www.fabergroup.com.my

FABER GROUP BERHAD
INCORPORATED IN MALAYSIA
(COMPANY NO. 5067-M)

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annual report 2006

FABER GROUP BERHAD (5067-M)

A Member of UEM Group

Faber

FABER GROUP BERHAD
INCORPORATED IN MALAYSIA
(COMPANY NO. 5067-M)

building momentum

annual report 2006

Building on the success of Faber Group Berhad's ("the Group") commendable performance, sound strategies have been put in place to create the momentum to further grow the Group's core businesses. It's a move that is bound to ensure the Group's long-term sustainability.

CORPORATE VISION

- TO BE A LEADING REGIONAL PLAYER IN INTEGRATED FACILITIES SOLUTIONS

CORPORATE MISSION

- TO PROMOTE AWARENESS AND RAISE THE STANDARD IN FACILITIES MAINTENANCE

CORPORATE VALUES

- PROFESSIONALISM
- SERVICE EXCELLENCE AND CUSTOMER SATISFACTION
- CUSTOMER FOCUS

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message from the chairman

DATO' ANWAR BIN AJI
Chairman

Dear Shareholders,

"Faber Group Berhad ("the Group") can look back on the year 2006 with a sense of accomplishment and great satisfaction. Notwithstanding a challenging operating environment, the Group met all expectations and business targets on operational and financial fronts. All our operating divisions recorded a marked improvement in revenue thereby enhancing the Group's bottom-line. During the year, significant headway was also made in building momentum towards positioning the Group for an expansionary phase of development in Malaysia, as well as the international marketplace."

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Faber Group Berhad ("the Group") for the financial year ended 31 December 2006.

THE YEAR IN REVIEW

Moving forward from the debt restructuring exercise of 2004, the Group has now been restored to an even financial footing. In a year that saw the global environment affected by an unprecedented hike in crude oil prices, growing inflationary pressures and tightening monetary policies, the Malaysian economy demonstrated its resilience to record a Gross Domestic Product ("GDP") growth of 5.9%. This provided the rejuvenated Group with a favourable backdrop to forge ahead in its core business sectors which translated into an improved financial performance.

For FY2006, the Group recorded a revenue of RM637.8 million against RM502.2 million posted the preceding year. This is the second consecutive year that the Group has achieved improved results. The 27% increase was attributed mainly to improved revenue contribution from the Group's Facilities Management Healthcare (FMH) Division and Property Development Division. Profit Before Tax rose by an impressive 38.7% to RM89.6 million in FY2006 from RM64.6 million recorded in FY2005. The FMH Division continued to be the major contributor to the Group's financial performance, accounting to 65.7% of the Group's revenue, equivalent to RM419.2 million.

Other key financial performance indicators were equally encouraging. The Group's Shareholders' Fund has increased by 13.1% to RM261.8 million in FY2006, compared to RM231.4 million the preceding year. Earnings Per Share improved to 12.8 sen from 12.0 sen the previous year. As at year-end, Net Tangible Assets stood at RM254.4 million against RM223.1 million achieved in FY2005.

DIVIDEND

In line with the Group's performance, the Board is pleased to propose a final dividend of 2% less 27% taxation on 298,001,000 ordinary shares for FY2006. This will result in a distribution of RM4.4 million to shareholders. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in FY2007.

This proposal is the first ever made in 22 years since the Group last paid dividend to its shareholders in 1985.

FROM "NEW BEGINNING" TO "BUILDING MOMENTUM"

2006 was a year in which the Group continued to build upon the foundations that were previously laid. If 2005 marked **"A New Beginning"** for the Group, 2006 will be remembered as a year of **"Building Momentum".** The Group has primed itself for new and focused growth in all its core business sectors.

In charting our destiny and future business direction, our accountability to our stakeholders have always been a paramount consideration. In the global village that is rapidly evolving, we realise we need to be part of the international marketplace. Thus, a fundamental component of the Group's strategic reorientation has been the growing internationalisation of its businesses. This is a challenge that all of us will need to triumph over to achieve the objective of enhancing shareholders value and realise the Group's target to enhance the contribution of its overseas operations to revenue earnings.

2006 saw the Group moving further to enhance its footprint as an international player. Leveraging on our 10 years of experience as a concessionaire and proven track record in Integrated Facilities Management, we have expanded our operations to overseas markets in the ASEAN, India sub-continent and Middle East regions to secure emerging opportunities in Government and commercial buildings.

Our quest for excellence is a never-ending journey. By continually improving ourselves in key areas of service quality and cost efficiency, we need to prove we are "head and shoulders" above our competitors when the time for renewal of the concession comes around.

In Property Development, the Group continues to forge ahead with on-going projects to meet the expectations of homeowners looking for the right combination of price, locality and design. In the vicinity of Taman Desa, Kuala Lumpur, we have managed to sell all of the Danau Villa units comprising three-storey semi-detached link homes. Vacant possession of the units have been delivered to the purchasers beginning March 2007. In the pipeline for completion is Casa Desa, also located at Taman Desa, Kuala Lumpur which will house 410 condominium units.

Concurrent to these developments, we are also progressing well with Laman Rimbunan located in Kepong, Kuala Lumpur which is a mixed development of shop offices, three-storey terrace houses, medium and low costs apartments.

Extending our reach to East Malaysia, we target to launch Taman Hill Top Perdana, a residential development located in Kota Kinabalu, Sabah in the second quarter of 2007.

All these projects represent a very promising and exciting prospect for the Group.

In conclusion, a new Faber Group is evolving, one that is dynamic, entrepreneurial in spirit and poised to take its place both in the local and international arena especially in Integrated Facilities Management.

ENSURING GOOD GOVERNANCE AND BOARD EFFECTIVENESS

As a Government Linked Company ("GLC"), the Group has undertaken initiatives to increase the effectiveness of the Board of Directors – in particular, we have embarked on a Board Effectiveness

Assessment programme, building Directors' capabilities and intensifying performance management.

Key Performance Indicators have now been assigned to the respective individuals at the Senior Management level to ensure accountability on key performance areas. The Board is aware that these initiatives are vital to improving performance of the Group and meeting the interests of the shareholders.

The Board also believes in ensuring that the Principles and Best Practices of the Malaysian Code on Corporate Governance are consistently applied and complied in order to achieve good governance in the hope that it translates to an improved performance of the Group as a whole.

THE JOURNEY AHEAD

Looking forward, I am optimistic about the future of the Group. We now have a clear vision of what we want to be and achieve, and a road map that will get us there. More importantly, I am of the view that the Group possesses the pre-requisite resources, knowledge, experience and the right people to transform this vision into reality.

While "clouds" continue to hover over the global environment, Malaysia's GDP is set to gather momentum to 6.0% in 2007. Growth will be broad-based with the private sector leading the way. As the Government moves forward under the Ninth Malaysia Plan in implementing projects with the active participation of the private sector, it is also envisaged that this will create a spin-off towards the growth in Property Development. Properties at prime locations will continue to enjoy strong demand with support from local and foreign buyers. Riding on the back of sustained economic expansion, the demand for Integrated Facilities Management is also expected to grow.

With these developments, the Group aspires to achieve the twin objectives of significantly increasing revenue and to grow its international business over the next five years. To this end, we have drawn up a viable road map and are putting in place the building blocks.



As a Group that places a premium on its standing and image in the industry, we are also pressing ahead to address the Group's remaining outstanding debts.

As I see it, the Group remains a dynamic and unfolding enterprise. We have an exciting journey ahead, and I invite you to join us to uncover the Group's fullest potential.

ACKNOWLEDGEMENT

The Group has weathered one of the most trying periods in its corporate history. That we have come this far is attributed to the dedication, professionalism and sheer hard work of management and staff. To each valued member of our team, I extend my sincere appreciation and gratitude.

We also acknowledge with thanks the support we have received and co-operation extended from various quarters, to name a few, our bankers, advisers, business partners, regulatory bodies, government agencies and especially our loyal shareholders and customers.

TO THOSE WHO HAVE LEFT US AND NEW ADDITION

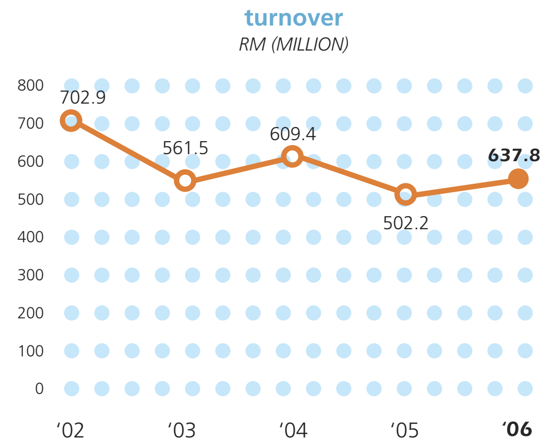
I wish to express my sincere appreciation to Encik Azmanuddin Haq bin Ahmad who has left us during the year for his valuable contributions as the Group's Board member. In his place, I would like to welcome YM Raja Azmi bin Raja Nazuddin as the newly appointed Board member.

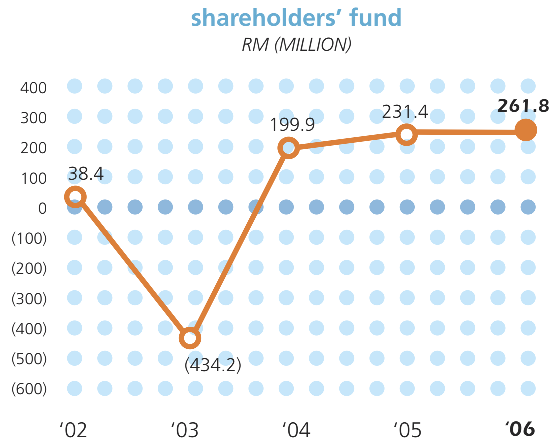
On the latest development, I would also like to extend my sincere appreciation to Puan Noorizah binti Hj. Abd. Hamid who has left us for PLUS Expressways Berhad effective 1 April 2007. The Board wishes to thank Puan Noorizah for her stewardship and contributions to the Group during her tenure. At the same time, we welcome Encik Adnan bin Mohammad as the newly appointed Managing Director and Board member of the Group.

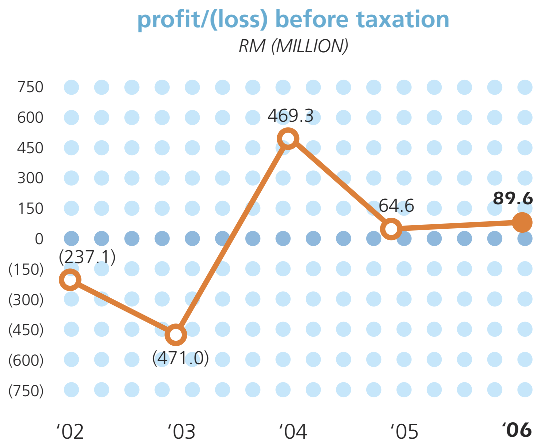
Thank you.

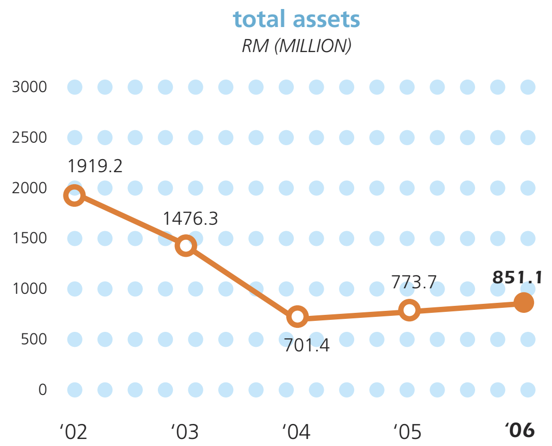
DATO' ANWAR BIN AJI
Chairman

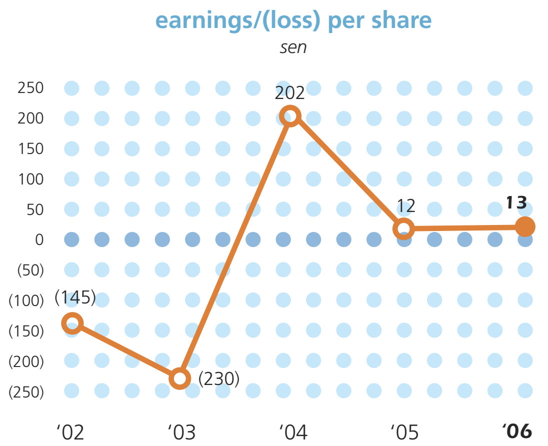
5-year group financial highlights

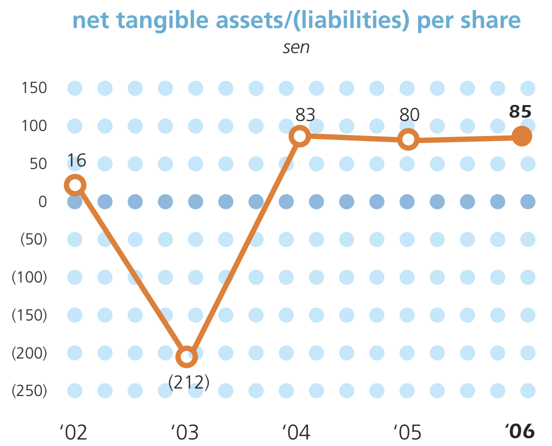












group financial summary

CONSOLIDATED BALANCE SHEET

IN RM MILLION	2002*	2003	2004	2005	2006
		AS AT 31 DECEMBER			
ASSETS					
Non-current assets	1,495.4	1,025.8	394.0	413.7	378.0
Current assets	423.8	450.5	307.4	360.0	473.1
TOTAL ASSETS	**1,919.2**	**1,476.3**	**701.4**	**773.7**	**851.1**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	201.6	208.0	234.8	278.0	298.0
Share premium	39.5	46.0	72.8	116.0	116.0
Redeemable Convertible Preference Shares	–	–	200.0	200.0	180.0
Irredeemable Convertible Unsecured Loan Stock	152.9	140.0	86.3	–	–
Other reserves	35.1	31.3	31.0	32.3	26.1
Accumulated losses	(390.7)	(859.5)	(425.0)	(394.9)	(358.3)
Shareholders' Funds	**38.4**	**(434.2)**	**199.9**	**231.4**	**261.8**
Minority interests	81.0	73.4	65.2	65.8	82.1
Total equity	**119.4**	**(360.8)**	**265.1**	**297.2**	**343.9**
Non-current liabilities	1,519.8	1,621.3	275.5	301.2	272.9
Current liabilities	280.0	215.8	160.8	175.3	234.3
Total liabilities	**1,799.8**	**1,837.1**	**436.3**	**476.5**	**507.2**
TOTAL EQUITY AND LIABILITIES	**1,919.2**	**1,476.3**	**701.4**	**773.7**	**851.1**
Net tangible assets/(liabilities) per share (sen)	15.5	(211.9)	82.7	80.2	85.4
Current ratio (times)	1.5	2.1	1.9	2.1	2.0
Liquidity ratio (times)	0.4	0.7	0.8	0.7	0.8
Gearing ratio (times)	38.9	(3.7)	1.3	1.3	1.1

CONSOLIDATED PROFIT & LOSS ACCOUNT

IN RM MILLION	2002*	2003	2004	2005	2006
		AS AT 31 DECEMBER			
Revenue	702.9	561.5	609.4	502.2	637.8
Earnings/(loss) before interest, taxation, depreciation and amortisation	36.6	(355.8)	554.0	110.1	136.4
Profit/(loss) before tax	(237.1)	(471.0)	469.3	64.6	89.6
Income tax expense	(18.7)	0.0	(28.3)	(22.3)	(24.9)
Profit/(loss) for the year	**(255.8)**	**(471.0)**	**441.0**	**42.3**	**64.7**
Attributable to:					
Equity holders of the company	(265.6)	(468.8)	433.0	30.0	36.7
Minority interests	9.8	(2.2)	8.0	12.3	28.0
	(255.8)	**(471.0)**	**441.0**	**42.3**	**64.7**
Earnings/(loss) per share (sen)	(144.9)	(230.0)	202.2	12.0	12.8
Earnings/(loss) before interest, taxation, depreciation and amortisation as a percentage of revenue (%)	5	(63)	91	22	21
Pre-tax profit/(loss) as a percentage of revenue (%)	(34)	(84)	77	13	14
Pre-tax profit/(loss) as a percentage of shareholders' funds at year end (%)	(617)	108	235	28	34

**Results were for a period of 18 months from 1 July 2001 to 31 December 2002*

group quarterly performance

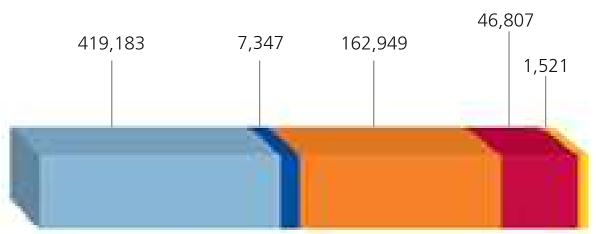
FOR THE YEAR ENDED 31 DECEMBER 2006

IN RM'000	QUARTER 1ST	2ND	3RD	4TH	TOTAL
Revenue	134,239	156,332	178,332	168,904	637,807
Operating expenses	109,780	125,334	135,307	135,496	505,917
Earnings before interest, taxation, depreciation and amortisation and exceptional items	25,288	32,314	46,501	37,170	141,273
Profit/(loss) before taxation	14,600	20,730	34,829	19,439	89,598
Profit/(loss) for the year	8,767	13,174	24,171	18,543	64,655
Profit/(loss) attributable to shareholders	5,013	8,421	10,133	13,107	36,674
Earnings per share (sen)	1.8	3.0	3.4	4.4	12.8

