' Profile

SUHAIMI BIN HALIM
57, Malaysian
Non-Independent Non-Executive Director

Date appointed to the Board:
- 1 September 2010

Membership of Board Committees:
- None

Qualifications:
- Bachelor of Science in Civil Engineering, University of Glasgow, Scotland

Membership of Associations:
- None

Working experience and occupation:
- **1988 – 1996:** Joined Pengurusan Lebuhraya Bhd now known as Opus International (M) Berhad, a wholly-owned subsidiary of Kinta Kellas Plc now known as Opus Group Berhad.
- **1996 – 1997:** Appointed as the Chief Operating Officer of Kinta Kellas Plc and Pengurusan LRT Sdn Bhd.
- **1997 – 2002:** Assumed the position of the Managing Director ("MD") at Linkedua (Malaysia) Berhad and was then transferred to Expressway Lingkaran Tengah Sdn Bhd where he held the post of MD.
- **2002 – 2005:** Appointed as the MD of Kinta Kellas Plc, which later changed its name to Opus International Group Plc ("Opus Plc") in 2005.
- **2007 – October 2010:** In 2007, through an internal reorganisation, Opus Plc (now known as Opus International Limited) was replaced by Opus Group Berhad as the holding company of Opus Group where he continued as the MD of Opus Group Berhad.
- **2010 – Present:** Assumed the position of MD, Asset & Facility Management Group of Companies under UEM Group Berhad.

Directorships of other public companies:
- OPUS Group Berhad
- OPUS International Ltd (foreign company registered in Malaysia)
- Projek Penyelenggaraan Lebuhraya Berhad

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 9/10

AZMIR MERICAN BIN AZMI MERICAN
42, Malaysian
Non-Independent
Non-Executive Director

Date appointed to the Board:
- 4 December 2012

Membership of Board Committees:
- Member of the Nomination and Remuneration Committee
- Member of the Investment Committee

Qualifications:
- Bachelor Degree in Business Administration (Finance), Haworth College of Business, Western Michigan University, United States of America

Membership of Associations:
- None

Working experience and occupation:
- **1995 – 1997:** Senior Investment Analyst in Maybank's venture capital and private equity arm.
- **1997 – 2002:** Manager in the consulting arm of PricewaterhouseCoopers specialising in corporate finance advisory. He undertook various assignments in large corporations and institutions involved in construction and engineering, real estate development, plantations, manufacturing, oil & gas, venture capital, fund management and stockbroking.
- **2003 – 2007:** Assistant General Manager, Private Equity Division of CIMB Investment Bank Berhad. He was involved in various aspects of the private equity business including fund structuring, fundraising, investment evaluation and deal structuring, monitoring and execution of divestment plans.
- **2007 – 2012:** Served as the Group Chief Executive/Managing Director of AWC Berhad ("AWC"), a listed entity on the Main Market of Bursa Malaysia Securities Bhd and a provider of engineering services & solutions and integrated facilities management in Malaysia, Singapore and the Middle East.
- **2012 – Present:** The Group Chief Operating Officer, Business Units of UEM Group Berhad.

Directorships of other public companies:
- Projek Penyelenggaraan Lebuhraya Berhad

Family relationship with any Director and/or major shareholders:
- None

Conflict of interest with the Company:
- None

List of convictions for offences within the past 10 years other than traffic offences:
- None

No. of Board meetings attended for the financial year:
- 0/0*

* Reflects the number of Board of Directors' Meetings attended during the time the Director held office.

Group Management Profile

ADNAN BIN MOHAMMAD
52
Managing Director
Faber Group Berhad

Note:
Please refer to page 41 for Adnan bin Mohammad's complete profile

TUAN FAREZUDDEEN AHMAD BIN TUAN IBRAHIM
37
Director of Operations,
Faber Group Berhad

Date of Appointment:
- 3 September 2012

Qualification:
- Bachelor in Engineering with Honours, Mechatronics Engineering, International Islamic University of Malaysia.

Working experience and occupation:
- **2000 – 2002**
  Started his career at East Coast Textiles (M) Sdn Bhd as Maintenance Engineer cum Purchaser.
- **2002 – 2003**
  Joined Anggun Bakawali Sdn Bhd as Assistant Sales Manager.
- **2003 – 2005**
  Joined Karnival Dagang Sdn Bhd as Project Manager and was then promoted to General Manager (Sales) in January 2005.
- **2005**
  Joined Trans Noble (M) Sdn Bhd (a Member of the Imagnia Group) as General Manager (Engineering).
- **2005 – 2008**
  Appointed as Operations Manager at RadiFEMS Sdn Bhd (A Member of Radicare Group) and subsequently promoted to General Manager from June 2006 until July 2008.
- **2008 – 2010**
  Appointed as Chief Operating Officer of Ambang Wira Sdn Bhd ("AWSB") and AW Facility Management Sdn Bhd ("AWFM") (wholly owned subsidiaries of AWC Berhad) in July 2008.
- **2010 – 2012**
  Appointed as Managing Director of AWSB and AWFM (wholly owned subsidiaries of AWC Berhad).
- **2012 – present**
  Director of Operations, Faber Group Berhad.

Group Management Profile

KHALID BIN ABD MAJID
48
Head of Company,
Faber Development Holdings Sdn Bhd

Date of Appointment:
- 1 December 2008

Qualification:
- Bachelor in Civil Engineering, Victoria University of Technology, Victoria, Australia (formerly known as Footscray Institute of Technology).

Working experience and occupation:
- **1990 – 1991**
  Started his career as an engineer with Emkay Associates Sdn Bhd.
- **1991 – 1995**
  Joined Faber Development Holdings Sdn Bhd ("FDH"), the property arm of Faber Group Berhad ("FGB") in May 1991 as Project Executive and promoted as a Project Engineer in 1994 overseeing the development of high rise condominium projects namely Danau Permai, Danau Impian, Danau Idaman Condominium and infrastructure in Taman Danau Desa, Kuala Lumpur.
- **1996 – 1997**
  Promoted as Project Manager and was involved in managing the development projects in Taman Danau Desa and also in the negotiation of the privatisation project of Federal Reserved Unit's Complex in Cheras, Kuala Lumpur in exchange of development land in Kepong, Kuala Lumpur.
- **1997 – 2000**
  Promoted as Senior Project Manager, amongst his key achievements include the successful completion of Danau Impian and Danau Idaman Condominium projects.
- **2001 – present**
  Over the years, he was promoted to several senior positions within FDH and in July 2007 he was appointed as Senior General Manager before assuming his current position as Head of Company since December 2008 where he is in charge of the full operations of FDH. During this time, he has successfully completed the 100 acres of land in Laman Rimbunan Kepong, in Kuala Lumpur, a mixed development comprising commercial and residential properties jointly developed with Metro Kajang Sdn Bhd.

  He has also successfully launched and completed some of the high end residential projects jointly developed with Dewan Bandaraya Kuala Lumpur namely Danau Villa, Armada Villa in Taman Danau Desa, Kuala Lumpur, Taman Hilltop Perdana in Kota Kinabalu, Sabah and the launch of Vila Prima in 2011.

Heads Of Overseas Subsidiaries

RIAD AHMAD RAMZI
Chief Executive Officer

FABER L.L.C
UNITED ARAB EMIRATES

M. K. PADMANABHAN
Chief Operating Officer

FABER SINDOORI MANAGEMENT SERVICES PRIVATE LIMITED, INDIA

TUAN FAREZUDDEEN AHMAD BIN TUAN IBRAHIM
Director

FABER STAR FACILITIES MANAGEMENT LIMITED, INDIA

Senior Management Team

From Left to Right:

SURIATI BINTI ASHARI
Head of Corporate Legal and Secretarial

HASLINA BINTI ALIAS
Head of Corporate Human Resource and Administration

JULIZA BINTI JALIL
Chief Financial Officer

MASELA BINTI IBRAHIM
Head of Corporate Communications

AINON BINTI SULEIMAN
Head of Organisational Improvement and Compliance

AHMAD YUSRI BIN YAHAYA
Head of Business Development

From Left to Right:

ZAINAL ABIDIN BIN AB SAMAD
Head of Operations Monitoring and Technical Services, IFM

RAZLIAH BINTI RAMLI
Head of Finance, IFM Concession

ROZAIFEE BIN ABU ZAHARIM
Head of Finance and International Business, IFM Non-Concession

RAMLAN BIN HJ AWANG ALI
Head of Operations, IFM Concession

HASNIYAH BINTI HJ MOHD SAAD
Head of Human Resource and Administration, IFM

BAD LATIF BIN MANSOR
Head of Operations and Technical Support, IFM Non-Concession

NOR SUHAILA BINTI KAMARUDIN SOHAMI
Head of Tender and Procurement, IFM

integrated facilities **management** ("IFM")

Senior Management Team

From Left to Right:

ROSLAN BIN MANAP
Head of Land Administration

HANIZAH BINTI MOHD RAMLI
Head of Customer Service and Credit Control

YUSOF KASSIM
Head of Project Development

RADIN BAIDURILAH BINTI RADIN SOENARDI
Head of Project Development, RMSB

GAN SENG KEONG
Head of Business Development

RAJA AZAHATULUYUN BINTI RAJA JAAFAR
Head of Sales and Marketing

RUZITA BINTI MOHD TAIB
Head of Finance

property development

RMSB – Rimbunan Melati Sdn Bhd

Our Human Capital

Faber's workforce of over 7,200 dedicated employees is undoubtedly our greatest asset. Situated in Malaysia, the United Arab Emirates and India, our human capital comprises of professional, technical, operational and support staff from diverse disciplines that are all committed to delivering excellence and to enhancing the value of our service and product offerings in our core Integrated Facilities Management ("IFM") and Property Development businesses.

Our workforce today consists of the following disciplines:

- Finance & Accounts
- Corporate Finance
- Corporate Services
- Business Development
- Human Resource Development
- Corporate Secretarialship
- Legal
- Administration
- Corporate Communications
- Customer Service
- Contracts Management
- Procurement & Purchasing
- Quantity Surveying
- Project Management
- Information & Communications Technology
- Healthcare Operations
- Plant Maintenance & Production
- Laboratories
- Knowledge Management
- Research & Development
- Technology Development & Support
- Health & Safety
- Organisational Improvement
- Technical & Engineering areas:
  - Electrical
  - Mechanical
  - Civil
  - Environmental
  - Biomedical
  - Process
  - Infrastructure
  - Energy Management

In 2012, our overall human capital numbers dropped by 2.4% to 7,236 employees in comparison to 7,417 employees in 2011. This reducing trend (since early 2012) is in line with the on-going realignment of manpower requirements, optimisation of resources and productivity improvement exercise for our IFM outfit. Our manpower strategy is to focus on having the right manpower with the right job fit, skills and competencies.

Going forward, we will focus our efforts on optimising the size of our workforce while making improvements to our systems and processes to ensure our people's productivity levels are at their best.

Strengthening The Value Of Our Human Capital

To continue driving growth in an increasingly competitive local and global business environment, we continue to strengthen the value of our human capital. Over the years, Corporate Human Resource and Administration ("CHRAD") has taken the lead in ensuring Faber's human capital strategies are aligned to its business strategies.

DEVELOPING AND BENCHMARKING EMPLOYEE COMPETENCIES

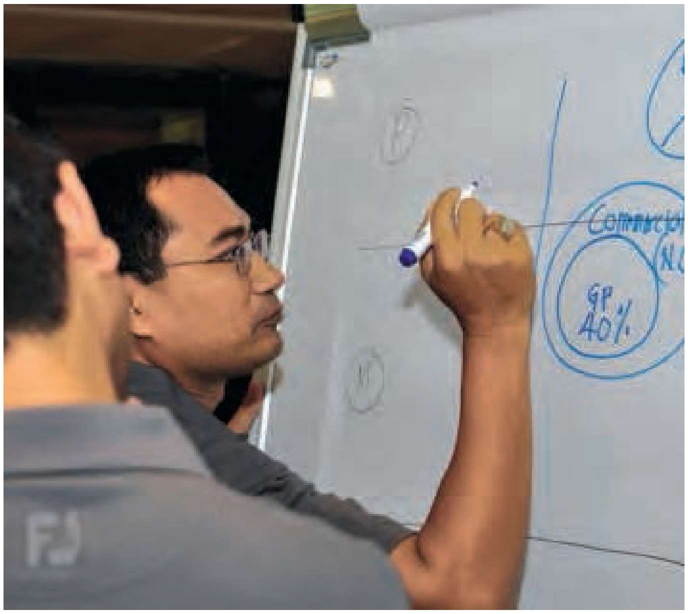
As part of our efforts to attract high-calibre recruits, we continue to undertake job competency profiling for key positions right from the recruitment and selection stage onwards. In 2012, we implemented a strategic competencies assessment and profiling initiatives at the Executive levels. The strategic talent benchmarking exercise provided us insights into the potential, job suitability and capability of our Executive-level employees and the levels above them.

We continue to implement development plans to nurture high-potential individuals by providing technical and soft skills training to bridge any competency gaps. This will ensure we have a ready pool of talent to support our strategic plans in all the business segments we operate in.

NARROWING THE EMPLOYEE SKILLS GAP

As part of the Human Resources ("HR") Strategy to strengthen employees' skills and expertise and narrow the skills gap, we continue to implement training and development activities based on an analysis of training needs and employee competencies assessments.

In 2012, the Group allocated approximately RM4.31 million for employee training and development activities to drive continuous learning and enhance employees' skills and expertise. Of this amount, RM1.48 million was spent on technical training and RM1.96 million on soft skills and leadership training. Close to 80% or RM3.44 million of 2012's budget was invested in these areas. As at end December 2012, we recorded an average of six man-days training per employee, which was above the target of an average of five man-days per employee.



The majority of the training sessions involved in-house training at the operational level with a focus on health and safety measures, operational procedures as well as system and process training. We also undertook behavioural training with an emphasis on leadership, supervisory, communications and problem solving skills.

In addition, training in the following areas was rolled out and remains an on-going process:

- Facilities Engineering
- Air Conditioning
- Medical Gas
- Biomedical Equipment re-engineering
- Energy Management and Savings
- Electrical Compliance
- Project Management

In 2012, we continued to roll out a work-based learning programme, which involved our HR and technical personnel collaborating on competencies assessment and in-house training for our India operations. This collaboration will go a long way in ensuring the continuous transfer of technical skills and competencies development in India.

Following 2011's launch of an Internal Brand Awareness Training Programme to communicate the Group's Brand Personality to employees, we continue to implement brand value training throughout the organisation.

This awareness training sought to inculcate the culture of "2PCIT" – our core values and brand personality of being Professional, Passionate, Caring, Innovative and Trustworthy amongst all Faber's employees. To date, some 60% of our employees have been trained and exposed to the 2PCIT culture.

LIFE-LONG LEARNING AND SELF DEVELOPMENT

Leadership and talent development activities have long been a key component of Faber's life-long learning and self-development programmes. The UEM Learning Centre in particular has been instrumental in developing a ready pool of high calibre candidates to take on strategic positions within Faber. To date, more than 30 selected candidates have graduated under our four core main Leadership and Talent Development programmes, namely the Emerging Leadership Programme, Strathclyde MBA International Programme, Masters of Science in Business Leadership ("MBL") and Leadership Acceleration Programme ("LeAP").

Faber will continue to participate in the UEM Group's Continuing Education Programmes ("CEP") through the UEM Leadership Centre with selected local universities and will open up opportunities for high potential candidates to pursue the CEP.

SUCCESSION PLAN AND TALENT POOL FRAMEWORK

In line with our succession planning activities, we enhanced our Succession Plan and Talent Pool Framework so that it meets with the GLC Orange Book standards. The robust framework will ensure the constant development and effective monitoring of the Group's succession pipeline and talent pool. The exercise to enhance the framework involves two core areas i.e. pivotal and critical positions as well as the succession selection and assessment process. It also involves five phases as follows:

- Phase 1 : Identification of candidates
- Phase 2 : Job size and evaluation analysis
- Phase 3 : Assessment (360 Degree and Profiling)
- Phase 4 : Build candidates profile and input database
- Phase 5 : Determine candidates readiness level and individual development plan

Strengthening The Value Of Our Human Capital

As at end December 2012, we had completed the first four phases and are currently undertaking the final phase. The enhanced Succession Planning Framework will be linked to the Talent Pool Framework to ensure we have adequate talent and successor pool. To date, we have identified 25% of the potential core talent from the Executive and above levels and are finalising the individual development plan to improve our readiness levels and close potential talent gaps.

To promote and enhance Faber's reputation as an Employer of Choice, CHRAD has been participating in career market programmes and career fairs organised by institutions of higher learning and professional bodies such as UKM, UPM, UiTM, UM, ACCA, MIA, IEM and MIM. To attract new talent, the Group continues to leverage on such platforms as Job Street, *"Graduan"*, social media platforms such as Linked and Facebook, as well as numerous HR Professionals magazines.

FABER EMPLOYMENT VALUE PROPOSITION

CHRAD continues to spearhead the Faber Employment Value Proposition ("EVP") which aims to achieve a balance between what the employer and the employee can contribute to the organisation. The EVP also serves to attract and retain competent key talent, build a strong people brand and culture, as well as enhance Faber's job marketability to potential staff.

EMPLOYEE COMMUNICATIONS AND ENGAGEMENT

We continue to proactively identify and understand workforce needs and requirements with the aim of creating a harmonious workplace and better engaged employees. To this end, we are tapping the findings of our Employee Engagement Survey ("EES") to implement key initiatives to enhance internal communication and employee engagement. Our EVP action plans include the implementation of a Talent Management Framework to ensure that each employee has their specific career path and development plan charted out.

To date, several channels of communication are in place to enhance employee engagement efforts and foster a balanced work-life culture within Faber. These include:

- **The HR Help Desk (hrhelpdesk@fabergroup.com.my):** a dedicated channel for two-way communication between employer and employees;
- **Myportal:** an internal, online staff portal to facilitate communication amongst employees throughout Malaysia;
- **"Berita Faber":** an internal newsletter to highlight corporate events and staff activities;
- **E-buzz:** a monthly online updates on Quality, Safety, Health and the Environment;
- **Quarterly Employees' Briefing and Recognition Award ("ERA") sessions:** town hall briefing sessions by Top Management on Faber's quarterly financial performance and recognition of excellent staff performance;
- **Meet-the-staff Sessions:** face-to face dialogue sessions between the Managing Director and staff at various levels to share concerns, issues and recommendations.
- ***"Ada Cadangan"*:** an employee suggestion scheme that solicits suggestions and ideas on how best to improve the Group's operations, management and workplace activities;
- **Knowledge Management Sharing sessions:** business performances reviews and committee meetings for 5S, QSHE, IQA teams and focus group discussions;
- **Other communication channels:** electronic media including emails and smart phones; and
- **Recreational, social and sports activities for employees:** organised by the Committee for Recreational, Welfare and Sports ("CREWS").

MEETING OUR WORKPLACE OBLIGATIONS

In early 2012, the Ministry of Human Resource announced that the Government was exploring several initiatives that would affect the employees' market and labour legislation. In response to the Government's proposals, Faber carried out the following initiatives:

Minimum Wage

Faber implemented the minimum wage requirement in early 2012 based on the salary increment and adjustment budget approved by the Board in 2011 and 2012 respectively. As such, we have complied with the minimum wage requirement for employees under our payroll.

As for outsourced staff on the cleaning, housekeeping and laundry fronts, we have reviewed, approved and implemented the minimum wage in January 2013 when the minimum wage requirement became effective. We will be monitoring our vendors closely on this implementation.

Strengthening The Value Of Our Human Capital

Retirement Age

The Government also announced that the minimum retirement age of 60 years will be gazetted on 1 July 2013 and that all sectors are required to implement this by 2014. The implementation will be gradual depending on the sector and type of job.

For 2013, some 29 of Faber's employees will be retiring. Currently, we are also assessing the types of jobs that are suitable/unsuitable to be undertaken by a person until 60 years of age – specifically jobs that involve physical labour, require strength, are challenging and involve a heavy workload. Following the completion of the assessment, Faber plans to implement the new retirement age by 1 January 2014.

Woman in the Workforce

The Government is also advocating an increase in women's participation in the labour market depending on job and industry requirements. Among others, the Government has announced its intention to increase women's participation in decision-making roles relating to senior management and Board-level positions.

The framework on women's participation in the workforce will be released in early 2013. In principal, the Government is looking at a minimum of 30% participation by women in higher management positions. We are pleased to highlight that to date, Faber's workforce comprises approximately 35% women managers from Grade UE5 and above.

REFINED CODE OF CONDUCT AND WHISTLE BLOWER POLICY

During the year, CHRAD refined the Group's Code of Conduct and the Whistle Blower Policy. In enhancing communication and employees' awareness about the Group's policies and guidelines, we are ensuring that all employees understand their responsibility to uphold the highest standards of integrity when discharging their duties and undertaking dealings with stakeholders in the communities in which the Group operates. Both the Code of Conduct and Whistle Blower Policy are available on the corporate website for easy reference and to facilitate whistleblowing.

Sustaining Stakeholders' Value

The Managing Director together with the Senior Management team providing updates to the analysts and media.

PROACTIVE STAKEHOLDERS' ENGAGEMENT

Faber regards its stakeholders as its partners and has always endeavoured to promote open and transparent communication with them. Through proactive two-way communication and open, honest dialogue with our diverse stakeholders over different platforms, we are receiving constructive feedback and successfully responding to their needs. Moreover, we are gaining their trust, building goodwill and rapport as well as ensuring the smooth implementation of the Group's business objectives and our long-term growth.

EFFECTIVE PLATFORMS FOR OPEN COMMUNICATION

We continue to leverage on a variety of platforms to engage our audiences and strengthen our relationship with stakeholders. Our Annual General Meetings, Extraordinary General Meetings and briefing sessions on the Group's performances are effective platforms whereby open dialogue between Faber's senior management and stakeholders in particular our shareholders, the investment community, potential business partners and investors as well as the media, takes place. Other areas of stakeholder engagement see us participating in selected conventions and exhibitions which are strategically linked with the Group's businesses.

In 2012, we continued to hold one-on-one meetings and conference calls with analysts and fund managers on an ad-hoc basis upon request. We also organised site visits to provide corporate updates and awareness of the Group's core businesses in IFM and Property Development.

FAIR AND TIMELY DISSEMINATION OF INFORMATION

In disseminating information in a fair and timely manner we are guided by our Investor Relations Policy and Disclosure Policy. The dedicated Investor Relations section in the Group's corporate website (www.fabergroup.com.my) provides shareholders and members of the public ready access to a wealth of timely information on Faber's financial highlights, dividend payments history and almost real-time share prices, among other pertinent details.

We also update our website regularly with the many statutory announcements that we make to Bursa Malaysia Securities Berhad ("Bursa Securities"). These include announcement on the release of quarterly financial reports, corporate proposals, meetings, and all other announcements that are required pursuant to the Main Market Listing Requirements of Bursa Securities. We also disseminate financial and non-financial information relating to our operations in a timely and consistent manner through various mediums such as media releases.

DELIGHTING CUSTOMERS

Faber is committed to ensuring its customers' needs are met in an effective manner and our teams are constantly striving to improve service quality and delivery. Several measures continue to be implemented to ensure high levels of customer satisfaction.

Our measures to date include a 24-Hour Help Desk for Hospital Support Services that ensures the respective hospitals' work orders are carried out in an effective and timely manner and are followed up with a status report. Through its mobile unit, our IFM Non-Concession Division is delivering planned preventive maintenance as well as mechanical and engineering ("M&E") services to various sites in the Klang Valley. This mobile team of highly skilled technicians is ever ready to repair major M&E breakdowns and respond promptly to calls for both scheduled and unscheduled maintenance.

Within the Property Development Division, a dedicated Customer Service and Credit Control Department will respond to any enquiries or complaints by customers.

Sustaining Stakeholders' Value

We also continue to undertake regular Customer Satisfaction Surveys to monitor, track and improve our customer service levels. These surveys enable us to better align our operations with customers' ever-evolving service provision requirements amidst the highly competitive marketplace that both our IFM and Property Development Divisions are in.

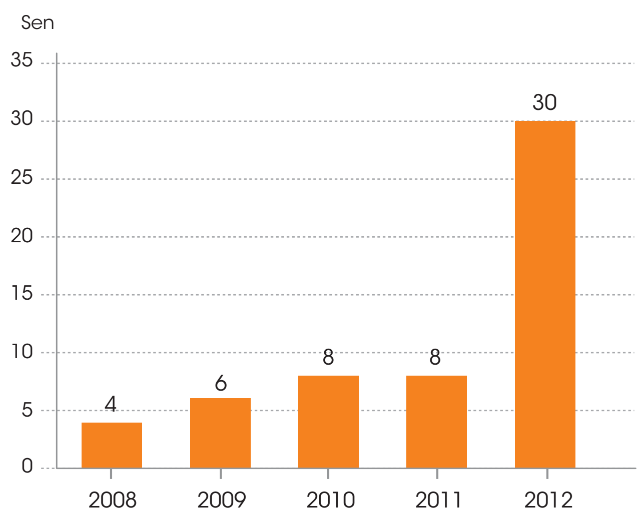
KEY CORPORATE EXERCISES IN 2012

During the year, we made payment for the full and final redemption of the cumulative outstanding balance of Redeemable Secured Loan Stocks amounting to RM78.36 million. This marks Faber's successful completion of its obligations under the Debt Restructuring Scheme undertaken in 2004.

Subsequently, Faber paid out a special interim dividend of 20.0 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each, amounting to RM54.5 million, on 20 December 2012. In addition, the Board is recommending payment of final dividend of 10.0 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each, amounting to RM27.2 million, subject to shareholders' approval at the forthcoming Annual General Meeting.

The Graph below shows the trend on dividend pay-out by Faber to its shareholders:

Gross Dividend per share



ALIGNING EMPLOYEES TO THE REVITALISED FABER BRAND

In 2012, we continued to roll out our Internal Brand Awareness training programme to communicate and inculcate our Brand Values of being Professional, Passionate, Caring, Innovative and Trustworthy amongst Faber's employees. A total of 991 employees from the Klang Valley, Perak, Kedah, Perlis, Penang, Sabah and Sarawak were trained in 18 brand training sessions. To date, 2,202 or close to 60% of our employees within Malaysia have attended the Brand Awareness training.

These brand-building initiatives are going a long way in helping employees align with and integrate the Faber Brand Values into their respective jobs. By bringing the diverse employees throughout our organisation together under a cohesive and focused identity, we are building a workforce that takes pride in what the Group stands for as well as building enduring, mutually beneficial relationships.

Stakeholder engagement activities will remain an integral part of Faber's operations going forward. Even as we recognise that diverse groups of stakeholders are interested in different aspects of our business, we remain committed to proactively engaging with each of these groups to strengthen ties with them as well as to ensure the Group's business objectives and long-term goals can be met.

The Questions and Answers session during Faber's 49th Annual General Meeting.

Our Focus On Quality

As we commit to delivering high-calibre services and products and inculcating a spirit of excellence in all that we do, we are guided by our Quality Policy "Committed to Excellence" and Quality Objectives "EXCEL". We are continuously building upon these guiding principles as we endeavour to deliver quality services and products in our Integrated Facilities Management and Property Development businesses.

OUR QUALITY POLICY

"Committed to Excellence"
"We are what we repeatedly do, excellence then is not an act but a habit"

OUR QUALITY OBJECTIVES

We passionately strive to:

E – **E**ffective Systems
X – E**x**cellent Practices
C – **C**ontinual Improvement & **Innovation**
E – **E**thics, Integrity, **Trustworthy** & **Professional**ism in our conduct
L – **L**earning & **Caring** Culture

As we pursue quality and excellence in all that we do, we continue to implement relevant management systems, undertake benchmarking, adopt best practices and international guidelines, as well as make continual improvements to product, services and processes by carefully considering input from our customers, employees and suppliers.

OUR INTEGRATED MANAGEMENT SYSTEMS

All companies within the Faber Group have attained ISO 9001:2008 certification for their respective Quality Management System ("QMS"). The QMS encompasses our organisational structure as well as the responsibilities, authorities, processes, procedures and resources needed to produce goods and services to clients and customers. It serves as an organisational system which provides quality assurance, while optimising the processes involved in delivering the services and products that lead to customer satisfaction.

Over the years, the QMS has contributed to prudent cost management as well as improved efficiency through continual improvement and benchmarking.

For improved efficiency, a Safety and Health Management System ("SHMS") and Environmental Management System ("EMS") have been integrated into each QMS. This integration serves to provide a more efficient and holistic approach to the management of operations as well as the delivery of services and products.

The SHMS is focused on reducing risks associated with safety and health and on improving the safety and health aspects of the workplace. It encompasses the organisational structure, responsibilities, authorities, processes, procedures and resources needed to protect the safety, health and welfare of people engaged in work or employment and others who might be affected by the workplace environment. It aims to foster a safe and healthy working culture as well as improve the work environment which supports safety and health at work.

The EMS aims to strengthen the Group's environmental ethics; enhance our ability to monitor and track the impact of our operations on the environment; as well as improve our environmental performance. It covers our organisational structure, responsibilities, authorities, processes, procedures and the resources needed to manage the environmental aspects of our activities, products and services in a logical and coordinated manner. Today, the EMS is enabling our organisation to identify and prioritise the environmental aspects of our operations and establish appropriate actions to minimise the impact to the environment.

Our Focus On Quality

Faber recorded another feather to its cap when the Department of Standards Malaysia ("DSM") granted Healthtronics Calibration Laboratory ("HCL") of Healthtronics (M) Sdn Bhd, a subsidiary of Faber Medi-Serve Sdn Bhd, with MS ISO/IEC 17025 accreditation on 27 June 2012 under *Skim Akreditasi Makmal Malaysia* (SAMM No. 559). This certification attests HCL's competency to perform the specific calibration scopes of electrical, temperature and pressure under the SAMM system. HCL is the first accredited laboratory amongst organisations which provide Biomedical Engineering Maintenance Services to the healthcare sector in Malaysia.

To date the Group's companies have attained the following management system certifications:

COMPANY	CERTIFICATION
Faber Group Berhad ("FGB")	ISO 9001:2008 (Quality Management System)
	ISO 14001:2004 (Environmental Management System)
	OHSAS 18001:2007 (Occupational Safety & Health Management System)
Faber Medi-Serve Sdn Bhd ("FMS")	ISO 9001:2008 (Quality Management System)
	ISO 13485:2003 (Quality Management System for Medical Devices)
	ISO 14001:2004 (Environmental Management System)
	OHSAS 18001:2007 (Occupational Safety & Health Management System)
	MS 1722:2005 (Occupational Safety & Health Management System)
Faber Facilities Sdn Bhd ("FFSB")	ISO 9001:2008 (Quality Management System)
	OHSAS 18001:2007 (Occupational Safety & Health Management System)
	ISO 14001:2004 (Environmental Management System)
Faber Union Sdn Bhd	ISO 9001:2008 (Quality Management System)
Fresh Linen (Sarawak) Sdn Bhd	ISO 9001:2008 (Quality Management System)
Healthtronics (M) Sdn Bhd ("HMSB")	ISO 9001:2008 (Quality Management System)
	ISO 14001:2004 (Environmental Management System)
	OHSAS 18001:2007 (Occupational Safety & Health Management System)
	ISO 13485:2003 (Quality Management System for Medical Devices)
	MS 1722:2005 (Occupational Safety & Health Management System)
	ISO/IEC 17025:2005 (Technical Competency for Calibration and Operation of Laboratories)
Faber Sindoori Management Services Private Limited ("Faber Sindoori")	ISO 9001:2008 (Quality Management System)
	OHSAS 18001:2007 (Occupational Safety & Health Management System)
	ISO/IEC 17025:2005 (Technical Competency for Testing, Calibration and Operation of Laboratories)

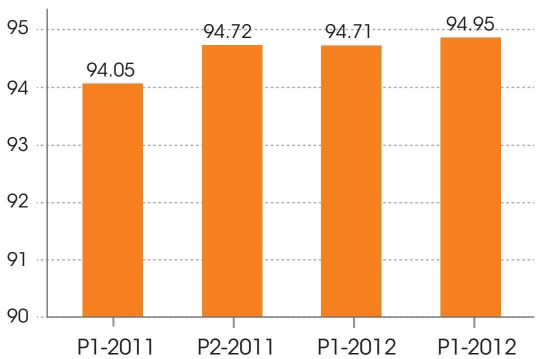
These achievements underscore Faber's commitment to meeting client requirements as well as the respective safety, health, environmental and regulatory requirements by upholding consistent standards of service delivery, sound safety practices and good environmental preservation practices throughout our business activities. The benefits of these certifications are especially crucial in a competitive marketplace where clients expect more than just the pricing factor for their outsourcing needs.

