



# NEWS ROOM



The Edge , 25 January 2012

## Faber Group Bhd

Jan 25, RM1.77

### RHB RESEARCH INSTITUTE (JAN 25) **UNDERPERFORM:**

In the last two months, Faber has been hit by a string of lawsuits relating to earlier jobs in the United Arab Emirates (UAE) with total claims amounting to RM54.1 million. Recall that the claimants in the first two cases (Baynona Group and Al Femah) are seeking RM42.9 million from Projek Penyelenggaraan Lebuhraya Bhd (Propel). According to Propel, the amount owed was only RM8.9 million.

As there was no direct award of works to Baynona Group and Al Femah by Faber LLC, rightfully, we believe Faber should not be liable to any additional costs incurred by Propel in the event of an unfavourable court decision. However, we are fearful that Faber could face an obligation to partially bear additional costs from a court judgment.

We are keeping our SOP fair value estimate of RM1.53 per share unchanged as we await further announcements on the lawsuits. Our SOP estimate has already imputed a 25% risk factor as we remain wary of the terms of the renewal of concessions.