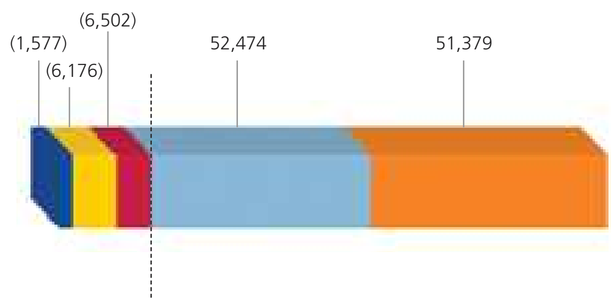
BY SEGMENT

IN RM'000	QUARTER 1ST	2ND	3RD	4TH	TOTAL
Revenue					
Facilities Management Healthcare	97,424	98,804	108,104	114,851	419,183
Facilities Management Non-Healthcare	1,963	1,776	1,890	1,718	7,347
Property Development	23,921	46,594	58,045	34,389	162,949
Hotel Services	10,611	8,763	9,857	17,576	46,807
Others	320	395	436	370	1,521
Total	**134,239**	**156,332**	**178,332**	**168,904**	**637,807**
Profit Before Taxation					
Facilities Management Healthcare	12,810	12,302	16,221	11,141	52,474
Facilities Management Non-Healthcare	386	(4)	227	(2,186)	(1,577)
Property Development	5,211	13,415	22,267	10,486	51,379
Hotel Services	(2,156)	(3,269)	(2,796)	1,719	(6,502)
Other	(1,651)	(1,714)	(1,090)	(1,721)	(6,176)
Total	**14,600**	**20,730**	**34,829**	**19,439**	**89,598**

revenue by segment
RM'000



profit before taxation by segment
RM'000



FACILITIES MANAGEMENT HEALTHCARE
FACILITIES MANAGEMENT NON-HEALTHCARE
PROPERTY DEVELOPMENT
HOTEL SERVICES
OTHERS

corporate information

BOARD OF DIRECTORS

Dato' Anwar bin Haji @ Aji
Chairman/Non-Independent Non-Executive

Adnan bin Mohammad
Managing Director

Datuk Zainal Abidin bin Alias
Senior Independent Non-Executive

Datuk Mohamed Zain bin Mohamed Yusuf
Independent Non-Executive

Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff
Independent Non-Executive

Dato' Ikmal Hijaz bin Hashim
Non-Independent Non-Executive

Elakumari A/P Kantilal
Non-Independent Non-Executive

Puasa bin Osman
Independent Non-Executive

YM Raja Azmi bin Raja Nazuddin
Non-Independent Non-Executive

COMPANY SECRETARIES

Maznah binti Haron
(LS000497)

Suriati binti Ashari
(LS0009029)

GROUP MANAGEMENT

FABER GROUP BERHAD
Adnan bin Mohammad
Managing Director

FABER MEDI-SERVE SDN BHD
Tajul Azwa bin Bani Hashim
Managing Director

FABER DEVELOPMENT HOLDINGS SDN BHD
Wong Weng Peng
Managing Director

FABER FACILITIES SDN BHD
Mohd Nadzir bin Che Omar
General Manager

FABER HOTELS HOLDINGS SDN BHD
Adnan bin Mohammad
Managing Director

REGISTERED OFFICE

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AUDIT & RISK MANAGEMENT COMMITTEE

Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff
Chairman/Independent Non-Executive

Datuk Zainal Abidin bin Alias
Senior Independent Non-Executive

Datuk Mohamed Zain bin Mohamed Yusuf
Independent Non-Executive

Elakumari A/P Kantilal*
Non-Independent Non-Executive

YM Raja Azmi bin Raja Nazuddin*
Non-Independent Non-Executive

INVESTMENT COMMITTEE

Dato' Anwar bin Haji @ Aji
Chairman/Non-Independent Non-Executive

Datuk Mohamed Zain bin Mohamed Yusuf
Independent Non-Executive

YM Raja Azmi bin Raja Nazuddin
Non-Independent Non-Executive

Adnan bin Mohammad
Managing Director

NOMINATION & REMUNERATION COMMITTEE

Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff
Chairman/Independent Non-Executive

Datuk Zainal Abidin bin Alias
Senior Independent Non-Executive

Datuk Mohamed Zain bin Mohamed Yusuf
Independent Non-Executive

YM Raja Azmi bin Raja Nazuddin
Non-Independent Non-Executive

AUDITORS

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Fax +6 03 2095 5332

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Fax +6 03 2721 2530 / 2721 2531

PRINCIPAL BANKER

CIMB BANK BERHAD

PRINCIPAL SOLICITORS

SHAHRIZAT RASHID & LEE
ABU TALIB SHAHROM
SHEARN DELAMORE & CO

STOCK EXCHANGE LISTING

MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD

**Member of the Malaysian Institute of Accountants*

corporate structure

key operating companies in faber group berhad

facilities management division

HEALTHCARE

FABER HEALTHCARE MANAGEMENT SDN BHD	**100%**
• FABER MEDI-SERVE SDN BHD	57%*
— HEALTHTRONICS (M) SDN BHD	60%
— CERMIN CAHAYA SDN BHD	100%
— FRESH LINEN SERVICES SDN BHD (formerly known as Cermin Kenyalang Sdn Bhd)	55%

* Faber Group Berhad also holds 13% of Faber Medi-Serve Sdn Bhd.

NON-HEALTHCARE

FABER FACILITIES SDN BHD	**100%**
• FABER FACILITIES MANAGEMENT SDN BHD	100%
• FABER FACILITIES SOLUTION SDN BHD	100%
• FABER STAR FACILITIES MANAGEMENT LIMITED	51%

property development division

FABER DEVELOPMENT HOLDINGS SDN BHD	**100%**
• FABER UNION SDN BHD	100%
• COUNTRY VIEW DEVELOPMENT SDN BHD	100%
• FABER GRANDVIEW DEVELOPMENT (SABAH) SDN BHD	100%
• RIMBUNAN MELATI SDN BHD	55%

hotel division

FABER HOTELS HOLDINGS SDN BHD	**100%**
• FABER LABUAN SDN BHD	100%
— VIMAS JOINT VENTURE COMPANY LIMITED	70%

corporate profile

Faber Group Berhad ("the Group") moves forward from a position of newfound strength. A member of the UEM Group, one of Malaysia's largest conglomerates, the Group was first listed under the Hotel sector on 2 January 1964.

After the successful restructuring exercise, the Group was re-listed on the Main Board of Bursa Malaysia Securities Berhad under the Trading & Services Sector on 8 November 2004.

Reinvigorated from this far-reaching restructuring exercise, we have reinvented ourselves to become a major force to be reckoned with in Malaysia's expanding Integrated Facilities Management and Property Development sectors. Guided by a newly aligned Vision and renewed with a sense of Mission, the Group is Building Momentum for the next thrust forward at home and in the international arena.

FACILITIES MANAGEMENT HEALTHCARE DIVISION

Creating Next Generation Environments For Wellness

Faber Medi-Serve Sdn Bhd ("FMS"), the Group's 70% owned subsidiary, is one of Malaysia's largest healthcare support services company providing comprehensive housekeeping and engineering services to more than 400 Government and private hospitals and healthcare instituitions. These services range from Facilities Engineering Maintenance, Bio-medical Engineering Maintenance, Clinical Waste Management, Linen and Laundry to Cleansing and Janitorial.

Having set new industry benchmarks in Malaysia, FMS has spread its wings to operate beyond national boundaries. With a presence established in the Philippines, Vietnam and the United Arab Emirates, FMS is riding on the momentum to gain in-roads into Australia, India and Brunei.

FACILITIES MANAGEMENT NON-HEALTHCARE DIVISION

Building Value Together

Faber Facilities Sdn Bhd ("FFSB"), the Group's wholly-owned subsidiary, provides Integrated Facilities Management Services that include Building and Facilities Maintenance (Building Management and Administration, Building Services (M&E) Maintenance, Housekeeping Management, Security, Safety and Health Management); Financial and Tenancy Management; Estate Management and Value Added Services.

FFSB has over 20 years experience providing specialist Integrated Facilities Management Services for all properties developed by the Group. In 2005, the company was restructured and its business scope expanded to include properties in both the public and private sectors. FFSB has taken on the challenge of internationalisation, with forays into the India sub-continent region beginning to bear fruit.

PROPERTY DEVELOPMENT DIVISION

Prime Location. Quality Finishing

Faber Development Holdings Sdn Bhd ("FDH") is the Group's wholly owned property development arm. As an old hand in the business, FDH has differentiated itself from the competition over the years. In the exclusive neighbourhood of Taman Desa at the city outskirts, FDH properties are noted for their contemporary and distinctive architectural style, quality finishing, prime location and competitive pricing. Backed by a portfolio of completed projects and growing brand recognition, FDH is moving on to build not just houses, but wholesome, vibrant and thriving communities.

Together with Rimbunan Melati Sdn. Bhd. ("RMSB"), a 55% owned subsidiary of the Group, various projects are in the pipeline and property development will continue to remain an integral part of the Group's core business.

FROM LEFT TO RIGHT

DATO' ANWAR BIN HAJI @ AJI
ADNAN BIN MOHAMMAD

board of directors

	1	2	3
4	5	6	7

1 **DATUK ZAINAL ABIDIN BIN ALIAS**
2 **DATUK MOHAMED ZAIN BIN MOHAMED YUSUF**
3 **DATO' (DR.) MOHAMED ISHAK @ ISHAK BIN HAJI MOHAMED ARIFF**
4 **DATO' IKMAL HIJAZ BIN HASHIM**
5 **ELAKUMARI A/P KANTILAL**
6 **PUASA BIN OSMAN**
7 **YM RAJA AZMI BIN RAJA NAZUDDIN**

board of directors' profile

Dato' Anwar bin Haji @ Aji

Aged 56, Malaysian
Non-Independent Non-Executive Chairman

Dato' Anwar was appointed to the Board of Directors of Faber Group Berhad ("FGB") and as Chairman of FGB on 22 October 2001. He is also the Chairman of the Investment Committee of FGB.

He graduated from University of Malaya with Honours in Economics in 1973 and obtained his Masters in International Studies from Ohio University, United States of America in 1982. He started his career with the Government and had held various posts in the Ministry of Trade and Industry, the Prime Minister's Department and the Ministry of Finance. He joined Khazanah Nasional Berhad in 1994 and left in May 2004. His directorship in other public companies includes CIMB Islamic Bank Berhad and Edaran Otomobil Nasional Bhd.

Dato' Anwar has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

He attended all 9 of the Board of Directors' Meetings held during the financial year.

Adnan bin Mohammad

Aged 46, Malaysian
Managing Director

Adnan was appointed as Director and Managing Director of FGB on 1 April 2007. He is also a Member of the Investment Committee of FGB.

He holds a Bachelor of Business Administration (Finance) from University of Missouri, Kansas City, United States of America and a Diploma in Banking Studies from MARA Institute of Technology. He is a member of the Management Institute of Malaysia and Harvard Club of Malaysia.

He started his career with Malayan Banking Berhad and later served Bank Rakyat Berhad in 1989 before moving to Bumiputera Merchant Bankers Berhad as a Corporate Banking Officer in 1990. He later left the banking industry and joined Projek Lebuhraya Utara-Selatan Berhad ("PLUS") where he rose from Project Finance Assistant Manager to Senior General Manager of Finance Division.

He has from 2001 to 2005 served in various capacities within the UEM Group, including Managing Director of TIMEdotNet Berhad, Chief Operating Officer of Intria Berhad, Managing Director of Park May Berhad and Chief Executive Officer of E-Idaman Sdn Bhd. Encik Adnan was the Chief Operating Officer of UEM Builders Berhad from April 2005 until his appointment as Managing Director of FGB, on 1 April 2007.

Other than FGB, he has no directorship in other public company. He has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

Datuk Zainal Abidin bin Alias

Aged 63, Malaysian
Senior Independent Non-Executive Director

Datuk Zainal was appointed to the Board of Directors of FGB on 22 October 2001 and subsequently as Senior Independent Non-Executive Director on 23 May 2003. He is also a Member of the Audit and Risk Management Committee, and the Nomination and Remuneration Committee of FGB.

He holds a Bachelor of Arts (History), with Honours from University of Malaya. He was with the Malaysian Diplomatic and Administrative Service in 1967 and retired in 1999 as Ambassador to Indonesia. He had served in various capacities in the Ministry of Foreign Affairs as well as in various Malaysian Embassies abroad, namely in Washington D.C., Jakarta, New Delhi, Hong Kong and Tokyo. He was also the Malaysia's Ambassador to Kuwait (concurrently accredited as Malaysia's Ambassador to Bahrain, Qatar, The United Arab Emirates and Oman), Thailand and The Republic of Indonesia. In the Ministry of Foreign Affairs, he had also served as ASEAN Director General for Malaysia and as the Chief of Protocol. Other than FGB, he has no directorship in other public company.

Datuk Zainal has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

He attended all 9 of the Board of Directors' Meetings held during the financial year.

Datuk Mohamed Zain bin Mohamed Yusuf

Aged 67, Malaysian
Independent Non-Executive Director

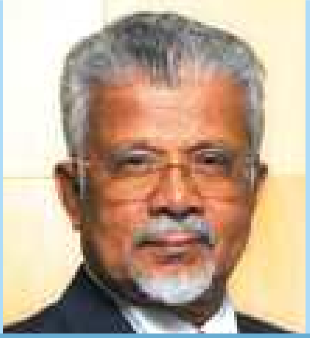
Datuk Mohamed Zain was appointed to the Board of Directors of FGB on 22 October 2001. He is also a Member of the Audit and Risk Management Committee, the Nomination and Remuneration Committee and Investment Committee of FGB.

He holds a Bachelor of Economics with Honours from University of Western Australia. He was with the Shell Group of Companies and during this time, had attended various Senior Management Courses overseas as well as the Harvard Senior Management Programme in the mid-80s.

From 1986 to 1988, he was the Marketing Consultant to Shell International based in London, United Kingdom. He was the first person of Malaysian nationality to be appointed as Marketing Director of Shell Marketing Companies in Malaysia at the end of 1989. He was subsequently elevated to the Board of Directors of the Shell Group as Executive Director, both in the upstream and downstream companies as well as 18 other Shell joint-venture companies. In 1996, he resigned as Director of Shell Refining Company (Federation of Malaya) Berhad, a company listed on the Main Board of the Kuala Lumpur Stock Exchange. He also served as a Director on the Board of Directors of Insas Berhad from March 1997 to January 2000. He was also a Director of MBF Finance Berhad ("MBF Finance") from May 1999 to December 2001. He resigned on the completion of the restructuring of MBF Finance with the take over by AmFinance Berhad. He is presently the Chairman of Confoil (M) Sdn Bhd and Malacca Securities Sdn Bhd. He is also currently the Chairman of Malaysia Australia Business Council. His directorship in other public companies includes PJBumi Berhad and Mission Biofuels Ltd, a company listed on the Australian Stock Exchange.

Datuk Mohamed Zain has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

He attended 8 out of the 9 Board of Directors' Meetings held during the financial year.



Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff

Aged 71, Malaysian
Independent Non-Executive Director

Dato' (Dr) Mohamed Ishak was appointed to the Board of Directors of FGB on 31 December 1993. He is presently the Chairman of the Audit and Risk Management Committee, and the Nomination and Remuneration Committee of FGB.

He is a qualified Professional Chartered Town Planner and a Professional Landscape Architect from the University of Newcastle-upon-Tyne, England. He was honoured by the University of Newcastle, England with the Honorary Degree of Doctor in Civil Law in May 1993. He is also the Honorary Life President of the University of Newcastle Alumni Association in Malaysia from 2004. He had served in various State and Federal Governments before retiring in 1993.

He was a member of the Advisory Board of the City of Kuala Lumpur (Dewan Bandaraya Kuala Lumpur) until December 2004. Over the years and through his involvement as a director of several public listed companies, he has accumulated vast experiences in various sectors namely banking, property and housing development, hotel management, food manufacturing and expressway management. His directorships in other public companies include as Chairman of Yee Lee Corporation Berhad, and Director of Public Bank Berhad, Public Investment Bank Berhad, Public Mutual Berhad and Public Merchant Bank Berhad.

Dato' (Dr.) Mohamed Ishak has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB and never been charged for any offence within the past 10 years. He holds 1,500 ordinary shares of RM1.00 each in FGB but does not hold any shares in the subsidiary companies of FGB.

He attended 7 out of the 9 Board of Directors' Meetings held during the financial year.

Dato' Ikmal Hijaz bin Hashim

Aged 54, Malaysian
Non-Independent Non-Executive Director

Dato' Ikmal was appointed to the Board of Directors of FGB on 10 August 1999. He holds a Bachelor of Arts with Honours from University of Malaya and a Master of Philosophy Degree in Land Management from University of Reading, United Kingdom.

He served in the Administrative and Diplomatic Service of the Government from 1976 to 1990. Dato' Ikmal has spent more than a decade of his career with the UEM Group since 1990 when he was appointed as the General Manager of Malaysian-Singapore Second Crossing Project. He became the Chief Operating Officer of PLUS on 1 January 1993 and was appointed the Managing Director on 1 January 1995 to 30 June 1999. He resigned as the Managing Director of PLUS on 30 June 1999, but remained as a Director until 21 November 2001. On 1 July 1999, Dato' Ikmal was appointed as the Managing Director of Prolink Development Sdn Bhd ("Prolink"). Subsequently, on 1 February 2000, he was appointed as the President of Property Division of the UEM Group while concurrently held the position of the Managing Director of Prolink. He was also the Managing Director of Renong Berhad from August 2002 until end of 2003.

On 27 October 2003, he was seconded to Pos Malaysia Berhad ("Pos Malaysia") and was appointed as the Chief Executive Officer. Subsequently on 6 December 2003, he was appointed as Managing Director of Pos Malaysia. On 19 December 2003, he was appointed as Executive Director of Pos Malaysia & Services Holdings Berhad ("Pos Malaysia Holdings & Services"), and was subsequently re-designated as Group Managing Director/Chief Executive Officer on 13 April 2004.

He later resigned as Group Managing Director/Chief Executive Officer Pos Malaysia Holdings & Services on 23 February 2007 following his appointment as the Chief Executive Officer of the Iskandar Regional Development Authority ("IRDA"). IRDA is the statutory body responsible for determining the direction, policies and strategies in relation to development within Iskandar Development Region, a visionary metropolis of international standing in South Johor.

His directorship in other public companies includes UEM Environment Berhad.

Dato' Ikmal has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

He attended 8 out of the 9 Board of Directors' Meetings held during the financial year.

Elakumari A/P Kantilal

Aged 50, Malaysian
Non-Independent Non-Executive Director

Elakumari was appointed to the Board of Directors of FGB on 22 October 2001 and also a Member of the Audit and Risk Management Committee of FGB.

She holds a Master of Science in Finance and Accounting from the University of East Anglia, United Kingdom and Bachelor of Accounting from Universiti Kebangsaan Malaysia. She is also a Member of the Malaysian Institute of Accountants since 1984. She began her career as an Officer in the Accountant General's Office in 1981 with the first posting to the Ministry of Agriculture and subsequently as the Senior Officer in the Monitoring of Government Owned Enterprises Division in the Ministry of Finance. She joined Khazanah as a Senior Manager in 1994 and was promoted to General Manager in 2000. In 2004, she assumed the position of Director in the Investments Division of Khazanah. Her directorships in other public companies include TIME dotcom Berhad and TIME Engineering Berhad.

She has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

She attended 8 out of the 9 Board of Directors' Meetings held during the financial year.

Puasa bin Osman

Aged 62, Malaysian
Independent Non-Executive Director

Puasa was appointed to the Board of Directors of FGB on 19 June 2003.

He holds a Master in Business Administration from Ohio University, United States of America. His previous working experience include serving in various managerial positions in Bank Pertanian Malaysia in the Department of Personnel and Training, Branch Operations, Retail Banking and Credit Operations.

Other than FGB, he has no directorship in other public company. He has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

He attended 8 out of the 9 of the Board of Directors' Meetings held during the financial year.

YM Raja Azmi bin Raja Nazuddin

Aged 39, Malaysian
Non-Independent Non-Executive Director

Raja Azmi, Senior Director of Corporate Development Division of UEM was appointed to the Board of Directors on 28 August 2006. He is also a Member of the Audit and Risk Management Committee, Nomination and Remuneration Committee and Investment Committee of FGB.

He holds a Master of Business Administration from the University of Bath, United Kingdom and is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He started his career in 1987 with Coopers & Lybrand Malaysia before moving to Malaysian Tobacco Company Berhad in 1994. He joined Perodua Manufacturing Sdn Bhd as Accounts Manager in January 1999. He served as Commercial Manager in Haworth Malaysia Sdn Bhd in May 2000 and Senior Finance Manager in Tronoh Mines Malaysia Berhad in September 2001. In January 2003, he joined Sapura Telecommunications Berhad as Group Financial Controller and in May 2004, he was appointed the Chief Financial Officer of Tronoh Consolidated Malaysia before assuming his current position on 1 August 2005.

He has no family relationship with any Director and/or major shareholder of FGB, no conflict of interest with FGB, never been charged for any offence within the past 10 years and does not hold any shares in FGB and its subsidiaries.

He attended all 4 of the Board of Directors' Meetings held following his appointment as a Director of FGB.

senior management's profile

Tajul Azwa Bin Bani Hashim
Managing Director
– Faber Medi-Serve Sdn Bhd

Tajul Azwa, aged 50, is the Managing Director of Faber Medi-Serve Sdn Bhd ("FMS"). He holds a Bachelor of Science Degree in Mathematics and Information Science from the University of Tasmania, Australia. He began his career in Information Technology with the Hydro Electric Commission of Tasmania until his return to Malaysia in 1983. He then worked with Malaysia Mining Corporation Bhd, Automated Technology Sdn Bhd and Progressive Insurance Sdn Bhd until he joined PLUS in 1989 as Senior Systems Analyst. In PLUS, his career underwent a transposition from information technology to management of operations when he was appointed as Senior Manager of Toll Department in 1994. He was subsequently promoted to General Manager of Operations of PLUS in 1996 prior to his appointment as Chief Operating Officer of FMS in January 1997.

Wong Weng Peng
Managing Director
– Faber Development Holdings Sdn Bhd

Wong Weng Peng, aged 50, is the Managing Director of Faber Development Holdings Sdn Bhd ("FDH"). He holds a Bachelor's Degree in Building Sciences from University of Trent Nottingham, England. Prior to being appointed the Managing Director of FDH in January 1998, he was the Project Director of Prolink Development Sdn Bhd from 1995 to 1997.

S. Sunthara Moorthy A/L S. Subramaniam
Chief Financial Officer and Head of Business Development - Faber Group Berhad

Sunthara Moorthy, aged 44, is the Chief Financial Officer and Head of Business Development of Faber Group Berhad ("FGB"). He is a fellow member of the Association of Chartered Certified Accountants, and also a registered member of the Malaysian Institute of Accountants. He started his career in accounting and audit practice in various firms in London, United Kingdom prior to joining FGB in August 1995 as Group Accountant. In December 1996, he was appointed as Head of Finance of FMS. Subsequently, he took the position as Head of UEM Property and Environmental Division in August 2000 while concurrently holding the position of the Chief Financial Officer of FMS. In May 2004, he was appointed as the Head of Business Development of FGB and subsequently as the Chief Financial Officer of FGB in January 2005.

Mohd Nadzir Bin Che Omar
General Manager, Faber Facilities Sdn Bhd

Mohd Nadzir, aged 40, is the General Manager of Faber Facilities Sdn Bhd. He holds a Bachelor of Estate Management (Honours) from MARA University of Technology. He started his career in 1989 with Jones Lang Wootton Kuala Lumpur. He is a registered valuer and estate agent with the Board of Valuers, Appraisers and Estate Agents Malaysia and also a registered member of the Institution of Surveyors Malaysia. In March 1994, he joined Yap Burgess Rawson International Kuala Lumpur and held various positions which include Executive Director prior to joining FGB in April 2001 as General Manager, Facilities and Property Management.

operations review
overview

Building momentum was the main focus of Faber Group Berhad ("the Group") throughout the year 2006. On the home front, we continued to make good progress fulfilling contractual obligations. Internationally, we continued to expand by reinforcing suitable strategic alliances in the areas of our expertise with the aim of increasing returns to our shareholders.

In what was a busy and eventful year, we are beginning to realise a key strategy to expand our customer base by venturing into businesses that are complementary to the Group's existing healthcare support services. On 4 September, the Group signed a Joint Venture (JV) cum Shareholders' Agreement with Ekovest Berhad ("Ekovest") to undertake the design, construction, completion and maintenance of the National Institute for Natural Products, Vaccines and Biologicals known as 9BIO located at Bandar Enstek, Negeri Sembilan. The Group has a 40% stake in the venture, with Ekovest holding the remainder. The Ministry of Health ("MoH") is implementing the project as a private finance initiative under the Ninth Malaysia Plan ("9MP"), leveraging on the expertise of the two JV partners. For the Group, the 9BIO project is an opportunity to leverage on our expertise in Integrated Facilities Management which is in line with our mission to raise the standards of healthcare infrastructure in the country.

In what was a busy and eventful year, we are beginning to realise a key strategy to expand our customer base by venturing into businesses that are complementary to the Group's existing healthcare support services.

In line with its diversification strategy, the Group signed a JV cum Shareholders' Agreement with Matang Holdings Berhad and Advent (M) Sdn Bhd on 20 December 2006. The Group has a 51% stake in the Joint Venture Company ("JVC"), Kesan Suci Sdn Bhd, which was incorporated to tender for food outsourcing/catering contracts for Government and private hospitals and other establishments.

To secure the long-term future of the Group, we continued to lay groundwork to become a player in the international arena where we see "No Boundaries, Only Opportunities". On 21 March 2007, FMS entered into a Joint Venture Agreement with Prima Fabrics Pty Ltd and Faber Linen and Laundry Pty Ltd in relation to the business of operating laundry plants for the purposes of providing linen and laundry services in Australia. The global marketplace represents a new frontier in the Group's business expansion plans as we continue to forge ahead to pursue the objectives encapsulated in our newly aligned Corporate Vision and Mission Statements.

operations review

facilities management
healthcare

Creating Next Generation Environments for Wellness

FABER MEDI-SERVE SDN BHD ("FMS") PROVIDES FACILITIES ENGINEERING MAINTENANCE, BIO-MEDICAL ENGINEERING MAINTENANCE, CLINICAL WASTE MANAGEMENT, LINEN AND LAUNDRY AS WELL AS CLEANSING AND JANITORIAL SERVICES. TODAY, THESE FIVE CORE SERVICES HELP ENSURE THAT OVER 100,000 FACILITIES ENGINEERING ASSETS AND 47,000 BIO-MEDICAL EQUIPMENT ARE CONTINUOUSLY IN GOOD WORKING ORDER, A TOTAL AREA OF 2 MILLION SQUARE METERS ARE KEPT CLEAN, 8 TONNES OF CLINICAL WASTE ARE COLLECTED AND DISPOSED OF IN A PROPER MANNER, AND 40 TONNES OF LINEN ARE LAUNDERED AND DELIVERED ON A DAILY BASIS.



facilities management healthcare

SETTING NEW INDUSTRY BENCHMARKS

A pioneer in Malaysia's rapidly growing healthcare support industry, FMS has created new benchmarks and a paradigm shift in the way healthcare institutions manage their businesses. A subsidiary of Faber Group Berhad, FMS has evolved to become a Wellness Support Services company serving more than 400 Government and private hospitals and healthcare instituitions in Malaysia and around the world making it one of the the country's biggest healthcare support services entity. Today, FMS has already started to make its presence in ASEAN and the Middle East.

FINANCIAL REVIEW

Despite the challenging operating environment faced by the industry, FMS continued with a positive growth during the year under review.

In FY2006, FMS recorded an increase of 10% in revenue to RM419.2 million compared with RM379.1 million in FY2005. The favourable performance is mainly due to the incorporation of variation orders for new and replacement assets, the establishment of new hospitals in Sarikei, Kunak, Kuala Penyu, Pitas and Sg. Petani; recognition of newly secured non-concession business, and higher delivery of clean linen and reimbursable works.

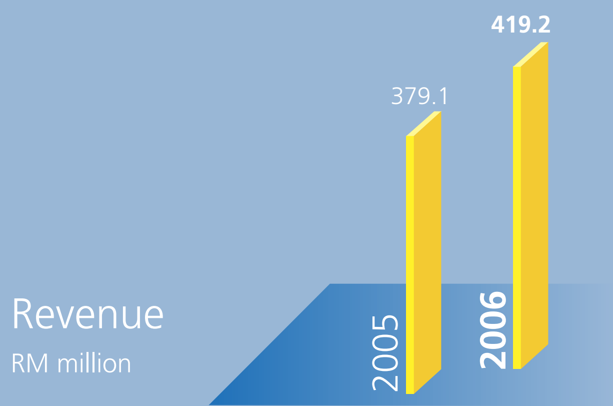
Profit Before Tax however reduced from RM58.1 million in FY2005 to RM52.5 million in FY2006. The main challenges faced by FMS are the increase of variable costs and other overheads. To reduce the impact of these challenges, the Management has formulated a roadmap and various financial-control mechanisms to achieve the corporate objectives. Overcoming the challenges will make FMS more prepared and geared to move on to greater opportunities with better financial performance in future.

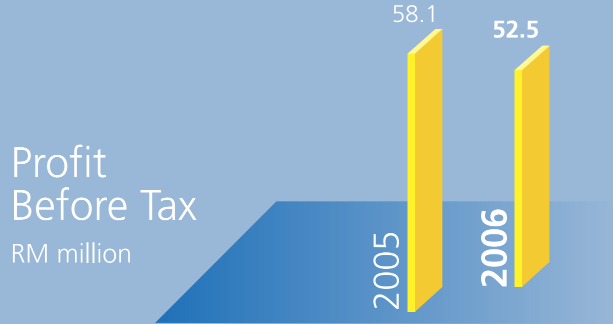
FMS has evolved to become a Wellness Support Services company serving more than 400 Government and private hospitals and healthcare instituitions in Malaysia and around the world making it one of the country's biggest healthcare support services entity.

OPERATIONAL REVIEW

FMS started out in 1996 with a concession to provide Integrated Hospital Support and Facilities Management services to 71 Ministry of Health ("MoH") hospitals in Perlis, Kedah, Penang, Perak, Sarawak and Sabah. Since then, FMS has taken on several more MoH hospitals under its wing. In 2005, the number of hospitals increased to 75 and in 2006, 3 new hospitals were added to the existing list bringing the total number of MoH hospitals managed by FMS to 78.

The increase in the number of MoH hospitals under FMS' portfolio has translated into higher Planned Preventive Maintenance ("PPM") work orders. A total of 419,000 Facilities Engineering Maintenance Services ("FEMS") work orders were generated in 2006, an 18% increase from the previous year. In addition, a total of 57,000 Bio-Medical Engineering Maintenance Services ("BEMS") work orders were planned and generated in 2006, compared to 52,000 in 2005. The year under review also saw an increase in the total unscheduled work orders for both FEMS and BEMS.





facilities management healthcare

The Group has also made important strides to diversify its customer base by moving into non-concession business activities both at home and abroad. In Malaysia, FMS was officially appointed to maintain the Prince Court Medical Centre for the provision of FEMS and BEMS. The main contract was signed between FMS and VAMED Healthcare Services Sdn Bhd on 29 December 2006 and is worth a total of RM22.5 million over a period of three years commencing 1 March 2007.

During the year, headway was also made on the international front. As reported last year, the Group has already established a presence in the Philippines, Vietnam and the United Arab Emirates and through FMS has secured contracts to provide FEMS and BEMS to selected hospitals. Riding on the momentum, we have directed our focus to gain in-roads into Australia, India, Brunei and Thailand. We are optimistic that some of the potential new businesses at these locations will begin to be realised in 2007. These will augur well for the Group's long term growth as a specialist in Integrated Facilities Management.

In keeping up with the competition and in sustaining expectations of customers, the Group continues to invest in plant and machinery. Two new laundry plants were commissioned during the year. The Sejingkat Laundry Plant in Kuching, Sarawak has been in operation since March 2006. Owned and operated by FMS' subsidiary, Fresh Linen Services Sdn Bhd (formerly known as Cermin Kenyalang Sdn Bhd), the new plant has a daily average processing capacity of 6,400 kg and serves 12 hospitals in the vicinity of Kuching. Works are currently on-going to increase plant capacity and efficiency, with targeted completion by March 2007.

The Kamunting Laundry Plant, which is the largest laundry facility owned by FMS was officially opened by the Minister of Health, YB Dato' Seri Dr Chua Soi Lek on 11 May 2006. The RM8.7 million plant has a processing capacity of 12,000 kg for a 24-hour operation. With the installation of additional equipment, the plant capacity will be increased to 15 tonnes per day by May 2007. This will cater for the continually growing demand from the hospitals serviced by FMS.

With the successful commissioning and operations of the Kamunting Laundry Plant, FMS is setting up another laundry facility in the northern region of the Peninsula, serving all Government hospitals in Kedah and Perlis. The new facility will be located at the Kuala Ketil Industrial Estate in the Baling district, Kedah. Construction works on the new plant began in May 2006 and is targeted for completion by June 2007. When the 8,500kg capacity plant is commissioned, FMS' present laundry facility at the Alor Setar hospital will cease operations.

For greater efficiency and better utilisation of resources, FMS has centralised all linen processing activities in the Penang region. The laundry plant at the Penang General Hospital has been shut down and all laundry loads are now channelled to FMS' new laundry plant in Prai. Construction and operation of this new plant have been outsourced to a third party contractor under FMS' Vendor Development Programme.

LOOKING AHEAD

The demand for healthcare support services will continue to grow at home and in markets abroad where the Group has already established a foothold. With on-going economic growth, and as the public becomes more affluent and discerning, there is growing emphasis on improving the standards and sustainability of the quality of life. This is one of the main thrusts of the 9MP, where efforts to enhance the healthcare delivery system and to improve the scope and quality of healthcare have been accorded higher priority. Having sowed the seeds, the coming years will see the Group reaping the rewards of its internationalisation efforts and this will be reflected in the bottom line.

facilities management non-healthcare

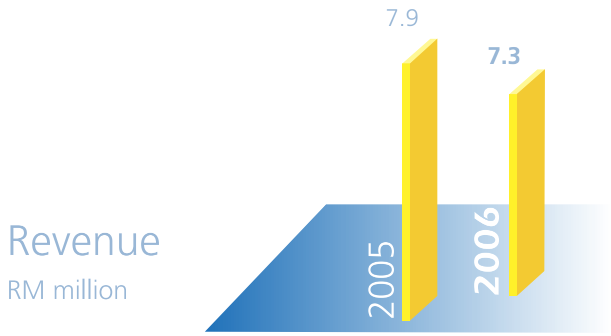
BUILDING VALUE TOGETHER

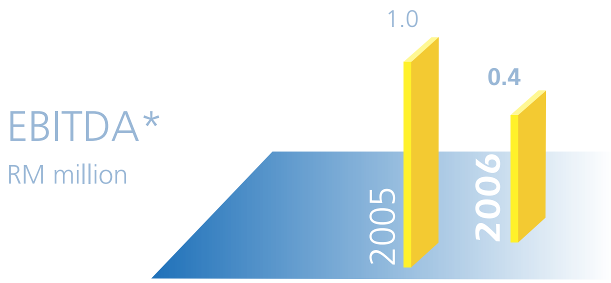
A wholly owned subsidiary of the Group, Faber Facilities Sdn Bhd ("FFSB") offers a diverse spectrum of Integrated Facilities Management Services ("IFMS") that include Building & Facilities Maintenance; Financial & Tenancy Management; Estate Management; and Value Added Services. Backed by more than two decades of experience in the industry, FFSB strives not only to maintain, but also to enhance the value of properties through a comprehensive maintenance programme, while adhering to the highest standards of IFMS.

