

FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007.

THE FIGURES HAVE BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2007	Preceding year corresponding quarter 31/12/2006 (As restated)	Twelve months to 31/12/2007	Twelve months to 31/12/2006 (As restated)
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
1. (a) Revenue	170,435	151,327	669,675	591,001
(b) Cost of sales	(121,444)	(104,461)	(471,742)	(410,570)
(c) Gross profit	48,991	46,866	197,933	180,431
(d) Other income	2,923	5,505	6,821	10,801
(e) Expenses	(23,965)	(27,925)	(77,250)	(70,034)
(f) Finance costs	(2,049)	(2,864)	(7,836)	(7,670)
(g) Depreciation and amortization	(6,684)	(4,556)	(20,223)	(17,296)
(h) Profit before income tax	19,216	17,026	99,445	96,232
(i) Income tax	(4,291)	(892)	(25,393)	(24,939)
(j) Profit for the year from continuing operations	14,925	16,134	74,052	71,293
Discontinued Operations				
(k) Profit/(Loss) for the year from discontinued operations	3,777	2,410	3,241	(6,638)
(l) Profit for the year	18,702	18,544	77,293	64,655
Attributable to:				
(m) Equity holders of the Company	11,543	13,107	51,962	36,674
(n) Minority interests	7,159	5,437	25,331	27,981
	18,702	18,544	77,293	64,655

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I. CONDENSED CONSOLIDATED INCOME STATEMENT (CONT'D)

	Current year quarter 31/12/2007	Preceding year corresponding quarter 31/12/2006 (As restated)	Twelve months to 31/12/2007	Twelve months to 31/12/2006 (As restated)
2. Earnings/(Loss) per share based on 1(m) above:-				
(a) Basic (based on 2007 weighted average : 338,343,519/325,138,039 [2006 weighted average of : 298,001,053/286,713,382] ordinary shares)				
Profit from continuing operations	2.3 sen	3.6 sen	15.0 sen	15.1 sen
Profit/(loss) from discontinued operations	<u>1.1 sen</u>	<u>0.8 sen</u>	<u>1.0 sen</u>	<u>(2.3) sen</u>
Profit for the year	<u><u>3.4 sen</u></u>	<u><u>4.4 sen</u></u>	<u><u>16.0 sen</u></u>	<u><u>12.8 sen</u></u>
 (b) Fully diluted (based on 2007 weighted average: 453,343,519/440,138,039 [2006 : 478,001,053/466,713,382] enlarged number of ordinary shares)				
Profit from continuing operations	1.7 sen	2.2 sen	11.1 sen	9.3 sen
Profit/(loss) from discontinued operations	<u>0.8 sen</u>	<u>0.5 sen</u>	<u>0.7 sen</u>	<u>(1.4) sen</u>
Profit for the year	<u><u>2.5 sen</u></u>	<u><u>2.7 sen</u></u>	<u><u>11.8 sen</u></u>	<u><u>7.9 sen</u></u>

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

	Audited	Audited
	As at end of	As at
	current	preceding
	quarter	financial year
	31/12/2007	end
	31/12/2007	31/12/2006
	RM'000	RM'000
ASSETS		
1. Non- current assets		
Property, plant and equipment	91,261	288,887
Land held for property development	49,946	43,823
Prepaid land lease payments	2,980	20,362
Intangible assets	5,551	7,383
Other investments	1,171	897
Trade and other receivables	2,982	11,763
Deferred tax assets	4,834	4,888
	158,725	378,003
2. Current assets		
Property development costs	65,902	94,155
Inventories	23,270	19,822
Receivables	212,112	184,352
Short term investments	368	196
Short term deposits*	170,851	101,523
Cash and bank balances*	47,334	73,064
	519,837	473,112
3. Assets of disposal group classified as held for sale	211,424	-
Total assets	889,986	851,115

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II. CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

	Audited	Audited
	As at end of current quarter	As at preceding financial year end
	31/12/2007	31/12/2006
	RM'000	RM'000
EQUITY AND LIABILITIES		
4. Equity attributable to equity holders of the Company		
Share capital	363,001	298,001
Redeemable Convertible Preference Shares ("RCPS")	115,000	180,000
Share premium	115,985	115,985
Other reserves	13,542	26,077
Accumulated losses	(311,243)	(358,270)
	296,285	261,793
5. Minority interests	106,389	82,105
Total equity	402,674	343,898
6. Non-current liabilities		
Retirement benefit obligations	2,166	1,281
Provisions	642	6,419
Redeemable Secured Loan Stocks ("RSLs")	154,045	148,121
Preference shares ("PS")	7,496	8,616
Borrowings	36,359	96,764
Deferred tax liabilities	7,685	11,682
	208,393	272,883
7. Current liabilities		
Retirement benefit obligations	388	276
Provisions	1,905	907
Preference shares	1,120	-
Borrowings	818	24,485
Payables	204,923	195,311
Tax payable	2,656	13,355
	211,810	234,334
8. Liabilities of disposal group classified as held for sale	67,109	-
Total liabilities	487,312	507,217
Total equity and liabilities	889,986	851,115
9. Net assets per ordinary share attributable to ordinary equity holders of the Company	RM0.82	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 RM33,406,000 (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

	Audited Twelve months to 31/12/2007	Audited Twelve months to 31/12/2006 <small>(As restated)</small>
	RM'000	RM'000
Operating Activities		
Cash receipts from customers	675,943	567,742
Cash payments to suppliers	(281,221)	(203,522)
Cash payments to employees and for expenses	(246,598)	(240,304)
Cash generated from operations	148,124	123,916
Interest paid	(176)	(181)
Income taxes paid	(40,524)	(24,892)
Net cash generated from discontinued operations	21,827	9,809
Net cash generated from operating activities	129,251	108,652
Investing Activities		
Proceeds from disposal of property, plant and equipment	287	324
Purchase of land held for property development	(8,303)	(6,036)
Other investment	(400)	-
Interest received	4,860	3,670
Dividend received	8	-
Purchase of property, plant and equipment	(27,125)	(17,127)
Payment of intangible assets	(62)	(632)
Net cash used in discontinued operations	(924)	(761)
Net cash used in investing activities	(31,659)	(20,562)
Financing Activities		
Proceeds from issuance of ordinary shares	490	-
Repayment of hire purchase obligations	(457)	-
Preference dividend paid to minority shareholders of a subsidiary	(1,700)	(1,792)
Repayment of Balance Sum owed to Jeram Bintang Sdn Bhd ("JBSEB")	(2,883)	(3,487)
Repayment of shareholders loan to minority shareholder of a subsidiary	(531)	(1,063)
Drawdown of other secured bank loans	-	2,582
Dividend paid to shareholders	(4,935)	-
Dividend paid to minority shareholders of subsidiaries	(6,672)	(7,817)
Repayment of secured bank loans	(19,400)	(23,647)
Net cash used in discontinued operations	(8,567)	(7,544)
Net cash used in financing activities	(44,655)	(42,768)
Net change in Cash and Cash Equivalents	52,937	45,322
Net foreign exchange difference	(478)	(424)
Cash and Cash Equivalents as at beginning of financial year	174,587	129,689
Cash and Cash Equivalents as at end of financial year	227,046	174,587
	(a)	
(a) Cash and Cash Equivalents comprise the following amounts:		
	Audited As at 31/12/2007	Audited As at 31/12/2006
	RM'000	RM'000
Short term deposits	170,851	101,523
Cash and bank balances	47,334	68,074
Cash, bank balances and deposits included in assets of disposal group classified as held for sale	8,861	4,990
	227,046	174,587

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 Shares	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
Twelve months to 31 December 2007 (audited)								
Balance as at 1 January 2007	298,001	180,000	115,985	26,077	(358,270)	261,793	82,105	343,898
Currency translation differences, representing expense recognized directly in equity	-	-	-	(13,285)	-	(13,285)	3,871	(9,414)
Profit for the year	-	-	-	-	51,962	51,962	25,331	77,293
Total recognized income and expense for the year	-	-	-	(13,285)	51,962	38,677	29,202	67,879
Conversion of RCPS	65,000	(65,000)	-	-	-	-	-	-
Dividend paid to shareholders and minority shareholders of a subsidiary	-	-	-	-	(4,935)	(4,935)	(6,672)	(11,607)
Share-based payment	-	-	-	750	-	750	1,264	2,014
Acquisition of subsidiary	-	-	-	-	-	-	490	490
Balance as at 31 December 2007	363,001	115,000	115,985	13,542	(311,243)	296,285	106,389	402,674