INTEGRATED FACILITIES MANAGEMENT – SERVICE PERFORMANCE

Our Integrated Facilities Management ("IFM") Division continues implementing Quality Assurance Programme ("QAP") as part of its Quality Management System to ensure its services meet clients' expectations. The QAP is a systematic approach that involves analysing and identifying problems and root causes in order to find a solution. It is enabling the IFM Division to monitor performance levels against the set standards, address any shortcomings in the most effective manner, and make continuous improvement to its performance levels.

The service performance of our IFM Concession Business is assessed by clients every six months. As per the following chart, the IFM Division has been achieving a consistently high overall service performance rating.

Performance Assessment Rating



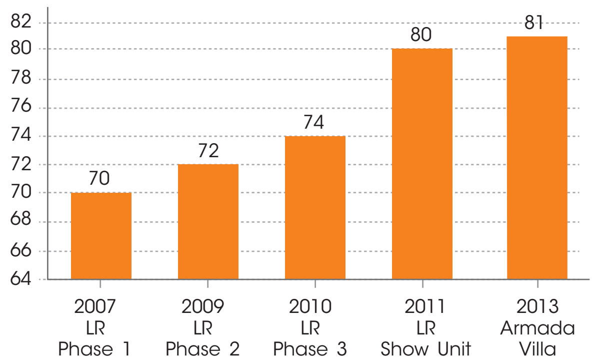
PROPERTY DEVELOPMENT – PRODUCT QUALITY

Our Property Development Division under Faber Development Holdings Sdn Bhd ("FDH") has gained a reputation for delivering quality products that are known for their innovative concepts, aesthetic designs and quality finishing. In ensuring the delivery of quality products to discerning customers on a consistent basis, FDH continues to practice the Quality Assessment System In Construction ("QLASSIC") standard established by the Construction Industry Development Board ("CIDB") which evaluates the quality of building workmanship delivered by contractors.

The QLASSIC score issued by CIDB assessors is used as one of the assessment criteria in the contractor performance evaluation system. Contractors with experience and knowledge of QLASSIC standards are given a higher rating in FDH's contractor selection system. FDH also conducts site visit to assess the quality of work delivered by the short-listed contractors. FDH's technical personnel are well versed in QLASSIC standard requirements and assessment through trainings by the CIDB. These trainings have equipped them with the required monitoring skills as per CIDB's QLASSIC standard.

Today, the QLASSIC quality assessment system which is deeply entrenched within FDH's quality agenda continues to prove its effectiveness. The Laman Rimbunan development project in Kepong has reaped the benefits of using the QLASSIC standard and it continues to record an improvement in its QLASSIC score.

QLASSIC Rating for Laman Rimbunan ("LR") and Armada Villa



The latest QLASSIC assessment by CIDB Assessors on 29-31 January 2013 for the Armada Villa project recorded an impressive score of 81%, against the average score of 65.74 for the stratified housing projects category (Source: http://qlassic.cidb.gov.my). Another FDH project, Areca Residence at Laman Rimbunan Kepong has undergone QLASSIC assessment in mid-March 2013 and we are awaiting the results.

Our Focus On Quality

BEST PRACTICES AND INTERNATIONAL GUIDELINES

As we pursue our quality agenda, we continue to adopt best practices and international guidelines throughout our operations. By benchmarking our operations against that of leading players or selected processes in our respective business segments, we are proactively raising the quality standards of our products and services.

BEST PRACTICES/GUIDELINES	SERVICES
British Institute of Cleaning Service ("BICS")	Cleansing Services
AS/NZS 4146:2000	Linen and Laundry Services
Emergency Care Research Institute ("ECRI")	Biomedical Engineering Maintenance Services
International Electrotechnical Commission ("IEC")	Biomedical Engineering Maintenance Services
American Society for Hospital Engineering ("ASHE")	Facilities Engineering Maintenance Services
American Society of Heating, Refrigerating and Air-Conditioning Engineers ("ASHRAE")	Facilities Engineering Maintenance Services
UK Health Technical Memorandum ("UKHTM")	Facilities Engineering Maintenance Services
Institute of Healthcare Engineering and Estate Management ("IHEEM")	• Biomedical Engineering Maintenance Services • Facilities Engineering Maintenance Services
World Health Organisation ("WHO")	Clinical Waste Management Services
European Union Emission Standards	Clinical Waste Incineration
Quality Assessment System in Construction ("QLASSIC") – Construction Industry Development Board ("CIDB")	Property Development

Faber continues to instill the importance of innovation among its employees. A three-day Faber Innovation Catalyst Camp 2012 ("FICC") was jointly organised with the Multimedia Development Corporation ("MDec") and Alpha Catalyst Consulting Sdn Bhd from 29 February until 1 March 2012 with a follow-up session on 28 March 2012. The FICC aimed to identify and evaluate innovative solutions for implementation in Faber. The three-day camp saw participants engaging in innovation discussions encouraging business growth, the improvement of processes and advancement of technology towards achieving business sustainability.


Participants of FICC presenting their innovative ideas.

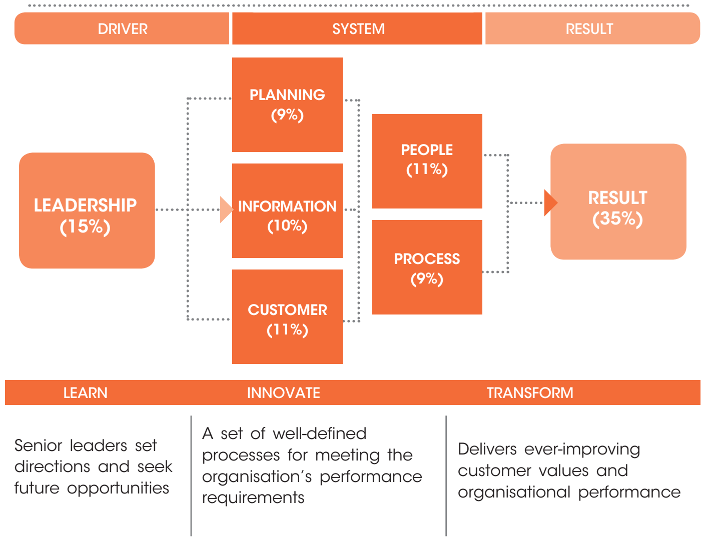

A group photograph of the organisers and participants of the FICC.

OUR COMMITMENT TO BUSINESS EXCELLENCE

In our quest to be an excellent organisation, we continue to use the Malaysia Productivity Corporation's ("MPC") Business Excellence Framework ("BEF") which provides a holistic framework to strengthen our capacity and capability to manage our businesses.

The BEF is based on universally accepted management practices standards that are found in the US Malcolm Baldrige National Quality Award, the European Quality Award, the Australian Business Excellence Award, the Singapore Quality Award and the Japan Quality Award, among others. Its comprehensive management practices cover seven elements of business management:

- Leadership (senior leadership, governance and societal responsibilities);
- Planning (strategy development and strategy deployment);
- Management of information and knowledge;
- Customer management (voice of customer, customer engagement and customer satisfaction);
- People management (HR planning, employee involvement, education, training and development, employee well-being and morale, benefits and appraisal system);
- Process management (work processes, process management, improvement and innovation, supplier and partnering processes); and
- Results (financial and market, customer, people, processes).



BUSINESS EXCELLENCE FRAMEWORK

Over the course of 2012, Faber's senior management and key personnel received training on the BEF to cultivate the good practice of reviewing existing practices and benchmarking Faber against the world's best. BEF initiatives continue to be rolled out in other areas. Where necessary, processes and procedures throughout Faber are revised or revamped to align with best practices and a company's business requirements. A team of MPC-trained Faber Internal BE Assessors conduct regular assessments that help Faber's management identify and prioritise improvement opportunities and establish actions to achieve a world class performance. To date, the BE Assessment Score has been adopted as one of the Group's Corporate KPIs.

Our Focus On Quality

On 24 October 2012, Faber was awarded the "Certificate of Excellence" at the Industry Excellence Awards 2011 organised by the Ministry of International Trade and Industry Malaysia ("MITI"). The award from MITI is in recognition of Faber's commitment to organisational excellence and the delivery of quality products and services. Over 200 companies participated in the award.

BENEFITTING FROM OUR EMPLOYEES' PARTICIPATION

Our employees continue to make significant contributions to the Group's performance particularly in the area of quality product and service delivery. Through an Employees Suggestion Scheme better known as *"Ada Cadangan"*, Faber is leveraging on employee ideas and suggestions to enhance the work environment, promote efficiency and ensure employees wellbeing. More importantly, these ideas are enabling us to improve business and service performance as well as strengthen work processes and procedures. Employees whose ideas are accepted by the managements are rewarded and this helps inculcate more creative thinking and innovation among the Group's employees.

From 2009 to 2012, a total of 2,119 ideas were received, out of which 160 ideas were accepted by the management. Approximately 86% of the suggestions accepted by the management in 2012 have been implemented.

As part of our efforts to instil a continual improvement culture across the Group, we continue to implement the Faber Improvement Programme ("FIP"). The FIP is helping nurture creativity, innovation and systematic problem solving that is in turn reducing operational costs, increasing revenues and enhancing customer satisfaction through improved productivity and the quality of Faber's services and products.

In order to ensure Faber holds the gain from the above programmes, successful projects or initiatives are documented as knowledge products and shared with relevant personnel from other companies or sites within Faber to facilitate replication or further improvement. Other knowledge products include standard operating procedures and its supporting documents, computerised system, lessons learned, training materials, case study and benchmarking report. For next several years, Faber is intensifying its knowledge management practices to better achieve its corporate objectives and drive long-term business sustainability.

CONTINUOUS LEARNING AND EXPOSURE

Faber continues to provide learning and exposure to its employees to broaden their knowledge and experience. Selected employees are given the opportunity to participate in regional, national and international convention, competitions or benchmarking site visit.

A team of 5S Coordinators visited the Malaysian Royal Navy's *KD Mahawangsa* on 9 May 2012 to benchmark best practices of 5S implementation. This exercise covered important aspect of 5S such as promotion, training and awareness, implementation, document control management, assessment and benefits through small Kaizen initiatives. The team learned how to apply 5S to reduce search time, cycle time, operations costs, health and safety hazards as well as improve workplace conditions.

Faber was selected by Malaysia Productivity Corporation ("MPC") to participate in the National Quality Environment Competition, held in conjunction with the International Convention on Quality Control Circles 2012, at the Kuala Lumpur Convention Centre from 15-17 October 2012. In this inaugural participation, Faber's presentation on its 5S practices and other improvement initiatives earned them a trophy in the silver category.

Faber's participants at the International Convention on Quality Control Circles 2012.

Going forward, Faber will work to build upon the many initiatives to date as well as explore new avenues as we endeavour to deliver quality services and products in our IFM and Property Development businesses.

Our Commitment To Responsible Safety, Health And Environmental Practices

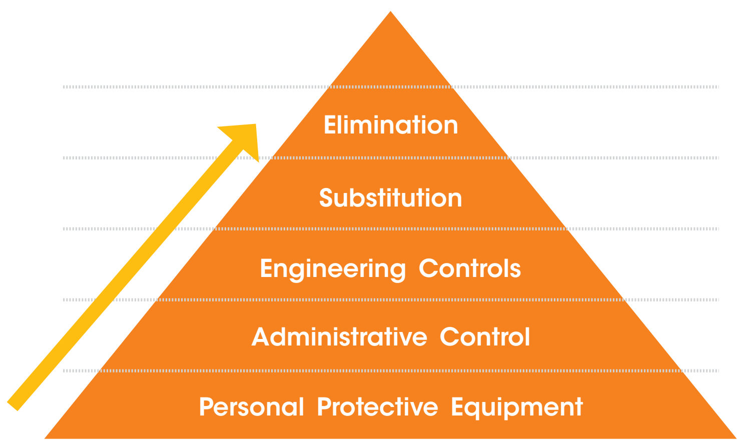
As a responsible corporate citizen, Faber is serious about ensuring its core Integrated Facilities Management ("IFM") and Property Development businesses operate in a safe and sustainable manner. As such, we are dedicated to implementing responsible Safety, Health and Environmental ("SHE") practices throughout our operations.

DEDICATED TO KEEPING OUR WORKFORCE SAFE AND HEALTHY

We continue to improve our safety and health performance to safeguard our employees, contractors, customers and the communities we operate in. On the IFM front, the major incineration and laundry plants under Faber Medi-Serve Sdn Bhd have all implemented the Occupational Safety & Health Management System ("SHMS") and Environmental Management System ("EMS"). Certified to the OHSAS 18001 and ISO 14001 standards, the SHMS and EMS have certainly helped Faber to reduce safety and health risks as well as mitigate the impact of our operations on the environment.

We are currently working towards ensuring the SHMS and EMS at the new Bukit Beruntung Laundry Plant are certified in accordance with these two international standards.

Fundamental to the SHMS is the Hazard Identification, Risk Assessment and Developing Control ("HIRADC") process. Implemented throughout our operations, the HIRADC is ensuring that safety and health hazards are identified, that safety and health risks are assessed, and that the appropriate control mechanisms are developed to minimise or eliminate these risks. Our objective is to minimise these risks to the lowest reasonably practicable level as per the order below:



Our Commitment To Responsible Safety, Health And Environmental Practices

In order to reduce the safety and health risks and minimise the impact of our business activities on the environment, various controls continue to be identified and implemented. These may include, among others, engineering controls; sourcing activities for alternative materials and equipment; safe work procedures; training and awareness programmes; emergency preparedness and response activities; the management of contractors; incident reporting and investigation; an immunisation programme; as well as a wellness programme.

We also undertake regular reporting, monitoring and review of SHMS and EMS performance, to evaluate the effectiveness of the management systems. Management also consults the workforce and relevant parties to get their views on safety, health and environmental matters so that the appropriate actions can be carried out.

ROLLING OUT EFFECTIVE SAFETY AND HEALTH PROGRAMMES

The Group's safety and health programmes include workplace inspections, audits, the review of management systems and processes, training, talks and awareness campaigns. As a caring employer, Faber conducts regular workplace inspections to identify safety and health hazards and opportunities for improvement in our SHE and 5S practices. Corrective actions or control mechanisms are developed to minimise or eliminate risks at our workplace. These programmes also guide Faber employees in their bid to create a more conducive and safe workplace environment.

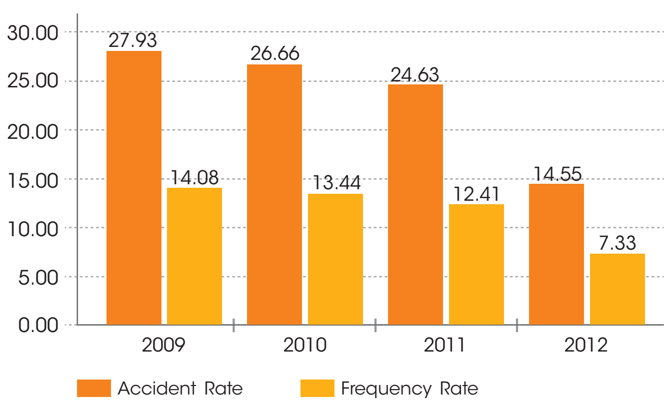
In 2012, we continued to roll out a series of training programmes and talks to promote awareness and a deeper understanding of safety and health issues amongst our workforce.

No.	Safety And Health Training and Talks Conducted In 2012
1	Certificate Programme for Safety and Health Officer
2	Ergonomics
3	HIRADC
4	MS 1722:2011 Management System Requirements
5	Safety, Health and Environmental Awareness
6	Awareness on Strokes
7	Fire Drill and Building Evacuation
8	Personal Protective Equipment
9	Permit to Work
10	Working at Height
11	Fire Prevention
12	First Aid and CPR
13	Safety and Health Committee
14	Train the Trainer Programme

This increase in awareness and knowledge had a positive effect on reducing the number of accidents as per the following chart on the Group's safety and health performance.

GROUP SAFETY AND HEALTH PERFORMANCE

	2009	2010	2011	2012
Accident Rate	27.93	26.66	24.63	14.55
Frequency Rate	14.08	13.44	12.41	7.33




Fire drills at Sungai Siput and Changkat Melintang Hospitals.


Demonstration on how to use a fire extinguisher during one of the fire drills.

Both the Accident Rate for every 1,000 employees and Frequency Rate for every 1 million hours of work exposure have shown improvements over the last four years. However, the Severity Rate is a cause for concern as Faber recorded 90 lost days due to occupational accidents for every 1 million hours of work exposure in 2012, an increase of 12 days in comparison to the previous year. We are intensifying our efforts to reduce the accident severity rate to bring this down to a more acceptable level.

As part of our continuous efforts to ensure the safety of our clients and employees in the buildings, we manage and conduct annual fire safety orientation exercises. These exercises which are held in collaboration with our clients, includes fire prevention briefings by the Fire Department or BOMBA, demonstrations on how to use fire extinguishers, as well as building evacuation and fire drills.

MITIGATING OUR OPERATIONAL IMPACT ON THE ENVIRONMENT

We are committed to minimising the environmental impact of our operations and to ensuring the long-term sustainability of our businesses and the environment in which we operate. At the same time, we are focused on conserving the natural resources on which our operations depend. The implementation of an Environmental Management System ("EMS") has helped to enhance our awareness on optimising the use of all available resources.

Via the EMS, all environmental aspects of our business activities are identified and assessed, while the impact of our business on the environment is controlled or minimised, if not eliminated, to ensure our activities and processes do not have adverse impact. We continue to implement environmental programmes and initiatives which include training and awareness programmes, 3R (Reduce, Reuse, Recycle) programmes, energy saving programmes, environmental management system auditing, campaigns and promotions.

We also continue to leverage on green technology in our IFM services operations to help our clients protect and preserve the environment. With the increased awareness of Green Building Standards and rating systems, our IFM Division is making good inroads in this portfolio. New measures have been taken to strengthen our Green Building Consultancy services by incorporating a US Green Building System certification i.e. Leadership in Energy and Environmental Design ("LEED") component, and an Energy Manager element. The year 2012 saw Faber providing Green Building Index Facilitator and Commissioning Specialist Services for Puteri Harbour and several building owners including Tune Hotel, TTDI KL Metropolis Sdn Bhd, SME Technopreneur Centre and My Telehous Data Centre. Other notable projects included a project for Tune Hotel which enlisted our assistance to provide Green Building Consultancy services to its hotels in KLIA2 and Jalan Putra, as well as one for Perodua Manufacturing Sdn Bhd which appointed us as its Energy Manager for its manufacturing plant in Rawang.

Our Commitment To Responsible Safety, Health And Environmental Practices

A manager from the National Institute of Safety & Health (NIOSH) conducting a talk on Ergonomics for Faber employees.

Faber organises a free annual health screening for its employees.

MANAGING OUR RESOURCES EFFECTIVELY

In 2012, we continued to undertake various activities to conserve our resources and mitigate the effect of our plants' operations on the environment.

In terms of water consumption, the bulk of the Group's water usage is attributable to our laundry plants which draw water from treated-water suppliers. To conserve water, we recycle the water from the final rinse process at our Kuala Ketil Laundry Plant in Kedah and Bukit Beruntung Laundry Plant in Selangor and recycled this for the first washing of soiled linen at these plants. In accordance with Department of Environment ("DoE") guidelines, we have incorporated water treatment plants within our laundry plants to mitigate the risk of environmental pollution. An authorised third party conducts weekly and monthly tests to ensure that the quality of all discharged water is within the permissible limits.

The Group also carries out clinical waste management activities that apply the "cradle to grave" concept. Clinical waste is collected from their points of generation at healthcare facilities, stored in refrigerated containers, and transported via dedicated licensed vehicles to Faber's 14 incineration plants. All our incineration plants are in full compliance with stringent DoE guidelines and emissions standards.

Our Kamunting Incineration Plant ("KIP") in Perak is equipped with Air Pollution Control Equipment ("ACPE") in compliance with European Union Emission Standards. To monitor air emissions level, we have also installed the Continuous Emission Monitoring System ("CEMS") at the KIP, which gathers emissions data every minute and transmits the average reading every 30 minutes directly to the DoE via an electronic link. On top of this continuous monitoring, Faber has also appointed an independent third party to conduct air emission tests to ensure the quality of our air emissions is within the permissible limits of the Environmental Quality Act (EQA) 1974.

The incineration process also generates fly ash and bottom ash which are categorised as schedule wastes. The ashes are sent to a licensed service provider for further treatment to mitigate any instance of environmental pollution.

Under the Malaysian Government's Economic Transformation Programme, Faber has been spearheading the Energy Performance Management System ("EPMS") for Government entities. To date, the pilot project to conduct energy audits at five selected Government buildings has been completed and we are finalising the implementation mechanism. Due to growing awareness of EMPS, the Group has been appointed to carry out similar audits for several other commercial buildings to help building owners manage their energy efficiently as well as reduce their carbon emissions.

We continue to explore ways and means to apply renewable energy within our service operations. Since 2008, the KIP has been using clinical waste as a form of renewal energy by converting heat from the incineration process into steam for use at the adjacent laundry plant. To reduce reliance on natural resource-based fuel, the laundry plants at Kamunting and Kuala Ketil have switched from liquefied petroleum gas to natural gas as their fuel source. Meanwhile, the plants at Sejingkat in Sarawak and Kota Kinabalu in Sabah use woodchips (that are recycled from waste generated from the timber processing industry) as biomass fuel for their boilers.

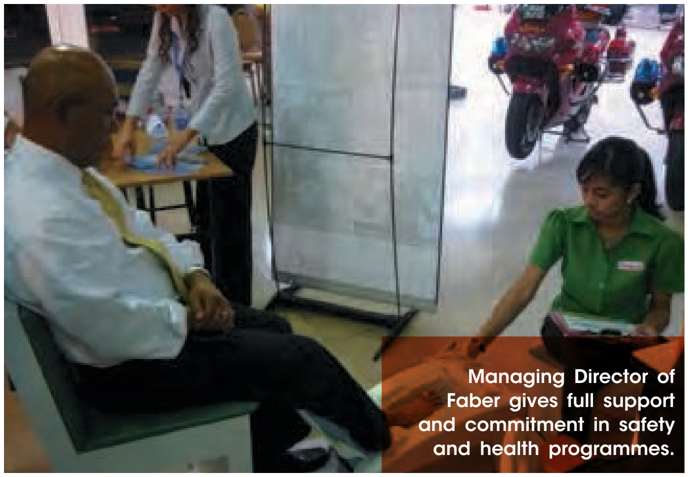
The Group continues to undertake a host of other energy conservation efforts include replacing fluorescent tubes with energy savings bulbs and installing sensors at escalators which are then activated on demand.

FABER'S OTHER GREEN INITIATIVES

We continue to promote several 3R initiatives to manage our waste and inculcate a greater environmental awareness among our employees and clients. These programmes include recycling paper at our offices and operations and encouraging employees to distribute information via electronic means instead of paper documents.

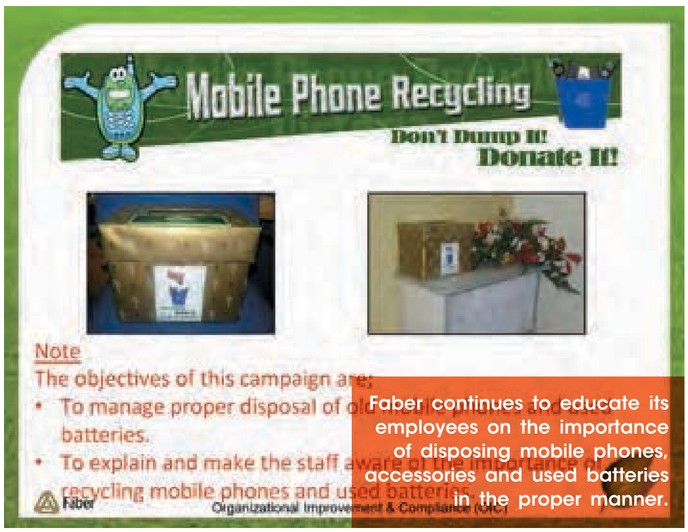
Our employees continue to support our campaign to recycle mobile phones, accessories and used batteries; recycle other usable items for charity sales; as well as our "no polystyrenes" initiative. Active employee participation in the Energy Saving Campaign at Faber's Head Office saw a 17% reduction in the total annual electricity consumption from 536,700 kWh (revised figure after TNB bill adjustment) in 2011 to 445,862 kWh in 2012, exceeding our initial target of 5%.

To strengthen Faber's stance as a responsible corporate citizen, the Group will continue to embed responsible SHE practices throughout the length and breadth of our operations.



Managing Director of Faber gives full support and commitment in safety and health programmes.

Faber employees donating items for charity sales, the proceeds of which go to the needy.



Faber continues to educate its employees on the importance of disposing mobile phones, accessories and used batteries in the proper manner.

Caring For Our Community

At Faber, we are committed to balance our economic achievements with responsible corporate practices that impact positively on the communities in which we operate. Over the years, we have acknowledged the increasing importance of Corporate Responsibility ("CR") and Sustainability in our operations and are continuously taking proactive steps to enhance our CR framework. Our efforts to produce our Sustainability Report 2011 based on the Global Reporting Initiative's G3.1 Guidelines is one such step to strengthen our commitment to our stakeholders and the environment.

In our journey towards sustainability, 2012 saw us developing and formalising our Sustainability Policy by incorporating a focus on the Economic, Social and Environmental key sustainability areas. Going forward, we have set our sights on being a responsible corporate citizen in the Social area for a start. We will aim to foster the development of a progressive society by undertaking social initiatives in the Education and Human Capital Development segments. These will form the basis of our flagship CR programme. We will manage the social impact of our CR activities at all stages to provide as great and positive a contribution as possible.

Via our flagship CR programme, we will maintain a primary focus on ensuring continuity in the development of skills and knowledge in Education and Human Capital Development. We will also continue to contribute to communities and to society by proactively supporting a range of philanthropic programmes. Even as our CR programmes become firmly entrenched as an extension of our corporate culture, we will continue to undertake initiatives that underscore Faber's role as a caring and responsible corporate citizen that is truly committed to nation building and the development of a progressive yet compassionate society.

CHAMPIONING EDUCATION THROUGH WORK-BASED LEARNING ("WBL")

Our on-going collaboration with the Ministry of Higher Education ("MoHE") since 2007, aims to facilitate the transfer of our knowledge, expertise and experience in the Integrated Facilities Management ("IFM") sector, especially in Facilities Engineering Maintenance Services ("FEMS") and Biomedical Engineering Maintenance Services ("BEMS").

The WBL is a form of training that blends classroom instruction with structured real-life work experience to give students a competitive edge in today's workplace. Through this collaboration, Faber and MoHE jointly developed the curriculum for a one-year WBL for the Diploma in Facilities Management and Maintenance ("DFMM") with Community College Hulu Langat ("CCHL") in October 2007.

Following our successful collaboration with CCHL, Faber was invited to jointly develop another curriculum for a similar WBL programme with Politeknik Sultan Salahuddin Abdul Aziz Shah ("PSA"), Shah Alam, Selangor. Our collaboration with PSA resulted in the development of the Advanced Diploma in Electronics Engineering (Medical) in November 2008 and Advanced Diploma in Facility Management ("AFM") in 2010 through a Memorandum of Collaboration with MoHE that affirmed the Group's commitment towards continuing the aforementioned WBL programmes between Faber and PSA.

ADVANCED DIPLOMA IN FACILITY MANAGEMENT ("AFM")

In 2010, the DFMM programme previously undertaken by the MoHE's Community College Education Division was transferred to the MoHE's Polytechnics Education Department. Today, the PSA has been tasked with coordinating the DFMM programme, which now incorporates a refined syllabus and has been upgraded to an Advanced Diploma in Facility Management ("ADFM") that has raised the programme's standards and aligned it with new developments in Facility Management.

To ensure the smooth implementation of the ADFM programme, selected Faber mentors have successfully undergone the Malaysian Qualification Agency ("MQA") Curriculum and Pedagogy training at PSA.

The first ADFM intake comprising nine students are currently undergoing a one-year practical WBL attachment at two hospitals in Penang and Ipoh managed by Faber Medi-Serve Sdn Bhd ("FMS"). This initiative which began on 9 July 2012, will see the first batch of ADFM students completing their WBL attachment in June 2013.

In January 2013, the second intake comprising 25 students began their WBL attachments at two hospitals in Penang and Perak and will complete the WBL in December 2013.

ADVANCED DIPLOMA IN ELECTRONICS ENGINEERING (MEDICAL)

In November 2008, Faber and the MoHE via PSA, developed Malaysia's first Advanced Diploma in Electronics Engineering (Medical) with a focus on BEMS. Through this collaboration, Faber aims to share its expertise in developing a workforce with specialised skills to meet the increasing demand and expectations of the IFM healthcare sector in BEMS. This programme includes a one-year WBL attachment based on a structured curriculum with strict adherence to the MQA requirements comprising both academic and on-the-job training.

In December 2012, 12 PSA students who commenced their WBL in January 2012 had successfully graduated after completing their WBL attachments at Faber's FMS offices in Perlis, Penang, Perak, Sabah and Sarawak. Another 21 students attached to eight hospitals in Perlis, Penang, Kedah, Perak and Kuching had graduated on 14 January 2013.

Faber's initiatives in the WBL programmes underscore our commitment to producing well-prepared, industry-relevant graduates. At the PSA's 14th Graduation Convocation in May 2012, Faber was invited to present certificates to graduates in recognition of the Group's commitment to the WBL collaboration.

IN SUPPORT OF UEM GROUP'S ENGLISH LITERACY PROGRAMME ("UELP")

As a member of the UEM Group, Faber also participates in UEM Group's centralised initiative with the PINTAR Foundation who has been appointed as the organiser and coordinator of the UEM Group's English Literacy Programme ("UELP").

The UELP aims to strengthen English teaching and learning through capacity building using a variety of methods including quality delivery structures, supportive intervention, student activities and community involvement to help enhance and develop students' reading, writing, understanding and speaking skills in English.

Through the PINTAR Foundation, the British Council has been appointed as the Programme Partner for the design, execution and implementation of UELP. Fifty schools were selected to participate in a three-year programme that began in April 2012 and will commence until March 2015.

Faber will be adopting four rural primary schools in Perak and Kedah and will be supporting them through organising Learn English Family ("LEF") Workshops. The LEF Workshops aim to encourage parents to read with their children at the early stages of their education to develop good reading habits particularly in the English language.

Caring For Our Community

In December 2012, seven volunteers from Faber completed the special training conducted by the British Council during the LEF workshops. The actual workshops at the various schools are scheduled to take place over the course of 2013.

HELPING THOSE IN NEED THROUGH *"MISI AMAL BERSAMA FABER"*

"Misi Amal Bersama Faber" is a community outreach programme that leverages on fund raising, monetary assistance, the provision of food supplies and benefit-in-kind throughout the year to meet the needs of the underprivileged in the communities in which the Group operates.

Some of Faber's key community initiatives include the following:

8 January 2012
The Management and staff of Rimbunan Melati Sdn Bhd organised a *"gotong royong"* with the members of the Residents' Association in Laman Rimbunan Kepong, Kuala Lumpur. More than 100 residents participated in the *"gotong-royong"* event.

29 January 2012
Faber Sindoori Management Services Private Limited ("Faber Sindoori") distributed 181 units of school bags to orphans, underprivileged children and children with a single parent at the Government Children's Home in Tambaram, Sanatorium MRTS in India. Funds were collected from the management and staff of Faber Sindoori.

1 February 2012
Faber Sindoori's team provided free housekeeping services to various old age homes and orphanages. One of the homes was the Samarthanam Trust for the Disabled, a centre for the visually impaired, disabled and underprivileged in India.

10 March 2012
Faber Sindoori together with Lions Club and the Indian Red Cross organised a Blood Donation Campaign at Haz Terminal, Rajiv Gandhi International Airport in Hyderabad, India.

21 June 2012

Faber Sindoori provided free housekeeping services for Nakshatra, an inter-children's home talent carnival organised by Bhumi, a non-governmental organisation made up of youth volunteers in India. More than 2,000 children from various homes participated in the event.

27 July 2012

Faber Development Holdings Sdn Bhd ("FDH") sponsored 1,000 containers of *"bubur lambuk"* for distribution to the community in Kampung Datuk Keramat, Kuala Lumpur during the holy month of Ramadhan.

27 July 2012

The Faber Group of Companies organised its annual *"Majlis Tazkirah"* and *"Berbuka Puasa"* events where the Group's employees broke fast with the Tahfiz students at Masjid Al-Muhsinin, Taman Desa Kuala Lumpur. During the event, *"duit raya"* was also handed out to students from poor families.

7 August 2012

Faber Facilities Sdn Bhd ("FFSB") organised a *"Majlis Berbuka Puasa"* event with the orphans of Rumah Anak-Anak & Hidayah Al-Hijrah at Raydha Hijrah, Hulu Langat, Selangor. These are the surviving students from the previous Rumah Anak-anak Yatim & Hidayah Al-Taqwa, Hulu Langat that were affected by a landslide tragedy on 21 May 2011. Faber also made donations during their time of need then.

13 August 2012

Faber donated RM3,555.00 to representatives from the Rohingya Group from Myanmar, a collection from the Group's employees.

Caring For Our Community

14 August 2012
Faber donated RM10,000.00 as part of the funds to upgrade the surau of Maahad Tahfiz Quran At-Taufiqiyyah. The Tahfiz students were also given *"duit raya"* during the donation handover ceremony.

13-15 August 2012
During the holy month of Ramadhan, Faber organised *"Ramadhan Bersama Faber"* for the poor, underprivileged and orphans at three mosques in Perak. These include Masjid Air Terjun, Masjid Changkat Ibol and Surau Assamara in Taiping, Perak.

15 September 2012
FDH contributed donations in cash and in kind to the single mothers, elderly and physically disabled residents at the Persatuan Satu Penduduk Lorong-Lorong Kiri Datuk Keramat, Kuala Lumpur.

15 October 2012
The FMS team at the Queen Elizabeth Hospital in Sabah organised a blood donation drive whereby 63 successful donors contributed to the Blood Bank.

26 October 2012
The Faber Group of Companies made donations towards the *"Ibadah Korban"* held at Masjid Al-Muhsinin, Taman Desa, Kuala Lumpur while FDH contributed towards the *"Ibadah Korban"* at Masjid Keramat, Kuala Lumpur. FMS also made contributions to several communities in Kedah, Perak, Sabah and Sarawak.

Statement On Corporate Governance

Faber Group Berhad ("FGB" or "the Company") recognises the importance of corporate governance in contributing to the success of the Company's business and the Board of Directors ("Board") is unreservedly committed in applying the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and to make good corporate governance an integral part of its business dealings and culture towards enhancing long-term shareholder value.

The Board is pleased to set out below the formal report on compliance with the MCCG 2012 throughout the financial year ended 31 December 2012 for FGB and its subsidiaries ("FGB Group").

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board has the ultimate and overall responsibility for corporate governance, strategic direction, financial and organisational matters of FGB Group.

The Board has assumed the following duties and responsibilities which facilitate the discharge of the Board's fiduciary and leadership functions pursuant to the best practices as set out in the MCCG 2012:-

- Establishing, reviewing and adopting the strategic plan and direction for FGB Group;
- Overseeing the conduct of the business of FGB Group to evaluate whether the business is being properly managed;
- Identifying principal risks and ensure the implementation of appropriate internal control and systems as well as mitigation measures to manage the risks;
- Succession planning, including appointing, training, fixing the compensation of and ensuring all candidates appointed to senior management positions are of sufficient calibre;
- Overseeing the development and implementation of a shareholder communication policy and investor relations programme for FGB Group; and
- Reviewing the adequacy and the integrity of FGB Group's management information systems and internal controls systems.

The Board reviews and approves the annual corporate plan for FGB Group, which includes the overall corporate strategy, business development and marketing plan, human resources plan, information technology plan, security and control, financial plan, budget, regulatory plan, risk management plan, risk management strategy, internal controls and reporting systems (including their establishment and maintenance).

BOARD COMPOSITION AND BALANCE

The Board comprises of 10 members, of which 5 or more than one-third (1/3) are Independent Non-Executive Directors. FGB complies with the requirement of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") for Independent Non-Executive Directors to make up at least one-third (1/3) of the Board membership, as well as the requirement for a Director who is a member of the Malaysian Institute of Accountants to sit on the Audit Committee. The Board takes the initiatives to ensure that woman candidates are sought as part of the Board's recruitment exercise so as to ensure balanced gender and skills diversity.

The Board recognises that diversity is critical to a well functioning Board and an essential measure of good governance. The appointment of a new Board member will not be guided solely by gender but rather the skills-set, experience and knowledge of the candidate.

The Board is of the opinion that its current composition and size constitute an effective Board to FGB Group. Nevertheless, the Board will review its composition from time to time to ensure its continued effectiveness. Furthermore, the strong representation of high caliber Independent Non-Executive Directors provides the necessary balance. The role of the Independent Non-Executive Directors is important in ensuring that the strategies proposed by the Management are fully discussed and deliberated, and the interests of the shareholders, employees, customers, suppliers and other stakeholders are taken into consideration.

Statement On Corporate Governance

In line with the recommendation of MCCG 2012 for the tenure of an Independent Director to not exceed a cumulative term of nine (9) years, three (3) Independent Non-Executive Directors, namely, Datuk Zainal Abidin bin Alias, Datuk Mohamed Zain bin Mohamed Yusuf and Puasa bin Osman who have served on the Board for more than nine (9) years, had stepped down as Independent Non-Executive Directors prior to the forthcoming 50th Annual General Meeting ("AGM") of FGB. Another Independent Non-Executive Director, Oh Kim Sun, has expressed his intention not to seek for re-election at the forthcoming 50th AGM. The Board has taken the necessary steps to appoint new Independent Non-Executive Directors of FGB, namely, Datuk Ir. Abdullah Sani bin Abd Karim, Robert Tan Bun Poo and Dr. Saman @ Saimy bin Ismail.

The Board has also reviewed the criteria that Independent Directors should possess to qualify them to be classified/justified as Independent Directors beyond a tenure of nine (9) year, of which amongst the attributes/criteria are holistic and pro-active approach to analysis of business and projects; visionary, with strategic mindset and approach to business; strong display of attributes ala critical aptitude such as impartiality, objectivity and consideration of all stakeholders' interest; aptitude to empower the development of skills and knowledge amongst management and employees (mentoring); and ability to synergise divergent view.

The Board has maintained its mix of Directors from diverse professional backgrounds with a wide range of experience and expertise in finance and accounting, property, medicine, engineering and corporate management. This provides a collective range of skills, expertise and experience which is vital for the successful direction of FGB Group. A brief profile of each Director is presented on pages 40 to 49 of the Annual Report.

BOARD CHARTER

The Board Charter sets out the roles and responsibilities of the Board, as well as detailing the functions of the Board and the delegated authority to the Management. The Board Charter ensures that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect of, and on behalf of, the Company.

The Board reviews its charter at least every two (2) years to test its continued applicability to the Company's current situation. The Board Charter is available on FGB's corporate website at www.fabergroup.com.my.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND THE MANAGING DIRECTOR ("MD")

FGB aims to ensure a balance of power and authority between the Chairman and the MD with a clear division of responsibility between the running of the Board and FGB's business respectively. The positions of Chairman and the MD are separated and clearly defined.

The roles and responsibilities of the Chairman and the MD are clearly defined and reviewed if there are significant changes to FGB's strategy, operations, performance or management. Each has clear scope of duties and responsibilities that ensures a more equitable distribution of accountabilities. This distinction also reinforces the check and balance proposition.

The Chairman of the Board, who is an Independent Non-Executive Director, together with the other Board members, are responsible for setting the policy framework within which the Management is to work. His main responsibility is to lead and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He serves as the main liaison person between the Board and the Management. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management. He also chairs the meetings of the Board and the shareholders.

The MD is subject to the control of the Board. He is primarily responsible for overseeing the day-to-day management of the business in accordance to the objectives and strategies established by the Board. He is accountable for leading the Management team, implementing the policies/decisions approved by the Board, building a dynamic corporate culture with the requisite skills and competency and acting as the FGB Group's official spokesperson. He is also responsible for mapping the medium to longer term strategies including policies and decisions for the Board's deliberation and approval and making sure that they are carried through their desired outcomes and address any shortcomings identified. He carries the primary responsibility for ensuring management competency including effective succession planning to sustain continuity.

At the onset of each financial year, the Board considers and approves a set of Key Performance Indicators and expectations on the basis of the Balanced Scorecard for the MD, which is then cascaded down to Head of Companies and Senior Management of FGB. This serves as a yardstick against which his performance will be measured, evaluated and rewarded.

BOARD MEETINGS

To ensure effective management of the FGB Group, the Board normally meets quarterly to review financial, operational and business performances. Additional meetings are also convened on an ad-hoc basis with formal agenda for the Board to deliberate on urgent issues that require immediate decision-making. The agenda together with the relevant board papers for each Board meeting are forwarded to the Directors in advance of the Board meeting for their study and to evaluate the matters to be discussed.

The Board is satisfied that the Directors have devoted sufficient time to carry their roles and responsibilities as Directors of FGB and this is evidenced by their attendance at the Board meetings held throughout the financial year 2012.

A total of ten (10) Board meetings were held during the financial year ended 31 December 2012. The details of the Directors' attendance are as follows:-

Directors	Status of Directorship	No. of Meetings Attended
Dato' Ikmal Hijaz bin Hashim (Chairman)	Chairman/ Independent Non-Executive Director	10/10
Datuk Zainal Abidin bin Alias	Senior Independent Non-Executive Director	10/10
Datuk Mohamed Zain bin Mohamed Yusuf	Independent Non-Executive Director	10/10
Dato' Mohd Izzaddin bin Idris	Non-Independent Non-Executive Director	9/10
Oh Kim Sun	Independent Non-Executive Director	8/10
Elakumari a/p Kantilal	Non-Independent Non-Executive Director	7/10
Puasa bin Osman	Independent Non-Executive Director	10/10
Suhaimi bin Halim	Non-Independent Non-Executive Director	9/10
Annuar Marzuki bin Abdul Aziz (*Resigned on 10 August 2012)	Non-Independent Non-Executive Director	8/8*
Azmir Merican bin Azmi Merican (**Appointed on 4 December 2012)	Non-Independent Non-Executive Director	0/0**
Adnan bin Mohammad	Managing Director	9/10

Statement On Corporate Governance

ACCESS TO INFORMATION AND ADVICE

The Board has full and unrestricted access to all information pertaining to FGB Group's business and affairs to enable it to discharge its duties effectively. Further, the Board also expects timely information and advice to be furnished on all material information.

All Directors have direct access to the advice and services of the Company Secretary, whose terms of appointment permit her removal and appointment only by the Board as a whole.

In carrying out its duties and responsibilities, the Directors whether as a full Board or in their individual capacities shall have the following rights:-

(a) have resources required to perform its duties;

(b) have full and unrestricted access to any information, records, properties, and personnel of the Company and its subsidiaries. The Board should receive information that is not just historical and financial oriented, but information that goes beyond assessing quantitative performance and looks at other factors, such as customer satisfaction, products and quality, market share, market reaction, environmental performance and so on; and

(c) be able to consult advisers and, when necessary, to seek independent professional advice at the Company's expense.

COMPANY SECRETARY

The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Board members have unlimited access to the professional advice and services of the Company Secretary.

The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

The Company Secretary assists in reviewing the Board agendas and Board papers, where applicable prior to circulation to the Board. The Company Secretary attends and ensures that all Board and Board Committees decisions are well recorded in the minutes and subsequently communicated promptly to the Management responsible for implementation. In addition, the Company Secretary also facilitates the Board in conducting the Board Effective Assessment ("BEA") annually.

The Company Secretary maintains an up-to-date knowledge of the regulatory requirements and is in a position to advise the Board and its Committees on compliance matters as appropriate.

BEA

The BEA for the Board and Board Committees of FGB has been conducted annually. The main purpose of the BEA is to maintain cohesiveness of the Board of FGB and, at the same time, serves to improve the Board's effectiveness.

The BEA also covers the assessment of the independence of the Independent Directors, which takes into account how the Independent Directors have demonstrated effectiveness as an Independent Director, as per regulatory requirements and the ability of the Independent Directors to think and act independently and not to be duly influenced by the Management.

Upon completion of the BEA by the Board and Board Committees members, the results are collated and a detailed report will be presented to the Nomination and Remuneration Committee ("NRC") for its assessments, evaluations and thereafter to make appropriate recommendation to the Board. All assessments and evaluations carried out by the NRC in the discharge of all its functions are properly documented.

APPOINTMENT OF DIRECTORS

The Board has put in place adequate and effective selection process and procedures for the recruitment or appointment of new Directors and members of the Board Committees.

In assessing and making the recommendations to the Board the candidacy of Directors or appointment of directors to Board Committees, the NRC considers the candidates' competencies, commitment, contribution and performance; skills, knowledge, expertise and experience; professionalism; background; integrity; leadership qualities. In the case of candidates for the position of Independent Non-Executive Directors and the existing Independent Non-Executive Directors, the NRC also evaluates the candidates' ability to discharge such responsibilities/functions as expected from an Independent Non-Executive Director.

For the appointment of new Directors, FGB adopts the nomination process which involves identification of candidates; assessment of candidates based on the criteria, covering both qualification and experience set by the Board; meeting with the candidates; and deliberation and recommendation of suitable candidates by the NRC to the Board for approval.

The Company has also adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

FGB's Articles of Association provides that one-third (1/3) of the Directors shall retire from office at every AGM. The Articles also provide that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. Directors who are appointed by the Board during the financial period before an Annual General Meeting ("AGM") are subject to re-election by the shareholders at the next AGM to be held following their appointments.

Pursuant to Section 129(6) of the Companies Act, 1965, a Director of or over the age of seventy (70) years may be appointed or re-appointed as a Director of FGB to hold office until the conclusion of the next AGM of FGB.

The performance of those Directors who are seeking for re-appointment or re-election at the AGM will be assessed by the NRC whereupon the recommendations will be submitted to the Board for decision on such proposed re-appointment or re-election of the Directors concerned, prior to seeking the shareholders' approval at the AGM.

DIRECTORS' CONTINUAL PROFESSIONAL DEVELOPMENT

All Directors have and successfully completed the Mandatory Accreditation Programme. During the year, the Directors have attended various seminars and training programmes to gain insights into the latest regulatory and industry developments in relation to the FGB Group's businesses. The details of seminars and training programmes attended by the Directors during the year are as follows:-

Statement On Corporate Governance

Director	Date	Description	Trainer/Organiser
Dato' Ikmal Hijaz bin Hashim	31 May 2012	Workshop on the Board Effectiveness Assessment Exercise	FGB
	24 July 2012	Government Transformation Programme (GTP 2.0)	Performance Management and Delivery Unit ("PEMANDU"), Jabatan Perdana Menteri ("JPM")
	27 August 2012	Seminar on Public Listed Company Directors Obligations and Overview of MCCG 2012	Nadayu Properties Berhad
	4 October 2012	UEM Group Directors Gathering	UEM Group Berhad ("UEM Group")
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB
Datuk Zainal Abidin bin Alias	31 May 2012	Workshop on the Board Effectiveness Assessement Exercise	FGB
	4 – 7 June 2012	MINDA's Building High Performance Directors 2012	Malaysian Directors Academy ("MINDA"), Chengjiang Kunming, China
	4 October 2012	UEM Group Directors Gathering	UEM Group
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB
Datuk Mohamed Zain bin Mohamed Yusuf	31 May 2012	Workshop on the Board Effectiveness Assessment Exercise	FGB
	4 – 7 June 2012	MINDA's Building High Performance Directors 2012	MINDA, Chengjiang Kunming, China
	18 June 2012	Half Day Governance Programme	Bursa Securities
	23 August 2012	Invitation to Luncheon Talk "Growth Through Innovation", Type: Awareness & Networking	Co-hosted by MINDA, Khazanah Nasional Berhad ("Khazanah") and GE International, Inc.
	4 October 2012	UEM Group Directors Gathering	UEM Group
	27 November 2012	MINDA Alumni Dinner 2012 "Awareness & Networking Programme"	MINDA
	29 November 2012	Bursa Malaysia's Half Day Governance Programme	Bursa Securities
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB

Director	Date	Description	Trainer/Organiser
Dato' Mohd Izzaddin bin Idris	26 March 2012	6th International Financial Reporting Standards ("IFRS") Regional Policy Forum (invited as speaker)	The Malaysian Accounting Standards Board
	26 March 2012	Malaysian Industries Development Finance ("MIDF") Luncheon Talk	MIDF
	3 April 2012	Universiti Utara Malaysia ("UUM") Professional Talk (invited as Speaker)	UUM
	17 April 2012	Public Private Partnership ("PPP") Seminar & Exhibition	PPP
	23 - 24 April 2012	UEM Builders Berhad ("UEM Builder") – Directors & Management Retreat	UEM Builder
	29 May 2012	Management Off Site Session	UEM Group
	26 June 2012	Time Engineering Berhad ("TIME") Board of Directors Workshop	TIME
	17 July 2012	National Tax Conference	Lembaga Hasil Dalam Negeri ("LHDN") & Chartered Tax Institute of Malaysia ("CTIM")
	23 July 2012	MINDA Luncheon Talk	MINDA
	1 – 2 October 2012	Khazanah Megatrends Forum 2012 (invited as a speaker)	Khazanah
	4 October 2012	UEM Group Directors' Gathering	UEM Group
	10 December 2012	Cement Industries Malaysia ("CIMA") Directors & Management Retreat	CIMA
Oh Kim Sun	7 – 8 February 2012	Goldman Sachs Global Macro Conference – Asia Pacific 2012	Goldman Sachs (Singapore) Pte.
	31 May 2012	Workshop on the Board Effectiveness Assessment Exercise	FGB
	12 June 2012	MINDA's Breakfast Talk "Corporate Sustainability - Why it is necessary in building a competitive Edge in today's global Market"	MINDA, Sheraton Imperial KL Hotel
	4 July 2012	Brand Strategy Discussion	UEM Land Holdings Berhad
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB

Statement On Corporate Governance

Director	Date	Description	Trainer/Organiser
Elakumari a/p Kantilal	27 February – 1 March 2012	Group Speciale Mobile Association ("GSMA") Mobile World Congress 2012, Barcelona Spain	Murchison Widefield Array ("MWA")
	31 May 2012	Workshop on the Board Effectiveness Assessement Exercise	FGB
	26 June 2012	TIME Board of Directors Workshop	TIME
	23 August 2012	Invitation to Lunch Talk with Jeff Immelt, Chairman/CEO of GE	Khazanah Research and Investment Strategy
	1 – 2 October 2012	Khazanah Megatrends Forum 2012 The Big Shift: Traversing the Complexities of a New World	Khazanah
	4 October 2012	UEM Group Directors' Gathering	UEM Group
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB
Puasa bin Osman	31 May 2012	Workshop on the Board Effectiveness Assessment Exercise	FGB
	18 June 2012	Half Day Governance Programme	Bursa Malaysia
	4 October 2012	UEM Group Directors' Gathering	UEM Group
	7 – 9 October 2012	MINDA's Directors Forum 2012 – "Board Rising to the Challenges of Corporate Extrepreneurship"	MINDA
	5 November 2012	Half Day International Egg Commission Seminar	International Egg Commission
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB
Suhaimi bin Halim	31 May 2012	Workshop on the Board Effectiveness Assessement Exercise	FGB
	4 October 2012	UEM Group Directors' Gathering	UEM Group
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB

Director	Date	Description	Trainer/Organiser
Annuar Marzuki bin Abdul Aziz (Resigned on 10 August 2012)	10 January 2012	Deutsche Bank Market Outlook Conference Series	Deutsche Bank
	31 May 2012	Workshop on the Board Effectiveness Assessment Exercise	FGB
	11 June 2012	Goods and Services Tax Seminar	UEM Group
	10 July 2012	Malaysian Financial Reporting Standards ("MFRS") Training	UEM Group
	17 July 2012	National Tax Conference	LHDN & CTIM
Adnan bin Mohammad	11 & 12 January 2012	Training on Strategic Negotiation	Faber Medi-Serve Sdn Bhd
	28 March 2012	FGB Innovation Catalyst Camp	FGB
	31 May 2012	Workshop on the Board Effectiveness Assessment Exercise	FGB
	18 September 2012	UEM Group Strategic Planning Workshop	UEM Group
	4 October 2012	UEM Group Directors' Gathering	UEM Group
	3 – 4 December 2012	FGB: Directors & Management Retreat	FGB

BOARD COMMITTEES

The Board has set up the Board Committees, namely, the Audit and Risk Committee ("ARC"); NRC; and Investment Committee ("IC") and will periodically review their Terms of Reference and operating procedures.

The Board has delegated certain specific responsibilities to the Board Committees, which operate with clearly defined terms of reference primarily to assist the Board in the execution of its duties and responsibilities. The minutes of the respective Committee Meetings are submitted to the Board for notation by the Board. The Chairman of the various committees will report to the Board the deliberations and outcome of the Committee Meetings and are incorporated in the minutes of the main Board meeting. Although the Board has granted authority to the Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the main Board.

Statement On Corporate Governance

ARC

The full ARC report including its membership, composition, roles and responsibilities are laid down on pages 103 to 109 of the Annual Report.

NRC

The NRC comprises of three (3) Non-Executive Directors, a majority of whom are Independent.

The NRC met two (2) times during the financial year ended 31 December 2012. The members and the details of their attendance are as follows:-

NRC Members	Status of Directorship	No. of Meetings Attended
Datuk Mohamed Zain bin Mohamed Yusuf (Chairman)	Independent Non-Executive Director	2/2
Datuk Zainal Abidin bin Alias	Senior Independent Non-Executive Director	2/2
Annuar Marzuki bin Abdul Aziz (*Resigned on 10 August 2012)	Non-Independent Non-Executive Director	2/2*

The objectives of the NRC are as follows:-

- To lead the process of overseeing the selection and assessment of Directors and contribute towards ensuring that Board composition effectively meets the needs of FGB, operating subsidiary companies and where possible, associate companies.

- To consider, in making its recommendations, candidates for directorships proposed by any director and within the bounds of practicability, to recommend to the Board candidates for appointment to the Board and/or to fill the Board Committees.

- To recommend to the Board, candidates for top key senior personnel of the FGB Group and ensure the candidates satisfy the relevant requirements on skills, core competencies and leadership qualities.

- To set the remuneration framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, the Chief Executive and other senior management with the aim to attract, retain and motivate individuals of requisite quality. The remuneration of Executive Directors shall link rewards to corporate and individual performance.

- To carry out any other purpose as directed and approved by the Board of FGB from time to time.

The duties and responsibilities of the NRC include the following:-

- Assesses and recommends to the Board the candidacy of directors, appointment of directors to Board Committees, review of Board's succession plans and training programmes for the Board. In assessing and making the recommendations, the NRC should consider the candidates'
  - competencies, commitment, contribution and performance;
  - skills, knowledge, expertise and experience;
  - professionalism;
  - background;
  - integrity;
  - leadership qualities; and
  - in the case of candidates for the position of Independent Non-Executive Directors and the existing Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

Furthermore, the NRC should also review and recommend to the Board the fee structure to reflect the skills and competencies as well as general practice in the market place.

- Takes steps to ensure that women candidates are sought as part of the Board's recruitment exercise.
- To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors.
- Reviews the remuneration policies and procedures to attract and retain directors.
- Develops the criteria to assess independence of the Board's independent directors annually.
- Regularly examines the structure, size and composition of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every AGM, one-third (1/3) of the Directors for the time being shall retire from office.
- To identify, review and subsequently recommend to the Board the potential candidates for both Executive and Non-Executive Directors and to recommend to the Board the candidates for all directorships for the Board of companies within the FGB Group.
- Reviews annually the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board.
- Assesses annually the effectiveness of the Board as a whole, the Board Committees and the contribution each individual director's, including Independent Non-Executive Directors, as well as MD, based on the process implemented by the Board. All assessments and evaluations carried out by the NRC in discharging all its functions should be properly and adequately documented.
- Recommends suitable orientation, educational and training programmes to continuously train and equip existing and new Directors.
- Facilitates and promotes the Board induction and training programmes.
- Reviews mix of Directors to ensure high standard of Board performance and succession for both Executive and Non-Executive Directors in the event of any deficiency.
- Recommends the re-election/re-appointment of Directors under the retirement by rotation provisions of the Articles of Association of the Company and the Companies Act, 1965.
- Reviews the structure and framework of the Company's succession planning so as:-

  (i) to ensure adequate candidates are emplaced for the different positions within the organisation;

  (ii) to ensure appropriate training and development programmes are in place;

  (iii) to motivate staff to improve themselves in order that they can achieve their full potential; and

  (iv) to ensure retention of highly skilled and capable staff within the organisation.

- Carries out all other functions to accomplish the objectives for which the NRC was formed.

Statement On Corporate Governance

IC

The IC comprises a minimum of three (3) Directors of FGB, one of whom shall be from the majority/ substantial shareholder of FGB.

The IC met two (2) times during the financial year ended 31 December 2012. The members and the details of their attendance are as follows:-

IC Members	Status of Directorship	No. of Meetings Attended
Dato' Ikmal Hijaz bin Hashim (Chairman)	Chairman/ Independent Non-Executive Director	2/2
Datuk Mohamed Zain bin Mohamed Yusuf	Independent Non-Executive Director	2/2
Annuar Marzuki bin Abdul Aziz (*Resigned on 10 August 2012)	Non-Independent Non-Executive Director	1/1*
Adnan bin Mohammad	Managing Director	2/2

The objectives of the IC are as follows:-

- To assist the Board in evaluating all investment proposals including acquisitions and disposals of assets, or investments into new businesses including venture capital, locally and abroad;
- To review the viability of proposals/projects/ investments at the Initial Project Assessment Stage and provide appropriate directions to the Management, so as to enable management to proceed or otherwise with the basic investment concept proposal; and
- To review, recommend and act on any other investment proposals and matters related thereto, as mandated by the Board.

The duties and responsibilities of the IC include the following:-

- To develop, review and recommend to the Board the investment policies and strategies.
- To perform the duties that are assigned to it by the Board including, without limitation, the review of all investment proposals.
- To receive quarterly reports from the management, deliberate and decide on the compliance with the overall investment policies and strategies, and to report the findings to the Board.
- Following the Detailed Appraisal/Evaluation or if the tender is successful:-

  (i) to review and approve on behalf of the Board the investment proposals, if these fall within the approving authority limits delegated to the IC by the Board.

  (ii) to review and recommend to the Board for final decision, the investment proposals, which are beyond the authority limits of the IC.

- To review the terms of reference of the IC and recommend the relevant changes to the Board.
- Investment proposals relating to wholly owned subsidiaries of FGB would be referred directly to the IC for review and recommendation to the respective Board of the wholly owned subsidiaries. The Board of the wholly owned subsidiaries would subsequently deliberate and recommend the investment matters to FGB's Board for approval.
- Investment proposals relating to non-wholly owned subsidiary companies are submitted to the respective Board of the subsidiary companies for deliberation and approval. In this respect, the Board of the subsidiary companies will then provide an update to the IC and FGB's Board in which the IC and FGB's Board would raise the appropriate observations and/or comments as a measure of check and balance.

DIRECTORS' REMUNERATION

Directors' remuneration is determined at levels which enable the FGB Group to attract and retain Directors with the relevant experience and expertise needed to manage the FGB Group effectively.

The breakdown of the remuneration of the Directors of FGB as well as subsidiary companies of FGB where they are a Board member for the financial year ended 31 December 2012, by category are shown below:-

	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	–	1,363	1,363
Other emoluments	–	150	150
Salaries and other emoluments	566	–	566
Bonus	139	–	139
Employees Provident Fund	105	–	105
Estimated Value – Benefit-in-kind	89	65	154
Total	899	1,578	2,477

The number of Directors whose total remuneration during the year fall within the following bands are as follows:-

Range of Directors' Remuneration	Executive Director	Non-Executive Director	Total
Below RM50,000	–	1	1
RM50,001 – RM100,000	–	3	3
RM100,001 – RM150,000	–	1	1
RM150,001 – RM200,000	–	1	1
RM200,001 – RM250,000	–	1	1
RM250,001 – RM300,000	–	3	3
RM800,001 – RM900,000	1	–	1

Note:
Successive bands of RM50,000 are not shown entirely as they are not represented.

The details of the remuneration of each Director are not disclosed as the Board is of the view that the disclosure of the remuneration bands of the Directors of the Company is sufficient to meet the objective of the MCCG 2012.

CODE OF CONDUCT

FGB's Code of Conduct, which incorporates a Code of Ethics, requires all officers and employees to observe high standards of business and personal ethics in carrying out duties and responsibilities. As employers and representatives of FGB, or any of its subsidiaries, they must practice honesty and integrity in fulfilling their duties and responsibilities, and comply with all applicable laws and regulations.

It is thus the responsibility of all officers and employees to comply with the Code of Conduct and to report violations or suspected violations thereto.

Statement On Corporate Governance

WHISTLE BLOWER POLICY

The Whistle Blower Policy has been formulated with a view to provide a mechanism for officers and employees of FGB to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of FGB's Code of Conduct or ethics policy.

The implementation of the Whistle Blower Policy is in line with Section 368B of the Companies Act, 1965 where provisions have been made to protect FGB's officers who make disclosures on breach or non-observance of any requirement or provision of the Companies Act, 1965 or on any serious offence involving fraud and dishonesty.

CORPORATE DISCLOSURE POLICY

FGB is committed to providing equal access to material information in an accurate, clear, timely and complete manner and to avoid an individual or selective disclosure to the shareholders, stakeholders, analysts, journalists, the investing public or other persons of FGB's performance and operations and in conformity with any and all applicable legal and regulatory requirements.

This Disclosure Policy applies to all directors, management and employees of FGB and its operating subsidiaries. It outlines FGB's approach toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, and restrictions on insider trading. It also provides guidelines in order to achieve consistent disclosure practices across FGB.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board acknowledges the need for shareholders to be informed of all material matters affecting the FGB Group. It recognises and practices transparency and accountability to its shareholders and investors through formal channels of communication. In addition to various announcements made during the year, the timely release of quarterly financial reports provides shareholders with an overview of the FGB Group's performance and operations.

The Annual Report communicates comprehensive and adequate details of the financial results and activities undertaken by the FGB Group.

AGMs and Extraordinary General Meetings ("EGMs") provide a means of communicating with shareholders where they are at liberty to seek clarification. The Chairman and the Board members of FGB and the Management of FGB Group are prepared to answer any queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The External Auditors and independent advisors are also present to provide their professional and independent clarifications, if required. A press conference is normally held immediately after AGMs/EGMs to allow the Directors and the Management to meet members of the media to provide information and updates on the FGB Group, as well as address any further queries.

FGB Group also recognises the need for an independent third party assessment. Towards achieving this end, the Management conducts timely dialogues and briefings with the financial analysts, brokers and institutional fund managers and investors on the FGB's financial results, performance and business development.

This is to ensure that the investing public receives a balanced and complete view of the FGB's performance and the relevant updates. These briefings enable a direct dialogue to be established on the affairs of the FGB with the investing community.

Presentations are made, as appropriate, to explain the FGB's strategy, performance and major developments. However, any information that may reasonably expect to have material effect on the price, value or market activity of FGB's shares could temporarily be refrained from public disclosure, in tandem with the MMLR of Bursa Securities, when the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

A key element of effective communication with shareholders and investors is the prompt and timely dissemination of information. Disclosures of information requiring immediate release as specified by Bursa Securities have always been complied with. FGB has consistently released its quarterly financial results within the Bursa Securities' deadlines.

FGB views the timeliness, accuracy and reliability of information disseminated to the shareholders, stakeholders and investment community as crucial. In this regard and for the purpose of maintaining control over disclosure, the MD of FGB has been designated as the spokesperson of the FGB Group.

The FGB's website at www.fabergroup.com.my also provides an avenue for shareholders and members of the public to access information pertaining to the FGB Group. The website is updated regularly. Further to the website, timely announcements are also made to Bursa Securities on corporate proposals, meetings, announcements, financial reporting and all other announcements that are required pursuant to the MMLR of Bursa Securities.

Primary contact person for Investor Relations Matters:

Puan Juliza Jalil
Chief Financial Officer
Faber Group Berhad
Contact Details:
Telephone No: 03-7628 2897
Fax No: 03-7628 2867
Email: ir@fabergroup.com.my

RELATIONSHIP WITH THE AUDITORS

The Board, through the ARC maintains a transparent and professional relationship with the Internal and External Auditors. The ARC has been explicitly accorded the authority to communicate directly with both the Internal and External Auditors. Currently, Messrs Ernst & Young provides independent and professional external auditing services to the FGB Group.

The full report of the ARC outlining its role in relation to the Internal and External Auditors is set out on pages 103 to 109 of this Annual Report.

CORPORATE RESPONSIBILITY ("CR")

FGB Group recognises that every business has an impact on the communities and society in which it operates. Over the years, the FGB Group has acknowledged the increasing importance of CR and in 2012 the FGB Group has moved beyond CR to include Sustainability to our long-term growth. As part of our journey towards sustainability, in the same year we introduced our Sustainability Policy with key focus on Economic, Social and Environment.

FGB's Sustainability Policy

FGB is committed to achieving long-term sustainable growth through making continuous improvements to our products and services to enhance stakeholders' value. Our Sustainability Key Focus Areas of Economic, Social and Environment are aligned with our Vision and Mission Statement and Core Values.

This policy should be considered in conjunction with, or with reference to other internal policies and procedural documents.

Statement On Corporate Governance

Our Key Sustainability Focus Areas:

Economic	We are committed to ensuing transparency and accountability in conducting our business to meet the needs of our stakeholders in line with our Vision and Mission Statement. Our business relationships will be conducted based on our five core values which are to be Professional, Passionate, Caring, Innovative and Trustworthy at all times.
Social	Workplace We continually focus on raising employment standards for our employees in relation to their well-being, to ensure amongst others work safety and health, a good work-life balance, equity of opportunity and a merit-based approach to career development, as well as a holistic environment and competitive compensation and remuneration.
	Community We aim to be a responsible corporate citizen with key focus on Education and Human Capital development to foster the development of a progressive society. The social impact of our CR activities will be managed at all stages to provide as great as possible a positive contribution to society.
Environment	We placed emphasis on the environmental impact of our products and services and will continue to promote an environmentally sustainable and responsible culture across the organisation.

As a member of UEM Group, the FGB Group is also guided by UEM Group's Corporate Responsibility Policy and Sustainability Policy.

FGB Group also taken a bold step by integrating global practices to produce our Sustainability Report 2011 based on the Global Reporting Initiatives ("GRI") Guideline G3. This initiative demonstrates the Group's commitment towards implementing transparent reporting on the social, economic and environment matters. Moving forward, the FGB Group will endeavour to instil and integrate sustainability into our daily operations so that we become a truly sustainable organisation.

At the FGB Group, we firmly believe in managing the Group's businesses in a responsible, balanced and ethical manner. These guiding principles will ensure that we will continue to contribute positively to the communities that we serve.

ACCOUNTABILITY AND AUDIT

The Board is committed to providing a clear, balanced and comprehensive account on the financial position of the FGB Group through quarterly and half yearly announcements of its results as well as through the Chairman's review and statement of operations in FGB's Annual Report.

RELATED PARTY TRANSACTIONS

All related party transactions are submitted to the ARC for review on a quarterly basis.

The details of the related party transactions are set out under Note 41 to the Financial Statements on pages 201 to 202 of the Annual Report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Directors are required under the provisions of the Companies Act, 1965 to ensure that the financial statements are prepared in accordance with the Financial Reporting Standards requirements. The Board is responsible for ensuring that the financial statements gives a true and fair view of the state of affairs of FGB and the FGB Group at the end of the financial year 31 December 2012 and the profit and loss and cash flow for the period.

In preparing the financial statements, the Directors have applied suitable accounting policies and applied them consistently. The Directors have also ensured that all applicable accounting standards have been followed and prepare the financial statements on a going concern basis.

The ARC assists the Board in overseeing the financial reporting process and reviews the quarterly results and annual accounts before it is approved by the Board and released to Bursa Securities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the system of internal control which includes financial controls, operational and compliance controls and risk management to ensure that shareholders' investments, customers' interests and FGB Group's assets are safeguarded.

The Directors' Statement on Risk Management and Internal Control set out on pages 98 to 102 of this Annual Report provides an overview of the state of internal controls within the FGB Group.

COMPLIANCE WITH BEST PRACTICES OF THE MCCG 2012

The Board considers that it has complied with the principles and best practices outlined in the MCCG 2012.

This Statement on Corporate Governance was approved by the Board on 9 May 2013.

Statement On Risk Management And Internal Control

RESPONSIBILITY OF THE BOARD

The Board of Directors ("Board") is responsible for establishing a sound risk management framework and internal control system for Faber Group Berhad ("FGB" or "the Company") and its subsidiaries' ("FGB Group") to safeguard stakeholders' interests and FGB Group's assets as prescribed by Principle 6 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The Board acknowledges that the system of internal controls is designed to help manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

The Board has established an on-going process for identifying, evaluating and managing the significant risks affecting FGB Group. This process includes updating the system of internal controls when there are changes to the business environment or regulatory requirements. The Board has established procedures to implement the recommendations of the 'Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers' for the FGB Group.

INTERNAL CONTROL ENVIRONMENT ELEMENTS

The Board recognises the importance of key internal control environment elements that set the tone for FGB Group. It is the foundation of all other components of internal control, providing the discipline and structure. It influences the control consciousness of the people in FGB Group. In recognising the importance of control environment in the overall governance process, the Board of FGB has instituted the following:-

Board and Board Committees

- FGB Group has appointed five (5) Independent Directors to ensure that strategies proposed are fully discussed and evaluated.
- The Board has established the Audit and Risk Committee ("ARC"), Nomination and Remuneration Committee ("NRC") and Investment Committee ("IC") with specific Terms of Reference, which have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations for the Board's decision.
- The responsibilities and functions of the Board, each of its Committees and the individual directors are specified in their respective Terms of Reference.

Company Values

- FGB Group has further intensified the communication and inculcation of the Company's values of being Professional, Passionate, Caring, Innovative and Trustworthy amongst its employees.
- A series of brand building initiatives which include training, mapping to performance assessment criteria, awareness programmes and competition were launched to engage employees to align and integrate the values in their respective roles.

Code of Conduct

- FGB Group has established a Code of Conduct ("Code") which sets out the policies and guidelines relating to standard of ethics that all employees are expected to adhere to in the course of their work while employed by the Company. It also contains principles and standards of good practice relating to lawful and ethical dealings in the conduct of its business. The Code also includes a Whistle Blower Policy ("WBP"), which has been approved by the Board and applies to all employees in the FGB Group. WBP has been formulated with a view to provide a mechanism for officers and employees of the FGB Group to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the FGB Group's Code.

- Employees are required to uphold the highest integrity in discharging their duties and in their dealings with stakeholders, comprising customers, employees and regulators in the communities in which the Group operates. This Code is communicated to all employees upon recruitment. Each employee is given a booklet of the Code and a softcopy version is available in the FGB Group's electronic portal and corporate website at www.fabergroup.com.my.

Policies and Procedures

- Written policies are established to guide how an entity, a department or an individual within FGB Group works or behaves and provide guidance to employees as to what their obligations are. Some policies are supported by procedures which describe the steps the employees shall take to produce an output or to complete a process. The policies and procedures also form part of the various management systems and are reviewed regularly and updated when necessary.

- FGB Group has implemented several management systems to standardise its management and operational processes, and to improve its efficiency. The management systems have been certified to meet international standards such as ISO 9001 for Quality Management System, ISO 14001 for Environmental Management System, OHSAS 18001 for Occupational Safety and Health Management System; ISO 13485 for Medical Devices Quality Management System; and ISO 17025 for its Calibration Laboratory accreditation.

- Briefings or trainings on policies and procedures are provided to employees and contractors to ensure compliance.

Risk Management

- Risk management is embedded into processes, structure and activities of FGB Group. The key objectives of FGB Group's risk management are as follows:-

- To enhance the decision-making process within FGB Group in order to:-
  - o Fulfill the FGB Group's strategic objectives;
  - o Optimise return to shareholders taking into account the interests of other stakeholders;
  - o Ensure appropriate and timely responses to changes in the environment that affect the FGB Group's ability to achieve its objectives;

- To improve FGB Group's operating performance;

- To reduce risks of material misstatement in official announcements and financial statements;

- To create a risk attuned environment to safeguard FGB Group's assets (property & investment) and maintain its reputation; and

- To comply with the MCCG 2012, the relevant laws including the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

- The Board actively participates in the review of the Risk Management Framework, processes and responsibilities as well as undertakes assessment whether the inherent risks are considered and appropriate controls are in place. The Management provides regular Risk Management Report to facilitate the Board in monitoring and assessing the Management performance in achieving strategies and objectives.

- The Risk Management Framework had been revised as of 20 April 2012 and the changes have been communicated to all levels.

Statement On Risk Management And Internal Control

Organisational Structure

- The organisational structure of FGB Group is clear and detailed, defining the roles, responsibilities and reporting line of the various Committees of the Board; Management of the Corporate Office and subsidiaries; departments and individuals.

- The FGB Group Board appoints the Managing Director ("MD"), Director of Operations ("DO"), Chief Executive Officer ("CEO"), and Chief Operating Officer ("COO") of the subsidiaries within FGB Group. The MD, CEO, COO and DO's roles, responsibilities and authority limits are set by the respective Board.

- The organisational structure is reviewed regularly to monitor its effectiveness and in line with the changing business requirements. The organisational structure was last revised on 15 January 2013.

Employee's Authority and Responsibility

- The respective Head of Department defines the authority and responsibility of each employee as specified in the Job Description.

- The establishment of performance monitoring serves as a tool to monitor performance and measure against the set Key Performance Indicators ("KPIs") and targets at various levels, covering key financial; customer; internal business processes; and learning and growth indicators.

Discretionary Authority Limits

- Clear delegation of authority is defined in the Discretionary Authority Limits ("DAL"), which sets the limit for strategic, operating and capital decisions and expenditures as well as decision authority for each level of Management within FGB Group, and also the Board's authority.

- The DAL is reviewed from time to time to ensure effectiveness of strategic and operational executions.

Insurance on Assets

- FGB Group purchases insurance for all its assets, including its human resources. Coverage typically includes damage to or theft of assets; liability coverage for the legal responsibility to others for accidents, bodily injury or property damage; and medical coverage for the cost of treating injuries and illness, rehabilitation and death.

- Insurance coverage is reviewed regularly to ensure comprehensive coverage in view of changing business environment or assets.

Control Self-Assessment ("CSA")

- In the implementation of CSA, the managers and work teams performing the work assess the FGB Group, business unit, department, or process's risk management and control processes. The CSA assists the work teams to be more effective in achieving their objectives and managing their related risks as the employees take full ownership and accountability of the controls within their area of responsibility.

- The most common CSA practice in FGB Group is facilitated workshop.

Business Continuity Management

- In 2012, FGB Group had conducted a review of Business Impact Assessment and obtained an agreement with senior management on the maximum tolerable downtime for each time-critical business process.

- The Business Continuity Plan is regularly reviewed to ensure the critical business functions are preserved in the face of a disaster. The Business Continuity Plan and Computer Disaster Recovery Plan are tested annually to ensure the continuity requirements within the organisation's business and services covering processes, facilities, personnel, information technology and suppliers work in concert with and are appropriate to FGB Group's vision and objectives.

Human Resources Management

- FGB Group places great importance on its human resources management and has established strong policies and procedures on Human Capital development and planning, recruitment, employees' retention, performance, rewards, organisational development and succession planning.

- Formal appraisals are conducted periodically, guided by the Performance Management System using the Balance Scorecard approach where strategies are translated into operational objectives and KPIs which are used as a performance measurement and recognition tool.

- Equal emphasis is also given on education, remunerations, employee welfare and organisational development, training and development including leadership development to enhance the quality, ability and competencies of the employees of FGB Group.

- FGB Group has also established a leadership development programme to develop suitable employees for future leadership roles as part of its strategic action for succession planning and to ensure business continuity and prepare for business expansion.

- FGB Group has its own talent management framework that is linked to the succession plan to ensure the FGB Group has a continuous pool of talent at all levels in line with the FGB Group's growth.

- FGB Group also continuously assesses its employees' climate needs and organisational requirement through the Employees Engagement Survey ("EES") and focus group plan. The EES is conducted every two (2) years with action plans on identified areas of improvement.

- FGB Group provides a conducive working environment to its employees and encourages employees' involvement towards the betterment of the Group. In the recent EES, FGB Group garnered a score of 76% based on benchmarking survey by AEON Hewitt, a slight decrease from 2010 result. However, it is still above the 70% industry average benchmark rating of 70%.

Management Information System ("MIS")

- A computerised MIS is available for a more efficient and effective management and operation of budget, financial, human resource, maintenance, procurement, and corporate, operational as well as employees' performance. The system produces reports and other analytical tools used for planning, monitoring and continuous improvement.

- The MIS is available on a real-time basis and accessible via the Internet and the Company's intranet.

Internal Audit

- Evaluation on the effectiveness of risk management, control and governance processes is carried out on a regular basis by UEM Group Management Sdn Bhd, the outsourced party which has been undertaking the internal audit function of FGB Group since 2009. The reviews are based on the Annual Audit Plan approved by the ARC. The results of such reviews are reported regularly to the ARC. The ARC holds regular meetings to deliberate on findings and recommendations for improvements by both the Internal and External Auditors on the state of the internal control system, and report back to the Board.

- Internal control weaknesses identified during the financial period under review have been or are being addressed by the Management. None of the weaknesses have resulted in any material loss that would require disclosure in FGB Group's financial statements.

Statement On Risk Management And Internal Control

Government-Linked Company ("GLC") Transformation Programme

- In addition to enhancing stakeholders' value through improved financial and operational performance, FGB Group has conscientiously adopted the GLC Transformation Programme and guided by the following colour-coded books:-

  - o Blue Book – Intensifying Performance Management
  - o Green Book – Enhancing Board Effectiveness
  - o Orange Book – Strengthening Leadership Development
  - o Purple Book – Optimising Capital Management Practices
  - o Red Book – Procurement Guidelines & Best Practices
  - o Silver Book – Achieving Value Through Social Responsibility
  - o Yellow Book – Enhancing Operational Efficiency and Effectiveness

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors, Messrs Ernst & Young have reviewed and affirmed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the financial year ended 31 December 2012.

The External Auditors conducted the review in accordance with the "Recommended Practice Guide 5: Guidance for Auditors on the Review of Director's Statement on Risk Management and Internal Control" ("RPG 5") issued by the Malaysia Institute of Accountants.

The review has been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors has adopted in reviewing the adequacy and integrity of the system of internal controls of FGB Group.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. The Guide also does not require the External Auditors to consider whether the processes described to deal with material internal control aspects of any significant matter disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems.

Based on their review, the External Auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of FGB Group.

This Statement on Risk Management and Internal Control was approved by the Board on 9 April 2013.

CONCLUSION

The Board is of the view that the risk management and internal control system is in place for the year under review, and up to the date of approval of the Statement on Risk Management and Internal Control, is sound and sufficient to safeguard stakeholders' interests and FGB Group's assets.

The Board has received assurance from the MD and Chief Financial Officer that the FGB Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of FGB Group.

Audit And Risk Committee Report

MEMBERSHIP

The Audit and Risk Committee ("ARC") consists of four (4) members of which three (3) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. The members during the financial year ended 31 December 2012 are as follows:-

Oh Kim Sun^	Chairman, Independent Non-Executive Director
Datuk Zainal Abidin bin Alias	Senior Independent Non-Executive Director
Datuk Mohamed Zain bin Mohamed Yusuf	Independent Non-Executive Director
Elakumari a/p Kantilal*	Non-Independent Non-Executive Director

^ *Member of the Malaysian Institute of Certified Public Accountants*

* *Member of the Malaysian Institute of Accountants*

Faber Group Berhad ("FGB") has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires all Audit Committee members to be Non-Executive Directors, with a majority of them being Independent Directors.

MEETINGS

The ARC met on a scheduled basis at least once every quarter. Minutes of each meeting are distributed to each member of the Board of Directors ("the Board"). The Chairman of the ARC reports on each meeting to the Board. During the financial year ended 31 December 2012, the ARC papers for the meetings were distributed to the members with sufficient notification.

The ARC met six (6) times during the financial year ended 31 December 2012. The members and the details of their attendance are as follows:-

ARC Members	Status of Directorship	No. of Meetings Attended
Oh Kim Sun (Chairman)	Independent Non-Executive Director	6/6
Datuk Zainal Abidin bin Alias	Senior Independent Non-Executive Director	5/6
Datuk Mohamed Zain bin Mohamed Yusuf	Independent Non-Executive Director	6/6
Elakumari a/p Kantilal	Non-Independent Non-Executive Director	5/6

The Managing Director, representatives of the internal audit function, Senior Management of subsidiary companies and representatives from the External Auditors attended these meetings upon invitation.

The Company Secretary shall be the Secretary of the ARC.

SUMMARY OF ACTIVITIES OF THE ARC

During the financial year ended 31 December 2012, the ARC carried out the following activities in the discharge of its functions and duties:-

A. FINANCIAL RESULTS AND CORPORATE GOVERNANCE

1. Reviewed the quarterly results announcements and year-end financial statements, before the approval by the Board, focusing particularly on:-
   - any changes to the accounting policies and practices;
   - significant adjustments arising from the audit;
   - the going concern assumption; and
   - compliance with financial reporting standards and other legal requirements.

Audit And Risk Committee Report

2. Reviewed recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business of FGB and its subsidiaries ("FGB Group") to ascertain as to whether they are undertaken on arm's length basis on normal commercial terms not more favourable to the related parties than those generally available to the public or those extended to unrelated parties and are not detrimental to the minority shareholders.

3. Reviewed the annual report and the audited financial statements of FGB prior to submission to the Board for their consideration and approval. The review on the annual report was to ensure compliance with the requirements listed in the Main Market Listing Requirements of Bursa Securities, whereas, the review on the audited financial statements was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

4. Reviewed the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.

5. Reviewed and recommended the Statement on Corporate Governance, ARC Report and Statement on Internal Control, to the Board for its approval.

6. Attended the relevant briefing and seminars conducted internally within the UEM Group and by external parties and/or professional associations to keep abreast with the latest practice, development and updates pertaining to duties and responsibilities and functions of an ARC.

7. Reviewed the application of corporate governance principles and the FGB Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance 2012 for the purpose of preparing the Statement on Corporate Governance and Statement on Internal Control pursuant to the Listing Requirements of Bursa Securities.

B. INTERNAL AUDIT AND RISK MANAGEMENT

1. Reviewed the annual audit plan to ensure adequate scope and comprehensive coverage over the audit activities of the Group.

2. Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of the internal audit function.

3. Reviewed and deliberated on a total of seven (7) audit reports arising from planned and ad-hoc audit assignments.

4. Monitored the corrective actions on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed.

5. Reviewed the internal audit function's audit methodology in assessing and rating risks of auditable areas and ensure that all high and critical risk areas are audited annually.

6. Reviewed the audit performance reports to monitor the performance, progress and adequacy of coverage of the internal audit function.

7. Reviewed and recommended for implementation FGB's Risk Management Framework for the approval of the Board and deliberated on the half-yearly FGB's Risk Management Status Report to ensure the Board received adequate and appropriate information for decision-making or acknowledgement respectively.

8. Identified and or reviewed the principal risks identified by the Risk Management Steering Committee ("RMSC") and deliberated on the risk control mechanisms proposed by the RMSC to mitigate the risks.

9. Reviewed the adequacy and effectiveness of the overall risk management process.

C. EXTERNAL AUDIT

1. Reviewed with the External Auditors:-

    - Their audit plan, audit strategy and scope of work for the year.

    - The results of the annual audit, their audit report and management letter together with Management's response to the findings of the External Auditors.

2. Assessed the suitability and independence of the External Auditors during the year and prior to the appointment of the External Auditors for non-audit services.

3. Evaluated the performance and effectiveness of the External Auditors and made recommendations to the Board on their appointment and remuneration.

4. Had a minimum of two (2) meetings annually with the External Auditors without the presence of the Management.

TERMS OF REFERENCE OF THE ARC

A. OBJECTIVES

1. The objective of the ARC is to assist the Board in discharging its responsibilities by reviewing the integrity and adequacy of the Company's and its subsidiaries' internal controls and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

2. The ARC shall reinforce the independence of the External Auditors, assure that they will have free rein in the audit process and provide a line of communication between the Board and the External Auditors.

3. The ARC shall enhance the internal audit function by increasing the objectivity and independence of the Internal Auditors and provide a forum for discussion that is independent of the Management. The quality of the audits conducted by the Internal and External Auditors of the Company shall be reviewed by the ARC.

4. The ARC shall encourage high standards of corporate disclosure and transparency. The ARC will endeavour to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to the Company's shareholders.

B. COMPOSITION

1. The ARC shall be appointed by the Board and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority of the ARC members being Independent Directors. No alternate Director is to be appointed as a member of the ARC.

2. At least one (1) member of the ARC:-

    (i) Must be a member of the Malaysian Institute of Accountants; or

    (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

        (a) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
        (b) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

    (iii) Fulfils such other requirements as prescribed or approved by Bursa Securities.

Audit And Risk Committee Report

3. The members of the ARC shall elect a Chairman from among themselves who is an Independent Director.

4. In the event of any vacancy in the ARC resulting in the number of members being reduced to below three (3), the Board shall fill the vacancy within three (3) months.

C. MEETINGS

1. The ARC shall meet at least four (4) times in each financial year although additional meetings may be called at any time, at the discretion of the ARC Chairman.

2. The quorum for each meeting shall consist of at least two (2) members, both of whom shall be Independent Directors.

3. The secretary of the ARC shall attend each ARC meeting and record the proceedings of the meeting thereat.

4. The finance manager and the representative of the internal audit function shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the ARC. However, the ARC shall meet with the External Auditors without the executive Board members and employees present at least twice a year, and whenever deemed necessary.

D. AUTHORITY

1. The ARC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

   (i) Have authority to investigate any matter within its terms of reference;

   (ii) Have the resources which are required to perform its duties;

   (iii) Have full and unrestricted access to any information pertaining to the Company;

   (iv) Have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;

   (v) Be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend the ARC meetings (if necessary) and to brief the ARC thereof; and

   (vi) Be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

2. Where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the ARC shall promptly report such matter to Bursa Securities.

E. DUTIES AND RESPONSIBILITIES

The following are the main duties and responsibilities of the ARC:-

(i) Oversees the Company's internal control structure to ensure operational effectiveness and efficiency, reduce the risk of unreliable financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance;

(ii) Assists the Board of Directors in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks;

(iii) Reviews and recommends the risk management policy, procedures and risk management framework for the approval and acknowledgement of the Board and provide guidance on the overall risk strategy and directives for implementation and ensure that the principles and requirements of managing risk are consistently adopted throughout the Group;

(iv) Reviews periodically the risk management framework and risk profile and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximise opportunities;

(v) Commissions, where required, special projects to investigate, develop or report on specific aspects of the risk management processes of the Company;

(vi) Recommends to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the External Auditors and to approve the remuneration and terms of engagement of the External Auditors;

(vii) Establishes policies and procedures to assess the suitability and independence of the External Auditors as well as the objectivity and the effectiveness of the audit process;

(viii) Discusses with the External Auditors before the audit commences, the nature and scope of the audit, ensure co-ordination where more than one (1) audit firm is involved;

(ix) Reviews with the External Auditors, their evaluation of the system of internal controls and their audit report;

(x) Reviews the audit representation letters, management letter and management's responsiveness to the External Auditors' findings and recommendations;

(xi) Reviews the assistance and co-operation given by the Company's employees to the External and Internal Auditors;

(xii) Discusses problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss, in the absence of Management, where necessary;

(xiii) Reviews the quarterly financial results and year-end financial statements, before the approval by the Board, focusing particularly on:-

- any changes to the accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with financial reporting standards and other legal requirements;

Audit And Risk Committee Report

(xiv) In relation to the internal audit function:-

- establish an internal audit function and identify a head of internal audit who reports directly to the ARC;
- reviews the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- reviews the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Auditors;
- reviews any appraisal or assessment of the performance of the internal audit function;
- approves any appointment or termination of the party that performs the internal audit function; and
- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(xv) Monitors the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them;

(xvi) Reviews any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management's integrity; and

(xvii) Considers other matters as defined by the Board.

F. ARC REPORT

The Board is required to prepare an ARC Report at the end of each financial year to be included and published in the annual report of the Company. The said report should include the following:-

(i) The composition of the ARC including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

(ii) The terms of reference of the ARC;

(iii) The number of ARC meetings held during the financial year and details of attendance of each ARC member;

(iv) A summary of the activities carried out by the ARC in the discharge of its functions and duties for that financial year of the Company; and

(v) A summary of the activities of the internal audit function or activity.

G. CHAIRMAN OF THE ARC

The following are the main duties and responsibilities of the ARC Chairman:-

(i) Helps the ARC fulfils the goals it sets by assigning specific tasks to members of the ARC and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution;

(ii) Consults with the Secretary of the ARC on matters related to their responsibilities, rules and regulations under the Terms of Reference to which they are subject to and how those responsibilities should be discharged. The compliance advice should extend to embrace all laws and regulations and not merely the routine filing requirements and other administrative requirements of the Companies Act, 1965;

(iii) Provides reasonable time for discussion at the meeting. Organises and presents the agenda for regular or special ARC meetings based on input from members and ensures that all relevant issues are on the agenda. In addition, the Chairman should encourage debate on the issue before the ARC;

(iv) Provides leadership to the ARC and ensures proper flow of information to the ARC, reviewing the adequacy and timing of documentation;

(v) Secures good corporate governance and ensures that members look beyond their ARC function and accept their full share of responsibilities of governance materials in support of Management's proposals;

(vi) Manages the processes and workings of the ARC and ensures that the ARC discharges its responsibilities in accordance with the Terms of Reference. Appropriate procedures may involve the ARC meeting on a regular basis without the presence of Management;

(vii) Ensures that every ARC resolution is put to a vote to ensure that it is the will of the majority that prevails; and

(viii) Engages on a continuous basis with senior management, such as the chairman, chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

H. ARC MEMBERS

Each ARC member will be expected to:-

(i) Provide individual external independent opinions to the fact-finding, analysis and decision making process of the ARC, based on their experience and knowledge;

(ii) Consider viewpoints from the other ARC members; make decisions and recommendations for the best interest of the Board collectively; and

(iii) Keep abreast of the latest corporate governance guidelines and best practices in relation to the ARC and the Board as a whole.

INTERNAL AUDIT FUNCTION

The internal audit function of FGB Group was outsourced to UEM Group Management Sdn Bhd ("UEMG Management") which has adequate resources and appropriate standing to undertake its activities independently and objectively to assist the ARC in discharging its duties and responsibilities more effectively. The Head of the Internal Audit reports directly to the ARC. The activities undertaken by UEMG Management are in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

It is the responsibility of the internal audit function to provide the ARC with independent and objective reports on the state of internal control of the various operating divisions within the FGB Group, and the extent of compliance of the divisions with the FGB Group's established policies and procedures as well as relevant statutory requirements. During the year, the internal audit function carried out twelve (12) audit assignments. Representatives of the internal audit function were invited to and had attended all the ARC meetings during the year.

As at 31 December 2012, the reimbursable costs incurred for the audit function was RM178,076.57.

Statement Of Directors' Responsibility In Respect Of Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of their results and cash flows for the financial year then ended.

In preparing the financial statements the Directors have:-

- Considered the provision of the Companies Act, 1965.
- Considered the application of applicable Financial Reporting Standards.
- Adopted and consistently applied appropriate accounting policies.
- Made judgment and estimates that are prudent and reasonable.

The Directors have the responsibilities to ensure that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 46 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	147,434	117,035
Attributable to:		
Owners of the parent	108,514	117,035
Non-controlling interests	38,920	–
	147,434	117,035

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
First and final dividend of 8.00 sen less 25% taxation on 363,001,000 ordinary shares of RM0.25 each, declared on 29 February 2012 and paid on 26 July 2012	21,780
In respect of the financial year ended 31 December 2012:	
Special interim dividend of 20.00 sen less 25% taxation on 363,001,000 ordinary shares of RM0.25 each, declared on 19 November 2012 and paid on 20 December 2012	54,450
	76,230

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2012, of 10.00 sen less 25% taxation on 363,001,000 ordinary shares of RM0.25 each, amounting to a dividend payable of RM27,225,000 (7.50 sen net per ordinary share) will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Ikmal Hijaz bin Hashim	
Datuk Zainal Abidin bin Alias	
Datuk Mohamed Zain bin Mohamed Yusuf	
Elakumari a/p Kantilal	
Puasa bin Osman	
Adnan bin Mohammad	
Oh Kim Sun	
Dato' Mohd Izzaddin bin Idris	
Suhaimi bin Halim	
Azmir Merican Azmi Merican	(appointed on 4 December 2012)
Annuar Marzuki bin Abdul Aziz	(resigned on 10 August 2012)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures (including Redeemable Secured Loan Stocks ("RSLS")) of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

The Company

	No. of ordinary shares of RM0.25 each At 1.1.2012	Acquired	Sold	No. of ordinary shares of RM0.25 each At 31.12.2012
Direct interest				
Adnan bin Mohammad	44,000	–	–	44,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

The Company did not issue any new shares during the year.

OTHER STATUTORY INFORMATION

(a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 47 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events is disclosed in Note 48 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2013.

Dato' Ikmal Hijaz bin Hashim

Adnan bin Mohammad

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Ikmal Hijaz bin Hashim and Adnan bin Mohammad, being two of the directors of Faber Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 119 to 231 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended

The information set out in Note 50 to the financial statements have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountant.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2013.

Dato' Ikmal Hijaz bin Hashim

Adnan bin Mohammad

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Juliza binti Jalil, being the officer primarily responsible for the financial management of Faber Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 119 to 231 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Juliza binti Jalil
at Kuala Lumpur in the Federal Territory
on 21 March 2013.

Juliza binti Jalil

Before me,

Independent Auditors' Report

to the members of Faber Group Berhad
(Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Faber Group Berhad, which comprise the statement of financial position as at 31 December 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 119 to 230.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 48(a) of the financial statements. The Concession Agreement ("CA") between Faber Medi-Serve Sdn. Bhd. ("FMS"), a wholly owned subsidiary of the Company, and the Ministry of Health ("MOH") expired in October 2011. Subsequent to year end on 25 January 2013, FMS was notified by Unit Kerjasama Awam Swasta ("UKAS") that the Government of Malaysia has agreed in principle for FMS to implement the new concession in relation to the Privatisation of the Hospital Support Service ("HSS") for a period of ten years at the new service fee, subject to further negotiation and agreement by both parties of the terms and conditions of the new concession.

Independent Auditors' Report

to the members of Faber Group Berhad (Incorporated In Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 45 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 50 on page 231 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Phang Oy Lin
No. 2985/03/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 March 2013

Income Statements

for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	3	**886,280**	880,070	**129,734**	147,226
Cost of sales	4	**(619,432)**	(652,461)	**–**	–
Gross profit		**266,848**	227,609	**129,734**	147,226
Other income	5	**10,917**	9,622	**3,498**	3,180
Administrative expenses		**(42,440)**	(42,278)	**(19,953)**	(16,026)
Selling and marketing expenses		**(4,636)**	(1,639)	**–**	–
Other expenses		**(28,422)**	(65,202)	**6,021**	(16,472)
Operating profit		**202,267**	128,112	**119,300**	117,908
Finance costs	6	**(3,703)**	(6,398)	**(3,306)**	(5,952)
Profit before tax	7	**198,564**	121,714	**115,994**	111,956
Income tax expense	10	**(51,130)**	(48,499)	**1,041**	(3,717)
Profit net of tax		**147,434**	73,215	**117,035**	108,239
Profit attributable to:					
Owners of the parent		**108,514**	61,589	**117,035**	108,239
Non-controlling interests		**38,920**	11,626	**–**	–
		147,434	73,215	**117,035**	108,239
Earnings per share attributable to owners of the parent (sen)					
Basic	11	**29.9**	17.0		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Comprehensive Income

For the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit net of tax		**147,434**	73,215	**117,035**	108,239
Foreign currency translation		**(875)**	(166)	**–**	–
Acturial loss on Retirement Benefit Scheme	24	**(589)**	–	**–**	–
Other comprehensive loss for the year, net of tax		**(1,464)**	(166)	**–**	–
Total comprehensive income for the year		**145,970**	73,049	**117,035**	108,239
Total comprehensive income attributable to:					
Owners of the parent		**107,408**	61,580	**117,035**	108,239
Non-controlling interests		**38,562**	11,469	**–**	–
		145,970	73,049	**117,035**	108,239

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Financial Position
As at 31 December 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	**81,087**	93,117	**1,292**	1,643
Land held for property development	14(a)	**1,111**	1,102	**–**	–
Prepaid land lease payments	15	**3,498**	3,586	**–**	–
Intangible assets	16	**27,082**	27,546	**35**	57
Investments in subsidiaries	17	**–**	–	**147,882**	148,032
Other investments	18	**272**	272	**272**	272
Trade receivables	20	**12,519**	144,098	**–**	–
Deferred tax assets	31	**4,429**	2,676	**–**	–
		129,998	272,397	**149,481**	150,004
Current assets					
Property development costs	14(b)	**50,278**	80,286	**–**	–
Inventories	19	**25,222**	7,078	**–**	–
Trade and other receivables	20	**410,961**	363,306	**8,023**	39,041
Amounts due from customer on contracts	21	**–**	57,842	**–**	–
Short term investment	22	**–**	2,012	**–**	–
Cash and cash equivalents	23	**340,357**	320,361	**29,781**	104,008
		826,818	830,885	**37,804**	143,049
Total assets		**956,816**	1,103,282	**187,285**	293,053

Statements Of Financial Position

As at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	32	**90,750**	90,750	**90,750**	90,750
Share premium	32	**–**	–	**–**	–
Other reserves	33	**4,268**	(4,345)	**–**	–
Retained earnings	34	**424,136**	401,571	**93,425**	52,620
		519,154	487,976	**184,175**	143,370
Non-controlling interests	36	**101,156**	75,438	**–**	–
Total equity		**620,310**	563,414	**184,175**	143,370
Non-current liabilities					
Retirement benefit obligations	24	**5,040**	4,038	**–**	–
Provisions	25	**111**	99	**–**	–
Borrowings	26	**13**	7,089	**–**	–
Trade payables	30	**–**	33,010	**–**	–
Deferred tax liabilities	31	**2,662**	3,573	**–**	–
		7,826	47,809	**–**	–
Current liabilities					
Retirement benefit obligations	24	**1,126**	832	**–**	–
Borrowings	26	**2,623**	148,909	**–**	145,053
Trade and other payables	30	**320,272**	333,507	**2,741**	2,842
Income tax payable		**4,659**	8,811	**369**	1,788
		328,680	492,059	**3,110**	149,683
Total liabilities		**336,506**	539,868	**3,110**	149,683
Total equity and liabilities		**956,816**	1,103,282	**187,285**	293,053

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Changes In Equity

for the year ended 31 December 2012

Group	Attributable to owners of the parent Share capital (Note 32) RM'000	Non-distributable reserves Share premium (Note 32) RM'000	Other reserves (Note 33) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests (Note 36) RM'000	Total equity RM'000
At 1 January 2012	**90,750**	**-**	**(4,345)**	**401,571**	**487,976**	**75,438**	**563,414**
Profit for the year	-	-	-	108,514	108,514	38,920	147,434
Other comprehensive loss	-	-	(550)	(556)	(1,106)	(358)	(1,464)
Total comprehensive income	-	-	(550)	107,958	107,408	38,562	145,970
Transactions with owners							
Redemption of redeemable preference shares	-	-	9,163	(9,163)	-	-	-
Dividends (Note 12)	-	-	-	(76,230)	(76,230)	-	(76,230)
Dividends to non-controlling shareholders of subsidiaries	-	-	-	-	-	(12,844)	(12,844)
	-	-	9,163	(85,393)	(76,230)	(12,844)	(89,074)
At 31 December 2012	**90,750**	**-**	**4,268**	**424,136**	**519,154**	**101,156**	**620,310**

Statements Of Changes In Equity
for the year ended 31 December 2012

Group (contd.)	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Other reserves (Note 33) RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-controlling interests (Note 36) RM'000	Total equity RM'000
	Attributable to owners of the parent						
		Non-distributable reserves					
At 1 January 2011	363,001	115,985	(4,336)	(25,775)	448,875	67,045	515,920
Total comprehensive income	-	-	(9)	61,589	61,580	11,469	73,049
Transactions with owners							
Reduction in share capital (Note 32)	(272,251)	-	-	272,251	-	-	-
Reduction in share premium (Note 32)	-	(115,985)	-	115,985	-	-	-
Issue of shares by subsidiary to non-controlling shareholders	-	-	-	-	-	725	725
Issue of shares by subsidiary to non-controlling shareholders through capitalisation on loan (Note 17)	-	-	-	-	-	800	800
Effect arising from acquisition of non-controlling interest in a subsidiary (Note 17)	-	-	-	(699)	(699)	-	(699)
Dividends (Note 12)	-	-	-	(21,780)	(21,780)	-	(21,780)
Dividends to non-controlling shareholders of subsidiaries	-	-	-	-	-	(4,601)	(4,601)
	(272,251)	(115,985)	-	365,757	(22,479)	(3,076)	(25,555)
At 31 December 2011	90,750	-	(4,345)	401,571	487,976	75,438	563,414

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company	Share capital (Note 32) RM'000	Non-distributable reserves Share premium (Note 32) RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
At 1 January 2012	**90,750**	**–**	**52,620**	**143,370**
Total comprehensive income	**–**	**–**	**117,035**	**117,035**
Transactions with owners				
Dividends (Note 12)	**–**	**–**	**(76,230)**	**(76,230)**
At 31 December 2012	**90,750**	**–**	**93,425**	**184,175**
At 1 January 2011	363,001	115,985	(422,075)	56,911
Total comprehensive income	–	–	108,239	108,239
Transactions with owners				
Reduction in share capital (Note 32)	(272,251)	–	272,251	–
Reduction in share premium (Note 32)	–	(115,985)	115,985	–
Dividends (Note 12)	–	–	(21,780)	(21,780)
	(272,251)	(115,985)	366,456	(21,780)
At 31 December 2011	90,750	–	52,620	143,370

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Cash Flows

for the year ended 31 December 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Cash receipts from customers	**980,059**	798,283	**6,390**	6,681
Cash payments to suppliers	**(405,388)**	(424,109)	**–**	–
Cash payments to employees and for expenses	**(250,277)**	(235,325)	**(16,679)**	(22,201)
Cash generated from/(used in) operations	**324,394**	138,849	**(10,289)**	(15,520)
Interest paid	**(5,166)**	(6,490)	**(4,769)**	(6,044)
Taxes paid	**(59,096)**	(43,236)	**(378)**	(3,708)
Net cash flows generated from/(used in) operating activities (Note 37)	**260,132**	89,123	**(15,436)**	(25,272)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**15**	29	**–**	2
Acquisition of non-controlling interest	**–**	(699)	**–**	–
Interest received	**8,302**	8,376	**2,307**	2,366
Dividends received	**–**	–	**151,741**	116,218
Purchase of property, plant and equipment	**(4,928)**	(25,528)	**(152)**	(869)
Purchase of intangible assets – software	**(13)**	(59)	**(12)**	(30)
Withdrawal/(purchase) of short term investment	**2,012**	(2,000)	**–**	–
Net receipts from/(payments to) related companies balances	**–**	–	**7,145**	(3,259)
Net cash flows generated from/(used in) investing activities	**5,388**	(19,881)	**161,029**	114,428

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from financing activities				
Proceeds from issuance of ordinary shares to non-controlling interests	**-**	725	**-**	-
Redemption of Redeemable Secured Loan Stock ("RSLS")	**(143,590)**	(9,000)	**(143,590)**	(9,000)
Redemption of redeemable preference shares in a subsidiary	**(7,496)**	-	**-**	-
Partial repayment of loan from corporate shareholder of a subsidiary	**(311)**	-	**-**	-
Repayment of hire purchase obligations	**(69)**	(90)	**-**	-
Drawdown of other secured bank loans	**-**	16,073	**-**	-
Repayment of other secured bank loans	**(736)**	(17,000)	**-**	-
Dividends paid	**(76,230)**	(21,780)	**(76,230)**	(21,780)
Dividends paid to non-controlling shareholders of subsidiaries	**(16,154)**	(3,401)	**-**	-
Net cash flows used in financing activities	**(244,586)**	(34,473)	**(219,820)**	(30,780)
Net increase/(decrease) in cash and cash equivalents	**20,934**	34,769	**(74,227)**	58,376
Net foreign exchange difference	**(938)**	716	**-**	-
Cash and cash equivalents at beginning of year	**320,361**	284,876	**104,008**	45,632
Cash and cash equivalents at end of year (Note 23)	**340,357**	320,361	**29,781**	104,008
(a) Cash and cash equivalents				
Cash on hand and at banks	**179,306**	113,457	**875**	731
Fixed deposits with licensed banks	**119,761**	96,106	**3,306**	4,217
Fixed deposits with other financial institutions	**41,290**	110,798	**25,600**	99,060
	340,357	320,361	**29,781**	104,008

As disclosed in Note 23 to the financial statements, certain fixed deposits with licensed banks of the Group and of the Company amounting to RM17,268,000 (2011: RM17,535,000) and nil (2011: RM991,000) respectively have been pledged to banks for banking facilities granted to certain subsidiaries and hence are not available for general use.

Deposits with licensed banks of the Company amounting to RM3,000,000 (2011: RM3,000,000) are pledged as securities for a bank borrowing granted to a foreign subsidiary.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes To The Financial Statements

for the year ended 31 December 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 20th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, Off Jalan Klang Lama, 58100 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 46.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 March 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2012, the Group and the Company adopted the following applicable new and amended FRSs and IC interpretations:

Effective for financial periods beginning on or after 1 July 2011
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012
- FRS 124: Related Party Disclosures
- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed dates for First-time Adopters
- Amendments to FRS 7: Transfers of Financial Assets
- Amendments to FRS 112: Deferred tax – Recovery of Underlying Assets

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

The adoption of the above standards and interpretations did not have any significant impact to the financial statements of the Group and of the Company except for those discussed below:

FRS 124: Related Party Disclosures

State-controlled entities were previously exempted from the requirement of FRS 124 to disclose any related party transaction. Under the revised FRS 124, government-related entities are given two options, ie. to disclose full related party transactions as other non government-related entities, or to apply partial exemption provided in the standard.

There will not be significant impact to the Group's disclosure, as the Group did not apply the exemption provided in the previous FRS 124, although being a government-related entity.

Early adoption of FRS119: Employee Benefits

The Group has also early adopted FRS 119: Employee Benefits in current year which is only effective for annual period beginning on or after 1 January 2013.

The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to FRS 119 require retrospective application with certain exceptions.

The effects arising from the early adoption of the standard is not material, hence comparatives are not restated.

Notes To The Financial Statements
for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.3(c). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(c) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3(s).

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

Notes To The Financial Statements
for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(c) Intangible assets (contd.)

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Development expenditure

Expenditure incurred on projects to design and develop the operating systems for the provision of the hospital support services is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred.

Development expenditure, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the concession period of the hospital support services of fifteen (15) years, commencing 28 October 1996. Impairment is assessed whenever there is an indication and the amortisation period and method are also reviewed at least at each reporting date. Development expenditure of the Group had been fully amortised in 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(c) Intangible assets (contd.)

(ii) Other intangible assets (contd.)

Software and licences

Software and licences that do not form an integral part of the related hardware have been reclassified as intangible assets. Software and licences, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products between five (5) and fifteen (15) years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each reporting date.

Customer contracts

The customer contracts represent housekeeping businesses acquired through business combinations. Customer contracts considered to have finite useful lives, are stated at cost less impairment losses and are amortised using the straight-line basis over the commercial lives of 10 years, which meet the contractual legal criteria for identification as intangible assets. The fair value is determined by the amount of future revenue. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each reporting date. Customer contracts of the Group had been fully impaired in 2011.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is not depreciated as these assets are not available for use. Capital work-in-progress relates to the installation of new machinery.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(d) Property, plant and equipment (contd.)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Plant and equipment	5% – 20%
Motor vehicles	20%
Furniture and fittings	10% – 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statements by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(e) Land held for property development and property development costs (contd.)

(ii) Property development costs (contd.)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statements over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statements is classified as progress billings within trade payables.

(f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(g) Inventories

Inventories are stated at lower of cost and net realisable value.

Consumables are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of inventories comprise cost of purchase of inventories.

Property held for resale is stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and include cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of short term unquoted unit trust.

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(h) Financial assets (contd.)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-maturity investments

The Group and Company does not have any financial assets classified as held-to-maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets consist of non current unquoted share held for sale and marketable securities. Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available for sale.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Notes To The Financial Statements
for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(j) Amounts due from customer on contracts

Amounts due from customer on contracts is stated at original cost plus attributable profit, less provision for any anticipated losses and progress payments received and receivable. Amounts due from customer on contracts is only recognised when the outcome can be determined with reasonable certainty.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(k) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash on hand, bank balances, fixed deposits pledged to licensed banks and other financial institutions, bank overdrafts and deposits at call which have an insignificant risk of changes in value.

(l) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(m) Financial liabilities (contd.)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.3(t).

(o) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and Company incurred in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(p) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(p) Income tax (contd.)

(ii) Deferred tax (contd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(r) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

(iii) Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(s) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(s) Foreign currencies (contd.)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2012 **RM**	**2011** **RM**
United States Dollars	**2.99**	3.17
United Arab Emirates Dirham	**0.81**	0.86
Indian Rupees	**0.05**	0.06

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Revenue from services rendered

Hospital support services

The Group provides hospital support services for the period of 15 years commencing 28 October 1996 in the Northern zone encompassing the states of Perlis, Kedah, Pulau Pinang and Perak, Sabah zone and Sarawak zone, respectively. The services provided are clinical waste management, cleansing, laundry and linen, facilities engineering maintenance and biomedical engineering maintenance.

These services are provided as a fixed-priced contract.

Revenue from fixed-price contracts is generally recognised in the period the services are provided, using a straight-line basis over the term of the contract.

Non-concession services - integrated facilities management

The Group provides facilities management services which include cleansing, laundry and linen, facilities engineering maintenance and infrastructure facilities to non-concession customers. These services are provided on a time and material basis or as a fixed-priced contract, with contract terms generally ranging from one (1) year to three (3) years.

Revenue from time and material contracts, typically from facilities engineering maintenance and bio-medical engineering maintenance is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.

Revenue from fixed price contracts, typically for the provision of infrastructure facility services, are recognised at contractual rates when the outcome of the claims can be determined with reasonable certainty.

(ii) Sale of properties

Revenue from sale of property development is accounted for by the percentage of completion method as described in Note 2.3(e).

(iii) Management fees

Management fees for services provided to Group companies are recognised on an accrual basis.

Notes To The Financial Statements
for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Summary of significant accounting policies (contd.)

(t) Revenue recognition (contd.)

(iv) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(u) Affiliated companies

Affiliated companies represent companies within the UEM Group Berhad, a corporate shareholder of Faber Group Berhad.

(v) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 45, including the factors used to identify the reportable segments and the measurement basis of segment information.

(w) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards, amendments to FRSs and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 July 2012

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))
FRS 10: Consolidated Financial Statements
FRS 11: Joint Arrangements
FRS 12: Disclosures of Interests in Other Entities
FRS 13: Fair Value Measurements
FRS 127: Separate Financial Statements
FRS 128: Investment in Associate and Joint Ventures
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS134: Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11: Joint Arrangements: Transition Guidance
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance

Effective for financial periods beginning on or after 1 January 2014

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

Effective for financial periods beginning on or after 1 January 2015

FRS 9 Financial Instruments

The Directors expect that the adoption of the above standards and interpretations will have no material impact to the financial statements in the period of initial application, except as described below.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards, amendments to FRSs and interpretations issued but not yet effective (contd.)

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with FRS 132: Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with FRS 132.

These amendments will not impact the Group's financial position or performance and will become effective for annual periods beginning on or after 1 January 2013.

FRS 10: Consolidated Financial Statements; FRS 127: Separate Financial Statements

FRS 10 replaces the portion of FRS 127: Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues in IC Interpretations 112: Consolidation - Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

Based on the preliminary analysis performed, FRS 10 is not expected to have any impact on the currently held investment of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards, amendments to FRSs and interpretations issued but not yet effective (contd.)

FRS 11: Joint Arrangements; FRS 128: Investments in Associates and Joint Ventures

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113: Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities (JCE) using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Investments in joint ventures are accounted for by the Group using the equity method. Hence, FRS 11 is not expected to have any impact on the currently held investment of the Group.

FRS 12: Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of FRS 13 is expected to result in higher fair value of certain properties of the Group.

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128: Investment in Associate and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Notes To The Financial Statements
for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards, amendments to FRSs and interpretations issued but not yet effective (contd.)

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the FRS 132 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and will become effective for annual periods beginning on or after 1 January 2014.

FRS 9: Financial Instruments - Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

However, on 30 June 2012, MASB has decided to allow the Transitioning Entities to defer adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014.

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

The Group considers that it is achieving its schedule milestones and expects to be in position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, there were no significant judgements made apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Revenue recognition

Hospital support services

Within total consolidated revenue for the year ended 31 December 2012, management has estimated that RM2,017,000 (2011: RM7,746,000) is attributable to work performed on instruction from the respective hospitals under the Concession Agreement for the hospital support services. These work done are variations from the original Concession Agreement either for new hospitals, replacement hospitals, additions to existing hospitals and/or extensions of current services in the present hospitals.

The actual values of the variation orders have to be agreed by the Ministry of Health ("MOH") following approvals from Jurutera Operasi Hospital of the respective states, the Engineering Division of MOH certifying the work done and the Director of each hospital concerned. As such, there is a significant time lag between the final contract from MOH and the commencement of work done by the Group.

Management estimates are based on their previous experience with MOH and the following assumptions:

(a) The rates adopted for each of the required services are the pre-approved rates from MOH.

(b) For cleansing services, management has estimated the total floor areas of the facilities from the floor plans provided for the areas, which have commenced operations.

(c) For facilities engineering maintenance and biomedical engineering maintenance services, management has estimated the respective hospital's assets values for facilities maintenance.

(d) The associated costs incurred for the services provided are incurred in the period and recognised in the profit or loss.

Historically, MOH has honoured its commitment to enter into a formal agreement for these variations. It is therefore appropriate to recognise revenue on these transactions for the current financial year.

Notes To The Financial Statements
for the year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates (contd.)

(b) Key sources of estimation uncertainty (contd.)

(ii) Impairment review of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the CGU to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2012 was RM26,982,000 (2011: RM26,982,000). Further details are given in Note 16.

(iii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 20.

An estimate of the collectible amount of contract accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

(iv) Depreciation of property, plant and equipment

The cost of property, plant and equipment amounting to RM268,806,000 (2011: RM266,982,000) is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 15 years. These are common life expectancies applied within the Group's industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(v) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates (contd.)

(b) Key sources of estimation uncertainty (contd.)

(vi) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets amounting to RM4,429,000 (2011: RM2,676,000) are mainly related to subsidiaries of the Company, Healthtronics (M) Sdn. Bhd. and Rimbunan Melati Sdn. Bhd., which management estimates they are probable to generate future levels of taxable profits. Further details are contained in Note 31.

3. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of properties	**222,322**	157,191	**-**	-
Services rendered:				
- integrated facilities management				
- concession	**577,687**	562,661	**-**	-
- non-concession	**86,271**	160,218	**-**	-
- management fees	**-**	-	**7,080**	5,880
Gross dividend income:				
- subsidiaries	**-**	-	**122,654**	141,346
	886,280	880,070	**129,734**	147,226

Notes To The Financial Statements
for the year ended 31 December 2012

4. COST OF SALES

	Group 2012 RM'000	Group 2011 RM'000
Property development costs (Note 14(b))	**123,262**	95,257
Other cost of property development	**3,254**	3,083
Services rendered:		
– integrated facilities management		
– concession	**440,689**	405,118
– non-concession	**52,227**	149,003
	619,432	652,461

5. OTHER INCOME

Included in other income are:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Interest income from:				
– fixed deposits	**8,302**	8,376	**2,307**	2,366
– short term investment	**51**	12	**–**	–

6. FINANCE COSTS

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Interest expense on:				
– RSLS	**3,306**	5,952	**3,306**	5,952
– Loan from corporate shareholder of a subsidiary	**38**	115	**–**	–
– Hire purchase	**5**	11	**–**	–
– Bank borrowings	**354**	320	**–**	–
	3,703	6,398	**3,306**	5,952

7. PROFIT BEFORE TAX

The following amounts have been included at arriving at profit before tax:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Employee benefits expense (Note 8)	**201,673**	182,257	**11,770**	10,403
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	**2,133**	1,020	**1,172**	607
Auditors' remuneration:				
– statutory	**415**	537	**84**	80
– (over)/underprovision in prior year	**(7)**	21	**(4)**	21
– others	**75**	20	**–**	–
Operating leases:	**5,644**	5,542	**718**	710
– minimum lease payments of premises	**4,157**	4,326	**664**	631
– minimum lease payments of plant and machineries	**1,487**	1,216	**54**	79
Amortisation of:				
– prepaid land lease payment (Note 15)	**88**	87	**–**	–
– intangible assets (Note 16)	**477**	2,612	**40**	34
Net realised foreign exchange gain	**(218)**	(14)	**(258)**	–
Depreciation of property, plant and equipment (Note 13)	**16,173**	19,880	**498**	421
Write-back of impairment of property development costs (Note 14(b))	**–**	(19)	**–**	–
Impairment of intangible assets (Note 16)	**–**	6,846	**–**	–
Accretion of Redeemable Preference Share (RPS) (Note 35)	**97**	131	**–**	–
Loss on early redemption of RPS (Note 35)	**361**	–	**–**	–
Loss/(gain) on disposal of plant and equipment	**192**	344	**–**	(2)
Provisions (Note 25)	**12**	16	**–**	–
Reversal of provision for late delivery charges (Note 25)	**–**	(560)	**–**	–
Property, plant and equipment written off (Note 13)	**486**	386	**–**	–
Impairment on financial assets:				
– Trade and other receivables (Note 20)				
– Non-current	**–**	14,835	**–**	–
– Current	**804**	7,045	**9,373**	14,987
Reversal of impairment on financial assets:				
– Trade and other receivables (Note 20)	**(15,706)**	(18,894)	**(14,893)**	–
Provision for diminution in investment in subsidiary	**–**	–	**150**	–
Amounts due from subsidiaries written off	**–**	–	**2**	3
Write-down/(reversal of write-down) of inventories (Note 19)	**103**	(672)	**–**	–

Notes To The Financial Statements
for the year ended 31 December 2012

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	**161,479**	146,127	**9,690**	7,598
Social security contributions	**1,611**	1,583	**51**	47
Contributions to defined contribution plans	**20,187**	17,894	**1,094**	973
Defined benefit obligations (Note 24)	**855**	778	**–**	–
Other benefits	**17,541**	15,875	**935**	1,785
	201,673	182,257	**11,770**	10,403

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM2,295,000 (2011: RM2,433,000) and RM810,000 (2011: RM856,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company				
Executive				
Salaries and other emoluments	**566**	528	**566**	528
Bonus	**139**	218	**139**	218
Contributions to defined contribution plans	**105**	110	**105**	110
Benefits-in-kind	**89**	69	**89**	69
	899	925	**899**	925
Non-Executive				
Fees	**1,363**	644	**1,022**	482
Other emoluments	**150**	140	**150**	125
Benefits-in-kind	**65**	60	**65**	60
	1,578	844	**1,237**	667

9. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other Directors of subsidiaries				
Executive				
Salaries and other emoluments	**943**	1,066	**–**	–
Bonus	**276**	226	**–**	–
Contributions to defined contribution plans	**184**	200	**–**	–
Allowances	**82**	85	**–**	–
Benefits-in-kind	**55**	94	**–**	–
	1,540	1,671	**–**	–
Non-Executive				
Fees	**500**	213	**–**	–
Other emoluments	**120**	23	**–**	–
	620	236	**–**	–
Total	**4,637**	3,676	**2,136**	1,592
Total excluding benefits-in-kind	**4,428**	3,453	**1,982**	1,463
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	**2,295**	2,433	**810**	856
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	**2,133**	1,020	**1,172**	607
Total directors' remuneration excluding benefits-in-kind (Note 41)	**4,428**	3,453	**1,982**	1,463

Notes To The Financial Statements
for the year ended 31 December 2012

9. DIRECTORS' REMUNERATION (CONTD.)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	No. of Directors 2012	No. of Directors 2011
Executive directors:		
RM800,001 – RM900,000	**1**	–
RM900,001 – RM950,000	**–**	1
Non-executive directors:		
Below RM50,000	**1**	2
RM50,001 – RM100,000	**3**	4
RM100,001 – RM150,000	**1**	2
RM150,001 – RM200,000	**1**	1
RM200,001 – RM250,000	**1**	–
RM250,001 – RM300,000	**3**	–

10. INCOME TAX EXPENSE

Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current income tax:				
– Malaysian income tax	**49,790**	44,503	**747**	4,708
– Foreign tax	**–**	138	**–**	–
	49,790	44,641	**747**	4,708
Under/(over) provision of income tax in prior years:				
– Malaysian income tax	**3,985**	(1,779)	**(1,788)**	(991)
	53,775	42,862	**(1,041)**	3,717
Deferred tax (Note 31):				
– Relating to origination and reversal of temporary differences	**(1,968)**	1,100	**–**	–
– (Over)/under provision in prior years	**(677)**	4,537	**–**	–
	(2,645)	5,637	**–**	–
Income tax recognised in profit or loss	**51,130**	48,499	**(1,041)**	3,717

10. INCOME TAX EXPENSE (CONTD.)

Domestic statutory tax rate is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation between tax expense and accounting profits

A reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

Group	2012 RM'000	2011 RM'000
Profit before tax	**198,564**	121,714
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**49,641**	30,429
Income not subject to tax	**(100)**	(474)
Foreign (income)/loss not subject to tax	**(7,643)**	4,582
Non-deductible expenses	**5,670**	11,247
Different tax rates in other countries	**39**	(47)
Utilisation of previously unrecognised capital allowances	**(127)**	–
Deferred tax assets not recognised during the year		
– Malaysian subsidiaries	**342**	4
(Over)/under provision of deferred tax in prior years	**(677)**	4,537
Under/(over) provision of income tax in prior years		
– Malaysian subsidiaries	**3,985**	(1,779)
Income tax expense recognised in profit or loss	**51,130**	48,499

Company	2012 RM'000	2011 RM'000
Profit before tax	**115,994**	111,956
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	**28,999**	27,989
Non-deductible expenses	**6,111**	9,142
Income not subject to tax – tax exempt dividend	**(30,664)**	(32,377)
Income not subject to tax	**(3,723)**	–
Utilisation of previously unrecognised temporary differences	**–**	(46)
Utilisation of previously unrecognised capital allowances	**(127)**	–
Deferred tax assets not recognised during the year	**151**	–
Over provision of income tax in prior years	**(1,788)**	(991)
Income tax (benefit)/expense recognised in profit or loss	**(1,041)**	3,717

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Notes To The Financial Statements
for the year ended 31 December 2012

11. EARNINGS PER SHARE

Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group	
	2012 RM'000	2011 RM'000
Profit attributable to owners of the parent	**108,514**	61,589
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares in issue	**363,001**	363,001
	Sen	**Sen**
Basic earning per share:	**29.9**	17.0

There have been no other transactions involving ordinary shares or potential ordinary share between reporting date and the date of completion of these financial statements and therefore diluted earnings per share has not been presented.

12. DIVIDENDS

	Group and Company			
	Amount		Net Dividends per Ordinary Share	
	2012 RM'000	2011 RM'000	2012 Sen	2011 Sen
Recognised during the financial year:				
Final dividend for 2010: 8% less 25% taxation on 363,001,000 ordinary shares, declared on 25 February 2011 and paid on 23 June 2011	**–**	21,780	**–**	6.00
Final dividend for 2011: 8.00 sen less 25% taxation on 363,001,053 ordinary shares, of RM0.25 each, declared on 29 February 2012 and paid on 26 July 2012	**21,780**	–	**6.00**	–
Special interim dividend for 2012: 20.00 sen less 25% taxation on 363,001,053 ordinary shares, of RM0.25 each, declared on 19 November 2012 and paid on 20 December 2012	**54,450**	–	**15.00**	–
	76,230	21,780	**21.00**	6.00

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2012, of 10.00 sen less 25% taxation on 363,001,053 ordinary shares of RM0.25 each, amounting to a dividend payable of RM27,225,000 (7.50 sen net per ordinary share) will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

Notes To The Financial Statements
for the year ended 31 December 2012

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Plant equipment, furniture, fittings and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2012				
Cost				
At 1 January 2012	1,160	272,018	4,199	277,377
Additions	–	3,778	1,150	4,928
Disposals	–	(405)	–	(405)
Transfer	–	5,070	(5,070)	–
Written off	–	(2,683)	–	(2,683)
Exchange differences	–	(150)	–	(150)
At 31 December 2012	1,160	277,628	279	279,067
Accumulated depreciation				
At 1 January 2012	–	184,260	–	184,260
Charge for the year (Note 7)	–	16,173	–	16,173
Disposals	–	(198)	–	(198)
Written off	–	(2,197)	–	(2,197)
Exchange differences	–	(58)	–	(58)
At 31 December 2012	–	197,980	–	197,980
Net carrying amount				
At 31 December 2012	1,160	79,648	279	81,087

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group (contd.)	Freehold land RM'000	Plant equipment, furniture, fittings and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2011				
Cost				
At 1 January 2011	1,160	248,684	7,072	256,916
Additions	–	8,101	17,427	25,528
Disposals	–	(948)	–	(948)
Transfer	–	20,176	(20,176)	–
Written off	–	(3,741)	(124)	(3,865)
Exchange differences	–	(254)	–	(254)
At 31 December 2011	1,160	272,018	4,199	277,377
Accumulated depreciation				
At 1 January 2011	–	168,482	–	168,482
Charge for the year (Note 7)	–	19,880	–	19,880
Disposals	–	(575)	–	(575)
Written off	–	(3,479)	–	(3,479)
Exchange differences	–	(48)	–	(48)
At 31 December 2011	–	184,260	–	184,260
Net carrying amount				
At 31 December 2011	1,160	87,758	4,199	93,117

Notes To The Financial Statements
for the year ended 31 December 2012

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Equipment, furniture, fittings and motor vehicles RM'000
At 31 December 2012	
Cost	
At 1 January 2012	**4,412**
Additions	**152**
Disposal	**(9)**
At 31 December 2012	**4,555**
Accumulated depreciation	
At 1 January 2012	**2,769**
Charge for the year (Note 7)	**498**
Disposal	**(4)**
At 31 December 2012	**3,263**
Net carrying amount	**1,292**
At 31 December 2011	
Cost	
At 1 January 2011	3,587
Additions	869
Disposal	(44)
At 31 December 2011	4,412
Accumulated depreciation	
At 1 January 2011	2,392
Charge for the year (Note 7)	421
Disposal	(44)
At 31 December 2011	2,769
Net carrying amount	1,643

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) The net carrying amount of plant and equipment of the Group charged to a bank for banking facilities (Note 26(a)) are as follows:

	Group	
	2012 RM'000	2011 RM'000
Plant and equipment	**76,786**	83,623

(b) The cost of property, plant and equipment of the Group and of the Company amounting to RM151,893,000 (2011: RM131,850,000) and RM2,194,000 (2011: RM2,164,000) respectively have been fully depreciated and are still in use.

(c) Net carrying amounts of plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2012 RM'000	2011 RM'000
Equipment	**53**	143

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 27.

Notes To The Financial Statements
for the year ended 31 December 2012

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

Group	Land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2012			
At cost			
At 1 January 2012	**830**	**6,661**	**7,491**
Additions	**–**	**9**	**9**
At 31 December 2012	**830**	**6,670**	**7,500**
Accumulated impairment			
At 1 January 2012/at 31 December 2012	**51**	**6,338**	**6,389**
Carrying amount at 31 December 2012	**779**	**332**	**1,111**
At 31 December 2011			
At cost			
At 1 January 2011	19,330	7,306	26,636
Additions	–	2,706	2,706
Transfer to property development costs (Note 14(b))	(18,500)	(3,351)	(21,851)
At 31 December 2011	830	6,661	7,491
Accumulated impairment			
At 1 January 2011/at 31 December 2011	51	6,338	6,389
Carrying amount at 31 December 2011	779	323	1,102

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property development costs

Group	Land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2012			
Cumulative property development costs			
At 1 January 2012	**37,072**	**237,300**	**274,372**
Costs incurred during the year	**–**	**112,445**	**112,445**
Reversal of completed projects	**(17,587)**	**(306,417)**	**(324,004)**
At 31 December 2012	**19,485**	**43,328**	**62,813**
Cumulative costs recognised in income statement			
At 1 January 2012	**(8,648)**	**(185,438)**	**(194,086)**
Recognised during the year (Note 4)	**(7,617)**	**(115,645)**	**(123,262)**
Unsold unit transferred to inventories (Note 19)	**(1,442)**	**(17,749)**	**(19,191)**
Reversal of completed projects	**17,587**	**306,417**	**324,004**
At 31 December 2012	**(120)**	**(12,415)**	**(12,535)**
Property development costs at 31 December 2012	**19,365**	**30,913**	**50,278**
At 31 December 2011			
Cumulative property development costs			
At 1 January 2011	22,809	156,629	179,438
Costs incurred during the year	–	84,872	84,872
Transfer from land held for property development (Note 14(a))	18,500	3,351	21,851
Reversal of completed projects	(4,237)	(7,552)	(11,789)
At 31 December 2011	37,072	237,300	274,372
Cumulative costs recognised in income statement			
At 1 January 2011	(780)	(108,520)	(109,300)
Recognised during the year (Note 4)	(12,124)	(83,152)	(95,276)
Write back of impairment of property development costs (Note 4 and Note 7)	19	–	19
Unsold unit transferred to inventories (Note 19)	–	(1,318)	(1,318)
Reversal of completed projects	4,237	7,552	11,789
At 31 December 2011	(8,648)	(185,438)	(194,086)
Property development costs at 31 December 2011	28,424	51,862	80,286

15. PREPAID LAND LEASE PAYMENTS

	Group 2012 RM'000	Group 2011 RM'000
At 1 January	**3,586**	3,673
Amortisation for the year (Note 7)	**(88)**	(87)
At 31 December	**3,498**	3,586
Long term leasehold land	**3,498**	3,586

Leasehold land with an aggregate carrying value of RM2,592,000 (2011: RM2,670,000) are pledged as securities for banking facilities (Note 26(a)).

16. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer contracts RM'000	Development expenditure RM'000	Software RM'000	Total RM'000
Cost					
At 1 January 2011	26,982	9,622	12,153	10,260	59,017
Purchase of customer contracts	–	1,472	–	–	1,472
Additions	–	–	–	59	59
Exchange differences	–	(1,480)	–	–	(1,480)
At 31 December 2011	**26,982**	**9,614**	**12,153**	**10,319**	**59,068**
Additions	**–**	**–**	**–**	**13**	**13**
At 31 December 2012	**26,982**	**9,614**	**12,153**	**10,332**	**59,081**

16. INTANGIBLE ASSETS (CONTD.)

Group	Goodwill RM'000	Customer contracts RM'000	Development expenditure RM'000	Software RM'000	Total RM'000
Accumulated amortisation and impairment					
At 1 January 2011	–	2,134	11,426	8,942	22,502
Amortisation during the year (Note 7)	–	1,072	727	813	2,612
Impairment loss (Note 7)	–	6,846	–	–	6,846
Exchange differences	–	(438)	–	–	(438)
At 31 December 2011	**–**	**9,614**	**12,153**	**9,755**	**31,522**
Amortisation during the year (Note 7)	**–**	**–**	**–**	**477**	**477**
At 31 December 2012	**–**	**9,614**	**12,153**	**10,232**	**31,999**
Net carrying amount					
At 31 December 2012	**26,982**	**–**	**–**	**100**	**27,082**
At 31 December 2011	26,982	–	–	564	27,546

In prior year, the Group has assessed the recoverable amounts of the customer contracts attributed to the housekeeping business given that there are indications of impairment as the carrying amounts exceeds its recoverable value, that had resulted in an impairment loss of RM6,846,000 being recognised.

16. INTANGIBLE ASSETS (CONTD.)

Company	Software RM'000
Cost	
At 1 January 2011	373
Additions	30
At 31 December 2011	403
At 1 January 2012	**403**
Additions	**12**
At 31 December 2012	**415**
Accumulated amortisation	
At 1 January 2011	306
Amortisation for the year (Note 7)	40
At 31 December 2011	346
At 1 January 2012	**346**
Amortisation for the year (Note 7)	**34**
At 31 December 2012	**380**
Net carrying amount	
At 31 December 2012	**35**
At 31 December 2011	57

Impairment testing of goodwill

Goodwill arising from acquisition of equity interest from non-controlling interests has been allocated to the CGUs of the Integrated Facilities Management (Concession) Segment for impairment testing.

Key assumption used in value-in-use calculation

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period on the estimate that the new concession agreement will be executed in 2014. In prior year, cash flow projections covering a two-year period to the termination of the concession and the six months interim extension of the concession were used to determine the value-in-use of the Intergrated Facilities Management (Concession) Segment.

16. INTANGIBLE ASSETS (CONTD.)

The following describes the key assumptions used for value-in-use calculations:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins and average growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Discount rate

The pre-tax discount rates applied to pre-tax cash flows, used for the Integrated Facilities Management (Concession) Segment is in the range of 11.70% (2011: 12.24%).

For goodwill component, its recoverable amount exceeds its carrying amount by RM96 million. The key assumptions used in determining its recoverable amount are sensitive in the following area:

– Management has considered the possibility of greater than budgeted increase in operational and capital expenditure. This may occur if anticipated compliance of technical capability and quality demand on the Hospital Support Services is not met. Should the Group be unable to absorb the additional cost increases of an average of 30%, this component's recoverable amount would be reduced to its carrying amount.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 RM'000	**2011 RM'000**
Unquoted shares at cost:		
– Malaysian subsidiaries	**345,790**	345,790
– Foreign subsidiaries	**418**	418
	346,208	346,208
Less: Accumulated impairment	**(198,326)**	(198,176)
	147,882	148,032

Details of the subsidiaries are listed in Note 46.

Acquisition of non-controlling interest in Faber Star Facilities Management Ltd ("FSFML")

On 20 April 2011, Faber Facilities Sdn. Bhd. ("FFSB"), a wholly owned subsidiary of FGB acquired the remaining 49% equity interest in FSFML from its non-controlling shareholders. As a result of the acquisition, FSFML became a wholly-owned subsidiary of FFSB. In turn, FSFML is an indirect wholly-owned subsidiary of FGB.

Capitalisation of loan from a corporate shareholder of a subsidiary

On 1 January 2011, shareholders of Fresh Linen Services (Sabah) Sdn. Bhd. ("FLSBH"), an indirect subsidiary of FGB, had subscribed for new ordinary shares in the FLSBH via the capitalisation of RM2,000,000 of the shareholders' loan based on the respective shareholding ratio of 60:40 (FMS: RM1,200,000 and SMS Kg Likas (Sabah) Sdn. Bhd., the non-controlling shareholders: RM800,000).

18. OTHER INVESTMENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Equity instruments (unquoted shares in Malaysia), at cost	**1,200**	3,825	**1,200**	1,200
Less: Accumulated impairment losses	**(1,200)**	(3,825)	**(1,200)**	(1,200)
Unquoted shares, net	**–**	–	**–**	–
Club memberships	**272**	272	**272**	272
	272	272	**272**	272

Included herein is the Company's 40% equity interest investment in Ekovest-Faber Sdn. Bhd. ("Ekovest-Faber") amounting to RM1,200,000 (2011: RM1,200,000), which was paid for via subscription of shares. Ekovest-Faber is the joint venture vehicle to apply to the Government of Malaysia to undertake as joint venture partners, the concession for the design, construction, completion and maintenance of an institution known as the National Institute for Natural Products, Vaccines and Biologicals.

19. INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
Cost		
Consumables	**4,430**	4,176
Properties held for sale (Note 14 (b))	**19,191**	1,318
Net realisable value		
Consumables	**1,601**	1,584
Total	**25,222**	7,078

During the year, the amount of inventories recognised as an expense in cost of sales of the Group for consumbles and properties held for sales is RM4,331,000 (2011: RM4,192,000).

During the year, there was a write-down of inventories of RM103,000 (from net realisable value consumables). In prior year, the reversal of write-down of inventories of RM672,000 (from net realisable value consumables) was made when slow moving inventories were consumed (Note 7).

During the year, the properties held for sale are in relation to completed properties of Armada Villa, Taman Desa, Kuala Lumpur and Areca Residence, Laman Rimbunan, Kepong. In prior year, the properties held for sale are in relation to completed properties of Taman Hilltop, Kota Kinabalu, Sabah.

20. TRADE AND OTHER RECEIVABLES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current				
Trade receivables				
Third parties	**313,098**	288,703	**–**	–
Affiliated companies	**5,246**	503	**–**	–
	318,344	289,206	**–**	–
Less: Allowance for impairment:				
Third parties	**(3,532)**	(9,259)	**–**	–
Trade receivables, net	**314,812**	279,947	**–**	–
Other receivables				
Amounts due from related parties:				
Subsidiaries	**–**	–	**12,351**	19,498
Affiliated company	**9**	9	**–**	–
	9	9	**12,351**	19,498
Deposits	**3,431**	3,477	**188**	176
Dividend receivable	**–**	–	**4,446**	33,533
Sundry receivables	**6,748**	10,193	**497**	1,674
	10,188	13,679	**17,482**	54,881
Less: Allowance for impairment:				
Sundry receivables	**(1,382)**	(1,993)	**(216)**	(1,083)
Subsidiaries	**–**	–	**(9,842)**	(15,362)
Affiliated company	**(9)**	(9)	**–**	–
	(1,391)	(2,002)	**(10,058)**	(16,445)
Other receivables, net	**8,797**	11,677	**7,424**	38,436
Other current assets				
Accrued billings in respect of property development costs	**65,470**	52,942	**–**	–
Tax recoverable	**5,523**	4,373	**599**	599
Prepayments	**1,820**	1,382	**–**	6
Prepayment – linen	**14,539**	12,985	**–**	–
Other current assets	**87,352**	71,682	**599**	605
Total	**410,961**	363,306	**8,023**	39,041

Notes To The Financial Statements
for the year ended 31 December 2012

20. TRADE AND OTHER RECEIVABLES (CONTD.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current				
Trade receivables				
Third parties	**13,783**	152,068	**–**	–
Affiliated company	**–**	6,865	**–**	–
	13,783	158,933	**–**	–
Less: Allowance for impairment:				
Third parties	**(1,264)**	(13,855)	**–**	–
Affiliated company	**–**	(980)	**–**	–
	(1,264)	(14,835)	**–**	–
Trade receivables, net	**12,519**	144,098	**–**	–

Movements in allowance accounts:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	**26,096**	24,751	**16,445**	1,458
Charge for the year (Note 7)				
– Non-current	**–**	14,835	**–**	–
– Current	**804**	7,045	**9,373**	14,987
Reversal of impairment (Note 7)	**(15,706)**	(18,894)	**(14,893)**	–
Written off	**(5,007)**	(1,641)	**(867)**	–
At 31 December	**6,187**	26,096	**10,058**	16,445

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (current)

Trade receivables (current) are non-interest bearing and are generally on 30 to 90 days (2011: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables (current)

The ageing analysis of the Group's trade receivables (current) is as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Neither past due nor impaired	**186,893**	254,836
1 to 30 days past due not impaired	**6,966**	6,138
31 to 60 days past due not impaired	**19,680**	3,349
61 to 90 days past due not impaired	**18,938**	7,883
91 to 120 days past due not impaired	**4,023**	–
More than 121 days past due not impaired	**78,312**	7,741
	127,919	25,111
Impaired	**3,532**	9,259
	318,344	289,206

Receivables that are neither past due nor impaired

Trade receivables (current) that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Approximately 71% (2011: 90%) of the Group's trade receivables arose from current receivable balances with the Ministry of Health (MOH) and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables (current) amounting to RM127,919,000 (2011: RM25,111,000) that are past due at the reporting date but not impaired. Trade receivables that are past due but not impaired mainly relate to amounts receivable for the hospital support services with the MOH, the Low Cost Housing and Infrastructure contract with WRM of Abu Dhabi and for properties under development located at Taman Danau Desa, Sabah and Kepong. In prior year, trade receivables that are past due but not impaired mainly relates to receivable for the hospital support service with MOH and and for properties under development located at Taman Danau Desa, Sabah and Kepong.

Notes To The Financial Statements
for the year ended 31 December 2012

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (current) (contd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Group	Collectively impaired 2012 RM'000	2011 RM'000
Trade receivables		
– nominal amounts	**3,532**	9,259
Less: Allowance for impairment	**(3,532)**	(9,259)
	–	–

Trade receivables that are collectively determined to be impaired at the reporting date mainly relate to balances which have been significantly long outstanding. These receivables are not secured by any collateral or credit enhancements.

(b) Trade receivables (non-current)

The Group's non-current trade receivables arose from balances with the WRM of Abu Dhabi. The amounts due are non-interest bearing, unsecured and are to be paid in cash. During the year, Faber LLC, a subsidiary of the Company has written back an impairment of RM12,591,000 (2011: nil) as the Group has received payment from WRM. In prior year, Faber LLC had provided an impairment of RM13,855,000 as WRM has not settled the outstanding balances within the contracted credit terms due to on going negotiations to close the respective contracts.

(c) Other receivables

Amounts due from related parties

Amounts due from all related parties are non-interest bearing and repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

During the financial year, the Company had carried out a recoverability assessment on all amounts due from related parties that resulted in the impairment of these subsidiaries debts of RM9,373,000 (2011: RM14,987,000). These related party balances were non-interest bearing and non trade-related.

20. TRADE AND OTHER RECEIVABLES (CONTD.)

(c) Other receivables (contd.)

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM1,382,000 (2011: RM1,993,000) and RM216,000 (2011: RM1,083,000) respectively. These mainly relate to balances due from third parties which have been long outstanding.

(d) Other current assets

Prepayment for linen

A subsidiary, Faber Medi-Serve Sdn. Bhd., is required to replenish linen as and when required under the requirement of concession contract with MOH. The linen covers all fabric materials used in the respective hospitals and is the property of the respective hospitals. Linen items are amortised over two years, which is the life span based on the subsidiary's past experience.

Linen purchased and amortised during the year amounted to RM15,217,000 (2011: RM13,398,000) and RM13,673,000 (2011: RM13,024,000) respectively.

Further details on related party transactions are disclosed in Note 41.

21. AMOUNTS DUE FROM CUSTOMER ON CONTRACTS

	Group	
	2012 RM'000	2011 RM'000
Cost incurred plus recognised profits	-	57,842

Amounts due from customer on contracts represents the work orders recognised by a foreign subsidiary of the Company whereby the balances are yet to be certified by WRM as at year end. In prior year, this balance had been classified as amounts due from customer on contracts as it is probable that the future economic benefit will flow to the Group and the revenue can be reliably measured for such work orders.

Notes To The Financial Statements
for the year ended 31 December 2012

22. SHORT TERM INVESTMENT

	Group 2012 RM'000	Group 2011 RM'000
Fair value through profit or loss investments:		
Unquoted unit trust in Malaysia	**-**	2,012

Short term investment of a subsidiary, Faber Union Sdn. Bhd. ("FUSB") represents special investment funds invested with licensed fund managers in the Funds approved by the Securities Commission. The portfolio of investment authorised by the Board of Directors comprises only deposits in both Islamic and conventional instruments with financial institutions.

The short term invesment has been withdrawn in current year.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash on hand and at banks	**179,306**	113,457	**875**	731
Deposits with:				
- licensed banks	**119,761**	96,106	**3,306**	4,217
- other financial institutions	**41,290**	110,798	**25,600**	99,060
Cash and cash equivalents	**340,357**	320,361	**29,781**	104,008

(a) Included in cash at bank of the Group are the amounts of RM121,994,000 (2011: RM73,175,000) 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 and are restricted from use in other operations;

(b) Deposits with licensed banks of the Group and of the Company amounting to RM17,268,000 (2011: RM17,535,000) and nil (2011: RM991,000) respectively are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2012, the subsidiaries have utilised guarantee facilities amounting to RM15,871,000 (2011: RM16,513,000).

(c) Deposits with licensed banks of the Company amounting to RM3,000,000 (2011: RM3,000,000) are pledged as securities for bank borrowing granted to a foreign subsidiary.

Short-term deposits are made for varying periods of between one to three months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

Other information on financial risks of cash and cash equivalents are disclosed in Note 43.

24. RETIREMENT BENEFIT OBLIGATIONS

Certain subsidiaries operate an unfunded, defined benefit Retirement Benefit Scheme (the Scheme) for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 55, on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuarist, Actuarial Partners Consulting Sdn. Bhd. dated 4 January 2011.

The details of the net employee benefits liability are as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Present value of the defined benefit obligations (PVDBO) as at 1 January	**4,870**	4,556
Defined benefit obligations (Note 8)	**855**	778
Actuarial loss	**589**	–
Contributions paid	**(148)**	(464)
PVDBO as at 31 December	**6,166**	4,870
Analysis of funded and unfunded PVDBO		
PVDBO from plans that are wholly unfunded	**6,166**	4,870
Analysed as:		
Current	**1,126**	832
Non-current:		
Later than 1 year but not later than 2 years	**108**	210
Later than 2 years	**4,932**	3,828
	5,040	4,038
	6,166	4,870

24. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The details of net employee benefits expense recognised in profit or loss are as follows:

	Group	
	2012 RM'000	2011 RM'000
Current service costs	511	454
Interest cost	344	324
Net employee benefits expense (Note 8)	855	778

Total amount recognised in statement of comprehensive income

	Group	
	2012 RM'000	2011 RM'000
Actuarial loss recognised in other comprehensive income	589	–
Cumulative amount of actuarial loss recognised in statement of comprehensive income	589	–

Principal actuarial assumptions used:

	2012 %	2011 %
Discount rate	6.0	6.0
Expected rate of salary increases	5.0	5.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

24. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

Discount rate

A one percentage point change in the assumed discount rate would have the following effects:

	Increase/(decrease) in PVDBO	
	2012 RM'000	2011 RM'000
Increase in one percentage point on discount rate	**(379)**	(297)
Decrease in one percentage point on discount rate	**417**	327

Salary increment rate

A one percentage point change in the assumed salary incremental rate would have the following effects:

	Increase/(decrease) in PVDBO	
	2012 RM'000	2011 RM'000
Increase in one percentage point on salary increment rate	**2,274**	1,768
Decrease in one percentage point on salary increment rate	**(2,066)**	(1,608)

25. PROVISIONS

Group	Sinking fund RM'000	Late delivery charges RM'000	Total RM'000
Non current			
At 31 December 2012			
At 1 January 2012	**99**	**–**	**99**
Additional provision (Note 7)	**12**	**–**	**12**
At 31 December 2012	**111**	**–**	**111**
At 31 December 2011			
At 1 January 2011	83	560	643
Additional provision (Note 7)	16	–	16
Reversal of provision (Note 7)	–	(560)	(560)
At 31 December 2011	99	–	99

(a) Sinking fund

Under the provision of the Housing Development (Control and Licensing) Act 1966 (Act 118) & Regulations and Land (Subsidiary Title) Enactment 1972 (Sabah No. 9 of 1972), the purchasers are required to contribute to the sinking fund upon the dates they take vacant possession and all the funds accumulated into the sinking fund shall be held by the vendor in trust for the purchaser.

(b) Late delivery charges

Provision for late delivery charges is in respect of certain property development projects undertaken by certain subsidiaries. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements. In the prior year, a subsidiary of the Group has written back the provision as it is not required due to the clearance of these claims.

26. BORROWINGS

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Short term borrowings				
Secured:				
Redeemable Secured				
Loan Stocks (Note 28)	**–**	145,053	**–**	145,053
Hire purchase (Note 27)	**38**	69	**–**	–
Revolving credit :				
– foreign (Note (c))	**1,910**	2,801	**–**	–
	1,948	147,923	**–**	145,053
Unsecured:				
Loan from a corporate shareholder of a subsidiary (Note (b))	**675**	986	**–**	–
Total short term borrowings	**2,623**	148,909	**–**	145,053
Long term borrowings				
Secured:				
Hire purchase (Note 27)	**13**	51	**–**	–
Unsecured:				
Redeemable Preference Shares (Note 35)	**–**	7,038	**–**	–
Total long term borrowings	**13**	7,089	**–**	–
Total borrowings				
Hire purchase (Note 27)	**51**	120	**–**	–
Revolving credit (Note (c))	**1,910**	2,801	**–**	–
Redeemable Secured Loan Stocks (Note 28)	**–**	145,053	**–**	145,053
Redeemable Preference Shares (Note 35)	**–**	7,038	**–**	–
Loan from a corporate shareholder of a subsidiary (Note (b))	**675**	986	**–**	–
	2,636	155,998	**–**	145,053

26. BORROWINGS (CONTD.)

(a) Syndicated banking facilities (secured)

The outstanding balances for the secured Syndicated Banking Facilities of Faber Medi-Serve Sdn. Bhd. ("FMS"), a wholly owned subsidiary of the Company comprise of revolving credit, bank guarantee and combined trade facilities are as follows:

	2012 RM'000	2011 RM'000
Bank guarantees	**944**	1,137
Bank guarantees issued for Performance Bonds to Government of Malaysia (Note 40)	**30,163**	13,754

The Syndicated Banking Facilities are secured by a Debenture and a Deed of Assignment of Proceeds dated 27 December 1996 by way of the following:

(i) A first fixed charge over all sums paid or may from time to time become due and payable to the subsidiary ("the Proceeds") by the Goverment of Malaysia pursuant to the Concession Agreement dated 28 October 1996, all its uncalled capital, its present and future goodwill, patents, trademarks, licences and concessions and all its present and future plant, equipment and machinery, motor vehicles and furniture and fittings; and

(ii) A first floating charge over all the present and future lands undertakings and other properties and assets of the subsidiary both movable and immovable, not otherwise charged in (a)(i) above.

(b) Loan from a corporate shareholder of a subsidiary

The loan from a non-controlling shareholder of a subsidiary, Fresh Linen Services (Sabah) Sdn. Bhd., is unsecured and bears interest based on Syariah Principle at 1.75% (2011: 1.75%) above Base Financing Rate ("BFR") per annum.

(c) Revolving credit – foreign

A subsidiary, Faber Sindoori Management Services Private Ltd.'s ("Faber Sindoori") revolving credit facility amounting to RM1,910,000 (2011: RM2,801,000) is secured by a standby letter of credit, which is secured in turn against the Company's fixed deposits as disclosed in Note 23(c). It bears interest ranging from 11.5% to 13.0% (2011: 10.5% to 12.5%) per annum.

27. HIRE PURCHASE

Future minimum lease payments:

	Group 2012 RM'000	Group 2011 RM'000
Not later than 1 year	**40**	74
Later than 1 year and not later than 2 years	**13**	40
Later than 2 years and not later than 5 years	**–**	13
Total future minimum lease payments	**53**	127
Less: Future finance charges	**(2)**	(7)
Present value of finance lease liabilities	**51**	120

Analysis of present value of finance lease liabilities:

	Group 2012 RM'000	Group 2011 RM'000
Not later than 1 year	**38**	69
Later than 1 year and not later than 2 years	**13**	38
Later than 2 years and not later than 5 years	**–**	13
	51	120
Less: Amount due within 12 months (Note 26)	**(38)**	(69)
Amount due after 12 months (Note 26)	**13**	51

The Group has hire purchase contracts for various items of equipment (see Note 13). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

These obligations are secured by a charge over the leased assets (Note 13). Other information on financial risks of hire purchase are disclosed in Note 43.

28. REDEEMABLE SECURED LOAN STOCKS ("RSLS")

On 30 September 2004, the Company issued RM185,528,000 nominal value of RSLS of RM1 each as partial settlement to Jeram Bintang Sdn. Bhd. ("JBSB") pursuant to its Debt Restructuring Scheme.

The RSLS comprise RM135,564,000 of RSLS issued and 4% per annum coupon compounded annually up to maturity. The total amount of the coupon payment is RM49,964,000 nominal value payable in the form of RSLS annually in arrears at each anniversary date.

On 14 September 2009, the Company had executed a Supplemental Trust Deed and Supplemental Restructuring Deed.

The following are the salient revision to the terms of the RSLS:-

(i) to allow the coupon payments to be in the form of cash payable annually in arrears at each anniversary date from the years 2010 to 2012, on such nominal amount of the RSLS for the time being outstanding. In the event, for any reason(s) whatsoever, the Company is unable to pay, fully or partially, the coupon payment in cash on the anniversary date, all of the coupon payment due and payable but not paid in cash shall be capitalised into new RSLS.

(ii) to allow that in the event that the partial redemption is made before the anniversary date of the RSLS, the accreted value of the 4% coupon per annum up to the proposed early redemption date will be added to the outstanding RSLS as of the last anniversary date or such early redemption date, whichever is the later, and such early redemption amounts will be used firstly to reduce the outstanding coupon and thereafter the principal outstanding RSLS. The coupon payment payable on the next anniversary date would then be adjusted to exclude the earlier coupon payment made.

However, no redemption will be carried out unless it is sufficient to pay the outstanding coupon accrued from the last anniversary date or the date of that last early redemption payment, as the case may be, up to the proposed early redemption date and 14 days notice of such intention is given to JBSB and the Universal Trustee (Malaysia) Berhad.

Other salient terms of the RSLS are as follow:

(i) The RSLS shall be redeemed for cash on the maturity date, which is 8 years from the date of issuance of 30 September 2004, or in part or in whole on such earlier date(s) at the option of the Company.

(ii) The RSLS bear coupon at the rate of 4% per annum compounded annually on such nominal amount of the RSLS for the time being outstanding. The coupon payment shall be in the form of cash or RSLS (as the case may be) on such nominal amount of the RSLS for the time being outstanding.

(iii) The RSLS are secured by a charge over:

- 30,599,998 issued and paid-up ordinary shares of RM1 each in FMS by Faber Healthcare Management Sdn. Bhd; and
- 2 issued and paid-up ordinary shares of RM1 each in FMS by the Company.

During the financial year ended 31 December 2012, the Company has made the full and final repayment of RM148,359,000 of which RM4,769,000 was for the coupon on RSLS and RM143,590,000 was for the principal amount outstanding.

29. BALANCE SUM DUE TO JERAM BINTANG SDN. BHD.

On 30 September 2004, following the completion of its Debt Restructuring, the Company acknowledged the Balance Sum of RM51,442,000 due to JBSB.

The Balance Sum was interest free and was repayable over a period of 8 years from the date of completion of the restructuring scheme. The Balance Sum was secured as follows:

(i) assignment of dividends receivable from Faber Medi-Serve Sdn. Bhd. ("FMS") on 315,000 ordinary shares held by Intensive Quest Sdn. Bhd. ("IQSB") in FMS amounting to RM24 million by the Company;

(ii) assignment of net profits from the development of Casa Palma land amounting to RM15.330 million by Faber Union Sdn. Bhd.;

(iii) assignment of a share of the Group's portion of net profits from the joint venture in respect of the development of Taman Sri Desa land amounting to RM3.207 million by Faber Union Sdn. Bhd.;

(iv) assignment of net profits from the development of Faber Grandview land amounting to RM1.810 million by Faber Grandview Development (Sabah) Sdn. Bhd.;

(v) assignment of net profits from the development of Country View land amounting to RM7.093 million by Country View Development Sdn. Bhd.;

(vi) charge over 30,599,998 issued and paid-up ordinary shares of RM1.00 each in FMS by Faber Healthcare Management Sdn. Bhd.; and

(vii) charge over 2 issued and paid-up ordinary shares of RM1.00 each in FMS by the Company.

All Balance Sum due to JBSB was fully settled in prior years but the release of charges over the Balance Sum securities has yet to be fully completed as at the date of the financial statements.

Notes To The Financial Statements
for the year ended 31 December 2012

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade payables				
Third parties	**188,074**	211,609	**–**	–
Affiliated companies	**34,829**	38,156	**–**	–
	222,903	249,765	**–**	–
Other payables				
Amounts due to related parties:				
– Corporate shareholder of subsidiaries	**–**	419	**–**	–
	–	419	**–**	–
Accruals	**61,196**	45,165	**2,522**	2,644
Dividend payable to non-controlling shareholders of a subsidiary	**–**	3,434	**–**	–
Refundable deposits	**3,082**	2,995	**–**	–
Sundry payables	**33,091**	31,729	**219**	198
	97,369	83,742	**2,741**	2,842
Total	**320,272**	333,507	**2,741**	2,842
Non-current				
Trade payables				
Third parties	**–**	5,825	**–**	–
Affiliated company	**–**	27,185	**–**	–
	–	33,010	**–**	–

30. TRADE AND OTHER PAYABLES (CONTD.)

(a) Trade payables (current)

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2011: 30 to 90 days).

Included in trade payables at 31 December 2012 are retention sums of RM10,282,000 (2011: RM12,812,000) relating to property development in progress.

Retention sums are unsecured, interest-free and are expected to be paid within the terms of construction contracts.

(b) Trade payables (non-current)

In prior year, the Group's non-current trade payables arose from balances with the contractors relating to the contracts with of WRM of Abu Dhabi.

(c) Amounts due to related parties

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 41.

31. DEFERRED TAX

	Group	
	2012 **RM'000**	**2011** **RM'000**
At 1 January	**897**	(4,676)
Recognised in profit and loss (Note 10)	**(2,645)**	5,637
Exchange differences	**(19)**	(64)
At 31 December	**(1,767)**	897
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(4,429)**	(2,676)
Deferred tax liabilities	**2,662**	3,573
	(1,767)	897

31. DEFERRED TAX (CONTD.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Linen RM'000	Intangible assets RM'000	Total RM'000
At 1 January 2012	**8,484**	**3,246**	**–**	**11,730**
Recognised in profit and loss	**1,509**	**386**	**–**	**1,895**
Exchange difference	**(19)**	**–**	**–**	**(19)**
	9,974	**3,632**	**–**	**13,606**
Less: Set off of deferred tax assets				**(10,944)**
At 31 December 2012				**2,662**
At 1 January 2011	8,018	3,324	182	11,524
Recognised in profit and loss	530	(78)	(182)	270
Exchange difference	(64)	–	–	(64)
	8,484	3,246	–	11,730
Less: Set off of deferred tax assets				(8,157)
At 31 December 2011				3,573

31. DEFERRED TAX (CONTD.)

Deferred tax assets of the Group:

	Receivables/ payables RM'000	Total RM'000
At 1 January 2012	**(10,833)**	**(10,833)**
Recognised in the profit or loss	**(4,540)**	**(4,540)**
	(15,373)	**(15,373)**
Less: Set off of deferred tax liabilities		**10,944**
At 31 December 2012		**(4,429)**
At 1 January 2011	(16,200)	(16,200)
Recognised in the profit or loss	5,367	5,367
	(10,833)	(10,833)
Less: Set off of deferred tax liabilities		8,157
At 31 December 2011		(2,676)

Deferred tax assets have not been recognised in respect of the following items:

Malaysian Companies

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unused tax losses	**14,897**	14,385	**5,954**	5,954
Unabsorbed capital allowance	**313**	556	**–**	507
Others	**1,502**	911	**1,425**	822
	16,712	15,852	**7,379**	7,283

31. DEFERRED TAX (CONTD.)

Unrecognised tax losses

At the reporting date, the Group and Company has tax losses of approximately RM14,897,000 (2011: RM14,385,000) and RM5,954,000 (2011: RM5,954,000) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the reporting date, no deferred tax liability (2011: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary difference for which no deferred tax liability has been recognised aggregate to RM2,121,000 (2011: RM302,000). The deferred tax liability is estimated to be RM344,000 (2011: RM49,022).

Tax consequences of proposed dividends

There are no income tax consequences (2011: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 12).

32. SHARE CAPITAL AND SHARE PREMIUM

Group and Company	Number of ordinary shares of RM0.25 each 2012 '000	2011 '000	Amount 2012 RM'000	2011 RM'000
Authorised				
At 1 January	**3,000,000**	3,000,000	**750,000**	3,000,000
Reduction in par value of the ordinary shares	**–**	–	**–**	(2,250,000)
31 December	**3,000,000**	3,000,000	**750,000**	750,000
Issued and fully paid up				
At 1 January	**363,001**	363,001	**90,750**	363,001
Reduction in par value of the ordinary shares	**–**	–	**–**	(272,251)
31 December	**363,001**	363,001	**90,750**	90,750

Group and Company	Amount: Share capital (Issued and fully paid up) RM'000	Share premium RM'000	Total share capital and share premium RM'000
At 1 January 2011	363,001	115,985	478,986
Reduction in par value of the ordinary shares	(272,251)	–	(272,251)
Reduction in share premium	–	(115,985)	(115,985)
31 December 2011	90,750	–	90,750
At 1 January 2012 and 31 December 2012	**90,750**	**–**	**90,750**

(a) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. SHARE CAPITAL AND SHARE PREMIUM (CONTD.)

(a) Ordinary shares (contd.)

As at the beginning of the prior year, the authorised share capital of the Company was RM3,000,000,000 divided into 3,000,000,000 ordinary shares of RM1.00 each while the issued and paid-up share capital was RM363,001,000 divided into 363,001,000 ordinary shares of RM1.00 each.

In the prior year, the issued and paid-up share capital of the Company was reduced via the cancellation of RM0.75 from every par value of RM1.00 of each ordinary share pursuant to Section 64 of the Companies Act, 1965 to reduce the accumulated losses of the Company. The required amendment to the Memorandum of Association to facilitate the par value reduction was completed on 19 September 2011.

Resulting from the above, the authorised share capital of the Company was amended to RM750,000,000 divided into 3,000,000,000 ordinary shares of RM0.25 each while the issued and paid-up share capital was reduced to RM90,750,000 divided into 363,001,000 ordinary shares of RM0.25 each in prior year.

(b) Share premium

As at the beginning of the prior year, the share premium of the Company was RM115,985,000. In prior year, there was a reduction of the entire balance of RM115,985,000 in the Company's share premium account pursuant to Section 64 of the Companies Act, 1965 to reduce the accumulated losses in the Company.

33. OTHER RESERVES

Group	Statutory reserve RM'000	Foreign currency translation reserve RM'000	Capital redemption reserve RM'000	Total RM'000
At 1 January 2012	**279**	**(4,624)**	**–**	**(4,345)**
Foreign currency translation	**–**	**(550)**	**–**	**(550)**
Redemption of redeemable preference shares	**–**	**–**	**9,163**	**9,163**
At 31 December 2012	**279**	**(5,174)**	**9,163**	**4,268**
At 1 January 2011	279	(4,615)	–	(4,336)
Foreign currency translation	–	(9)	–	(9)
At 31 December 2011	279	(4,624)	–	(4,345)

33. OTHER RESERVES (CONTD.)

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Statutory reserve

In accordance with the United Arab Emirates ("UAE") Commercial Companies Law, 10% of profit for each year from a Limited Liability Company incorporated in the UAE is transferred to a legal reserve until such time as the reserve equals 50% of the paid-up capital. FLLC has resolved to discontinue such annual transfers since the reserve is equal to 50% of its share capital. This reserve is not available for distribution except as stipulated by UAE law.

(c) Capital redemption reserve

Capital redemption reserve arises from the redemption of redeemable preference shares in current year by a subsidiary in accordance with Section 61(5) of Companies Act, 1965.

34. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2012 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2012, the Company has 108 balance amounting to RM20,042,000 (2011: RM45,452,000). The Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM60,126,000 (2011: RM136,356,000) out of its retained earnings. If the balance of the retained earnings of RM33,299,000 (2011: nil) were to be distributed as dividends, the Company may distribute such dividends under single tier system.

Notes To The Financial Statements
for the year ended 31 December 2012

35. REDEEMABLE PREFERENCE SHARES ("RPS")

	Group			
	Number of RPS of RM1 each		Amount	
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
At 1 January	**7,496**	7,496	**7,038**	6,907
Accretion of RPS (Note 7)	**–**	–	**97**	131
Loss on early redemption of RPS (Note 7)	**–**	–	**361**	–
Redemption of RPS	**(7,496)**	–	**(7,496)**	–
31 December (Note 26)	**–**	7,496	**–**	7,038

A subsidiary, Rimbunan Melati Sdn. Bhd. ("RMSB"), had issued 16,659,091 Non-voting Non-cumulative Redeemable Preference shares of RM1.00 each to its shareholders. The above amount is attributable to the non-controlling shareholder of the subsidiary. The RPS have no voting rights and entitled to a fixed non-cumulative preferential dividends at a rate of 5% per annum. The RPS have no fixed term of redemption. During the year, RMSB has fully redeemed the RPS out of profit at RM1.00 each.

36. NON-CONTROLLING INTERESTS

With effect from 1 January 2011, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. In the prior year, the Group remeasured the non-controlling interests prospectively in accordance with the transitional provisions of the revised FRS 127.

37. NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES

	Group	
	2012 RM'000	2011 RM'000
Cash flows from operating activities		
Profit before tax	**198,564**	121,714
Adjustments for:		
Depreciation of property, plant and equipment	**16,173**	19,880
Amortisation of intangible assets	**477**	2,612
Amortisation of prepaid land lease payments	**88**	87
Property, plant and equipment written off	**486**	386
Defined benefit obligations (Note 8)	**855**	778
Provisions	**12**	16
Impairment on intangible assets	**–**	6,846
Impairment on financial assets: – Trade and other receivables	**804**	21,880
Reversal of impairment on financial assets: – Trade and other receivables	**(15,706)**	(18,894)
Write back of impairment of property development costs	**–**	(19)
Interest income	**(8,302)**	(8,388)
Reversal of provisions	**–**	(560)
Reversal of write-down of inventories	**103**	(672)
Net unrealised foreign exchange loss	**(218)**	(14)
Loss on disposal of plant and equipment	**192**	344
Interest expense on: – RSLS – Loan from shareholder of a subsidiary – Hire purchase – Bank borrowings	 **3,306** **38** **5** **354**	 5,952 115 11 320
Accretion of RPS	**97**	131
Loss on early redemption of RPS	**361**	–
Acturial loss on Retirement Benefit Scheme	**589**	–
Operating profit before working capital changes balance brought forward	**198,278**	152,525

37. NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (CONTD.)

	Group 2012 RM'000	Group 2011 RM'000
Operating profit before working capital changes balance carried forward	**198,278**	152,525
Decrease/(increase) in property development costs	**30,008**	(10,129)
(Increase)/decrease in land held for property development	**(9)**	19,145
Increase in inventories	**(18,247)**	(1,104)
Decrease/(increase) in receivables	**100,194**	(74,173)
Decrease/(increase) in amount due from customer on contracts	**57,842**	(17,287)
Decrease in retirement benefit obligations	**(148)**	(464)
(Decrease)/increase in payables	**(43,524)**	70,336
Cash generated from operations	**324,394**	138,849
Interest paid	**(5,166)**	(6,490)
Taxes paid	**(59,096)**	(43,236)
Net cash flows generated from operating activities	**260,132**	89,123

	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities		
Profit before tax	**115,994**	111,956
Adjustments for:		
Depreciation of property, plant and equipment	**498**	421
Amortisation of intangible assets	**34**	40
Impairment on financial assets: – Trade and other receivables	**9,373**	14,987
Reversal of impairment on financial assets: – Trade and other receivables	**(14,893)**	–
Interest income	**(2,307)**	(2,366)
Amounts due from subsidiaries written off	**2**	3
Impairment on investment in subsidiary	**150**	–
Gain on disposal of plant and equipment	**–**	(2)
Dividend income received from subsidiaries	**(122,654)**	(141,346)
Interest expense on RSLS	**3,306**	5,952
Operating loss before working capital changes	**(10,497)**	(10,355)
Decrease/(increase) in receivables	**309**	(811)
Decrease in payables	**(101)**	(4,354)
Cash used in operations balances brought forward	**(10,289)**	(15,520)

37. NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (CONTD.)

	Company	
	2012 RM'000	2011 RM'000
Cash used in operations balances carried forward	**(10,289)**	(15,520)
Interest paid	**(4,769)**	(6,044)
Taxes paid	**(378)**	(3,708)
Net cash flows used in operating activities	**(15,436)**	(25,272)

38. OPERATING LEASE COMMITMENTS

The Group has entered into non-cancellable operating lease agreements for the use of premises and certain plant and machineries. These leases have an average tenure of between 3 and 5 years with no renewal or purchase option included in the contracts.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of those agreements. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities and the total of future aggregate minimum sublease receipts expected to be received under non-cancellable subleases, are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Future minimum rental payable of premises:				
Not later than 1 year	**1,378**	2,731	**643**	620
Later than 1 year and not later than 2 years	**–**	427	**–**	–
	1,378	3,158	**643**	620
Future minimum rental payable of equipment:				
Not later than 1 year	**131**	528	**59**	59
Later than 1 year and not later than 2 years	**42**	143	**–**	59
Later than 2 years and not later than 5 years	**9**	108	**–**	59
	182	779	**59**	177

The operating lease agreements in respect of rental of office space in Faber Towers, being the Group's primary operating premise, is expiring in 2013.

Notes To The Financial Statements
for the year ended 31 December 2012

39. CAPITAL COMMITMENTS

	Group 2012 RM'000	Group 2011 RM'000
Capital expenditure		
Approved and contracted for:		
Purchase of property, plant and equipment	**2,253**	4,578
Approved but not contracted for:		
Purchase of property, plant and equipment	**5,894**	550

40. CONTINGENT LIABILITIES

	Group 2012 RM'000	Group 2011 RM'000
Secured:		
Performance bond extended to Government of Malaysia in respect of security for the due performance of the Hospital Support Services Concession Agreement dated 28 October 1996 (Note 26(a))	**30,163**	13,754
Performance bond to General Authority for Health Services for the Emirate of Abu Dhabi	**-**	991
Performance bond to Western Region Municipality of Abu Dhabi for Facilities Management Services in Abu Dhabi	**11,550**	11,558
Bank guarantee issued to authorities	**2,800**	3,047
Total	**44,513**	29,350

41. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the related parties during the financial year:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Management fee expense from affiliated companies				
– UEM Group Management Sdn. Bhd.	**249**	382	**249**	382
Interest paid/payable to non-controlling shareholder of a subsidiary	**38**	115	**–**	–
Management fees from subsidiaries	**–**	–	**(7,080)**	(5,880)
Rendering of services				
– Affiliated companies	**3,841**	6,021	**–**	–
– non-controlling shareholder of a subsidiary	**2,425**	2,103	**–**	–
– Improvement, upgrading, development and maintenance of infrastructure facilities and projects	**889**	27,274	**–**	–
Rentals paid to a non-controlling shareholder	**202**	180	**–**	–
Management fees from a substantial shareholder	**(1,144)**	(1,826)	**–**	–
Facilities management fees received from:				
– corporate shareholder of a subsidiary	**(27,846)**	(24,790)	**–**	–
– affiliated companies	**(10,265)**	(8,871)	**–**	–
Rental paid to a				
– substantial shareholder	**1,773**	1,929	**643**	631

(b) Compensation of key management personnel

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Short-term employee benefits	**5,880**	4,593	**2,491**	1,698
Contributions to defined contribution plans	**548**	532	**195**	163
	6,428	5,125	**2,686**	1,861

Notes To The Financial Statements
for the year ended 31 December 2012

41. RELATED PARTY DISCLOSURES (CONTD.)

(b) Compensation of key management personnel (contd.)

Included in total key management personnel compensation are:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors' remuneration (Note 9)	**4,428**	3,453	**1,982**	1,463

42. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2.2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

2012 Group	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Assets			
Other investments (Note 18)	**–**	**272**	**272**
Trade receivables, net (Note 20)	**327,331**	**–**	**327,331**
Other receivables, net (Note 20)	**8,797**	**–**	**8,797**
Cash and cash equivalents (Note 23)	**340,357**	**–**	**340,357**
Total financial assets	**676,485**	**272**	**676,757**
Total non financial assets			**280,059**
Total assets			**956,816**

42. FINANCIAL INSTRUMENTS (CONTD.)

2012 Group	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities		
Trade and other payables (Note 30)	**320,272**	**320,272**
Borrowings (Note 26)	**2,636**	**2,636**
Total financial liabilities	**322,908**	**322,908**
Total non financial liabilities		**13,598**
Total liabilities		**336,506**

2011 Group	Loans and receivables RM'000	Available-for-sale RM'000	Fair value through profit or loss RM'000	Total RM'000
Assets				
Other investments (Note 18)	–	272	–	272
Short term investment (Note 22)	–	–	2,012	2,012
Trade receivables, net (Note 20)	424,045	–	–	424,045
Other receivables, net (Note 20)	11,677	–	–	11,677
Cash and cash equivalents (Note 23)	320,361	–	–	320,361
Total financial assets	756,083	272	2,012	758,367
Total non financial assets				344,915
Total assets				1,103,282

	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities		
Trade and other payables (Note 30)	366,517	366,517
Borrowings (Note 26)	155,998	155,998
Total financial liabilities	522,515	522,515
Total non financial liabilities		17,353
Total liabilities		539,868

42. FINANCIAL INSTRUMENTS (CONTD.)

2012 Company	Available-for-sale RM'000	Loans and receivables RM'000	Total RM'000
Assets			
Other investments (Note 18)	272	–	272
Other receivables, net (Note 20)	–	7,424	7,424
Cash and cash equivalents (Note 23)	–	29,781	29,781
Total financial assets	272	37,205	37,477
Total non financial assets			149,808
Total assets			187,285

	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities		
Trade and other payables (Note 30)	2,741	2,741
Total financial liabilities	2,741	2,741
Total non financial liabilities		369
Total liabilities		3,110

42. FINANCIAL INSTRUMENTS (CONTD.)

2011 Company	Available-for-sale RM'000	Loans and receivables RM'000	Total RM'000
Assets			
Other investments (Note 18)	272	–	272
Other receivables, net (Note 20)	–	38,436	38,436
Cash and cash equivalents (Note 23)	–	104,008	104,008
Total financial assets	272	142,444	142,716
Total non financial assets			150,337
Total assets			293,053

	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities		
Trade and other payables (Note 30)	2,842	2,842
Borrowings (Note 26)	145,053	145,053
Total financial liabilities	147,895	147,895
Total non financial liabilities		1,788
Total liabilities		149,683

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company have no hedging instrument at the reporting date.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and non-current investments), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

The Group's receivables are monitored on an ongoing basis and the status of major receivables are reported to the Board of Directors.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

	2012		2011	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**229,528**	**70**	**270,397**	64
United Arab Emirates	**90,832**	**28**	**145,954**	34
India	**6,971**	**2**	**7,694**	2
	327,331	**100**	**424,045**	100

As at 31 December 2012, the concentration of credit risk in the form of outstanding balances is mainly due to two (2010: two) customers representing approximately 74% (2011: 88%) of the total Group's net trade receivables.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Credit risk (contd.)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2012 Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Financial liabilities:			
Trade and other payables	**320,272**	**–**	**320,272**
Loans and borrowings:			
– Hire purchase (Note 27)	**40**	**13**	**53**
– Revolving credit:			
– foreign (Note 26(c))	**1,910**	**–**	**1,910**
– Loan from a corporate shareholder of a subsidiary (Note 26(b))	**675**	**–**	**675**
Total undiscounted financial liabilities	**322,897**	**13**	**322,910**

2011 Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Financial liabilities:			
Trade and other payables	333,507	33,010	366,517
Loans and borrowings:			
– RSLS	149,324	–	149,324
– RPS (Note 35)	–	7,038	7,038
– Hire purchase (Note 27)	74	53	127
– Revolving credit:			
– foreign (Note 26(c))	2,801	–	2,801
– Loan from a corporate shareholder of a subsidiary (Note 26(b))	986	–	986
Total undiscounted financial liabilities	486,692	40,101	526,793

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

2012 Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Financial liabilities:			
Trade and other payables	**2,741**	**–**	**2,741**
Total undiscounted financial liabilities	**2,741**	**–**	**2,741**

2011 Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Financial liabilities:			
Trade and other payables	2,842	–	2,842
Loans and borrowings:			
– RSLS	149,324	–	149,324
Total undiscounted financial liabilities	152,166	–	152,166

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly Arab Emirates Dirham (AED Dirham) and Indian Rupees.

The Group's sales and costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances in AED Dirham and India Rupees amount to RM32,598,000 (2011: RM16,939,000) and RM806,000 (2011: RM2,520,000) respectively.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Notes To The Financial Statements
for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(c) Foreign currency risk (contd.)

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies

	AED Dirham RM'000
At 31 December 2012	
Ringgit Malaysia	
Receivables	**1,031,400**
At 31 December 2011	
Ringgit Malaysia	
Receivables	1,383,543

Sensitivity analysis for foreign currency risk

No sensitivity analysis is being prepared as the above financial assets of the Group and of the Company have been fully impaired. Therefore, any change in foreign currency at the end of the reporting period would not affect profit and loss or equity.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

No sensitivity analysis being prepared as all the interest-bearing financial instruments of the Group and of the Company are accounted for at amortised cost. Therefore, any change in interest rates at the end of the reporting period would not affect profit or loss or equity.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Interest rate risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
At 31 December 2012						
Group						
Fixed rate						
Hire purchase liabilities	27	6.35	(38)	(13)	–	(51)
Floating rate						
Deposits with licensed banks and other financial institutions	23	3.40	161,051	–	–	161,051
Revolving credit:						
– foreign	26(c)	12.71	(1,910)	–	–	(1,910)
Loan from a corporate shareholder of a subsidiary	26(b)	8.05	(675)	–	–	(675)
Company						
Floating rate						
Deposits with licensed banks and other financial institutions	23	3.40	28,906	–	–	28,906

Notes To The Financial Statements
for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Interest rate risk (contd.)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-5 Years RM'000	Total RM'000
At 31 December 2011						
Group						
Fixed rate						
RSLS	28	4.00	(145,053)	–	–	(145,053)
RPS	35	5.00	–	–	(7,038)	(7,038)
Hire purchase liabilities	27	6.98	(69)	(51)	–	(120)
Floating rate						
Deposits with licensed banks and other financial institutions	23	3.35	206,904	–	–	206,904
Revolving credit:						
– foreign	26(c)	12.00	(2,801)	–	–	(2,801)
Loan from a corporate shareholder of a subsidiary	26(b)	8.05	–	(986)	–	(986)
Company						
Fixed rate						
RSLS	28	4.00	(145,053)	–	–	(145,053)
Floating rate						
Deposits with licensed banks and other financial institutions	23	3.35	103,277	–	–	103,277

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is not exposed to equity price risk arising from its investment in quoted equity instruments.

(f) Fair value

The carrying amounts of financial assets and financial liabilities at the reporting date approximate fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Determination of fair value

As stipulated in Amendments to FRS 7: Improving Disclosure about Financial Instruments, the Group is required to classify fair value measurement using a fair value hierarchy. The fair value hierarchy would have the following levels:

Level 1 – the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)

Level 3 – the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the Group's other financial assets and financial liabilities that are measured at fair value:

	Level 2 2012 RM'000	Level 2 2011 RM'000
Financial assets at fair value through profit or loss:		
Short term investment	-	2,012

44. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

45. SEGMENT INFORMATION

(a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) The property segment is in the business of developing residential and commercial properties.

(ii) The integrated facilities management (Concession) segment is in respect of the Concession Agreement for provision of hospital support services with the Ministry of Health of Malaysia.

(iii) The integrated facilities management (Non-Concession) segment is a provision of hospital support services with other than Ministry of Health of Malaysia, provision of facilities management and provision of infrastructure facility services.

(iv) The other segment is involved in Group-level corporate services and investment holdings.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's two business segments operate in three geographical areas:

(i) Malaysia – the operations in this area are principally integrated facilities management, property development and investment holding.

(ii) India – the operations in this area are principally integrated facilities management which is through Faber Star Facilities Management Limited and Faber Sindoori Management Services Private Limited.

(iii) United Arab Emirates – the operation in this area are integrated facilities management which is through Faber LLC.

45. SEGMENT INFORMATION (CONTD.)

At 31 December 2012	Notes	Properties RM'000	Integrated Facilities Management Concession RM'000	Integrated Facilities Management Non-Concession RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue							
External sales		222,322	577,687	86,271	-	-	886,280
Inter-segment sales	A	-	-	-	178,694	(178,694)	-
Total revenue		222,322	577,687	86,271	178,694	(178,694)	886,280
Results							
Segment results		82,618	90,619	37,695	168,685	(177,350)	202,267
Finance costs		-	(64)	(737)	(3,306)	404	(3,703)
Profit/(loss) before tax		82,618	90,555	36,958	165,379	(176,946)	198,564
Income tax expense		(21,393)	(28,933)	(1,828)	1,024	-	(51,130)
Profit/(loss) net of tax		61,225	61,622	35,130	166,403	(176,946)	147,434
Assets							
Segment assets	B	349,560	399,478	148,462	223,807	(164,491)	956,816
Liabilities							
Segment liabilities	B	83,086	137,767	136,701	5,276	(26,324)	336,506
Other segment information							
Capital expenditure	C	29	4,547	212	153	-	4,941
Depreciation (Note 7)		117	15,048	510	498	-	16,173
Amortisation	D	3	523	5	34	-	565
Non cash expenses other than depreciation, amortisation and interest	E	469	1,458	(14,880)	8,253	(9,373)	(14,073)

Notes To The Financial Statements
for the year ended 31 December 2012

45. SEGMENT INFORMATION (CONTD.)

At 31 December 2011	Notes	Properties RM'000	Integrated Facilities Management Concession RM'000	Integrated Facilities Management Non-Concession RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue							
External sales		157,191	562,661	160,218	–	–	880,070
Inter-segment sales	A	–	–	–	186,088	(186,088)	–
Total revenue		157,191	562,661	160,218	186,088	(186,088)	880,070
Results							
Segment results		48,626	105,193	(20,757)	156,783	(161,733)	128,112
Finance costs		–	(175)	(784)	(5,952)	513	(6,398)
Profit/(loss) before tax		48,626	105,018	(21,541)	150,831	(161,220)	121,714
Income tax expense		(11,872)	(33,993)	(1,942)	(7,712)	7,020	(48,499)
Profit/(loss) net of tax		36,754	71,025	(23,483)	143,119	(154,200)	73,215
Assets							
Segment assets	B	282,639	435,620	251,370	339,055	(205,402)	1,103,282
Liabilities							
Segment liabilities	B	72,390	152,625	219,857	167,564	(72,568)	539,868
Other segment information							
Capital expenditure	C	58	24,333	297	899	–	25,587
Depreciation (Note 7)		138	18,877	445	420	–	19,880
Amortisation	D	3	1,574	1,082	40	–	2,699
Non cash expenses other than depreciation, amortisation and interest	E	546	(10,746)	17,391	14,987	(19,146)	3,032

45. SEGMENT INFORMATION (CONTD.)

Notes — Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A — Inter-segment revenues are eliminated on consolidation.

B — The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2012 RM'000	2011 RM'000
Inter-segment assets	**(164,491)**	(205,402)

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2012 RM'000	2011 RM'000
Inter-segment liabilities	**(26,324)**	(72,568)

C — Capital expenditure consist of:

	2012 RM'000	2011 RM'000
Property, plant and equipment	**4,928**	25,528
Intangible assets - software	**13**	59
	4,941	25,587

D — Amortisation consist of:

	2012 RM'000	2011 RM'000
Prepaid land lease payment	**88**	87
Intangible assets	**477**	2,612
	565	2,699

Notes To The Financial Statements
for the year ended 31 December 2012

45. SEGMENT INFORMATION (CONTD.)

Notes — Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

E — Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2012 RM'000	2011 RM'000
Net unrealised foreign exchange gain	7	**(218)**	(14)
Write back of impairment of property development costs	7	**–**	(19)
Accretion of RPS	7	**97**	131
Loss on early redemption of RPS		**361**	–
Provisions	7	**12**	16
Reversal of provision for late delivery charges	7	**–**	(560)
Property, plant and equipment written off	7	**486**	386
Impairment on financial assets:			
– Trade and other receivables	7		
– Non-current		**–**	14,835
– Current		**804**	7,045
Reversal of impairment on financial assets:			
– Trade and other receivables	7	**(15,706)**	(18,894)
Reversal of write-down of inventories	7	**103**	(672)
Defined benefit obligations	8	**855**	778
		(13,206)	3,032

45. SEGMENT INFORMATION (CONTD.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	**822,126**	742,879	**111,683**	129,594
United Arab Emirates	**31,663**	103,118	**12,683**	138,717
India	**32,491**	34,073	**1,203**	1,410
Consolidated	**886,280**	880,070	**125,569**	269,721

Non-current assets information presented above consist of the followings items as presented in the consolidated statement of financial position:

	2012 RM'000	2011 RM'000
Property, plant and equipment	**81,087**	93,117
Land held for property development	**1,111**	1,102
Prepaid land lease payments	**3,498**	3,586
Intangible assets	**27,082**	27,546
Trade and other receivables	**12,519**	144,098
Other investments	**272**	272
	125,569	269,721

Information about major customers

Revenue from two major customers amounted to RM577,687,000 (2011: RM562,661,000) and RM19,532,000 (2011: RM86,142,000), arising from sales by the integrated facilities management-concession segment and non-concession segment respectively.

Notes To The Financial Statements
for the year ended 31 December 2012

46. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital RM	Proportion of ownership interest and voting power 2012 %	2011 %	Principal activities
Held by the Company:					
Faber Hotels Holdings Sdn. Bhd.	Malaysia	95,279,551	**100**	100	Investment holding
Faber Development Holdings Sdn. Bhd.	Malaysia	28,260,006	**100**	100	Investment holding
Faber Facilities Sdn. Bhd.	Malaysia	200,000	**100**	100	Facilities management and investment holding
Faber Healthcare Management Sdn. Bhd.	Malaysia	2	**100**	100	Investment holding
TC Parking Sdn. Bhd.	Malaysia	20,002	**100**	100	Investment holding
Renown Alliance Sdn. Bhd.	Malaysia	2	**100**	100	Investment holding
Faber Haulage Sdn. Bhd.	Malaysia	610,002	**100**	100	In members' liquidation
Faber Medi-Serve Sdn. Bhd.	Malaysia	54,000,010	**43**	43	Provision of hospital support services
Faber LLC **	Emirates of Dubai	600,000 Dirhams	**75**	75	Facilities management services in United Arab Emirates
Merlino Enterprises Sdn. Bhd.	Malaysia	450,000	**100**	100	In members' liquidation
Sate Yaki Sdn. Bhd.	Malaysia	5,000,000	**60**	60	In members' liquidation
Intensive Quest Sdn. Bhd.	Malaysia	500,000	**63**	63	In members' liquidation

46. SUBSIDIARIES (CONTD.)

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital RM	Proportion of ownership interest and voting power 2012 %	2011 %	Principal activities
Held by Faber Healthcare Management Sdn. Bhd.:					
Sehat Technologies Sdn. Bhd.	Malaysia	500,000	**51**	51	Dormant
Faber Medi-Serve Sdn. Bhd.	Malaysia	54,000,010	**57**	57	Provision of hospital support services
Held by Faber Medi-Serve Sdn. Bhd.:					
Cermin Cahaya Sdn. Bhd.	Malaysia	2	**100**	100	Dormant
Healthtronics (M) Sdn. Bhd.	Malaysia	3,000,000	**60**	60	Provision of biomedical and electronic engineering maintenance services
Fresh Linen Services (Sarawak) Sdn. Bhd.	Malaysia	700,000	**55**	55	Provision of laundry processing activities
Fresh Linen Services (Sabah) Sdn. Bhd.	Malaysia	3,000,000	**60**	60	Provision of laundry processing activities
Held by Healthtronics (M) Sdn. Bhd.:					
Healthtronics Inc *	Philippines	Peso 130,000	**-**	100	Liquidated in current year
Held by Faber Development Holdings Sdn. Bhd.:					
Faber Union Sdn. Bhd.	Malaysia	97,000,000	**100**	100	Property development
Rimbunan Melati Sdn. Bhd.	Malaysia	5,000,000	**55**	55	Property development
Faber Grandview Development (Sabah) Sdn. Bhd.	Malaysia	4,500,000	**100**	100	Property development
Faber Heights Management Sdn. Bhd.	Malaysia	2	**100**	100	Property development

Notes To The Financial Statements
for the year ended 31 December 2012

46. SUBSIDIARIES (CONTD.)

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital RM	Proportion of ownership interest and voting power 2012 %	2011 %	Principal activities
Held by Faber Development Holdings Sdn. Bhd. (contd.):					
Country View Development Sdn. Bhd.	Malaysia	11,200,000	**100**	100	Property development
Mont Hill Sdn. Bhd.	Malaysia	2	**-**	100	Liquidated in current year
Mutiara Unik (M) Sdn. Bhd.	Malaysia	2	**-**	100	Liquidated in current year
Held by Mutiara Unik (M) Sdn. Bhd.:					
Jiwa Unik Sdn. Bhd.	Malaysia	100,000	**51**	51	Application to strike-off
Held by Faber Facilities Sdn. Bhd.:					
Faber Facilities Management Sdn. Bhd.	Malaysia	1,000,000	**100**	100	Facilities maintenance
Faber Star Facilities Management Limited **	India	Rs2,16,62,940	**100**	100	Facilities management in India
Faber Sindoori Management Services Private Limited **	India	Rs7,57,470	**51**	51	Facilities management in India
General Field Sdn. Bhd.	Malaysia	2	**100**	100	Provision of energy performance management services
Held by Faber Hotels Holdings Sdn. Bhd.:					
Merlin Tower Hotel Sdn. Bhd.	Malaysia	8,000,003	**100**	100	In members' liquidation
Held by Renown Alliance Sdn. Bhd.:					
Belaire Investments (Proprietary) Ltd *	South Africa	Rand100	**100**	100	Dormant

* Audited by member firms of Ernst & Young Global in the respective countries
** Audited by firms other than Ernst & Young

47. SIGNIFICANT EVENTS

(a) On 19 September 2008, 3 of the Company's wholly-owned subsidiaries which are dormant and, held directly or indirectly by FGB have been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965 as follows:-

(i) Faber Haulage Sdn. Bhd.;

(ii) Merlin Tower Hotel Sdn. Bhd.; and

(iii) Mont Hill 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.

Mont Hill Sdn. Bhd. had, on 20 January 2012, held its Final Meeting to conclude the MVL. The Liquidators had subsequently lodged a Return relating to the Final Meeting and the Liquidators' Account of Receipts and Payment with the Companies Commission of Malaysia and the Official Receiver respectively on 27 January 2012.

Faber Haulage Sdn. Bhd. and Merlin Tower Hotel Sdn. Bhd. are currently still awaiting tax clearance from the IRB and their MVL have yet to be completed.

(b) On 7 October 2010, Mutiara Unik Sdn. Bhd. ("MUSB"), a wholly-owned subsidiary of Faber Development Holdings 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.

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.

MUSB had, on 20 January 2012, held its Final Meeting to conclude the MVL. The Liquidators had subsequently lodged a Return relating to the Final Meeting and the Liquidators' Account of Receipts and Payment with the Companies Commission of Malaysia and the Official Receiver respectively on 27 January 2012.

(c) On 9 February 2012, Merlion Credit Corporation Berhad ("MCCB"), a wholly-owned subsidiary of FGB, had been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965.

MCCB was incorporated in Malaysia on 18 May 1973 and it has ceased operations in 1991. The authorised share capital of MCCB is RM6,000,000 comprising 6,000,000 ordinary shares of RM1.00 each of which all the shares have been issued and fully paid up.

Notes To The Financial Statements
for the year ended 31 December 2012

47. SIGNIFICANT EVENTS (CONTD.)

(c) (contd.)
MCCB had appointed 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, to act jointly and severally as Liquidators of MCCB for the purpose of the MVL.

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

On 10 September 2012, MCCB held its Final Meeting to conclude the members' voluntary winding-up.

The Liquidator had subsequently lodged a Return relating to the Final Meeting and the Liquidators' Account of Receipts and Payment with the Companies Commission of Malaysia and the Official Receiver respectively on 14 September 2012.

(d) On 11 October 2012, Healthtronics Inc., an indirect subsidiary of FGB, had received the Certificate of Filing of Amended Articles of Incorporation dated 5 October 2012 from the Securities and Exchange Commission of the Republic of Philippines certifying the dissolution of Healthtronics Inc.

(e) 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.

48. SUBSEQUENT EVENTS

(a) As per the terms of the Concession Agreement ("CA"), Faber Medi-Serve Sdn. Bhd. ("FMS") had on 26 October 2009 submitted a Letter of Intent to the Ministry of Health ("MOH") to extend the CA which will be expiring on 28 October 2011. In the interim, FMS had attended a series of Service Level Improvement Workshops conducted by the MOH between February 2010 and March 2010 formulating new proposed scopes, standards and performance monitoring for the new Hospital Support Services ("HSS") concession. In 2010, FMS continued its commitment in the HSS concession by continuing to invest substantial amounts of capital expenditure and human development so as to improve its service delivery. Subsequently, on 30 June 2010, FMS had submitted the financial proposal to the MOH in relation to the CA extension. FMS received a letter acknowledging receipt of FMS letter dated 26 October 2009 from Unit Kerjasama Awam Swasta ("UKAS") on 26 October 2010.

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

Pursuant to a letter dated 27 April 2012 received from UKAS, FMS shall in the interim continue with the existing Concession until the signing of a new CA for the privatisation of HSS with the MOH. On 2 July 2012, FMS has signed an interim concession agreement with the MOH covering a contract period from 28 October 2011 till the execution date of the new CA, where FMS shall continue its services based on the same terms and conditions of the CA.

48. SUBSEQUENT EVENTS (CONTD.)

(a) (contd.)

On 25 January 2013, FMS received 3 letters all dated 23 January 2013, from UKAS, which state the following:-

(i) For Northern Region of Peninsular Malaysia

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

(iii) For Sarawak Zone

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

(b) On 22 February 2013, FMS acquired the following:-

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

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

On 27 February 2013, SOSB had entered into a Joint Venture Agreement ("JVA") with FMS, 1Care Consortium Sdn Bhd and Sedafiat Sdn Bhd ("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.

On 27 February 2013, SKSB had entered into a JVA with FMS, Metrocare Services Sdn Bhd 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. On 21 March 2013, SKSB had changed its name to FMS Services (Sarawak) Sdn Bhd.

Notes To The Financial Statements
for the year ended 31 December 2012

48. SUBSEQUENT EVENTS (CONTD.)

(c) On 5 August 2004, Intensive Quest Sdn Bhd ("IQSB"), a 63%-owned subsidiary of FGB has been placed under members' voluntary liquidation ("MVL") following the passing of a special resolution by its members at an Extraordinary General Meeting held on the same day.

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

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

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

(d) FMS and SMS Kg. Likas (Sabah) Sdn Bhd had via a letter dated 26 March 2012 agreed to extend the Shareholders" Agreement ("SA") dated 19 September 2008 with retrospective effect from 29 October 2011 until 28 April 2012 on the same terms and conditions as set out in the SA. On 11 June 2012, the SA was further extended with retrospective effect from 29 April 2012 to 28 October 2012.

On 13 March 2013, FMS and SMS Kg. Likas (Sabah) Sdn Bhd had via a letter dated 13 March 2013 agreed to extend the SA dated 19 September 2008 with retrospective effect from 29 October 2011 until 27 April 2013 on the same terms and conditions as set out in the SA.

(e) FMS and Simfoni Dua Sdn Bhd had via a letter dated 26 March 2012 agreed to extend the SA dated 4 May 2012 with retrospective effect from 29 October 2011 until 28 April 2012 on the same terms and conditions as set out in the SA. On 11 June 2012, the SA was further extended with retrospective effect from 29 April 2012 to 28 October 2012.

On 13 March 2013, FMS and Simfoni Dua Sdn Bhd had via a letter dated 13 March 2013 agreed to extend the SA dated 4 May 2002 with retrospective effect from 29 October 2012 until 27 April 2013 on the same terms and conditions as set out in the SA.

49. MATERIAL LITIGATIONS

(a) UEM Genisys Sdn Bhd (in liquidation) ("UEM Genisys" or "Defendant") vs. Road Builder (M) Sdn Bhd ("Road Builder" or "Plaintiff") 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 RM2,142,000 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 RM2,142,000 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.

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

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

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

Notes To The Financial Statements
for the year ended 31 December 2012

49. MATERIAL LITIGATIONS (CONTD.)

(b) (contd.)

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

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

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

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

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

On 7 December 2011, the Claimant filed a Statement of Claim dated 28 November 2011 against the Defendants in relation to the projects at Madinat Zayed – Zone-1 awarded by Western Region Municipality, Emirate of Abu Dhabi for a net claim amount of AED35,054,000 (equivalent to approximately RM29,804,000). Propel confirmed that the balance outstanding to the Claimant is AED3,804,000 (equivalent to approximately RM3,234,000).

On 17 April 2012, the Secretary of the Al Dhafra Court of First Instance, Emirate of Abu Dhabi ("Al Dhafra Court") informed that the Al Dhafra Court had appointed a panel of three experts as requested by the Claimant and had accordingly adjourned the case to 23 April 2012 for the Claimant to pay a fee of AED10,000 (equivalent to approximately RM8,000) towards the appointment of the panel of experts.

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

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

49. MATERIAL LITIGATIONS (CONTD.)

(d) Al Femah Contracting and Transporting Establishment ("Claimant") vs. Faber Limited Liability Company ("Faber LLC" or "1st Defendant") and Projek Penyelenggaraan Lebuhraya Berhad ("Propel" or "2nd Defendant").

On 13 December 2011, the Claimant had filed a Summons and Statement of Claim dated 12 December 2011 against the Defendants in relation to the projects at Madinat Zayed – Zone-1 awarded by the Western Region Municipality, Emirate of Abu Dhabi, for a net claim amount of AED15,270,000 (equivalent to approximately RM13,100,000). Propel had confirmed that the balance outstanding is AED6,698,000 (equivalent to approximately RM5,747,000).

On 13 August 2012, the Al Dhafra Court of First Instance, Emirate of Abu Dhabi (Al Dhafra Court) had adjourned the case to 3 September 2012, which was subsequently adjourned to 10 September 2012.

On 10 September 2012, the Claimant and Propel have reached an out of court settlement on the case. The terms of the out of court settlement was duly recorded vide the Al Dhafra Court's judgement dated 10 September 2012 as follows:-

(i) there is no relation in the case between the Claimant and Faber LLC;

(ii) Propel and the Claimant have settled the matter and therefore the case is completed and Propel will be responsible for paying the court fees and expenses in the matter; and

(iii) the Al Dhafra Court has refused Faber LLC's request to lift the attachment and therefore, Faber LLC has been directed to pay the court fees and expenses relating to the attachment.

On 15 October 2012, the Al Dhafra Court had notified the Department of Municipal Affairs, Western Region Municipality, Emirate of Abu Dhabi that the attachment has been lifted.

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

On 12 January 2012, the Claimant filed a Statement of Claim dated 10 January 2012 against Faber LLC 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 AED13,119,000 (equivalent to approximately RM11,212,000), 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 AED8,054,000 (equivalent to approximately RM6,542,000). Faber LLC had requested its solicitors to file an appeal on the decision of the Al Dhafra Court.

49. MATERIAL LITIGATIONS (CONTD.)

(f) Tripoli Contracting and General Maintenance (Claimant) vs. Faber Limited Liability Company (Faber LLC)

On 30 August 2012, Faber LLC had received a Notice of Claim dated 23 August 2012 from the Claimant naming Faber LLC as a defendant.

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 AED1,636,000 (equivalent to approximately RM1,390,000), 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 RM468,000) as opposed to the Claimant's claim submission of AED1,636,000 (equivalent to approximately RM1,390,000).

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 in Abu Dhabi Emirate (Al Dhafra Court). On 31 January 2013, the Al Dhafra Court had fixed the first hearing date for the case on 18 February 2013. Subsequently, the Al Dhafra Court had postponed the case to 25 February 2013, 4 March 2013 and thereafter to 25 March 2013.

50. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012 and 31 December 2011 into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Total retained earnings of the Company and its subsidiaries				
– Realised	**267,086**	239,956	**93,683**	52,620
– Unrealised	**(8,275)**	(5,253)	**(258)**	–
	258,811	234,703	**93,425**	52,620
Consolidation adjustments	**165,325**	166,868	**–**	–
Retained earnings as per financial statements	**424,136**	401,571	**93,425**	52,620

Analysis Of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS PER THE RECORD OF DEPOSITORS AS AT 2 MAY 2013

Authorised Share Capital	:	RM750,000,000.00 comprising 3,000,000,000 ordinary shares of RM0.25 each
Issued and Paid-up Share Capital	:	RM90,750,263.25 comprising 363,001,053 ordinary shares of RM0.25 each
Class of Shares	:	Ordinary shares of RM0.25 each
No. of Shareholders	:	19,394
Voting Rights	:	1 vote per ordinary share

Size Of Holdings	No. Of ShareholderS	% Of Shareholders	No. Of Shares Held	% Of Issued Capital
Less than 100	1,029	5.31	40,095	0.01
100 to 1,000	12,768	65.83	4,704,541	1.30
1,001 to 10,000	4,477	23.08	18,504,383	5.10
10,001 to 100,000	953	4.91	29,498,663	8.13
100,001 to 18,150,051*	164	0.85	124,048,803	34.17
18,150,051 and above**	3	0.02	186,204,568	51.30
Total	**19,394**	**100.00**	**363,001,053**	**100.00**

** Less than 5% of issued capital*
*** 5% and above of issued capital*

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	UEM Group Berhad	116,272,268	32.03
2.	Lembaga Tabung Haji	36,000,000	9.92
3.	Universal Trustee (Malaysia) Berhad	35,540,582	9.79
4.	Maybank Nominees (Tempatan) Sdn Bhd	20,951,775	5.77
5.	HSBC Nominees (Asing) Sdn Bhd	18,166,915	5.00
6.	Amanahraya Trustees Berhad	17,762,400	4.89
7.	Citigroup Nominees (Asing) Sdn Bhd	10,835,760	2.99
8.	UEM Group Berhad	8,195,657	2.26
9.	HDM Nominees (Asing) Sdn Bhd	7,676,030	2.11
10.	Carbatan Nominees (Asing) Sdn Bhd	7,578,365	2.09
11.	AMSEC Nominees (Tempatan) Sdn Bhd	4,945,856	1.36

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
12.	Citigroup Nominees (Tempatan) Sdn Bhd	4,618,018	1.27
13.	Public Nominees (Tempatan) Sdn Bhd	2,973,959	0.82
14.	HSBC Nominees (Tempatan) Sdn Bhd	2,065,500	0.57
15.	CIMSEC Nominees (Tempatan) Sdn Bhd	1,705,863	0.47
16.	SBB Nominees (Tempatan) Sdn Bhd	1,681,700	0.46
17.	CIMB Group Nominees (Tempatan) Sdn Bhd	1,668,050	0.46
18.	Gan Kim Huat	1,405,500	0.39
19.	Toh Yew Keong	1,390,000	0.38
20.	ECML Nominees (Tempatan) Sdn Bhd	1,345,422	0.37
21.	Lim Soon Huat	1,230,900	0.34
22.	Syarikat Pemasaran Sejati Sdn Bhd	1,227,951	0.34
23.	Kwek Leng San	1,100,000	0.30
24.	Tang & Co Sdn Bhd	1,100,000	0.30
25.	RHB Capital Nominees (Tempatan) Sdn Bhd	1,001,300	0.28
26.	HLIB Nominees (Tempatan) Sdn Bhd	989,949	0.27
27.	Road Builder (M) Sdn Bhd	980,925	0.27
28.	Lim Seng Chee	934,400	0.26
29.	AIBB Nominees (Tempatan) Sdn Bhd	825,300	0.23
30.	UOBM Nominees (Asing) Sdn Bhd	770,142	0.21
	Total	**312,940,487**	**86.21**

Analysis of Shareholdings

DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Ikmal Hijaz bin Hashim	–	–	–	–
Datuk Ir. Abdullah Sani bin Abd Karim	–	–	–	–
Dato' Mohd Izzaddin bin Idris	–	–	–	–
Oh Kim Sun	–	–	–	–
Robert Tan Bun Poo	–	–	–	–
Dr. Saman @ Saimy bin Ismail	–	–	–	–
Elakumari a/p Kantilal	–	–	–	–
Suhaimi bin Halim	–	–	–	–
Amir Merican bin Azmi Merican	–	–	–	–
Adnan bin Mohammad	44,000	0.01	–	–

Save as disclosed above, none of the Directors has any direct or indirect interest, in the Company and its related corporations.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
UEM Group Berhad	124,467,925	34.29	–	–
Khazanah Nasional Berhad#	–	–	124,467,925	34.29
Lembaga Tabung Haji	36,000,000	9.92	–	–
Universal Trustee (Malaysia) Berhad	33,932,300	9.35	–	–

 # Deemed interest by virtue of its substantial interest in UEM Group Berhad.

Properties Held By The Group

Location and Address	Description of Properties	Approx. Land Area	Gross Built-Up Area (Sq. Meters)	Existing Use	Tenure (Expiry Date)	Approx. Age (Years)	Net Book Value as at 31.12.2012 (RM'000)	Last Date of Revaluation or If None; Date of Acquisition
INTEGRATED FACILITIES MANAGEMENT DIVISION								
Faber Medi-Serve Sdn Bhd								
Lot No. 65, Kamunting Raya Industrial Estate Kamunting, Perak	Incineration plant with double-storey administration block plus laundry plant	5.87 acres	23,760	Incinerator for clinical waste and laundry plant	Leasehold (7.12.2097)	17	1,250	31.12.2012
Lot No. 37, Kuala Ketil Industrial Estate Mukim of Tawar District of Baling, Kedah	Laundry plant with 2-storey administration block and ancillary facilities	2.24 acres	9,058	Laundry plant	Leasehold 60 years (26.3.2056)	17	899	31.12.2012
Lot No. 131 (CL215359890) & Lot No. 132 (CL215359907) SEDCO Industrial Estate Lok Kawi, Sabah	Incineration plant with single-storey detached factory with mezzanine office	0.51 acres	2,066	Incinerator for clinical waste	Leasehold (13.12.2042)	13	443	31.12.2012
Lot 10486, Seksyen 20 Serendah, Ulu Selangor Selangor Darul Ehsan	Laundry plant with administration block and ancillary facilities	1.48 acres	5,987.0	Laundry plant	Freehold	-	1,160	31.12.2012
Fresh Linen Services (Sabah) Sdn Bhd								
Lot 34-5 Industrial Zone 4 (IZ 4) Kota Kinabalu Industrial Park Kota Kinabalu, Sabah	Laundry plant with 2-storey office and warehouse	0.96 acres	3,885	Laundry plant	Leasehold (13.12.2105)	6	906	31.12.2012
PROPERTY DEVELOPMENT DIVISION								
Country View Development Sdn Bhd								
CL015027237 Kota Kinabalu, Sabah	Vacant land for development of condominiums known as Lucky Heights	4.78 acres	-	Vacant land	Leasehold 999 years (2.12.2920)	-	1,111	2012
Faber Grandview Development (Sabah) Sdn Bhd								
Taman Grandview Off Mile 1.5 Jalan Utara Sandakan, Sabah	Vacant land for development	5.66 acres	-	Vacant land	Leasehold 999 years (4.9.2881)	-	NIL	2006
Faber Union Sdn Bhd								
Lot No. 4064, Persiaran Gurney, 54000 Kuala Lumpur	Vacant land for development	2.55 acres	-	Vacant land	Freehold	-	22,870	2009

Additional Compliance Information

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2012.

SHARE BUY-BACKS

There were no share buy-backs during the financial year ended 31 December 2012.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2012.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme for the financial year ended 31 December 2012.

SANCTIONS AND/OR PENALTIES

There were no other sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2012.

NON-AUDIT FEES

The non-audit fees paid or payable to the External Auditors by the Company and its subsidiaries for the financial year ended 31 December 2012 amounted to RM75,000.00.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 December 2012 and the unaudited results previously announced by the Company.

There was no profit forecast announced during the financial year.

PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 31 December 2012.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Other than those disclosed in the financial statements, there were no material contracts including contracts to any loans entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests.

Recurrent Related Party Transactions

The shareholders of Faber Group Berhad ("FGB") had at the 49th Annual General Meeting held on 27 June 2012 granted their approval for FGB and its subsidiary companies ("FGB Group") to enter into recurrent related party transactions ("RRPT") of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business, on terms not more favourable to the related parties than those generally available to the public and with those related parties as set out in the Circular to Shareholders dated 5 June 2012 ("the Shareholders' Mandate").

Pursuant to Paragraph 10.09(1) and Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the aggregate value of RRPT conducted by FGB Group pursuant to the Shareholders' Mandate where the aggregate value is equal to or more than RM1 million during the financial year ended 31 December 2012 are disclosed as follows:-

The RRPT entered into by FGB Group whereby FGB Group received services from the related party are as follows:-

No.	FGB or its subsidiaries	Related Party	Nature of Recurrent Transaction	Nature of Relationship	Aggregate Value of Transactions (RM)
1.	FGB Group	PLUS Malaysia Berhad ("PLUS Malaysia") and its subsidiary companies ("PLUS Malaysia Group")	Provision of facilities maintenance services to PLUS Malaysia Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Khazanah is a major shareholder of PLUS Malaysia by virtue of its 51% indirect interest in PLUS Malaysia held through UEMG. FGB is a 34.29% associate of UEMG. Dato' Mohd Izzaddin bin Idris is a Director of FGB and PLUS Malaysia. Dato' Mohd Izzaddin bin Idris does not have any equity interest in PLUS Malaysia.	1,935,514

Recurrent Related Party Transactions

No.	FGB or its subsidiaries	Related Party	Nature of Recurrent Transaction	Nature of Relationship	Aggregate Value of Transactions (RM)
2.	FGB Group	UEM Land Holdings Berhad ("ULHB") and its subsidiary companies ("ULHB Group")	Provision of facilities maintenance services to ULHB Group	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. ULHB is a 64.9% subsidiary of UEMG. FGB is a 34.29% associate of UEMG. Dato' Mohd Izzaddin bin Idris and Oh Kim Sun are Directors of FGB and ULHB. Dato' Mohd Izzaddin bin Idris and Oh Kim Sun do not have any equity interest in ULHB.	3,364,555
3.	Faber Medi-Serve Sdn Bhd ("FMS") and its subsidiary companies ("FMS Group")	Simfoni Dua Sdn Bhd ("Simfoni Dua")	Provision of linen processing involving washing, drying and folding of linen; linen transportation involving transportation of linen from the plant to hospitals and vice versa; and manpower supply by Simfoni Dua.	Simfoni Dua is a major shareholder of Fresh Linen Services (Sarawak) Sdn Bhd ("FLSWK") holding 45% of the equity interest in FLSWK. FLSWK is a 55% subsidiary of FMS. Abang Ismawi bin Abang Ali and Busrah bin Bujang are Directors of Simfoni Dua and FLSWK.	1,160,733

No.	FGB or its subsidiaries	Related Party	Nature of Recurrent Transaction	Nature of Relationship	Aggregate Value of Transactions (RM)
4.	FMS Group	SMS Kg. Likas (Sabah) Sdn Bhd ("SMS Likas")	Provision of linen processing involving washing, drying and folding of linen; linen transportation involving transportation of linen from the plant to hospitals and vice versa; and manpower supply by SMS Likas.	SMS Likas is a major shareholder of Fresh Linen Services (Sabah) Sdn Bhd ("FLSBH") holding 40% of the equity interest in FLSBH. FLSBH is a 60% subsidiary of FMS. Zohari bin Mahur is a Director of SMS Likas and FLSBH.	1,977,520
5.	Faber Sindoori Management Services Private Limited ("Faber Sindoori"), a company incorporated in India.	Apollo Hospitals Enterprise Limited ("Apollo Hospital") and its subsidiary companies ("Apollo Hospitals Group"), a company incorporated in India.	Provision of facilities maintenance services to Apollo Hospitals Group.	Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG. Apollo Hospitals is an 11.2% associate of IHH Healthcare Berhad, which in turn is a 45.68% associate of Khazanah. FGB is a 34.29% associate of UEMG.	15,880,328

Notice Of The 50th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting of Faber Group Berhad ("FGB" or "the Company") will be held at the **Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur** on **Tuesday, 25 June 2013** at **10.00 a.m.** for the purpose of transacting the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 together with the Directors' and Auditors' reports therein.

2. To declare a final dividend of 10 sen less 25% tax per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2012. **Ordinary Resolution 1**

3. To approve the Directors' fees and the payment thereof to the Directors in respect of the financial year ending 31 December 2013, to be payable on a quarterly basis, in arrears. **Ordinary Resolution 2**

4. To re-elect Dato' Mohd Izzaddin bin Idris who is retiring in accordance with Article 66 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 3**

5. To re-elect the following Directors who are retiring in accordance with Article 70 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
   - Datuk Ir Abdullah Sani bin Abd Karim **Ordinary Resolution 4**
   - Robert Tan Bun Poo **Ordinary Resolution 5**
   - Dr. Saman @ Saimy bin Ismail **Ordinary Resolution 6**
   - Azmir Merican bin Azmi Merican **Ordinary Resolution 7**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

7. **Authority to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965**

"THAT subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Act to issue and allot shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 9**

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("FGB Group") to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.1.3 of the Circular to Shareholders dated 3 June 2013, which transactions are necessary for the day-to-day operations in the ordinary course of business of the FGB Group and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give full effect to the transactions contemplated and/or authorised by this resolution." **Ordinary Resolution 10**

9. To transact any other business for which due notice shall have been given.

Notice Of The 50th Annual General Meeting

NOTICE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 50th Annual General Meeting of the Company, a final dividend of 10 sen less 25% tax per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2012 will be paid on 24 July 2013 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 9 July 2013.

A Depositor shall qualify for entitlement to the final dividend only in respect of:-

(a) shares transferred into the Depositor's securities account before 4.00 p.m. on 9 July 2013 in respect of transfers.

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

SURIATI BINTI ASHARI (LS0009029)
Company Secretary

Kuala Lumpur
3 June 2013

NOTES:

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.

2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 24A(1) of the Securities Industry (Central Depositories) Act 1991.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.

5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.

DIRECTORS RETIRING AT THE 50TH ANNUAL GENERAL MEETING

The Directors retiring at the 50th Annual General Meeting are as follows:-

Article 66 of the Company's Articles of Association:-

- Dato' Mohd Izzaddin bin Idris
- Oh Kim Sun
- Suhaimi bin Halim

Article 70 of the Company's Articles of Asociation:-

- Datuk Ir Abdullah Sani bin Abd Karim
- Robert Tan Bun Poo
- Dr. Saman @ Saimy bin Ismail
- Azmir Merican bin Azmi Merican

Oh Kim Sun and Suhaimi bin Halim have expressed their intention not to seek for re-election at the 50th Annual General Meeting.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the 50th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 45A(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 June 2013. Only a depositor whose name appears on the Record of Depositors as at 18 June 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

ORDINARY RESOLUTION 9 – AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The existing general mandate for the authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965 ("Act") was approved by the shareholders of the Company at the 49th Annual General Meeting ("AGM") held on 27 June 2012. The Company did not issue any new shares pursuant to this general mandate as at the date of this notice.

The proposed Ordinary Resolution 9 is a renewal of the general mandate for the authority to issue and allot shares pursuant to Section 132D of the Act. The Ordinary Resolution 9, if passed, will empower the Directors to allot and issue up to 10% of the issued and paid up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is approved by the shareholders at the forthcoming 50th AGM, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions as well as to avoid any delay and cost in convening the general meetings to specifically approve such an issuance of shares.

ORDINARY RESOLUTION 10 – PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 3 June 2013, which is despatched together with the Company's 2012 Annual Report.

Statement Accompanying Notice Of The 50th Annual General Meeting ("50th AGM")

(Pursuant to Paragraph 8.27(2) and information as set out in Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

DETAILS OF DIRECTORS WHO ARE STANDING FOR ELECTION

The Directors who are standing for re-election at the 50th AGM of the Company are as follows:-

Article 66 of the Company's Articles of Association:-

- Dato' Mohd Izzaddin bin Idris

Article 70 of the Company's Articles of Asociation:-

- Datuk Ir Abdullah Sani bin Abd Karim
- Robert Tan Bun Poo
- Dr. Saman @ Saimy bin Ismail
- Azmir Merican bin Azmi Merican

Further details of the Directors standing for election are set out in the Board of Directors' profile and Analysis of Shareholdings sections of the Company's 2012 Annual Report.

Proxy Form

FABER GROUP BERHAD
Incorporated in Malaysia
(Company No. 5067-M)

Faber
A member of UEM

Total number of Proxy(ies) appointed		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total of number of ordinary share(s)		

*I/We ____
(BLOCK LETTERS)

*NRIC No./Company No. ____________________ CDS Account No. ____________________

of ____
(FULL ADDRESS)

being a *member/members of **FABER GROUP BERHAD** ("the Company") hereby appoint ____________________

____

NRIC No. ____________________ of ______________________________
(FULL ADDRESS)

and/or failing *him/her, ____________________ NRIC No. ____________________

of ____
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 50th Annual General Meeting of the Company to be held at the **Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur** on **Tuesday, 25 June 2013** at **10.00 a.m.** or at any adjournment thereof.

Please indicate your vote with an "X" in the respective box of each resolution. If no specific direction as to voting is given, the proxy will vote or abstain from voting on the resolutions at his/her discretion.

AS ORDINARY BUSINESS:		**FOR**	**AGAINST**
Ordinary Resolution 1	To declare a final dividend of 10 sen less 25% tax per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2012.		
Ordinary Resolution 2	To approve the Directors' fees and the payment thereof to the Directors in respect of the financial year ending 31 December 2013, to be payable on a quarterly basis, in arrears.		
Ordinary Resolution 3	To re-elect Dato' Mohd Izzaddin bin Idris as Director of the Company.		
Ordinary Resolution 4	To re-elect Datuk Ir Abdullah Sani bin Abd Karim as Director of the Company.		
Ordinary Resolution 5	To re-elect Robert Tan Bun Poo as Director of the Company.		
Ordinary Resolution 6	To re-elect Dr. Saman @ Saimy bin Ismail as Director of the Company.		
Ordinary Resolution 7	To re-elect Azmir Merican bin Azmi Merican as Director of the Company.		
Ordinary Resolution 8	To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.		
AS SPECIAL BUSINESS:			
Ordinary Resolution 9	To approve the Authority to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 10	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

**Strike out whichever not applicable*

Dated this ____________ day of ____________, 2013

COMMON SEAL

____
Signature of Shareholder(s)

NOTES:

1. A member of the Company entitled to attend and vote at the meeting, is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.

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Fold here

AFFIX
STAMP

THE SHARE REGISTRAR OF FABER GROUP BERHAD

c/o Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan

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Group Directory

CORPORATE OFFICE
FABER GROUP BERHAD
20th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama, 58100 Kuala Lumpur
Tel: +60 3 7628 2888 | Fax: +60 3 7628 2828
www.fabergroup.com.my

INTEGRATED FACILITIES MANAGEMENT DIVISION

CONCESSION

FABER MEDI-SERVE SDN BHD
10th Floor, Menara 2, Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : +60 3 7620 0000
Fax : +60 3 7621 5549

REGIONAL OFFICE

FMS REGIONAL OFFICE (PERLIS/KEDAH/PENANG)
No. 222, Jalan Shahab 4
Kompleks Shahab Perdana
Jalan Sultanah Sambungan
05150 Alor Setar
Kedah Darul Aman
Tel : +60 4 734 0910
Fax : +60 4 734 0912

FMS REGIONAL OFFICE (PERAK)
1st Floor, Bangunan KWSP
Jalan Greentown
30450 Ipoh
Perak Darul Ridzuan
Tel : +60 5 242 2066
Fax : +60 5 241 4056

FMS REGIONAL OFFICE (SABAH)
Lot 6 & 7, Lorong Grace Square 2
Jalan Pantai Sembulan
88100 Kota Kinabalu
Sabah
Tel : +60 88 257 592
Fax : +60 88 253 584

FMS REGIONAL OFFICE (SARAWAK)
6th Floor, Menara Grand
Lot 42, Section 46
Persiaran Lucky, Jalan Ban Hock
93100 Kuching
Sarawak
Tel : +60 82 243 006
Fax : +60 82 242 875

HEALTHTRONICS (M) SDN BHD
Suite (P3-03)
Building Information Centre
Lot 2, Jalan 51A/243
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : +60 3 7625 2525
Fax : +60 3 7625 2828

FRESH LINEN SERVICES (SARAWAK) SDN BHD
Kilang A, Plot 66 & 67
Lot 775, Blok 8, MTLD
Demak Laut Industrial Park
93990 Kuching
Sarawak
Tel : +60 82 433 034
Fax : +60 82 433 016

FRESH LINEN SERVICES (SABAH) SDN BHD
Lot 34-5, Kota Kinabalu
Industrial Park IZ4
Jalan Sapangar
88450 Kota Kinabalu
Sabah
Tel : +60 88 499 180
Fax : +60 88 492 499

NON-CONCESSION

FABER FACILITIES SDN BHD
Lot 113, 1st Floor, Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : +60 3 7628 2888
Fax : +60 3 7625 5722

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Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : +60 3 7628 2888
Fax : +60 3 7625 5722

FABER STAR FACILITIES MANAGEMENT LIMITED
A-78, First Floor, Sector-65
Noida, Uttar Pradesh – 201301
India
Tel : +91 120 426 2200

FABER SINDOORI MANAGEMENT SERVICES PRIVATE LIMITED
Door No. 25 & 26, Prince Tower
7th Floor, College Road
Nungambakkam
Chennai – 600006
Tel : +91 971 090 8118

FABER L.L.C.
208 and 209, 2nd Floor
Al Nasriyah Building Baghdad Street
Al Qusais, P. O. Box 232283
Dubai, United Arab Emirates
Tel : +971 4267 4845/258 4561
Fax : +971 4267 4855/258 4560

PROPERTY DEVELOPMENT DIVISION

FABER DEVELOPMENT HOLDINGS SDN BHD
19th Floor, Menara 2
Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : +60 3 7628 2888
Fax : +60 3 7628 2809

FABER UNION SDN BHD
19th Floor, Menara 2
Faber Towers
Jalan Desa Bahagia, Taman Desa
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58100 Kuala Lumpur
Tel : +60 3 7628 2888
Fax : +60 3 7628 2809

RIMBUNAN MELATI SDN BHD
19th Floor, Menara 2
Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : +60 3 7628 2888
Fax : +60 3 7628 2809

FABER GRANDVIEW DEVELOPMENT (SABAH) SDN BHD
19th Floor, Menara 2
Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : +60 3 7628 2888
Fax : +60 3 7628 2809

COUNTRY VIEW DEVELOPMENT SDN BHD
Mile 3½, Jalan Tuaran
Lorong Tenejal 1
Lucky Heights Condominium
88450 Kota Kinabalu
Sabah
Tel/Fax : +60 88 423 211

FABER GROUP BERHAD
Incorporated in Malaysia
(COMPANY NO. 5067-M)

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