FFSB's present portfolio includes no less than nine residential and commercial properties located in Kuala Lumpur and Penang. Its forays into the India sub-continent region have begun to bear fruit, with contract secured to provide IFMS to a 12-storey office building in New Delhi, known as the Tolstoy House and the portfolio shall be increased to another commercial shopping complex and a private hospital by end of second quarter of 2007 once the terms and conditions of the contracts are agreed upon.

FINANCIAL REVIEW

FY2006, FFSB posted a revenue of RM7.3 million against RM7.9 million posted in FY2005. The decrease in revenue was attributed mainly to termination of contract in mid-2006 with Setia Haruman for the management of its parking facility at Century Square 1, Cyberjaya.; and the stabilisation of revenue from Faber Towers in FY2006. Revenue from Faber Towers recognised in FY2005, had included some back log revenue for 2004, thus





* Earnings Before Interest, Taxation, Depreciation and Amortisations.

The Group has steadily established its reputation as one of the leaders in the IFMS business. Backed by a growing portfolio, we are aggressively marketing our services in the relentless pursuit to expand our customer base.

created an accelerated increase of revenue for FFSB in FY2005. The Earnings Before Interest, Taxation, Depreciation and Amortisations ("EBITDA") decreased to RM0.4 million in FY2006 as compared to FY2005 EBITDA of RM1.0 million. Loss Before Tax of RM1.9 million in FY2006 compared to RM1.0 million in FY2005 was due to higher provision of doubtful debts.

OPERATIONAL REVIEW

In line with the Group's corporate exercise to build resilience and improve competitiveness in the operating units, a major operational realignment exercise was carried out in FFSB in 2006. The result is a more focused approach to market segmentation, enabling FFSB to aggressively seek emerging opportunities for Non-Healthcare Integrated Facilities Management businesses in both the public and private sectors. FFSB has also taken on the challenge of internationalisation, having established a foothold in its maiden overseas venture in the India sub-continent.

On 23 March 2006, FFSB signed a Joint Venture Agreement with Singa Real Estates Ltd ("SREL") leading to the formation of a JVC, Faber Star Facilities Management Limited on 1 August 2006. FFSB holds a 51% stake in the JVC, which marks the start of a strategic partnership between the two parties to provide IFMS in the states of Delhi, Haryana, Uttar Pradesh, Maharashtra, Rajasthan and Punjab. In this partnership, FFSB will provide the technical expertise and skills of the IFMS business while SREL will provide the base-business and local knowledge to tap into India's growing property market. SREL is an associate company of Ansal Properties & Infrastructure Limited, a major real estate group listed on several stock exchanges in India. Through the JVC, the Group has positioned itself to build Faber brand and to realise further business opportunities emerging within the India sub-continent.

In closing the FY2006, the Group signed a Shareholders' Agreement to incorporate a company, Faber LLC, in United Arab Emirates ("UAE") to carry out IFMS. The Group has a 49% equity interest in Faber LLC, and similar to the JVC in India, FFSB will provide technical expertise and know-how of the IFMS business. This venture is an opportunity for the Group to tap into the cities of UAE's huge and growing property market and to capitalise on the city's growing stature as a destination of choice for world-class private healthcare services.

LOOKING AHEAD

The Group has steadily established its reputation as one of the leaders in the IFMS business. Backed by a growing portfolio, we are aggressively marketing our services in the relentless pursuit to expand our customer base. At home and in India, where the Group through FFSB is steadily growing its presence, we are among the front-runners in negotiations with the relevant authorities to secure several high-profile contracts.

property development

Prime Location. Quality Finishing

"PRIME LOCATION. QUALITY FINISHING" IS AN APT SLOGAN THAT REFLECTS FABER DEVELOPMENT HOLDINGS SDN BHD'S ("FDH") QUEST TOWARDS PROVIDING QUALITY YET COMPETITIVELY PRICED PROPERTIES IN PRIME LOCATIONS. DURING THE YEAR UNDER REVIEW, FDH'S WHOLLY OWNED SUBSIDIARY, FABER UNION SDN BHD ("FUSB") UNDERTOOK THE DEVELOPMENT OF TWO PRIME PROJECTS WITHIN THE POPULAR TAMAN DESA RESIDENTIAL ENCLAVE, BOTH OF WHICH ARE PROGRESSING SMOOTHLY.


GT

property development

REDEFINING URBAN LIVING

The Group's Property Development arm, FDH is living up to its promise of delivering "Prime Location. Quality Finishing". Affordability, accessibility and innovative design are other key words to describe a Faber property. As discerning buyers have discovered, we take pride that we do not just deliver houses, but homes that set a standard and define a lifestyle for others to emulate. And as we forge ahead, the same high standards of quality excellence are applied to any property development project the Group undertakes.

FINANCIAL REVIEW

The Group operates in a challenging operating environment. Developmental activities in the residential sub-sector softened during the first half of the year, due partly to concerns of further interest rate hikes. However, sales of landed properties in prime locations remained strong, with support from local and foreign buyers. (Malaysia Economic Report 2006/2007)

Against this backdrop, the performance of the Group's Property Development Division was all the more commendable. For FY2006, it recorded a two-fold increase in revenue to RM163.0 million, against RM80.5 million posted in FY2005. Accordingly, Profit Before Tax grew by 175% to RM51.4 million in FY2006 compared to RM18.7 million achieved the previous year. The improved results were attributed to more projects coming on-stream and the better than expected response to certain properties launched during the year in review.

OPERATIONAL PERFORMANCE

A milestone achievement for FY2006 was the successful completion and handing over in March 2006 of the RM83.7 million Police Federal Reserve Unit (FRU) Complex in Cheras, Kuala Lumpur. The Group's 55% owned subsidiary, Rimbunan Melati Sdn Bhd ("RMSB") was bestowed the "Anugerah Kontraktor Cemerlang" in recognition of its efforts in completing the turnkey project three months ahead of schedule and in full compliance with specifications.

Several residential projects were still on-going during the year in review. Spread over 5.65 acres of land fronting the lake in Taman Danau Desa, Kuala Lumpur, the Danau Villa residential properties consist of 64 units of three-storey semi-detached linked houses. The RM54.6 million development offers two types of units, priced between RM712,000 and RM1.1 million. Through innovative marketing, all units on offer have been sold and successfully completed and vacant possession has been delivered to purchasers begining March 2007.

Meanwhile, the Casa Desa project also located in Taman Desa, Kuala Lumpur was re-launched in early 2007. Located on 5.8 acres of freehold land, the project has a potential sales value of RM130.8 million when completed and will house 410 condominium units. At prices ranging from RM210,000 to RM690,000, the units are very competitively priced considering its prime location in Kuala Lumpur. The main building works is progressing as planned and target for completion by 4th Quarter 2007.

With the development of projects in the Taman Danau Desa and Taman Desa townships reaching its final leg, the Group has shifted its focus to the phased development of Laman Rimbunan, a project jointly undertaken with Cekap Corporation Sdn Bhd,

As discerning buyers have discovered, we take pride that we do not just deliver houses, but homes that set a standard and define a lifestyle for others to emulate. And as we forge ahead, the same high standards of quality excellence are applied to any property development project the Group undertakes.

a subsidiary of Metro Kajang Berhad ("MKB") in Kepong, Kuala Lumpur. The township in the making sits on 100.81 acres of land and is just 10 kilometres away from the Kuala Lumpur City Centre, with easy access via several road arteries. There is also a proposal to build a light rail transit station next to the development's commercial component known as Rimbunan Avenue, described in the last report. As envisaged, the master plan calls for the development of 150 units of three-storey shop offices, 837 units of three-storey terraced houses, 808 units of medium-cost apartments and 360 units of low-cost apartments. The Group is planning to set up amenities such as a kindergarten, primary school and a mosque that will contribute towards fostering a wholesome community.

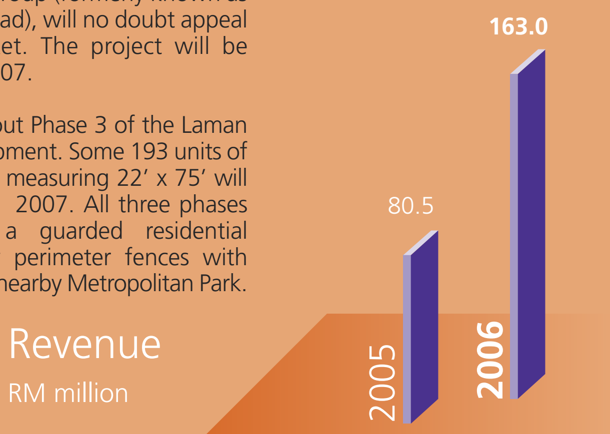
RMSB launched 50 units of the three-storey shop offices in September 2005, attractively priced at RM888,888 to RM988,888. All 50 units have been sold and are scheduled for completion by 4th Quarter 2007. The remaining 100 units of shop houses will be jointly developed by FDH's wholly owned subsidiary, Faber Union Sdn Bhd ("FUSB") (49 units) and MKB's wholly owned subsidiary, Cekap Corporation Sdn. Bhd. (51 units).

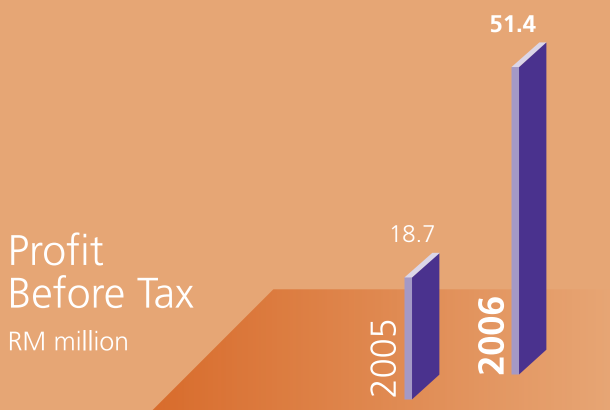
Phase 1 of the residential development comprising 243 units of three-storey terraced houses (20' x 70') was launched in September 2006. The response has been encouraging, with over 80% of the units sold to date. This was followed by the launch of Phase 2 (22' x 75') in November 2006 comprising 148 units of three-storey terraced houses with a bigger floor area at prices ranging from RM471,800 to RM851,800. With the show unit now set up and as the project gathers momentum, we expect sales to pick up in the course of 2007.

LOOKING AHEAD

FY2007 is already shaping up to be a busy and eventful one with two new property launches in the pipeline. Taman Hill Top Perdana - a residential development located at Luyang in the very heart of Kota Kinabalu, Sabah. Encompassing an area of 4.81 acres, will consist of 34 units of semi-detached houses with an average gross built-up of 3,200 sq.ft. and are priced from RM780,000 upwards. Besides its unbeatable location, attractive design and superior finishing, this latest property offering jointly undertaken with the UEM Group (formerly known as United Engineering (M) Berhad), will no doubt appeal to a niche high-end market. The project will be launched in 2nd Quarter 2007.

FDH is also planning to roll out Phase 3 of the Laman Rimbunan residential development. Some 193 units of three-storey terraced houses measuring 22' x 75' will be launched in 4th Quarter 2007. All three phases have been planned as a guarded residential community, surrounded by perimeter fences with multiple access routes to the nearby Metropolitan Park.





people and organisational development

Throughout FY2006, the process of corporate housekeeping continued with the objective of building resilience and momentum in the Group for the next thrust forward.

To better reflect its new corporate direction and focus on Integrated Facilities Management Services in both the Healthcare and Non-Healthcare sectors as well as Property Development, the Group has revised its Corporate Vision and Mission:

Vision : To be a Leading Regional Player in Integrated Facilities Solutions
Mission : To Promote Awareness and Raise the Standard in Facilities Maintenance

Integral to the transformation process - structures, processes and systems were critically reviewed and systematically re-organised. Since October 2006, the Group's support services such as the Legal, Secretarial, Corporate Communications, Business Development and Information Communication & Technology Divisions have all been centralised. Centralisation of these services will enable the Group to achieve a higher productivity by allowing our key operating companies to focus on service delivery, business expansion and growth.

As reported earlier, both FMS and FFSB have carried out an operational realignment exercise. In October 2006, FMS continued to review the structure of the company and to implement a manpower rationalisation programme. FMS is also establishing a framework for the development of Facility Managers (FMs) who are the key front-liners in its business. In February 2007, FMS implemented a staff transfer exercise to match people capabilities with the specific needs of the hospitals under the care of FMs. The exercise is part of the group-wide process of inculcating a client-focused culture.

We also acknowledged the fact that integral to the Group's change process is keeping all levels of staff abreast of developments in a fluid and dynamic work environment. At every quarter of the year, time is set aside for the Group's employees to attend the Employees Briefing where they are updated on the financial performance and latest developments within the Group by the Managing Director and other senior officials. This is also an occasion where acknowledgement is accorded to employees singled out for their outstanding performance vis-à-vis the Employees' Recognition Award.

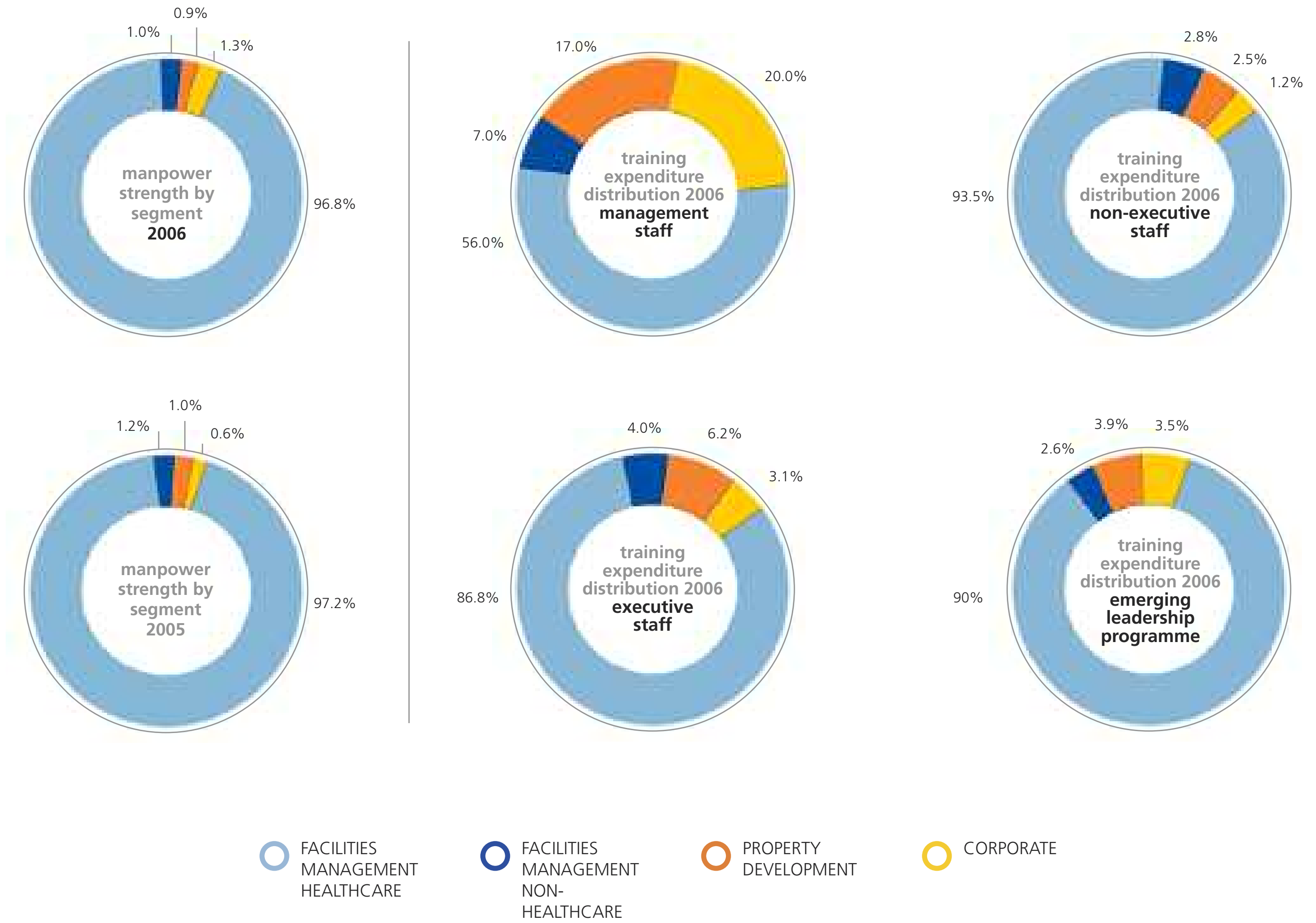
At the end of the day, it is the employees that will help us realise our vision. In FY2006, we invested RM1.75 million in the development of our human capital both technical as well as non-technical/soft skill training for over 7000 employees in various subsidiaries. The Group accelerated its training and development effort to enhance the competency of the workforce for increased productivity as well as preparing the workforce with new skills for the Group's expansion programme in new businesses, both locally and overseas.

For this reason, the 2006 Training Calendar has placed priority on structured developmental leadership programme as in the Emerging Leadership Programme ("ELP") and Personal Leadership Programme ("PLP") which were designed in line with the 5-point focus:

P - Productivity of Resources
E - Expansion and Growth of Business
P - People and Organisational Development
S - System and Processes Improvement
I - Image and Perception Improvement

Both the programmes are aimed at identifying potential leaders among the managerial staff for effective succession planning within the Group. The top management has provided tremendous support and follow-through to this well-structured developmental programme. It is certainly crucial for the Group to have a pool of ready human capital to spearhead business initiatives to achieve its organisational goals.