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (CON'D)

	← Attributable to equity holders of the Company →							Total Equity
	Share Capital	Redeemable Convertible Preference Shares	Share Premium	Other Reserves	Accumulated Losses	Total	Minority Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Twelve months to 31 December 2006 (audited)								
Balance as at 1 January 2006	278,001	200,000	115,985	32,351	(394,944)	231,393	65,812	297,205
Currency translation differences, representing expense recognized directly in equity	-	-	-	(7,912)	-	(7,912)	(3,871)	(11,783)
Profit for the year	-	-	-	-	36,674	36,674	27,981	64,655
Total recognized income and expense for the year	-	-	-	(7,912)	36,674	28,762	24,110	52,872
Dividend paid to minority shareholders in subsidiary	-	-	-	-	-	-	(7,817)	(7,817)
Share-based payment	-	-	-	1,638	-	1,638	-	1,638
Conversion of RCPS	20,000	(20,000)	-	-	-	-	-	-
Balance as at 31 December 2006	298,001	180,000	115,985	26,077	(358,270)	261,793	82,105	343,898

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") except for the early adoption of the following revised 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 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.

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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 year.

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 year.

6. Debt and equity securities

Faber Group Berhad ("FGB") 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 financial year ended 31 December 2007 except the following:

The issuance of shares of FGB to Universal Trustee (Malaysia) Berhad ("the trustee") in respect of conversion by Jeram Bintang Sdn Bhd ("JBSB") of RM65,000,000.00 Nominal Value of 8-year Redeemable Convertible Preference Shares ("RCPS") and 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 FGB to allocate the new ordinary shares arising from the above RCPS conversions to the Trustee as custodian pursuant to the security arrangement in relation to JBSB's Redeemable Secured Bond.

Following the above conversions, JBSB has exercised a total conversion of 85,000,000 RCPS, including the conversion of 20,000,000 RCPS in the preceding year.

The new ordinary shares of RM1.00 each amounting to 20,000,000, 20,000,000 and 25,000,000 were granted listing and quotation on 10 April 2007, 21 May 2007 and 26 December 2007 respectively.

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 any dividend for the current year ended 31 December 2007 (2006 : nil).

8. Segment information for the current financial year

Segment information for the current financial year to 31 December 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
Continuing operations						
Revenue						
External sales	454,301	206,106	-	4,024	5,244	669,675
Results						
Segment results	58,450	57,924	-	(2,070)	(7,023)	107,281
Finance costs	(1,911)	-	-	-	(5,925)	(7,836)
Profit/(loss) before income tax	56,539	57,924	-	(2,070)	(12,948)	99,445
Income tax	(13,697)	(12,353)	-	15	642	(25,393)
Profit/(loss) for the year from continuing operations.	42,842	45,571	-	(2,055)	(12,306)	74,052
Discontinued operations						
Profit for the year from discontinued operations	-	-	3,241	-	-	3,241
Profit for the year	42,842	45,571	3,241	(2,055)	(12,306)	77,293
Attributable to:						
Equity holders of the Company	40,331	34,312	3,241	(2,034)	(23,888)	51,962
Minority interests	2,511	11,259	-	(21)	11,582	25,331
	42,842	45,571	3,241	(2,055)	(12,306)	77,293

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9. Material events subsequent to the end of the current financial year

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 December 2007 to the date of this announcement which would substantially affect the financial results of the Group for the twelve months ended 31 December 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 year including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations except for the following:

- a) In December 2007, FGB completed the incorporation of FABER L.L.C ("FLLC") in the Emirate of Dubai under which the authorised share capital and paid up capital of FLLC is Dirhams ("Dhs") 600,000.00 divided into 600 equity shares of Dhs1,000.00 each.

FGB presently holds 294 equity shares of Dhs1,000.00 in FLLC representing 49% of the issued and paid-up share capital of FLLC. The remaining 306 equity shares of Dhs1,000.00 in FLLC representing 51% of the issued and paid-up share capital of FLLC is held by His Excellency Khalid Ali Al Bustani.

- b) On 10 December 2007, Faber Hotels Holdings Sdn Bhd ("FHHSB"), a wholly owned subsidiary company of FGB, entered into a Share Sale Agreement with Berjaya Land Berhad ("BLAND") for the disposal of FHHSB's entire shareholding in Faber Labuan Sdn Bhd ("FLSB") comprising 2 ordinary shares of RM1.00 each at a total consideration of USD68.22 million. FLSB is an investment holding company which contributed 70% of the legal capital of Vimas Joint Venture Company Limited which is a joint venture company established in Vietnam between FLSB and Hotay Company Limited.

On 18 February 2008, CIMB Investment Bank Berhad had on behalf of FGB, released an announcement to Bursa Securities Malaysia Berhad on the completion of the abovementioned disposal on even date.

11. Discontinued operations

On 10 December 2007, Faber Hotel Holdings Sdn Bhd ("FHHSB") a wholly-owned subsidiary of the Company entered into a conditional Share Sale Agreement with Berjaya Land Berhad for the disposal of its 100% equity interest in Faber Labuan Sdn Bhd ("FLSB") comprising two (2) ordinary shares of RM1.00 each ("FLSB Shares") for a total cash consideration of USD68.22 million (or RM228.54 million). FLSB is an investment holding company, which contributed 70% of the legal capital of Vimas Joint Venture Company Limited ("Vimas"). Vimas has been reported as part of the Hotel segment previously. The proposed disposal will also enable the FGB Group to streamline its operations and focus its resources on the FGB Group's existing core businesses of healthcare facilities management and property development.

The proposed disposal was subsequently completed on 18 February 2008. As at 31 December 2007, the assets and liabilities of FLSB Group have been presented on the consolidated balance sheet as a disposal group held for sale and results from this subsidiary is presented separately on the consolidated income statement as discontinued operation.

The results and cash flows of the discontinued operations are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM'000	RM'000	RM'000	RM'000
Revenue	19,210	17,577	59,247	46,807
Profit/(Loss) before income tax	3,779	2,414	3,247	(6,634)
Income tax	(2)	(4)	(6)	(4)
Profit/(Loss) for the year from discontinued operations	3,777	2,410	3,241	(6,638)
Cash flow generated from operating activities	14,721	4,396	21,827	9,809
Cash flow used in investing activities	924	(761)	(924)	(761)
Cash flow used in financing activities	-	-	(8,567)	(7,544)
Total cash flows	15,645	3,635	12,336	1,504

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The major classes of assets and liabilities of the discontinued operations classified as held for sale are as follows:

	As at 31/12/2007 RM'000
Assets	
Property, plant and equipment	181,113
Prepaid land lease payments	15,249
Intangible assets	158
Inventories	344
Trade and other receivables	5,699
Cash and bank balances	<u>8,861</u>
Assets of disposal group classified as held for sale	<u>211,424</u>
Liabilities	
Borrowings	(53,326)
Trade and other payables	(12,366)
Current tax payable	<u>(1,417)</u>
Liabilities of disposal group classified as held for sale	<u>(67,109)</u>
Net assets attributable to discontinued operations	<u>144,315</u>

12. **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	21,750

13. **Capital commitments**

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	18,308

14. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- current taxation	5,484	8,000	31,295	41,697
- (over)/underprovision in prior years	(1,244)	(7,108)	(1,959)	(9,786)
Deferred tax				
- relating to origination and reversal of temporary differences	154	-	(265)	(4,812)
- relating to changes in tax rate	(103)		(102)	(430)
- (over)/underprovision in prior years	-	-	<u>(3,576)</u>	<u>(1,730)</u>
	<u>4,291</u>	<u>892</u>	<u>25,393</u>	<u>24,939</u>

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

15. Disposal of unquoted investments and/or properties

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

16a). Acquisitions and disposals of quoted securities

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

16b). Investments in quoted securities

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

	As at 31/12/2007 RM'000
Total investments at cost	816
Total investments at book value net of accumulated impairment loss	368
Total investments at market value	368

17. 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).

FUSB had on 20 November 2007 obtained the Housing Developers' License and Sales and Advertising Permit from the Ministry of Local Housing of Sabah.

- (c) 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.

Pursuant to the provisions of the SA, FGB had in December 2007, completed the incorporation of FABER L.L.C ("FLLC") in the Emirate of Dubai as mentioned in Note 10(a).

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

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On 15 June 2007, FGB released an announcement on the fulfillment of the conditions precedents in connection with the JVCo-Brunei and on the solicitors of FMS and BTS 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 ("Faber Brufors Maintenance"). FGB had on 15 November 2007 received the notification from FMS's solicitors on the incorporation of Faber Brufors Maintenance with effect from 1 November 2007.

- (e) On 21 March 2007, FMS entered into a Joint Venture Agreement ("JVA-PFPL & Faber L&L") with Prima Fabrics Pty Ltd ("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 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 Australia 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-PFPL & Faber L&L to be met within a period of 4 months from the date of the JVA-PFPL & Faber L&L 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. Following the above, the Parties had on 26 September 2007 agreed to extend further the time for fulfillment of the conditions precedent as set out in the JVA-PFPL & Faber L&L from 20 September 2007 to 30 November 2007.

In view of the non-fulfillment of conditions precedent of the JVA by 30 November 2007, particularly with regard to the procurement of contract(s) for the Australia Project for Faber L&L in a form that is acceptable to FMS, the JVA-PFPL & Faber L&L has lapsed and become null and void.

- (f) 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 ("the India-JVCo").

In accordance to the provisions of the JVA-ASHL, ASHL had on 27 August 2007 procured the incorporation of the India-JVCo, namely Faber Sindoori Management Services Private Limited ("Faber Sindoori").

The issued and paid-up share capital of the India-JVCo shall be held by FFSB and ASHL (collectively "the Parties") in the ratio of 51:49 respectively and the same shall be maintained by the Parties at all times.

In accordance with the provisions of the JVA-ASHL, the conditions precedent to the JVA-ASHL are to be met within a period of 4 months from the date of the JVA-ASHL of 25 June 2007 i.e. 24 October 2007 or such other period as the Parties may mutually agree in writing. However, the Parties had on 25 October 2007 agreed to extend further the time for fulfillment of the conditions precedent as set out in the JVA-ASHL for a further period of 98 days until 31 January 2008.

On 6 January 2008, FFSB entered into a Supplemental Agreement with ASHL to vary inter-alia, the provisions on the subscription of shares by FFSB in Faber Sindoori to reflect the variations of the value of the housekeeping business initially transferred to Faber Sindoori as at 31 January 2008 and the eventual transfer value of the remaining housekeeping business. FGB had on 15 February 2008 released an announcement that FFSB, ASHL and Faber Sindoori had on even date met all the Conditions Precedent in accordance to the provisions of the JVA-ASHL.

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18. **Borrowings and debt securities**

Details of Group borrowings and debt securities as at 31 December 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	-	7,496	7,496	-	1,120	1,120
RSLs	154,045*	-	154,045*	-	-	-
<u>Other borrowings</u>						
Domestic – Bank	349	-	349	286	-	286
Foreign - Bank	-	-	-	-	-	-
Amount owing to corporate shareholder	-	-	-	-	532	532
Balance Sum owing to JBSB	36,010	-	36,010	-	-	-
TOTAL	190,404	7,496	197,900	286	1,652	1,938

* 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. **Off Balance Sheet financial instruments**

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

20. **Material litigation**

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

- (i) **Persatuan Kebangsaan Pekerja-Pekerja Hotel, Bar & Restoran Semenanjung Malaysia (“Union”) vs. Hotel Merlin Kuala Lumpur (M) Sdn Bhd (“HMKL”), FGB, Kuala Reman Estates Berhad (“KREB”) (Court of Appeal, Appeal Suit No. W-04-22-04) (KLHC Originating Motion R1-25-37-96)**

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

The appeal was allowed by the Court of Appeal on 28 September 2000 and leave was granted. The matter was remitted back to the High Court to hear the application for an order of certiorari against the Industrial Court’s decision. The High Court however, dismissed the Union’s application on 9 February 2004, against which decision, the Union has appealed to the Court of Appeal under Civil Appeal No. W-04-224-04 on 3 March 2004. The Record of Appeal was filed on 2 June 2004 and the matter has been fixed for hearing on 12 February 2008, wherein the Court of Appeal allowed the Union’s application.

The matter was called up for hearing on 12 February 2008, in respect of the Appellant’s application for leave to file a supplementary Appeal Record wherein the Court of Appeal had allowed the Appellant’s application.

The Union has also filed an application under Section 33A of the Industrial Relations Act, 1967 under Case No 1/1-196/96 by referring certain question of law to the High Court in respect of Award No. 88 of 1996. This application was unanimously dismissed by the Industrial Court on 10 August 2007 (Award No. 1684 of 2007), by reason that the Union had failed to meet the conditions set out in Section 33A (1)(c) and (d) of the Industrial Relation Act, 1967.

- (ii) **UEM Genisys Sdn Bhd (In Liquidation) (“UEM Genisys”) vs Road Builder (M) Sdn Bhd (“Road Builder”) and FHHSB as Third Party (Civil 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 interests (“Sum”). Road Builder in turn filed a Third Party Notice against FHHSB (“the Third Party”) to claim for indemnity for the sum based on a letter dated 14 October 1997.

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, Petaling 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”).

The grounds on which Road Builder is seeking an indemnity from the Third Party is that Road Builder is no longer liable as the main contractor of the Project from 14 October 2007 onwards and that the Third Party had, by novation and/or assignment agreed to take over the rights and liabilities of Road Builder as the main contractor of the Project.

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On 20 November 2007, Road Builder and the Third Party were given directions by the court as a consequence of Road Builder's summons for Third Party Directions with regards serving of pleadings. Road Builder has served their statement of claim on the Third Party on 4 December 2007. Road Builder further served an Amended Statement of Claim on the Third Party on 24 December 2007. The Third Party will serve its Defence on Road Builder on or before 14 January 2008 which is 14 days after the expiry of the Court Vacation on 31 December 2007.

FHHSB's solicitors will raise the defence that there was no novation or assignment and that there is only a promise given by the Third Party to UEM Genisys to pay Road Builder's debt not arising from a novation or assignment but a private contractual arrangement between the Third Party and UEM Genisys and that no consent was given by UEM Genisys for the alleged novation or assignment. Further, FHHSB's solicitors opined that as UEM Genisys chose to claim against Road Builder rather than the Third Party, they would have waived their right to claim against the Third Party.

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

The Group's revenue for the current quarter was lower by RM6.2 million or 3.5% to RM170.4 million from RM176.6 million in the preceding quarter. The Property Division recorded a lower revenue of RM46.7 million (preceding quarter: RM61.8 million) mainly due to lower take up rate and work progress for the fourth quarter for Laman Rimbunan Phase 1A and Rimbunan Avenue Phase 1A. The Facilities Management Non-Healthcare Division recorded a negative revenue of RM0.6 million (preceding quarter: RM1.7 million) due to the reversal of service charges for several properties managed by the Division in the fourth quarter 2007 as per the requirement of the Section 41(5(e)) of the Strata Title Act, 1985. Facility Management Healthcare Division, however mitigated the lower revenue as explained above by recording a higher revenue of RM123.5 million (preceding quarter RM111.70 million).

The Group recorded lower profit before tax ("PBT") for the current quarter of RM19.2 million, as compared to RM29.8 million in the preceding quarter. This was mainly due to the Property Division's lower PBT of RM11.3 million (preceding quarter: RM19.0 million) as a result of the lower revenue as explained above. The Facilities Management Healthcare Division recorded a lower PBT of RM14.0 million (preceding quarter : RM15.5 million) whilst Facilities Management Non-Healthcare recorded a loss of RM2.3 million (preceding quarter : profit of RM0.1 million) respectively.

22. Review of performance for the current quarter and year

The Group's revenue for the current quarter of RM170.4 million was 12.6% or RM19.1 million higher than the corresponding quarter last year of RM151.3 million. This was mainly due to the higher revenue from the Property Division by RM12.4 million from the progress billings for the project in Laman Rimbunan. The increase in the Facilities Management Healthcare Division revenue by RM8.6 million was contributed by the revenue from newly built hospitals and commencement of commercial businesses at Abu Dhabi, United Arab Emirates and Prince Court Medical Centre, Kuala Lumpur.

For the year, the Group recorded revenue of RM669.7 million against RM591.0 million for the preceding year corresponding period. The RM78.7 million or 13.3% increase was mainly due to higher revenue by Facilities Management Healthcare Division and Property Division by RM35.1 million and RM43.2 million respectively.

The Group's current quarter PBT was higher by RM1.3 million to RM19.2 million as compared to RM17.9 million in the corresponding quarter last year and Group's current year PBT of RM99.4 million was also higher by RM3.2 million against RM96.2 million in the preceding year.

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax</u>				
<u>("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	24,795	21,646	110,262	101,189
Adjusted tax	(6,695)	(6,061)	(29,771)	(28,333)
NOPAT	18,100	15,585	80,491	72,856
<u>Economic charge computation:</u>				
Average invested capital	457,283	490,635	457,283	490,635
Weighted average cost of capital ("WACC")	12.4%	10.3%	12.4%	10.3%
Economic charge	14,192	12,636	56,768	50,542
EP	3,908	2,949	23,723	22,314

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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 31 December 2007 against the corresponding quarter last year :

EP of RM3.9 million is higher by RM1.0 million as compared to the preceding year corresponding quarter of RM2.9 million mainly due to a higher EBIT recorded.

(b) Performance of the current year ended 31 December 2007 against the corresponding year :

Similarly, EP of RM23.7 million is higher by RM1.4 million as compared to the preceding year of RM22.3 million mainly due to a higher EBIT recorded.

24. **Prospects for the next financial year**

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

25. **Profit forecast**

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

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26. **Earnings per share (“EPS”)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	RM'000	RM'000	RM'000	RM'000
(a) Basic earnings per share				
Profit from continuing operations attributable to equity holders of the company	7,766	10,697	48,721	43,312
Profit/(loss) from discontinued operations attributable to equity holders of the Company	<u>3,777</u>	<u>2,410</u>	<u>3,241</u>	<u>(6,638)</u>
Profit attributable to equity holders of the Company	<u>11,543</u>	<u>13,107</u>	<u>51,962</u>	<u>36,674</u>
Weighted average number of ordinary shares in issue ('000)	<u>338,344</u>	<u>298,001</u>	<u>325,138</u>	<u>286,713</u>
Basic earnings per share for:				
Profit from continuing operations	2.3 sen	3.6 sen	15.0 sen	15.1 sen
Profit/(loss) from discontinued operations	<u>1.1 sen</u>	<u>0.8 sen</u>	<u>1.0 sen</u>	<u>(2.3) sen</u>
Profit for the year	<u>3.4 sen</u>	<u>4.4 sen</u>	<u>16.0 sen</u>	<u>12.8 sen</u>
(b) Diluted earning per share				
Profit from continuing operations attributable to equity holders of the Company	7,766	10,697	48,721	43,312
Profit/(loss) from discontinued operations attributable to equity holders of the Company	<u>3,777</u>	<u>2,410</u>	<u>3,241</u>	<u>(6,638)</u>
Diluted profit attributable to equity holders of the Company	<u>11,543</u>	<u>13,107</u>	<u>51,962</u>	<u>36,674</u>
Weighted average number of ordinary shares in issue ('000)	<u>453,344</u>	<u>478,001</u>	<u>440,138</u>	<u>466,713</u>
Diluted earnings per share for:				
Profit from continuing operations	1.7 sen	2.2 sen	11.1 sen	9.3 sen
Profit/(loss) from discontinued operations	<u>0.8 sen</u>	<u>0.5 sen</u>	<u>0.7 sen</u>	<u>(1.4) sen</u>
Profit for the year	<u>2.5 sen</u>	<u>2.7 sen</u>	<u>11.8 sen</u>	<u>7.9 sen</u>

Kuala Lumpur
28 February 2008

By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary