

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2007.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	177,937	156,332	347,503	290,571
(b) Cost of sales	(116,381)	(105,852)	(229,771)	(196,442)
(c) Gross profit	61,556	50,480	117,732	94,129
(d) Other income	1,637	1,316	3,048	2,145
(e) Expenses	(25,836)	(19,482)	(48,650)	(37,822)
(f) Finance costs	(3,074)	(3,151)	(6,168)	(6,154)
(g) Depreciation and amortization	(8,389)	(8,433)	(16,843)	(16,968)
(h) Profit before income tax	25,894	20,730	49,119	35,330
(i) Income tax	(7,283)	(7,556)	(13,807)	(13,389)
(j) Profit for the period	18,611	13,174	35,312	21,941
Attributable to:				
(k) Equity holders of the Company	12,596	8,421	23,587	13,434
(l) Minority interests	6,015	4,753	11,725	8,507
	18,611	13,174	35,312	21,941
2. Earnings per share based on 1(k) above:-				
(a) Basic (based on 2007 weighted average : 324,594,460/311,371,219 [2006 weighted average of : 278,001,053] ordinary shares)	3.9 sen	3.0 sen	7.6 sen	4.8 sen
(b) Fully diluted (based on 2007 weighted average: 464,594,460/451,371,219 [2006 : 478,001,053] enlarged number of ordinary shares)	2.7 sen	1.8 sen	5.2 sen	2.8 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

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II. CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As at end of current quarter 30/06/2007	As at preceding financial year end 31/12/2006
	RM'000	RM'000
ASSETS		
1. Non- current assets		
Property, plant and equipment	284,942	288,887
Prepaid land lease payments	19,427	20,362
Land held for property development	44,075	43,823
Intangible assets	6,392	7,383
Other investments	897	897
Trade and other receivables	4,183	11,763
Deferred tax assets	3,099	4,888
	363,015	378,003
2. Current assets		
Property development costs	108,989	94,155
Inventories	20,910	19,822
Receivables	194,121	184,352
Short term investments	268	196
Short term deposits*	97,368	101,523
Cash and bank balances*	56,136	73,064
	477,792	473,112
Total assets	840,807	851,115

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II. CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

	Unaudited	Audited
	As at end of current quarter 30/06/2007	As at preceding financial year end 31/12/2006
	RM'000	RM'000
EQUITY AND LIABILITIES		
3. Equity attributable to equity holders of the Company		
Share capital	338,001	298,001
Redeemable Convertible Preference Shares ("RCPS")	140,000	180,000
Reserves:		
Share premium	115,985	115,985
Other reserves	26,470	26,077
Accumulated losses	(339,618)	(358,270)
	280,838	261,793
4. Minority interests	90,278	82,105
Total equity	371,116	343,898
5. Non-current liabilities		
Retirement benefit obligations	1,282	1,281
Provisions	6,468	6,419
Redeemable Secured Loan Stocks ("RSLs")	151,029	148,121
Preference shares ("PS")	8,616	8,616
Borrowings	93,953	96,764
Deferred taxation	9,502	11,682
	270,850	272,883
6. Current liabilities		
Retirement benefit obligations	780	276
Provisions	-	907
Borrowings	11,124	24,485
Payables	181,032	195,311
Tax payable	5,905	13,355
	198,841	234,334
Total liabilities	469,691	507,217
Total equity and liabilities	840,807	851,115
7. Net assets per ordinary share attributable to ordinary equity holders of the Company	RM0.83	RM0.88

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

* Cash, bank balances and short term deposits

Included in the cash, bank balances and short term deposits of the Group is RM39,208,000 (2006 : RM47,456,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months to 30/6/2007 RM'000	Unaudited Six months to 30/6/2006 RM'000
Operating Activities		
Cash receipts from customers	399,582	325,102
Cash payments to suppliers	(226,339)	(72,812)
Cash payments to employees and for expenses	(130,149)	(183,636)
Cash generated from operations	43,094	68,654
Interest paid	(6,140)	(8,576)
Income taxes paid	(20,570)	(10,398)
Net cash generated from operating activities	16,384	49,680
Investing Activities		
Interest received	2,491	1,452
Purchase of property, plant & equipment	(17,475)	(5,713)
Others	267	-
Net cash used in investing activities	(14,717)	(4,261)
Financing Activities		
Repayment of Balance Sum owed to Jeram Bintang Sdn Bhd ("JBSB")	(1,573)	(2,452)
Dividend paid to shareholders	(4,935)	-
Dividend paid to minority shareholders by subsidiary	(3,552)	(5,253)
Preference dividend paid to minority shareholders by subsidiary	-	(1,792)
Repayment of term loan	(12,690)	(7,878)
Net cash used in financing activities	(22,750)	(17,375)
Net change in Cash and Cash Equivalents	(21,083)	28,044
Cash and Cash Equivalents as at beginning of financial period	174,587	129,689
Cash and Cash Equivalents as at end of financial period	153,504	157,733

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

	Unaudited As at 30/6/2007 RM'000	Unaudited As at 30/6/2006 RM'000
Short term deposits	97,368	85,295
Cash and bank balances	56,136	72,438
	153,504	157,733

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

← Attributable to equity holders of the company →

	Share Capital	Redeemable Convertible Preference Share	Share Premium	Other Reserves	Accumulated Losses	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six months to 30 June 2007 (unaudited)								
Balance as at 1 January 2007	298,001	180,000	115,985	26,077	(358,270)	261,793	82,105	343,898
Exchange fluctuation not recognized in income statement	-	-	-	(968)	-	(968)	-	(968)
Expense recognized directly in equity	-	-	-	(968)	-	(968)	-	(968)
Profit for the period	-	-	-	-	23,587	23,587	11,725	35,312
Total recognized income and expense for the period	-	-	-	(968)	23,587	22,619	11,725	34,344
Conversion of RCPS	40,000	(40,000)	-	-	-	-	-	-
Dividend paid to shareholders and minority shareholders of a subsidiary	-	-	-	-	(4,935)	(4,935)	(3,552)	(8,487)
Share-based payment	-	-	-	1,361	-	1,361	-	1,361
Balance as at 30 June 2007	338,001	140,000	115,985	26,470	(339,618)	280,838	90,278	371,116
Six months to 30 June 2006 (unaudited)								
Balance as at 1 January 2006	278,001	200,000	115,985	32,351	(394,944)	231,393	65,812	297,205
Exchange fluctuation not recognized in income statement	-	-	-	(1,722)	-	(1,722)	-	(1,722)
Expense recognized directly in equity	-	-	-	(1,722)	-	(1,722)	-	(1,722)
Profit for the period	-	-	-	-	13,434	13,434	8,507	21,941
Total recognized income and expense for the period	-	-	-	(1,722)	13,434	11,712	8,507	20,219
Dividend paid to minority shareholders in subsidiary	-	-	-	-	-	-	(5,253)	(5,253)
Share-based payment	-	-	-	315	-	315	-	315
Balance as at 30 June 2006	278,001	200,000	115,985	30,944	(381,510)	243,420	69,066	312,486

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The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

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") and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006 except for the early adoption of the following revised or amendments to the following Financial Reporting Standards ("FRS") effective 1 January 2007 :

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoptions of the above revised FRSs and amendment to FRS do not have any impact to the existing accounting policies of the Group.

2. Audit report in respect of the 2006 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2006 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 period of the current financial period or prior financial years that have a material effect in the current period.

6. Debt and equity securities

The Group did not undertake any other 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 period ended 30 June 2007 except that:

Following the receipt by FGB of the Notice of Conversion ("the Notice") of 20,000,000 of RM1.00 Nominal Value of 8-year Redeemable Convertible Preference Shares ("RCPS") from Jeram Bintang Sdn Bhd ("JBSB"), FGB had on 15 May 2007 issued 20,000,000 Ordinary Shares of RM1.00 ("the New Ordinary Shares") to Universal Trustee (Malaysia) Berhad ("the Trustee").

The Notice is in respect of conversion by JBSB of 20,000,000 RCPS into the New Ordinary Shares in FGB is in accordance to the Subscription Agreement constituting up to RM200,000,000.00 RCPS between FGB and JBSB dated 17 September 2004. JBSB having exercised the conversion rights had instructed Faber to allocate the New Ordinary Shares to the Trustee as custodian pursuant to the security arrangement in relation to JBSB's Redeemable Secured Bond.

The Notice is in respect of the conversion rights attached to the RCPS for the period commencing from 30 September 2004 ("the Issue Date") of the RCPS and ending on the third anniversary of the Issue Date. Following the above and including the conversion of 20,000,000 RCPS in July 2006 and April 2007 respectively, JBSB has exercised the conversion of 60,000,000 RCPS.

The New Ordinary Shares of RM1.00 each was granted listing and quotation on 21 May 2007.

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7. **Dividend**

The first and final dividend of RM0.02 per ordinary share of RM1.00 each less 27% taxation in respect of financial year ended 31 December 2006 was paid on 27 June 2007 (2006 : nil).

The Directors do not recommend the payment of an interim dividend for the current period ended 30 June 2007 (2006 : nil).

8. **Segment information for the current financial period**

Segment information for the current financial period to 30 June 2007 is as follows:

By business segment	Facilities Management Healthcare RM'000	Property Development RM'000	Hotel Services RM'000	Facilities Management Non Healthcare RM'000	Others/ Elimination RM'000	Group RM'000
Revenue						
External sales	219,149	97,575	24,866	2,958	2,955	347,503
Results						
Segment results	27,932	27,616	991	126	(1,378)	55,287
Finance costs	(937)	(20)	(2,302)		(2,909)	(6,168)
Profit/(loss) before income tax	26,995	27,596	(1,311)	126	(4,287)	49,119
Income tax	(8,081)	(5,687)	-	(39)	-	(13,807)
Profit/(loss) for the period	18,914	21,909	(1,311)	87	(4,287)	35,312
Attributable to:						
Equity holders of the Company	17,574	16,753	(1,311)	87	(9,517)	23,587
Minority interests	1,340	5,155	-	-	5,230	11,725
	18,914	21,908	(1,311)	87	(4,287)	35,312

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 2007 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 2007 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 quarter and financial period including business combinations, acquisitions or disposals of subsidiaries and long term investments, 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 2006 except as disclosed below:

Description of contingent liabilities	RM'000
Decrease in claim for alleged non-payment of debts	1,223

12. **Capital commitments**

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	7,313

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13. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- current taxation	<u>7,283</u>	<u>7,556</u>	<u>13,807</u>	<u>13,389</u>

The disproportionate taxation charge for the Group is principally due to the absence of Group relief for losses suffered by certain subsidiaries .

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

There were no disposal 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 30/6/2007 RM'000
Total investments at cost	<u>816</u>
Total investments at book value net of accumulated impairment loss	<u>268</u>
Total investments at market value	<u>268</u>

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 company 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.

- (b) On 8 May 2006, Faber Union Sdn Bhd ("FUSB"), a wholly owned subsidiary company of Faber Development Holdings Sdn Bhd ("FDH") which in turn is a wholly owned subsidiary company of FGB entered into a Joint Venture Development Agreement with UEM Group Berhad (formerly known as United Engineers (Malaysia) Berhad) ("UEM") in relation to the proposed development of all that piece of land ("the UEM Land") held under C.L. 015346282, District of Kota Kinabalu, State of Sabah (related party transaction).

The application for Housing Developers' License and Sales and Advertising Permit had been submitted to the Ministry of Local Housing of Sabah ("the Ministry") and the approval on the above is pending issuance by FUSB of bank guarantee to the Ministry.

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- (c) On 4 September 2006, FGB entered into a Joint Venture cum Shareholders' Agreement ("JvcSA-Ekovest") with Ekovest Berhad ("Ekovest") to apply to the Government of Malaysia, and if successful, to undertake as joint venture partners, the concession ("the Concession") for the design, construction, completion and maintenance of an institution known as the National Institute for Natural Products, Vaccines and Biologicals (hereafter referred to as 'the 9Bio Project').

FGB and Ekovest (collectively "the Parties") have agreed to use "Ekovest-Faber Sdn Bhd (formerly known as Ukasa Bina Sdn Bhd) ("Ekovest-Faber"), as the incorporated joint venture vehicle, to implement and carry out the 9Bio Project in accordance with the terms and conditions contained in the JvcSA-Ekovest.

Both Ekovest and FGB are finalizing the subscription of their respective shareholding of 60% and 40% respectively in Ekovest-Faber.

- (d) FGB had on 20 December 2006 entered into a Joint Venture cum Shareholders' Agreement ("JvcSA-Matang Advent") with Matang Holdings Berhad ("Matang") and Advent (M) Sdn Bhd ("Advent") to undertake as joint venture partners, the preparation and submission of proposals and operations of food catering services.

Kesan Suci Sdn Bhd ("KSSB") will be the incorporated joint venture vehicle to undertake the preparation and submission of proposals for food catering services for all hospitals under the Ministry of Health Malaysia as well as for private hospitals or any other food-related establishments. Under the JvcSA-Matang Advent, KSSB and/or its subsidiaries will operate the food catering business in the establishments where proposals have been successful.

KSSB was incorporated on 12 September 2005 with an authorized capital of RM100,000.00 divided in 100,000 Ordinary shares of RM1.00 each.

The participation of the Parties in the equity structure of KSSB shall be FGB (51%), Matang (29%) and Advent (20%).

On 28 June 2007, FGB, Matang and Advent completed the subscription of the following number of shares in KSSB:

- 509,998 Ordinary shares of RM1.00 each by FGB,
- 290,000 Ordinary shares of RM1.00 each by Matang, and
- 200,000 Ordinary shares of RM1.00 each by Advent.

Following the above shares subscription and 2 ordinary shares of RM1.00 already held by FGB, Matang and Advent hold 51%, 29% and 20% respectively of the issued and paid-up share capital of KSSB.

- (e) FGB had on 21 December 2006 entered into a Shareholders' Agreement ("SA") with His Excellency Khalid Ali Al Bustani ("HE Khalid") and Dr. Mohamed Emir Mavani ("Dr Emir") in relation to incorporation of a company in the Emirate of Dubai to carry out business activities related to facilities management.

FGB, HE Khalid and Dr Emir (collectively referred to hereafter as ("the Parties") have agreed to incorporate a limited liability company to be known as "Faber LLC" ("FLLC") to carry out business activities related to facilities management, such establishment and incorporation to take place as soon as reasonably practicable following execution of the SA.

The participation of the Parties in the equity structure of FLLC shall be FGB (49%) and HE Khalid (51%).

The SA shall be terminated on the grounds of, inter-alia, in the event that FLLC does not procure any business within one year following its incorporation, registration and licensing unless mutually extended by the Parties.

FGB, HE Khalid and Dr Emir are presently in the process of incorporating FLLC.

- (f) FMS had on 28 February 2007 entered into a Joint Venture Agreement ("JVA-BTS") with Brufors Technical Services ("BTS") to undertake the provision of Building and Facilities Maintenance Services, Bio-medical Engineering Maintenance Services, Cleansing and Janitorial Services, Linen and Laundry Services, Clinical Waste Management and Central Management Information Services ("the Brunei Project") via a joint venture company in Brunei Darussalam.

FMS and BTS (collectively "the Parties") have agreed to incorporate a company ("the JVCo-Brunei") registered in Brunei Darussalam for the Brunei Project and the participation of the Parties in the equity structure of the JVCo-Brunei shall be FMS (70%) and BTS (30%).

Pursuant to the JVA-BTS, the authorised capital of the JVCo-Brunei is Brunei Dollars ("BND") 100,000.00 only divided into 100,000 Ordinary Shares of BND1.00 each and the initial issued and paid up capital of the JVCo-Brunei is BND1,000.00 only divided into 1,000 Ordinary Shares of BND1.00 each of which both may be increased from time to time.

On 15 June 2007, FGB released an announcement on the fulfillment of the conditions precedents in connection with the JVCo-Brunei. The solicitors of FMS and Brufors are also in the midst of finalizing the necessary with regard to the incorporation and registration of the joint venture company in Negara Brunei Darussalam, namely 'Faber Brufors Maintenance Sdn Bhd'.

- (g) On 21 March 2007, FMS entered into a Joint Venture Agreement ("JJVA-PFPL & Faber L&L") with PFPL and Faber Linen and Laundry Pty Ltd ("Faber L&L") in relation to the collaboration on an exclusive basis in respect of operating a laundry plant in Australia for the purposes of providing linen and laundry services ("the Australia Project"). The entry by

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FMS into the JVA-PFPL & Faber L&L was contemplated in the Memorandum of Understanding dated 31 August 2006 entered into between FMS and PFPL.

Under the terms of the JVA-PFPL & Faber L&L, both FMS and PFPL will hold 60% and 40% respectively in the issued and paid-up share capital of Faber L&L, a company incorporated in the state of New South Wales, Australia and designated as the joint venture company for the purposes of the Australian Project.

The initial issued and paid up share capital of Faber L&L shall be AUD250,000.00 only divided into 250,000 Ordinary shares issued at AUD1.00 each, which may be increased from time to time.

In accordance to the provisions of the JVA-PFPL & Faber L&L, the Parties have determined for the conditions precedent to the JVA to be met within a period of 4 months from the date of the JVA or such other period as the Parties may mutually agree in writing. The Parties had on 1 August 2007 agreed to extend further the time for fulfillment of the conditions precedent as set out in the JVA-PFPL & Faber L&L until 20 September 2007.

- (h) On 26 June 2007, FGB announced the entry by Faber Facilities Sdn Bhd ('FFSB'), a wholly owned subsidiary company of FGB into a Joint Venture Agreement ('JVA-ASHL') with Apollo Sindoori Hotels Limited ("ASHL") in relation to collaboration in inter-alia, bio-medical and facility engineering maintenance services, cleansing services, housekeeping services, janitorial services and hospital support services (other than catering and food & beverage services) and management information services (other than patient information) and other mutually agreed objectives by way of a proposed joint venture company in India ('India-JVCo').

In accordance to the provisions of the JVA-ASHL, ASHL is in the process of procuring the India-JVCo. The initial authorized and issued and paid-up share capital of the JVCo upon the formation of the JVCo, shall be Rs. 100,000/- divided into 10,000 equity shares of Rs. 10/- each of which shall be held by ASHL and its nominees.

Pursuant to the provisions of the JVA-ASHL, upon the satisfaction of conditions precedent to the JVA-ASHL within 4 months from the date of the JVA-ASHL, the issued and paid-up share capital of the JVCo shall be held by FFSB and ASHL in the ratio of 51:49 respectively and the same shall be maintained by the Parties at all times.

17. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 June 2007 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
<u>Debt securities</u>						
PS	-	8,616	8,616	-	-	-
RSLs	151,029*	-	151,029*	-	-	-
<u>Other borrowings</u>						
Domestic – Bank	-	-	-	8,637	-	8,637
Foreign – Bank	55,569	-	55,569	2,487	-	2,487
Amount owing to corporate shareholder	-	1,063	1,063	-	-	-
Balance Sum owing to JBSB	37,321	-	37,321	-	-	-
TOTAL	243,919	9,679	253,598	11,124	-	11,124

* 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. Off Balance Sheet financial instruments

There are no financial instruments with off-balance sheet risks as at the date of this announcement.

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19. Material litigation

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

Nova Hill Sdn Bhd (“NHSB”) vs. FUSB (KLHC Suit No. S7(S1)S4-22-379-1992)

This is a dispute between FUSB, a wholly-owned subsidiary of Faber Development Holdings Sdn Bhd. (“FDHSB”) which in turn is a wholly-owned subsidiary of FGB, and the defendant, which is the vendor of the land under HS (D) 4764 P.T. 1834 which is now described as Geran 10869 Lot 35283, Mukim and District of Kuala Lumpur (the “Faber Land”) and NHSB, the plaintiff, which is the buyer of the Faber Land, in respect of an alleged wrongful termination of the sale of the Faber Land for the proposed development of Casa Palma Condominium. The claim made by the plaintiff on 22 July 1992 was for a total sum of RM26,178,880.

The Plaintiff has filed a Notice of Appeal to the Court of Appeal on 12 February 2004. There is no further development since then on the Plaintiff’s appeal. In the meantime the High Court had fixed the notice of review on taxation of cost for hearing on 23 May 2006. On the said date, the Court adjourned the matter to 29 June 2006 and cost was awarded to FUSB for the sum of RM73,500.00. In the interim the Court of Appeal had also fixed for hearing of the notice of taxation on 26 May 2006 on the Bill of Cost for appeal to set-aside the default judgment in the Court of Appeal. On the said date i.e. 26 May 2006, the court again awarded FUSB a sum of RM23,671.30 as cost. FUSB solicitors have filed in the necessary allocation and are still awaiting the extraction of the same to be served on the plaintiff.

FUSB’s solicitors are of the opinion, on the basis of the documents made available and the facts made known to them, that the circumstances of the case suggest that there was no contract concluded between FUSB and NHSB for the sale of the Faber land.

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

The Group’s revenue for the current quarter was higher by RM8.3 million or 4.9% to RM177.9 million from RM169.6 million in the preceding quarter. The Property Division recorded a higher revenue of RM52.5 million (preceding quarter : RM45.1 million) mainly due to higher work progress and take up rate in the current quarter for Rimbunan Avenue Phase 4C project (shop office). The Facilities Management Healthcare Division also recorded a higher revenue of RM110.9 million (preceding quarter : RM108.3 million) due to the increase of collection of clinical waste and linen supply as well as contribution by new businesses. However, the Hotel Division recorded a lower revenue of RM11.9 million (preceding quarter: RM12.9 million) with lower Average Occupancy and Room Rate of Sheraton Hanoi due to the off peak season in the current quarter.

The Group recorded higher profit before tax (“PBT”) for the current quarter of RM25.9 million, as compared to RM23.2 million in the preceding quarter. The Property Division recorded a higher PBT of RM16.3 million (preceding quarter: RM11.3 million) as a result of the higher revenue as explained above. However, the Facilities Management Healthcare Division recorded a lower PBT of RM12.8 million (preceding quarter : RM14.2 million) whilst the Hotel Division recorded a higher loss of RM1.0 million (preceding quarter : RM0.3 million).

21. Review of performance for the current quarter and year-to-date

The Group’s revenue for the current quarter of RM177.9 million was 13.8% or RM21.6 million higher than the corresponding quarter last year of RM156.3 million. This was mainly due to the higher revenue from the Facilities Management Healthcare Division contributed by the newly built hospitals and new businesses. The Property Division also recorded a higher revenue from the progress billings for Casa Desa (condominium) and Rimbunan Avenue Phase 4C (shop office) projects. The Hotel Division recorded higher revenue in the current quarter in line with higher Average Occupancy and Room Rate of Sheraton Hanoi.

For the year-to-date, the Group recorded revenue of RM347.5 million against RM290.6 million for the preceding year corresponding period. The RM56.9 million or 19.6% increase was mainly due to higher revenue by Facilities Management Healthcare Division, Property Division and Hotel Division by RM22.9 million, RM27.1 million and RM5.5 million respectively.

The Group’s current quarter PBT was higher by RM5.2 million to RM25.9 million as compared to RM20.7 million in the corresponding quarter last year and year-to-date PBT of RM49.1 million against RM35.3 million in the preceding year corresponding period . This was mainly due to higher turnover for most divisions.

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	27,650	22,721	52,756	40,032
Adjusted tax	(7,466)	(6,362)	(14,244)	(11,209)
NOPAT	20,184	16,359	38,512	28,823
<u>Economic charge computation:</u>				
Average invested capital	490,934	486,090	490,934	486,090
Weighted average cost of capital ("WACC")	12.5%	10.6%	12.5%	10.6%
Economic charge	15,349	12,928	30,719	25,856
EP	4,835	3,431	7,793	2,967

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 2007 against the corresponding quarter last year :

EP of RM4.8 million is higher by RM1.4 million as compared to the preceding year corresponding quarter of RM3.4 million mainly due to a higher EBIT recorded as a result of the higher revenue recognition.

(b) Performance of the current period ended 30 June 2007 against the corresponding period last year :

EP of RM7.8 million is higher by RM4.8 million as compared to the preceding year corresponding period of RM3.0 million mainly due to higher EBIT recorded as a result of the higher revenue recognition.

23. **Prospects for the current financial year**

The Group expects its performance to improve as a result of enhanced contribution from all business sectors. The overseas business expansion is part of the Group's growth strategy.

The achievement on the headline key performance indicators ("KPI") is as follows:

	June 2007	2007
	(6 months)	(12 months)
	Actual	Target
Headline KPI		
Revenue Growth	9.0%	9.0%
	(annualized)	
Return on Equity	8.4%	14.0%

The Group is on track to meet its 2007 headline KPIs. The explanation is as provided in Note 21.

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24. **Profit forecast**

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
Profit attributable to equity holders of the Company (RM)	12,596,000	8,421,000	23,587,000	13,434,000
Weighted average number of ordinary shares in issue	324,594,460	278,001,053	311,371,219	278,001,053
Basic EPS	3.9 sen	3.0 sen	7.6 sen	4.8 sen
Fully diluted (based on 2007 weighted average: 464,594,460 / 451,371,219 [2006 :478,001,053] enlarged number of ordinary shares)	2.7 sen	1.8 sen	5.2 sen	2.8 sen

Kuala Lumpur
27th day of August, 2007

By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary