FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
			31/3/2010	**31/3/2009**	**31/3/2010**	**31/3/2009**
			RM'000	RM'000	RM'000	RM'000
1	(a)	**Revenue**	**183,987**	**140,926**	**183,987**	**140,926**
	(b)	Cost of sales	(130,481)	(100,562)	(130,481)	(100,562)
	(c)	Gross profit	53,506	40,364	53,506	40,364
	(d)	Other income	1,504	1,580	1,504	1,580
	(e)	Expenses	(23,942)	(21,176)	(23,942)	(21,176)
	(f)	Finance costs	(1,643)	(1,564)	(1,643)	(1,564)
	(g)	Depreciation and amortization	(5,552)	(5,137)	(5,552)	(5,137)
	(h)	**Profit before income tax**	**23,873**	**14,067**	**23,873**	**14,067**
	(i)	Income tax	(4,725)	(4,803)	(4,725)	(4,803)
	(j)	**Profit for the period**	**19,148**	**9,264**	**19,148**	**9,264**
		Attributable to:				
	(k)	Owners of the Parent	14,394	7,266	14,394	7,266
	(l)	Non-controlling interests	4,754	1,998	4,754	1,998
		Profit for the period	**19,148**	**9,264**	**19,148**	**9,264**
2.		**Earnings per share based on 1(k) above:-**				
		Basic (based on 2010: 363,001,053 ; 2009: 363,001,053 ordinary shares)	3.97 sen	2.00 sen	3.97 sen	2.00 sen

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2010	**31/3/2009**	**31/3/2010**	**31/3/2009**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	19,148	9,264	19,148	9,264
Foreign currency translation differences for foreign operations	(1,958)	(56)	(1,958)	(56)
Other comprehensive income for the period, net of tax	(1,958)	(56)	(1,958)	(56)
Total comprehensive income for the period	17,190	9,208	17,190	9,208
Attributable to:				
Owners of the Parent	12,944	7,210	12,944	7,210
Non-controlling interests	4,246	1,998	4,246	1,998
Total comprehensive income for the period	17,190	9,208	17,190	9,208

The condensed Consolidated Income Statement and Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at end of current quarter	As at preceding financial year end
		31/3/2010	31/12/2009
		RM'000	RM'000
	ASSETS		
1	Non-current assets		
	Property, plant and equipment	90,573	92,646
	Land held for property development	53,848	53,431
	Prepaid land lease payments	3,738	3,760
	Intangible assets	38,285	35,361
	Financial assets available for sale	771	771
	Deferred tax assets	2,934	2,936
		190,149	188,905
2	Current assets		
	Property development costs	39,939	38,134
	Inventories	4,511	4,190
	Trade and other receivables	344,376	354,691
	Financial assets available for sale	20	20
	Short term deposits*	254,570	244,514
	Cash and bank balances*	82,137	60,057
		725,553	701,606
	Total assets	**915,702**	**890,511**

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

		Unaudited	Audited
		As at end of current quarter	As at preceding financial year end
		31/3/2010	31/12/2009
		RM'000	RM'000
	EQUITY AND LIABILITIES		
3	Equity attributable to owners of the Parent		
	Share capital	363,001	363,001
	Share premium	115,985	115,985
	Other reserves	(2,225)	(775)
	Accumulated losses	(73,826)	(89,045)
		402,935	389,166
4	Non-controlling interests	71,432	67,186
	Total equity	474,367	456,352
5	Non-current liabilities		
	Retirement benefit obligations	3,539	3,539
	Provisions	639	635
	Borrowings	164,243	177,504
	Deferred tax liabilities	1,655	1,658
		170,076	183,336
6	Current liabilities		
	Retirement benefit obligations	727	597
	Provisions	-	30
	Borrowings	10,090	1,954
	Trade and other payables	257,386	240,424
	Tax payable	3,056	7,818
		271,259	250,823
	Total liabilities	441,335	434,159
	Total equity and liabilities	**915,702**	**890,511**
7	**Net assets per ordinary share attributable to owners of the Parent (RM)**	**1.11**	**1.07**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

* Cash, bank balances and short term deposits
Included in the cash, bank balances and short term deposits of the Group is RM41,332,000 (2009 : RM35,080,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Three months to 31/3/2010	Unaudited Three months to 31/3/2009
		RM'000	RM'000
Cash flows from operating activities			
Cash receipts from customers		240,822	137,265
Cash payments to suppliers		(139,021)	(81,048)
Cash payments to employees and for expenses		(56,197)	(48,002)
Cash generated from operations		45,604	8,215
Interest paid		(3,227)	(6)
Income tax paid		(5,911)	(7,307)
Net cash flow generated from operating activities		36,466	902
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	184
Interest received		1,451	1,581
Dividend received		-	12
Purchase of land held for property development		-	(16,650)
Purchase of property, plant and equipment		(2,844)	(3,355)
Net cash flow used in investing activities		(1,393)	(18,228)
Cash flows from financing activities			
Partial repayment of Redeemable Secured Loan Stock ("RSLS")		(3,000)	-
Net cash flow used in financing activities		(3,000)	-
Net increase/(decrease) in cash and cash equivalents		**32,073**	**(17,326)**
Net foreign exchange difference		63	-
Cash and cash equivalents as at beginning of financial period		304,571	312,028
Cash and cash equivalents as at end of financial period	**(a)**	**336,707**	**294,702**

(a) Cash and Cash Equivalents comprise the following amounts:	**Unaudited As at 31/3/2010**	**Unaudited As at 31/3/2009**
	RM'000	**RM'000**
Short term deposits	254,570	164,587
Cash and bank balances	82,137	130,115
	336,707	294,702

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

		← Attributable to owners of the Parent →						
			← Non-distributable →					
	Note	**Share capital RM' 000**	**Share Premium RM' 000**	**Other Reserves RM' 000**	**Accumulated Losses RM' 000**	**Total RM' 000**	**Non-controlling Interests RM' 000**	**Total Equity RM' 000**
Three months to 31 March 2010 (unaudited)								
Balance as at 1 January 2010 (as previously stated)		363,001	115,985	(775)	(89,045)	389,166	67,186	456,352
Effect of adopting FRS 139	1(a)(i)	-	-	-	825	825	-	825
Balance as at 1 January 2010 (restated)		363,001	115,985	(775)	(88,220)	389,991	67,186	457,177
Total comprehensive income/(expense) for the period		-	-	(1,450)	14,394	12,944	4,246	17,190
Balance as at 31 March 2010		363,001	115,985	(2,225)	(73,826)	402,935	71,432	474,367
Three months to 31 March 2009 (unaudited)								
Balance as at 1 January 2009		363,001	115,985	(302)	(160,557)	318,127	59,066	377,193
Total comprehensive income/(expense) for the period		-	-	(56)	7,266	7,210	1,998	9,208
Disposal of subsidiary		-	-	-	-	-	1,120	1,120
Balance as at 31 March 2009		363,001	115,985	(358)	(153,291)	325,337	62,184	387,521

The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective 1 January 2010 as disclosed below:

FRS 7: Financial Instruments: Disclosure
FRS 8: Operating Segments
FRS 101 (Revised): Presentation of Financial Statements
FRS 123 (Revised): Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above pronouncements does not have significant impact to the Group, except as described below:

(a) FRS 139: Financial Instruments: Recognition and Measurement

(i) <u>Accounting policies</u>

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies as follows:

(aa) Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, financial assets held-to-maturity, loans and receivables or financial assets available-for-sale.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss
Financial assets classified as held for trading are categorised as financial assets at fair value through profit or loss. Financial assets are held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.

Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss for the year.

Financial assets held-to-maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the expressed intention and ability to hold to maturity.

Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

1. **Accounting policies and methods of computation (cont'd)**

(a) FRS 139: Financial Instruments: Recognition and Measurement (cont'd)

(i) Accounting policies (cont'd)

Financial assets available-for-sale
Financial assets available-for-sale are non-derivative financial assets that are not classified as fair value through profit or loss, held-to-maturity or loans and receivables. After initial recognition, financial assets available-for-sale are measured at fair value with gains or losses being recognised in a reserve until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Derecognition of finanacial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(bb) Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost using the effective interest method. Financial liabilities at fair value are held for trading if the financial liabilities are incurred with the intention of repurchasing them in the near term or derivative liability unless it forms part of a designated and effective hedging relationship.

Derecognition of Financial Liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where 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.

(ii) Financial impact

In accordance with the transitional provisions of FRS 139 for first-time adoption, adjustments arising from the change in accounting policies and remeasuring the financial instruments at the beginning of the financial period are recognised as adjustments to the opening balance of retained earnings as follows, whilst adjustment to comparatives are not required:-

	Note	Retained earnings
		RM'000
At 1 January 2010, as previously stated		(89,045)
Adjustments arising from adoption of FRS 139:		
- Fair value of financial liabilities classified as other financial liabilities.	(aa)	825
At 1 January 2010, as restated		(88,220)

(aa) Redeemable preference shares ("RPS")

RPS are recorded at the amount of proceeds received net of transaction costs. The RPS holders are entitled to fixed non-cumulative preferential dividends at a rate of 5% per annum. Following the adoption of FRS 139, the fair value of the RPS is remeasured based on the market rate of interest for an instrument with a similar credit rating at inception.

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

1. **Accounting policies and methods of computation (cont'd)**

(b) FRS 8: Operating Segment

As of 1 January 2010, the Group determines and presents operating segments based on information that is internally provided to the Board of Directors, who are the Group's chief operating decision makers. This change in the accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(c) FRS 101 (revised): Presentation of Financial Statement

Pursuant to the revised standard, the Group presents all non-owner changes in equity separately in the consolidated statement of comprehensive income.

Comparative information has been re-presented in conformity with the revised standard too.

2. **Audit report in respect of the 2009 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2009 was not qualified.

3. **Seasonal or cyclical factors**

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

4. **Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cashflows that were unusual because of their nature, size or incidence in the current period.

5. **Material changes in estimates used**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial years that have a material effect in the current period.

6. **Debt and equity securities**

Faber Group Berhad ("FGB") did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 March 2010 save for the repayment of RM3.0 million of the outstanding RSLS.

7. **Dividend**

For the financial year ended 31 December 2009, the Directors proposed a final dividend of 6% less 25% taxation on 363,001,053 ordinary shares, amounting to a net dividend of RM16,335,047 to be paid on 23 June 2010, for shareholders' approval at the forthcoming Annual General Meeting.

8. **Operating Segments**

Operating Segment information for the current financial period to 31 March 2010 is as follows:

By operating segment	**Integrated Facilities Management**					
	Concession	**Non-concession**	**Properties**	**Others**	**Elimination**	**Group**
	RM'000	**RM'000**		**RM'000**	**RM'000**	**RM'000**
Continuing Operations						
Revenue						
External sales	126,966	54,891	2,130	-	-	**183,987**
Inter-segment sales	-	-	-	29,113	(29,113)	**-**
Total Revenue	126,966	54,891	2,130	29,113	(29,113)	**183,987**
Results						
Segment results	17,060	12,085	(1,744)	25,922	(27,807)	**25,516**
Finance costs	(29)	(169)	-	(1,564)	119	**(1,643)**
Profit before income tax	17,031	11,916	(1,744)	24,358	(27,688)	**23,873**
Income tax	(4,264)	(458)	-	(5,929)	5,926	**(4,725)**
Profit for the period	12,767	11,458	(1,744)	18,429	(21,762)	**19,148**
Attributable to:						
Owners of the parent	10,563	11,496	(1,734)	18,429	(24,360)	**14,394**
Non-controlling interests	2,204	(38)	(10)	-	2,598	**4,754**
	12,767	11,458	(1,744)	18,429	(21,762)	**19,148**

9. **Material events subsequent to the end of the current financial period**

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 March 2010 to the date of this announcement which would substantially affect the financial results of the Group for the three months ended 31 March 2010 that have not been reflected in the condensed financial statements.

10. **Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments or restructuring or discontinued operations.

11. **Contingent liabilities**

There are no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2009 except as disclosed below:

Description of contingent liabilities	RM'000
Decrease in claim for alleged wrongful termination of service agreement following an order granted by the Court that all proceedings in BNoble Sdn Bhd vs. Cermin Cahaya Sdn Bhd and Faber Medi-Serve Sdn Bhd in Kuala Lumpur High Court Civil Suit No: S6-22-215-2008 be stayed.	7,320

12. **Capital commitments**

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	8,186

13. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2010	**31/3/2009**	**31/3/2010**	**31/3/2009**
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- Current taxation	4,727	4,820	4,727	4,820
Foreign taxation				
- Deferred tax	(2)	(17)	(2)	(17)
	4,725	4,803	4,725	4,803

The effective tax rate of the Group for the current period is lower than the statutory tax rate due to a major foreign subsidiary that operates in a tax exempt country.

14. **Disposal of unquoted investments and/or properties**

There were no disposals of unquoted investments and/or properties in the current period.

15a). **Acquisitions and disposals of quoted securities**

There were no acquisitions and disposals of quoted securities in the current period.

15b). **Investments in quoted securities**

Total investments in quoted securities other than securities in existing subsidiaries and associates are as follows:

	As at **31/3/2010** RM'000
Total investments at cost	40
Total investments at book value net of accumulated impairment loss	20
Total investments at market value	20

16. **Status of corporate proposals announced but not completed as at the date of this announcement**

There are no corporate proposals announced but not completed as at the date of this announcement except as stated below:

(a) On 5 August 2004, Intensive Quest Sdn Bhd ("IQSB"), a 63% owned subsidiary of FGB has been placed under members' voluntary liquidation ("the 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"), in which FGB and MOG have mutually agreed to voluntarily wind-up IQSB in accordance with applicable laws of Malaysia.

The MVL of IQSB has yet to be completed.

16. **Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)**

(b) On 19 September 2008, the following 6 dormant wholly-owned subsidiaries, the equities of which are held directly and indirectly by FGB, had commenced MVL pursuant to Section 254(1)(b) of the Companies Act, 1965:

(i) Faber Haulage Sdn Bhd;

(ii) Firstgain Holdings Sdn Bhd;

(iii) Hasil Lintang Sdn Bhd;

(iv) Faber Facilities Solutions Sdn Bhd;

(v) Merlin Tower Hotel Sdn Bhd;

(vi) Mont Hill Sdn Bhd.

Pursuant thereto, 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 of the 6 dormant subsidiaries is to rationalise and streamline FGB Group structure.

The MVL of the dormant subsidiaries have yet to be completed.

(c) On 13 October 2009, Fraser's Hill Merlin Hotel Sdn Bhd ("FHMH"), a 51%-owned subsidiary of Faber Hotels Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of FGB had been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965.

Pursuant thereto, 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 of the FHMH is to rationalise and streamline FGB Group's structure.

The MVL of FHMH has yet to be completed

17. **Borrowings and debt securities**

Details of Group borrowings and debt securities as at 31 March 2010 are as follows:

	Long term borrowings			**Short term borrowings**		
	Secured	Unsecured	**Total**	Secured	Unsecured	**Total**
	RM'000	RM'000	**RM'000**	RM'000	RM'000	**RM'000**
Debt securities						
Preference Shares	-	6,672	6,672	-	-	-
RSLS	155,599	-	155,599	-	-	-
Other borrowings						
Domestic – Bank	186	-	186	104	-	104
Foreign – Bank	-	-	-	2,180	-	2,180
Amount owing to corporate shareholder	-	1,786	1,786	-	-	-
Balance Sum owing to JBSB	-	-	-	7,806	-	7,806
TOTAL	155,785	8,458	164,243	10,090	-	10,090

* The RSLS issued comprises RM135,564,000 nominal value of RSLS and 4% coupon compounded annually up to a maturity term of 8 years amounting up to RM49,964,000 nominal value payable in the form of RSLS.

18. **Derivatives**

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

19. **Material litigation**

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement except as disclosed below:

(i) **Persatuan Kebangsaan Pekerja-Pekerja Hotel, Bar & Restoran Semenanjung Malaysia ("Union") vs. Hotel Merlin Kuala Lumpur (M) Sdn Bhd ("HMKL"), FGB, Kuala Reman Estates Berhad ("KREB") (KLHC R1-25-37-96)**

The Union appealed to the Court of Appeal against the High Court's refusal to grant leave to commence certiorari proceedings against the decision of the Industrial Court in Award No. 88 of 1996, dismissing the claims of the Union.

The appeal was allowed by the Court of Appeal on 28 September 2000 and leave was granted. The matter was remitted back to High Court to hear the Union's application for an order of certiorari against the Industrial Court's decision. The High Court however, dismissed the Union's application with cost on 9 February 2004, against which decision, the Union has appealed to the Court of Appeal under Civil Appeal No. W-04-22-04 on 3 March 2004. The matter came up for hearing on 12 February 2008, which was in respect of the Union's application to file a Supplementary Record of Appeal. The Court of Appeal allowed the Union to file their Supplementary Record of Appeal on the abovesaid date. The matter was fixed for hearing on 22 February 2010 wherein the Court of Appeal dismissed the Union's appeal and awarded cost to us amounting to RM3,000.00.

The Union has also filed an application under Section 33A of the Industrial Relation Act, 1967 under the Industrial Case No. 1/1 – 198/96 by referring certain question of law to the High Court in respect of the Award No. 88 of 1996. This Application was unanimously dismissed by the Industrial Court on 10 August 2007 (Award No. 1684 of 2007) by reason that the Union had failed to meet the conditions set out in Section 33A (1)(c) and (d) of the Industrial Act 1967.

FGB's solicitors are of the opinion that the potential liability arising from this matter is RM2,132,071.23.

(ii) **UEM Genisys Sdn Bhd (in liquidation) ("UEM Genisys") vs. Road Builder (M) Sdn Bhd ("Road Builder") and Faber Hotels Holdings Sdn Bhd ("FHHSB") as Third Party (Civil Suit No. S6-22-1085-2008) formerly under (suit No. D7-22-1057-2007)**

A writ of summons was filed by UEM Genisys against Road Builder. In the statement of claim dated 3 August 2007, UEM Genisys is claiming from Road Builder a sum of RM2,142,229.24 together with the usual interests ("Sum"). Road Builder in turn filed a Third Party Notice against FHHSB ("the Third Party") to claim for indemnity for the Sum.

Road Builder was appointed as a main contractor by Subang Jaya Hotel Development Sdn Bhd ("SJHD") for a project known as 'Cadangan 17 Tingkat Bangunan Hotel di Atas Lot 4244 dan 4245 Jalan SS12/1, Subang Jaya, Selangor Darul Ehsan' ("the Project"). UEM Genisys was appointed as Road Builder's nominated subcontractor for the Project's air conditioning and mechanical ventilation system ("Sub-Contract Works").

On 14 October 1997, the Third Party, the holding company of SJHD issued a letter to eight (8) subcontractors including UEM Genisys stating that "all payments to nominated subcontractors in future from this date will be directly from the Third Party."

The Project's consultant, Juaraconsult Sdn Bhd, issued a Statement of Final Accounts on 20 May 2005 confirming that final sub-contract sum to be RM5,768.715.37 ("Final Sub-Contract Sum") i.e. the amount payable to UEM Genisys by Road Builder for the Sub-Contract Works. UEM Genisys filed a writ of summons against Road Builder, claiming an outstanding sum of RM2,142,229.24 ("the Disputed Sum") as UEM Genisys has received a sum of RM3,626,486.13 from the Final Sub-Contract Sum.

Road Builder in turn alleges that the Disputed Sum is the Third Party's debt to UEM Genisys and Road Builder has issued a Third Party Notice dated 1 October 2007 to claim an indemnity from the Third Party for the Disputed Sum. The grounds on which Road Builder is seeking an indemnity from the Third Party as pleaded in its statement of claim is that Road Builder is no longer liable as the main contractor of the Project from 14 October 2007 onwards and 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 states in its Defence that it denies that there ever 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.

Pursuant to the order of the Court dated 20 November 2007 under a Summons For Directions, Road Builder served their Statement of Claim dated 3 December 2007 to the Third Party (this was subsequently amended) and the Third Party in turn served its Defence dated 14 January 2008 on Road Builder. Parties are now preparing a list of documents to be exchanged and have agreed to do so by 31 May 2008. Nevertheless the Plaintiff has yet to provide the list and as such awaiting for the same.

In the meantime on 11 November 2008 the Plaintiff was issued with a notice to show cause to appear before the Judge on 17 November 2008 as there has been no further action in the proceedings. On the said date the Judge directed that the matter which was filed in the Commercial Division of the Kuala Lumpur High Court should have been filed in the Civil Division of the Kuala Lumpur High Court and ordered the Plaintiff to apply to transfer the matter from the Commercial Division to the Civil Division. The matter has now been transferred with a new suit no. S6-22-1085-2008. It is now fixed for further mention on 18 May 2010 pending the Plaintiff's appeal against winding-up order at the Federal Court.

(iii) **Kuala Lumpur High Court Suit No: D1-22-447-2008 (Previndran Sathurgasinghe trading under Zerin Properties vs FGB)**

A Writ of Summons together with a Statement of Claim dated 7 April 2008 was served on FGB's solicitors, Messrs Cheang & Ariff, on 24 April 2008 through the Plaintiff's solicitors, Messrs Norendra & Yap.

The Plaintiff claims a sum of RM3,359,538.00 (with interest and costs) as purported professional fees for work done by the Plaintiff in procuring a purchaser for Sheraton Hanoi Hotel & Towers ("Sheraton Hanoi") as alleged. Sheraton Hanoi was owned by FHHSB, a wholly-owned subsidiary of FGB through FHHSB's previously wholly-owned subsidiary, Faber Labuan Sdn Bhd.

FGB's solicitors, Messrs Cheang & Ariff, has entered appearance on its behalf on 29 April 2008. FGB has also served its Defence and filed a Counterclaim against the Plaintiff for breach of the Confidentiality Agreement between the parties. Besides general damages, FGB also seeks exemplary damages for breach of fiduciary duties and actionable abuse of process by the Plaintiff.

On 19 June 2008, the Plaintiff served its Reply and Defence to the Counterclaim. Subsequently the Plaintiff served a sealed application for summary judgment on the Defendant's Solicitors on 30 July 2008. The Plaintiff's application was fixed for hearing on 10 September 2008 but was adjourned on that day. The Learned Judge had directed the parties to submit and close their submissions by 17 December 2008. The application was fixed for decision on 21 January 2009 and the court dismissed the Plaintiff's application under Summary Judgment (Order 14) with cost. The matter was fixed for mention on 24 March 2009 for Case Management and thereafter was fixed for further mention on 25 May 2009 for counsels to comply with the courts directions for Case Management. The Court has fixed 18 March 2010 for further Case Management for parties to finalise Bundle of Documents, Statements of Agreed Facts and Agreed Main Issues. On 18 March 2010, the Court vacated the case management and instructed parties to explore on the possibility of out of Court settlement and as alternative also suggested parties to proceed the matter for mediation instead of full trial. On 4 May 2010, parties attended Court in person to inform the Court that there is no out of court settlement and have no intention to proceed with mediation. The Judge has now fixed 31 May 2010 for case management before the Deputy Registrar to fix a trial date. Counsels are directed to finalise the Statement of Agreed Facts and Issues To Be Tried before the case management date.

20. **Comparison between the current quarter and the immediate preceding quarter**

	Current quarter **31/03/2010**	Immediate preceding quarter **31/12/2009**	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue:				
Integrated Facilities Management ("IFM")				
Concession	126,966	146,601	(19,635)	(13.4)
Non-concession	54,891	108,110	(53,219)	(49.2)
Property	2,130	49,220	(47,090)	(95.7)
Group	**183,987**	**303,931**	**(119,944)**	**(39.5)**
Profit Before Income Tax:				
Integrated Facilities Management				
Concession	17,031	28,100	(11,069)	(39.4)
Non-concession	11,916	30,028	(18,112)	(60.3)
Property	(1,744)	8,790	(10,534)	>(100)
Others/Elimination	(3,330)	(1,098)	(2,232)	>(100)
Group	**23,873**	**65,820**	**(41,947)**	**(63.7)**

The Group's revenue for the current quarter of RM184.0 million was 39.5% or RM119.9 million lower than the preceding quarter of RM303.9 million. The higher revenue for the IFM Concession in the immediate preceding quarter was mainly due to one-off revenue received from the hospitals on the claim for the linen loss. In the same period, Faber LLC completed most of the work orders on the IFM Infrastructure maintenance under a new contract which was secured in 2009. In line with the completion of those work orders, Faber LLC has recognised the revenue in the same quarter. Moving forward, the revenue from the IFM Infrastructure maintenance should be constant quarter to quarter.

Property Division recorded a lower revenue of RM2.1 million in the current quarter as compared to RM49.2 milllion in the preceding quarter as the Phase 3 Laman Rimbunan, Kepong is nearing completion and most of the revenue for the project was already recognised in preceding 2 years based on the percentage of completion of work progress.

The Group recorded lower profit before tax ("PBT") for the current quarter of RM23.9 million, as compared to RM65.8 million in the preceding quarter mainly due to lower revenue as explained above.

21. **Review of performance for the current quarter**

	Current year quarter **31/03/2010** RM'000	Preceding year corresponding quarter **31/03/2009** RM'000	Variance RM'000	Variance %
Revenue:				
Integrated Facilities Management ("IFM")				
Concession	126,966	119,856	7,110	5.9
Non-concession	54,891	12,131	42,760	>100
Property	2,130	6,224	(4,094)	(65.8)
Others/Elimination	-	2,715	(2,715)	(100.0)
Group	**183,987**	**140,926**	**43,061**	**30.6**
Profit Before Income Tax:				
Integrated Facilities Management				
Concession	17,031	16,046	985	6.1
Non-concession	11,916	1,864	10,052	>100
Property	(1,744)	(339)	(1,405)	>(100)
Others/Elimination	(3,330)	(3,504)	174	5.0
Group	**23,873**	**14,067**	**9,806**	**69.7**

The Group's revenue for the current quarter of RM184.0 million was 30.6% or RM43.1 million higher than the corresponding quarter last year of RM140.9 million. IFM recorded positive variance of RM49.9 million mainly due to business expansion in UAE as well as higher variation order, higher bed occupancy rate and additional new facilities at the government hospitals within FGB's concession area. In addition, the commencement of new housekeeping projects in India also contributed toward the positive variance. The Property Division recorded lower revenue of RM2.1 million mainly due to lower progress billings for the projects in Laman Rimbunan.

The Group's current quarter PBT of RM23.9 million was higher by RM9.8 million as compared to RM14.1 million in the corresponding quarter last year mainly due to higher revenue as explained above.

22. **Economic profit ("EP") statement**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2010	**31/3/2009**	**31/3/2010**	**31/3/2009**
	RM'000	RM'000	RM'000	RM'000
Net operating profit after tax ("NOPAT") computation:				
Earnings before interest and tax ("EBIT")	24,160	18,927	24,160	18,927
Adjusted tax	(6,040)	(4,732)	(6,040)	(4,732)
NOPAT	**18,120**	**14,195**	**18,120**	**14,195**
Economic charge computation:				
Average invested capital	288,736	279,120	288,736	279,120
Weighted average cost of capital ("WACC")	12.2%	10.3%	12.2%	10.3%
Economic charge	**8,822**	**7,151**	**8,822**	**7,151**
EP	**9,298**	**7,044**	**9,298**	**7,044**

The EP statement is as prescribed under the Government Linked Companies transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

EP of RM9.3 million is higher by RM2.3 million as compared to the preceding year corresponding quarter of RM7.0 million mainly due to a higher EBIT despite slightly higher economic charge due to higher WACC.

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

The negative annualised revenue growth was mainly due to the timing difference on the recognition of the Property Division's revenue. The revenue from Property Division will be recognised in the second-half of this year following the launch of Armada Villa semi-detached houses and bungalows project in March 2010 and other projects scheduled to be launched in the second-half of the current financial year. IFM Division recorded a positive annualised revenue growth of 6.5%.

The achievement on the headline KPI is as follows:

	March 2010	**December 2010**
	(3 months)	**(12 months)**
	Actual from operations	**Target**
Headline KPI		
Revenue Growth	(8.6%) (annualized)	**12 - 15%**
Return on Equity	3.7%	**15 - 18%**

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

The Group will endeavour to improve contribution from all business divisions and focus its efforts on IFM business expansion, local and overseas. The Group expects the growth from the UAE IFM business to be the main driver to the Group's growth. Property Division will sustain its contribution to the Group's revenue from the new projects launches during the current financial year and in line with the improved property market sector.

Barring unforeseen circumstances, we expect to meet our KPI targets for the year.

25. **Profit forecast**

No commentary is made on any variance between actual profit from forecast profit as it does not apply to the Group.

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

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2010	**31/3/2009**	**31/3/2010**	**31/3/2009**
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to owners of the Parent	14,394	7,266	14,394	7,266
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	3.97 sen	2.00 sen	3.97 sen	2.00 sen

By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary

Kuala Lumpur
5 May 2010