

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	230,694	197,802	684,897	509,219
(b) Cost of sales	(162,190)	(137,934)	(496,847)	(357,420)
(c) Gross profit	68,504	59,868	188,050	151,799
(d) Other income	2,178	1,350	5,800	4,385
(e) Expenses	(21,613)	(20,028)	(62,049)	(61,281)
(f) Finance costs	(1,653)	(1,644)	(4,963)	(4,876)
(g) Depreciation and amortization	(5,776)	(5,401)	(16,886)	(15,435)
(h) Profit before income tax	41,640	34,145	109,952	74,592
(i) Income tax	(5,887)	(8,676)	(15,570)	(21,529)
(j) Profit for the period	35,753	25,469	94,382	53,063
Attributable to:				
(k) Owners of the Parent	29,014	18,999	75,874	40,112
(l) Non-controlling interests	6,739	6,470	18,508	12,951
Profit for the period	35,753	25,469	94,382	53,063
2. Earnings per share based on 1(k) above:-				
Basic (based on 2010: 363,001,053 ; 2009: 363,001,053 ordinary shares)	7.99 sen	5.23 sen	20.90 sen	11.05 sen

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(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	35,753	25,469	94,382	53,063
Foreign currency translation differences for foreign operations	(4,895)	261	(6,924)	345
Fair value of available-for-sale financial assets	<u>2</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Other comprehensive income for the period, net of tax	<u>(4,893)</u>	<u>261</u>	<u>(6,925)</u>	<u>345</u>
Total comprehensive income for the period	<u>30,860</u>	<u>25,730</u>	<u>87,457</u>	<u>53,408</u>
Attributable to:				
Owners of the Parent	25,128	19,260	70,754	40,457
Non-controlling interests	<u>5,732</u>	<u>6,470</u>	<u>16,703</u>	<u>12,951</u>
Total comprehensive income for the period	<u>30,860</u>	<u>25,730</u>	<u>87,457</u>	<u>53,408</u>

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.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at end of current quarter	As at preceding financial year end
		30/9/2010	31/12/2009
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	89,384	92,646
	Land held for property development	56,440	53,431
	Prepaid land lease payments	4,851	3,760
	Intangible assets	36,121	35,361
	Financial assets available for sale	272	771
	Deferred tax assets	2,936	2,936
		190,004	188,905
2	Current assets		
	Property development costs	49,630	38,134
	Inventories	4,794	4,190
	Trade and other receivables	423,018	354,691
	Financial assets available for sale	19	20
	Short term deposits*	269,848	244,514
	Cash and bank balances*	50,280	60,057
		797,589	701,606
	Total assets	987,593	890,511

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

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

	Unaudited	Audited
	As at end of current quarter	As at preceding financial year end
	30/9/2010	31/12/2009
	RM'000	RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	Share capital	363,001
	Share premium	115,985
	Other reserves	(5,895)
	Accumulated losses	(28,681)
		444,410
4	Non-controlling interests	61,258
	Total equity	505,668
5	Non-current liabilities	
	Retirement benefit obligations	3,539
	Provisions	645
	Borrowings	161,209
	Deferred tax liabilities	1,637
		167,030
6	Current liabilities	
	Retirement benefit obligations	986
	Provisions	-
	Borrowings	4,687
	Trade and other payables	305,832
	Tax payable	3,390
		314,895
	Total liabilities	481,925
	Total equity and liabilities	987,593
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.22
		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 RM37,866,000 (2009 : RM35,080,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Nine months to 30/9/2010	Unaudited Nine months to 30/9/2009
		RM'000	RM'000
Cash flows from operating activities			
Cash receipts from customers		652,001	472,849
Cash payments to suppliers		(362,447)	(269,592)
Cash payments to employees and for expenses		(185,303)	(159,948)
Cash generated from operations		<u>104,251</u>	<u>43,309</u>
Interest paid		(6,647)	(8,149)
Income tax paid		(22,884)	(24,746)
Net cash flow generated from operating activities		<u>74,720</u>	<u>10,414</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	184
Proceed from capital reduction of financial assets available for sale		-	400
Interest received		5,286	4,082
Dividend received		-	24
Purchase of land held for property development		-	(16,650)
Purchase of property, plant and equipment		(14,210)	(11,924)
Capital distribution from financial assets available for sale		499	-
Net cash flow used in investing activities		<u>(8,425)</u>	<u>(23,884)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares to non- controlling interest		-	139
Repayment of Balance Sum owing to Jeram Bintang Sdn Bhd ("JBSB")		(5,279)	(9,980)
Partial repayment of Redeemable Secured Loan Stock ("RSLs")		(6,000)	-
Dividend paid		(16,335)	(10,890)
Dividend paid to non-controlling shareholders of subsidiaries		(22,631)	(673)
Net cash flow used in financing activities		<u>(50,245)</u>	<u>(21,404)</u>
Net increase/(decrease) in cash and cash equivalents		16,050	(34,874)
Net foreign exchange difference		(493)	-
Cash and cash equivalents as at beginning of financial period		<u>304,571</u>	<u>312,028</u>
Cash and cash equivalents as at end of financial period	(a)	320,128	277,154

	Unaudited As at 30/9/2010	Unaudited As at 30/9/2009
	RM'000	RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Short term deposits	269,848	200,097
Cash and bank balances	50,280	77,057
	<u>320,128</u>	<u>277,154</u>

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.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

Note	← Attributable to owners of the Parent →				Total RM' 000	Non-controlling Interests RM' 000	Total Equity RM' 000
	Share capital RM' 000	Share Premium RM' 000	Other Reserves RM' 000	Accumulated Losses RM' 000			
Nine months to 30 September 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	-	-	(5,120)	75,874	70,754	16,703	87,457
Dividend	-	-	-	(16,335)	(16,335)	-	(16,335)
Dividend paid to non- controlling shareholders of subsidiary companies	-	-	-	-	-	(22,631)	(22,631)
Balance as at 30 September 2010	<u>363,001</u>	<u>115,985</u>	<u>(5,895)</u>	<u>(28,681)</u>	<u>444,410</u>	<u>61,258</u>	<u>505,668</u>
Nine months to 30 September 2009 (unaudited)							
Balance as at 1 January 2009	363,001	115,985	(302)	(160,557)	318,127	59,066	377,193
Total comprehensive income for the period	-	-	345	40,112	40,457	12,951	53,408
Issue of shares by subsidiary to non-controlling interest	-	-	-	-	-	139	139
Conversion of preference shares in a subsidiary	-	-	-	-	-	1,120	1,120
Dividend	-	-	-	(10,890)	(10,890)	-	(10,890)
Dividend paid to non- controlling shareholders of subsidiary companies	-	-	-	-	-	(673)	(673)
Balance as at 30 September 2009	<u>363,001</u>	<u>115,985</u>	<u>43</u>	<u>(131,335)</u>	<u>347,694</u>	<u>72,603</u>	<u>420,297</u>

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

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

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) Accounting policies

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 statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

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 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 financial 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.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

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

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

(b) FRS 8: Operating Segments

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 114₂₀₀₄, 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 Statements

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 30 September 2010 save for the repayment of RM6.0 million of the outstanding RSLs.

7. Dividend

A final dividend of 6%, less 25% tax, on ordinary shares of RM1.00 each was paid on 23 June 2010 in respect of the previous financial year, amounting to RM16,335,047 based on the issued and paid up share capital of the Company as at book closure date of 8 June 2010.

The Directors do not recommend the payment of any dividend for the current period ended 30 September 2010 (2009 : nil).

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

8. **Operating Segments**

Operating Segment information for the current financial period to 30 September 2010 is as follows:

By operating segment	Integrated Facilities Management					Group RM'000
	Concession RM'000	Non-concession RM'000	Properties RM'000	Others RM'000	Elimination RM'000	
Continuing Operations						
Revenue						
External sales	393,581	259,000	32,316	-	-	684,897
Inter-segment sales	-	-	-	80,119	(80,119)	-
Total Revenue	393,581	259,000	32,316	80,119	(80,119)	684,897
Results						
Segment results	61,882	61,681	2,617	64,991	(76,256)	114,915
Finance costs	(104)	(532)	-	(4,685)	358	(4,963)
Profit before income tax	61,778	61,149	2,617	60,306	(75,898)	109,952
Income tax	(14,676)	(856)	(480)	(14,935)	15,377	(15,570)
Profit for the period	47,102	60,293	2,137	45,371	(60,521)	94,382
Attributable to:						
Owners of the Parent	41,552	60,313	2,350	45,371	(73,712)	75,874
Non-controlling interests	5,550	(20)	(213)	-	13,191	18,508
	47,102	60,293	2,137	45,371	(60,521)	94,382

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 30 September 2010 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 2010 that have not been reflected in the condensed financial statements.

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

There were no changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments 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
a) 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
b) Decrease in claim for alleged wrongful termination employment contract in Persatuan Kebangsaan Pekerja-Pekerja Hotel, Bar & Restoran Semenanjung Malaysia ("Union") vs. Hotel Merlin Kuala Lumpur (M) Sdn Bhd, FGB, Kuala Reman Estates Berhad (KLHC R1-25-37-96) wherein the Court of Appeal dismissed the Union's appeal and awarded cost to us amounting RM3,000.00.	2,132

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

12. **Capital commitments**

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	15,198

13. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	5,892	7,874	15,591	20,747
Under provision in prior years				
- Malaysian income tax	-	769	-	769
Deferred tax				
- Relating to origination and reversal of temporary difference	(5)	33	(21)	13
	5,887	8,676	15,570	21,529

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
	30/9/2010
	RM'000
Total investments at cost	40
Total investments at book value net of accumulated impairment loss	19
Total investments at market value	19

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.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

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

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.

- (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 ("FHHM"), 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 FHHM is to rationalise and streamline FGB Group's structure.

The MVL of FHHM has yet to be completed.

- (d) On 7 October 2010, Mutiara Unik Sdn Bhd ("MUSB"), a wholly-owned subsidiary of Faber Development Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of FGB had been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965.

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 MUSB is to rationalise and streamline FGB Group's structure.

17. **Borrowings and debt securities**

Details of Group borrowings and debt securities as at 30 September 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	152,608	-	152,608	-	-	-
Other borrowings						
Domestic – Bank	143	-	143	95	-	95
Foreign – Bank	-	-	-	2,065	-	2,065
Amount owing to corporate shareholder	-	1,786	1,786	-	-	-
Balance Sum owing to JBSB	-	-	-	2,527	-	2,527
TOTAL	152,751	8,458	161,209	4,687	-	4,687

* 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.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

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) **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 prepared a list of documents to be exchanged and 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 be 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 was then transferred with a new suit no. S6-22-1085-2008 and fixed for further mention on 24 September 2010 for Plaintiff to update on the Federal Court decision. At the Case Management on 2 November 2010, the Federal Court decided to uphold the decision of winding-up of the plaintiff. The Court informed parties that the liquidator may proceed with this action and made further direction to the defendant and Third Party that the bundle of pleading be filed in 2 weeks, the statement of agreed facts and issues to be tried within 2 months, case summary and the list of witness within 2 months. The Case Management is now fixed for 18 February 2011.

(ii) **Kuala Lumpur High Court Suit No: D1-22-447-2008 (Previndran Sathurgasinghe trading under Zerine 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, had entered appearance on its behalf on 29 April 2008. FGB had also served its Defence and filed a Counterclaim against the Plaintiff for breach of the Confidentiality Agreement between the

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

(ii) **Kuala Lumpur High Court Suit No: D1-22-447-2008 (Previndran Sathurgasinghe trading under Zerín Properties vs FGB) (cont'd)**

parties. Besides general damages, FGB also sought 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 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 Court then fixed for final Case Management on 1 September 2010 and fixed the case for trial on 13, 14 and 15 October 2010. The Parties closed their case on 14 October 2010 and the Court directed parties to file written submission by 22 October 2010. The High Court on 29 October 2010 delivered its Oral decision by dismissing the Plaintiff Case with cost to us as the Defendant and allowed partly our Counterclaim against the Plaintiff.

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

	Current quarter 30/9/2010 RM'000	Immediate preceding quarter 30/6/2010 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Integrated Facilities Management ("IFM")				
Concession	135,871	130,744	5,127	3.9
Non-concession	85,180	118,929	(33,749)	(28.4)
Property	9,643	20,543	(10,900)	(53.1)
Group	230,694	270,216	(39,522)	(14.6)
<u>Profit Before Income Tax:</u>				
Integrated Facilities Management				
Concession	24,090	20,657	3,433	16.6
Non-concession	24,665	24,568	97	0.4
Property	1,563	2,798	(1,235)	(44.1)
Others/Elimination	(8,678)	(3,584)	(5,094)	>(100.0)
Group	41,640	44,439	(2,799)	(6.3)

The Group's revenue for the current quarter of RM230.7 million was 14.6% or RM39.5 million lower than the preceding quarter of RM270.2 million. The lower revenue for the IFM Non-concession in the current quarter was mainly due to lower work orders on the IFM Infrastructure maintenance project in UAE. Property Division also recorded lower revenue in the current quarter due to lower progress billings from the Armada Villa project in Taman Desa which was launched in April 2010.

The Group recorded lower profit before tax ("PBT") for the current quarter of RM41.6 million, as compared to RM44.4 million in the preceding quarter mainly due to lower revenue as explained above.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

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

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Nine months to	Nine months to	Variance	Variance
	30/9/2010	30/9/2009			30/9/2010	30/9/2009		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Integrated Facilities Management ("IFM")								
Concession	135,871	121,305	14,566	12.0	393,581	364,752	28,829	7.9
Non-concession	85,180	31,963	53,217	>100	259,000	63,331	195,669	>100.0
Property	9,643	42,041	(32,398)	(77.1)	32,316	73,268	(40,952)	(55.9)
Others	-	2,493	(2,493)	(100.0)	-	7,868	(7,868)	(100.0)
Group	230,694	197,802	32,892	16.6	684,897	509,219	175,678	34.5

Profit Before Income Tax:

Integrated Facilities Management								
Concession	24,090	17,972	6,118	34.0	61,778	58,418	3,360	5.8
Non-concession	24,665	6,328	18,337	>100.0	61,149	11,325	49,824	>100.0
Property	1,563	13,064	(11,501)	(88.0)	2,617	19,269	(16,652)	(86.4)
Others/Elimination	(8,678)	(3,219)	(5,459)	>(100.0)	(15,592)	(14,420)	(1,172)	(8.1)
Group	41,640	34,145	7,495	22.0	109,952	74,592	35,360	47.4

The Group's revenue for the current quarter of RM230.7 million was 16.6% or RM32.9 million higher than the corresponding quarter last year of RM197.8 million. IFM recorded a positive variance of RM67.8 million mainly due to business expansion in UAE as well as higher variation orders, higher bed occupancy rates 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 towards the positive variance. The Property Division recorded lower revenue by RM32.4 million mainly due to the completion of Phase 3 Laman Rimbunan, Kepong as most of the revenue for the project was already recognized in the preceding 2 years based on the percentage of work progress.

For the year-to-date, the Group recorded revenue of RM684.9 million against RM509.2 million for the preceding year. The positive variance was mainly due to higher revenue from IFM by RM224.5 million. However, the Property Division recorded a negative variance of RM41.0 million.

The Group's current quarter PBT of RM41.6 million was higher by RM7.5 million as compared to RM34.1 million in the corresponding quarter last year and year-to-date PBT of RM110.0 million was higher by RM35.4 million against RM74.6 million in the preceding year corresponding period. This was mainly due to higher revenue as explained above.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

22. **Economic profit (“EP”) statement**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	41,236	34,479	109,787	75,447
Adjusted tax	(10,309)	(8,620)	(27,447)	(18,862)
NOPAT	30,927	25,859	82,340	56,585
<u>Economic charge computation:</u>				
Average invested capital	310,782	301,330	310,782	301,330
Weighted average cost of capital (“WACC”)	12.2%	10.8%	12.2%	10.8%
Economic charge	9,466	8,126	28,395	24,378
EP	21,461	17,733	53,945	32,207

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

(a) Performance of the current quarter ended 30 September 2010 against the corresponding quarter last year :

EP of RM21.5 million is higher by RM3.8 million as compared to the preceding year corresponding quarter of RM17.7 million mainly due to a higher EBIT despite slightly higher economic charge due to higher WACC.

(b) Performance of the current period ended 30 September 2010 against the corresponding period last year :

EP of RM53.9 million is higher by RM21.7 million as compared to the corresponding period last year of RM32.2 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 achievement on the headline KPI is as follows:

	September 2010	December 2010
	(9 months)	(12 months)
	Actual from operations	Target
Headline KPI		
Revenue Growth	13.4% (annualized)	12 - 15%
Return on Equity	18.2%	15 - 18%

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

The Group is expected to maintain its performance in the next quarter and Property Division will improve its contribution from the proposed new projects launch in the final quarter of the year.

We expect to meet our KPI targets for the year.

**FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia**

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	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	29,014	18,999	75,874	40,112
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	7.99 sen	5.23 sen	20.90 sen	11.05 sen

**Kuala Lumpur
16 November 2010**

**By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary**