FABER GROUP BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

			Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
				Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
			Note	**30/6/2008**	**30/6/2007** (As Restated)	**30/6/2008**	**30/6/2007** (As Restated)
				RM'000	RM'000	RM'000	RM'000
	Continuing Operations						
1	(a)	**Revenue**		**186,463**	**165,991**	**355,027**	**322,637**
	(b)	Cost of sales		(128,478)	(112,601)	(244,448)	(222,283)
	(c)	Gross profit		57,985	53,390	110,579	100,354
	(d)	Other income		3,818	1,541	6,307	2,867
	(e)	Expenses		(22,010)	(21,627)	(43,362)	(40,074)
	(f)	Finance costs		(1,949)	(1,944)	(3,942)	(3,866)
	(g)	Depreciation and amortization		(5,790)	(4,435)	(10,711)	(8,851)
	(h)	**Profit before income tax**		**32,054**	**26,925**	**58,871**	**50,430**
	(i)	Income tax		(9,162)	(7,283)	(17,637)	(13,807)
	(j)	**Profit for the period from continuing operations**		**22,892**	**19,642**	**41,234**	**36,623**
	Discontinued Operations						
	(k)	Profit/(loss) for the period from discontinued operations	11	-	(1,031)	96,452	(1,311)
	(l)	Profit for the period		22,892	18,611	137,686	35,312
		Attributable to:					
	(m)	Equity holders of the Company		16,144	12,596	124,889	23,587
	(n)	Minority interests		6,748	6,015	12,797	11,725
				22,892	**18,611**	**137,686**	**35,312**

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I. CONDENSED CONSOLIDATED INCOME STATEMENT (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2008	**30/6/2007**	**30/6/2008**	**30/6/2007**
		(As Restated)		(As Restated)
2. **Earnings/(loss) per share based on 1(m) above:-**				
(a) Basic (based on 2008 weighted average : 363,001,053 [2007 weighted average of : 324,594,460] ordinary shares)				
Earnings per share attributable to equity holders of the Company				
Profit from continuing operations	4.45 sen	4.20 sen	7.83 sen	8.00 sen
Profit/(loss) from discontinued operations	-	(0.32) sen	26.57 sen	(0.42) sen
Profit for the period	4.45 sen	3.88 sen	34.40 sen	7.58 sen
(b) Fully diluted (based on 2008 weighted average: 478,001,053 [2007 : 464,594,460] enlarged number of ordinary shares)				
Earnings per share attributable to equity holders of the Company				
Profit from continuing operations	3.38 sen	2.93 sen	5.95 sen	5.52 sen
Profit/(loss) from discontinued operations	-	(0.22) sen	20.18 sen	(0.29) sen
Profit for the period	3.38 sen	2.71 sen	26.13 sen	5.23 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

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II. CONDENSED CONSOLIDATED BALANCE SHEET

		Note	Unaudited As at end of current quarter 30/6/2008	Audited As at preceding financial year end 31/12/2007
			RM'000	RM'000
	ASSETS			
1	Non-current assets			
	Property, plant and equipment		92,144	91,261
	Land held for property development		32,367	49,946
	Prepaid land lease payments		2,942	2,980
	Goodwill		26,982	-
	Intangible assets		4,942	5,551
	Other investments		1,171	1,171
	Receivables		2,982	2,982
	Deferred tax assets		699	4,834
			164,229	158,725
2	Current assets			
	Property development costs		60,367	65,902
	Inventories		20,476	23,270
	Receivables		241,224	212,112
	Short term investments		376	368
	Short term deposits*		269,140	170,851
	Cash and bank balances*		83,959	47,334
			675,542	519,837
3	Assets of disposal group classified as held for sale	11	-	211,424
	Total assets		**839,771**	**889,986**

II. CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

		Note	Unaudited As at end of current quarter 30/6/2008 RM'000	Audited As at preceding financial year end 31/12/2007 RM'000
	EQUITY AND LIABILITIES			
4	Equity attributable to equity holders of the Company			
	Share capital		363,001	363,001
	Redeemable Convertible Preference Shares ("RCPS")		115,000	115,000
	Share premium		115,985	115,985
	Other reserves		(2,687)	13,542
	Accumulated losses		(194,413)	(311,243)
			396,886	296,285
5	Minority interests		51,321	106,389
	Total equity		448,207	402,674
6	Non-current liabilities			
	Retirement benefit obligations		2,166	2,166
	Provisions		645	642
	Redeemable Secured Loan Stocks ("RSLS")		157,070	154,045
	Preference shares ("PS")		7,496	7,496
	Borrowings		34,765	36,359
	Deferred tax liabilities		6,656	7,685
			208,798	208,393
7	Current liabilities			
	Retirement benefit obligations		591	388
	Provisions		853	1,905
	Preference shares		1,120	1,120
	Borrowings		2,083	818
	Payables		173,544	204,923
	Tax payable		4,575	2,656
			182,766	211,810
8	Liabilities of disposal group classified as held for sale	11	-	67,109
	Total liabilities		391,564	487,312
	Total equity and liabilities		**839,771**	**889,986**
9	**Net assets per ordinary share attributable to ordinary equity holders of the Company**		**RM1.09**	**RM0.82**

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

* Cash, bank balances and short term deposits
Included in the cash, bank balances and short term deposits of the Group is RM71,102,584 (2007 : RM26,660,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Six months to 30/6/2008	Unaudited Six months to 30/6/2007 (As Restated)
Operating Activities		RM'000	RM'000
Cash receipts from customers		324,414	368,511
Cash payments to suppliers		(172,927)	(214,253)
Cash payments to employees and for expenses		(118,060)	(124,020)
Cash generated from operations		33,427	30,238
Interest paid		(1,817)	(873)
Income taxes paid		(12,612)	(18,622)
Net cash generated from discontinued operations	11	-	2,186
Net cash generated from operating activities		18,998	12,929
Investing Activities			
Proceeds from disposal of property, plant and equipment		49	-
Proceed from issuance of ordinary share		-	290
Investment in subsidiary		(85,500)	-
Interest received		4,339	2,491
Purchase of property, plant and equipment		(11,419)	(17,475)
Payment of intangible assets		-	(23)
Proceeds from disposal of a subsidiary net of cash and cash equivalent disposed	11	212,909	-
Net cash used in investing activities		120,378	(14,717)
Financing Activities			
Repayment of Balance Sum owing to Jeram Bintang Sdn Bhd ("JBSB")		(1,594)	(1,573)
Dividend paid to shareholders		(8,059)	(4,935)
Dividend paid to minority shareholders of subsidiaries		(3,670)	(3,552)
Repayment of secured bank loans		-	(10,203)
Net cash generated from discontinued operations	11	-	968
Net cash used in financing activities		(13,323)	(19,295)
Net change in Cash and Cash Equivalents		**126,053**	**(21,083)**
Cash and Cash Equivalents as at beginning of financial period		227,046	174,587
Cash and Cash Equivalents as at end of financial period	**(a)**	**353,099**	**153,504**

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

	Unaudited As at 30/6/2008 RM'000	Unaudited As at 30/6/2007 RM'000
Short term deposits	269,140	97,368
Cash and bank balances	83,959	51,447
Cash, bank balances and deposits included in assets of disposal group classified as held for sale	-	4,689
	353,099	153,504

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2007.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to equity holders of the Company							
			Non-distributable					
	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
Six months to 30 June 2008 (unaudited)								
Balance as at 1 January 2008	363,001	115,000	115,985	13,542	(311,243)	**296,285**	106,389	**402,674**
Currency translation differences	-	-	-	5,439	-	**5,439**	(5,706)	**(267)**
Disposal of subsidiary	-	-	-	(21,668)	-	**(21,668)**	-	**(21,668)**
Net expense recognized directly in equity	-	-	-	(16,229)	-	**(16,229)**	(5,706)	**(21,935)**
Profit for the period					124,889	**124,889**	12,797	**137,686**
Total recognized income and expense for the period	-	-	-	(16,229)	124,889	**108,660**	7,091	**115,751**
Acquisition of a subsidiary	-	-	-	-	-	**-**	29	**29**
Accretion of interest in a subsidiary	-	-	-	-	-	**-**	(58,518)	**(58,518)**
Dividend	-	-	-	-	(8,059)	**(8,059)**	-	**(8,059)**
Dividend paid to minority shareholders of subsidiary companies	-	-	-	-	-	**-**	(3,670)	**(3,670)**
Balance as at 30 June 2008	363,001	115,000	115,985	(2,687)	(194,413)	**396,886**	51,321	**448,207**

	← Attributable to equity holders of the Company					→		
			← Non-distributable →					
	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**
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**
Currency translation differences, representing 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	-	-	-	-	(4,935)	**(4,935)**	**-**	**(4,935)**
Dividend paid to minority shareholders of subsidiary companies	-	-	-	-	-	**-**	(3,552)	**(3,552)**
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**

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 2007.

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 2007.

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").

2. Audit report in respect of the 2007 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2007 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 except as disclosed in the condensed Financial Statements.

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 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 period ended 30 June 2008.

7. Dividend

A final dividend of 3%, less 26% tax, on ordinary shares of RM1.00 each was paid on 27 June 2008 in respect of the previous financial year, amounting to RM8.1 million based on the issued and paid up share capital of the Company as at book closure date 28 May 2008.

The Directors do not recommend the payment of any dividend for the current period ended 30 June 2008 (2007 : nil).

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

Segment information for the current financial period to 30 June 2008 is as follows:

	Continuing Operations						Discontinued Operation	
		Facilities Management						
By business segment	**Properties**	**Non-Healthcare**	**Healthcare**	**Others**	**Elimination**	**Total**	**Hotels**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Continuing operations								
Revenue								
External sales	105,281	8,224	238,338	3,184	-	355,027	-	355,027
Inter-segment sales	-	-	-	14,579	(14,579)	**-**	-	**-**
Total Revenue	105,281	8,224	238,338	17,763	(14,579)	**355,027**	-	**355,027**
Results								
Segment results	31,737	509,678	36,361	(53,074)	(461,889)	**62,813**	-	**62,813**
Finance costs	(1)	-	(916)	(3,025)	-	**(3,942)**	-	**(3,942)**
Profit/(loss) before income tax	31,736	509,678	35,445	(56,099)	(461,889)	**58,871**	-	**58,871**
Income tax	(6,360)	(43)	(11,234)	(2,947)	2,947	**(17,637)**	-	**(17,637)**
Profit/(loss) from continuing operations	25,376	509,635	24,211	(59,046)	(458,942)	**41,234**	-	**41,234**
Discontinued Operations								
Gain from disposal of a subsidiary	-	-	-	-	-	**-**	96,452	**96,452**
Profit/(loss) for the period	25,376	509,635	24,211	(59,046)	(458,942)	**41,234**	96,452	**137,686**
Attributable to:								
Equity holders of the Company	21,422	509,533	22,433	(66,009)	(458,942)	**28,437**	96,452	**124,889**
Minority interests	3,954	102	1,778	6,963	-	**12,797**	-	**12,797**
	25,376	509,635	24,211	(59,046)	(458,942)	**41,234**	96,452	**137,686**

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 2008 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 2008 that have not been reflected in the condensed financial statements.

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

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

a) Disposal of a subsidiary

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") ("Disposal") 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. The Group recognizes a gain of disposal of subsidiary of RM96.5 million in the current period.

b) Acquisition of a subsidiary

On 7 March 2008, Faber Facilities Sdn Bhd ("FFSB") and Apollo Sindoori Hotels Limited ("ASHL"), India had completed the subscription of 10,408 shares of Rs.10/- each at a total value of Rs. 1.88 Crores (equivalent to RM1,495,570.00), in Faber Sindoori Management Services Private Limited ('Faber Sindoori'). The remaining 10,000 shares of Rs.10/- each are held by the nominees of ASHL namely:

· Ms. Suneeta Reddy, 5,000 shares of Rs.10/- each, and
· Ms. Sindoori Reddy, 5,000 shares of Rs.10/- each

Following the above shares subscription, FFSB and ASHL respectively hold 51% and 49% of the issued and paid-up share capital of Faber Sindoori. Faber Sindoori is the joint venture vehicle, to implement and undertake the Project in accordance with the terms and conditions contained in the JVA.

c) Accretion of interest in a subsidiary

On 28 April 2008, FGB via its adviser, CIMB released an announcement that FGB had on 28 April 2008 entered into a conditional share sale agreement ("SSA") with MOG in relation to the proposed acquisition by FGB of 12,000,003 class A ordinary shares of RM1.00 each in FMS ("Class A FMS Shares") and 4,218,000 class B ordinary shares of RM1.00 each in FMS ("Class B FMS Shares") collectively representing about 30.03% of the issued and paid-up share capital of FMS as at 31 March 2008 ("Acquisition Shares") from MOG for a total cash consideration of RM85.5 million ("Proposed Acquisition").

As at 31 March 2008, FMS is a 69.97%-owned subsidiary of FGB (directly and indirectly through its wholly-owned subsidiary, Faber Healthcare Management Sdn Bhd ("FHMSB"). Upon completion of the Proposed Acquisition, FMS will become a wholly-owned subsidiary of FGB (directly and indirectly through FHMSB).

The purchase consideration of RM85.5 million ("Purchase Consideration") was arrived at on a willing-buyer willing-seller basis after taking into consideration amongst others the audited consolidated net assets ("NA") of FMS as at 31 December 2007 of RM176.22 million, the earnings potential of FMS and its subsidiaries ("FMS Group") up to the financial year ending 2011 and the valuation of the FMS Group by the management of FGB.

Further, the sale and purchase of the Acquisition Shares at the Purchase Consideration was agreed between the Parties (being FGB and MOG) on the basis that the Class B FMS Shares are only partly paid up at RM0.05 per Class B FMS Share and that no further calls will be made by FMS in respect of the Class B FMS Shares or further call(s) or any unpaid balance of RM0.95 per Class B FMS Share is required to be paid by MOG subsequent to the date of the SSA.

FGB will acquire the Acquisition Shares free from all encumbrances including charges, pledges, liens (other than any lien which FMS may have over the Acquisition Shares), assignments or other security interests and with all rights, benefits, entitlements and liabilities attached to them as at the Completion Date (being a date no later than the 10th business day following the date on which all conditions precedent to the SSA are fulfilled or waived or such other date as may be mutually agreed), except for any dividends and distributions declared or paid prior to the Completion Date.

FGB intends to fund the Proposed Acquisition through internally generated funds and proceeds received from the disposal by the FGB Group of its 100% equity interest in FLSB which was completed in February 2008.

The SSA is conditional upon the following conditions precedent being fulfilled on or before the cut-off date, being a period of three (3) months from the date of the SSA (unless otherwise extended by mutual agreement);

(i) the grant of approval of the Foreign Investment Committee for the purchase of the Acquisition Shares by FGB;

(ii) the approval of MOG's shareholders for the sale of the Acquisition Shares;

(iii) the approval of FGB's shareholders for the purchase of the Acquisition Shares; and

(iv) the relevant consent, approval or waiver of any third parties and/or relevant authority for the purchase by FGB of the Acquisition Shares, if necessary

The abovementioned conditions precedent were met on 21 June 2008. The Proposed Acquisition was subsequently completed on 26 June 2008.

11. **Discontinued operations**

In relation to the Disposal as mentioned in note 10(a) above, the results and cash flows of the discontinued operations are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter **30/06/2008** RM'000	Preceding year corresponding quarter **30/06/2007** RM'000	Six months to **30/06/2008** RM'000	Six months to **30/06/2007** RM'000
Revenue	-	11,946	-	24,866
Net Loss	-	(1,031)	-	(1,311)
Gain on disposal of a subsidiary	-	-	96,452	-
Profit/(loss) for the period from discontinued operations	-	(1,031)	96,452	(1,311)
Cash flow (used in) / generated from operating activities	-	(744)	-	2,186
Proceeds from disposal of a subsidiary net of cash and cash equivalent disposed	-	-	212,909	-
Cash flow generated from financing activities	-	968	-	968
Total cash flow	-	224	212,909	3,154

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 2007 except as disclosed below:

Description of contingent liabilities	RM'000
Increase in claim for alleged non-payment of debts (as explained in Note 20 iii and iv)	10,794

13. **Capital commitments**

There are no material capital commitments except as disclosed below :

	RM'000
Approved and contracted for	10,892

14. **Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter **30/6/2008** RM'000	Preceding year corresponding quarter **30/6/2007** RM'000	Six months to **30/6/2008** RM'000	Six months to **30/6/2007** RM'000
Malaysian taxation				
- current taxation	7,893	7,283	14,531	13,807
Deferred tax				
- underprovision in prior years	1,269	-	3,106	-
	9,162	7,283	17,637	13,807

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

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

16a). **Acquisitions and disposals of quoted securities**

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

16b). **Investments in quoted securities**

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

	As at **30/6/2008** RM'000
Total investments at cost	816
Total investments at book value net of accumulated impairment loss	376
Total investments at market value	376

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) 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.

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.

(c) 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").

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.

On 10 March 2008, FGB released an announcement that in accordance with the provisions of the JVA, FFSB and ASHL had on 7 March 2008 completed, the subscription of 10,408 shares of Rs.10/- each at a total value of Rs. 1.88 Crores (equivalent to RM1,495,570.00), in Faber Sindoori Management Services Private Limited ('Faber Sindoori'). The remaining 10,000 shares of Rs.10/- each are held by the nominees of ASHL namely:

· Ms. Suneeta Reddy, 5,000 shares of Rs.10/- each, and
· Ms. Sindoori Reddy, 5,000 shares of Rs.10/- each

Following the above shares subscription, FFSB and ASHL respectively hold 51% and 49% of the issued and paid-up share capital of Faber Sindoori. Faber Sindoori is the joint venture vehicle, to implement and undertake the Project in accordance with the terms and conditions contained in the JVA-ASHL.

(d) On 28 April 2008, FGB via its adviser, CIMB Investment Bank Berhad ("CIMB") released an announcement that FGB has obtained a confirmation letter dated 28 April 2008 from Jeram Bintang Sdn Bhd ("JBSB") ("Confirmation Letter") whereby JBSB has agreed and has committed to vote affirmatively for the proposed capital repayment to JBSB, the holder of the RCPS in FGB via a cash distribution on the basis of RM1.00 for every one (1) existing RCPS held by way of a reduction of the entire RCPS capital of FGB in accordance with the provisions of Section 64 of the Companies Act, 1965 ("the Act") ("Proposed Capital Repayment").

As part of a debt restructuring scheme implemented by FGB and its subsidiaries in 2004, a total of 200.0 million RCPS were issued to JBSB, of which 85.0 million RCPS have been converted into new FGB shares by JBSB. As at 31 March 2008, FGB has 115.0 million outstanding RCPS which are held by JBSB.

Under the Confirmation Letter, JBSB has agreed to the Proposed Capital Repayment subject to the condition that the RCPS shall be redeemed within six (6) months from the Order of the High Court of Malaya confirming the capital reduction under Section 64 of the Act.

The Proposed Capital Repayment will be funded by the proceeds received from the disposal by the FGB Group of its 100% equity interest in FLSB which was completed in February 2008.

The Proposed Capital Repayment is subject to the following:

(i) the approval of the shareholders of FGB at an extraordinary general meeting to be convened;

(ii) the approval of the RCPS holder at a meeting to be convened;

(iii) the Order of the High Court of Malaya confirming the capital reduction under Section 64 of the Act; and

(iv) the approval/consent of any other relevant authorities and/or parties, if required.

To date FGB has obtained the approval from shareholders, RCPS holders and the Foreign Investment Committee. FGB is awaiting for the Order of the High Court of Malaya and expects to complete the Proposed Capital Repayment by the second half of 2008.

18. **Borrowings and debt securities**

Details of Group borrowings and debt securities as at 30 June 2008 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						
PS	-	7,496	7,496	-	1,120	1,120
RSLS	157,070	-	157,070	-	-	-
Other borrowings						
Domestic – Bank	349	-	349	286	-	286
Amount owing to corporate shareholder	-	-	-	-	1,797	1,797
Balance Sum owing to JBSB	34,416	-	34,416	-	-	-

* 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") (KLHC R1-25-37-96)**

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

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

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

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

(ii) **UEM Genisys Sdn Bhd (in liquidation) ("UEM Genisys") vs. Road Builder (M) Sdn Bhd ("Road Builder") and 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 with the usual interests ("Sum"). Road Builder in turn filed a Third Party Notice against FHHSB ("the Third Party") to claim for indemnity for the Sum.

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

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

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

Road Builder in turn alleges that the Disputed Sum is the Third Party's debt to UEM Genisys and Road Builder has issued a Third Party Notice dated 1 October 2007 to claim an indemnity from the Third Party for the Disputed Sum. The grounds on which Road Builder is seeking an indemnity from the Third Party as pleaded in its statement of claim is that Road Builder is no longer liable as the main contractor of the Project from 14 October 2007 onwards and the Third Party had, by novation agreed to take over the rights and liabilities of Road Builder as the main contractor of the Project and that the Third Party had undertaken to indemnify Road Builders for losses that may arise from such arrangement.

The Third Party states in its Defence that it denies that there ever was a novation and that there is only a direct undertaking given by the Third Party to UEM Genisys to pay Road Builder's debt. The Third Party states that as UEM Genisys chose to claim against Road Builder rather than the Third Party, they have waived their right to claim against the Third Party.

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

(iii) **BNoble Sdn Bhd ("BNoble") vs. Cermin Cahaya Sdn Bhd ("CCSB") and FMS (Civil Suit No. S6-22-215-2008)**

This suit was filed by BNoble against both FMS and CCSB wherein a sealed copy of the Writ Summons and Statement of Claim dated 21 February 2008 was served on 17 March 2008.

BNoble's claim is premised on a breach of the Services Agreement dated 8 May 2003 entered into between BNoble and FMS and CCSB, wherein it is claiming for its entitlement to an incentive sum amounting to RM7,320,000.

Messrs. Shook Lin & Bok have since entered appearance on 24 March 2008 on behalf of both FMS and CCSB and have subsequently been instructed to file a Stay of Proceedings in view of the arbitration clause stipulated in the said Services Agreement on 7 April 2008. Our Solicitor filed the stay of proceedings on 7th April 2008. In the interim the Plaintiff Solicitors have filed an application to withdraw as Solicitors dated 9th June 2008 and subsequent the Judge allowed the Plaintiff Solicitors application for withdrawal of Solicitors on 1st July 2008.

(iv) **Kuala Lumpur High Court Suit No: D1-22-447-2008 (Previndran Sathurgasinghe trading under Zerin Properties vs Faber Group Berhad)**

A Writ of Summons together with a Statement of Claim dated 7 April 2008 was served on FGB's lawyers Messrs Cheang & Ariff on 24 April 2008 wherein the Plaintiff is claiming for a sum of RM3,359,538.00 through the Plaintiff Solicitors Messrs Norendra & Yap.

The Plaintiff is claiming the sum of RM3,359,538.00 (with interest and costs) being professional fees for work allegedly done by the Plaintiff in procuring a purchaser for Sheraton Hanoi Hotel & Towers ("Sheraton Hanoi"). Sheraton Hanoi wherein owned by Faber Hotels Holdings Sdn Bhd ("FHHSB"), a wholly owned subsidiary of FGB through FHHSB's wholly owned subsidiary, Faber Labuan Sdn Bhd ("FLSB").

FGB's Solicitors, Messrs Cheang & Ariff, has entered appearance and served the same on the Plaintiff's Solicitors on 29 April 2008 and has accordingly also filed and served the Defence and Counterclaim on breach of Confidentiality Agreement and is seeking amongst others, exemplary damages for breach of fiduciary duties and actionable abuse of process by the Plaintiff.

The Plaintiff have also accordingly on 19th June 2008 served on Faber Group Berhad Solicitors the Reply and Defence to counter-claim dated 19th June 2008.

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

The Group's revenue for the current quarter was higher by RM17.9 million or 10.6% to RM186.5 million from RM168.6 million in the preceding quarter. The Facilities Management Healthcare Division recorded a higher revenue of RM119.5 million (preceding quarter: RM118.9 million) mainly due to revenue contribution from clinical waste and linen supply for newly built hospitals. The Property Division recorded a higher revenue of RM60.4 million (preceding quarter: RM44.9 million) mainly due to higher progress billings for the projects in Laman Rimbunan, Kepong. Facility Management Non-Healthcare Division, also recorded a higher revenue of RM4.9 million (preceding quarter RM3.3 million) mainly due to higher recognition of revenue from new business in India.

The Group recorded higher profit before tax ("PBT") for the current quarter of RM32.1 million, as compared to RM26.8 million in the preceding quarter. Property Division recorded higher PBT of RM16.6 million (preceding quarter: RM15.1 million) whilst Facilities Management Healthcare Division recorded a higher PBT of RM18.4 million (preceding quarter : RM17.0 million). Facilities Management Non-Healthcare recorded a PBT of RM574.2 million (preceding quarter negative RM64.5 million) of which RM573.9 million is in relation to waiver of debts arising from the ongoing liquidation of a subsidiary. The waiver has no impact to the Group's result as it will be eliminated upon consolidation.

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

The Group's revenue for the current quarter of RM186.5 million was 12.3% or RM20.5 million higher than the corresponding quarter last year of RM166.0 million. The Facilities Management Healthcare Division recorded positive variance of RM8.6 million mainly due to revenue contribution from clinical waste and linen supply for newly built hospitals. The Property Division also recorded higher revenue by RM7.9 million mainly due to higher progress billings for the projects in Laman Rimbunan, Kepong. The Facility Management Non-Healthcare Division recorded a higher revenue by RM3.8 million due to recognition of revenue from business in India.

For the year-to date, the Group recorded revenue of RM355.0 million against RM322.6 million for the preceding year corresponding period. The RM32.4 million or 10.0% increase was mainly due to higher revenue by Facilities Management Healthcare Division, Property Division and Facilities Management Non-Healthcare Division by RM19.2 million, RM7.7 million and RM5.3 million respectively.

The Group's current quarter PBT was higher by RM5.2 million to RM32.1 million as compared to RM26.9 million in the corresponding quarter last year and year-to-date PBT of RM58.9 million against RM50.4 million in the preceding year corresponding period. This was mainly due to higher revenue as explained above.

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

	Individual Quarter		**Cumulative Quarter**	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2008	**30/6/2007**	**30/6/2008**	**30/6/2007**
	RM'000	RM'000	RM'000	RM'000
Net operating profit after tax ("NOPAT") computation:				
Earnings before interest and tax ("EBIT")	30,652	27,650	57,174	52,756
Adjusted tax	(7,970)	(7,466)	(14,865)	(14,244)
NOPAT	**22,682**	**20,184**	**42,309**	**38,512**
Economic charge computation:				
Average invested capital	379,319	490,934	379,319	490,934
Weighted average cost of capital ("WACC")	11.1%	12.5%	11.1%	12.5%
Economic charge	**10,517**	**15,349**	**21,028**	**30,719**
EP	**12,165**	**4,835**	**21,281**	**7,793**

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 2008 against the corresponding quarter last year :

EP of RM12.2 million is higher by RM7.4 million as compared to the preceding year corresponding quarter of RM4.8 million mainly due to a higher EBIT and lower economic charge recorded.

(b) Performance of the current period ended 30 June 2008 against the corresponding period last year :

EP of RM21.3 million is higher by RM13.5 million as compared to the preceding year corresponding quarter of RM7.8 million mainly due to a higher EBIT and lower economic charge recorded.

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

The Group expects to sustain its operational performance with contribution from all business divisions. The challenge is to ensure that the Group's growth strategy for the overseas business expansion is sustained taking cognisance of the world's current economic scenario.

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

	June 2008	**December 2008**
	(6 months)	**(12 months)**
	Actual	**Target**
Headline KPI		
Revenue Growth	6.0% (annualized)	10.0%
Return on Equity*	9.5%	14.0%

* The Return on Equity excludes gain on disposal of FLSB of RM96.5 million recognized in the current period.

Despite the current challenging economic scenario the Group aims to meet its 2008 headline KPIs.

25. **Profit forecast**

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

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
		30/6/2008	**30/6/2007**	**30/6/2008**	**30/6/2007**
		RM'000	RM'000	RM'000	RM'000
(a)	Basic earnings per share				
	Profit from continuing operations attributable to equity holders of the Company	16,144	13,627	28,437	24,898
	Profit/(loss) from discontinued operations attributable to equity holders of the Company	-	(1,031)	96,452	(1,311)
	Profit attributable to equity holders of the Company	16,144	12,596	124,889	23,587
	Weighted average number of ordinary shares in issue ('000)	363,001	324,594	363,001	311,371
	Basic earnings per share for:				
	Profit from continuing operations	4.45 sen	4.20 sen	7.83 sen	8.00 sen
	Profit/(loss) from discontinued operations	-	(0.32) sen	26.57 sen	(0.42) sen
	Profit for the period	4.45 sen	3.88 sen	34.40 sen	7.58 sen
(b)	Diluted earnings per share				
	Profit from continuing operations attributable to equity holders of the Company	16,144	13,627	28,437	24,898
	Profit/(loss) from discontinued operations attributable to equity holders of the Company	-	(1,031)	96,452	(1,311)
	Diluted profit attributable to equity holders of the Company	16,144	12,596	124,889	23,587
	Weighted average number of ordinary shares in issue ('000)	478,001	464,594	478,001	451,371
	Diluted earnings per share for:				
	Profit from continuing operations	3.38 sen	2.93 sen	5.95 sen	5.52 sen
	Profit/(loss) from discontinued operations	-	(0.22) sen	20.18 sen	(0.29) sen
	Profit for the period	3.38 sen	2.71 sen	26.13 sen	5.23 sen

By Order of the Board
SURIATI ASHARI (LS0009029)
Secretary

Kuala Lumpur
1 August 2008