FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
			30/6/2011	**30/6/2010**	**30/6/2011**	**30/6/2010**
			RM'000	RM'000	RM'000	RM'000
1	(a)	**Revenue**	**186,420**	**270,216**	**384,608**	**454,203**
	(b)	Cost of sales	(136,250)	(205,832)	(285,667)	(341,467)
	(c)	Gross profit	50,170	64,384	98,941	112,736
	(d)	Other income	2,462	2,118	4,102	3,622
	(e)	Expenses	(22,246)	(20,396)	(45,437)	(44,736)
	(f)	Finance costs	(1,604)	(1,667)	(3,188)	(3,310)
	(g)	**Profit before tax**	**28,782**	**44,439**	**54,418**	**68,312**
	(h)	Income tax expense	(8,248)	(4,958)	(14,922)	(9,683)
	(i)	**Profit for the period**	**20,534**	**39,481**	**39,496**	**58,629**
		Attributable to:				
	(j)	Owners of the parent	16,502	32,466	30,656	46,860
	(k)	Non-controlling interests	4,032	7,015	8,840	11,769
		Profit for the period	**20,534**	**39,481**	**39,496**	**58,629**
2		**Earnings per share based on 1(j) above:-**				
		Basic (based on 2011: 363,001,053 [2010: 363,001,053] ordinary shares)	4.55 sen	8.94 sen	8.45 sen	12.91 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2011	**30/6/2010**	**30/6/2011**	**30/6/2010**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	20,534	39,481	39,496	58,629
Foreign currency translation	(427)	(71)	(1,022)	(2,029)
Fair value changes of available-for-sale financial assets	-	(3)	-	(3)
Other comprehensive income for the period, net of tax	(427)	(74)	(1,022)	(2,032)
Total comprehensive income for the period	20,107	39,407	38,474	56,597
Attributable to:				
Owners of the parent	16,146	32,682	29,799	45,626
Non-controlling interests	3,961	6,725	8,675	10,971
Total comprehensive income for the period	20,107	39,407	38,474	56,597

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

FABER GROUP BERHAD
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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**
		30/6/2011	**31/12/2010**
		RM'000	RM'000
	ASSETS		
1	Non-current assets		
	Property, plant and equipment	92,484	88,434
	Land held for property development	20,529	20,247
	Prepaid land lease payments	3,629	3,673
	Intangible assets	36,273	36,515
	Other investments	272	272
	Deferred tax assets	5,674	5,471
		158,861	154,612
2	Current assets		
	Property development costs	60,722	70,138
	Inventories	13,789	5,302
	Trade and other receivables	455,665	474,637
	Short term deposits*	234,902	191,061
	Cash and bank balances*	84,384	93,815
		849,462	834,953
	Total assets	**1,008,323**	**989,565**

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**
		30/6/2011	**31/12/2010**
		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	(5,193)	(4,336)
	Accumulated losses	(16,899)	(25,775)
		456,894	448,875
4	Non-controlling interests	76,226	67,045
	Total equity	533,120	515,920
5	Non-current liabilities		
	Retirement benefit obligations	3,959	3,959
	Provisions	653	643
	Borrowings	158,019	161,172
	Deferred tax liabilities	701	795
		163,332	166,569
6	Current liabilities		
	Retirement benefit obligations	868	597
	Borrowings	3,265	5,963
	Trade and other payables	299,614	293,452
	Income tax payable	8,124	7,064
		311,871	307,076
	Total liabilities	475,203	473,645
	Total equity and liabilities	**1,008,323**	**989,565**
7	**Net assets per ordinary share attributable to Owners of the Parent (RM)**	**1.26**	**1.24**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

* Cash, bank balances and short term deposits
Included in the cash, bank balances and short term deposits of the Group is RM49,116,000 (2010 : RM51,566,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

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FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Six months to 30/6/2011	Unaudited Six months to 30/6/2010
		RM'000	RM'000
Cash flows from operating activities			
Cash receipts from customers		434,119	458,639
Cash payments to suppliers		(218,267)	(255,809)
Cash payments to employees and for expenses		(127,794)	(111,873)
Cash generated from operations		88,058	90,957
Interest paid		(3,194)	(3,286)
Income tax paid		(12,343)	(12,825)
Net cash flow generated from operating activities		72,521	74,846
Cash flows from investing activities			
Interest received		3,705	3,150
Purchase of property, plant and equipment		(14,915)	(9,706)
Capital distribution from financial assets available-for-sale		-	499
Net cash flow used in investing activities		(11,210)	(6,057)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares to non-controlling interests		842	-
Partial redemption of Redeemable Secured Loan Stock ("RSLS")		(3,000)	(3,000)
Repayment of other secured bank loans		(17,000)	-
Drawdown of other secured bank loans		15,000	-
Dividend paid		(21,780)	(16,335)
Dividend paid to non-controlling shareholders of subsidiaries		(1,136)	(4,925)
Net cash flow used in financing activities		(27,074)	(24,260)
Net increase in cash and cash equivalents		**34,237**	**44,529**
Net foreign exchange difference		173	(510)
Cash and cash equivalents as at beginning of financial period		284,876	304,571
Cash and cash equivalents as at end of financial period	**(a)**	**319,286**	**348,590**

(a) Cash and Cash Equivalents comprise the following amounts:

Short term deposits	234,902	240,797
Cash and bank balances	84,384	107,793
	319,286	**348,590**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent				→		
		← Non-distributable →					
	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**
Six months to 30 June 2011 (unaudited)							
Balance as at 1 January 2011	363,001	115,985	(4,336)	(25,775)	448,875	67,045	515,920
Total comprehensive income/(expense) for the period	-	-	(857)	30,656	29,799	8,675	38,474
Issue of shares by subsidiary to non-controlling shareholder	-	-	-	-	-	842	842
Issue of shares by subsidiary to non-controlling shareholder through capitalisation of loan	-	-	-	-	-	800	800
Dividend	-	-	-	(21,780)	(21,780)	-	(21,780)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	(1,136)	(1,136)
Balance as at 30 June 2011	363,001	115,985	(5,193)	(16,899)	456,894	76,226	533,120
Six months to 30 June 2010 (unaudited)							
Balance as at 1 January 2010 (as previously stated)	363,001	115,985	(775)	(89,045)	389,166	67,186	456,352
Effects of adopting FRS 139	-	-	-	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	-	-	(1,234)	46,860	45,626	10,971	56,597
Dividend	-	-	-	(16,335)	(16,335)	-	(16,335)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	(4,925)	(4,925)
Balance as at 30 June 2010	363,001	115,985	(2,009)	(57,695)	419,282	73,232	492,514

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 2010.

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 2010.

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") which are applicable to the Group with effect from 1 January 2011, as disclosed below:

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1: Additional Exemptions for First-time Adopters
Amendments to FRS 2: Share-based Payment
Amendments to FRS 2: Share-based Payment - Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7: Improving Disclosures about Financial Instruments
Amendments to FRS 132: Financial Instruments : Presentation-Classification of Rights Issues
Amendments to FRS 138: Intangible Assets
Amendments to FRSs 'Improvements to FRSs (2010)'
IC Interpretation 4: Determining Whether An Arrangement contains a Lease
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
IC Interpretation 18: Transfers of Assets from Customers
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

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

(a) FRS 127 Consolidated and Separate Financial Statements

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

The Group re-phrased its minority interests as non-controlling interests and remeasured the non-controlling interests prospectively in accordance with the transitional provisions of the revised FRS 127.

The adoption of the revised FRS 127 did not have an impact on the Group's consolidated financial statements.

(b) IC Interpretation 12 Service Concession Arrangements

This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The adoption of IC Interpretation 12 will likely have impact to the financial statement. However, the Group is exempted from disclosing the possible impact to the financial statements upon the initial application of this Interpretation.

2. Audit report in respect of the 2010 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2010 was not qualified.

3. Seasonal or cyclical factors

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

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

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

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

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 June 2011 save for the repayment of RM3.0 million of the outstanding RSLS.

7. Dividend

A final dividend of 8%, less 25% tax, on ordinary shares of RM1.00 each was paid on 23 June 2011 in respect of the previous financial year, amounting to RM21,780,063 based on the issued and paid up share capital of the Company as at book closure date of 8 June 2011.

The Directors do not recommend the payment of any dividend for the current period ended 30 June 2011 (2010 : nil).

8. Operating Segments

Operating Segment information for the current financial period to 30 June 2011 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**	**RM'000**
Revenue						
External sales	273,219	55,074	56,315	-	-	**384,608**
Inter-segment sales	-	-	-	119,704	(119,704)	**-**
Total Revenue	273,219	55,074	56,315	119,704	(119,704)	**384,608**
Results						
Segment results	37,022	8,975	17,594	111,034	(117,019)	**57,606**
Finance costs	(53)	(362)	-	(3,027)	254	**(3,188)**
Profit before tax	36,969	8,613	17,594	108,007	(116,765)	**54,418**
Income tax expense	(9,348)	(1,025)	(4,128)	(7,441)	7,020	**(14,922)**
Profit for the period	27,621	7,588	13,466	100,566	(109,745)	**39,496**
Attributable to:						
Owners of the parent	23,987	7,693	9,468	100,566	(111,058)	**30,656**
Non-controlling interests	3,634	(105)	3,998	-	1,313	**8,840**
	27,621	7,588	13,466	100,566	(109,745)	**39,496**

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 June 2011 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 2011 that have not been reflected in the condensed financial statements.

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

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 except for the following:

(a) On 4 November 2010, Faber Facilities Sdn Bhd ("FFSB"), a wholly owned subsidiary of FGB had entered into a conditional Share Purchase Agreement ("SPA") with Singa Real Estates Ltd ("SREL") and Faber Star Facilities Management Ltd ("FSFML").

In accordance with the terms and conditions of the SPA, SREL has agreed with FFSB to sell the following 4,90,000 (Four Hundred and Ninety Thousand) equity shares of Rs.10/- (Rupees Ten) each, representing 49% of the total issued, subscribed and paid-up equity share capital of FSFML ("SREL Shares") which are held by SREL and its nominees to FFSB or to any person nominated by FFSB for a purchase price of Rs.1,00,00,000/- (Rupees One Crore) (equivalent to approximately RM699,000/-):-

Name of Shareholder	Number of Shares Held	Percentage of Shareholding
SREL	4,89,995	48.9995
Mr. Rajat Biswas	1	0.0001
Mr. Pratap Singh	1	0.0001
Mr. Naresh Gupta	1	0.0001
Mr. Mohd Nasir	1	0.0001
Ms. Reetu Goel	1	0.0001
Total	**4,90,000**	**49**

FFSB and/or its nominees shall credit the designated bank account of SREL with the consideration for the purchase of the SREL Shares. FFSB and SREL shall assist and cooperate with each other to complete all corporate and regulatory formalities to fully effect the transfer of the SREL Shares.

All the terms and conditions of the Share Purchase Agreement dated 4 November 2010 have been complied with on 20 April 2011. Pursuant to the completion, FFSB and/or its nominees have increased their shareholdings in FSFML from 51% to 100% and accordingly, FSFML has become a direct wholly-owned subsidiary of FFSB. In turn, FSFML is an indirect wholly-owned subsidiary of FGB.

(b) On 20 June 2011 FFSB, a wholly-owned subsidiary of FGB had acquired the entire issued and paid-up share capital of General Field Sdn Bhd ("GFSB") for a total cash consideration of RM2.00.

GFSB is a private limited company incorporated in Malaysia under the Companies Act, 1965 on 12 May 2011, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. GFSB has not commenced operations since that date.

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 2010.

12. Capital commitments

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	5,057

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

13. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2011	**30/6/2010**	**30/6/2011**	**30/6/2010**
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	8,244	4,972	15,219	9,699
Deferred tax				
- Relating to origination and reversal of temporary difference	4	(14)	(297)	(16)
	8,248	**4,958**	**14,922**	**9,683**

The effective tax rate of the Group in the preceding year corresponding period/quarter was lower than the statutory tax rate due to tax exempt profit contribution from a major foreign subsidiary operating 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

There are no investments in quoted securities in the current period.

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 ("MVL") following the passing of a special resolution by its members at an Extraordinary General Meeting held on the same day. IQSB is currently awaiting clearance from the relevant statutory bodies i.e. Employees Provident Fund, Social Security Organisation, Inland Revenue Board ("IRB") and Royal Malaysian Customs Department.

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.

The MVL of IQSB has yet to be completed.

(b) On 19 September 2008, 3 of the Company's wholly-owned subsidiaries which are dormant and, held directly or indirectly by FGB have been placed under MVL pursuant to Section 254(1)(b) of the Companies Act, 1965 as follows:-

(i) Faber Haulage Sdn Bhd;

(ii) Merlin Tower Hotel Sdn Bhd; and

(iii) Mont Hill Sdn Bhd.

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

The above-mentioned subsidiaries are currently awaiting tax clearance from the IRB and their MVL have yet to be completed.

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

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

(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. FHMH had, on 26 May 2011, held its Final Meeting to conclude the MVL. The Liquidators had subsequently lodged a Return relating to the Final Meeting and the Liquidators' Account of Receipts and Payment with the Companies Commission of Malaysia and the Official Receiver respectively on 2 June 2011.

(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.

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 FGB Group.

MUSB is currently awaiting tax clearance from the IRB and its MVL has yet to be completed.

(e) On 17 March 2011, FGB via its adviser, CIMB Investment Bank Berhad ("CIMB") released an announcement that the Company proposed to implement the following:-

a. Proposed capital reduction by way of cancellation of RM0.75 of the existing par value of RM1.00 of each ordinary share in FGB pursuant to Section 64 of the Companies Act, 1965 to reduce the accumulated losses in FGB ("Proposed Par Value Reduction"). Based on the total issued and paid-up share capital of the Company as at 31 December 2010 of RM363.0 million, the credit arising from the reduction of the par value of FGB shares is about RM272.3 million, which will be utilised to set-off an equivalent amount of the accumulated losses of FGB;

b. Proposed share premium reduction by way of reduction of the entire balance of about RM116.0 million in the Company's share premium account pursuant to Section 64 of the Companies Act, 1965 to reduce the accumulated losses in FGB ("Proposed Share Premium Reduction"). The credit arising from the said reduction in share premium of the same amount will be used to set-off the accumulated losses of FGB ; and

c. Proposed amendment to the Memorandum of Association of FGB to facilitate the Proposed Par Value Reduction ("Proposed Amendment") as follows:-

Memorandum of Association - Clause 5

Existing	Proposed
The authorised share capital of the Company is RM3,000,000,000 divided into 3,000,000,000 ordinary shares of RM1.00 each.	The authorised share capital of the Company is RM750,000,000 divided into 3,000,000,000 ordinary shares of RM0.25 each.

(Hereinafter collectively referred to as "Proposals")

The Proposed Par Value Reduction and the Proposed Share Premium Reduction will reduce the accumulated losses of FGB thus allowing the Board of FGB to attain greater flexibility in determining FGB's future dividend payout, as cash dividends may only be paid out of the current year profits and/or retained earnings of the Company.

The Proposed Amendment is necessary to facilitate the Proposed Par Value Reduction.

The abovementioned Proposals are subject to approvals being obtained from the following:-

(i) the shareholders of FGB;

(ii) the High Court of Malaya for the Proposed Par Value Reduction and the Proposed Share Premium Reduction pursuant to Section 64 of the Companies Act, 1965;

(iii) the consent of the relevant creditors/lenders of FGB, where applicable; and

(iv) any other relevant authorities and/or parties, if required.

The approval of the shareholders of FGB in respect of the said proposals had been obtained at the Extraordinary General Meeting held on 18 May 2011.

The Proposed Par Value Reduction and Proposed Amendment are inter-conditional. The Proposed Par Value Reduction and the Proposed Amendment are not inter-conditional with the Proposed Share Premium Reduction.

The Proposals is targeted to be completed by the year end.

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

17. Update on extension of Concession Agreement of Faber Medi-Serve Sdn Bhd

As per the terms of the Concession Agreement ("CA"), Faber Medi-Serve Sdn Bhd ("FMS") had on 26 October 2009 submitted a Letter of Intent to the Ministry of Health ("MOH") to extend the CA which will be expiring on 28 October 2011. In the interim, FMS had attended a series of Service Level Improvement Workshops conducted by the MOH between February 2010 and March 2010 formulating new proposed scopes, standards and performance monitoring for the new Hospital Support Services ("HSS") concession. In 2010, FMS continued its commitment in the HSS concession by continuing to invest substantial amounts of capital expenditure and human development so as to improve its service delivery. Subsequently, on 30 June 2010, FMS had submitted the financial proposal to the MOH in relation to the CA extension. FMS received a letter acknowledging receipt of the notice from Unit Kerjasama Awam Swasta ("UKAS") on 26 October 2010.

FGB and FMS has taken all necessary steps and actions to ensure the success of the CA extension. The decision on the CA extension is still pending from the MOH as at the date of this announcement.

18. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 June 2011 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	-	6,907	6,907	-	-	-
RSLS	151,112	-	151,112	-	-	-
Other borrowings						
Domestic – Bank	-	-	-	254	-	254
Foreign – Bank	-	-	-	2,025	-	2,025
Amount owing to corporate shareholder	-	-	-	-	986	986
TOTAL	151,112	6,907	158,019	2,279	986	3,265

* 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.

19. Derivatives

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

20. Breakdown of realised and unrealised profits or losses

	As at end of current quarter	As at preceding financial year end
	30/06/2011	**31/12/2010**
	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(226,457)	(239,012)
- Unrealised	421	(1,130)
	(226,036)	(240,142)
Less : Consolidation adjustments	209,137	214,367
Total group accumulated losses as per consolidated financial statements	(16,899)	(25,775)

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

21. 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 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."

A Statement of Final Accounts was issued 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, for the balance outstanding sum of RM2,142,229.24 ("the Disputed 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 to claim an indemnity from the Third Party for the Disputed Sum. Road Builder's caseis that it 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 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.

Pursuant to the order of the Court dated 20 November 2007 under a Summons For Directions, Road Builder served their Statement of Claim which was subsequently amended and the Third Party in turn served its Defence on Road Builder. On 17 November 2008, the matter was transferred from the Commercial Division to the Civil Division under suit no. S6-22-1085-2008. The matter is now fixed for the next Case Management on 31 October 2011 for parties to file the bundles of document, statement of Agreed Facts together with the case summary and list of witnesses.

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

22. Comparison between the current quarter and the immediate preceding quarter

	Current quarter	Immediate preceding quarter	Variance	Variance
	30/6/2011	**31/3/2011**		
	RM'000	RM'000	RM'000	%
Revenue:				
Integrated Facilities Management ("IFM")				
Concession	137,181	136,038	1,143	0.8
Non-concession	14,217	40,857	(26,640)	(65.2)
Property	35,022	21,293	13,729	64.5
Group	**186,420**	**198,188**	**(11,768)**	**(5.9)**
Profit Before Tax:				
Integrated Facilities Management				
Concession	19,414	17,555	1,859	10.6
Non-concession	2,058	6,555	(4,497)	(68.6)
Property	11,751	5,843	5,908	>100
Others/Elimination	(4,441)	(4,317)	(124)	(2.9)
Group	**28,782**	**25,636**	**3,146**	**12.3**

The Group's revenue for the current quarter of RM186.4 million was 5.9% or RM11.8 million lower than the preceding quarter of RM198.2 million. Property Division recorded higher revenue by RM13.7 million due to higher progress billings from projects in Kepong, Taman Desa and Kota Kinabalu. IFM Concession also recorded higher revenue by RM1.1 million due to higher variation order and additional facilities at the government hospitals within FGB's concession area. On the other hand, IFM Non-concession recorded lower revenue by RM26.6 million as a result of the non renewal of contracts for infrastructure and low cost houses maintenance in UAE.

The Group recorded higher profit before tax ("PBT") for the current quarter of RM28.8 million, as compared to RM25.6 million in the preceding quarter. This is mainly due to flow through from higher revenue from both IFM Concession and Property Division in the current quarter.

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

23. Review of performance for the current quarter and period

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Six months to	Six months to	Variance	Variance
	30/6/2011	**30/6/2010**			**30/6/2011**	**30/6/2010**		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Integrated Facilities Management								
Concession	137,181	130,744	6,437	4.9	273,219	257,710	15,509	6.0
Non-concession	14,217	118,929	(104,712)	(88.0)	55,074	173,820	(118,746)	(68.3)
Property	35,022	20,543	14,479	70.5	56,315	22,673	33,642	>100.0
Group	**186,420**	**270,216**	**(83,796)**	**(31.0)**	**384,608**	**454,203**	**(69,595)**	**(15.3)**
Profit Before Tax:								
Integrated Facilities Management								
Concession	19,414	20,657	(1,243)	(6.0)	36,969	37,688	(719)	(1.9)
Non-concession	2,058	24,568	(22,510)	(91.6)	8,613	36,484	(27,871)	(76.4)
Property	11,751	2,798	8,953	>100.0	17,594	1,054	16,540	>100.0
Others/Elimination	(4,441)	(3,584)	(857)	(23.9)	(8,758)	(6,914)	(1,844)	(26.7)
Group	**28,782**	**44,439**	**(15,657)**	**(35.2)**	**54,418**	**68,312**	**(13,894)**	**(20.3)**

The Group's revenue for the current quarter of RM186.4 million was 31.0% or RM83.8 million lower than the corresponding quarter last year of RM270.2 million. Property Division recorded higher revenue by RM14.5 million mainly due to the launch of new projects in fourth quarter 2010. IFM Concession also recorded higher revenue by RM6.4 million due to higher variation orders and additional new facilities at the government hospitals within FGB's concession area. On the other hand, IFM Non-concession recorded lower revenue by RM104.7 million as a result of the non renewal of contracts for infrastructure and low cost houses maintenance in UAE.

For the year-to-date, the Group recorded revenue of RM384.6 million against RM454.2 million for the preceding year. Property Division and IFM Concession recorded a positive variance of RM33.6 million and RM15.5 million respectively. IFM Non-concession recorded negative variance of RM118.7 million.

The Group's current quarter PBT of RM28.8 million was lower by RM15.7 million as compared to RM44.4 million in the corresponding quarter last year and year-to-date PBT of RM54.4 million was lower by RM13.9 million against RM68.3 million in the preceding year corresponding period. This was mainly due to flow through from lower revenue from IFM Non-concession as explained above.

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

24. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2011	**30/6/2010**	**30/6/2011**	**30/6/2010**
	RM'000	RM'000	RM'000	RM'000
Net operating profit after tax ("NOPAT") computation:				
Earnings before interest and tax ("EBIT")	28,385	44,391	54,081	68,551
Adjusted tax	(7,096)	(11,098)	(13,520)	(17,138)
NOPAT	**21,289**	**33,293**	**40,561**	**51,413**
Economic charge computation:				
Average invested capital	400,888	334,001	400,888	334,001
Weighted average cost of capital ("WACC")	11.8%	12.1%	11.8%	12.1%
Economic charge	**11,806**	**10,134**	**23,611**	**20,268**
EP	**9,483**	**23,159**	**16,950**	**31,145**

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 June 2011 against the corresponding quarter last year :

EP of RM9.5 million is lower by RM13.7 million as compared to the preceding year corresponding quarter of RM23.2 million mainly due to a lower EBIT and higher economic charge due to higher average invested capital.

(b) Performance of the current period ended 30 June 2011 against last year :

EP of RM17.0 million is lower by RM14.1 million as compared to the corresponding period last year of RM31.1 million mainly due to a lower EBIT and higher economic charge due to higher average invested capital.

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

The negative annualized revenue growth was mainly due to low revenue recognized from the infrastructure maintenance project in UAE for the six months 2011 as compared to the six months 2010. Property Division recorded a positive annualized revenue growth of 63.1%.

The achievement on the headline KPI is as follows:

	June 2011 (6 months) Actual from operations	**December 2011 (12 months) Target**
Headline KPI		
Revenue Growth	(13.5%) (annualized)	**12 - 15%**
Return on Equity	6.8%	**15 - 18%**

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

26. Prospect for the current financial year

The Group will endeavour to improve contribution from all business divisions and focus its effort on IFM business expansion. However, in view of the non renewal of IFM non-healthcare contracts in United Arab Emirates, the Group expects the revenue contribution from IFM Non-Concession in the current financial year to be lower.

The Group expects higher contribution from Property Division following the launches of several projects in last quarter 2010 and first quarter 2011.

27. Profit forecast

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

28. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2011	**30/6/2010**	**30/6/2011**	**30/6/2010**
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	16,502	32,466	30,656	46,860
Weighted average number of ordinary shares in issue ('000)	363,001	363,001	363,001	363,001
Basic earnings per share	4.55 sen	8.94 sen	8.45 sen	12.91 sen

By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary

Kuala Lumpur
23 August 2011