




Faber

A member of UEM 

REDEFINING THE FUTURE



Annual
Report
2013





THE RATIONALE

At Faber, we are committed towards achieving long term sustainable growth and building a culture that adapts to ongoing changes in a competitive environment. In our quest to remain at the forefront of the market and to serve our customers better, we will keep on improving our service deliverables.

Holding this together is our firm resolution to reshape the future by persevering on the innovation trail. Leveraging on our core capabilities, we will continue to drive strong performance and deliver exceptional value to all our shareholders to advance business growth, build credibility and ensure sustainability moving forward.

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51ST ANNUAL GENERAL MEETING OF FABER GROUP BERHAD

Date : Thursday, 26 June 2014

Time : 12.30 p.m.

Venue: Banquet Hall

Menara Korporat, Persada PLUS
Persimpangan Bertingkat Subang
KM15, Lebuhraya Baru Lembah Klang
47301 Petaling Jaya
Selangor Darul Ehsan

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2013 KEY HIGHLIGHTS

Revenue

RM689.9
million

Return on Equity

11.6%

Earnings Per Share

17 sen
per share

Profit Before Tax

RM105.7
million

Net Tangible Assets improved by

7% to
145 sen
per share

Shareholders' Fund increased by

6.7% to
RM552.6
million

Dividend to Shareholders

RM36.3
million



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

From Hospital Support Services and Property Development, **Faber Group Berhad ("Faber")** has evolved into one of the leading Integrated Facilities Management ("IFM") services provider in Malaysia. Our IFM services encompass Facilities Engineering Maintenance Services ("FEMS"), Biomedical Engineering Maintenance Services ("BEMS"), Cleansing Services ("CLS"), Linen and Laundry Services ("LLS") and Clinical Waste Management Services ("CWMS").



Today, Faber has expanded its IFM services portfolio in the Built Environment to include Green Building Index Facilitator, Commissioning Specialist Services, Energy Performance Management Systems as well as Condition Based Maintenance to support customers' operational efficiency and sustainable programmes.

With more than 15 years track record and experience in the provision of IFM services in the healthcare industry, Faber has elevated its expertise in a multitude of equipment maintenance coupled with the adoption of best practices and international guidelines.

Leveraging on these capabilities, Faber's professionally administered IFM services are deployed across various industries spanning from the healthcare sector, commercial and residential properties with its latest foray into the oil and gas sector offering synergistic approach with partners and alliances in undertaking engineering and instrumentation services.

Through its Property Development Division, Faber offers premier neighbourhoods with an ideal blend of landed residential units, high-rise condominiums and commercial properties.

INTEGRATED FACILITIES MANAGEMENT (CONCESSION)

Malaysia

Faber Medi-Serve Sdn. Bhd. ("FMS")

FMS continues to provide Hospital Support Services ("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 Agreements with the Ministry of Health, Malaysia.

FEMS

- Maintains more than 151,000 units of FEMS assets valued at RM1.9 billion.

BEMS

- Maintains close to 73,000 units of BEMS assets valued at RM1.7 billion.
- Maintains 693 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 average 2,472 tonnes of soiled linen monthly.
- Purchased RM178.3 million worth of linen since 1997.
- Invested more than RM90.0 million in laundry plants and equipment.

CWMS

- Incinerates more than 580 metric tonnes of clinical waste monthly.
- Invested more than RM66.9 million in clinical waste incineration plants and equipment.
- Undertakes more than 760,000 scheduled pick-ups each year.
- Undertakes CWMS for more than 1,090 private clinics and private hospitals throughout the country.

INTEGRATED FACILITIES MANAGEMENT (NON-CONCESSION)**Malaysia****Faber Facilities Sdn. Bhd. ("FFSB")**

FFSB provides IFM services to 13 properties comprising 7 commercial properties and 6 residential properties:

- **Commercial properties:**
Kota Iskandar in Johor; Persada PLUS, Mercu UEM, Menara Worldwide, the International Medical University and Universiti Malaya (Wisma R&D) and Pharmaniaga in the Klang Valley;

- **Residential properties:**

Armada Villa, Danau Impian, Taratak Muhibbah 1, Taratak Muhibbah 2, Seroja Apartment and Alam Idaman Service Apartment in Klang Valley.

For GBI Facilitator and Commissioning Specialist Services, FFSB has several projects in Klang Valley, Cyberjaya and Johor. Some of the key projects include Tune Hotel at KLIA2 and Jalan Putra, Naza Matrade Exhibition Centre, NTT MSC Cyberjaya Technology Centres and Data Centres, Cyberjaya Mosque, Faber Antara Condominium and Puteri Harbour CS4-1 Commercial Tower.

India**Faber Sindoori Management Services Private Limited ("Faber Sindoori")**

Faber Sindoori, a joint venture company between FFSB and Apollo Sindoori Hotels Limited provides the following services:

- CLS and BEMS to Apollo Group of Hospitals.
- FEMS for the Rajiv Gandhi International Airport in Hyderabad.
- IFM services for the Women and Children Hospital, Pondicherry in the state of Tamil Nadu, India.
- CLS for the Bushan Steel Plant, Bhubaneswar in the state of Orissa, India.

PROPERTY DEVELOPMENT DIVISION**Malaysia****Faber Development Holdings Sdn. Bhd. ("FDH")**

FDH 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.
- Completed projects to date include 1,599 units of landed residential units, 546 units of commercial properties and 5,191 units of condominiums and apartments.



CHAIRMAN'S STATEMENT

DATO' IKMAL HIJAZ BIN HASHIM
Chairman

Dear Shareholders,

In 2013, Faber Group Berhad (“Faber” or “the Group”) continued to maintain a steady focus on our core businesses, namely the Integrated Facilities Management (“IFM”) Concession and IFM Non-Concession as well as our Property Development. The year saw our IFM Concession Division continuing to undertake the existing Hospital Support Services (“HSS”) Concession Agreement and our IFM Non-Concession Division making progress in the Built Environment market segment. For our Property Development Division, take-up rates slowed down amidst property cooling measures announced to curb property speculation which led to the market adopting a wait-and-see attitude. Nevertheless, the Division continued to implement several innovative measures to ride out the challenges.

On behalf of the Board, I present you with the Annual Report and Financial Statements of Faber Group Berhad for the financial year ended 31 December 2013.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2013, Faber's revenue declined by 19.5% to RM689.9 million against the RM856.8 million recorded in the preceding year mainly as a result of significantly lower revenue from the Property Development business and reduced revenue from the IFM Non-Concession project in the United Arab Emirates. Property Development revenue was lower following the completion of the Laman Rimbunan project in Kepong and Armada Villa project in Taman Desa, Kuala Lumpur in 2012. The IFM Concession business, however, recorded a 7% increase in revenue to RM617.8 million compared to RM577.7 million in 2012 on the back of higher variation orders and one-off proceeds on linen loss.

The year saw the Group recording a lower Profit Before Tax ("PBT") of RM105.7 million against RM198.6 million previously. Property Development recorded lower PBT due to the flow through effect from lower revenue resulting in the overall drop in Faber's PBT. In addition, the implementation of the statutory minimum wages effective from January 2013 has reduced the gains made by the IFM Concession business.

As at end December 2013, Faber's Shareholders' Funds increased to RM552.6 million (2012: RM518.1 million) while Earnings Per Share dropped to 17 sen as compared to 30 sen in 2012.

DIVIDEND

In spite of the challenging operating environment in 2013, Faber remains committed to delivering returns to its shareholders. In this regard, the Board is recommending the payment of a single tier final dividend of 10.00 sen on 363,001,053 ordinary shares of RM0.25 each, amounting to RM36.3 million for the financial year ended 31 December 2013.

BUSINESS PERFORMANCE

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 to undertake 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

The year saw us continuing to undertake the existing Concession Agreement for the Northern Region of Peninsular Malaysia, Sabah and Sarawak. Pursuant to letters from the Public Private Partnership Unit of the Prime Minister's Department (also known as Unit Kerjasama Awam Swasta or "UKAS") on 23 January 2013, the Government gave its 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 undertaken by FMS whilst the respective HSS NCAs for Sabah and Sarawak are to be undertaken by the new consortium company of each state.

On 22 February 2013, Faber through FMS, acquired two wholly owned subsidiaries i.e. FMS Services (Sabah) Sdn. Bhd. ("FMS Sabah") and FMS Services (Sarawak) Sdn. Bhd. ("FMS Sarawak") to facilitate the formation of new consortium companies in these states. On 27 February 2013, Faber entered into joint venture agreements with its partners for the formation of the new consortium companies in Sabah and Sarawak.

The HSS NCAs in East Malaysia will be undertaken by two new consortium companies, namely Sedafiat Sdn. Bhd. ("SSB") in Sabah and One Medicare Sdn. Bhd. ("OMSB") in Sarawak. Faber through FMS Sabah and FMS Sarawak will hold 40% equity interest respectively in each of the abovementioned consortium companies.

CHAIRMAN'S STATEMENT

The HSS NCAs call for FMS to continue providing 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"). 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).

FMS, SSB and OMSB are currently 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 13 properties with seven commercial and six residential properties.

FFSB is also making progress on the Built Environment market segment for Green Building Services. These activities call for us to deliver specialist services to the clients we serve to ensure greater environmental efficiency and sustainability.

In 2013, FFSB secured several GBI Facilitator and Commissioning Specialist Services contracts, which included contracts for the Naza Matrade Exhibition Centre and several buildings located in Cyberjaya. FFSB continues to pursue other local opportunities and has set its sights on securing 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.

FFSB has also expanded its IFM capabilities through its latest venture into the oil and gas sector where it is leveraging on synergistic opportunities through new partners and alliances to provide engineering and instrumentation services. This new channel bodes well for FFSB's business expansion plans going forward.

India

Following a review of the business strategy and business model for the Group's business in this region, we have decided to cease the operations of Faber Star Facilities Management Limited and will focus our growth in India through Faber Sindoori Management Services Private Limited ("Faber Sindoori").

We continue to explore growth opportunities in Faber Sindoori by increasing our BEMS and FEMS contracts for the Apollo Group of Hospitals. Faber Sindoori currently provides 16 BEMS contracts and 45 CLS contracts mainly for the Apollo Group of Hospitals. It also provides FEMS to the Rajiv Gandhi International Airport in Hyderabad, and IFM services for the Women and Child Hospital in Pondicherry in the state of Tamil Nadu.

The Group is also exploring business opportunities beyond the Apollo Group of Hospitals and to date has secured comprehensive contracts from two hospitals in the states of Maharashtra and Andhra Pradesh as well as the Bushan Steel Plant, Bhubaneswar in the state of Orissa.

The combined annual value of the contracts from India in 2013 amounted to RM35.4 million.

PROPERTY DEVELOPMENT

Faber Development Holdings Sdn. Bhd. ("FDH") turned in a weaker performance in 2013 amidst a highly challenging operating environment. Where FDH had registered strong results in 2012 on the back of high take-up rates for its properties, it experienced a significant drop in its revenue as many of the development projects in its portfolio have been completed or are nearing completion.

Compounding this scenario, the property cooling down measures and loan restrictions brought into play in 2013 to curb property speculation and address rising household debts further impacted FDH's take-up rates. The market's adoption of a wait-and-see attitude, has to an extent dampened the demand for our on-going projects and is likely to continue until the end of the first half of 2014. The Division will review its operations for value-added propositions to ride out the challenges.

In March 2013, FDH delivered the balance 54 units of its semi-detached Areca Residence homes in Section 3, Laman Rimbunan, Kepong, Kuala Lumpur to purchasers. This project had a Gross Development Value ("GDV") of RM102.0 million.

Our Prima Villa development in Taman Danau Desa with a GDV of RM142.0 million comprising 31 units of four-storey link villas and three units of link bungalows is scheduled for completion in the second quarter of 2014.

The 255-unit Faber Antara Condominium development launched in October 2013, spread over 2.5 acres of prime land along Persiaran Gurney in the centre of Kuala Lumpur has a GDV of RM242.0 million. The project is due for completion in the third quarter of 2016.

FDH will explore opportunities based on market demand to develop residential and commercial properties in townships, mixed and niche developments.

QUALITY INITIATIVES

We remain committed to enhancing the Group's management systems and processes to ensure excellent service delivery and quality products. To this end, we continue to maintain various management systems certifiable to internationally recognised standards and guidelines as well as incorporate relevant best practices and guidelines in the provisioning of our products and services. FDH continues to practice the Quality Assessment System in Construction ("QLASSIC") standard throughout its projects and in 2013 obtained a QLASSIC score of 70% for its Areca semi-detached units in Laman Rimbunan and 81% for Armada Villa in Taman Danau Desa.

GOVERNANCE

Being a responsible corporate citizen, Faber is well aware of its responsibilities to all its stakeholders and the public and is committed to upholding high standards of corporate governance. Throughout the length and breadth of our organisation, we espouse the tenets of integrity, transparency and accountability in accordance with the highest ethical standards. In all that we undertake, we ensure we embed our core values of being professional, passionate, caring, innovative and trustworthy to help us move forward as a united organisation. As we do so, 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

Going forward, we will focus our efforts in strengthening the Group's current undertakings in the IFM Concession and Non-Concession fronts as well as our position in the Property Development sector by leveraging on astute business performance and high service standards.

With regard to the IFM Concession business, we will await the Government's approval of the terms and conditions on the HSS NCAs as well as the date of their implementation. We look forward to working together with our new joint venture partners in Sabah and Sarawak to build up our combined capabilities.

On 5 August 2013, Faber received a letter of offer from UEM Group Berhad ("UEM Group") to merge and streamline the Asset & Facility Management ("AFM") businesses of the UEM Group of Companies, namely the entire equity interest in Projek Penyelenggaraan Lebuhraya Berhad ("PROPEL") and also in OPUS Group Berhad ("OGB") under Faber. The proposed merger would enable us to expand our IFM business, which is currently focussed on the healthcare sector, and transform into a total AFM company with expertise and presence amongst others, in the healthcare, infrastructure and commercial sectors.

CHAIRMAN'S STATEMENT

Faber has undertaken the necessary due diligence measures and negotiations with UEM Group to make the merger a reality. Faber signed the Share Sale Agreement with UEM on 18 April 2014 and at the time of writing, the process to consolidate Faber's position as the largest AFM Company in Malaysia with an enlarged footprint abroad is underway. The completion of the proposed merger is subject to all governmental and regulatory approvals required under applicable laws and regulations as well as shareholders' approval at an Extraordinary General Meeting.

Upon the proposed merger becoming a reality, it is envisaged that the resultant stronger balance sheet will create a platform for further expansion of the enlarged AFM businesses, locally and abroad. It will create cross-leverage opportunities between the AFM companies under Faber and allow potential synergies to be extracted such as expertise, shared services and market know-how. In essence, Faber would be able to position itself as a one-stop solution leader.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to convey my sincere appreciation to all our stakeholders for their unwavering support and confidence in Faber. We are also deeply indebted to our loyal and hardworking staff whose commitment to service and product excellence continues to strengthen our market position. I also wish to express my utmost thanks to my fellow Board members and the Group's Management team.

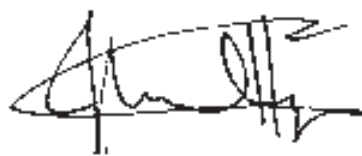
The Board appreciates and acknowledges the contributions of our fellow directors who resigned in 2013 as well as more recently in 2014. Our gratitude goes to Datuk Zainal Abidin bin Alias, Datuk Mohamed Zain bin Mohamed Yusuf and Tuan Haji Puasa bin Osman who all have served the Group for more than nine years and have resigned on 9 May 2013. Our gratitude also goes to Mr. Oh Kim Sun and Encik Suhaimi bin Halim, who both retired on 25 June 2013. We truly appreciate their valuable contributions and guidance over the course of their tenure with us and wish them every success in their future undertakings.

We also wish to convey our heartfelt gratitude to our former Managing Director, Encik Adnan bin Mohammad for his dynamic leadership and invaluable contributions during his seven-year tenure with the Group. Encik Adnan Mohammad opted for an early release from his contract which was scheduled to end on 31 March 2014 to pursue his own interests and opportunities. We wish him all the best in his future endeavours.

Upon Encik Adnan Mohammad's departure effective 31 January 2014, the Board re-designated a Non-Independent Non-Executive Director, Encik Azmir Merican as the Executive Director of Faber. He has assumed the full authority, duties and functions of the Managing Director of the Group effective 1 February 2014. We certainly look forward to the experience and leadership of Encik Azmir as Faber prepares to embark on the next phase of its journey.

We also welcome our new directors namely Datuk Ir. Abdullah Sani bin Abd Karim, Mr. Robert Tan Bun Poo and Dr. Saman @ Saimy bin Ismail who were appointed to the Board on 9 May 2013. We look forward to their insights and contributions as we work together to take Faber to new heights of success. I trust all our stakeholders will continue to lend us their staunch support as we continue our journey to success.

Thank you.



DATO' IKMAL HIJAZ BIN HASHIM

Chairman



INTERVIEW WITH THE EXECUTIVE DIRECTOR

AZMIR MERICAN
Executive Director

Q

How did Faber Group fare in financial year 2013?

A

2013 was a rather challenging year for Faber Group Berhad ("Faber" or "the Group"). It saw us posting lower profitability amidst a tough operating environment. Our 19.5% drop in revenue to RM689.9 million from RM856.8 million previously, and 46.8% drop in PBT to RM105.7 million from RM198.6 million in 2012, were mainly attributable to weaker results from our Property Development business which registered lower margins and saw its revenue shrinking by 84.5% to RM34.4 million. On a positive note, the Integrated Facilities Management ("IFM") Concession business recorded a 7.0% increase in revenue to RM617.8 million. Overall, our IFM Concession and Non-Concession businesses contributed some 95.0% of Group revenue (2012: 74.0%), whilst our Property Development Division contributed 5.0% of Group revenue (2012: 26.0%).

INTERVIEW WITH THE EXECUTIVE DIRECTOR

Q

What key developments took place in relation to the IFM Concession business?

A

In 2013, our IFM Concession Division under Faber Medi-Serve Sdn. Bhd. ("FMS") continued to manage the existing Concession Agreement for the Northern Region of Peninsular Malaysia and East Malaysia. Over that time, Faber and its consortium partners continued to negotiate with the Government of Malaysia to finalise the terms and conditions as well as the effective date of implementation of the Hospital Support Services New Concession Agreements.

In 2013, FMS' revenue increased by 7.0% or RM41.0 million to RM625.2 million from RM584.2 million in 2012 as a result of higher variation orders and one-off proceeds from linen losses between 2007 and 2012. In spite of this, FMS' PBT only increased marginally by 0.6% or RM0.6 million to RM97.2 million in 2013 from RM96.6 million previously due to the impact from the implementation of minimum wages effective January 2013 and impairment costs for the Lahad Datu plant in Sabah. In 2013, FMS was the major contributor to the Group's revenue, registering 90.6% of the Group's overall revenue.

Q

How did the IFM Non-Concession business in Malaysia perform?

A

The Non-Concession Division under Faber Facilities Sdn. Bhd. ("FFSB") took stock of its business and strengthened its footprint and talent pool in 2013. It also consolidated its position and enhanced its focus and commitment. Over the course of 2013, FFSB's revenue rose by 14.5% or RM2.7 million to RM21.3 million from RM18.6 million mainly as a result of strong inroads made to extend its IFM footprint in the oil and gas instrumentation maintenance services. FFSB returned to the black registering a PBT of RM2.9 million in 2013 from a loss of RM1.1 million in the preceding year.

The year saw FFSB continuing to deliver comprehensive IFM Non-Concession services to its local clientele in the commercial and residential properties in Johor and the Klang Valley.

In tandem with increased awareness of Environmentally Sustainable Design ("ESD") concepts, standards and rating systems, FFSB strengthened its ESD Consultancy Services portfolio with competencies in the following areas:

- US Green Building Council certification system i.e. Leadership in Energy and Environmental Design ("LEED"); and
- Indoor Environmental Quality assessment protocol.

With the above competencies, FFSB is poised to extend its ESD services across a wide spectrum of environmental, health and safety areas including energy efficiency, indoor environmental quality, building material selections, sustainable site planning and water efficiency. Faber aims to become a one-stop centre for sustainability services.

In 2013, FFSB continued to advance strongly in the Built Environment market segment for Green Building Index Facilitator, Commissioning Specialist Services and Energy Performance Management Systems to support customers' operational efficiency. FFSB has secured several new GBI contracts including that for the Naza Matrade Exhibition Centre, Faber Antara Condominium and several buildings located in Cyberjaya.



What steps are being taken to strengthen the Group's IFM Non-Concession services offering?



Apart from delivering specialist ESD services to ensure greater environmental efficiency and sustainability, FFSB is focusing on more value added services that will help build long-term customer relationships. Today's market is moving towards a complete solution centered on managing the life cycle cost of a building. To this end, we aim to take the lead in Built Environment services providing total Asset and Facility Management solutions that take into account the asset life cycle approach for both asset development and asset management. These activities, which focus on improving asset life cycles and operational efficiency, are expected to lead to sustainable revenue streams for the IFM Non-Concession business.

The ESD strategy going forward will be underpinned by the rollout of active facility management or "active FM" whereby we will have state-of-the-art real time asset monitoring and intervention capabilities. Concurrently, we will also be strengthening our Energy Management capabilities by adopting best in class Energy Management practices and technology. We are committed to building a leading ESD and Energy Management services capability as part of our commitment and belief in doing all we can to reduce the world's carbon footprint.

Today, the company continues to conduct technical training to build up its manpower capability in the segments that we have identified. The Group spent close to RM2.0 million on learning and development initiatives over 2013 to enhance employees' technical, soft and leadership skills and this will certainly help reinforce our standing in the markets we are serving or plan to serve.

INTERVIEW WITH THE EXECUTIVE DIRECTOR

Q

Please elaborate on the international IFM Non-Concession businesses.

A

In India, FFSB ceased operating Faber Star Facilities Management Limited in 2013 and is now focused on growing Faber Sindoori Management Services Private Limited ("Faber Sindoori"). To date, Faber Sindoori has increased its Biomedical Engineering Maintenance Services ("BEMS") and Facilities Engineering Maintenance Services ("FEMS") contracts for the Apollo Group of Hospitals and is providing FEMS to the Rajiv Gandhi International Airport in Hyderabad as well as IFM services for the Women and Children Hospital in Pondicherry.

Faber Sindoori is also looking to extend its presence in India and the surrounding regions and is currently focusing its efforts on securing comprehensive contracts which provide higher revenues and better margins rather than cost plus contracts. To date, the company has secured contracts for Jehangir Hospital in Pune (State of Maharashtra), Sureksha Hospital in Vizag (State of Andhra Pradesh) and Bhushan Steel Plant in Buphaneswar (State of Orissa). In 2013, we secured contracts amounting to RM39.4 million in India.

For 2013, FFSB has adopted the new Malaysian Financial Reporting Standards ("MFRS") 10: Consolidated Financial Statements whereby the financial results of Faber Sindoori have not been consolidated but only a share of profit has been recognised.

Q

What are the growth prospects for Faber's international businesses?

A

In our overseas markets, we have set our sights on strengthening the relationships with our key partners to tap new areas of opportunity and further expand our footprint. In India, we aim to explore growth opportunities for Faber Sindoori within and outside the Apollo Group of Hospitals and will continue to work with our partners to grow the business further in nearby markets. In the United Arab Emirates, we will tap the opportunities in the healthcare sector and will undertake the necessary due diligence and bring our expertise over to where there is market demand.



How did Property Development business perform in 2013?



Our Property Development under Faber Development Holdings Sdn. Bhd. ("FDH"), which had turned in strong results in 2012 as a result of high take-up rates for its properties, saw a dramatic drop in its 2013 revenue as its projects came to completion or neared completion. The 2014 budget announcements pertaining to cooling off measures and tighter controls on loans, also dampened market sentiment for FDH's properties. As such, FDH registered an 84.5% or RM187.9 million drop in revenue to RM34.4 million from RM222.3 million in the preceding year, while its PBT fell by 89.3% or RM73.8 million to RM8.8 million from RM82.6 million previously.

In the first quarter of 2013, FDH delivered the balance of its semi-detached Areca Residence homes in Section 3, Laman Rimbunan, Kepong to purchasers. This project had an overall Gross Development Value ("GDV") of RM102.0 million. In second quarter of 2014, the Prima Villa development in Taman Danau Desa with an estimated GDV of RM142.0 million is expected to be completed. The 255-unit Faber Antara Condominium development spread over 2.5 acres of prime land along Persiaran Gurney, with an estimated GDV of RM242.0 million is scheduled to be completed by the third quarter of 2016.



What key strategies are being employed to strengthen the Property Development business going forward?



To date the take-up rates for the Prima Villa and Faber Antara Condominium developments have been slow because the market is adopting a wait-and-see approach. This is likely to continue until the end of the first half of 2014. As such, FDH is looking into developing several value-added propositions, including an aggressive marketing strategy, to ride out the challenges in this area.

Moving forward for the long-term, the Group will reassess its position and involvement in the property development business and, if need be, we will align ourselves with the changing needs of the market and explore opportunities beyond our niche market segment such as mixed developments on larger pieces of land plus high-rise integrated developments.

INTERVIEW WITH THE EXECUTIVE DIRECTOR



With IFM as the core business, where do you see the Group heading as a key IFM player?



On 18 April 2014, Faber signed the Share Sale Agreement with UEM Group Berhad ("UEM Group") to merge and streamline the Asset and Facility Management ("AFM") businesses of the UEM Group of Companies, namely its entire equity interest in Projek Penyelenggaraan Lebuhraya Berhad ("PROPEL") and in OPUS Group Berhad ("OGB") under Faber. The completion of the proposed merger is subject to shareholders' approval at an Extraordinary General Meeting. With this merger, Faber is poised to be the largest AFM company in Malaysia with an enlarged footprint abroad.

Our vision is to transform Faber into a total AFM company with expertise and presence in the healthcare, infrastructure and commercial sectors which will create a platform for expansion of the enlarged AFM businesses, locally and abroad. There will certainly be cross-leverage opportunities between the AFM companies under Faber in the areas of pooled expertise, shared services, market know-how and costs. Faber will essentially entrench itself as a one-stop solution provider for AFM services.

The merger is also expected to create a larger global presence for Faber through the acquisition of the OGB group whose businesses spans New Zealand, Australia, Canada and the United Kingdom. This exercise will certainly provide Faber the building blocks it requires for strong and sustainable business growth.

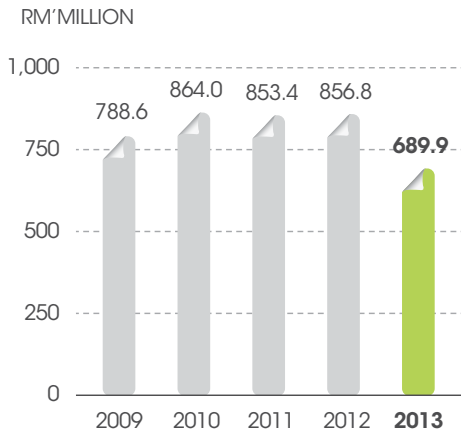


Are there any final thoughts you would like to share with us?

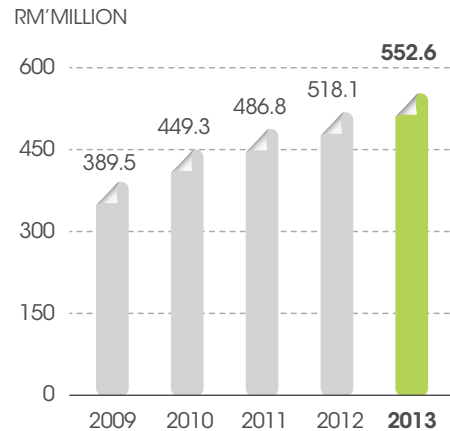


While 2013 was a challenging year for the Group, it also tested our mettle and ability to persevere. I am pleased to say that the Group is on track as the proposed merger will enhance the Group's capabilities and prepare us to be the largest AFM Company in Malaysia. At the same time, we are priming ourselves to capitalise on a host of new opportunities that are certain to come our way. As we explore these new avenues of opportunity and new markets, we can also anticipate new challenges to arise. Rest assured that we will continue to take a prudent approach in all our undertakings and carry out the necessary due diligence to stay the course as we aim for new heights of success.

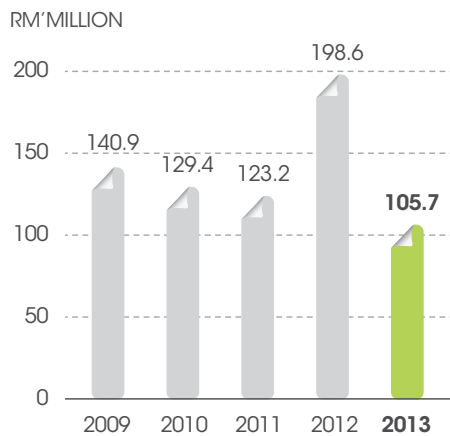
5-YEAR GROUP FINANCIAL HIGHLIGHTS



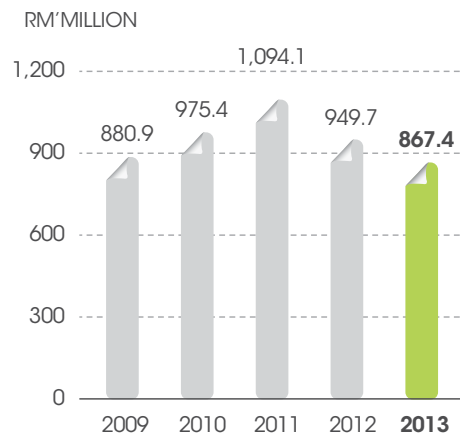
REVENUE



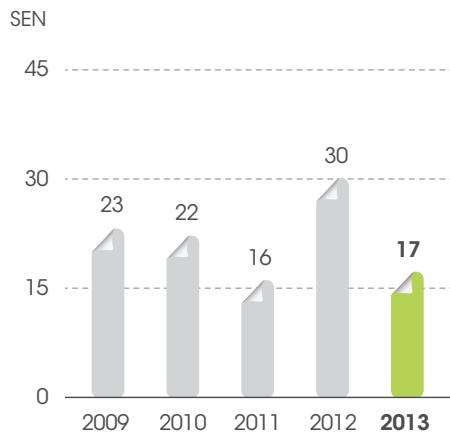
SHAREHOLDERS' FUNDS



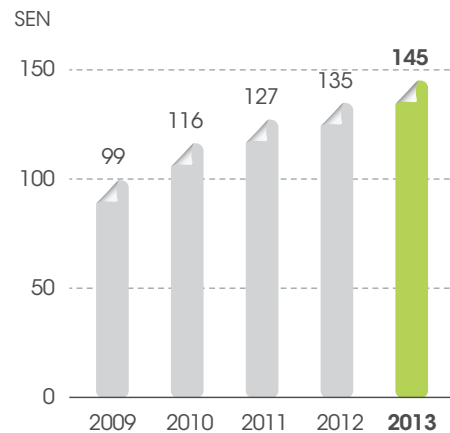
PROFIT BEFORE TAX



TOTAL ASSETS



EARNINGS PER SHARE



NET TANGIBLE ASSETS PER SHARE

5-YEAR GROUP FINANCIAL SUMMARY

STATEMENTS OF FINANCIAL POSITION

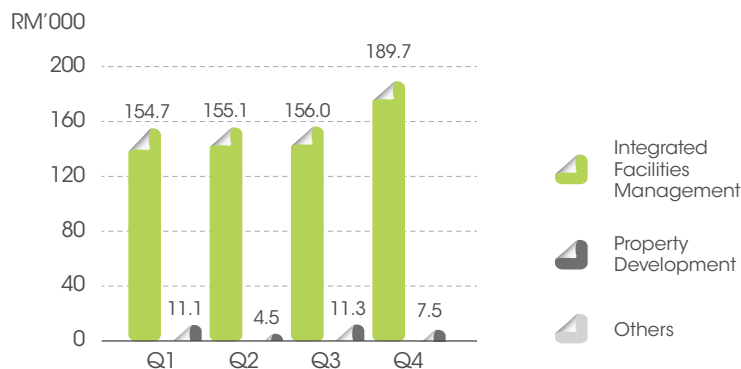
IN RM MILLION	As at 31 December				
	2009	2010	2011	2012	2013
ASSETS					
Non-current assets	187.0	149.5	272.3	131.1	122.1
Current assets	693.9	825.9	821.8	818.6	745.3
TOTAL ASSETS	880.9	975.4	1,094.1	949.7	867.4
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	363.0	363.0	90.8	90.8	90.8
Share premium	116.0	116.0	—	—	—
Other reserves	(0.5)	(3.9)	(3.5)	5.1	6.2
(Accumulated losses)/Retained earnings	(89.0)	(25.8)	399.5	422.2	455.6
	389.5	449.3	486.8	518.1	552.6
Non-controlling interests	64.1	62.5	74.1	100.0	55.7
Total equity	453.6	511.8	560.9	618.1	608.3
Non-current liabilities	183.0	166.2	47.5	7.5	11.4
Current liabilities	244.3	297.4	485.7	324.1	247.7
Total liabilities	427.3	463.6	533.2	331.6	259.1
TOTAL EQUITY AND LIABILITIES	880.9	975.4	1,094.1	949.7	867.4
Net tangible asset per share (sen)	99.0	115.8	126.5	135.3	144.8
Current ratio (times)	2.8	2.8	1.7	2.5	3.0
Liquidity ratio (times)	1.2	1.0	0.7	1.0	1.9
Gearing ratio (times)	0.5	0.4	0.4	0.0	0.0

INCOME STATEMENTS

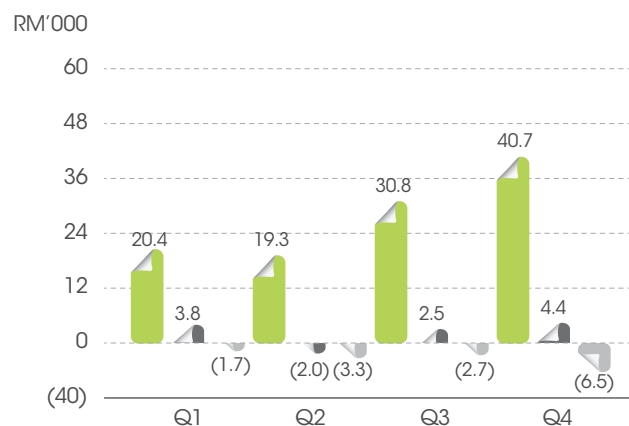
IN RM MILLION	<———— As at 31 December ———>				
	2009	2010	2011	2012	2013
CONTINUING OPERATIONS					
Revenue	788.6	864.0	853.4	856.8	689.9
Earnings before interest, taxation, depreciation and amortisation	167.5	157.4	154.5	217.5	118.5
Profit before tax	140.9	129.4	123.2	198.6	105.7
Income tax expense	(34.5)	(25.7)	(48.3)	(51.1)	(26.7)
Profit from continuing operations, net of tax	106.4	103.7	74.9	147.5	79.0
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operation, net of tax	(0.3)	–	–	–	–
Profit net of tax	106.1	103.7	74.9	147.5	79.0
Attributable to:					
Owners of the parent	82.6	78.8	59.7	108.5	62.1
Non-controlling interests	23.5	24.9	15.2	39.0	16.9
	106.1	103.7	74.9	147.5	79.0
Earnings per share (sen)	22.8	21.7	16.4	29.9	17.1
Earnings before interest, taxation, depreciation and amortisation as a percentage of revenue (%)	21	18	18	25	17
Pre-tax profit as a percentage of revenue (%)	18	15	14	23	15
Pre-tax profit as a percentage of shareholders' funds at year end (%)	36	29	25	38	19
Dividend per share – gross (sen)	4.0	6.0	8.0	28.0	10.0

2013 GROUP QUARTERLY PERFORMANCE

REVENUE BY SEGMENT



PROFIT/(LOSS) BEFORE TAX BY SEGMENT



FOR THE YEAR ENDED 31 DECEMBER 2013

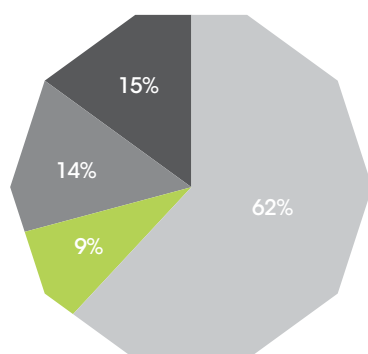
	Quarter RM'000				Total
	1 st	2 nd	3 rd	4 th	
Revenue	165,868	159,606	167,252	197,182	689,908
Operating expenses	(144,304)	(144,123)	(136,546)	(157,282)	(582,255)
Other Income	4,410	2,201	2,926	1,262	10,799
Earnings before interest, taxation, depreciation and amortisation	25,974	17,684	33,632	41,162	118,452
Profit before taxation	22,450	13,994	30,664	38,595	105,703
Profit attributable to owners of the parent	11,533	7,261	14,555	28,732	62,081
Earnings per share (sen)	3.2	2.0	4.0	7.9	17.1

BY SEGMENT

	Quarter RM'000				Total
	1 st	2 nd	3 rd	4 th	
Revenue					
Integrated Facilities Management	154,726	155,120	155,997	189,680	655,523
Property Development	11,142	4,486	11,255	7,502	34,385
Group	165,868	159,606	167,252	197,182	689,908
Profit before taxation					
Integrated Facilities Management	20,370	19,303	30,783	40,660	111,116
Property Development	3,804	(1,961)	2,546	4,424	8,813
Others	(1,724)	(3,348)	(2,665)	(6,489)	(14,226)
Group	22,450	13,994	30,664	38,595	105,703

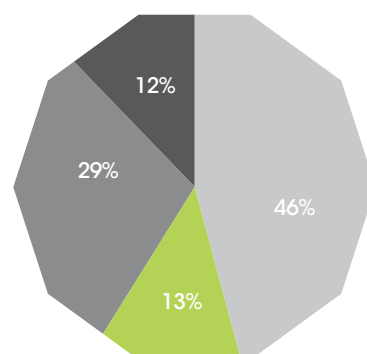
GROUP STATEMENT OF VALUE ADDED

DISTRIBUTION OF VALUE ADDED



2013

- Employee cost
- Taxation
- Dividend & Non-controlling interests
- Depreciation, amortisation & Retained earnings



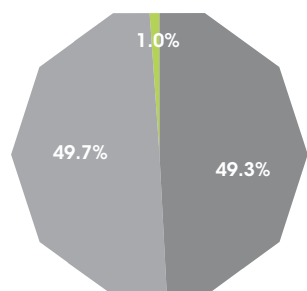
2012

STATEMENT OF VALUE ADDED

	2013 RM Million	2012 RM Million
VALUE ADDED		
Revenue	690	857
Other income	3	3
Interest income	8	8
Operating expenses	(396)	(467)
Finance cost	-	(3)
Value added available for distribution	305	398
DISTRIBUTION		
To Employees		
Employee cost	187	183
To Government		
Taxation	27	51
To Shareholders		
Dividend	27	76
Non-controlling interests	17	39
Retained for reinvestment and future growth		
Depreciation and amortisation	14	17
Retained earnings	33	32
Total distributed	305	398

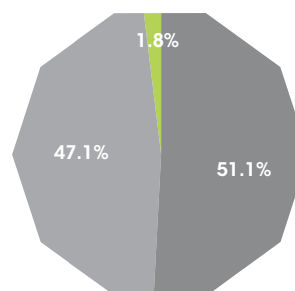
2013 GROUP MANPOWER SUMMARY

MANPOWER STRENGTH BY REGION



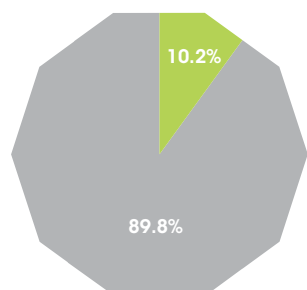
as at 31 December 2013
Total: 7,965

- Malaysia
- India
- United Arab Emirates



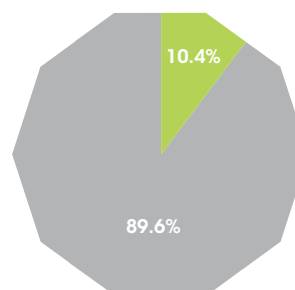
as at 31 December 2012
Total: 7,236

EMPLOYEE COMPOSITION BY LEVEL



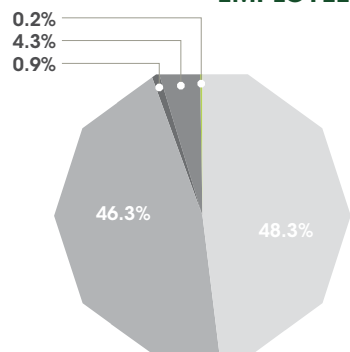
as at 31 December 2013
Total: 7,965

- Executive
- Non-Executive



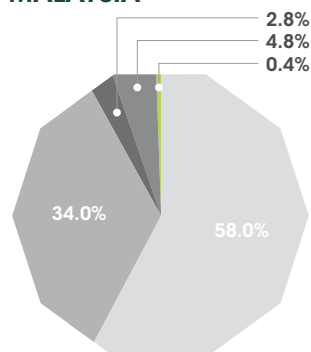
as at 31 December 2012
Total: 7,236

EMPLOYEE COMPOSITION BY ETHNICITY IN MALAYSIA



as at 31 December 2013
Total: 3,929

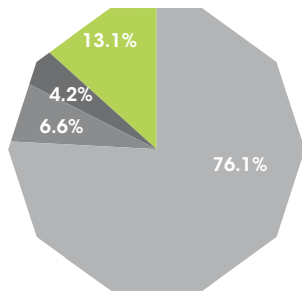
- Malay
- Sabah/Sarawak
- Chinese
- Indian
- Others



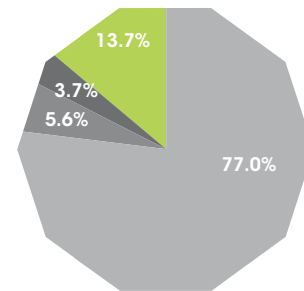
as at 31 December 2012
Total: 3,698

2013 GROUP LEARNING AND DEVELOPMENT EXPENDITURE

2013 LEARNING AND DEVELOPMENT EXPENDITURE DISTRIBUTION

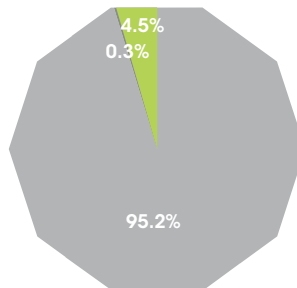


Soft Skill Training: **RM563,211.64**



Technical Training: **RM1,328,211.59**

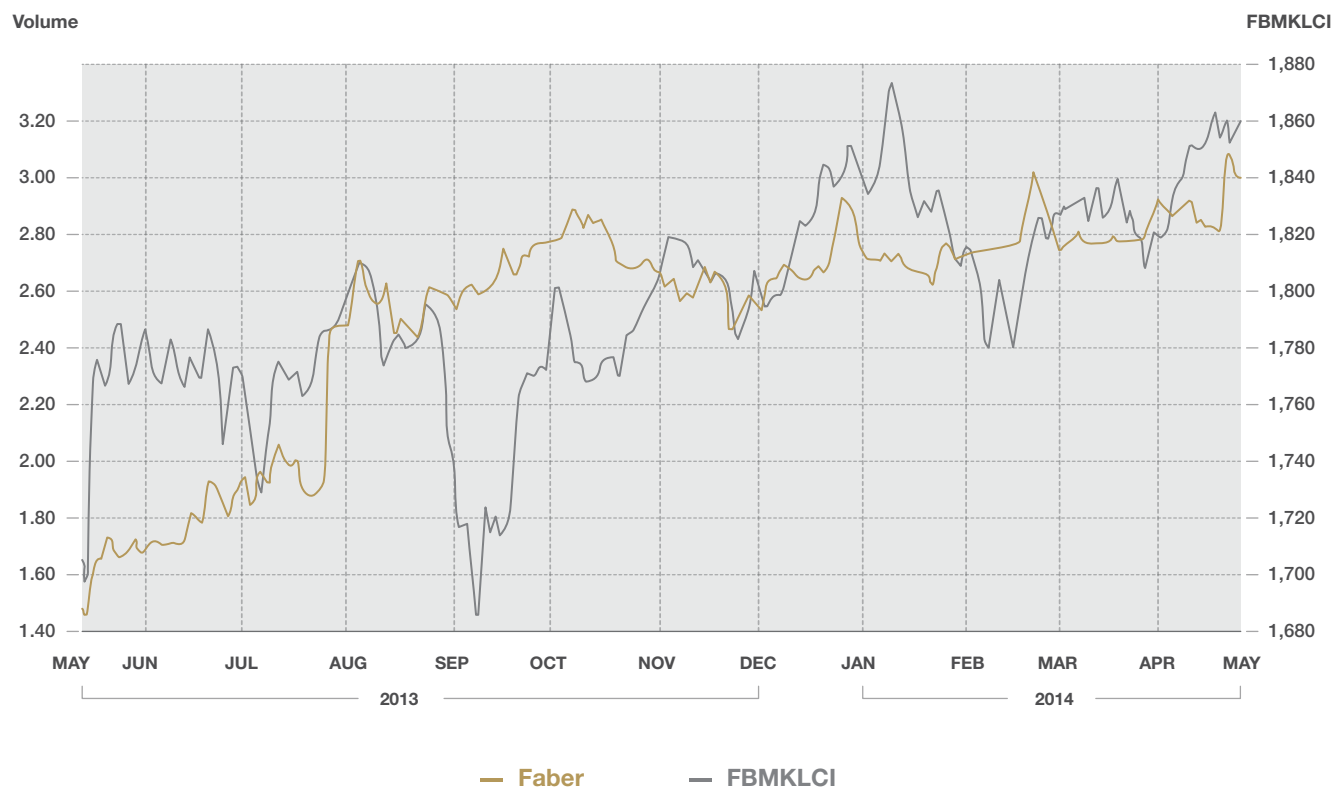
- IFM (Concession)
- IFM (Non-Concession)
- Property Development
- Corporate Office



Leadership Training: **RM170,809.50**

SHARE PRICE MOVEMENT

SHARE PRICE MOVEMENT FOR THE PERIOD FROM 22 APRIL 2013 TO 6 MAY 2014



PRICE	RM	DATE
HIGHEST	3.13	23 April 2014
LOWEST	1.44	3 May 2013

Highest volume during this period is 276,537 on 6 August 2013.

GROUP FINANCIAL CALENDAR

2013
FEB
25 February

Announcement on financial results for the 4th quarter ended 31 December 2012.

Announcement on Key Performance Indicator ("KPI") Targets for the financial year 2013.

Announcement on proposed final dividend for financial year 2012.

MAY
10 May

Announcement on financial results for the 1st quarter ended 31 March 2013.

JUN
25 June

50th Annual General Meeting.

JUL
24 July

Payment of final dividend of 10 sen less 25% income tax per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2012.

FEB
28 February

Announcement on financial results for the 4th quarter ended 31 December 2013.

Announcement on proposed single tier final dividend for financial year 2013.

2014
NOV
25 November

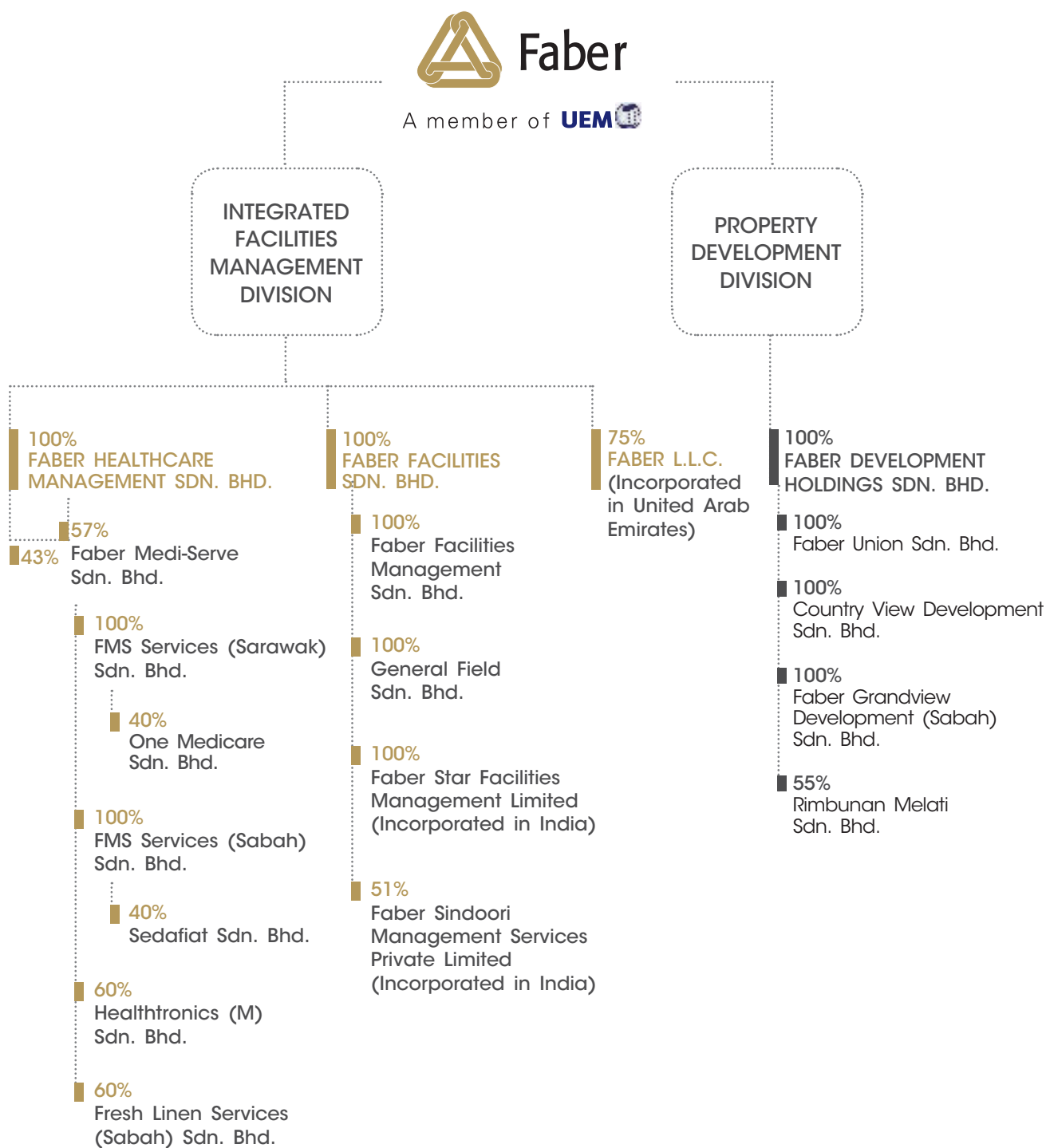
Announcement of financial results for the 3rd quarter ended 30 September 2013.

AUG
28 August

Announcement of financial results for the 2nd quarter ended 30 June 2013.

CORPORATE STRUCTURE

GROUP'S KEY OPERATING COMPANIES

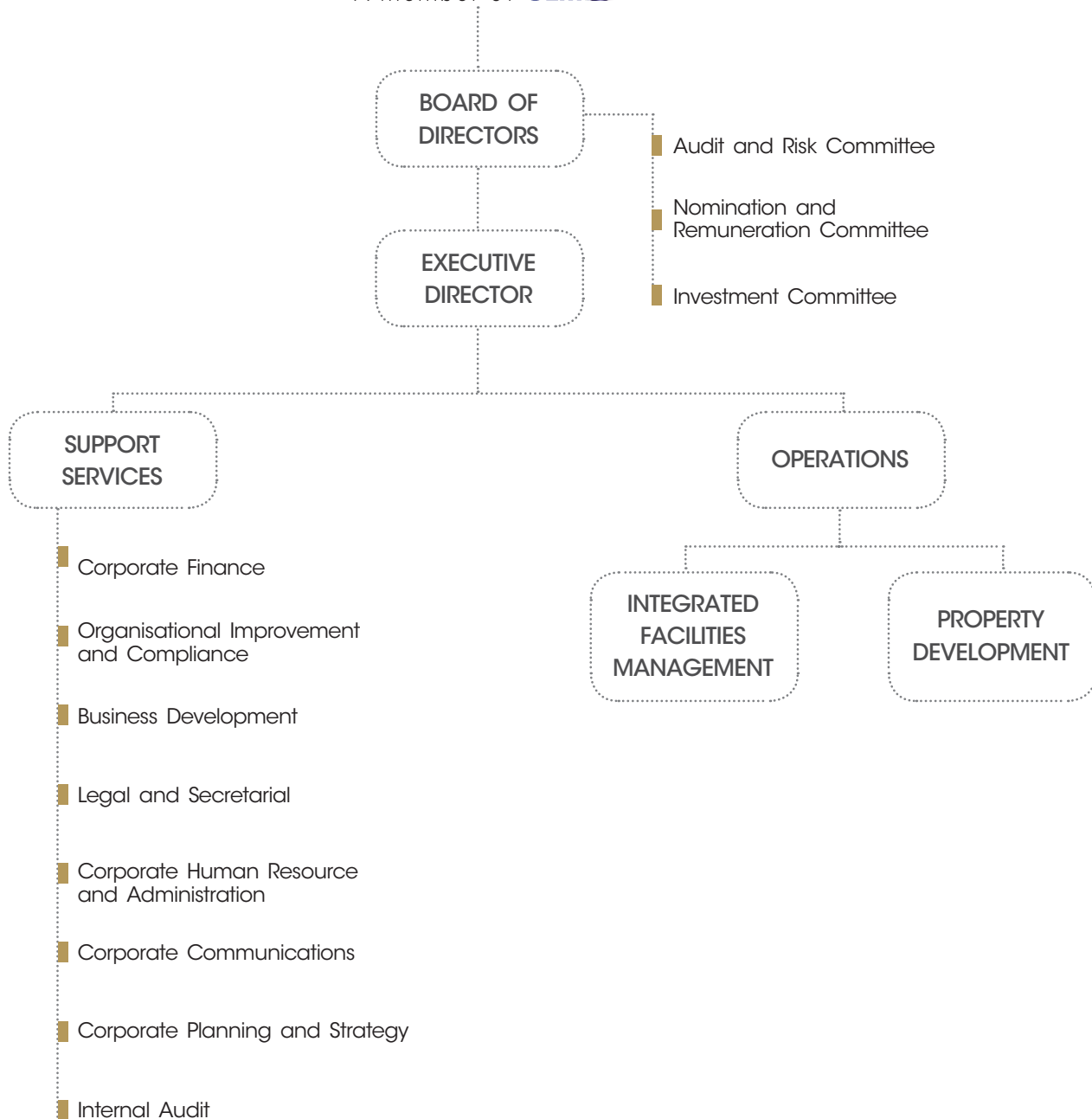


ORGANISATION CHART



Faber

A member of **UEM** 



CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Position	Audit and Risk Committee	Nomination and Remuneration Committee	Investment Committee
Dato' Ikmal Hijaz bin Hashim	Chairman/Independent Non-Executive Director			Chairman
Azmir Merican bin Azmi Merican [#]	Executive 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			
Robert Tan Bun Poo ^{* ^ @}	Independent Non-Executive Director	Chairman		
Dr. Saman @ Saimy bin Ismail	Independent Non-Executive Director	Member	Member	
Elakumari a/p Kantilal [*]	Non-Independent Non-Executive Director	Member	Member	

* member of the Malaysian Institute of Accountants

^ member of the Malaysian Institute of Certified Public Accountants

@ member of the Malaysian Institute Taxation

re-designated as Executive Director on 1 February 2014

COMPANY SECRETARY

Sheikh Azree bin Mokhtar
(LS0008368)

GROUP MANAGEMENT

FABER GROUP BERHAD

Azmir Merican bin Azmi Merican
Executive 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

Level 6, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +6 03 2725 6666
Fax : +6 03 2725 6699
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 2095 9076

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
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

GROUP MILESTONES

OUR HISTORY FROM THE BEGINNING UNTIL NOW 1963-2013

1963

31 May 1963

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

1964

2 January 1964

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 1990

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 1996

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 in Integrated Facilities Management.

2000

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

2003

18 November 2003

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

2004

30 September 2004

Completed Second Restructuring Exercise and formation of Special Purpose Vehicle.

5 November 2004

Bursa Malaysia Securities Berhad ("Bursa Malaysia") uplifted Faber's PN4 condition.

8 November 2004

Faber reclassified under the Trading/Services Sector on the Main Board of Bursa Malaysia.

2007

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

2008

18 February 2008

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

26 June 2008

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 (Gurney) Ltd.

3 November 2008

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

2009

18 March 2009

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

23 November 2009

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

2010

4 April 2010

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.

14 November 2010

FDH launched Areca Residence Sections 1 and 2 in Kepong Kuala Lumpur with a GDV of RM190.0 million.

2011

19 February 2011

FDH launched Prima Villa in Taman Danau Desa, Kuala Lumpur with a GDV of RM142.0 million.

17 July 2011

FDH launched Section 3, Areca Residence in Kepong, Kuala Lumpur with a GDV of RM102.0 million.

19 September 2011

Faber completed its Par Value Reduction and Share Premium Reduction exercise.

3 October 2011

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

27 October 2011

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 2012

The Health Minister of Malaysia officially launched FMS Bukit Beruntung Laundry Plant in Selangor.

27 April 2012

FMS received a letter from UKAS whereby the existing HSS CA shall continue until the signing of the new HSS CAs ("HSS NCAs") with the Ministry of Health.

7 & 17 December 2012

FDH successfully completed 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 2012.

2013

23 January 2013

UKAS has agreed in principle that the implementation of the new concession in relation to the privatisation of HSS for the Northern Region of Peninsular Malaysia is to be implemented by FMS whilst the new concession for the privatisation of HSS in Sabah Zone and Sarawak Zone will be implemented by the new consortium companies where FMS will hold 40% equity interest in the respective consortium companies.

27 February 2013

Faber held a joint venture agreements signing ceremony with its partners for the incorporation of the new consortium companies, Sedafiat Sdn. Bhd. for Sabah Zone and One Medicare Sdn. Bhd. for Sarawak Zone. FMS through FMS Services (Sabah) Sdn. Bhd. and FMS Services (Sarawak) Sdn. Bhd. holds 40% equity interest respectively in each of the said consortium companies.

8 March 2013

FDH successfully completed and handover 54 units Areca Residence Section 3 in Kepong, Kuala Lumpur to purchasers.

5 August 2013

Faber received a letter of offer from UEM Group Berhad to merge and streamline the Asset & Facility Management businesses of the UEM Group of Companies, through the proposed disposal of its entire equity interest in Projek Penyelenggaraan Lebuhraya Berhad and OPUS Group Berhad to Faber Group Berhad.

26 October 2013

FDH launched Faber Antara Condominium, a-255 residential units of 22-storey in two blocks of condominium located along Jalan Persiaran Gurney, Kuala Lumpur with a GDV of RM242.0 million.

CALENDAR OF EVENTS



29 – 31 January 2013



30 – 31 March 2013



25 June 2013

January 2013

29 – 31 January 2013

Faber held its IFM Symposium at the Nilai Springs Resort Hotel, Negeri Sembilan. Over 100 attendees from Senior Management to key executives and operational staff converged to discuss and share knowledge on new challenges, emerging opportunities and latest industry trends in the IFM sector.

February 2013

24 February 2013

FDH hosted a Chinese New Year Gathering at the Areca Residence Show House for the community at Laman Rimbunan, Kepong Kuala Lumpur to celebrate and usher the Chinese New Year.

27 February 2013

Faber held the joint venture agreements signing ceremony with its partners for the formation of the new consortium companies i.e. Sedafiat Sdn. Bhd. in Sabah and One Medicare Sdn. Bhd. in Sarawak. FMS through FMS Services (Sabah) Sdn. Bhd. and FMS Services (Sarawak) Sdn. Bhd. hold 40% equity interest respectively in each of the above mentioned consortium companies.

March 2013

1 March 2013

Faber held its Analysts and Media Briefing at the Sime Darby Convention Centre, Kuala Lumpur with the aim of sharing the Group's latest financial and corporate updates.

1 – 3 March 2013

FDH participated in the "Bumiputera Property Exhibition" held at the Mid Valley Exhibition Hall, Kuala Lumpur to showcase and promote its ongoing projects.

29 March 2013

Faber held its "Golden Circle Hi-Tea Talk" at the Sime Darby Convention Centre, Kuala Lumpur attended by officers from the Ministry of Health, the Ministry of Energy, Green Technology & Water and the Department of Environment. The educational and networking session was aimed to share knowledge, ideas and new developments in IFM industry and to enhance Faber's stakeholder engagement.

30 – 31 March 2013

Faber participated in the "Karnival Keusahawanan Kebangsaan Politeknik Malaysia" held at the Stadium Sultan Muhammad ke IV, Kota Bharu, Kelantan to share Faber's collaboration with the Ministry of Education in the Work Based Learning programme for Advanced Diploma in Facility Management and Advanced Diploma in Electronics Engineering (Medical).

April 2013

26 – 28 April 2013

FDH participated in the Malaysian Property Exposition ("MAPEX") exhibition at the Mid Valley Exhibition Hall, Kuala Lumpur to showcase and promote its ongoing projects.

May 2013

31 May 2013

Faber reached its 50th year Golden Jubilee since its incorporation on 31 May 1963.

June 2013

25 June 2013

Faber held its 50th Annual General Meeting at the Sime Darby Convention Centre, Kuala Lumpur.

July 2013

2 July 2013

The Managing Director of Faber was invited as the honorable presenter of certificates to graduates during the 15th Graduation of Politeknik Sultan Salahuddin Abdul Aziz Shah, Shah Alam ("PSA") Selangor. This is the second consecutive year where Faber was given the honor due to our collaboration with PSA in the Work Based Learning programme for Advanced Diploma in Facility Management and Advanced Diploma in Electronics Engineering (Medical).



11 July 2013

2 – 4 July 2013

Faber participated in the Association of Private Hospitals of Malaysia (APHM) – International Healthcare Conference & Exhibition 2013 at the Sunway Pyramid Convention Centre, Petaling Jaya to promote the Group's presence in the Hospital Support Services as well as to market the IFM services to private hospitals.

11 July 2013

Faber's Board Familiarisation visit to FMS Bukit Beruntung Laundry Plant, Selangor.

27 – 28 July 2013

FDH held an exclusive preview of its latest residential development "Faber Antara Condominium", a 2.5 acres freehold development comprising 255 units of 22-storey in 2 blocks of condominium located at Jalan Persiaran Gurney, Kuala Lumpur with a Gross Development Value of RM242.0 million.

August 2013

19 August 2013

Faber together with other subsidiaries of UEM Group co-hosted the UEM Group Corporate Hari Raya Open House at Mercu UEM, Kuala Lumpur.



11 – 12 September 2013

25 August 2013

FDH hosted a "Majlis Sambutan dan Sumbangan Aidilfitri" for the community at Kampung Datuk Keramat, Kuala Lumpur. YB Datuk Johari Abdul Ghani, the Member of Parliament for Titiwangsa, Kuala Lumpur was the guest of honour to grace the event.

September 2013

11 – 12 September 2013

Faber participated in the Hospital Engineering International Conference & Exhibition 2013 ("HEICE 2013") held at the Kuala Lumpur Convention Centre. HEICE 2013 was organised by the Biomedical Engineering Association of Malaysia (BEAM) where reputable speakers from the healthcare and medical sectors share their thoughts, ideas and insights on the opportunities and challenges in the healthcare industry and a good platform for strategic networking among the industry players.

17 – 19 September 2013

Faber participated as the silver sponsor in the Greenbuild Asia 2013 held at the Putra World Trade Centre, Kuala Lumpur. Greenbuild Asia 2013 is an established annual event that



26 – 27 October 2013

focuses on sustainable design, building and construction latest practices, systems and technologies as well as showcasing green buildings materials and supplies, renewable energy and energy efficiency solutions, building mechanical and engineering technology and systems. Faber took this opportunity to promote and showcase its extensive capabilities in the Green IFM services and Sustainable IFM Management Solutions.

October 2013

26 – 27 October 2013

FDH officially launched Faber Antara Condominium. At the same time, FDH also participated in the MAPEX exhibition held at the Mid Valley, Kuala Lumpur to promote its latest property launch.

November 2013

8 – 10 November 2013

FDH participated in the 3-day "The Star Property Fair" at the Kuala Lumpur Convention Centre with the aim of promoting and showcasing its ongoing projects.

BOARD OF DIRECTORS' PROFILE

- ▶ DATO' IKMAL HIJAZ BIN HASHIM
- ▶ AZMIR MERICAN BIN AZMI MERICAN
- ▶ DATUK IR. ABDULLAH SANI BIN ABD KARIM
- ▶ DATO' MOHD IZZADDIN BIN IDRIS
- ▶ ROBERT TAN BUN POO
- ▶ DR. SAMAN @ SAIMY BIN ISMAIL
- ▶ ELAKUMARI A/P KANTILAL



DATO' IKMAL HIJAZ BIN HASHIM

61, Malaysian

Chairman/Independent Non-Executive Director

Dato' Ikmal Hijaz was appointed as Chairman of the Board of Faber Group Berhad ("FGB") on 1 March 2009. He is also the Chairman of the Investment Committee.

Dato' Ikmal Hijaz holds a Bachelor of Arts (Hons) from University of Malaya, Malaysia and a Master of Philosophy in Land Management from University of Reading, United Kingdom.

He began his career by serving in the Administrative and Diplomatic Service of the Government from 1976 to 1990 in various positions and responsibilities such as in District Office, Regional Development Authorities, Training Management and Administrative under various Ministries. He then joined United Engineers (M) Berhad as the General Manager of the Malaysia - Singapore Second Crossing Project. He became the Chief Operating Officer of Projek Lebuhraya Utara-Selatan ("PLUS") on 1 January 1993 and was subsequently appointed as the Managing Director from 1 January 1995 to 30 June 1999. He resigned as Managing Director of PLUS in 1999 but remained as a Director until November 2001.

Dato' Ikmal Hijaz was appointed as the Managing Director of Prolink Development Sdn. Bhd. ("Prolink"). In February 2000, he was appointed as President of the Property Division of the Renong Group while maintaining his position as Managing Director of Prolink. He held the position of Managing Director at Renong Berhad from 2002 until October 2003 when he subsequently joined Pos Malaysia Berhad ("PMB") as its Managing Director/Chief Executive Officer on 6 December 2003. On 19 December 2003, Dato' Ikmal Hijaz was appointed Executive Director of Pos Malaysia & Services Holdings Berhad ("PMSHB") and on 13 April 2004, he was re-designated as PMSHB's Group Managing Director/Chief Executive Officer. He was the Chief Executive Officer of Iskandar Regional Development Authority, Malaysia from 23 February 2007 until February 2009.

Dato' Ikmal Hijaz's directorships in other public listed companies include Nadayu Properties Berhad, EP Manufacturing Berhad and Scomi Engineering Berhad.

BOARD OF DIRECTORS' PROFILE

**AZMIR MERICAN BIN AZMI MERICAN**

43, Malaysian
Executive Director

Azmir Merican Bin Azmi Merican was appointed to the Board of Faber Group Berhad ("FGB") on 4 December 2012 as Non-Independent Non-Executive Director and was re-designated as the Executive Director on 1 February 2014. He is also a member of the Investment Committee of FGB.

He joined UEM Group Berhad as the Group Chief Operating Officer, Business Units in October 2012 and brings along with him a wealth of cross functional experience from his background in financial advisory and as a business operator.

He started his career as an investment analyst and later worked as a manager in the financial advisory arm of PricewaterhouseCoopers. His corporate advisory experience includes dealings with corporations, multinationals and institutions involved in construction and engineering, real estate development, plantations, manufacturing, oil and gas, venture capital, fund management and stockbroking.

While at CIMB Investment Bank, he was part of the team that established the bank's private equity business and was involved in fund structuring and fund raising, investment evaluation and structuring, monitoring and execution of divestment plans.

Prior to UEM Group Berhad, he was the Group Chief Executive/Managing Director AWC Berhad where he led the successful restructuring of the company. AWC Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad is a provider of engineering services and solutions and integrated facilities management in Malaysia, Singapore and the Middle East.

Azmir Merican holds a Bachelor's Degree in Business Administration (Finance) from Haworth College of Business, Western Michigan University, USA and he also sits on the Board of Projek Penyelenggaraan Lebuhraya Berhad (PROPEL), Opus Group Berhad and Opus International Consultants Limited.



DATUK IR. ABDULLAH SANI BIN ABD KARIM

59, Malaysian

Senior Independent Non-Executive Director

Datuk Ir. Abdullah Sani was appointed as the Senior Independent Non-Executive Director of Faber Group Berhad ("FGB") on 9 May 2013. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee, and the Investment Committee. He was also appointed as Chairman of Faber Development Holdings Sdn. Bhd., the Property Division of FGB.

Datuk Ir. Abdullah Sani holds a Bachelor of Science (Hons) in Civil Engineering from University of Birmingham, United Kingdom. He is a registered Professional Engineer with Lembaga Jurutera Malaysia and is a Fellow of the Institution of Engineers, Malaysia. He is also a member of the Association of Consulting Engineers, Malaysia.

He began his career as a Civil Engineer with the Engineering Unit of the Urban Development Authority in 1976 and was promoted to Assistant Director and headed the Engineering Unit from 1977 until 1982. He then continued his career as a Director of Kumarasivam Tan & Ariffin Sdn. Bhd. and the Co-Head of the Civil & Structural Department until 1987.

Datuk Ir. Abdullah Sani served as the General Manager (Property) at Island & Peninsular Berhad from 1987 to 1989 and in September 1989, he initiated his engineering company A. Sani & Associates (proprietorship) which was then restructured to A. Sani & Associates Sdn. Bhd. Since October 1990 he holds the position as Chairman/Managing Director of the company. On 15 October 2007, he was appointed as a Director of Faber Development Holdings Sdn. Bhd. prior to his current positions in FGB.

BOARD OF DIRECTORS' PROFILE

DATO' MOHD IZZADDIN BIN IDRIS

51, Malaysian

Non-Independent Non-Executive Director

Dato' Izzaddin Idris was appointed as Non-Independent Non-Executive Director of the Board of Faber Group Berhad ("FGB") on 5 August 2010. He is currently the Group Managing Director/Chief Executive Officer of UEM Group Berhad.

Dato' Izzaddin Idris holds a Bachelor of Commerce Degree (First Class Honours in Finance) from University of New South Wales, Australia and is a Fellow of Chartered Public Accountants (CPA) Australia and a member of the Malaysian Institute of Accountants (MIA) and Malaysia Financial Reporting Foundation.

He has over 20 years of experience in the fields of investment banking, financial and general management and was previously the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009.

He was formerly a Senior Vice President (Corporate Finance) of Southern Bank Berhad and the Chief Financial Officer of Ranhill Berhad. He also held the position of Chief Operating Officer of Malaysian Resources Corporation Berhad in the late 1990s. After graduating in June 1985, Dato' Izzaddin Idris served Malaysian International Merchant Bankers Berhad for almost 11 years, 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 Barclays Bank PLC then.

Dato' Izzaddin Idris currently is also the Non-Executive Deputy Chairman of PLUS Expressways International Berhad and sits on the Board of UEM Sunrise Berhad (formerly known as UEM Land Holdings Berhad), PLUS Malaysia Berhad, Projek Lebuhraya Usahasama Berhad, Projek Lebuhraya Utara-Selatan Berhad, Cement Industries of Malaysia Berhad, Opus Group Berhad, UEM Builders Berhad and ACWA Power International, an independent water and power producer based in the Kingdom of Saudi Arabia.

He sits on the Board of Trustees of Yayasan UEM, a non-profit foundation that supports the implementation of UEM Group Berhad's corporate responsibility initiatives and philanthropic activities. He is also a Director of Yayasan Putra Business School, a non-profit organisation that aims to become a home-grown globally recognised Business School.





ROBERT TAN BUN POO

63, Malaysian

Independent Non-Executive Director

Robert Tan was appointed as an Independent Non-Executive Director of Faber Group Berhad ("FGB") on 9 May 2013. He is also the Chairman of the Audit and Risk Committee.

He graduated with a Bachelor of Commerce from University of Newcastle, Australia in 1973 and obtained his Chartered Accountancy from the Institute of Chartered Accountants, Australia in 1976. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and the Malaysian Institute of Taxation. He is also a Fellow of the Institute of Chartered Accountants in Australia.

Robert Tan, is currently a partner in an accounting practice providing auditing, due diligence, liquidation, advisory and other related services. He was a Senior Partner with Deloitte Touche Tohmatsu, Malaysia (formerly known as Deloitte KassimChan) and has more than 37 years of experience in the audits of both private and public companies locally and internationally including banking, insurance and 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.

He is a council member of the Malaysian Institute of Certified Public Accountants (MICPA) and served as a member in the Accounting and Auditing Technical Committee, Financial Statements Review Committee and Investigation Committee of MICPA. He also serves as a Board member of the Auditing & Assurance Standards Board, Malaysia Institute of Accountants.

Robert Tan also sits on the Board of QL Resources Berhad, RCE Capital Berhad, Amcorp Properties Berhad, AmLife Insurance Berhad and AmFamily Takaful Berhad.

BOARD OF DIRECTORS' PROFILE



DR. SAMAN @ SAIMY BIN ISMAIL

67, Malaysian

Independent Non-Executive Director

Dr. Saman @ Saimy was appointed as an Independent Non-Executive Director of Faber Group Berhad ("FGB") on 9 May 2013. He is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee. He was also appointed as Chairman of Faber Medi-Serve Sdn. Bhd. and Healthtronics (M) Sdn. Bhd.

He graduated with a Bachelor of Medicine and Surgery from University of Malaya and holds a Master of Public Health, University of California Berkeley, United States of America. He is an Ad Hoc panel member for the Joint Malaysian Medical Council and Malaysian Qualifying agency for the accreditation of medical schools and a member of the Society for Quality in Health.

Dr. Saimy had served with the Ministry of Health of Malaysia for more than 25 years. Between 1984 and 2001, he held various clinical and senior management positions in both health and hospital establishments around the country with the last position as the Director of Medical and Health Services Sabah.

He is currently holding the position as the Public Health Consultant in the Health Policy & Management Unit, Department of Social & Preventive Medicine, Faculty of Medicine, Universiti of Malaya.



ELAKUMARI A/P KANTILAL

57, Malaysian

Non-Independent Non-Executive Director

Elakumari was appointed as the Non-Independent Non-Executive Director of Faber Group Berhad ("FGB") on 22 October 2001 and she is also a member of the Audit and Risk Committee.

She graduated with a Bachelor of Accounting from Universiti Kebangsaan Malaysia and holds a Master of Science in Finance and Accounting from University of East Anglia, United Kingdom. Besides her executive education in IMD Switzerland, she has also attended the Harvard's Premier Business Management Programme. She is a member of the Malaysian Institute of Accountants.

Elakumari currently holds the position as Director of the Investment Division of Khazanah Nasional Berhad ("Khazanah"). She was actively involved in the establishment of Khazanah whilst in the Ministry of Finance. She has been in Khazanah since its incorporation in 1994 moving from the position of Senior Manager to Director in 2004.

She started her career in the government sector in 1981 and held various positions within the sector, namely in the Accountant General's Office, Ministry of Agriculture and Ministry of Finance. She was involved in the monitoring and restructuring of companies held by Ministry of Finance (Incorp).

Elakumari also sits on the Board of TIME dotCom Berhad.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
None of the Directors has any family relationship with any Director and/or major shareholder of FGB.
2. **Conflict of Interest**
None of the Directors has any conflict of interest with FGB.
3. **Conviction of Offences**
None of the Directors has been convicted for offences within the past 10 years other than traffic offences, if any.

GROUP MANAGEMENT PROFILE

From Right to Left:

- ▶ AZMIR MERICAN BIN AZMI MERICAN
- ▶ KHALID BIN ABD MAJID
- ▶ TUAN FAREZUDDEEN AHMAD BIN TUAN IBRAHIM



AZMIR MERICAN BIN AZMI MERICAN

43, Malaysian
Executive Director
Faber Group Berhad

Notes:

Please refer to page 36 for Azmir Merican Bin Azmi Merican's complete profile.

TUAN FAREZUDDEEN AHMAD BIN TUAN IBRAHIM

38, Malaysian
Director of Operations,
Faber Group Berhad

Tuan Farezuddeen Ahmad Bin Tuan Ibrahim was appointed as Director of Operations, Faber Group Berhad ("FGB") on 3 September 2012. He holds a Bachelor's Degree in Engineering with Honours, Mechatronics Engineering from International Islamic University of Malaysia.

He started his career as a Maintenance Engineer in 2000 and worked in many companies with exposure in sales and operations in Facilities Management prior to his appointment as the Chief Operating Officer of Ambang Wira Sdn. Bhd. ("AWSB") and AW Facility Management Sdn. Bhd. ("AWFM"), both are wholly owned subsidiaries of AWC Berhad in 2008. He was subsequently promoted as Managing Director of AWSB and AWFM in 2010 prior to joining FGB.

He has vast experience in Facilities Management in both healthcare and non-healthcare industry, oil & gas, manufacturing and telecommunication in the local market as well as overseas namely Middle East, India and Singapore.

As the Director of Operations of FGB, he is responsible for the Integrated Facilities Management services of FGB both locally and overseas.

KHALID BIN ABD MAJID

49, Malaysian
Head of Company,
Faber Development Holdings Sdn. Bhd.

Khalid was appointed as Head of Company, Faber Development Holdings Sdn. Bhd. ("FDH") on 1 December 2008. He holds a Bachelor in Civil Engineering from Victoria University of Technology, Victoria, Australia (formerly known as Footscray Institute of Technology).

He started his career as an engineer with Emkay Associates Sdn. Bhd. in 1990 prior to joining FDH in May 1991 as a Project Executive and was promoted to Project Engineer in 1994, overseeing the development of high rise condominium projects and infrastructure in Taman Desa, Kuala Lumpur. In 1996, he was promoted to Project Manager and was instrumentally involved in the negotiation of the privatisation project of Federal Reserve Unit's Complex for Royal Malaysian Police in Cheras, Kuala Lumpur in exchange of a 100-acre land in Kepong, Kuala Lumpur. This parcel of land was jointly developed with MKH Bhd. and has since been successfully developed into a mixed development comprising commercial and residential properties known as Laman Rimbunan.

Over the years, Khalid was promoted to several positions within FDH and in July 2007 as Senior General Manager before assuming his current position since 2008. He has successfully overseen all the development projects undertaken by FDH and its subsidiaries. Some of the flagship developments include Taman Desa, Taman Danau Desa and Laman Rimbunan in Kuala Lumpur, Taman Grandview in Sandakan and Taman Hilltop Perdana in Kota Kinabalu, Sabah.

HEADS OF OVERSEAS SUBSIDIARIES



From Left to Right:

TUAN FAREZUDDEEN AHMAD
BIN TUAN IBRAHIM

Director

*FABER SINDOORI MANAGEMENT
SERVICES PRIVATE LIMITED, INDIA*

RIAD AHMAD RAMZI

Chief Executive Officer

*FABER L.L.C.
UNITED ARAB EMIRATES*

SENIOR MANAGEMENT TEAM

FABER GROUP BERHAD

From Left to Right:

- ▶ **JULIZA BINTI JALIL**
Chief Financial Officer
- ▶ **LOW CHEE YEN**
Head of Corporate Planning and Strategy
- ▶ **AHMAD YUSRI BIN YAHAYA**
Head of Business Development
- ▶ **MASELA BINTI IBRAHIM**
Head of Corporate Communications
- ▶ **AINON BINTI SULEIMAN**
Head of Organisational Improvement and Compliance



SENIOR MANAGEMENT TEAM

INTEGRATED FACILITIES MANAGEMENT (“IFM”) & PROPERTY DEVELOPMENT

From Left to Right:

► **JEFRI BIN ABDUL GHANI**
*Acting Head of Operations,
IFM Concession*

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

► **TUN MASRI BIN ABU BAKAR**
Head, Non-Concession



From Left to Right:

► **RAZLIAH BINTI RAMLI**

Head of Finance, IFM Concession

► **RUZITA BINTI MOHD TAIB**

*Head of Finance,
Property Development*

► **GAN SENG KEONG**

*Head of Business Development,
Property Development*



OUR COMMITMENT TO RESPONSIBLE CORPORATE PRACTICES

In 2013, Faber continues to instill sustainable and effective corporate responsibility (“CR”) practices throughout our operations. We upheld our commitment to implementing the agenda of sustainability by undertaking impactful CR initiatives in the areas of the Workplace, Marketplace, Environment and the Community.

WORKPLACE PRACTICES

Faber has a workforce of over 7,200 employees based in Malaysia, India and the United Arab Emirates consisting of professional, technical, operational and support staff from diverse disciplines.

Our Workforce

In 2013, the strength of our workforce rose by 10% to 7,965 employees in comparison to 7,236 employees in 2012. Our manpower strategy calls for us to focus on having the right people with the right job fit, skills and competencies. To this end, the year saw us continuing to align our manpower requirements, optimise our resources and improve overall productivity.

Training and Development Activities

In 2013, the Group allocated approximately RM2.1 million for employee training and development activities to drive continuous learning and enhance employees’ skills and expertise. Of this amount,

RM1.3 million was spent on technical training and RM0.7 million on soft skills and leadership training. By the year’s end, we recorded an average of 7.05 man-days training per employee, which was above the target of an average of 7.0 man-days per employee.

Life-Long Learning and Self-Development

Leadership and talent development activities continue to be embedded as key components within Faber’s life-long learning and self-development programmes. To this end, the UEM Learning Centre continues to play its part in developing a ready pool of high calibre candidates to take on strategic positions within Faber. We will continue to participate in the Leadership Acceleration Programme (LeAP), Emerging Leadership Programme (ELP) and 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.

Employee Engagement and Communications

In 2013, the following communications platforms are being employed for employee engagement:

- **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 between employees throughout Malaysia;
- **"Berita Faber":** an internal newsletter to highlight corporate events and staff activities;
- **E-buzz:** monthly online updates on Quality, Safety, Health and the Environment, improvement & innovation, risk management and knowledge management;
- **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 of 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 Sharing Sessions:** sharing of best practices and lessons learned;



The Faber Improvement Programme

As part of our efforts to instil a continual improvement culture across the Group, we continue to implement the Faber Improvement Programme ("FIP") which nurtures creativity, innovation and systematic problem-solving. The FIP aims to reduce operational costs, increase revenues and enhance customer satisfaction through improved productivity and the quality of Faber's services and products.

Under the FIP, successful projects or initiatives are documented as knowledge products which are then 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 supporting documents, computerised systems, lessons learned, training materials, case studies and benchmarking reports.

OUR COMMITMENT TO RESPONSIBLE CORPORATE PRACTICES

Health, Safety and Environmental Management

Here at Faber, the safety and health of our employees and our environment remain a top priority. This protection is also extended to those working on our behalf, business associates and others affected by our activities. We ensure that the appropriate human and physical factors of the work environment are provided, while health and safety conditions, work methods, handling methods and ambient working conditions are also considered. Our decreasing accident, frequency and severity rates demonstrate the emphasis we place on keeping our employees safe.

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 lay a foundation for us to manage safety and health risks as well as the impact of our operations on the environment.

The Hazard Identification, Risk Assessment and Developing Control ("HIRADC") as well as the Environmental Assessment and Significant Impact ("EASI") processes are fundamental to the SHMS and EMS and have been implemented throughout our operations. This ensures safety and health hazards and environmental aspects are identified, risks are assessed and the appropriate control mechanisms are implemented to minimise or eliminate these risks.

Various controls are identified and implemented to reduce the safety and health risks. These include 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 and a wellness programme.



**World Health
Organization**



ASHRAE
Associate
Society
Alliance





MARKETPLACE PRACTICES

Several measures continue to be implemented to ensure high levels of customer satisfaction. The measures to date include the IFM Concession Division's 24-Hour Help Desk for Hospital Support Services. This ensures the hospitals' work orders are performed in a timely and effective manner and are followed up with status reports.

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.

Our Property Development Division measures customer satisfaction through after-sales assessments.

Quality Management System

Faber has developed a Quality Management System ("QMS") which serves to ensure the highest levels of customer satisfaction are achieved by meeting customer and regulatory requirements. We are committed to the continual improvement of the QMS and preventing non-conformity. The QMS is based on eight quality management principles: leadership, customer focus, continual improvement, involvement of employees, process approach, mutually beneficial supplier relationships, management by a system of processes, and making decisions based on sound data and facts.

Quality objectives have been established to continually improve the QMS and key processes. Quality objectives are specific, measurable, appropriate and relevant. These objectives have defined targets to ensure KPIs are met and that continual improvement takes place. Faber's generic quality objectives comprise the following elements:

- E – Effective System
- X – Excellent Practice
- C – Continual Improvement & Innovation
- E – Ethics, Integrity, Trustworthy & Professionalism in our conduct
- L – Learning & Caring Culture

All Faber Group companies have attained ISO 9001:2008 certification for their respective QMSs. These systems cover areas such as organisational structure as well as the responsibilities, authorities, processes, procedures and resources needed to produce goods and services for clients and customers. Each QMS helps enable quality assurance, while optimising the processes involved in delivering the services and products that lead to customer satisfaction.

Integrated Management System Certification

As a testament of our commitment towards excellent service performance, we are focused on achieving and maintaining certification to international standards. The implementation of our Integrated Management System, comprising the QMS, SHMS and Environmental Management System ("EMS"), has enabled effective management of service operation and product delivery.

OUR COMMITMENT TO RESPONSIBLE CORPORATE PRACTICES

The list of management system certification attained by the Group's companies to date is as follows:

Company	Certification
Faber Group Berhad	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.	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.	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)
Healthtronics (M) Sdn. Bhd.	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 (General Requirements for the Competence of Testing & Calibration Laboratories)
Faber Sindoori Management Services Private Limited	ISO 9001:2008 (Quality Management System) ISO 14001:2004 (Environmental Management System) OHSAS 18001:2007 (Occupational Safety & Health Management System) ISO/IEC 17025:2005 (General Requirements for the Competence of Testing & Calibration Laboratories)

Our achievements underscore the Group's commitment to meeting client requirements as well as the respective safety, health, environmental and regulatory requirements by upholding dependable standards of service delivery, sound safety practices and robust environmental preservation practices throughout our operations. These certifications are especially important in our competitive marketplace where clients look to more than just the pricing factor for their outsourcing needs.

QLASSIC Standard

Our Property Division is known for delivering quality products with innovative concepts, aesthetic designs and quality finishing. It continues to practice the Quality Assessment System in Construction ("QLASSIC") standard established by the Construction Industry Development Board ("CIDB"). QLASSIC evaluates the quality of building workmanship delivered by contractors to ensure quality products are delivered on a consistent basis.

Vendor Development Programme

Faber's Vendor Development Programme ("VDP") is an outsourcing programme that facilitates the development of local vendors into capable and competent entrepreneurs to meet Faber's sourcing and supply demands. Faber currently works with more than 2,300 vendors for its Integrated Facilities Management services. These vendors are mainly suppliers and contractors or service providers for Hospital Support Services ("HSS").

PRESERVING OUR ENVIRONMENT

We remain committed to preserving the environment which we operate as well as mitigating the impact of our operations on our surroundings. To ensure that our operations are lined up with regulatory requisites and environmental criteria, we regularly carry out performance assessments and have implemented elements of Environmental Management Systems within our respective businesses.

Environmental Management System

The EMS is a set of processes and practices that provides guidance to each of our companies to reduce their environmental impact and increase their operational efficiency. This guideline helps Faber's companies achieve their environmental goals through consistent approach of their operations. The EMS covers the organisational structure, responsibilities, authorities, processes, procedures and resources needed to manage the environmental aspects of activities, products and services in a systematic and coordinated manner.

The EMS also helps strengthen the Group's environmental ethics and improves environmental performance by providing mechanisms to monitor and track the impact our operations have on the environment.

Green Building Activities

Our IFM Non-Concession Division continues to employ green technology to help our clients protect and conserve the environment. Today, as the market moves towards employing solutions that focus on managing the complete life cycle of a building, Faber is moving towards offering the Built Environment services. This will involve the provision of an entire spectrum of services that covers everything from the planning and design stages right up to the post-occupancy stage.

We have strengthened the Group's Green Building Index ("GBI") and Leadership in Energy and Environmental Design ("LEED") capabilities. We have also planned to move into "active facility management", which is focused on automated performance monitoring and optimisation of major mechanical and electrical ("M&E") assets in real-time using advanced technologies.

OUR COMMITMENT TO RESPONSIBLE CORPORATE PRACTICES

Greening Our Developments

We continue to incorporate sustainable or green features in our development projects. At our Armada Villa development, we undertake rain water harvesting by facilitating the flow of rain water into an onsite detention ("OSD") tank for non-essential usage green features such as rain water harvesting and water-efficient fittings. Meanwhile, our Faber Antara Condominium development is designed facing north and south to reduce the solar heat gain, while low-emissivity windows have also been fitted to reduce solar heat gain. These features, combined with a cross ventilated system and sound insulation, dramatically reduce cooling costs.

3R Initiatives

Several 3R ("Reduce, Reuse, Recycle") initiatives are being implemented to manage our waste and inculcate a greater environmental awareness among our employees and clients. These programmes include recycling paper and encouraging employees to disseminate information electronically rather than using paper documents. Faber's employees also continue to support our campaign to recycle electronic devices, plastic, glasses, cans and used batteries. They also contribute usable items for charity sales to be donated to the needy.

ELEVATING COMMUNITIES

We continue to focus on the development of skills and knowledge in Education and Human Capital Development via our CSR flagship programme, and also continue to implement initiatives that emphasise Faber's role as a caring and responsible corporate citizen that is truly committed to the development of a progressive society.

Championing Education through Work-Based Learning

Faber has been collaborating with the Ministry of Education ("MOE") since 2007 by leveraging the Work-based Learning ("WBL") methodology. Our flagship programme facilitates the transfer of the Group's knowledge, expertise and experience in the Facilities Engineering Maintenance Services ("FEMS") and Biomedical Engineering Maintenance Services ("BEMS"). The WBL programme also blends classroom instruction with structured real-life work experiences. This approach helps provide students with a competitive edge in today's workplace. Faber currently has two on-going WBL programmes with Politeknik Sultan Salahuddin Abdul Aziz Shah in Shah Alam ("PSA"), namely the Advanced Diploma in Electronics Engineering (Medical) and Advanced Diploma in Facility Management ("AFM").

In January 2013, the fourth students intake for the Advanced Diploma in Electronics Engineering (Medical) comprising of 21 PSA students began their WBL attachments at hospitals in Kedah, Perlis, Penang, Perak and Sarawak. This batch successfully completed their WBL programme in December 2013. In January 2014, the fifth students intake comprising 19 PSA students began their WBL attachments at hospitals in Kedah, Perlis, Penang and Perak. This batch is set to complete their WBL programme in December 2014.

For Advanced Diploma in Facility Management, in June 2013, 32 PSA students began their WBL attachments at Kedah, Penang and Perak and will complete in May 2014. The fourth students intake comprising of 23 PSA students were attached at Kedah and Perak in December 2013 and will complete in November 2014.

English Literacy Programme

Faber participates in UEM Group's centralised initiative with the PINTAR Foundation that has been appointed as the organiser and coordinator of the UEM Group's English Literacy Programme or UELP. This programme focuses on strengthening English teaching and learning through capacity building. It employs a variety of methods which include quality delivery structures, supportive intervention, student activities and community involvement, all of which help enhance and develop students' English comprehension and oral skills.

The programme includes the Learn English Family ("LEF") and Reading Circle ("RC") components which are conducted by UEM Group volunteers. Faber, as a participant in the LEF initiative, has to date trained ten volunteers. In 2013, we helped facilitate the implementation of four LEF workshops at selected primary schools in the states of Perak and Kedah.

2013 LEF Workshops

Date	Name of School	Location
11 May 2013	SK Taman Awana – Langgar	Kedah
15 June 2013	SK Tanah Kebun – Parit Buntar	Perak
29 June 2013	SJK (C) Tong Wah – Bagan Serai	Perak
31 October 2013	SK Mahang – Kulim	Kedah

During these workshops, Faber also contributed RM5,000 worth of books to each of the schools' libraries to inculcate good reading habits amongst the students via our "*Membaca ke Arah Minda Cemerlang*" campaign.

Reaching Out via 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.

MOVING FORWARD

As Faber moves forward on the CR front, we will continue to implant sustainable practices throughout the length and breadth of our operations as well as uphold our commitment to grow in a responsible manner. As such, we will continue to improve upon existing CR initiatives in the areas of the Workplace, Marketplace, Environment and the Community.

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. The Board of Directors ("Board") is unreservedly committed to apply 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 shareholders 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 2013 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 plans covering marketing, human resources, information technology, security and control, financial, budget, regulatory, risk management, risk management strategy, internal controls and reporting systems (including their establishment and maintenance).

BOARD COMPOSITION AND BALANCE

The Board comprises seven (7) members, of which four (4) are Independent Non-Executive Directors. FGB complies with the requirement of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 women 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. 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. All the Independent Non-Executive Directors have served the Board for less than 9 years.

The Board has maintained its mix of Directors from diverse professional backgrounds with a wide range of experience and expertise in corporate management, finance and accounting, property, economics and marketing. 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 34 to 41 of the Annual Report.

The Board has also adopted the criteria that Independent Directors should possess to qualify them to be classified/justified as Independent Directors beyond a tenure of 9 years. Amongst the attributes/criteria include holistic and pro-active approach in the analysis of business and projects, with a visionary and strategic mindset coupled with strong display of attributes such as impartiality, objectivity and consideration of all stakeholders' interest, aptitude to empower the development of skills and knowledge amongst management and employees and the ability to synergise divergent views.

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

FGB aims to ensure a balance of power and authority between the Chairman and the Managing Director ("MD"). Their positions are separated and clearly defined. Subsequent to the MD's early release from contract on 31 January 2014, an Executive Director ("ED") was appointed on an interim basis effective 1 February 2014. The ED assumes the role, responsibilities and authority limits of the MD of FGB, with a clear division of responsibility between the running of the Board and FGB's business respectively.

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 in setting the policy framework for the Management to adopt. His main responsibility is to lead and manage 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 with 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 FGB Group's official spokesperson. He is also responsible

STATEMENT ON CORPORATE GOVERNANCE

for mapping the medium to longer term strategies including policies and decisions for the Board's deliberation, approval and making sure that they are carried through to 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 the Head of Companies and Senior Management of FGB. This serves as a yardstick against which his performance will be measured, evaluated and rewarded.

A total of thirteen (13) Board meetings were held during the financial year ended 31 December 2013. The details of the Directors' attendance are as follows:-

BOARD MEETINGS

To ensure effective management of 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 out their roles and responsibilities as Directors of FGB and this is evidenced by their attendance at the Board meetings held throughout the financial year 2013.

Directors	Status of Directorship	No. of Meetings Attended
Dato' Ikmal Hijaz bin Hashim (<i>Chairman</i>)	Chairman/Independent Non-Executive Director	13/13
Azmir Merican bin Azmi Merican	Non-Independent Executive Director	12/13
Datuk Ir. Abdullah Sani bin Abd Karim (<i>Appointed on 9 May 2013</i>)	Senior Independent Non-Executive Director	7/7*
Dato' Mohd Izzaddin bin Idris	Non-Independent Non-Executive Director	11/13
Robert Tan Bun Poo (<i>Appointed on 9 May 2013</i>)	Independent Non-Executive Director	7/7*
Elakumari a/p Kantilal	Non-Independent Non-Executive Director	11/13
Dr. Saman @ Saimy bin Ismail (<i>Appointed on 9 May 2013</i>)	Independent Non-Executive Director	7/7*
Datuk Zainal Abidin bin Alias (<i>Resigned on 9 May 2013</i>)	Non-Independent Non-Executive Director	5/6**
Datuk Mohamed Zain bin Mohamed Yusuf (<i>Resigned on 9 May 2013</i>)	Independent Non-Executive Director	5/6**
Puasa bin Osman (<i>Resigned on 9 May 2013</i>)	Non-Independent Non-Executive Director	4/6**

Directors	Status of Directorship	No. of Meetings Attended
Suhaimi bin Halim (Retired on 25 June 2013)	Non-Independent Non-Executive Director	6/7***
Oh Kim Sun (Retired on 25 June 2013)	Independent Non-Executive Director	7/7***
Adnan bin Mohammad (Early release from contract as Managing Director on 31 January 2014)	Managing Director	13/13^

* Indicates the number of meetings held and attended since appointment.

** Indicates the number of meetings held and attended until his resignation.

*** Indicates the number of meetings held and attended until his retirement.

^ Indicates the number of meetings held and attended until his early release from contract.

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.

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 their duties;
- (b) have full and unrestricted access to any information, records, properties, and personnel of the Company and its subsidiaries. The Directors 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 and environmental performance; 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 for implementation.

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In addition, the Company Secretary also facilitates the Board in conducting the Board Effectiveness 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 and 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 from the 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 Annual General Meeting ("AGM"). The Articles also provide that all Directors shall retire from office at least once in every 3 years. A retiring Director shall be eligible for re-election. Directors who are appointed by the Board during the financial period before an AGM are subject to re-election by the shareholders at the next AGM to be held following their appointments.

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' CONTINUING PROFESSIONAL DEVELOPMENT

All Directors have 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 FGB Group's businesses. The details of seminars and training programmes attended by the Directors during the year are as follows:-

Director	Date	Description	Trainer/Organiser
Dato' Ikmal Hijaz bin Hashim	21 – 22 May 2013	Corporate Directors Advanced Programme ("CDAP") 2013: "Financial Language in The Boardroom"	Malaysian Directors Academy ("MINDA")
	11 September 2013	Board Chairman Session in collaboration with CPA Australia	Bursa Malaysia
	18 – 19 September 2013	MINDA's CDAP: "Human Capital"	MINDA
	30 September – 1 October 2013	Khazanah Megatrends Forum 2013	Khazanah Nasional Berhad ("Khazanah")
	10 October 2013	EPMB – In house Training – Enterprise Risk Management	KPMG
	29 October 2013	MINDA, Breakfast Forum with Janice L Semper – Leadership and Learning: Creating a culture that Drives Leadership, Innovation and Growth	MINDA
Azmir Merican bin Azmi Merican	26 March 2013	Conference 2013 – India – The Road Ahead by MIBC	Malaysia-India Business Council ("MIBC")
	30 September – 1 October 2013	Khazanah Megatrends Forum 2013	Khazanah
Datuk Ir. Abdullah Sani bin Abd Karim (Appointed on 9 May 2013)	9 – 13 June 2013	MINDA's Building High Performance Directors ("BHPD") 2013 at Mumbai, India	MINDA
	1 July 2013	MINDA – Invitation to Breakfast Talk with YBhg Tan Sri Datuk Seri Dr. Sulaiman Mahbob, Chairman, Jambatan Kedua Sdn. Bhd.	MINDA
	3 – 4 July 2013	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	Bursatra Sdn Bhd ("Bursatra")
	8 July 2013	Invitation to Breakfast Talk with Linda Price Group Vice President Gartner Executive Programmes APAC	MINDA
	21 August 2013	Advocacy Sessions on Corporate Disclosure for Directors	Bursa Malaysia
	12 December 2013	Mergers and Acquisitions: Accelerating Growth & Shareholders – Value Creation	Bursatra
	20 December 2013	Governance in Action	Bursatra

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Director	Date	Description	Trainer/Organiser
Dato' Mohd Izzaddin bin Idris	6 - 8 April 2013	UKEC-GRADUAN Career Fair in London	TalentCorp (invited as a panelist)
	26 July 2013	UEM Builders Directors and Management Retreat 2013	UEM Builders Berhad
	17 October 2013	7 th Leadership Development Circle	Khazanah
	2 December 2013	Board of Directors' and Management Retreat	CIMA Group of Companies
	3 December 2013	5 th Iskandar Malaysia CEO Forum	Khazanah
Robert Tan Bun Poo (Appointed on 9 May 2013)	12 June 2013	Future Corporate Reporting - "Integrated Reporting"	Bursa/ACCA
	13 June 2013	Malaysian Financial Reporting Standards 2013 - "A Technical Brief"	Malaysian Members Group of The Institute of Chartered Accountants/MASB
	18 June 2013	Understanding Competition Law and Personal Data Protection Act	University of Malaya - Centre of Regulatory Studies
	25 - 26 June 2013	Audit Committee Programme of Bank Negara Malaysia	Financial Institutions Directors Education ("FIDE")
	25 July 2013	Anti Money Laundering - Andrew Glover	International Compliance Training Academy
	31 July 2013	Financial Services Act/Islamic Financial Services Act 2013	Wong & Partners - Solicitors
	30 September 2013	Khazanah Megatrends Forum 2013	Khazanah
	1 October 2013	Managing Talent at Board and Management - Professor Dave Ulrich	FIDE
	30 October 2013	Corporate Governance Statement Reporting Workshop	Securities Industries Development
	7 November 2013	Budget 2014 Tax Seminar	Binder Dijker Otte ("BDO")
	26 - 27 November 2013	MIA International Accountants Conference - "Managing Value Accelerating Growth"	Malaysian Institute of Accountants
	3 - 4 December 2013	Leadership Energy Summit Asia 2013	The Iclif Leadership & Governance Centre

Director	Date	Description	Trainer/Organiser
Dr Saman @ Saimy bin Ismail (Appointed on 9 May 2013)	14 – 15 August 2013	Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra
	18 – 19 September 2013	MINDA's CDAP: "Human Capital"	MINDA
	30 September – 1 October 2013	Khazanah Megatrends Forum 2013	Khazanah
	20 – 22 October 2013	MINDA's Directors Forum ("DF") 2/2013: The Innovation Zone: Unleashing the Mindset	MINDA
Elakumari a/p Kantilal	4 February 2013	Tea Talk – In Person with Datuk Seri Michelle Yeoh	Kris-Khazanah
	9 – 13 June 2013	MINDA's BHPD 2013 at Mumbai, India	MINDA
	30 September – 1 October 2013	Khazanah Megatrends Forum 2013	Khazanah
Datuk Zainal Abidin bin Alias (Resigned on 9 May 2013)	–	–	–
Datuk Mohamed Zain Bin Mohamed Yusuf (Resigned on 9 May 2013)	29 January 2013	Director Duties, Regulatory Updates, Governance Seminar for Directors of PLCs 2013	Malaysian Institute of Corporate Governance
	31 March – 2 April 2013	Directors Forum 2013 "Board Rising to the Challenges of Corporate Entrepreneurship"	MINDA
Puasa bin Osman (Resigned on 9 May 2013)	13 – 15 March 2013	Seminar & Exhibition – Bangkok	VIV Asia
Suhaimi bin Halim (Retired on 25 June 2013)	–	–	–
Oh Kim Sun (Retired on 25 June 2013)	–	–	–

STATEMENT ON CORPORATE GOVERNANCE

Director	Date	Description	Trainer/Organiser
Adnan bin Mohammad (Early release from contract as Managing Director on 31 January 2014)	4 January 2013	Faber – UniKL/Mara Collaboration Workshop & Presentation	University Kuala Lumpur
	8 January 2013	A Session with Solidiance	FGB
	1 October 2013	Khazanah Megatrends Forum 2013	Khazanah
	21 October 2013	Bank Islam Luncheon Talk on “Five Denials of the Human Brain”	Rajeev Peshwaria

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.

ARC

The full ARC report including its membership, composition, roles and responsibilities are available on pages 78 to 85 of the Annual Report.

NRC

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

The NRC met four (4) times during the financial year ended 31 December 2013. The members and the details of their attendance are as follows:-

NRC Members	Status of Directorship	No. of Meetings Attended
Datuk Ir. Abdullah Sani bin Abd Karim (Chairman) (Appointed w.e.f. 9 May 2013)	Senior Independent Non-Executive Director	1/1*
Dr. Saman @ Saimy bin Ismail (Appointed w.e.f. 9 May 2013)	Independent Non-Executive Director	1/1*
Elakumari a/p Kantilal	Non-Independent Non-Executive Director	****
Azmir Merican bin Azmi Merican	Non-Independent Executive Director	4/4***
Datuk Mohamed Zain bin Mohamed Yusuf (Chairman) (Resigned w.e.f. 9 May 2013)	Independent Non-Executive Director	3/3**
Datuk Zainal Abidin bin Alias (Resigned w.e.f. 9 May 2013)	Senior Independent Non-Executive Director	3/3**

* Indicates the number of NRC meetings held since the date of appointment to the NRC in 2013.

** Indicates the number of NRC meetings held up to the date of resignation from the Board of Directors in 2013.

*** Re-designated as an Executive Director and ceased to be a member of the NRC on 1 February 2014.

**** Appointed to the NRC on 20 March 2014.

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 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 Officer 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.

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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 candidate 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 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 of each individual Director's, including Independent Non-Executive Directors, as well as the Managing Director, 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.

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 three (3) times during the financial year ended 31 December 2013. 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	3/3*
Datuk Ir. Abdullah Sani bin Abd Karim (Appointed w.e.f. 9 May 2013)	Senior Independent Non-Executive Director	3/3*
Azmir Merican bin Azmi Merican	Non-Independent Executive Director	3/3*
Datuk Mohamed Zain bin Mohamed Yusuf (Resigned on 9 May 2013)	Independent Non-Executive Director	–
Adnan bin Mohammad (Early release from contract as Managing Director on 31 January 2014)	Managing Director	3/3*

* All IC meetings were held after 9 May 2013.

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.

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- 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 FGB Group to attract and retain Directors with the relevant experience and expertise needed to manage 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 2013, by category are shown below:-

	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	221 *	1,256	1,477
Other emoluments	–	–	–
Salaries and other emoluments	646	–	646
Bonus	162	–	162
Employees Provident Fund	120	–	120
Estimated Value – Benefits-in-kind	99	63	162
Total	1,248	1,319	2,567

Note:

- * These fees are Directors' fees payable by the subsidiary companies of FGB. Based on FGB Group's policy, Directors' fees receivable by employees of FGB from its subsidiary companies have to be paid directly to FGB that employed them.

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	-	6	6
RM100,001 - RM150,000	-	3	3
RM150,001 - RM200,000	-	1	1
RM200,001 - RM250,000	-	-	-
RM250,001 - RM300,000	-	1	1
RM1,000,001 - RM1,050,000	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.

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.

STATEMENT ON CORPORATE GOVERNANCE

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

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

The Annual Report communicates comprehensive and adequate details of the financial results and activities undertaken by 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 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 FGB's financial results, performance and business development.

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

Presentations are made, as appropriate, to explain FGB's strategy, performance and major developments. However, information that may reasonably be expected to have material effect on the price, value or market activity of FGB's shares could temporarily be refrained from public disclosure, as provided for under the MMLR of Bursa Malaysia, 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 Malaysia have always been complied with. FGB has consistently released its quarterly financial results within the Bursa Malaysia 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 Executive Director of FGB has been designated as the spokesperson of FGB Group.

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

Primary contact person for Investor Relations matters:

Puan Juliza Jalil
Chief Financial Officer
Faber Group Berhad

Contact Details:

Telephone No : 03-2725 6718

Fax No : 03-2725 6729

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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 FGB Group.

The full report of the ARC outlining its role in relation to the Internal and External Auditors is set out on pages 78 to 85 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, FGB Group has acknowledged the increasing importance of CR and in 2013 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.

Our Key Sustainability Focus Areas:

Economic	We are committed to ensuring 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	<p><u>Workplace</u></p> <p>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.</p> <p><u>Community</u></p> <p>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.</p>
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, FGB Group is also guided by UEM Group's Corporate Responsibility Policy and Sustainability Policy.

STATEMENT ON CORPORATE GOVERNANCE

At 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 FGB Group through quarterly and half yearly announcements of its results as well as through the Chairman's statement and review 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 200 to 201 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 Malaysian Financial Reporting Standards. The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of FGB and FGB Group at the end of the financial year 31 December 2013 and the profit and loss and cash flow for the period.

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

The ARC assists the Board in overseeing the financial reporting process and reviews the quarterly results and annual financial statements before they are approved by the Board and released to Bursa Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Risk Management and Internal Control which includes financial controls, operational and compliance controls 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 73 to 77 of this Annual Report provides an overview of the state of internal controls within 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 10 April 2014.

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 Faber 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 control is designed to 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 FGB Group.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board recognises the importance of key risk management and internal control system that sets the tone for FGB Group. In recognising the importance of risk management and internal control system in the overall governance process, the Board of FGB has instituted the following:-

Board and Board Committees

- FGB Group has appointed seven (7) directors on the Board comprising four (4) Independent Directors and three (3) Non-Independent Directors.
- The Board has established the Audit and Risk Committee ("ARC"), Nomination and Remuneration Committee ("NRC") and Investment Committee

("IC") with specific Terms of Reference ("TOR"), which have the authority to examine all matters within their scope of responsibility and report 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 TOR.

Company Values

- FGB Group has intensified the communication and inculcation of the Company's values of being Professional, Passionate, Caring, Innovative and Trustworthy amongst its employees by implementing the guidelines for face-to-face, written and telephone communications to provide the best behavioural and communication practices when engaging with stakeholders.

Code of Conduct

- FGB Group has established a Code of Conduct ("Code") which sets out the policies and guidelines relating to ethical standards and conduct of work required in FGB Group. 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 FGB Group. WBP has been formulated with a view to provide a mechanism for officers and employees of FGB Group to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of FGB Group's Code.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Faber Group in order to:-
 - Fulfill FGB Group's strategic objectives;
 - Optimise return to shareholders taking into account the interests of other stakeholders;
 - Ensure appropriate and timely responses to changes in the environment that affect 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;

- To comply with the MCCG 2012, the relevant laws including the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia");
- The Board actively participates in the review of the Risk Management Framework, processes and responsibilities as well as undertakes assessment as to whether or not the inherent risks are considered and appropriate controls are in place. The Management provides half yearly Risk Management Reports to facilitate the Board in monitoring and assessing the management performance in achieving strategies and objectives; and
- The Risk Management Framework is communicated to staff of relevant levels and is reviewed yearly.

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 Board appoints the Managing Director ("MD") of FGB, Director of Operations ("DOO"), Chief Executive Officers ("CEO") and Heads of Companies ("HOC") of the subsidiaries within FGB Group. Subsequent to the early release of the MD on 31 January 2014, an Executive Director ("ED") was appointed on an interim basis effective 1 February 2014. The ED assumes the role, responsibilities and authority limits of the MD of FGB. The DOO's, CEO's and HOC's roles, responsibilities and authority limits are set by the respective Boards.
- The organisational structure is reviewed regularly to assess its effectiveness and to ensure that it is in line with any change in business requirements.

Employee's Authority and Responsibility

- The respective Heads 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 against the set Key Performance Indicators ("KPIs") and targets at various levels, covering key financials, customers, internal business processes and learning and growth indicators.
- FGB Group has its own talent management framework that is linked to the succession plan to ensure FGB Group has a continuous pool of talent at all levels in line with FGB Group's growth.
- FGB Group also continuously assesses its employees' needs and organisational requirement through the Employees Engagement Survey ("EES") and focus group plan. The EES is conducted every two (2) years with action plan on identified areas of improvement.

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

- Sufficient insurance coverage and physical safeguards on FGB Group assets, including its human resources are in place to ensure adequate coverage against any mishap that could result in material loss. 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 sufficient coverage in view of changing business environment or assets.

Business Continuity Management

- 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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 FGB Group has a continuous pool of talent at all levels in line with Faber Group's growth.

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 FGB Group's intranet.

Internal Audit

- The internal audit function was outsourced to UEM Group Management Sdn Bhd ("UEMG Management"). Group Internal Auditors ("GIA") from UEMG Management has been evaluating the effectiveness of risk management, control and governance processes on a regular basis 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. FGB established its own Internal Audit Department ("IAD") in August 2013, and commencing in the financial year 2014, the internal audit functions of FGB Group shall be partly undertaken by GIA and by the IAD.

- 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.

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 has been guided by the following colour-coded books:-
- Blue Book – Intensifying Performance Management Practices
- Green Book – Enhancing Board Effectiveness
- Orange Book – Strengthening Leadership Development
- Purple Book – Optimising Capital Management Practices
- Red Book – Procurement Guidelines & Best Practices
- Silver Book – Achieving Value Through Social Responsibility
- Yellow Book – Enhancing Operational Efficiency and Effectiveness

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the ED and Chief Financial Officer ("CFO") that a review on the adequacy and effectiveness of the risk management framework and internal control system has been undertaken and FGB Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of FGB Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA"). The external auditors reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of FGB Group, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

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 adequacy and effectiveness of FGB Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditor was made solely for, and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

This Statement on Risk Management and Internal Control was approved by the Board on 10 April 2014.

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.

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 2013 are as follows:-

	Director	Designation	Remarks
1.	Robert Tan Bun Poo*^	Chairman, Independent Non-Executive Director	Appointed as ARC member on 9 May 2013 and Chairman of the ARC on 25 June 2013
2.	Datuk Ir. Abdullah Sani bin Abd. Karim	Senior Independent Non-Executive Director	Appointed as ARC member on 9 May 2013
3.	Elakumari a/p Kantilal*	Non-Independent Non-Executive Director	Appointed as ARC member on 26 October 2011
4.	Dr. Saman @ Saimy bin Ismail	Independent Non-Executive Director	Appointed as ARC member on 9 May 2013
5.	Oh Kim Sun^	Chairman, Independent Non-Executive Director	Retired as Director of FGB and ceased to be the Chairman and member of the ARC on 25 June 2013
6.	Datuk Zainal Abidin bin Alias	Senior Independent Non-Executive Director	Resigned as Director of FGB and ceased to be a member of the ARC on 9 May 2013
7.	Datuk Mohamed Zain bin Mohamed Yusuf	Independent Non-Executive Director	Resigned as Director of FGB and ceased to be a member of the ARC on 9 May 2013

* Member of the Malaysian Institute of Accountants

^ Member of the Malaysian Institute of Certified Public Accountants

Faber Group Berhad ("FGB") has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), 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 2013, the ARC papers for the meetings were distributed to the members with sufficient notification.

The ARC met nine (9) times during the financial year ended 31 December 2013. The members and the details of their attendance are as follows:-

ARC Members	Status of Directorship	No. of Meetings Attended
Robert Tan Bun Poo (Chairman)	Independent Non-Executive Director	4/4*
Datuk Ir. Abdullah Sani bin Abd. Karim	Senior Independent Non-Executive Director	4/4*
Dr. Saman @ Saimy bin Ismail	Independent Non-Executive Director	4/4*
Elakumari a/p Kantilal	Non-Independent Non-Executive Director	7/9
Oh Kim Sun	Independent Non-Executive Director	5/5**
Datuk Zainal Abidin bin Alias	Senior Independent Non-Executive Director	5/5**
Datuk Mohamed Zain bin Mohamed Yusuf	Independent Non-Executive Director	5/5**

* Mr Robert Tan Bun Poo, Datuk Ir. Abdullah Sani bin Abd. Karim and Dr. Saman @ Saimy bin Ismail were appointed to the ARC on 9 May 2013. The number of meetings attended indicates meetings held after their appointment date.

** Mr Oh Kim Sun retired on 25 June 2013. Datuk Zainal Abidin bin Alias and Datuk Mohamed Zain bin Mohamed Yusuf resigned from the Board of FGB on 9 May 2013. The number of meetings attended was prior to their retirement and resignation dates.

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 was the Secretary of the ARC.

SUMMARY OF ACTIVITIES OF THE ARC

During the financial year ended 31 December 2013, 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.
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 an 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.

AUDIT AND RISK COMMITTEE REPORT

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 Malaysia, 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 briefings and seminars conducted internally within 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 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, Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.

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 13 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 ensured that all high and critical risk areas were 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 Malaysia.
3. The members of the ARC shall elect a Chairman from among themselves who is an Independent Director.

AUDIT AND RISK COMMITTEE REPORT

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 Main Market Listing Requirements of Bursa Malaysia, the ARC shall promptly report such matter to Bursa Malaysia.

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, to reduce the risk of unreliable financial reporting, to protect the Company's assets from misappropriation and to 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 and ensures 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 audit issues 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;
- (xiv) In relation to the internal audit function:-
 - establishes 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 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
 - takes 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;

AUDIT AND RISK COMMITTEE REPORT

- (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.
- (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 a 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, Managing Director, the Chief Financial Officer, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

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;

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 Faber Group was outsourced to UEM Group Management Sdn Bhd 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 UEM Group Management Sdn Bhd 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 13 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 2013, the reimbursable costs incurred for the audit function was RM253,695.00.

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

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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 2013.

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	78,982	48,701
Attributable to:		
Owners of the parent	62,081	48,701
Non-controlling interests	16,901	–
	78,982	48,701

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

Since 31 December 2012, 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 RM27,225,075 (7.50 sen net per ordinary share), was declared and paid by the Company on 25 February 2013 and 24 July 2013 respectively.

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 December 2013, of 10.00 sen on 363,001,053 ordinary shares of RM0.25 each, amounting to a dividend payable of RM36,300,105 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 2014.

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	
Dato' Mohd Izzaddin bin Idris	
Elakumari a/p Kantilal	
Azmir Merican bin Azmi Merican	
Datuk Ir Abdullah Sani bin Abdul Karim	(appointed on 9 May 2013)
Tan Bun Poo	(appointed on 9 May 2013)
Dr. Saman @ Saimy bin Ismail	(appointed on 9 May 2013)
Datuk Zainal Abidin bin Alias	(resigned on 9 May 2013)
Datuk Mohamed Zain bin Mohamed Yusuf	(resigned on 9 May 2013)
Puasa bin Osman	(resigned on 9 May 2013)
Suhaimi bin Halim	(retired on 25 June 2013)
Oh Kim Sun	(retired on 25 June 2013)
Adnan bin Mohammad	(resigned on 31 January 2014)

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 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' 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 1.1.2013	Acquired	Sold	At 31.12.2013
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.

DIRECTORS' REPORT

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.

OTHER STATUTORY INFORMATION (CONTD.)

(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.

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 3 March 2014.



Dato' Ikmal Hijaz bin Hashim



Azmir Merican bin Azmi Merican

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Ikmal Hijaz bin Hashim and Azmir Merican bin Azmi Merican, 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 95 to 233 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 49 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 3 March 2014.



Dato' Ikmal Hijaz bin Hashim



Azmir Merican bin Azmi Merican

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 95 to 233 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 3 March 2014



Juliza binti Jalil

Before me,



No: 632, 116.3,
Jalan Mega Mendang,
Bandar Kompleks,
50200 Kuala Lumpur.

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 statements of financial position as at 31 December 2013 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 95 to 232.

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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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 46 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 49 on page 233 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



Abraham Verghese
No. 1664/10/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
3 March 2014

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	2012 RM'000 (Restated)	Company 2013 RM'000	2012 RM'000
Revenue	3	689,908	856,796	68,625	129,734
Cost of sales	4	(522,558)	(592,251)	-	-
Gross profit		167,350	264,545	68,625	129,734
Other income	5	10,799	11,369	2,024	3,498
Administrative expenses		(36,362)	(42,440)	(19,150)	(19,953)
Selling and marketing expenses		(5,875)	(4,636)	-	-
Other expenses		(31,544)	(28,076)	(3,545)	6,021
Operating profit		104,368	200,762	47,954	119,300
Finance costs	6	(59)	(3,370)	-	(3,306)
Share of profit of associates		1,394	1,206	-	-
Profit before tax	7	105,703	198,598	47,954	115,994
Income tax (expense)/benefit	10	(26,721)	(51,130)	747	1,041
Profit net of tax		78,982	147,468	48,701	117,035
Profit attributable to:					
Owners of the parent		62,081	108,502	48,701	117,035
Non-controlling interests		16,901	38,966	-	-
		78,982	147,468	48,701	117,035
Earnings per share attributable to owners of the parent (sen)					
Basic	11	17.1	29.9		

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 2013

	Note	Group 2013 RM'000	2012 RM'000 (Restated)	Company 2013 RM'000	2012 RM'000
Profit net of tax		78,982	147,468	48,701	117,035
Other comprehensive income/(loss)					
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		1,415	(690)	-	-
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>					
Remeasurement losses on Retirement Benefit Scheme	25	(1,557)	(589)	-	-
Other comprehensive loss for the year, net of tax		(142)	(1,279)	-	-
Total comprehensive income for the year		78,840	146,189	48,701	117,035
Total comprehensive income attributable to:					
Owners of the parent		61,747	107,448	48,701	117,035
Non-controlling interests		17,093	38,741	-	-
		78,840	146,189	48,701	117,035

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	<----- Group ----->		
		2013 RM'000	2012 RM'000 (Restated) Note 2.2(i)	As at 1.1.2012 RM'000 (Restated) Note 2.2(i)
Assets				
Non-current assets				
Property, plant and equipment	13	62,794	79,946	91,913
Land held for property development	14(a)	1,115	1,111	1,102
Prepaid land lease payments	15	3,411	3,498	3,586
Intangible assets	16	27,050	27,082	27,546
Investment in associates	18	4,531	2,268	1,074
Other investments	19	272	272	272
Trade receivables	21	20,337	12,519	144,098
Deferred tax assets	32	2,584	4,429	2,676
		122,094	131,125	272,267
Current assets				
Property development costs	14(b)	71,956	50,278	80,286
Inventories	20	13,665	25,103	6,914
Trade and other receivables	21	192,789	403,627	356,006
Amounts due from customer on contracts	22	-	-	57,842
Short term investment	23	-	-	2,012
Cash and cash equivalents	24	466,878	339,583	318,795
		745,288	818,591	821,855
Total assets		867,382	949,716	1,094,122

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		<----- Group ----->		
	Note	2013 RM'000	2012 RM'000 (Restated) Note 2.2(i)	As at 1.1.2012 RM'000 (Restated) Note 2.2(i)
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	33	90,750	90,750	90,750
Other reserves	34	6,207	5,126	(3,539)
Retained earnings	35	455,622	422,181	399,628
		552,579	518,057	486,839
Non-controlling interests		55,675	100,000	74,092
Total equity		608,254	618,057	560,931
Non-current liabilities				
Retirement benefit obligations	25	6,227	5,040	4,038
Provisions	26	122	111	99
Borrowings	27	–	13	7,089
Trade payables	31	4,880	–	33,010
Deferred tax liabilities	32	217	2,332	3,222
		11,446	7,496	47,458
Current liabilities				
Retirement benefit obligations	25	210	1,126	832
Borrowings	27	176	713	146,108
Trade and other payables	31	245,589	317,665	329,980
Income tax payable		1,707	4,659	8,813
		247,682	324,163	485,733
Total liabilities		259,128	331,659	533,191
Total equity and liabilities		867,382	949,716	1,094,122

	Note	Company 2013 RM'000	2012 RM'000
Assets			
Non-current assets			
Plant and equipment	13	972	1,292
Intangible assets	16	30	35
Investment in subsidiaries	17	147,882	147,882
Other investments	19	272	272
		149,156	149,481
Current assets			
Other receivables	21	8,575	8,023
Cash and cash equivalents	24	53,002	29,781
		61,577	37,804
Total assets		210,733	187,285
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	33	90,750	90,750
Retained earnings	35	114,901	93,425
Total equity		205,651	184,175
Current liabilities			
Other payables	31	5,082	2,741
Income tax payable		-	369
		5,082	3,110
Total liabilities		5,082	3,110
Total equity and liabilities		210,733	187,285

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 2013

Group	<----- Attributable to owners of the parent ----->					
	Share capital (Note 33) RM'000	Non-distributable Other reserves (Note 34) RM'000	Retained earnings (Note 35) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2013	90,750	5,126	422,181	518,057	100,000	618,057
Profit for the year	-	-	62,081	62,081	16,901	78,982
Other comprehensive income/(loss)	-	1,081	(1,415)	(334)	192	(142)
Total comprehensive income	-	1,081	60,666	61,747	17,093	78,840
Transactions with owners						
Disposal of a subsidiary (Note 17(c))	-	-	-	-	(5,467)	(5,467)
Dividends (Note 12)	-	-	(27,225)	(27,225)	-	(27,225)
Dividends to non-controlling shareholders of subsidiaries	-	-	-	-	(55,951)	(55,951)
	-	-	(27,225)	(27,225)	(61,418)	(88,643)
At 31 December 2013	90,750	6,207	455,622	552,579	55,675	608,254

Group (contd.)	<----- Attributable to owners of the parent ----->					
	Share capital (Note 33) RM'000	Non-distributable Other reserves (Note 34) RM'000	Retained earnings (Note 35) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012	90,750	(4,345)	401,571	487,976	75,438	563,414
Impact on adoption of FRS 10	-	806	(1,943)	(1,137)	(1,346)	(2,483)
At 1 January 2012 (Restated)	90,750	(3,539)	399,628	486,839	74,092	560,931
Profit for the year	-	-	108,502	108,502	38,966	147,468
Other comprehensive loss	-	(498)	(556)	(1,054)	(225)	(1,279)
Total comprehensive income	-	(498)	107,946	107,448	38,741	146,189
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	-	-	-	-	(12,833)	(12,833)
	-	9,163	(85,393)	(76,230)	(12,833)	(89,063)
At 31 December 2012	90,750	5,126	422,181	518,057	100,000	618,057

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 2013

Company	Share capital (Note 33) RM'000	Retained earnings (Note 35) RM'000	Total equity RM'000
At 1 January 2013	90,750	93,425	184,175
Total comprehensive income	-	48,701	48,701
Transactions with owners			
Dividends (Note 12)	-	(27,225)	(27,225)
At 31 December 2013	90,750	114,901	205,651
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

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 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Cash flows from operating activities				
Cash receipts from customers	921,065	958,812	8,873	6,390
Cash payments to suppliers	(432,321)	(399,050)	-	-
Cash payments to employees and for expenses	(243,656)	(236,105)	(19,773)	(16,679)
Cash generated from/(used in) operations	245,088	323,657	(10,900)	(10,289)
Interest paid	(59)	(4,833)	-	(4,769)
Taxes paid	(38,161)	(59,077)	(457)	(378)
Net cash flows generated from/(used in) operating activities (Note 37)	206,868	259,747	(11,357)	(15,436)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	48	15	1	-
Investment in associates	(894)	-	-	-
Interest received	8,199	8,302	951	2,307
Dividends received	-	-	65,271	151,741
Purchase of property, plant and equipment	(3,684)	(4,776)	(161)	(152)
Purchase of intangible assets – software	(21)	(13)	(21)	(12)
Withdrawal of short term investment	-	2,012	-	-
Net cash outflow from disposal of a subsidiary	(898)	-	-	-
Net (advances to)/receipts from related companies balances	-	-	(4,238)	7,145
Net cash flows generated from investing activities	2,750	5,540	61,803	161,029
Cash flows from financing activities				
Redemption of Redeemable Secured Loan Stock ("RSLs")	-	(143,590)	-	(143,590)
Redemption of redeemable preference shares in a subsidiary	-	(7,496)	-	-
Partial repayment of loan from corporate shareholder of a subsidiary	(499)	(311)	-	-
Repayment of hire purchase obligations	(51)	(69)	-	-
Dividends paid	(27,225)	(76,230)	(27,225)	(76,230)
Dividends paid to non-controlling shareholders of subsidiaries	(55,951)	(16,143)	-	-
Net cash flows used in financing activities	(83,726)	(243,839)	(27,225)	(219,820)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Net increase/(decrease) in cash and cash equivalents	125,892	21,448	23,221	(74,227)
Net foreign exchange difference	1,403	(660)	-	-
Cash and cash equivalents at beginning of year	339,583	318,795	29,781	104,008
Cash and cash equivalents at end of year (Note 24)	466,878	339,583	53,002	29,781
(a) Cash and cash equivalents				
Cash on hand and at banks	103,191	179,111	1,314	875
Fixed deposits with licensed banks	304,110	119,182	3,387	3,306
Fixed deposits with other financial institutions	59,577	41,290	48,301	25,600
	466,878	339,583	53,002	29,781

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 2013

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 Level 6, Menara UEM, Tower 1, Avenue 7, The Horizon, Bangsar South City, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

The Company regards UEM Group Berhad and Khazanah Nasional Berhad, both incorporated in Malaysia, as its immediate and ultimate holding companies respectively.

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 3 March 2014.

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 2013 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical cost 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.

The financial statements provide comparative information in respect of the previous period. In addition, the Group and the Company present an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2012 is presented in the Group's financial statements due to retrospective application of certain accounting policies as explained in Note 2.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 2013, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013:

	Effective for annual periods beginning on or after
Description	
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
FRS 127: Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
FRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRSS 'Improvement to FRSS (2012)'	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

FRS 10: Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 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 investment 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 that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders. The application of FRS 10 affected the accounting for the Group's equity interest in Faber Sindoori Management Services Pte Ltd ("FSPL"), which was previously treated as a subsidiary of the Group and consolidated by applying the acquisition method. In carrying out the reassessment during the financial year, the Directors have determined that FSPL should be treated as an associate rather than as a subsidiary.

The change in accounting of the Group's investment in FSPL has been applied in accordance with the relevant transitional provisions as set out in FRS 10 as if the acquisition of FSPL had been accounted for in accordance with FRS 128 using the equity method at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

FRS 10: Consolidated Financial Statements (contd.)

The above change in accounting policy has affected the amounts reported in the Group's consolidated financial statements, as shown in Note 2.2(i) to 2.2(iv) below.

(i) Impact of the application of the above reassessment on net assets and equity of the Group as at 1 January 2012 and 31 December 2012

	1 January 2012 as previously reported RM'000	FRS 10 adjustments RM'000	1 January 2012 as restated RM'000	31 December 2012 as previously reported RM'000	FRS 10 adjustments RM'000	31 December 2012 as restated RM'000
Assets						
Non-current assets						
Property, plant and equipment	93,117	(1,204)	91,913	81,087	(1,141)	79,946
Land held for property development	1,102	-	1,102	1,111	-	1,111
Prepaid land lease payments	3,586	-	3,586	3,498	-	3,498
Intangible assets	27,546	-	27,546	27,082	-	27,082
Investments in associates	-	1,074	1,074	-	2,268	2,268
Other investments	272	-	272	272	-	272
Trade receivables	144,098	-	144,098	12,519	-	12,519
Deferred tax assets	2,676	-	2,676	4,429	-	4,429
	272,397		272,267	129,998		131,125
Current assets						
Property development costs	80,286	-	80,286	50,278	-	50,278
Inventories	7,078	(164)	6,914	25,222	(119)	25,103
Trade and other receivables	363,306	(7,300)	356,006	410,961	(7,334)	403,627
Amounts due from customer on contracts	57,842	-	57,842	-	-	-
Short term investment	2,012	-	2,012	-	-	-
Cash and cash equivalents	320,361	(1,566)	318,795	340,357	(774)	339,583
	830,885		821,855	826,818		818,591
Total assets	1,103,282	(9,160)	1,094,122	956,816	(7,100)	949,716

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

(i) Impact of the application of the above reassessment on net assets and equity of the Group as at 1 January 2012 and 31 December 2012 (contd.)

	1 January 2012 as previously reported RM'000	FRS 10 adjustments RM'000	1 January 2012 as restated RM'000	31 December 2012 as previously reported RM'000	FRS 10 adjustments RM'000	31 December 2012 as restated RM'000
Equity and liabilities						
Equity attributable to owners of the parent						
Share capital	90,750	-	90,750	90,750	-	90,750
Other reserves	(4,345)	806	(3,539)	4,268	858	5,126
Retained earnings	401,571	(1,943)	399,628	424,136	(1,955)	422,181
	487,976		486,839	519,154		518,057
Non-controlling interests	75,438	(1,346)	74,092	101,156	(1,156)	100,000
Total equity	563,414		560,931	620,310		618,057
Non-current liabilities						
Retirement benefit obligations	4,038	-	4,038	5,040	-	5,040
Provisions	99	-	99	111	-	111
Borrowings	7,089	-	7,089	13	-	13
Trade payables	33,010	-	33,010	-	-	-
Deferred tax liabilities	3,573	(351)	3,222	2,662	(330)	2,332
	47,809		47,458	7,826		7,496
Current liabilities						
Retirement benefit obligations	832	-	832	1,126	-	1,126
Borrowings	148,909	(2,801)	146,108	2,623	(1,910)	713
Trade and other payables	333,507	(3,527)	329,980	320,272	(2,607)	317,665
Income tax payable	8,811	2	8,813	4,659	-	4,659
	492,059		485,733	328,680		324,163
Total liabilities	539,868		533,191	336,506		331,659
Total equity and liabilities	1,103,282	(9,160)	1,094,122	956,816	(7,100)	949,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

- (ii) Increase/(decrease) in net assets and equity of the Group as at 31 December 2013 arising from the application of the above new standard

	FRS 10 adjustments RM'000
31 December 2013	
Property, plant and equipment	(1,423)
Investments in associates	4,451
Trade and other receivables	(9,245)
Cash and cash equivalents	(1,692)
Other reserves	1,100
Retained earnings	(1,419)
Non-controlling interests	(1,937)
Borrowings	(1,589)
Trade and other payables	(2,304)
Income tax payable	(1,759)

- (iii) Impact of the application of the above new standard on profit or loss of the Group for the year

	FRS 10 adjustments RM'000
31 December 2013	
Decrease in revenue	(35,084)
Decrease in cost of sales	29,586
Increase in other income	513
Decrease in expenses	1,515
Decrease in finance cost	120
Increase in share of profit of associates	1,394
Decrease in income tax expenses	1,377
Decrease in profit for the year	(579)
Profit attributable to:	
Owners of the parent	535
Non-controlling interests	(1,114)
	(579)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

(iii) Impact of the application of the above new standard on profit or loss of the Group for the year (contd.)

	FRS 10 adjustments RM'000
31 December 2012	
Decrease in revenue	(29,484)
Decrease in cost of sales	27,181
Increase in other income	452
Decrease in expenses	346
Decrease in finance cost	333
Increase in share of profit of associates	1,206
 Increase in profit for the year	 34
 Profit attributable to:	
Owners of the parent	(12)
Non-controlling interests	46
	34

(iv) Impact of the application of the above new standard on cash flows of the Group for the year

	FRS 10 adjustments RM'000
31 December 2013	
Net cash flow generated from operating activities	(149)
Net cash flow generated from investing activities	151
Net cash flow used in financing activities	748
 Net increase in cash and cash equivalents	 750
31 December 2012	
Net cash flow generated from operating activities	(385)
Net cash flow generated from investing activities	152
Net cash flow used in financing activities	747
 Net increase in cash and cash equivalents	 514

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Changes in accounting policies (contd.)

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.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

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: Investments in Associates 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.

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. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has no impact to the Group and the Company as the Group and the Company have no financial instrument that is measured at fair value. Accordingly, no disclosure is made on the levels of fair value hierarchy.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Standards 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 January 2014

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21: Levies

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

Annual Improvements to FRSs 2010–2012 Cycle

Annual Improvements to FRSs 2011–2013 Cycle

Effective annual periods to be announced by Malaysian Accounting Standards Board

FRS 9 Financial Instruments

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, except as described below.

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.

Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendments affect only the disclosure and there is no impact on the Group's financial position or performance.

FRS 9: Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Standards issued but not yet effective (contd.)

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 and continue to use the existing FRS Framework for another three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group 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 scheduled milestones and expects to be in position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

2.4 Summary of significant accounting policies

(a) Basis of consolidation and subsidiaries

(i) 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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(a) Basis of consolidation and subsidiaries (contd.)

(i) Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(a) Basis of consolidation and subsidiaries (contd.)

(i) Basis of consolidation (contd.)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.4(e)(i).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(a) Basis of consolidation and subsidiaries (contd.)

(ii) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(b) Investments in associates (contd.)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Transaction with non-controlling interest ("NCI")

NCI represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with NCI are accounted for using the entity concept method, whereby, transactions with NCI are accounted for as transactions with owners. On acquisition of NCI, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to NCI is recognised directly in equity.

(d) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(d) Current versus non-current classification (contd.)

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(e) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(e) Intangible assets (contd.)

(ii) Other intangible assets (contd.)

Software

Software consist of Hospital Support Services (HSS) software and Other software and licenses.

Hospital Support Services ("HSS") software

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.

HSS software, 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. HSS software of the Group had been fully amortised in 2011.

Other 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(f) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(g) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(h) 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.)

2.4 Summary of significant accounting policies (contd.)

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(j) 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's 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(l) 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.

(m) 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.

(n) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

(o) 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 statements 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(o) Financial liabilities (contd.)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

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.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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.

(p) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(q) 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 2.4(w).

(r) 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 the Company incurred in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(s) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(t) 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.

(u) 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 Actuarial Cost 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(u) Employee benefits (contd.)

(iii) Defined benefit plan (contd.)

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.

(v) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(v) Foreign currencies (contd.)

(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:

	2013 RM	2012 RM	As at 1 January 2012 RM
United States Dollars	3.28	2.99	3.17
United Arab Emirates Dirham	0.90	0.81	0.86
Indian Rupees	0.05	0.05	0.06

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(w) Income recognition

Revenue recognition

(i) Revenue from services rendered

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:

Hospital support services

The Group provides hospital support services 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 rendered.

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 using the percentage of completion method as described in Note 2.4(g)(ii).

Revenue from sale of completed property units is recognised upon transfer of risk and rewards.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(w) Income recognition (contd.)

(iii) Management fees

Management fees for services provided to Group companies are recognised on an accrual basis.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Other income recognition

(i) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(x) Related companies

Related companies represent subsidiaries of UEM Group Berhad.

(y) 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.

(z) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(aa) Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(i) Revenue recognition on hospital support services

Within total consolidated revenue for the year ended 31 December 2013, management has estimated that RM15,806,000 (2012: RM2,017,000) is attributable to work performed on instruction from the respective hospitals under the Concession Agreement ("CA") for the hospital support services. These works done are variations from the original CA 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 ("VOs") 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 made significant judgement on the amount of VOs that are recognised as revenue. In this connection, management's 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, it is based on the estimated total floor area 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, it is based on the estimated value of the additional hospitals assets.
- (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. Thus, based on management's judgement, it is appropriate to recognise revenue on these transactions for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates (contd.)

(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) 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 2013 was RM26,982,000 (2012: RM26,982,000; 1 January 2012: RM26,982,000). Further details are given in Note 16.

(ii) 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 21.

Amount due from a debtor in Abu Dhabi is estimated by management to be receivable in 2015. Accordingly, amount due from the debtor has been impaired by RM2,010,000 (2012: RM1,264,000). If the amount is received in 2016, trade receivables of the Group will be further impaired by RM1,475,000 (2012: RM927,000).

(iii) Depreciation of property, plant and equipment

The cost of property, plant and equipment amounting to RM257,584,000 (2012: RM268,806,000; 1 January 2012: 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.

If the useful lives of these property, plant and equipment vary by 1 year from management's estimates, the Group's depreciation charges will vary by RM1,697,000 (2012: RM1,759,000).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates (contd.)

(b) Key sources of estimation uncertainty (contd.)

(iv) 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 relies on past experience.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 14. A 10% difference in the estimated total property development revenue or costs would result in approximately 0.49% (2012: 0.21%) variance in the Group's revenue and 0.42% (2012: 0.20%) variance in the Group's cost of sales.

(v) 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 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.

(vi) 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 RM2,584,000 (2012: RM4,429,000; 1 January 2012: RM2,676,000) are mainly related to subsidiaries of which management are confident that it would be probable for the related subsidiaries to generate future taxable profits.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by RM9,951,000 (2012: RM7,462,000). Further details are contained in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates (contd.)

(b) Key sources of estimation uncertainty (contd.)

(vii) Retirement benefit obligations

The cost of the defined benefit Retirement Benefit Scheme is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and EPF dividend rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management takes the values of AA rated corporate bond yields with 3 to 15 years of maturity and converts these bond yields rate to a single discount rate.

The mortality rate is based on Malaysian Ordinary Life Table and future salary increases are based on expected future inflation rate.

Further details about retirement benefit obligations are given in Note 25.

3. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of properties	34,385	222,322	-	-
Services rendered:				
- integrated facilities management				
- concession	617,847	577,687	-	-
- non-concession	37,676	56,787	-	-
- management fees	-	-	7,800	7,080
Gross dividend income:				
- subsidiaries	-	-	60,825	122,654
	689,908	856,796	68,625	129,734

4. COST OF SALES

	Group	
	2013 RM'000	2012 RM'000
Costs of properties sold:		
- property development costs (Note 14(b))	9,860	123,262
- completed property held for sale (Note 20)	11,342	1,318
- other incidental costs	847	1,936
Services rendered:		
- integrated facilities management		
- concession	485,307	440,689
- non-concession	15,202	25,046
	522,558	592,251

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

5. OTHER INCOME

Included in other income are:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income from:				
– fixed deposits	8,199	8,302	951	2,307
– short term investment	–	51	–	–
– fair value gain on initial recognition of financial liabilities	922	–	–	–

6. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on:				
– Redeemable Secured Loan Stocks ("RSLs")	–	3,306	–	3,306
– Loan from corporate shareholder of a subsidiary	36	38	–	–
– Hire purchase	2	5	–	–
– Bank borrowings	21	21	–	–
	59	3,370	–	3,306

7. PROFIT BEFORE TAX

The following amounts have been included at arriving at profit before tax:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Employee benefits expense (Note 8)	187,386	183,334	13,725	11,770
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	1,577	2,133	972	1,172
Auditors' remuneration:				
- statutory	427	415	88	84
- Under/(over)provision in prior year	12	(7)	(3)	(4)
- others	30	75	-	-
Operating leases:	5,084	5,644	811	718
- minimum lease payments of premises	4,035	4,157	748	664
- minimum lease payments of plant and machineries	1,049	1,487	63	54
Amortisation of:				
- prepaid land lease payment (Note 15)	87	88	-	-
- intangible assets (Note 16)	53	477	26	34
Net realised foreign exchange gain	-	(218)	-	(258)
Depreciation of property, plant and equipment (Note 13)	13,944	16,067	466	498
Impairment of plant and equipment (Note 13)	2,599	-	-	-
Accretion of Redeemable Preference Share ("RPS") (Note 36)	-	97	-	-
Loss on early redemption of RPS (Note 36)	-	361	-	-
Loss on disposal of plant and equipment	46	192	14	-
Provisions (Note 26)	11	12	-	-
Property, plant and equipment written off (Note 13)	501	484	-	-
Impairment on financial assets:				
- Trade and other receivables (Note 21)				
- Non-current	2,902	-	-	-
- Current	1,759	804	2,877	9,373
Reversal of impairment on financial assets:				
- Trade and other receivables (Note 21)	(1,590)	(15,706)	-	(14,893)
Provision for diminution in investment in subsidiary	-	-	-	150
Amounts due from subsidiaries written off	-	-	-	2
Bad debts written off	279	52	-	-
(Reversal of write-down)/write-down of inventories (Note 20)	(44)	103	-	-
Loss on disposal of subsidiary (Note 17)	82	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	149,919	146,162	11,335	9,690
Social security contributions	1,638	1,611	55	51
Contributions to defined contribution plans	19,534	18,948	1,292	1,094
Defined benefit obligations (Note 25)	(760)	855	—	—
Other benefits	17,055	15,758	1,043	935
	187,386	183,334	13,725	11,770

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM1,622,000 (2012: RM2,295,000) and RM928,000 (2012: RM810,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
Executive				
Salaries and other emoluments	646	566	646	566
Bonus	162	139	162	139
Contributions to defined contribution plans	120	105	120	105
Benefits-in-kind	99	89	99	89
	1,027	899	1,027	899
Non-Executive				
Fees	1,256	1,363	972	1,022
Other emoluments	—	150	—	150
Benefits-in-kind	63	65	63	65
	1,319	1,578	1,035	1,237

9. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other Directors of subsidiaries				
Executive				
Salaries and other emoluments	458	943	-	-
Bonus	106	276	-	-
Contributions to defined contribution plans	84	184	-	-
Allowances	46	82	-	-
Benefits-in-kind	24	55	-	-
	718	1,540	-	-
Non-Executive				
Fees	321	500	-	-
Other emoluments	-	120	-	-
	321	620	-	-
Total	3,385	4,637	2,062	2,136
Total excluding benefits-in-kind	3,199	4,428	1,900	1,982
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	1,622	2,295	928	810
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	1,577	2,133	972	1,172
Total directors' remuneration excluding benefits-in-kind (Note 41)	3,199	4,428	1,900	1,982

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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	
	2013	2012
Executive directors:		
RM850,001 – RM900,000	–	1
RM1,000,001 – RM1,050,000	1	–
Non-executive directors:		
Below RM50,000	1	1
RM50,001 – RM100,000	6	3
RM100,001 – RM150,000	3	1
RM150,001 – RM200,000	1	1
RM200,001 – RM250,000	–	1
RM250,001 – RM300,000	1	3

10. INCOME TAX EXPENSE

Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current income tax:				
– Malaysian income tax	29,003	49,788	–	747
(Over)/under provision of income tax in prior years:				
– Malaysian income tax	(2,421)	3,985	(747)	(1,788)
	26,582	53,773	(747)	(1,041)

10. INCOME TAX EXPENSE (CONTD.)

Major components of income tax expense (contd.)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deferred tax (Note 32):				
- Relating to origination and reversal of temporary differences	(1,355)	(1,968)	-	-
- Under/(over) provision in prior years	1,494	(675)	-	-
	139	(2,643)	-	-
Income tax recognised in profit or loss	26,721	51,130	(747)	(1,041)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 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 2013 and 2012 are as follows:

Group	2013 RM'000	2012 RM'000
Profit before tax	105,703	198,598
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	26,426	49,650
Share of profit of associates	(349)	(302)
Income not subject to tax	(339)	(100)
Foreign income not subject to tax	(3,116)	(7,643)
Non-deductible expenses	2,467	5,961
Different tax rates in other countries	70	39
Utilisation of previously unrecognised capital allowances	-	(127)
Deferred tax assets not recognised during the year		
- Malaysian subsidiaries	2,489	342
Under/(over) provision of deferred tax in prior years	1,494	(675)
(Over)/under provision of income tax in prior years		
- Malaysian subsidiaries	(2,421)	3,985
Income tax expense recognised in profit or loss	26,721	51,130

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

10. INCOME TAX EXPENSE (CONTD.)

Reconciliation between tax expense and accounting profits (contd.)

Company	2013 RM'000	2012 RM'000
Profit before tax	47,954	115,994
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	11,989	28,999
Non-deductible expenses	998	6,111
Income not subject to tax - tax exempt dividend	(15,206)	(30,664)
Income not subject to tax	(216)	(3,723)
Utilisation of previously unrecognised capital allowances	-	(127)
Deferred tax assets not recognised during the year	2,435	151
Over provision of income tax in prior years	(747)	(1,788)
Income tax benefit recognised in profit or loss	(747)	(1,041)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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	
	2013 RM'000	2012 RM'000
Profit attributable to owners of the parent	62,081	108,502
	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:	17.1	29.9

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	
	2013 RM'000	2012 RM'000	2013 Sen	2012 Sen
Recognised during the financial year:				
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
Final dividend for 2012: 10.00 sen less 25% taxation on 363,001,053 ordinary shares, of RM0.25 each, declared on 25 February 2013 and paid on 24 July 2013	27,225	-	7.50	-
	27,225	76,230	7.50	21.00

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 December 2013, of 10.00 sen on 363,001,053 ordinary shares of RM0.25 each, amounting to a dividend payable of RM36,300,105 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 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013				
Cost				
At 1 January 2013	1,160	276,148	279	277,587
Additions	-	3,590	94	3,684
Disposals	-	(632)	-	(632)
Transfer	-	175	(175)	-
Written off	-	(2,952)	(2)	(2,954)
Disposal of a subsidiary	-	(8,451)	(24)	(8,475)
Exchange differences	-	62	-	62
At 31 December 2013	1,160	267,940	172	269,272
Accumulated depreciation and impairment loss				
At 1 January 2013	-	197,641	-	197,641
Charge for the year (Note 7)	-	13,944	-	13,944
Disposals	-	(538)	-	(538)
Written off	-	(2,453)	-	(2,453)
Impairment loss recognised in profit or loss (Note 7)	-	2,599	-	2,599
Disposal of a subsidiary	-	(4,765)	-	(4,765)
Exchange differences	-	50	-	50
At 31 December 2013	-	206,478	-	206,478
Net carrying amount				
At 31 December 2013	1,160	61,462	172	62,794

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 2012				
Cost				
At 1 January 2012	1,160	270,550	4,199	275,909
Additions	-	3,626	1,150	4,776
Disposals	-	(347)	-	(347)
Transfer	-	5,070	(5,070)	-
Written off	-	(2,683)	-	(2,683)
Exchange differences	-	(68)	-	(68)
At 31 December 2012	1,160	276,148	279	277,587
Accumulated depreciation				
At 1 January 2012	-	183,996	-	183,996
Charge for the year (Note 7)	-	16,067	-	16,067
Disposals	-	(185)	-	(185)
Written off	-	(2,199)	-	(2,199)
Exchange differences	-	(38)	-	(38)
At 31 December 2012	-	197,641	-	197,641
Net carrying amount				
At 31 December 2012	1,160	78,507	279	79,946
At 1 January 2012	1,160	86,554	4,199	91,913

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Equipment, furniture, fittings and motor vehicles RM'000
At 31 December 2013	
Cost	
At 1 January 2013	4,555
Additions	161
Disposal	(222)
At 31 December 2013	4,494
Accumulated depreciation	
At 1 January 2013	3,263
Charge for the year (Note 7)	466
Disposal	(207)
At 31 December 2013	3,522
Net carrying amount	972
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

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 27(a)) are as follows:

	<----- Group ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Plant and equipment	61,608	76,786	83,623

- (b) The cost of property, plant and equipment of the Group and of the Company amounting to RM158,228,000 (2012: RM151,893,000; 1 January 2012: RM131,850,000) and RM2,266,000 (2012: RM2,194,000; 1 January 2012: 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 ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Equipment	-	53	143

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013			
At cost			
At 1 January 2013	830	6,670	7,500
Additions	-	4	4
At 31 December 2013	830	6,674	7,504
Accumulated impairment			
At 1 January 2013/at 31 December 2013	51	6,338	6,389
Carrying amount at 31 December 2013	779	336	1,115
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

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 2013			
Cumulative property development costs			
At 1 January 2013	19,485	43,328	62,813
Costs incurred during the year		31,538	31,538
At 31 December 2013	19,485	74,866	94,351
Cumulative costs recognised in income statement			
At 1 January 2013	(120)	(12,415)	(12,535)
Recognised during the year (Note 4)	(139)	(9,721)	(9,860)
At 31 December 2013	(259)	(22,136)	(22,395)
Property development costs at 31 December 2013	19,226	52,730	71,956
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 20)	(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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1 January/31 December	4,320	4,320
Accumulated amortisation		
At 1 January	822	734
Amortisation for the year (Note 7)	87	88
At 31 December	909	822
Net carrying amount	3,411	3,498
Amount to be amortised		
Not later than one year	87	87
Later than one year but not later than five years	348	348
Later than five years	2,976	3,063

Leasehold land with an aggregate carrying value of RM2,514,000 (2012: RM2,592,000) are pledged as securities for banking facilities (Note 27(a)).

16. INTANGIBLE ASSETS

Group	Goodwill RM'000	Software RM'000	Total RM'000
Cost			
At 1 January 2012	26,982	22,472	49,454
Additions	-	13	13
At 31 December 2012	26,982	22,485	49,467
Additions	-	21	21
At 31 December 2013	26,982	22,506	49,488
Accumulated amortisation and impairment			
At 1 January 2012	-	21,908	21,908
Amortisation during the year (Note 7)	-	477	477
At 31 December 2012	-	22,385	22,385
Amortisation during the year (Note 7)	-	53	53
At 31 December 2013	-	22,438	22,438
Net carrying amount			
At 31 December 2013	26,982	68	27,050
At 31 December 2012	26,982	100	27,082
At 1 January 2012	26,982	564	27,546

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

16. INTANGIBLE ASSETS (CONTD.)

Company	Software RM'000
Cost	
At 1 January 2012	403
Additions	12
At 31 December 2012	415
At 1 January 2013	415
Additions	21
At 31 December 2013	436
Accumulated amortisation	
At 1 January 2012	346
Amortisation for the year (Note 7)	34
At 31 December 2012	380
At 1 January 2013	380
Amortisation for the year (Note 7)	26
At 31 December 2013	406
Net carrying amount	
At 31 December 2013	30
At 31 December 2012	35

16. INTANGIBLE ASSETS (CONTD.)

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 five-year period on the estimate that the new concession agreement will be executed in 2014.

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% (2012: 11.70%).

For goodwill component, management did not identify any impairment as its recoverable amount exceeds its carrying amount. Management believes that no reasonable possible change in any of the above key assumptions would cause the recoverable amount to be materially lower than its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2013	2012
	RM'000	RM'000
Unquoted shares at cost:		
– Malaysian subsidiaries	338,570	345,790
– Foreign subsidiaries	418	418
	338,988	346,208
Less: Accumulated impairment	(191,106)	(198,326)
	147,882	147,882

Details of the subsidiaries are listed in Note 46.

(a) Liquidation of subsidiaries

Two wholly owned subsidiaries of the Company, Faber Haulage Sdn. Bhd. and Intensive Quest Sdn. Bhd, completed its Members Voluntary Liquidation in current year pursuant to Section 254(1)(b) of the Companies Act, 1965 as further disclosed in Note 47(a) and Note 47(c) respectively. As such, the costs of investments in these subsidiaries were written off against accumulated impairment provided in prior years.

(b) Formation of new venture companies to undertake the Privatisation of the Hospital Support Services (“HSS”) in Sabah and Sarawak

Sabah Zone

On 22 February 2013, Faber Medi-Serve Sdn. Bhd. (“FMS”), a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each in Segi Operasi Sdn. Bhd. (“SOSB”), representing its entire issued and paid-up share capital, for a cash consideration of RM2.00.

SOSB is a private limited company duly incorporated in Malaysia under the Companies Act, 1965 on 12 December 2012 with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each were issued and fully paid-up. SOSB has not commenced operation since its incorporation. The acquisition of SOSB by FMS is to facilitate the formation of a new consortium company in relation to the privatisation of the HSS, Ministry of Health (“MOH”) for the Sabah Zone.

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

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

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

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

Sabah Zone (contd.)

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

Sarawak Zone

On 22 February 2013, FMS acquired 2 ordinary shares of RM1.00 each in Segi Kirana Sdn. Bhd. ("SKSB"), representing its entire issued and paid-up share capital, for a cash consideration of RM2.00.

SKSB is a private limited company duly incorporated in Malaysia under the Companies Act, 1965 on 12 December 2012 with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each were issued and fully paid-up. SKSB has not commenced operation since its incorporation. SKSB's acquisition by FMS is to facilitate the formation of a new consortium company in relation to the privatisation of the HSS, Ministry of Health for the Sarawak Zone.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(c) Disposal of Fresh Linen Services (Sarawak) Sdn. Bhd. ("FLS Sarawak")

On 21 November 2013, Faber Medi-Serve Sdn. Bhd. ("FMS"), a wholly owned subsidiary of FGB entered into a share sale agreement ("SSA") with Simfoni Dua Sdn. Bhd. ("SDSB") for the disposal of 385,000 ordinary shares of RM1.00 each in FLS Sarawak representing 55% of FMS's equity in FLS Sarawak to SDSB for a total cash consideration of RM6,600,000.

The disposal of FLS Sarawak had the following effects on the financial position, performance and cash flows of the Group:

	At date of disposal RM'000
Property, plant and equipment	3,710
Trade and other receivables	2,584
Cash and cash equivalents	7,498
Deferred tax liabilities (Note 32)	(409)
Retirement benefit obligations (Note 25)	(219)
Trade and other payables	(895)
Tax payable	(120)
	12,149
Less: Non-controlling interest	(5,467)
Net asset disposed	6,682
Loss on disposal of a subsidiary (Note 7)	(82)
Proceeds from disposal of a subsidiary settled by cash	6,600
Less: Cash and cash equivalents of subsidiary disposed	(7,498)
Net cash outflow on disposal of a subsidiary	(898)

(d) Summarised financial information

Summarised financial information of Rimbunan Melati Sdn. Bhd. ("Rimbunan Melati"), Healthtronics (M) Sdn. Bhd. ("Healthtronics") and Faber LLC, which have NCI that are material to the Group, is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other entities within the Group are not material to the Group.

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(d) Summarised financial information (contd.)

(i) Summarised statements of financial position

	Rimbunan Melati		Healthtronics		Faber LLC		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	2,603	1,915	2,375	2,808	17,905	12,683	22,883	17,406
Current assets	74,997	157,437	75,059	107,676	49,265	111,686	199,321	376,799
Total assets	77,600	159,352	77,434	110,484	67,170	124,369	222,204	394,205
Non-current liabilities	2,605	–	638	361	–	–	3,243	361
Current liabilities	13,618	39,353	19,902	20,476	53,838	109,096	87,358	168,925
Total liabilities	16,223	39,353	20,540	20,837	53,838	109,096	90,601	169,286
Net assets	61,377	119,999	56,894	89,647	13,332	15,273	131,603	224,919
Equity attributable to owners of the Company	33,757	66,000	34,136	53,788	9,999	11,455	77,892	131,243
Non-controlling interests	27,620	53,999	22,758	35,859	3,333	3,818	53,711	93,677

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(d) Summarised financial information (contd.)

(ii) Summarised statements of comprehensive income

	Rimbunan Melati		Healthtronics		Faber LLC		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	18,369	161,880	115,081	107,151	9,050	31,663	142,500	300,694
Profit for the year	8,078	50,336	22,466	19,670	12,465	32,046	43,009	102,052
Profit attributable to owners of the Company	4,443	27,685	13,480	11,802	9,349	24,035	27,272	63,522
Profit attributable to the non-controlling interests	3,635	22,651	8,986	7,868	3,116	8,011	15,737	38,530
Other comprehensive income attributable to owners of Company	-	-	(131)	(43)	1,003	(578)	872	(621)
Other comprehensive income attributable to the non-controlling interests	-	-	(87)	(28)	334	(193)	247	(221)
Other comprehensive income for the year	-	-	(218)	(71)	1,337	(771)	1,119	(842)
Total comprehensive income	8,078	50,336	22,248	19,599	13,802	31,275	44,128	101,209
Total comprehensive income attributable to owners of the Company	4,443	27,685	13,349	11,759	10,352	23,457	28,144	62,901
Total comprehensive income attributable to the non-controlling interests	3,635	22,651	8,899	7,840	3,450	7,818	15,984	38,309
	8,078	50,336	22,248	19,599	13,802	31,275	44,128	101,210
Dividend paid to non-controlling interests	30,015	-	22,000	-	3,936	12,360	55,951	12,360

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(d) Summarised financial information (contd.)

(iii) Summarised cash flows

	Rimbunan Melati		Healthtronics		Faber LLC		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	58,666	49,743	55,185	8,842	3,542	74,646	117,393	133,231
Net cash generated from investing activities	1,308	1,023	311	482	180	62	1,799	1,567
Net cash used in financing activities	(66,700)	(16,659)	(55,000)	(3,000)	(15,744)	(58,083)	(137,444)	(77,742)
Net (decrease)/increase in cash and cash equivalents	(6,726)	34,107	496	6,324	(12,022)	16,625	(18,252)	57,056
Net foreign exchange differences	-	-	-	-	2,676	(965)	2,676	(965)
Cash and cash equivalents at beginning of the year	61,267	27,160	33,195	26,871	32,599	16,939	127,061	70,970
Cash and cash equivalents at end of the year	54,541	61,267	33,691	33,195	23,253	32,599	111,485	127,061

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

18. INVESTMENT IN ASSOCIATES

(a) Details of the Group's associates are as follows:

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group* 20132012		Accounting model applied
Held by FMS Services Sabah Sdn. Bhd. (formerly known as Segi Operasi Sdn. Bhd.):					
Sedafiat Sdn. Bhd.**	Malaysia	Provision of hospital support services	40	–	Equity Model
Held by FMS Services Sarawak Sdn. Bhd. (formerly known as Segi Kirana Sdn. Bhd.):					
One Medicare Sdn. Bhd.**	Malaysia	Provision of hospital support services	40	–	Equity Model
Held by Faber Facilities Sdn. Bhd.:					
Faber Sindoori Management Services Private Limited**	India	Facilities management in India	51	51	Equity Model

* Equals to the proportion of voting rights held

** Audited by firms other than Ernst & Young

18. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the Group's associates are as follows (contd.):

Investment in associates during the year

On 12 April 2013, FMS Services Sabah Sdn. Bhd. (formerly known as Segi Operasi Sdn. Bhd.) subscribed for 40,000 ordinary shares at RM1.00 each in Sedafiat Sdn. Bhd. at a consideration of RM40,000, representing 40% of the issued and paid-up share capital of Sedafiat Sdn. Bhd..

On 9 April 2013, FMS Services Sarawak Sdn. Bhd. (formerly known as Segi Kirana Sdn. Bhd.) has subscribed for 40,000 ordinary shares at RM1.00 each in One Medicare Sdn. Bhd. at a consideration of RM40,000, representing 40% of the issued and paid-up share capital of One Medicare Sdn. Bhd..

(b) Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the FRS financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	<----- Faber Sindoori ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Non-current assets	1,423	1,141	1,204
Current assets	13,330	10,379	10,416
Total assets	14,753	11,520	11,620
Non-current liabilities	-	331	350
Current liabilities	7,622	6,742	9,164
Total liabilities	7,622	7,073	9,514
Net assets	7,131	4,447	2,106

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

18. INVESTMENT IN ASSOCIATE (CONTD.)

(b) (contd.)

(ii) Summarised statement of comprehensive income

	Faber Sindoori	
	2013	2012
	RM'000	RM'000
Revenue	35,084	29,484
Profit before tax from continuing operations	3,676	2,366
Profit for the year from continuing operations	2,733	2,366
Total comprehensive income	2,733	2,366
Dividend received from the associates during the year	25	12

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	Faber Sindoori	
	2013	2012
	RM'000	RM'000
Net assets at 1 January	4,447	2,106
Profit for the year	2,733	2,366
Dividend from associate	(49)	(25)
Net assets at 31 December	7,131	4,447
Interest in associates	51%	51%
Additional investment in associate	814	-
Carrying value of Group's interest in material associate	4,451	2,268

(c) At the current and prior reporting dates, there are no unrecognised share of losses in associates.

19. OTHER INVESTMENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Equity instruments (unquoted shares in Malaysia), at cost	1,200	1,200	1,200	1,200
Less: Accumulated impairment losses	(1,200)	(1,200)	(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 (2012: 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.

20. INVENTORIES

	Group		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Cost			
Consumables	5,237	5,912	5,596
Properties held for sale	7,849	19,191	1,318
Net realisable value			
Consumables	579	-	-
Total	13,665	25,103	6,914

During the year, the amounts of inventories recognised as expenses in cost of sales of the Group for consumables and properties held for sale were RM74,864,000 and RM11,342,000 (2012: RM68,015,000 and RM1,318,000) respectively.

During the year, the reversal of write-down of inventories of RM44,000 was made in the Group during the financial year when the slow moving inventories were consumed. In prior financial year, there was a write-down of inventories of RM103,000 which was recognised as an expense in the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

21. TRADE AND OTHER RECEIVABLES

	<----- Group ----->		
	2013	2012	1 January
	RM'000	RM'000	2012
			RM'000
Current			
Trade receivables			
Third parties	134,096	308,027	283,166
Related companies	1,215	5,246	503
	135,311	313,273	283,669
Less: Allowance for impairment:			
Third parties	(3,841)	(3,532)	(9,259)
Trade receivables, net	131,470	309,741	274,410
Other receivables			
Amounts due from related parties:			
Associate	629	2,219	1,941
Related company	9	9	9
	638	2,228	1,950
Deposits	2,531	3,051	3,204
Sundry receivables	4,422	5,065	8,809
	7,591	10,344	13,963
Less: Allowance for impairment:			
Sundry receivables	(1,867)	(1,382)	(1,993)
Associate	(84)	(1,941)	(1,941)
Related company	(9)	(9)	(9)
	(1,960)	(3,332)	(3,943)
Other receivables, net	5,631	7,012	10,020
Other current assets			
Accrued billings in respect of property development costs	26,256	65,470	52,942
Tax recoverable	14,270	5,523	4,373
Prepayments	15,162	15,881	14,261
Other current assets	55,688	86,874	71,576
Total	192,789	403,627	356,006

21. TRADE AND OTHER RECEIVABLES (CONTD.)

	Company	
	2013	2012
	RM'000	RM'000
Current		
Other receivables		
Amounts due from related parties:		
Subsidiaries	16,589	12,351
Deposits	268	188
Dividend receivable	-	4,446
Sundry receivables	2,558	497
	19,415	17,482
Less: Allowance for impairment:		
Sundry receivables	(216)	(216)
Subsidiaries	(12,719)	(9,842)
	(12,935)	(10,058)
Other receivables, net	6,480	7,424
Other current assets		
Tax recoverable	1,434	599
Prepayments	661	-
Other current assets	2,095	599
Total	8,575	8,023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

21. TRADE AND OTHER RECEIVABLES (CONTD.)

	<----- Group ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Non-current			
Trade receivables			
Third parties	24,503	13,783	152,068
Related company	-	-	6,865
	24,503	13,783	158,933
Less: Allowance for impairment:			
Third parties	(4,166)	(1,264)	(13,855)
Related company	-	-	(980)
	(4,166)	(1,264)	(14,835)
Trade receivables, net	20,337	12,519	144,098

Movements in allowance accounts:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	8,128	28,037	10,058	16,445
Charge for the year (Note 7)				
- Non-current	2,902	-	-	-
- Current	1,759	804	2,877	9,373
Reversal of impairment (Note 7)	(1,590)	(15,706)	-	(14,893)
Written off	(1,232)	(5,007)	-	(867)
At 31 December	9,967	8,128	12,935	10,058

21. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (current)

Trade receivables (current) are non-interest bearing and are generally on 30 to 90 days (2012: 30 to 90 days; 1 January 2012: 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 ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Neither past due nor impaired	83,464	186,893	254,836
1 to 30 days past due not impaired	7,173	4,180	3,622
31 to 60 days past due not impaired	1,428	18,310	1,954
61 to 90 days past due not impaired	779	18,508	7,232
91 to 120 days past due not impaired	13,282	3,701	-
More than 121 days past due not impaired	25,344	78,149	6,766
	48,006	122,848	19,574
Impaired	3,841	3,532	9,259
	135,311	313,273	283,669

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 90% (2012: 71%; 1 January 2012: 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 RM48,006,000 (2012: RM122,848,000; 1 January 2012: RM19,574,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

21. 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	<----- Individually impaired ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Trade receivables			
– nominal amounts	3,841	3,532	9,259
Less: Allowance for impairment	(3,841)	(3,532)	(9,259)
	-	-	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Trade receivables (non-current)

The Group's non-current trade receivables mainly arose from balances with a debtor of a foreign subsidiary. The amounts due are non-interest bearing, unsecured and are to be paid in cash.

(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 and resulted in the impairment of these subsidiaries debts of RM2,877,000 (2012: RM9,373,000). These related party balances were non-interest bearing and non trade-related.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM1,867,000 (2012: RM1,382,000; 1 January 2012: RM1,993,000) and RM216,000 (2012: RM216,000) respectively. These mainly relate to balances due from third parties which have been long outstanding.

21. TRADE AND OTHER RECEIVABLES (CONTD.)

(d) Other current assets

Included in prepayment is prepayment for linen amounting to RM13,439,000 (2012: RM14,529,000; 1 January 2012: RM12,985,000).

In this connection, 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 RM13,191,000 (2012: RM15,217,000) and RM14,281,000 (2012: RM13,673,000) respectively.

Further details on related party transactions are disclosed in Note 41.

22. AMOUNTS DUE FROM CUSTOMER ON CONTRACTS

	<----- Group ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Cost incurred plus recognised profits	-	-	57,842

Amounts due from customer on contracts represented the work orders recognised by a foreign subsidiary of the Company whereby the balances are pending certification by the employer as at the reporting date.

23. SHORT TERM INVESTMENT

	<----- Group ----->		
	2013 RM'000	2012 RM'000	1 January 2012 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 investment has been withdrawn in prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

24. CASH AND CASH EQUIVALENTS

	Group		
	2013	2012	1 January 2012
	RM'000	RM'000	RM'000
Cash on hand and at banks	103,191	179,111	111,891
Deposits with:			
– licensed banks	304,110	119,182	96,106
– other financial institutions	59,577	41,290	110,798
Cash and cash equivalents	466,878	339,583	318,795

	Company	
	2013	2012
	RM'000	RM'000
Cash on hand and at banks	1,314	875
Deposits with:		
– licensed banks	3,387	3,306
– other financial institutions	48,301	25,600
Cash and cash equivalents	53,002	29,781

- (a) Included in cash at bank of the Group are the amounts of RM44,598,000 (2012: RM121,994,000; 1 January 2012: 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 RM20,945,000 (2012: RM17,268,000; 1 January 2012: RM17,535,000) and nil (2012: nil; 1 January 2012: RM991,000) respectively are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2013, the subsidiaries have utilised guarantee facilities amounting to RM18,039,000 (2012: RM15,871,000; 1 January 2012: RM16,513,000).
- (c) Deposits with licensed banks of the Company amounting to RM3,000,000 (2012: 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.

25. RETIREMENT BENEFIT OBLIGATIONS

The Group operates 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 60 (2012: 55), on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuary dated 7 January 2014.

The details of the net employee benefits liability are as follows:

	Group	
	2013 RM'000	2012 RM'000
Present value of the defined benefit obligations ("PVDBO")		
At 1 January	6,167	4,870
Defined benefit obligations (Note 8)	(760)	855
Actuarial loss	1,557	589
Contributions paid	(308)	(148)
Disposal of a subsidiary (Note 17(c))	(219)	-
At 31 December	6,437	6,166
Analysis of funded and unfunded PVDBO		
PVDBO from plans that are wholly unfunded	6,437	6,166
Analysed as:		
Current	210	1,126
Non-current:		
Later than 1 year but not later than 2 years	106	108
Later than 2 years	6,121	4,932
	6,227	5,040
	6,437	6,166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

25. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The details of net employee benefits expense recognised in profit or loss are as follows:

	2013 RM'000	Group 2012 RM'000
Current service costs	255	511
Past service costs	(1,271)	–
Interest cost	256	344
Net employee benefits expense (Note 8)	(760)	855

Total amount recognised in statement of comprehensive income

	2013 RM'000	Group 2012 RM'000
Cumulative amount of actuarial loss recognised in statement of comprehensive income:		
At 1 January	589	–
Actuarial loss recognised in other comprehensive income	1,557	589
Disposal of a subsidiary	(132)	–
At 31 December	2,014	589
Historical experience adjustments:		
PVDBO	6,437	6,166
Experience adjustment (value)	68	–
Experience adjustment (% of PVDBO)	0%	0%

Principal actuarial assumptions used:

	2013 %	2012 %
Discount rate	5.25	6.00
Expected rate of salary increases	6.00	5.00

Assumptions regarding future mortality are based on published statistics and mortality tables.

25. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

Principal actuarial assumptions used: (contd.)

A one percentage point change in the below key assumptions would have the following effects:

	Increase/(decrease) in PVDBO	
	2013	2012
	RM'000	RM'000
Discount rate		
Increase in one percentage point on discount rate	(574)	(379)
Decrease in one percentage point on discount rate	668	417
Salary increment rate		
Increase in one percentage point on salary increment rate	2,150	2,274
Decrease in one percentage point on salary increment rate	(1,885)	(2,066)

26. PROVISIONS

Group	Sinking fund RM'000
Non current	
At 31 December 2013	
At 1 January 2013	111
Additional provision (Note 7)	11
At 31 December 2013	122
At 31 December 2012	
At 1 January 2012	99
Additional provision (Note 7)	12
At 31 December 2012	111

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

27. BORROWINGS

	<----- Group ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Short term borrowings			
Secured:			
RSLs (Note 29)	-	-	145,053
Hire purchase (Note 28)	-	38	69
	-	38	145,122
Unsecured:			
Loan from a corporate shareholder of a subsidiary (Note (b))	176	675	986
Total short term borrowings	176	713	146,108
Long term borrowings			
Secured:			
Hire purchase (Note 28)	-	13	51
Unsecured:			
Redeemable Preference Shares (Note 36)	-	-	7,038
Total long term borrowings	-	13	7,089
Total borrowings			
Hire purchase (Note 28)	-	51	120
RSLs (Note 29)	-	-	145,053
Redeemable Preference Shares (Note 36)	-	-	7,038
Loan from a corporate shareholder of a subsidiary (Note (b))	176	675	986
	176	726	153,197

27. BORROWINGS (CONTD.)

(a) Syndicated banking facilities (secured)

The outstanding balances of the secured Syndicated Banking Facilities of FMS comprise of revolving credit, bank guarantee and combined trade facilities as follows:

	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Bank guarantees	1,003	944	1,137
Bank guarantees issued for Performance Bonds to Government of Malaysia (Note 40)	29,650	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 Government 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% (2012: 1.75%, 1 January 2012: 1.75%) above Base Financing Rate ("BFR") per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

28. HIRE PURCHASE

	Group	
	2013 RM'000	2012 RM'000
Future minimum lease payments:		
Not later than 1 year	-	40
Later than 1 year and not later than 2 years	-	13
Total future minimum lease payments	-	53
Less: Future finance charges	-	(2)
Present value of finance lease liabilities	-	51
Analysis of present value of finance lease liabilities:		
Not later than 1 year	-	38
Later than 1 year and not later than 2 years	-	13
Less: Amount due within 12 months (Note 27)	-	51
	-	(38)
Amount due after 12 months (Note 27)	-	13

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.

29. REDEEMABLE SECURED LOAN STOCKS

On 30 September 2004, the Company issued RM185,528,000 nominal value of RSLs of RM1.00 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

29. REDEEMABLE SECURED LOAN STOCKS (CONTD.)

Other salient terms of the RSLs are as follow: (contd.)

(iii) The RSLs are secured by a charge over:

- 30,599,998 issued and paid-up ordinary shares of RM1.00 each in FMS by Faber Healthcare Management Sdn. Bhd; and
- 2 issued and paid-up ordinary shares of RM1.00 each in FMS by the Company.

In prior financial year, the Company 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.

30. 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.

31. TRADE AND OTHER PAYABLES

	<div><----- Group -----></div>		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Current			
Trade payables			
Third parties	148,803	187,383	208,083
Related companies	25,882	34,829	38,156
	174,685	222,212	246,239
Other payables			
Amounts due to related parties:			
– Corporate shareholder of a subsidiary	–	–	419
Accruals	47,630	61,196	45,165
Dividend payable to non-controlling shareholders of a subsidiary	–	–	3,434
Refundable deposits	3,026	3,082	2,995
Sundry payables	20,248	31,175	31,728
	70,904	95,453	83,741
Total	245,589	317,665	329,980
Non-current			
Trade payables			
Third parties	4,880	–	5,825
Related company	–	–	27,185
	4,880	–	33,010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

31. TRADE AND OTHER PAYABLES (CONTD.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days, 1 January 2012: 30 to 90 days).

Included in trade payables at 31 December 2013 are retention sums of RM16,464,000 (2012: RM10,282,000, 1 January 2012: 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.

At 1 January 2012, the Group's non-current trade payables arose from balances with the contractors relating to contracts in Abu Dhabi.

(b) 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.

32. DEFERRED TAX

	Group	
	2013 RM'000	2012 RM'000
At 1 January	(2,097)	546
Recognised in profit and loss (Note 10)	139	(2,643)
Disposal of a subsidiary (Note 17(c))	(409)	-
At 31 December	(2,367)	(2,097)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(2,584)	(4,429)
Deferred tax liabilities	217	2,332
	(2,367)	(2,097)

32. 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	Total RM'000
At 1 January 2013	9,644	3,632	13,276
Recognised in profit and loss	(873)	(272)	(1,145)
Disposal of a subsidiary	(521)	-	(521)
	8,250	3,360	11,610
Less: Set off of deferred tax assets			(11,393)
At 31 December 2013			217
At 1 January 2012	8,133	3,246	11,379
Recognised in profit and loss	1,511	386	1,897
	9,644	3,632	13,276
Less: Set off of deferred tax assets			(10,944)
At 31 December 2012			2,332

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

32. DEFERRED TAX (CONTD.)

Deferred tax assets of the Group:

	Receivables/ payables RM'000	Total RM'000
At 1 January 2013	(15,373)	(15,373)
Recognised in the profit or loss	1,284	1,284
Disposal of a subsidiary	112	112
	(13,977)	(13,977)
Less: Set off of deferred tax liabilities		11,393
At 31 December 2013		(2,584)
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)

32. DEFERRED TAX (CONTD.)

Deferred tax assets have not been recognised in respect of the following items:

Malaysian Companies

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unused tax losses	34,931	25,932	26,182	17,483
Unabsorbed capital allowances	1,649	1,443	1,362	1,165
Others	3,225	2,474	2,206	1,362
	39,805	29,849	29,750	20,010

Unrecognised tax losses

At the reporting date, the Group and Company has tax losses of approximately RM34,931,000 (2012: RM25,932,000; 1 January 2012: RM14,385,000) and RM26,182,000 (2012: RM17,483,000) 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 is 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, there is no unrecognised temporary differences (2012: nil) relating to investments in subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2012: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

33. SHARE CAPITAL

Group and Company	Number of ordinary shares of RM0.25 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised				
At 1 January/31 December	3,000,000	3,000,000	750,000	750,000
Issued and fully paid up				
At 1 January/31 December	363,001	363,001	90,750	90,750

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.

34. OTHER RESERVES

Group	Statutory reserve RM'000	Foreign currency translation reserve RM'000	Capital redemption reserve RM'000	Total RM'000
At 1 January 2013	279	(4,316)	9,163	5,126
Foreign currency translation	-	1,081	-	1,081
At 31 December 2013	279	(3,235)	9,163	6,207
At 1 January 2012 (Restated)	279	(3,818)	-	(3,539)
Foreign currency translation	-	(498)	-	(498)
Redemption of redeemable preference shares	-	-	9,163	9,163
At 31 December 2012	279	(4,316)	9,163	5,126

34. 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 the prior year by a subsidiary in accordance with Section 61(5) of Companies Act, 1965.

35. 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 dividends 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 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM60,126,000 out of its retained earnings. The balance of the retained earnings as at 31 December 2012 and the entire retained earnings as at 31 December 2013 may be distributed as dividends under the single tier system.

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FOR THE YEAR ENDED 31 DECEMBER 2013

36. REDEEMABLE PREFERENCE SHARES ("RPS")

	Group			
	Number of RPS of RM1 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
At 1 January	-	7,496	-	7,038
Accretion of RPS (Note 7)	-	-	-	97
Loss on early redemption of RPS (Note 7)	-	-	-	361
Redemption of RPS	-	(7,496)	-	(7,496)
31 December (Note 27)	-	-	-	-

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. In prior year, RMSB had fully redeemed the RPS out of profit at RM1.00 each.

37. NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES

	Group	
	2013 RM'000	2012 RM'000
Cash flows from operating activities		
Profit before tax	105,703	198,598
Adjustments for:		
Depreciation of property, plant and equipment	13,944	16,067
Amortisation of intangible assets	53	477
Amortisation of prepaid land lease payments	87	88
Property, plant and equipment written off	501	484
Defined benefit obligations (Note 8)	(760)	855
Provisions	11	12
Impairment on plant and equipment	2,599	-
Impairment on financial assets:		
- Trade and other receivables	4,661	804
Reversal of impairment on financial assets:		
- Trade and other receivables	(1,590)	(15,706)
Interest income	(8,199)	(8,302)
Write-down of inventories	(44)	103
Net unrealised foreign exchange loss	-	(218)
Loss on disposal of plant and equipment	46	147
Interest expense on:		
- RSLs	-	3,306
- Loan from shareholder of a subsidiary	36	38
- Hire purchase	2	5
- Bank borrowings	21	21
Accretion of RPS	-	97
Loss on early redemption of RPS	-	361
Loss on disposal of a subsidiary	82	-
Bad debts written off	279	52
Fair value gain on initial recognition of financial liabilities	(922)	-
Share of profit in associates	(1,394)	(1,206)
Operating profit before working capital changes		
balance brought forward	115,116	196,083

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

37. NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (CONTD.)

	Group	
	2013 RM'000	2012 RM'000
Operating profit before working capital changes balance carried forward	115,116	196,083
(Increase)/decrease in property development costs	(21,678)	30,008
Increase in land held for property development	(4)	(9)
Decrease/(increase) in inventories	11,482	(18,292)
Decrease in receivables	205,858	100,188
Decrease in amount due from customer on contracts	-	57,842
Decrease in retirement benefit obligations	1,109	441
Decrease in payables	(66,795)	(42,604)
Cash generated from operations	245,088	323,657
Interest paid	(59)	(4,833)
Taxes paid	(38,161)	(59,077)
Net cash flows generated from operating activities	206,868	259,747

37. NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (CONTD.)

	Company	
	2013	2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	47,954	115,994
Adjustments for:		
Depreciation of property, plant and equipment	466	498
Amortisation of intangible assets	26	34
Impairment on financial assets:		
– Trade and other receivables	2,877	9,373
Reversal of impairment on financial assets:		
– Trade and other receivables	-	(14,893)
Interest income	(951)	(2,307)
Amounts due from subsidiaries written off	-	2
Impairment on investment in subsidiary	-	150
Loss on disposal of plant and equipment	14	-
Dividend income received from subsidiaries	(60,825)	(122,654)
Interest expense on RSLs	-	3,306
Operating loss before working capital changes	(10,439)	(10,497)
(Increase)/decrease in receivables	(2,802)	309
Increase/(decrease) in payables	2,341	(101)
Cash used in operations balances brought forward	(10,900)	(10,289)
Interest paid	-	(4,769)
Taxes paid	(457)	(378)
Net cash flows used in operating activities	(11,357)	(15,436)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Future minimum rental payable of premises:				
Not later than 1 year	3,352	1,378	2,705	643
Later than 1 year and not later than 2 years	2,794	–	2,762	–
Later than 2 years and not later than 5 years	2,993	–	2,993	–
	9,139	1,378	8,460	643
Future minimum rental payable of equipment:				
Not later than 1 year	352	131	59	59
Later than 1 year and not later than 2 years	72	42	59	–
Later than 2 years and not later than 5 years	66	9	59	–
	490	182	177	59

39. CAPITAL COMMITMENTS

	Group	
	2013 RM'000	2012 RM'000
Capital expenditure		
Approved and contracted for: Purchase of property, plant and equipment	6,615	2,253
Approved but not contracted for: Purchase of property, plant and equipment	47	5,894

40. CONTINGENT LIABILITIES

	Group	
	2013 RM'000	2012 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 27(a))	29,650	30,163
Performance bond to Western Region Municipality of Abu Dhabi for Facilities Management Services in Abu Dhabi	7,494	11,550
Bank guarantee issued to authorities	1,764	2,800
Total	38,908	44,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income received/receivable from				
Management fees from subsidiaries	-	-	(7,800)	(7,080)
Management fees from a substantial shareholder	-	(1,144)	-	-
Facilities management fees received from:				
- corporate shareholder of a subsidiary	-	(343)	-	-
- related companies	(9,950)	(10,159)	-	-
Expenses paid/payable to				
Management fee expense from a related company	216	216	216	216
Interest paid/payable to non-controlling shareholder of a subsidiary	-	38	-	-
Rendering of services				
- Immediate holding company	386	698	151	193
- Related companies	3,673	4,065	-	-
- non-controlling shareholder of a subsidiary	7,344	6,902	-	-
Rental paid to a non-controlling shareholder of a subsidiary	202	202	-	-
Rental paid to a substantial shareholder	694	1,773	384	643

41. RELATED PARTY DISCLOSURES (CONTD.)

(b) Compensation of key management personnel

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term employee benefits	4,957	5,880	2,808	2,491
Contributions to defined contribution plans	480	548	262	195
	5,437	6,428	3,070	2,686

Included in total key management personnel compensation are:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors' remuneration (Note 9)	3,199	4,428	1,900	1,982

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

42. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at amortised cost. The principal accounting policies in Note 2.4 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:

2013 Group	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Assets			
Other investments (Note 19)	-	272	272
Trade receivables, net (Note 21)	151,807	-	151,807
Other receivables, net (Note 21)	5,631	-	5,631
Cash and cash equivalents (Note 24)	466,878	-	466,878
Total financial assets	624,316	272	624,588
Total non financial assets			242,794
Total assets			867,382

2013 Group	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities		
Trade and other payables (Note 31)	250,469	250,469
Borrowings (Note 27)	176	176
Total financial liabilities	250,645	250,645
Total non financial liabilities		8,483
Total liabilities		259,128

42. FINANCIAL INSTRUMENTS (CONTD.)

2012 Group	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Assets			
Other investments (Note 19)	-	272	272
Trade receivables, net (Note 21)	322,260	-	322,260
Other receivables, net (Note 21)	7,012	-	7,012
Cash and cash equivalents (Note 24)	339,583	-	339,583
Total financial assets	668,855	272	669,127
Total non financial assets			280,589
Total assets			949,716
Liabilities			
		Financial liabilities at amortised cost RM'000	Total RM'000
Trade and other payables (Note 21)		317,665	317,665
Borrowings (Note 27)		726	726
Total financial liabilities		318,391	318,391
Total non financial liabilities			13,268
Total liabilities			331,659

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FOR THE YEAR ENDED 31 DECEMBER 2013

42. FINANCIAL INSTRUMENTS (CONTD.)

2013 Company	Available- for-sale RM'000	Loans and receivables RM'000	Total RM'000
Assets			
Other investments (Note 19)	272	-	272
Other receivables, net (Note 21)	-	6,480	6,480
Cash and cash equivalents (Note 24)	-	53,002	53,002
Total financial assets	272	59,482	59,754
Total non financial assets			150,979
Total assets			210,733

2013 Company	Financial liabilities at amortised cost RM'000	Total RM'000
Liabilities		
Other payables (Note 31)	5,082	5,082
Total financial liabilities	5,082	5,082
Total non financial liabilities		-
Total liabilities		5,082

42. FINANCIAL INSTRUMENTS (CONTD.)

2012 Company	Available- for-sale RM'000	Loans and receivables RM'000	Total RM'000
Assets			
Other investments (Note 19)	272	–	272
Other receivables, net (Note 21)	–	7,424	7,424
Cash and cash equivalents (Note 24)	–	29,781	29,781
Total financial assets	272	37,205	37,477
Total non financial assets			149,808
Total assets			187,285
Liabilities			
2012 Company			
Liabilities			
Other payables (Note 31)		2,741	2,741
Total financial liabilities		2,741	2,741
Total non financial liabilities			369
Total liabilities			3,110

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Credit risk (contd.)

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:

	2013		2012	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	106,664	70	229,528	64
United Arab Emirates	43,226	29	90,832	34
India	1,917	1	1,900	2
	151,807	100	322,260	100

As at 31 December 2013, the concentration of credit risk in the form of outstanding balances is mainly due to two (2012: two) customers representing approximately 76% (2012: 74%) of the total Group's net trade receivables.

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 21. 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 21.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

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.

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.

2013 Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Financial liabilities:			
Trade and other payables	245,589	4,880	250,469
Loans and borrowings:			
– Loan from a corporate shareholder of a subsidiary (Note 27(b))	176	–	176
Total undiscounted financial liabilities	245,765	4,880	250,645
2012 Group			
Financial liabilities:			
Trade and other payables	317,665	–	317,665
Loans and borrowings:			
– Hire purchase (Note 28)	40	13	53
– Loan from a corporate shareholder of a subsidiary (Note 27(b))	675	–	675
Total undiscounted financial liabilities	318,380	13	318,393

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

2013 Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Financial liabilities:			
Trade and other payables	5,082	-	5,082
Total undiscounted financial liabilities	5,082	-	5,082
2012 Company			
Financial liabilities:			
Trade and other payables	2,741	-	2,741
Total undiscounted financial liabilities	2,741	-	2,741

(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 RM23,253,000 (2012: RM32,598,000) and nil (2012: RM32,000) 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.

At the reporting date, the Group and the Company have no unhedged financial instrument that is not denominated in their functional currencies. Accordingly, no sensitivity analysis is prepared.

NOTES TO THE FINANCIAL STATEMENTS

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(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

All interest financial instruments of the Group and of the Company are fixed rate instruments, except for loan from a corporate shareholder of a subsidiary.

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the interest rate at the reporting date.

This analysis assumes that all other variables, in particular foreign currency rate, remain constant. Based on the analysis, there is no material impact to the Group's profit net of tax.

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 of 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 2013						
Group						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	3.07	363,687	-	-	363,687
Floating rate						
Loan from a corporate shareholder of a subsidiary	27	8.05	(176)	-	-	(176)
Company						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	3.25	51,688	-	-	51,688

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2012						
Group						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	3.40	160,472	–	–	160,472
Hire purchase liabilities	28	6.35	(38)	(13)	–	(51)
Floating rate						
Loan from a corporate shareholder of a subsidiary	27	8.05	(675)	–	–	(675)
Company						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	3.40	28,906	–	–	28,906
At 31 December 2011						
Group						
Fixed rate						
Deposits with licensed banks and other financial institutions	24	3.35	206,904	–	–	206,904
RSLS	27	4.00	(145,053)	–	–	(145,053)
RPS	36	5.00	–	–	(7,038)	(7,038)
Hire purchase liabilities	28	6.98	(69)	(51)	–	(120)
Floating rate						
Loan from a corporate shareholder of a subsidiary	27	8.05	–	(986)	–	(986)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Interest rate risk (contd.)

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 of the Company that are not included in the above tables are not subject to interest rate risks.

(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

The Group and the Company has no financial assets and financial liabilities that are measured at fair value.

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 2013 and 31 December 2012.

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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 includes provision of hospital support services to customers 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 four 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.
- (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 2013	Notes	Integrated Facilities Management			Others RM'000	Elimination RM'000	Group RM'000
		Properties RM'000	Concession RM'000	Non- Concession RM'000			
Revenue							
External sales		34,385	617,847	37,676	-	-	689,908
Inter-segment sales	A	-	-	-	93,105	(93,105)	-
Total revenue		34,385	617,847	37,676	93,105	(93,105)	689,908
Results							
Segment results		8,813	91,182	19,300	72,464	(87,391)	104,368
Finance costs		-	(58)	(702)	-	701	(59)
Share of results of associates		-	-	1,394	-	-	1,394
Profit/(loss) before tax		8,813	91,124	19,992	72,464	(86,690)	105,703
Income tax expense		(2,341)	(23,492)	(1,642)	754	-	(26,721)
Profit/(loss) net of tax		6,472	67,632	18,350	73,218	(86,690)	78,982
Assets							
Segment assets	B	302,146	394,486	86,509	87,722	(3,481)	867,382
Liabilities							
Segment liabilities	B	59,215	132,818	76,056	7,240	(16,201)	259,128
Other segment information							
Capital expenditure	C	63	3,426	34	182	-	3,705
Investments in associates		-	80	4,451	-	-	4,531
Interest income		(3,823)	(3,398)	(24)	(954)	-	(8,199)
Fair value gain on initial recognition of financial liabilities		(922)	-	-	-	-	(922)
Loss on disposal of a subsidiary		-	82	-	-	-	82
Impairment of plant and equipment (Note 13)		-	2,599	-	-	-	2,599
Depreciation (Note 7)		109	13,289	80	466	-	13,944
Amortisation	D	2	107	5	26	-	140
Non cash expenses/(income) other than depreciation, amortisation and interest	E	145	(291)	2,995	343	-	3,192

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SEGMENT INFORMATION (CONTD.)

At 31 December 2012	Notes	Properties RM'000	Integrated Facilities Management		Others RM'000	Elimination RM'000	Group RM'000
			Concession RM'000	Non- Concession RM'000			
Revenue							
External sales		222,322	577,687	56,787	-	-	856,796
Inter-segment sales	A	-	-	-	178,694	(178,694)	-
Total revenue		222,322	577,687	56,787	178,694	(178,694)	856,796
Results							
Segment results		82,618	90,619	36,191	168,684	(177,350)	200,762
Share of results of associate		-	(64)	(405)	(3,305)	404	(3,370)
Finance costs		-	-	1,206	-	-	1,206
Profit/(loss) before tax		82,618	90,555	36,992	165,379	(176,946)	198,598
Income tax expense		(21,393)	(28,933)	(1,828)	1,024	-	(51,130)
Profit/(loss) net of tax		61,225	61,622	35,164	166,403	(176,946)	147,468
Assets							
Segment assets	B	349,560	399,478	141,361	72,308	(12,991)	949,716
Liabilities							
Segment liabilities	B	83,086	137,768	131,853	5,276	(26,324)	331,659
Other segment information							
Capital expenditure	C	30	4,541	53	165	-	4,789
Investments in associates		-	-	2,268	-	-	2,268
Interest income		(3,080)	(2,811)	(97)	(2,365)	-	(8,353)
Depreciation (Note 7)		117	15,048	404	498	-	16,067
Amortisation	D	3	523	5	34	-	565
Non cash expenses/(income) other than depreciation, amortisation and interest	E	469	1,458	(13,771)	8,253	(9,373)	(12,964)

45. SEGMENT INFORMATION (CONTD.)

At 31 December 2011	Notes	Properties RM'000	Integrated Facilities Management		Others RM'000	Elimination RM'000	Group RM'000
			Concession RM'000	Non- Concession RM'000			
Assets							
Segment assets	B	282,639	435,620	242,210	187,555	(53,902)	1,094,122
Liabilities							
Segment liabilities	B	72,390	152,265	213,540	167,564	(72,568)	533,191
Other segment information							
Capital expenditure	C	58	24,333	128	899	-	25,418
Investments in associates		-	-	1,074	-	-	1,074

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:

	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Inter-segment assets	(3,481)	(12,991)	(53,902)

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Inter-segment liabilities	(16,201)	(26,324)	(72,568)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

45. SEGMENT INFORMATION (CONTD.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (contd.)

C Capital expenditure consist of:

	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Property, plant and equipment	3,684	4,776	25,359
Intangible assets – software	21	13	59
	3,705	4,789	25,418

D Amortisation consist of:

	2013 RM'000	2012 RM'000
Prepaid land lease payments	87	88
Intangible assets	53	477
	140	565

45. SEGMENT INFORMATION (CONTD.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (contd.)

E Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2013 RM'000	2012 RM'000
Net unrealised foreign exchange gain	7	-	(218)
Accretion of RPS	7	-	97
Loss on early redemption of RPS	7	-	361
Provisions	7	11	12
Loss/(gain) on disposal of plant and equipment	7	46	192
Property, plant and equipment written off	7	501	484
Impairment on financial assets:			
- Trade and other receivables			
- Non-current	7	2,902	-
- Current	7	1,759	804
Reversal of impairment on financial assets:			
- Trade and other receivables	7	(1,590)	(15,706)
Bad debts written off	7	279	52
Reversal of write-down of inventories	7	(44)	103
Defined benefit obligations	8	(760)	855
		3,104	(12,964)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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	
	2013 RM'000	2012 RM'000
Malaysia	680,555	822,126
United Arab Emirates	9,050	31,663
India	303	3,007
Consolidated	689,908	856,796

	<----- Non-current assets ----->		
	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Malaysia	99,041	113,951	124,782
United Arab Emirates	23	164	505
India	109	62	206
Consolidated	99,173	114,177	125,493

Non-current assets information presented above consist of the followings items as presented in the consolidated statement of financial position:

	2013 RM'000	2012 RM'000	1 January 2012 RM'000
Property, plant and equipment	62,794	79,946	91,913
Land held for property development	1,115	1,111	1,102
Prepaid land lease payments	3,411	3,498	3,586
Intangible assets	27,050	27,082	27,546
Investment in associates	4,531	2,268	1,074
Other investments	272	272	272
	99,173	114,177	125,493

Information about major customers

Revenue from a major customer amounted to RM617,847,000 (2012: RM577,687,000) arising from sales by the integrated facilities management – concession segment.

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		Principal activities
			2013 %	2012 %	
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	In members' liquidation
Renown Alliance Sdn. Bhd.	Malaysia	2	100	100	Investment holding
Faber Haulage Sdn. Bhd.	Malaysia	610,002	-	100	Liquidated in current year
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

46. SUBSIDIARIES (CONTD.)

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital RM	Proportion of ownership interest and voting power		Principal activities
			2013 %	2012 %	
Held by the Company (contd.):					
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	Liquidated in current year
Held by Faber Healthcare Management Sdn. Bhd.:					
Sehat Technologies Sdn. Bhd.	Malaysia	500,000	51	51	In members' liquidation
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	Provision of laundry processing activities

46. SUBSIDIARIES (CONTD.)

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital RM	Proportion of ownership interest and voting power		Principal activities
			2013 %	2012 %	
Held by Faber Medi-Serve Sdn. Bhd. (contd.):					
Fresh Linen Services (Sabah) Sdn. Bhd.	Malaysia	3,000,000	60	60	Provision of laundry processing activities
FMS Services Sabah Sdn. Bhd. (formerly known as Segi Operasi Sdn. Bhd.)	Malaysia	100,000	100	–	Investment holding
FMS Services Sarawak Sdn. Bhd. (formerly known as Segi Kirana Sdn. Bhd.)	Malaysia	100,000	100	–	Investment holding
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
Country View Development Sdn. Bhd.	Malaysia	11,200,000	100	100	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

46. SUBSIDIARIES (CONTD.)

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital RM	Proportion of ownership interest and voting power		Principal activities
			2013 %	2012 %	
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	Rs3,57,10,770	100	100	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	Liquidated in current year
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.; and
- (ii) Merlin Tower Hotel Sdn. Bhd..

Mr. Heng Ji Keng and Mr. Michael Joseph Monteiro of Messrs Ferrier Hodgson MH Sdn. Bhd. of 22-M, Monteiro & Heng Chambers, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur have been appointed as Liquidators. The MVL is undertaken to rationalise and streamline the structure of the Group.

Faber Haulage Sdn. Bhd. and Merlin Tower Hotel Sdn. Bhd, had, on 27 May 2013, held their Final Meeting to conclude the MVL. The lodgement of the Returns relating to the Final Meetings and the Liquidators' Account of Receipts and Payment with the Companies Commission of Malaysia and the Official Receiver respectively had been completed.

The liquidation of Faber Haulage Sdn. Bhd. and Merlin Tower Hotel Sdn. Bhd. did not give rise to any financial impact to the Group and the Company.

- (b) On 12 December 2012, Jiwa Unik Sdn. Bhd. ("JUSB"), an indirect 51% owned subsidiary of FGB, submitted an application to the Companies Commission of Malaysia to strike off the name of JUSB from the register pursuant to Section 308 of the Companies Act, 1965.

JUSB is currently awaiting the approval from the Companies Commission of Malaysia for the proposed strike off.

- (c) On 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.

The liquidation of IQSB did not give rise to any financial impact to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

47. SIGNIFICANT EVENTS (CONTD.)

- (d) On 26 October 2009, Faber Medi-Serve Sdn. Bhd. ("FMS") had submitted a Letter of Intent to the Ministry of Health ("MOH") to extend the CA which will be expiring on 28 October 2011, as per the terms of the Concession Agreement ("CA"). 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.

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;

47. SIGNIFICANT EVENTS (CONTD.)

(d) (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.

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

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..

During the year, FMS had attended various discussions and negotiations with MOH in relation to the new technical and operational requirements pursuant to the new CA. The negotiation is still ongoing. Management believe that the new CA will be signed in due course.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

47. SIGNIFICANT EVENTS (CONTD.)

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

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

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

The MVL is not completed at the date of the financial statements.

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

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

On 6 September 2013, the Board had accepted UEM's offer for the Company to participate in the Proposals subject to, amongst others, the signing of definitive agreements based on mutually acceptable terms, satisfactory and complete due diligence, corporate and shareholders' approvals, third party approvals and all governmental and regulatory approvals required under applicable laws and regulations.

At the date of the financial statements, the due diligence relating to the proposals is still in progress.

- (g) On 20 November 2013, TC Parking Sdn. Bhd. ("TCP"), a wholly-owned subsidiary of FGB had been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965.

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

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

The MVL is not completed at the date of the financial statements.

47. SIGNIFICANT EVENTS (CONTD.)

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

The Disposal was completed on 26 December 2013 and accordingly FLS Sarawak ceased to be a subsidiary of FMS.

- (i) 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.

On 10 June 2013, FMS and SMS Kg. Likas had via a letter dated 10 June 2013 agreed to extend the SA dated 19 September 2008 with retrospective effect from 28 April 2013 for a period of 6 months until 27 October 2013 on the same terms and conditions as set out in the SA.

On 5 December 2013, FMS and SMS Kg. Likas had via a letter dated 5 December 2013 agreed to extend the SA dated 19 September 2008 with retrospective effect from 28 October 2013 for a period of 6 months until 30 April 2014 on the same terms and conditions as set out in the SA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

48. 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.

The hearing of the appeal by the Defendant to the Appeal Court which was fixed on 18 February 2014 had been adjourned to 7 May 2014.

- (b) 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.

48. MATERIAL LITIGATIONS (CONTD.)

- (b) Sweet Home Technical Works Limited Liability Company ("Claimant") vs. Faber Limited Liability Company ("Faber LLC") (contd.)

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.

On 16 December 2013, the Abu Dhabi Cassation Court rejected Faber LLC's appeal and confirmed the Al Dhafra Court's decision. The Claimant had also filed an additional claim of AED2,000,000. On 7 January 2014, Faber LLC filed the supporting documents for the counter claim amounting to AED8,534,028 and the Claimant had filed their rejoinder to Faber LLC's claim. A hearing on the matter was held on 29 January 2014, and the Court had adjourned the judgment to a later date to be decided by the Court.

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

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

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

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

During the case management held on 3 March 2014, the parties recorded a Consent Judgment on the following terms:-

- (a) JPS is to pay RM1,300,000 to RMSB as full and final settlement of the suit with no order as to costs; and
- (b) RMSB is to withdraw the claim against Tesonic with no liberty to file afresh and with no order as to costs.

In view of the above, the Court directed that the hearing dates of 3 and 4 June 2014 be vacated and all experts reports filed in Court thus far be returned to the parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

48. MATERIAL LITIGATIONS (CONTD.)

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

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

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

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

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

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

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

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

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

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

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

49. 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 2013 and 31 December 2012 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
– Realised	310,663	266,756	114,901	93,683
– Unrealised	225	(7,945)	-	(258)
Consolidation adjustments	310,888 144,734	258,811 163,370	114,901 -	93,425 -
Retained earnings as per financial statements	455,622	422,181	114,901	93,425

ANALYSIS OF SHAREHOLDINGS

DISTRIBUTION TABLE ACCORDING TO NUMBER OF SHARES HELD AS AT 6 MAY 2014

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 : 16,574
 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	1,015	6.12	38,481	0.01
100 to 1,000	11,857	71.54	4,278,917	1.18
1,001 to 10,000	3,016	18.20	11,280,288	3.11
10,001 to 100,000	497	3.00	15,897,426	4.38
100,001 to 18,150,051*	187	1.13	165,758,973	45.66
18,150,052 and above**	2	0.01	165,746,968	45.66
Total	16,574	100.00	363,001,053	100.00

Notes:

* Less Than 5% of Issued Holdings

** 5% And Above of Issued Holdings

LIST OF TOP 30 SHAREHOLDERS AS AT 6 MAY 2014

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	UEM Group Berhad	116,272,268	32.03
2.	Lembaga Tabung Haji	49,474,700	13.63
3.	Amanahraya Trustees Berhad Public Smallcap Fund	14,388,000	3.96
4.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Itikaf Fund (N14011970240)	10,700,000	2.95
5.	UEM Group Berhad	8,195,657	2.26
6.	AMSEC Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	7,657,900	2.11
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (HDBS)	6,970,600	1.92
8.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Tan Ju Hong	5,067,800	1.40
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB Prin)	5,026,100	1.38
10.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Market Value Fund	4,005,100	1.10

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
11.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang Select Opportunity Fund (3969)	3,946,400	1.09
12.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for MAAKL-HW Flexi Fund (270519)	3,554,300	0.98
13.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JP Morgan Chase Bank, National Association (Norges BK Lend)	3,277,000	0.90
14.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited (Client A/C-NR)	3,266,057	0.90
15.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Telstra Superannuation Scheme	3,074,300	0.85
16.	HSBC Nominees (Asing) Sdn Bhd Exempt an for the Bank of New York Mellon (Mellon Acct)	3,009,300	0.83
17.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	2,504,000	0.69
18.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for RHB-OSK Capital Fund (200189)	2,300,000	0.63
19.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for CIMB-Principal Equity Fund 2	2,256,100	0.62
20.	CIMB Group Nominees (Tempatan) Sdn Bhd AMTrustee Berhad for CIMB Islamic Dali Equity Theme Fund	2,071,300	0.57
21.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (Hwang 6939-403)	2,067,100	0.57
22.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Hwang Ai Iman Growth Fund (4207)	1,945,000	0.54
23.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,767,200	0.49
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Market Core Equity Portfolio DFA Investments Dimensions Group Inc	1,659,300	0.46
25.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Pacific Dana Aman (3717TRO1)	1,571,800	0.43
26.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)	1,547,100	0.43
27.	Citigroup Nominees (Tempatan) Sdn Bhd Bank Negara Malaysia National Trust Fund (CIMB)	1,491,600	0.41
28.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for CIMB-Principal Balance Income Fund	1,359,500	0.37
29.	AMSEC Nominees (Tempatan) Sdn Bhd AMTrustee Berhad for Pacific Dividend Fund (UT-PM-DIV)	1,299,800	0.36
30.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (U.S.A)	1,285,915	0.35
	Total	273,011,197	75.21

ANALYSIS OF SHAREHOLDINGS

DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Ikmal Hijaz bin Hashim	–	–	–	–
Azmir Merican bin Azmi Merican	–	–	–	–
Datuk Ir. Abdullah Sani bin Abd Karim	–	–	–	–
Dato' Mohd Izzaddin bin Idris	–	–	–	–
Robert Tan Bun Poo	–	–	–	–
Dr. Saman @ Saimy bin Ismail	–	–	–	–
Elakumari a/p Kantilal	–	–	–	–
Adnan bin Mohammad (Early release from contract as Managing Director on 31 January 2014)	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

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	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	50,893,700	14.02	–	–

[#] 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	Land Tenure (Expiry Date)	Building Approx. Age (Years)	Net Book Value (Land) as at 31.12.2013 (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)	18	1,209	31.12.2013
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 (26.3.2056)	11	878	31.12.2013
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)	9	428	31.12.2013
Lot 10486, Seksyen 20 Serendah, Ulu Selangor Selangor Darul Ehsan	Laundry plant with administration block and ancillary facilities	1.47 acres	5,945.2	Laundry plant	Freehold	3	1,160	31.12.2013
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)	5	897	31.12.2013
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)	-	1,114	2013
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

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2013.

SHARE BUY-BACKS

There were no share buy-backs during the financial year ended 31 December 2013.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2013.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme for the financial year ended 31 December 2013.

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 2013.

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 2013 amounted to RM30,000.00.

VARIATION IN RESULTS

There was no material variation between the audited results for the financial year ended 31 December 2013 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 2013.

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 50th Annual General Meeting held on 25 June 2013 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 3 June 2013 ("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 2013 are disclosed as follows:-

The RRPT entered into by FGB Group 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	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Khazanah is a major shareholder of PLUS Malaysia by virtue of its 51% indirect interest in PLUS Malaysia held through UEMG.</p> <p>FGB is a 34.29% associate of UEMG.</p> <p>Dato' Mohd Izzaddin bin Idris is a Director of FGB and PLUS Malaysia.</p> <p>Dato' Mohd Izzaddin bin Idris does not have any equity interest in PLUS Malaysia.</p>	2,514,697

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 Sunrise Berhad (Formerly known as UEM Land Holdings Berhad) and its subsidiary companies ("UEM Sunrise Group")	Provision of facilities maintenance services to UEM Sunrise Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>UEM Sunrise is a 64.9% subsidiary of UEMG.</p> <p>FGB is a 34.29% associate of UEMG.</p> <p>Dato' Mohd Izzaddin bin Idris is a Director of FGB and UEM Sunrise.</p> <p>Dato' Mohd Izzaddin bin Idris does not have any equity interest in UEM Sunrise.</p>	5,432,319
3.	FGB Group	Opus Group Berhad ("Opus") and its subsidiary companies ("Opus Group")	Provision of facilities maintenance services to Opus Group	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Opus is a 100% subsidiary of UEMG.</p> <p>FGB is a 34.29% associate of UEMG.</p> <p>Dato' Mohd Izzaddin bin Idris and Encik Azmir Merican bin Azmi Merican are Directors of FGB and Opus.</p> <p>Dato' Mohd Izzaddin bin Idris and Encik Azmir Merican bin Azmi Merican do not have any equity interest in Opus.</p>	1,560,942

No.	FGB or its subsidiaries	Related Party	Nature of Recurrent Transaction	Nature of Relationship	Aggregate Value of Transactions (RM)
4.	FGB Group's property development companies	Any Related Party who may wish to purchase properties developed by FGB Group's property development companies	Sale of property units by FGB Group's property development companies	<p>All Directors and Major Shareholders of FGB are interested in this transaction.</p> <p>All Directors and Major Shareholders of FGB will abstain and ensure that all persons connected to them will abstain from voting on the relevant resolution.</p> <p>All Directors of FGB do not have any direct and/or indirect shareholding in FGB.</p> <p>Khazanah and UEMG are Major Shareholders' of FGB.</p> <p>UEMG holds 34.29% direct shareholding in FGB.</p> <p>Khazanah holds 34.29% indirect shareholding in FGB.</p> <p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p>	3,905,200

RECURRENT RELATED PARTY TRANSACTIONS

No.	FGB or its subsidiaries	Related Party	Nature of Recurrent Transaction	Nature of Relationship	Aggregate Value of Transactions (RM)
5.	FMS Group 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	<p>Simfoni Dua was a major shareholder of Fresh Linen Services (Sarawak) Sdn Bhd ("FLSWK") holding 45% of the equity interest in FLSWK.</p> <p>FLSWK was a 55% subsidiary of FMS.</p> <p>Abang Ismawi bin Abang Ali and Busrah bin Bujang were Directors of Simfoni Dua and FLSWK.</p> <p>Simfoni Dua, Abang Ismawi bin Abang Ali and Busrah bin Bujang do not have any direct or indirect shareholdings in FGB.</p> <p>FMS disposed of FLSWK on 26 December 2013.</p>	2,525,119
6.	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	<p>SMS Likas is a major shareholder of Fresh Linen Services (Sabah) Sdn Bhd ("FLSBH") holding 40% of the equity interest in FLSBH.</p> <p>FLSBH is a 60% subsidiary of FMS.</p> <p>Zohari bin Mahur is a Director of SMS Likas and FLSBH.</p>	4,570,850
7.	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	<p>Khazanah is the holding company of UEMG by virtue of its 100% interest in UEMG.</p> <p>Apollo Hospitals is an 11.2% associate of IHH Healthcare Berhad, which in turn is a 45.68% associate of Khazanah.</p> <p>FGB is a 34.29% associate of UEMG.</p>	33,182,785

NOTICE OF THE 51ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 51st Annual General Meeting of Faber Group Berhad (“FGB” or “the Company”) will be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 26 June 2014** at **12.30 p.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 2013 together with the Directors’ and Auditors’ reports therein.
2. To declare a single tier final dividend of 10 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2013.
3. To approve the Directors’ fees and the payment thereof to the Directors in respect of the financial year ending 31 December 2014, to be payable on a quarterly basis, in arrears.
4. To re-elect the following Directors who are retiring in accordance with Article 66 of the Company’s Articles of Association and being eligible, offer themselves for re-election:-
 - Elakumari a/p Kantilal
 - Azmir Merican bin Azmi Merican
5. 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 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

NOTICE OF THE 51ST ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

6. 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 6

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional 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 and new mandate for additional recurrent related party transactions of a revenue or trading nature as specified in Section 2.1.3 of the Circular to Shareholders dated 4 June 2014, which transactions are necessary for the day-to-day operations in the ordinary course of business of 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 7

8. To transact any other business for which due notice shall have been given.

NOTICE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 51st Annual General Meeting of the Company, a single tier final dividend of 10 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2013 will be paid on 22 July 2014 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 8 July 2014.

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 8 July 2014 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

SHEIKH AZREE MOKHTAR (LS0008368)

Company Secretary

Kuala Lumpur
4 June 2014

NOTICE OF THE 51ST ANNUAL GENERAL MEETING

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 51ST ANNUAL GENERAL MEETING

The Directors retiring at the 51st Annual General Meeting are as follows:-

In accordance with Article 66 of the Company's Articles of Association:-

- Dato' Ikmal Hijaz bin Hashim
- Elakumari a/p Kantilal
- Azmir Merican bin Azmi Merican

Dato' Ikmal Hijaz bin Hashim has expressed his intention not to seek for re-election at the 51st Annual General Meeting.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the 51st 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 19 June 2014. Only a depositor whose name appears on the Record of Depositors as at 19 June 2014 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 6 – 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 50th Annual General Meeting ("AGM") held on 25 June 2013. The Company did not issue any new shares pursuant to this general mandate as at the date of this notice.

The proposed Ordinary Resolution 6 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 6, 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.

As 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 51st 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 7 – PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED NEW MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders dated 4 June 2014, which is despatched together with the Company's 2013 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF THE 51ST ANNUAL GENERAL MEETING

(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)

There is no individual seeking for re-election as a Director at the forthcoming 51st AGM.

PROXY FORM



A member of **UEM**

FABER GROUP BERHAD
Incorporated in Malaysia
(Company No. 5067-M)

Total number of Proxy(ies) appointed		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total number of ordinary share(s) held		

*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 51st Annual General Meeting of the Company to be held at the **Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 26 June 2014** at **12.30 p.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 single tier final dividend of 10 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2013.		
Ordinary Resolution 2	To approve the Directors' fees and the payment thereof to the Directors in respect of the financial year ending 31 December 2014, to be payable on a quarterly basis, in arrears.		
Ordinary Resolution 3	To re-elect Elakumari a/p Kantilal as Director of the Company.		
Ordinary Resolution 4	To re-elect Azmir Merican bin Azmi Merican as Director of the Company.		
Ordinary Resolution 5	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 6	To approve the Authority to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Mandate For Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.		

**Strike out whichever not applicable*

Dated this _____ day of _____, 2014

Signature of Shareholder(s)

COMMON
SEAL

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.

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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
Level 6, Menara UEM,
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 6699
www.fabergroup.com.my

INTEGRATED FACILITIES MANAGEMENT DIVISION

CONCESSION

FABER MEDI-SERVE SDN. BHD.
Level 6, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 7265

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)
Metro Town, Block D
Tingkat 2, Unit No. D-2-4
Jalan Bunga Ulam Raja
Off Tuaran Road
88300 Kota Kinabalu, Sabah
Tel : +60 88 393 377
Fax : +60 88 393 315

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 (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.
Level 3A, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 6699

FABER FACILITIES MANAGEMENT SDN. BHD.

Level 3A, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 6699

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.

Level 2, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 6670

FABER UNION SDN. BHD.

Level 2, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 6676

RIMBUNAN MELATI SDN. BHD.

Level 2, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 6676

FABER GRANDVIEW DEVELOPMENT (SABAH) SDN. BHD.

Level 2, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60 3 2725 6666
Fax : +60 3 2725 6676

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

www.fabergroup.com.my

FABER GROUP BERHAD

Level 6, Menara UEM

Tower 1, Avenue 7

The Horizon, Bangsar South City

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel: 603 2725 6666

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