Formal training aside, teamwork and a strong sense of camaraderie are other key ingredients in building a cohesive workforce to be reckoned with. That is why our corporate calendar has included a number of social and sporting events. More than 90 staff from the Group showed off their sporting prowess at the UEM Group Sports Carnival. The Faber Sports & Recreational Club has also lined up a variety of both indoor and outdoor games for participants to bid for respective challenge trophies. The highlight of the Group's 2006 social calendar were undoubtedly the Faber Family Day Outing. Such informal gatherings provide a convivial environment where ranks are broken, and management and staff can rally together as one Faber family.



corporate social responsibility

As a corporate entity, the Group is well aware of the many responsibilities it owes to its many publics. We strive to be looked upon as a responsible corporate citizen, held in high esteem not only by our stakeholders, our business partners and customers, but also by the communities in which we operate. From early days, the Group has drawn up comprehensive and innovative Corporate Social Responsibility programmes to ensure that our success is inclusive. Then as now, this will be an important keystone in our operating philosophy.

As an act of good faith the Group has gone the extra mile to ensure that the squatters affected by our property development activities in Kepong have not been disenfranchised. During the year, the Group allocated 360 units of low-cost apartments in a 19-storey block to re-settle those affected. The allocation was carried out through a balloting exercise held in April 2006 as part compensation for their eviction from the Kepong land.

Each year, the Group lends its support to various charitable causes and institutions. Among the more memorable projects undertaken in FY2006 was the sponsorship of the "TUNZA International Children's Conference on Environment ("ICCE") 2006" under the UEM Group. The 5-day international event was jointly organised by United Nations Environment Programme ("UNEP") and Yayasan Anak Warisan Alam. TUNZA ICCE is the UNEP's largest event bringing together children to discuss and learn about their rights and responsibilities concerning the environment. Malaysia is the first South East Asian country to host the 2006 event, which was attended by 250 children from all over the world, including 50 from Malaysia. By hosting this event, the Group is complementing the Government's efforts to promote awareness among youth on the importance of preserving the environment and preserving Malaysia's rich natural heritage.

The Group was also the main sponsor for the Malaysian Liver Foundation's ("MLF") 2006 Charity Motor Treasure Hunt. The MLF is a non-governmental organisation dedicated to increasing public awareness of liver diseases and improving the quality of treatment and research in liver disease. The Group's sponsorship of this cause is in line with the Group's corporate mission to play a leading role in raising the standard of the country's healthcare infrastructure. Another recipient of our corporate philanthropy programme was PEKASA, a non-political and non-profit making organisation set up to raise funds for the welfare of children diagnosed with cancer. Among others, PEKASA makes monetary contributions to parents to supplement the basic cost of lodging, food and transportation whilst their children are undergoing treatment.

The spirit of caring and sharing has also been amply demonstrated by the Group's employees. In the wake of the earthquake that devastated the central Java region last year, the Group's employees responded generously in contributing towards the relief fund. More recently, when floods hit parts of the Southern Peninsula, the Group's employees were quick to donate time and money to help in the Johor Flood Relief efforts on a voluntary basis. FMS also donated linens and cleansing materials to the flood victims. Arguably, even more important than money is the gift of blood to save lives and we are gratified that the staff has always responded positively to the Group's annual blood donation campaign.

The Group remain passionate about nurturing the youth of today into becoming tomorrow's captains and kings of industry. One of the Group's more enduring efforts is through the UEM Group's Young Executive Scheme ("YES"). The YES programme is aimed at equipping young graduates with invaluable skills and experience in a real working environment, thereby enhancing their future employment opportunities. In 2006, we recruited 15 new graduates and they have been posted to various departments since September 2006. Through YES, these new graduates are given a head start before they venture out into the corporate world.

Another of the Group's most enduring legacies is the Vendor Development Programme ("VDP") launched in 1997 after being awarded the Ministry of Health concession. A primary objective of the VDP is to provide companies an opportunity to grow their businesses so that they can hold their own in competing in international markets. Following the launch of Khazanah's Red Book on Procurement Guidelines and Best Practices in April 2006, the Group's VDP has been realigned to develop a corps of stable and competitive suppliers for long-term mutual benefits. Once accepted into the programme after a stringent selection process, vendors are provided with operating manuals and guidelines and have to meet predefined performance targets as set out in the Service Level Agreements. Their performance is continually monitored to ensure they meet the Group's requirements. To date, a total of 50 vendors have benefited from the VDP since it began.

No report on our Corporate responsibility programmes would be complete without some mention of the Group's efforts to preserve the quality of our environment. The 3R programme based on the now familiar mantra of "Reduce, Reuse and Recycle" is being introduced group-wide in stages. In preparation for the implementation of an energy conservation programme, several Facility Managers and relevant personnel were selected to attend a Certified Energy Management course. By giving the environment the respect and attention it deserves, Faber is exercising a basic tenet of its operating philosophy: We Care.

employee care

10 March, 12 June & 29 August 2006
Quarterly Employee Briefing & Presentation of Awards in recognition of employees who performed excellently.

15 April 2006
Badminton & Table Tennis – Sunthara Moorthy Challenge Trophy & Table Tennis Challenge Trophy held at Pusat Komuniti Sri Petaling, Kuala Lumpur.

22 April 2006
Futsal – Wong Weng Peng Challenge Trophy held at Score Arena, Jalan Kuchai Lama, Kuala Lumpur.

29 April 2006
Bowling – Tajul Azwa Challenge Trophy held on 29 April 2006 at KL Megalanes, Endah Parade, Kuala Lumpur.

13 May 2006
Faber Group of Companies participated in the "Perhimpunan Hari Pekerja Malaysia" in conjunction with the Labour Day Celebrations at Stadium Putra, Bukit Jalil, Kuala Lumpur.

26 & 27 July 2006
Congkak & Carrom Competition held at Training Room, Faber Towers.

5 August 2006
Sepaktakraw – Mohamad Iqbal Sepaktakraw Challenge Trophy held at Dewan MBPJ, Jalan 222, Petaling Jaya.

10 August 2006
Netball – Noorizah Netball Challenge Trophy – Sports & Recreation Club Challenge Trophy held at Kg. Pandan Sports & Recreation Complex, Kuala Lumpur.

22 December 2006
The Group's employees and Management contributed a total sum of RM5,100.00 cash to MERCY Malaysia, as relief aid for the Central Java earthquake victims.

continual improvement the way forward in the quest for Quality

In line with the Group's passion for excellence and its Vision "To Be The Leading Regional Player in Integrated Facilities Solutions", the Group has embarked on various quality centric and Continual Improvement Programmes ("CIP") during the year under review.

The Group recognises that the way forward in achieving business excellence is through active involvement in Continual Improvement ("CI") efforts. During the year under review, the Group participated in the UEM Group Continual Improvement Competition 2006 ("CIC 2006"). The competition is the highest platform for teams to showcase their CI Projects.

The CIC 2006 was held in April 2006 at Kuala Lumpur Convention Centre where 31 teams from 19 Group Companies showcased their CI Projects. There were five (5) awards that were presented during the competition and the awards were:

- CIC 2006 Champion, 1st Runner Up and 2nd Runner Up Awards;
- Best Presentation Award;
- Most Creative and Innovative Award;
- Jury Award and
- Best QMR Award

The competition requires the participating teams to demonstrate the principles, application of techniques in process improvement, cost saving and income growth which is in line with UEM Group's five focus points i.e. PEPSI;

P - Productivity of Resources
E - Expansion and Growth of Business
P - People and Organisational Development
S - System and Processes Improvement
I - Image and Perception Improvement

The Group and its subsidiaries bagged three out of five awards available in the competition. The Group won the Jury Award for the Control Self Assessment ("CSA") project that was implemented in one of the subsidiaries, whilst Faber Medi-Serve ("FMS") bagged the 2nd Runner-Up Award and Best Quality Management Representative ("QMR") Award.

In order to inculcate the culture of quality, each operating unit is expected to run its own CI initiatives. This is further supported by the incorporation of quality concepts and principles in daily operations, the benefits of which is ultimately manifested in the form of better products and services and improved customer satisfaction. This was recognised when FMS was selected as one of the winners in the 2006 National Occupational Safety and Health Award under the category of Financial, Insurance, Property and Business Services. The award was presented by the Prime Minister at Berjaya Times Square Hotel & Convention Centre in February 2007. During the National Productivity Corporation Northern Region Mini Innovative and Creative Circles Convention 2006, teams from FMS won one Gold Award and two Silver Awards. Another Silver Award was accorded to FMS during the National Productivity Corporation Sabah & Sarawak Region Mini Innovative and Creative Circles Convention 2006.

Through continuous improvement in system documentation, especially on technical drawings and enhancement of data analysis in the Property Development Division, Rimbunan Melati Sdn Bhd, a 55% owned subsidiary of the Group. was awarded the "Kontraktor Cemerlang 2006" for the Police Federal Reserve Unit Complex turnkey project that was completed ahead of schedule and in adhering to specifications stipulated by the Ministry of Home Affairs.

As suggestions put forward have come to fruition in the Quality Improvement Projects among which are the Business Continuity Plan ("BCP") and CSA, the way forward is simply identifying more CI Projects.

We have only one focal point when it comes to our quality initiatives and imperative, and that is none other than the "customers". With full commitment and dedication our quest for quality will never end as we keep pace with the changing trends and developments surrounding our customers and businesses and to stay ahead of our competitors.

group corporate calendar

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22 & 22 January 2006 1

Faber Union Sdn Bhd ("FUSB") re-launched Danau Villa, a unique lakeside three-storey semi-detached & bungalow link homes in Taman Danau Desa, Kuala Lumpur

11 February 2006 2

Faber Group of companies through its Sports & Recreation Club held the Faber Annual Dinner at Sheraton Subang Hotel and Towers with the theme "An Enchanting Evening – Glamour & Glitter".

16 February 2006 3

Faber Group of Companies contributed RM100,000 under the UEM Group umbrella as one of the main sponsors of the North Pole Expedition : Pole to Pole : Mission 2006/2007. The official launch of "The North Pole Expedition : Pole to Pole : Mission 2006/2007" was officiated by the Deputy Prime Minister, YAB Dato' Seri Mohd Najib Tun Hj Abdul Razak at Putrajaya.

7 March 2006

YB Datuk Hj Jasa bin Datuk Hj Raudah ADUN N51 officiated the opening of Kunak Hospital in Sabah.

22 March 2006 4

Faber Facilities Sdn Bhd ("FFSB"), entered into a Joint Venture Agreement with Singa Real Estates Limited ("SREL") for the establishment of a 51:49 joint venture company for the purpose of undertaking Intergrated Facilities Management Services business in India, namely in the State of Delhi, Haryana, Uttar Pradesh, Maharashtra, Rajasthan and Punjab.

15 & 16 April 2006

FMS participated in the 6th Malacca Twin Cities International Convention & Exhibition 2006.

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18 & 19 April 2006

Faber Group of companies won 3 prestigious awards during the UEM Group Excellence Conference 2006 ("EC 2006") held at the Kuala Lumpur Convention Centre.

28 April 2006

Faber Group Berhad ("FGB") announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") that FGB had on 27 April 2006 received a letter from Ekovest Berhad ("Ekovest") informing that MoH had vide their letter dated 25 April 2006 to Ekovest, appointing Ekovest together with a Government Linked Company to proceed with setting up of a special purpose vehicle for the privatisation of the construction of the National Institute for Natural Products, Vacciness and Biologicals known as 9BIO.

Under the terms of appointment of Ekovest, the joint venture between Ekovest and FGB shall be with an equity interest of 60% and 40% respectively.

2 May 2006 5

FGB held its 43rd Annual General Meeting at Putra World Trade Centre, Kuala Lumpur.

3 May 2006

As part of the rotation exercise for the Membership and Chairmanship of the Board Committees of FGB, the following changes had taken place:

- Encik Puasa bin Osman resigned as Member of the Audit Committee ("AC"). YBhg. Dato' (Dr.) Mohamed Ishak bin Haji Mohamed Ariff appointed as Member of AC, and

- YBhg. Dato' (Dr.) Mohamed Ishak elected as Chairman of AC, Nomination Committee and Remuneration Committee.

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8 May 2006

FUSB entered into a Joint Venture Development Agreement with UEM Group Bhd [formerly known as United Engineers (Malaysia) Berhad, ("UEM")] for the development of UEM Land in Kota Kinabalu, Sabah.

9-20 May 2006

FMS participated in the International Trade Fair for Cleaning & Maintenance in Amsterdam.

11 May 2006 6

The Kamunting Laundry Plant, the largest laundry facility owned by FMS was officiated by YB Dato' Seri Dr. Chua Soi Lek, Minister of Health Malaysia.

7 June 2006

FGB entered into a Supplemental Subscription Agreement ("SSA") with Jeram Bintang Sdn Bhd ("JBSB"). The SSA is supplemental to the Subscription Agreement dated 17 December 2004 between FGB and JBSB in relation to the subscription by JBSB of RM200,000,000.00 of RM1.00 nominal value Redeemable Convertible Preference Shares issued by FGB pursuant to the restructuring scheme of FGB.

14 July 2006

FMS entered into a Memorandum of Understanding ("MOU") with Apollo Sindoori Hotels Limited in relation to collaboration in inter-alia, Bio-medical and Facilities 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 51:49 joint venture company in India.

1 August 2006

FFSB and SREL incorporated a limited company – Faber Star Facilities Management Limited ("Faber Star") in India. The principal activity of Faber Star is to carry out the business of Facilities Management Services for commercial buildings, residential buildings, townships, shopping centres, airports and railway stations in India.

8-10 August 2006 7

FMS held its 4th Gemilang Convention at Holiday Villa Hotel Subang. The annual event is part of the Company's Continual Improvement Programme to increase efficiency across all operational sites and simultaneously reducing costs.

23-24 August 2006

FMS participated in the National Toilet Expo & Forum under the flagship of the MoH. The 2-day event was officiated by YAB Dato' Seri Najib bin Tun Hj. Abdul Razak, Deputy Prime Minster, Malaysia.

31 August 2006

FMS entered into a MOU with Prima Fabrics Pty Ltd ("PFPL") in relation to a collaboration on an exclusive basis to operate a laundry plant for the purpose of providing linen and laundry services and establishment of a 60:40 joint venture company in Australia.

4 September 2006 8

FGB entered into a Joint Venture cum Shareholders' Agreement with Ekovest for the design, construction, completion and maintenance of the 9BIO Project during the Ground Breaking Ceremony officiated by the Prime Minister at Lengkuk Teknologi, Techpark @enstek, Bandar Enstek, Negeri Sembilan.

5 September 2006 9

Faber Group of Companies together with UEM Group of Companies participated in the annual charity event – The Edge Kuala Lumpur Rat Race 2006.

19 September 2006

Faber Group of Companies won the UEM Group's Sri Cemerlang Award for Image & Perception Management during the Malam Anugerah Kumpulan UEM 2006 held at the Sime Darby Convention Centre.

28 September 2006

FMS has successfully established its Branch Office in Abu Dhabi, United Arab Emirates ("UAE").

20 December 2006

FGB entered into a Joint Venture cum Shareholders Agreement with Matang Holdings Berhad and Advent (M) Sdn Bhd to undertake as joint venture partners via a joint venture company, Kesan Suci Sdn Bhd ("KSSB") in the ratio of 51:29:20. KSSB will undertake the preparation and submission of proposals for food catering services for all hospitals under the MoH as well as for private hospitals or any other food-related establishments.

21 December 2006

FGB entered into a Shareholders Agreement with His Excellency Khalid Ali Al Bustani ("HE Khalid") and Dr. Mohammed Emir Mavani in relation to the incorporation of a limited liability company in UAE, namely Faber LLC ("FLLC"), to carry out business activities related to Facilities Management Services. The participation of FGB and HE Khalid in the equity structure of FLLC is 49% and 51% respectively.

28 February 2007

FMS entered into a Joint Venture Agreement with Brufors Technical Services in the ratio of 70:30 respectively 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 via a joint venture company in Brunei Darussalam.

21 March 2007

FMS entered into a Joint Venture Agreement with PFPL to undertake as joint venture partners via a joint venture company, Faber Linen and Laundry Pty Ltd in the ratio of 60:40 for the business of operating laundry plants for the purpose of providing linen and laundry services in Australia.

group financial calendar

FINANCIAL YEAR ENDED *Announcement Of Unaudited Quarterly Results*	**31 DECEMBER 2006**
FIRST QUARTER 2006	25 MAY 2006
SECOND QUARTER 2006	28 AUGUST 2006
THIRD QUARTER 2006	23 NOVEMBER 2006
FOURTH QUARTER 2006	28 FEBRUARY 2007

Faber in the news

Ansal Properties signs pact with Malaysia's Faber Group

GLC reform shows significant progress

Ekovest, Faber Group majukan 9Bio

Faber lebih cermat melabur

Tingkat nilai pemegang saham diutama perbaiki keberkesanan operasi

Overseas deals will lead to healthy earnings: Faber

Faber to offer Taman Danau Desa condos

New sciences to move Malaysia up value chain

New lift for Faber shares

Faber Group expanding into India

Faber moves on to Laman Rimbunan

Looking for more joint ventures

statement on corporate governance

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors remains fully committed to achieving and maintaining high standards of corporate governance and effective application of the principles and best practices set out in the Malaysian Code of Corporate Governance throughout Faber Group Berhad ("FGB") and its subsidiary companies ("Faber Group").

Faber Group has continuously and consciously cultivated the highest level of integrity in the affairs of its Board of Directors, Management and employees culminating in positive interaction with its stakeholders.

Therefore, the Board is pleased to set out below the statement, which outlines the main corporate governance practices of Faber Group.

A BALANCED BOARD

The Board is of the opinion that a balanced composition will determine the effectiveness of the Board. The Board of Directors comprises nine (9) members of which one is of Executive capacity. Four (4) of the Non-Executive Directors are independent as defined by the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). None of the directors have any personal vested interest in Faber Group.

With eight-ninths of the Board composition being non-executive and more than two-thirds of the Non-Executive Directors being independent, the interests of the shareholders are adequately represented and protected.

The Board has maintained its mix of Directors from diverse professional backgrounds with a wide range of experience and expertise in finance and corporate affairs. The impressive spectrum of experiences is clearly illustrated in the Board of Director's profile from pages 16 to 20 of the Annual Report.

STEWARDSHIP RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board has assumed the following six specific responsibilities in discharging their stewardship responsibilities pursuant to the Best Practices set out in accordance with the Malaysian Code of Corporate Governance:

- Reviewing and adopting a strategic plan for Faber Group
- Overseeing the conduct of Faber Group's business to evaluate whether the business is being properly managed
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management
- Developing and implementing an investor relations programme or shareholder communications policy for Faber Group
- Reviewing the adequacy and the integrity of the Faber Group's internal control systems and management information systems, including the systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The roles of the Chairman and the Managing Director are separate and this division of responsibilities is documented and endorsed by the Board. Apart from allowing a more equitable distribution of accountabilities, this distinction also reinforces the check and balance proposition.

The Chairman of the Board is a Non-Executive Director and his main responsibility is to lead and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He serves as the main liaison person between the Board and Management. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by Management. He also chairs the meetings of the Board, EGM and AGM.

The responsibility for the day-to-day management of the Group rests with the Managing Director ("MD"). The MD is accountable for leading the management team, implementing the policies/decisions approved by the Board, building a dynamic corporate culture and acting as the Group's official spokesperson. The MD is also responsible for charting the future direction of the Group for the Board's consideration and approval as well as to identify key individuals under the group's succession planning programme.

At the onset of each financial year, the Board considers and approves a set of Key Performance Indicators (KPIs) and expectations on the basis of the Balanced Scorecard for the Managing Director, which is then cascaded down to Head Of Companies and Senior Management of Faber Group. This serves as a yardstick against which the MD's performance will be measured, evaluated and rewarded.

APPOINTMENT TO THE BOARD

Board Appointment Process

The Nomination Committee is responsible for recommendation of appointment to the Board. Any new nomination received is forwarded to the Board for assessment and endorsement. The duties and responsibilities of the Nomination Committee are outlined on page 51 of this report.

BOARD ASSESSMENT

In January 2007, as prescribed by the Government Linked Companies Transformation Manuals, particularly "the Green Book", the Board appointed Messrs Ernst & Young to carry out a Board Effectiveness Assessment ("BEA") on the Board of FGB and a number of non-wholly-owned subsidiary companies of FGB, namely Faber Medi-Serve Sdn Bhd, Healthtronics (M) Sdn Bhd and Rimbunan Melati Sdn Bhd.

The BEA was aimed to assist FGB Board to raise effectiveness in the following areas:

- to structure high-performing Board,
- to ensure effective day-to-day Board operations and interactions, and
- to fulfill the Board's fundamental roles and responsibilities at best practice level.

The Chairman of FGB was designated as the Director to lead the BEA and the Board in the effort to raise its effectiveness.

The BEA has been completed and the findings of the assessment was presented to the Board of FGB to agree on, inter-alia, action plans, accountability and timeline to complete the actions plans towards increasing the overall effectiveness of the Board.

RE-ELECTION

The Articles of Association provides that all members of the Board shall retire from office at least once in three (3) years but shall be eligible for re-election.

DIRECTORSHIPS IN OTHER COMPANIES

To ensure the effectiveness of the Board is maintained through focused commitment, resources and time, each of the Directors holds not more than (10) directorships in any public companies and not more than 15 directorships in other companies (non-listed companies) in compliance with the LR of Bursa Securities. The directorships of each director in other public companies are set out in the Profile of Directors set out on pages 16 to pages 20 of the Annual Report.

SUPPLY OF INFORMATION

The Management of Faber Group is responsible to provide the Board of all information that will assist the Board in discharging its responsibilities. Further, the Board also expects timely information and advice to be furnished on all material information.

Every Director has unhindered access to the advice and services of the Company Secretary, whose terms of appointment permit her removal and appointment only by the Board as a whole.

The Board of Directors' terms of reference also provide the opportunity to seek independent professional advice, where necessary, at the expense of the Faber Group.

BOARD MEETINGS

To ensure effective management of Faber Group, the Board meetings are convened regularly during the year. Additional meetings are also convened on an ad-hoc basis with formal agenda for the Board to deliberate on urgent issues that require immediate decision-making. Agenda for each Board Meeting is forwarded to each member of the Board well in advance of the Board meeting.

A total of nine (9) Board meetings were held during the financial year ended 31 December 2006. The details of the Directors' attendance are as follows:-

Name of Director	Status	No. of Meetings Attended
Dato' Anwar bin Haji @ Aji	Non-Independent, Non-Executive Chairman	9
Datuk Zainal Abidin bin Alias	Senior Independent, Non-Executive Director	9
Datuk Mohamed Zain bin Mohamed Yusuf	Independent, Non-Executive Director	8
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	Independent, Non-Executive Director	7
Dato' Ikmal Hijaz bin Hashim	Non-Independent, Non-Executive Director	8
Elakumari a/p Kantilal	Non-Independent, Non-Executive Director	8
Puasa bin Osman	Independent, Non-Executive Director	8
Noorizah binti Hj. Abd. Hamid (resigned with effect from 1 April 2007)	Managing Director	9
Azmanuddin Haq bin Ahmad (resigned with effect from 28 August 2006)	Non Independent, Non Executive Director	4
YM Raja Azmi bin Raja Nazuddin (appointed with effect from 28 August 2006)	Non Independent, Non Executive Director	4

A total of 9 Board Meetings were held during the financial year ended 31 December 2006.

The Board delegates certain responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee.

BOARD COMMITTEES

All committees have written terms of reference and submit the Minutes of the respective Committee Meetings to the Board for notation and and deliberations by the Board. The Chairman of the various committees will report to the Board the outcome of the Committee meetings and are incorporated in the minutes of the full Board meeting. The Board, however, retains full responsibility for the direction and control of the Faber Group.

Audit Committee

The full Audit Committee report including its membership, composition, roles and responsibilities are laid down on pages 59 to pages 63 of the Annual Report.

The Audit Committee was renamed as Audit and Risk Management Committee on 27 February 2007.

Nomination Committee

The Nomination Committee is made up of the following members:-

Name of Director	Status
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohammed Ariff (Chairman)	Independent, Non-Executive Director
Datuk Zainal Abidin bin Alias	Senior Independent, Non-Executive Director
YM Raja Azmi bin Raja Nazuddin	Non-Independent, Non-Executive Director

Dato' Dr. Mohamed Ishak @ Ishak bin Haji Mohamed Ariff was appointed as Chairman in place of Datuk Zainal Abidin bin Alias on 3 May 2006, while YM Raja Azmi bin Raja Nazuddin succeeded Encik Azmanuddin Haq bin Ahmad as a Member of the Nomination Committee on 28 August 2006.

The Nomination Committee is made up entirely of Non-Executive Directors where two third are independent. The terms and reference of the Nomination Committee are as follows:

- Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness
- Review annually its required mix of skills and experience and other qualities, including core competencies, which non-executive Directors should bring to the Board
- Recommend suitable orientation, educational and training programmes to continuously train and equip the Directors
- Ensure that the appointment of any Executive Director or Managing Director of FGB shall be for a fixed term not exceeding three years at any one time with power to re-appoint, remove or dismiss thereafter
- Recommend to the Board, candidates for all directorships proposed by the Managing Director, and within the bounds of practicality, by any other senior executive or any director or shareholder and to recommend to the Board candidates to fill the Audit, Nomination, Remuneration and other Board Committees
- Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.

The Nomination Committee had met once (1) during the financial year ended 31 December 2006. All Members of the Nomination Committee attended the Meeting.

Remuneration Committee

The Remuneration Committee carries out annual reviews of recommendations on overall remuneration policy for Directors and key Senior Management staff for submission to the Board. The Remuneration Committee is made up of the following members:-

Name of Director	Status
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohammed Ariff (Chairman)	Independent, Non-Executive Director
Datuk Zainal Abidin bin Alias	Senior Independent, Non-Executive Director
Datuk Mohamed Zain bin Mohamed Yusuf	Independent, Non-Executive Director

Dato' Dr. Mohamed Ishak @ Ishak bin Haji Mohamed Ariff was appointed as Chairman in place of Datuk Mohamed Zain bin Mohamed Yusuf on 3 May 2006.

The Remuneration Committee is made up entirely of Non-Executive Directors where all the directors are independent. Principal duties and responsibilities of the Remuneration Committee include:-

- Set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of Executive Directors, Managing Director, the Chief Executive Officer and other special grade staff having regard to the overall Faber Group's policy guidelines/framework
- Advise the Board on the performance of the Executive Directors, Managing Director, Chief Executive Officer and other special grade staff and an assessment of his/her entitlement to performance related pay
- Review the history of and proposals for the remuneration package of the FGB's committees.

The Remuneration Committee has met twice (2) during the financial year ended 31 December 2006. All members of the Remuneration Committee attended the meetings.

On 27 February 2007, the Nomination and Remuneration Committee were amalgamated into a single Committee known as Nomination and Remuneration Committee.

Investment Committee

On 23 November 2006, FGB established a committee of the Board known as Investment Committee made up of the following members:-

Name of Director	Status
Dato' Anwar bin Haji @ Aji (Chairman)	Non-Independent, Non-Executive
Datuk Mohamed Zain bin Mohamed Yusuf	Independent, Non-Executive Director
YM Raja Azmi bin Raja Nazuddin	Non Independent, Non Executive
Noorizah binti Hj Abd Hamid	Managing Director

The objectives of the Investment Committee are, inter-alia, as follows:

- to assist the Board of Directors of FGB in evaluating all investment proposals including acquisitions and disposals of assets, or investments into new and/or existing businesses including venture capital, locally and abroad;
- to review the viability of proposals/projects/investments at the initial project assessment stage and to provide appropriate directions with investment concept proposals; and
- to review, recommend and act on any other investment proposals and matters related thereto, as mandated by the Board.

In accordance to its Terms of Reference, the Investment Committee shall comprise a minimum of 3 Directors, one of whom shall be from the majority/substantial shareholder of FGB. Principal duties and responsibilities of the Investment Committee include:

- Review and recommend to the Board the investment policies and strategies.
- Review investment matters within the joint venture companies within Faber Group to provide check and balance in respect of investment matters undertaken by the said companies.
- Review other investment matters as the Board deems appropriate and in the best interest of Faber Group.

DETAILS OF DIRECTORS REMUNERATION

The breakdown of the remuneration of the Directors of FGB payable as well as subsidiary companies of FGB where they are a Board member for the financial year ended 31 December 2006, by category are shown below:

Emoluments	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	90^	538	628
Allowance	12^	94	106
Salaries	466	0	466
Bonus	126	0	126
Share options granted under Employee Equity Scheme	894	0	894
Contribution to Defined Contribution Plans	90	0	90
Estimated Value of Benefits-in kind	73	66	139
Total	**1,751**	**698**	**2,449**

Notes:

^ These fees and allowances are Directors' fees and meeting allowances payable by the subsidiary companies of FGB. Based on Faber Group's policy, Directors' fees and meeting allowances receivable by employees of FGB from its subsidiary companies have to be paid directly to the company that employed them.

The number of directors whose total remuneration during the year falls within the following bands are as follows:

Range of directors' remuneration	Executive Director	Non-Executive Director	Total
Below – RM50,000	–	3	3
RM50,001 – RM100,000	–	3	3
RM100,101 – RM150,000	–	2	2
RM150,001 – RM200,000	–	1	1
RM1,600,001 – RM1,650,000	1	–	1

DIRECTORS' CONTINUAL PROFESSIONAL DEVELOPMENT

All Directors have and successfully completed the Mandatory Accreditation Programme. In addition, seminars and conferences organised by Bursa Securities, relevant regulatory bodies and professional bodies on areas pertinent to the Directors' are communicated to the Board for their participation at such seminars and conferences.

The Directors of FGB (with the exception of YM Raja Azmi bin Raja Nazuddin who was appointed on 28 August 2006) have all fulfilled the required points with regard to Continued Education Programme under Bursa Securities Guidance Note No.10/2006.

COMMUNICATIONS WITH SHAREHOLDERS AND RELATIONSHIPS WITH INVESTORS

Faber Group recognizes and practices transparency and accountability to its shareholders and investors through formal channels of communication. In addition to the quarterly financial reports, the Annual Report communicates comprehensive and adequate details of the financial results and activities undertaken by Faber Group.

Annual General Meetings and Extraordinary General Meetings provide open forums at which the shareholders were informed and updated on current developments of Faber Group. At general meetings, the shareholders are at liberty to raise questions. The Chairman and the Board members of FGB and the Management of Faber Group are prepared to answer any queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The External Auditors and independent advisors are also present to provide their professional and independent clarifications, if required. A press conference is held immediately after general meetings to allow the Directors and the Management to meet members of the media to clarify or explain enquiries on the Faber Group.

The Group recognised the need for an independent third party assessment of Faber Group. Towards achieving this end, the Management conducts dialogues and briefings with the financial analysts, brokers and institutional fund managers and investors on Faber Group's financial results, performance and business development.

This is to ensure that the investing public receives a balanced and complete view of Faber Group's performance and the current issues faced by the business. These briefings enable a direct dialogue to be established on the affairs of Faber Group with the investment community.

Presentations were made, as appropriate, to explain Faber Group's strategy, performance and major developments. However, any information that may be regarded as material and price sensitive about the Group will not be released.

During the year, 3 general analysts briefings were held which were participated by The Managing Director, The Chief Financial Officer and Head of Corporate Communications Department. In addition there were numerous one-to-one meetings, media releases, press and media interviews participated by the Managing Director.

A key element of effective communication with shareholders and investors is the prompt and timely dissemination of information in relation to the Faber Group. Disclosures of information requiring immediate release as specified by Bursa Securities have been complied with. Faber Group has consistently released its quarterly financial results well in advance before the Bursa Securities deadlines.

Faber Group views the timeliness, accuracy and reliability of information disseminated to the shareholders, stakeholders and investment community as crucial. In this regard and for the purpose of maintaining better control over disclosure, the Managing Director of FGB has been designated as the spokes-person of the Faber Group.

The website at www.fabergroup.com.my also provides an avenue for shareholders and members of the public to access information pertaining to the Faber Group. The website is updated regularly. Further to the website, timely announcements are also made to Bursa Securities on corporate proposals, meetings, announcements, financial reporting and all other announcements that are required pursuant to the LR of Bursa Securities.

Primary contact for Investor Relations matters;

Masela Ibrahim
Deputy General Manager
Corporate Communications Department

Contact Details:
Telephone No: 03-76282848
Email: masela@fabergroup.com.my

Masela holds a Master of Science in Japanese Business Studies from Chaminade University of Honolulu, Hawaii (USA) with the collaboration of Japan-America Institute of Management Science (Tokyo/Hawaii). Her internship was with Fujitsu Ltd. Tokyo (Japan). She also holds a Bachelor's Degree in Mass Communications from UiTM. Prior to this she was with VADS Berhad in charge of Corporate Marketing and Communications.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Faber Group is committed to the communities in the environment it operates. Faber Group recognises that for long-term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as donation to the needy and community services.

During the year under the review, Faber Group has initiated several CSR related project:

- Contribution of RM100,000 via the UEM Group as one of the main sponsors of the North Pole Expedition: Pole to Pole: Mission 2006/2007 in support of YBhg. Datin Paduka Sharifah Mazlina Syed Abdul Kadir being the first Asian Woman to cross the Arctic North Pole.

- Main sponsor to the Malaysian Liver Foundation's Charity Motor Treasure Hunt, a Non-Government Organisation ("NGO") dedicated to increasing public awareness on liver diseases and improving the quality of treatment and research in liver disease.

- Donation to PERKASA (Pertubuhan Kanak-Kanak Kanser Malaysia) or Children Cancer Care (3C), an NGO that raise funds for the plight of the welfare of children diagnosed with cancer.

- Contribution to SJK (C) Hwa Jin, Batu Pahat for upgrading and remedial works of the school building.

- Donation to Masjid Al-Mushinin to fund the mosque's operational costs and educational activities.

- Faber Group's Management and employees' contribution to Mercy Malaysia in aid of the central Java Earthquake Fund.

- Contribution to the Ministry Of Defence for the preparation of Hari Raya hampers for distribution to army personnel who are on duty during Hari Raya.

- Participated under UEM Group as the Premier Corporate sponsor for the TUNZA International Children's Conference On Environment 2006.

- Recruitment of fresh graduates under UEM Group's YES (Young Executive Scheme) Programme aimed at equipping young graduates with invaluable skills and experience for better employment opportunities in the future.

- Participation in the Edge Kuala Lumpur Rat Race 2006 to raise funds for the needy.

- Participated under UEM Group in Islam Hadhari seminars which supports the Government's move in implementing the "Islam Hadhari" concept throughout the country.

- Sponsorship to the Women Journalist's Association of Malaysia or Persatuan Wartawan Wanita Malaysia (PERTAMA) to raise funds to buy haemodialysis machines to be contributed to the MAA-MEDI Care Dialysis Centre.

- Purchase of 40 units of computers in support for the establishment of Computer Lab at Sekolah Dato' Abdul Razak, Seremban as part of the Group's effort in developing computer literate human capital of Malaysia.

- Annual blood donation campaigns

- Donation in cash, cleansing items and employees' volunteering in flood relief exercises in Johore.

- Vendor Development Programme by Faber Medi-Serve Sdn Bhd.

CODE OF ETHICS AND CONDUCT

The Group has a Code of Ethics and Conduct ("the Code") relating to lawful and ethical dealings in the conduct of its business. The Code expounds key behavioral principles which are meant to act as a guide to all employees in their dealings with customers, employees and regulators in the communities in which the Group operates. This Code is communicated to all employees upon recruitment.

ACCOUNTABILITY AND AUDIT

The Board is committed to providing a clear, balanced and comprehensive account on the financial position of Faber Group through quarterly and half yearly announcements of its results as well as through the Chairman's review and statement of operations in FGB's Annual Report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required under the provisions of the Companies Act 1965 to ensure that the financial statements are prepared in accordance to the approved accounting standards in Malaysia. Specifically, the Directors will ensure that the financial statements prepared give a true and fair view on the state of affairs of Faber Group at the end of the financial year. Towards the end, the assessment of the Faber Group's operations and prospects are presented in a balanced and easily understood manner. The Directors have ensured that the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia have been applied in preparing the financial statements.

The Audit Committee assists the Board in overseeing the financial reporting process and reviews the quarterly results and annual accounts before it is approved by the Board of Directors and released to Bursa Securities.

STATEMENT OF INTERNAL CONTROL

The Statement of Internal Control is disclosed on pages 56-58 of this report for an overview of the state of internal control within the Faber Group.

RELATIONSHIP WITH THE AUDITORS

A transparent and appropriate relationship is maintained with the External Auditors of FGB through the Audit Committee. The Audit Committee has been explicitly accorded the authority to communicate directly with both the Internal and External Auditors. Currently, Messrs Ernst & Young provides an independent and professional external auditing services to the Faber Group.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES

The Board considers that it has complied with Best Practices set in accordance with the Malaysian Code of Corporate Governance.

statement on internal control

RESPONSIBILITY OF THE BOARD

The Board of Directors of Faber Group Berhad ("FGB") and its subsidiary companies ("Faber Group") is committed in maintaining a sound system of internal control to safeguard the shareholders interest and Company assets in line with the Malaysian Code of Corporate Governance. This Statement of Internal Control has been prepared in pursuant to Paragraph 15.27 (b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

The Board has established an on-going process of identifying, evaluating and managing risks faced by Faber Group. It should be acknowledged that the system in place is designed to mitigate and manage rather than eliminate risks against material misstatement, loss and fraud.

The Board has established procedures to implement the recommendations of the "Guidance for Directors of Public Listed Companies Statement of Internal Control" for the FGB and Faber Group. These procedures, which are subject to regular review, are intended to provide an ongoing process for identifying, evaluating and managing the significant risks faced by Faber Group.

ENTERPRISE WIDE RISK MANAGEMENT ("EWRM")

Risk Management is regarded as an integral part of business operations and management system.

Risk Policy

A detailed Risk Policy is established with a view of creating a risk awareness culture and enhancing knowledge for risk management. The Group's policy on risk management can be sum up as follows:

- Risk identification and implementation of controls to manage the risks.
- Subsidiaries or business units being responsible to manage the risks associated with its business objectives.
- Continual review of the internal control system to manage the identified risks and identification of new risks.

Risk Reporting Process

The Group's Risk Management Framework provides for regular reviews and reporting of risks. The key elements of the process are:

- Identifying new risks, reviewing of existing risks and establishing internal controls to manage the identified risks.
- Review and follow-up on management action plans to manage the identified risks.
- Presentation of key risks to the Risk Management Steering Committee ("RMSC") for their review and discussion.
- Presentation on the significant risks, the internal controls in place and Management action plans to manage the risks to the Audit Committee and Board every half-yearly for recommendation and approval respectively.

INTERNAL CONTROL PROCESSES

Control Self-Assessment ("CSA")

The Control Self-Assessment ("CSA") process has been established to create increased appreciation of risks and control towards achieving the Company's business objectives. This is achieved by empowering the employees to take full ownership and accountability of the respective controls within their area of responsibility. The Group Internal Audit Department, acting as a facilitator, regularly reviews the results of the CSA via the E-confess, a computerized system database of the CSA result, monitoring and following up on areas that requires improvement.

The group has successfully implemented CSA for Faber Group's major contributor, Faber Medi-Serve Sdn Bhd. Another subsidiary, Faber Facilities Sdn Bhd has also embarked on the implementation of the CSA for their facilities management operations.

Other Key Internal Control Elements

The Board of Faber Group recognises the importance of key internal control elements to provide discipline and firm structure to Faber Group. The control environment sets the tone of Faber Group. It is the foundation of all other components of internal control, providing the discipline and structure. It influences the control consciousness of the people in Faber Group. In recognising the importance of control environment in the overall governance process, the Board Of Faber Group has instituted the following:

- Appointment of Four (4) Independent Directors to ensure that they are independent from Management to enable and if necessary to raise difficult and probing questions.

- Appointment Of Board Committees, which have been delegated with specific responsibilities with terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations for the Board's decision.

Organisational Structure

- The operating structure of the Group is clear and detailed, defining the roles and responsibilities to the various Committees of the Board, Management of the Corporate Office and subsidiary companies.

- Appointment of Managing Director ("MD")/ Chief Executive Officer ("CEO") in the management of the subsidiary companies within the Group. The MD/CEO's appointment, roles and responsibilities, and authority limits are set by the respective Board.

Policies and Procedures

- Establishment of a clear Group vision, mission and strategic direction.

- Clear delegation of authority are defined in the Discretionary Authority Limit ("DAL"), which sets the limit for operating and capital expenditure for each level of Management within FGB.

- Written Policies and Procedures are established at all levels within Faber Group. These policies and procedures are reviewed regularly and updated when necessary.

- Establishment of Performance Monitoring and Budgetary System as tools for Management to monitor performance and measure against the strategic plan approved by the Board, covering all key financial and operational indicators. A detailed budgeting process is established requiring all key operating companies in Faber Group to prepare budgets annually, which are discussed and approved by the Board. Effective reporting system on actual performance against approved budgets is in place and significant variances are followed up by Management.

- Availability of a computerised financial system that produces monthly management financial statements and quarterly forecast performances which allows Management to focus on areas of concern.

Human Resources Management

- Formal appraisals are conducted periodically guided by Key Results Areas and driven by the Balanced Scorecard System where strategy is translated into operational terms and is used as a Performance Measurement Tool.

- Emphasis is given on training and development to enhance the quality, ability and competencies of the employees of Faber Group.

Internal Audit

- Review of internal control system is carried out on regular basis by the internal audit function. Results of such reviews are reported regularly to the Audit Committee. The work of the internal audit function are based on areas of priority as identified in the Risk Assessment Exercise, which is described in detail under Enterprise Wide Risk Management above and in accordance with the Annual Audit Plan approved by the Audit Committee. The Audit Committee holds regular meetings to deliberate on findings and recommendations for improvements by both the Internal and External Auditors on the state of the internal control system, and report back to the Board. Internal control weaknesses identified during the financial period under review have been or are being addressed by Management. None of the weaknesses has resulted in any material loss that would require disclosure in Faber Group's financial statement.

- Establishment of a Risk Management Steering Committee involved in the assessment and management of risks at varying degrees at various levels.

- Establishment of the Business Continuity Plan for Faber Group to ensure, that in the event of a major disaster or incident which threatens the existence of the business or its ability to operate, a plan is in place to meet the challenge of restoring continuity of operations.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Messrs Ernst & Young have reviewed and affirmed this Statement of Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2006.

The External Auditors conducted the review in accordance with the " Recommended Practice Guide 5: Guidance for Auditors on the Review of Director's Statement on Internal Control" ("RPG 5") issued by the Malaysian Institute Of Accountants. The review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of Faber Group.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of Faber Group's risk and control procedures. The Guide also does not require the External Auditors to consider whether the processes described to deal with material internal control aspects of any significant matter disclosed in the Annual Report will, in fact, mitigate the risks identified or remedy the potential problems.

Based on their review, the External Auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of Faber Group.

audit committee report

MEMBERSHIP

The Audit Committee comprises three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors of the Board as follows:

Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff (Chairman)	Independent Non-Executive Director
Datuk Zainal Abidin bin Alias (Member)	Senior Independent Non-Executive Director
Datuk Mohamed Zain bin Mohamed Yusuf (Member)	Independent Non-Executive Director
Elakumari a/p Kantilal (Member)	Non-Independent Non Executive Director
YM Raja Azmi bin Raja Nazuddin (Member)	Non-Independent Non-Executive Director

Faber Group Berhad ("FGB") has complied fully with Para 15.10 of the Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"), which required the majority of Audit Committee to be Independent Directors.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2006, the Audit Committee held meetings on 22 February 2006, 22 May 2006, 22 August 2006, 12 October 2006 and 21 November 2006, a total of five (5) meetings. The Board papers for the meetings were distributed to the members with sufficient notification. The details of the attendance of the Audit Committee Members are as follows;

NAME OF COMMITTEE MEMBER	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD DURING TENURE
Dato' (Dr.) Mohamed Ishak@ Ishak bin Haji Mohamed Ariff (Chairman)*	4	4
Datuk Zainal Abidin bin Alias (Member)++	5	5
Datuk Mohamed Zain bin Mohamed Yusuf (Member)	4	5
Elakumari a/p Kantilal (Member)**	4	5
YM Raja Azmi bin Raja Nazuddin (Member)#**	1	2

* Appointed as Member and Chairman of Audit Committee on 3 May 2006

++ Resigned as Chairman of Audit Committee on 3 May 2006

\# Appointed as Member of Audit Committee on 28 August 2006.

** Member of the Malaysian Institute of Accountants

The Managing Director, General Manager of the Internal Audit of FGB, Senior Management of subsidiary companies and representatives from the External Auditors attended these meetings upon invitation to brief the Audit Committee on specific issues.

The Company Secretaries of FGB, Pn. Maznah binti Haron and Puan Suriati binti Ashari are the Secretaries of the Audit Committee.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The following activities were carried out by the Audit Committee during the financial year ended 31 December 2006:

A. Financial Results and Corporate Governance

1. Reviewed the Annual Report and the audited financial statements of FGB prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provision of Companies Act, 1965 and the applicable approved accounting standards approved by MASB.

2. Reviewed the unaudited quarterly financial results and announcements to Bursa Securities before recommending to the Board for approval.

3. Attended relevant briefing and seminars conducted internally within the UEM Group and external parties and/or professional associations to keep abreast with the latest practice, development and updates pertaining to duties and responsibilities and functions of an Audit Committee.

4. Reviewed recurrent related party transactions of a revenue or trading in nature to ascertain as to whether they are undertaken on arm's length basis on normal commercial terms not detrimental to minority shareholders.

5. Reviewed the application of corporate governance principles and Faber Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Listing Requirements of Bursa Securities.

B. Internal Audit and Risk Management

1. Reviewed the Annual Audit Plan, scope and coverage over the activities of business units of Faber Group and the Internal Audit's basis of assessment and risk rating of the proposed areas of audit.

2. Reviewed and deliberated on a total of 14 audit reports assignments, 3 follow-up audit reports and 5 other assignments produced by the Internal Audit Department ("IAD") of FGB.

3. Reviewed the processes and investigations undertaken by the IAD, the audit findings and risk analysis on each audit assignments and emphasized on the follow-up audits to ensure that appropriate corrective actions are taken and recommendations of the Internal Audit are implemented.

4. Reviewed the Risk Management Facilitation for FGB and the recommended Management Action Plans.

5. Assessed and determined the performance rating of the General Manager, Internal Audit. The remuneration, annual increment and performance related incentives of the General Manager, Internal Audit was decided by the Audit Committee. The Audit Committee also reviewed the manpower strength to access the resource requirement of the IAD.

TERMS OF REFERENCE OF AUDIT COMMITTEE

A. Objectives

The primary function of the Audit Committee is to assist the Board to implement and support the following oversight objectives for FGB:

1. Fulfill its fiduciary responsibilities relating to FGB's accounting policies and internal controls, financial reporting practices and business ethics policies.

2. Evaluate the internal an external audit process including the review of the adequacy of scope, functions and reporting of internal and external auditors

3. Maintain through regularly schedule meetings, a direct line of communication between the Board, External Auditors, Management and Internal Auditors.

4. Undertake such additional duties as may be appropriate and necessary and to assist the Board. However, whether or not the Audit Committee should undertake any additional duties rests on the Board's viewpoint on corporate needs and the environment in which FGB operates.

B. Composition

1. The Audit Committee shall be appointed by the Board of Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors. The majority of the Committee members shall be independent directors.

2. At least one (1) member of the Audit Committee:

   (i) Must be a member of the Malaysian Institute of Accountants: or

   (ii) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years working experience and:

   - Must pass the examinations specified in Part I of the 1st schedule of Accountants Act, 1967; or

   - Must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

   - The signatory fulfills such other requirements as prescribed by the exchange; or

   - Holds a degree/masters/doctorate in accounting or finance (including persons who are members of professional accountancy organisations which have been admitted as full members of the International Federation of Accountants e.g. Institute of Certified Public Accountants of Singapore, American Institute of Certified Public Accountants and the Canadian institute of Chartered Accountants) and at least three (3) years' post experiences in accounting or finance; or

   - Possesses at least seven (7) years' experiences being a Chief Financial Officer of a corporation or having the function of being primary responsible for the management of the financial affairs of a corporation.

   - The Audit Committee shall meet not less than (4) times a year although such additional meetings may be called at any time at the discretion of the Chairman.

C. Meetings

Meetings shall be held not less that four (4) times a year. A quorum shall be three (3) members and shall comprise of majority of independent directors.

The Secretary of the Committee shall attend each Audit Committee and record the proceedings of meeting.

D. Authority

The Audit Committee shall have the authority to:

(i) Investigate any matter within its terms of reference;

(ii) Obtain resources which are required to perform its duties;

(iii) Access to any information, records, properties and personnel of Faber Group;

(iv) Communicate with the External Auditors and persons carrying our the Internal Audit Function or activity if any;

(v) Obtain independent professional or other advice and to invite outsiders with relevant experience to attend the Audit Committee meetings (if required) and to brief the Audit Committee thereof;

(vi) Convene meeting with External Auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary;

(vii) Access to reports on findings and recommendations from Group Internal Audit in respect of any fraud or irregularities discovered and referred to IAD by the Management.

E. Duties and Responsibilities

In fulfilling its objectives, the Audit Committee shall undertake the following responsibilities and duties:

(i) Internal Audit and Risk Management

- To approve the Internal Audit Charter or its equivalent, which defines the independent purpose, authority, scope and responsibility of the Internal Audit function in FGB.

- To review the adequacy of the scope, functions and the resource of the internal audit function and that it has the necessary authority to carry out its work.

- To review the Internal Audit Programme processes, the result of the Internal Audit Programme, processes or investigation undertaken whether or not appropriate action is taken on the recommendations of Internal Audit Function.

- To review any appraisal or assessment of the performance of members of the Internal Audit function.

- To review the Internal Audit and Risk Management reports, which highlight the operational risks, recommendation and Management's response.

- Approve any appointment or termination of senior members of the Internal Audit

- Be informed of resignations of senior members of the Internal Audit and provide the resigning staff member as opportunity to submit his reason for resigning; and

- Act upon the Board of Directors' request to investigate and report on any issues or concerns with regards to the Management of Faber Group.

- Consider the major findings of internal investigation and Management's response.

(ii) External Audit

- Review with the External Auditors their audit plan, scope of their audits, their evaluation of the system of internal controls and their audit report.

- Assess the performance of the External Auditors and make recommendations to the Board of Directors on their appointment and remuneration.

- Recommend to the Board the annual appointment of a suitable accounting firm to act as External Auditor, negotiate on the annual audit fee and/or additional fee, consider any letter of resignation or dismissal and evaluate the basis of billings, if requested. Amongst the factors to be considered for the appointment are the adequacy of the experience and resources of the firm, the persons assigned to the audit and the recommended audit fee payable thereof.

- Discuss with the External Auditor before the audit commences, the nature and scope of the audit, the annual audit plan and ensure co-ordination where more than one audit firm is involved.

- Review the independence and objectivity of the External Auditors and their services, including non-audit services.

- Discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss in the absence of the Management when necessary.

- Review the External Auditor's Management Letter, Management Response and Audit Report.

- Review the assistance and cooperation given by FGB and FGB's Officer to the External and Internal Auditors.

(iii) Financial Reporting

Review the quarterly interim results and annual financial statement of FGB, before recommending to the Board for deliberation, focusing particularly on:

- Any changes in accounting policies and practices;

- Significant adjustments arising from the audit;

- The going concern assumption;

- Compliance with accounting standards and other legal requirements.

(iv) Related Party Transactions

- Review any related party transactions and conflict of interest situation that may arise within the Faber Group including any transaction, procedure or course of conduct that raised the question of Management integrity.

(v) Others

- Promptly report to Bursa Securities, matters which result in a breach of the Listing Requirements.

- Consider and evaluate other matters as judged appropriate by the Audit Committee or as authorised by the Board and as required by the general requirements set up by local authorities or any other Government authorities.

- Act upon the Board of Directors' request to investigate and report on any issues or concerns with regards to the management of FGB.

INTERNAL AUDIT FUNCTION

The Audit Committee is strongly supported by an in-house IAD, which was set-up in August 1994. The principal responsibility of the IAD is to undertake regular and systematic reviews of the systems of controls so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively in Faber Group. The department is also responsible to carry out risk assessment of Faber Group. The principal roles of the IAD are:-

- To ensure that a sound internal control system is in place and the system is functioning adequately and its integrity is maintained.
- To provide independent and objective evaluation of the operational systems with the view to add value and improve the Faber Group's operational efficiency, effectiveness and economy
- To ensure that a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, control and governance process is adopted

The risk-based Internal Audit plan is developed to cover key compliance, financial, operational and strategic matters that are significant to the overall performance of FGB.

The Audit Committee reviews and approves the IAD's annual budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient Internal Auditors.

As at 31 December 2006, IAD has auditors of various mix of expertise and experiences as tabulated below:

EXPERTISE RESOURCES WITHIN IAD

Category	%
Finance & Accounting	50
ICT/MIS	17
Technical/Engineering	17
Economic/Social Studies	16

AUDIT PROFESSIONALS

Category	%
Master in Business Administration (MBA)	17
Certified Internal Auditor (CIA)	17
CIA/CSSA internship	50
CIMA	16

statement of directors' responsibility in respect of audited financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year, and of their results and cash flows for the financial year then ended.

In preparing the financial statements the Directors have:-

- Considered the provision of the Companies Act, 1965
- Considered the application of the Malaysian Accounting Standards Board approved accounting standard in Malaysia for Entities other than Private Entities
- Adopted and consistently applied appropriate accounting policies
- Made judgement and estimates that are prudent and reasonable.

The Directors have the responsibility to ensure that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

financial statements

directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 42 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	64,655	9,852
Attributable to:		
Equity holders of the Company	36,674	9,852
Minority interests	27,981	–
	64,655	9,852

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

At the Forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 2% less 27% taxation on 298,001,000 ordinary shares, amounting to a dividend payable of RM4,351,000 (1.46 sen net per ordinary share) will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2007.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Anwar bin Haji @ Aji
Datuk Zainal Abidin bin Alias
Datuk Mohamed Zain bin Mohamed Yusuf
Dato' Ikmal Hijaz bin Hashim
Dato' (Dr) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff
Noorizah Hj Abd Hamid
Elakumari a/p Kantilal
Puasa bin Osman
Raja Azmi bin Raja Nazuddin (appointed on 28 August 2006)
Azmanuddin Haq bin Ahmad (resigned on 28 August 2006)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares, Redeemable Convertible Preference Shares ("RCPS") or Redeemable Secured Loan Stocks ("RSLS") of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in shares and options over shares of the Company or its related corporations or interest in RCPS and RSLS of the Company other than as follows:

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2006	**Bought**	**Sold**	**At 31.12.2006**
The Company				
Dato' (Dr) Mohamed Ishak @ Ishak bin Haji Mohamed Arifff	**1 ,500**	–	–	**1,500**

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM278,001,000 to RM298,001,000 arising from the conversion of RM20,000,000 of RM1.00 nominal value of 8-year RCPS into 20,000,000 new ordinary shares of Company of RM1.00 each.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (Cont'd)

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events are disclosed in Note 43 to the financial statements.

SUBSEQUENT EVENT

Subsequent event is disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 March 2007.

Dato' Anwar bin Haji @ Aji

Noorizah Hj Abd Hamid

statement by directors

pursuant to section 169(15) of the companies act, 1965

We, Dato' Anwar bin Haji @Aji and Noorizah Hj Abd Hamid, being two of the directors of Faber Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 71 to 143 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 March 2007.

Dato' Anwar bin Haji @ Aji

Noorizah Hj Abd Hamid

statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, S.Sunthara Moorthy a/l S.Subramaniam, being the officer primarily responsible for the financial management of Faber Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 71 to 143 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, l960.

Subscribed and solemnly declared by
the abovenamed S.Sunthara Moorthy a/l
S. Subramaniam at Kuala Lumpur in the
Federal Territory on 26 March 2007

S. Sunthara Moorthy a/l S. Subramaniam

Before me,

PESURUHJAYA SUMPAH
No. W 315
Nama: SOH AH KAU
MALAYSIA

SOH AH KAU, AMN
PESURUHJAYA SUMPAH
26, Jalan Beremi
50200 Kuala Lumpur W. P.
Tel: 03-2141 2878

report of the auditors
to the members of Faber Group Berhad

We have audited the accompanying financial statements set out on pages 71 to 143. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 42 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
No. AF 0039
Chartered Accountants

George Koshy
No. 1846/07/07(J)
Partner

Kuala Lumpur, Malaysia
26 March 2007

income statements

for the year ended 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Revenue	3	**637,807**	502,241	**28,580**	50,669
Cost of sales	4	**(415,992)**	(331,297)	**–**	–
Gross profit		**221,815**	170,944	**28,580**	50,669
Other income	5	**11,033**	17,971	**3,582**	1,821
Administrative expenses		**(57,376)**	(42,831)	**(873)**	(932)
Selling and marketing expenses		**(5,809)**	(2,488)	**–**	–
Other expenses		**(67,356)**	(67,522)	**(8,998)**	(5,214)
Operating profit		**102,307**	76,074	**22,291**	46,344
Finance costs	6	**(12,709)**	(11,504)	**(5,697)**	(5,478)
Profit before tax	7	**89,598**	64,570	16,594	40,866
Income tax expense	10	**(24,943)**	(22,235)	**(6,742)**	(12,466)
Profit for the year		**64,655**	42,335	**9,852**	28,400
Attributable to:					
Equity holders of the Company		**36,674**	30,033		
Minority interests		**27,981**	12,302		
		64,655	42,335		
Earning per share attributable to equity holders of the Company (sen)					
– Basic	11	**12.8**	12.0		
– Diluted	11	**7.9**	6.7		

The accompanying notes form an integral part of the financial statements.

balance sheets
as at 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**288,887**	319,661	**442**	455
Land held for property development	14(a)	**43,823**	62,028	**–**	–
Prepaid land lease payments	15	**20,362**	22,779	**–**	–
Intangible assets	16	**7,383**	8,317	**37**	–
Investments in subsidiaries	17	**–**	–	**62,114**	62,114
Other investments	18	**897**	897	**398**	398
Trade and other receivables	20	**11,763**	–	**–**	–
Deferred tax assets	30	**4,888**	–	**–**	–
		378,003	413,682	**62,991**	62,967
Current assets					
Property development costs	14(b)	**94,155**	52,014	**–**	–
Inventories	19	**19,822**	17,952	**–**	–
Trade and other receivables	20	**184,352**	160,135	**284,928**	286,459
Marketable securities	22	**196**	192	**–**	–
Cash and cash equivalents	23	**174,587**	129,689	**31,898**	31,914
		473,112	359,982	**316,826**	318,373
TOTAL ASSETS		**851,115**	773,664	**379,817**	381,340
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	31	**298,001**	278,001	**298,001**	278,001
Share premium	31	**115,985**	115,985	**115,985**	115,985
Other capital reserves	32	**180,000**	200,000	**180,000**	200,000
Other reserves	33	**26,077**	32,351	**1,005**	–
Accumulated losses		**(358,270)**	(394,944)	**(568,279)**	(578,131)
		261,793	231,393	**26,712**	15,855
Minority interests	35	**82,105**	65,812	**–**	–
Total equity		**343,898**	297,205	**26,712**	15,855

balance sheets
as at 31 December 2006 (cont'd)

		Group		Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
EQUITY AND LIABILITIES (CONT'D)					
Non-current liabilities					
Retirement benefit obligations	24	**1,281**	343	**–**	–
Provisions	25	**6,419**	6,778	**–**	–
Borrowings	26	**253,501**	280,360	**187,014**	184,804
Deferred tax liabilities	30	**11,682**	13,766	**–**	–
		272,883	301,247	**187,014**	184,804
Current liabilities					
Retirement benefit obligations	24	**276**	138	**–**	–
Provisions	25	**907**	–	**–**	–
Borrowings	26	**24,485**	25,088	**–**	–
Trade and other payables	29	**195,311**	144,320	**165,799**	180,681
Current tax payable		**13,355**	5,666	**292**	–
		234,334	175,212	**166,091**	180,681
Total liabilities		**507,217**	476,459	**353,105**	365,485
TOTAL EQUITY AND LIABILITIES		**851,115**	773,664	**379,817**	381,340

The accompanying notes form an integral part of the financial statements.

statement of changes in equity
for the year ended 31 December 2006

	<------------ Attributable to Equity Holders of the Company ------------>							
		<------ Non-Distributable Reserves ------>						
	Share Capital (Note 31) RM'000	**Share Premium (Note 31) RM'000**	**Other Capital Reserves (Note 32) RM'000**	**Other Reserves (Note 33) RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**Minority Interests (Note 35) RM'000**	**Total Equity RM'000**
At 1 January 2005	234,845	72,829	286,312	30,925	(426,224)	198,687	65,187	263,874
Group share of prior year adjustment *	–	–	–	–	1,247	1,247	–	1,247
Balance as 1 January 2005 as restated	234,845	72,829	286,312	30,925	(424,977)	199,934	65,187	265,121
Foreign currency translation recognised directly in equity	–	–	–	1,426	–	1,426	–	1,426
Profit for the year	–	–	–	–	30,033	30,033	12,302	42,335
Total recognised income and expense for the year	–	–	–	1,426	30,033	31,459	12,302	43,761
Conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	43,156	43,156	(86,312)	–	–	–	–	–
Dividend to minority shareholders of a subsidiary company	–	–	–	–	–	–	(11,677)	(11,677)
At 31 December 2005	278,001	115,985	200,000	32,351	(394,944)	231,393	65,812	297,205

* Restatement of prior financial statements in relation to a foreign subsidiary was due to the understatement of depreciation and amortisation charges of property, plant and equipment following the construction of fixed asset register in the year ended 31 December 2005.

	Share Capital	Share Premium	Other Capital Reserves	Other Reserves	Accumulated Losses	Total	Minority Interests	Total Equity
At 1 January 2006	**278,001**	**115,985**	**200,000**	**32,351**	**(394,944)**	**231,393**	**65,812**	**297,205**
Foreign currency translation recognised directly in equity	**–**	**–**	**–**	**(7,912)**	**–**	**(7,912)**	**(3,871)**	**(11,783)**
Profit for the year	**–**	**–**	**–**	**–**	**36,674**	**36,674**	**27,981**	**64,655**
Share options under Employee Equity Scheme ("EES") recognised in the income statement	**–**	**–**	**–**	**1,638**	**–**	**1,638**	**–**	**1,638**
Total recognised income and expense for the year	**–**	**–**	**–**	**(6,274)**	**36,674**	**30,400**	**24,110**	**54,510**
Conversion of RCPS	**20,000**	**–**	**(20,000)**	**–**	**–**	**–**	**–**	**–**
Dividend to minority shareholders of subsidiary companies	**–**	**–**	**–**	**–**	**–**	**–**	**(7,817)**	**(7,817)**
At 31 December 2006	**298,001**	**115,985**	**180,000**	**26,077**	**(358,270)**	**261,793**	**82,105**	**343,898**

The accompanying notes form an integral part of the financial statements.

statement of changes in equity

for the year ended 31 December 2006 (cont'd)

	<------------------ Non-distributable reserves ------------------>					
	Share Capital RM'000 (Note 31)	Share Premium RM'000 (Note 31)	Other Capital Reserves RM'000 (Note 32)	Other Reserves RM'000 (Note 33)	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2005	234,845	72,829	286,312	–	(606,531)	(12,545)
Profit for the year	–	–	–	–	28,400	28,400
Conversion of ICULS	43,156	43,156	(86,312)	–	–	–
At 31 December 2005	278,001	115,985	200,000	–	(578,131)	15,855
At 1 January 2006	278,001	115,985	200,000	–	(578,131)	15,855
Profit for the year	–	–	–	–	9,852	9,852
Shares options under EES recognised in income statement	–	–	–	1,005	–	1,005
Conversion of RCPS	20,000	–	(20,000)	–	–	–
At 31 December 2006	**298,001**	**115,985**	**180,000**	**1,005**	**(568,279)**	**26,712**

The accompanying notes form an integral part of the financial statements.

cash flow statements
for the year ended 31 December 2006

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Cash Flows From Operating Activities				
Cash receipts from customers	**631,168**	494,037	**4,818**	4,277
Cash payments to suppliers	**(235,089)**	(289,565)	**–**	–
Cash payments to employees and for expenses	**(260,908)**	(176,057)	**(8,461)**	(3,909)
Cash generated from/(used in) operations	**135,171**	28,415	**(3,643)**	368
Interest paid	**(8,087)**	(6,799)	**–**	–
Taxes paid	**(24,892)**	(30,902)	**(6,450)**	(12,466)
Net cash flow generated from/(used in) operating activities	**102,192**	(9,286)	**(10,093)**	(12,098)
Cash Flows From Investing Activities				
Proceeds from disposal of property, plant and equipment	**324**	703	**71**	28
Proceeds from disposal of investment	**–**	10,141	**–**	–
Investment in subsidiary	**–**	–	**–**	151
Interest received	**3,670**	2,932	**1,042**	621
Dividend received	**–**	14	**23,037**	45,441
Purchase of property, plant and equipment	**(17,888)**	(17,836)	**(191)**	(162)
Payment of intangible assets	**(632)**	(28)	**(69)**	–
Net (advances)/repayments for related companies balances	**–**	–	**(10,326)**	1,528
Net cash flow (used in)/generated from investing activities	**(14,526)**	(4,074)	**13,564**	47,607
Cash Flows From Financing Activities				
Repayment of hire purchase obligations	**–**	(18)	**–**	(18)
Repayment of Balance Sum owed to Jeram Bintang Sdn Bhd ("JBSB")	**(3,487)**	(8,870)	**(3,487)**	(8,870)
Repayment of shareholders loan to minority shareholder of a subsidiary	**(1,063)**	–	**–**	–
Proceeds from issuance of redeemable preference shares to minority shareholders	**–**	2,000	**–**	–
Drawdown of other secured bank loans	**2,582**	46,761	**–**	–
Dividend paid to minority shareholders of subsidiaries	**(7,817)**	(11,677)		
Preference dividend paid to minority shareholders of a subsidiary	**(1,792)**	(1,792)	**–**	–
Repayment of secured bank loans	**(31,191)**	(3,741)	**–**	–
Net cash flow (used in)/generated from financing activities	**(42,768)**	22,663	**(3,487)**	(8,888)
Net increase/(decrease) in cash and cash equivalents	**44,898**	9,303	**(16)**	26,621
Cash and cash equivalents at beginning of year	**129,689**	120,386	**31,914**	5,293
Cash and cash equivalents at end of year (Note 23)	**174,587**	129,689	**31,898**	31,914

The accompanying notes form an integral part of the financial statements.

notes to the financial statements
31 December 2006

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 20th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, Off Jalan Kelang Lama, 58100 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 42.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company adopted all new and revised Financial Reporting Standards ("FRS") which are mandatory for its operations for financial periods beginning on or after 1 January 2006 as described in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation (Cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(b) Intangible Assets (cont'd)

(ii) Other Intangible Assets (cont'd)

Development Expenditure

Expenditure incurred on projects to design and develop the operating systems for the provision of the hospital support services is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the concession period of the hospital support services of fifteen (15) years, commencing 28 October 1996. Impairment is assessed whenever there is an indication and the amortisation period and method are also reviewed at least at each balance sheet date. The remaining amortisation period for development costs is five (5) years.

Software

Software and licences that do not form an intergral part of the related hardware has been reclassified as intangible assets. Software and licences, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products between seven (7) and fifteen (15) years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each balance sheet date.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress is not depreciated as these assets are not available for use. Capital work-in-progress relates to the installation of new machinery. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Hotel building and improvements	29 years
Buildings	2% – 10%
Plant and equipment	5% – 20%
Motor vehicles	20%
Furniture and fittings	10% – 20%
Hotel operating equipment	8 years
Crockery, glassware, cutlery and linen	10%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment and Depreciation (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(e) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Construction Contracts (Cont'd)

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(f) Impairment of Non-Financial Assets

The carrying amounts of the assets, other than construction contract assets, property development costs, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Inventories

Inventories are stated at lower of cost and net realisable value.

(i) Property Held for Resale

Property held for resale is stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and include cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

(ii) Food, Beverage and Consumables

Food, beverage and consumables are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of inventories comprise cost of purchase of inventories.

Net realisable value represents the estimated selling price less all estimated costs to completion and the estimated costs necessary to make the sale.

(h) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(h) Financial Instruments (cont'd)

(v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(vi) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Irredeemable Convertible Preference Shares ("ICPS") and Redeemable Preference Shares ("RPS")

The ICPS and RPS are recorded at the amount of proceeds received, net of transaction costs.

The ICPS and RPS are classified as non-current liabilities in the balance sheet and the associated preferential dividends are recognised as finance costs in profit or loss in the period in which they are incurred.

(viii) Redeemable Secured Loan Stocks ("RSLS")

The RSLS is recorded at the amount of proceeds received, net of transaction costs.

The RSLS is classified as non-current liability in the balance sheet and the interests on this instrument is recognised as finance costs in profit or loss in the period in which they are incurred.

(ix) Equity Instruments

Ordinary shares, irredeemable convertible unsecured loan stocks and redeemable convertible preference shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(x) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements.

(i) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Leases (cont'd)

(ii) Finance Leases – the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Land use rights of a foreign subsidiary are recorded based on the actual value of the right to use land and water surface which were contributed by the Vietnamese partner on the basis of Article 3 of Investment License No. 578/GP, in accordance with Certificate of Land Use Right No. 00623/QSDD dated 29 August 2003 issued by the Hanoi's People Committee.

Land use rights are capitalised and amortised to the income statement on a straight-line basis over the duration of the land use right's life, which is thirty (30) years.

All other prepaid lease payments are amortised on a straight-line basis over the shorter of the unexpired period of the lease or 50 years.

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of combination.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(m) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term nonaccumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(m) Employee Benefits (cont'd)

(iii) Defined Benefit Plan

The Group operates a unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iv) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

(n) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(n) Foreign Currencies (cont'd)

(ii) Foreign Currency Transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

– Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

– Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

– All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date used are as follows:

	2006 RM	2005 RM
United States Dollars	**3.53**	3.78
Philippines Peso (100 units)	**0.72**	0.71
United Arab Emirates Dirham	**0.98**	0.92

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(o) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Revenue from Services Rendered

Hospital Support Services

The Group provides hospital support services for the period of 15 years commencing 28 October 1996 in the Northern zone encompassing the states of Perlis, Kedah, Pulau Pinang and Perak, Sabah zone and Sarawak zone, respectively. The services provided are clinical waste management, cleansing, laundry and linen, facilities engineering maintenance and biomedical engineering maintenance.

These services are provided as a fixed-priced contract.

Revenue from fixed-price contracts is generally recognised in the period the services are provided, using a straight-line basis over the term of the contract.

Non-concession Hospital Support Services

The Group provides facilities management services which include cleansing, laundry and linen and facilities engineering maintenance to non-healthcare customers. These services are provided on a time and materials basis or as a fixed-priced contract, with contract terms generally ranging from one (1) year to three (3) years.

Revenue from time and material contracts, typically from facilities engineering maintenance and bio-medical engineering maintenance is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.

(ii) Sale of Properties

Revenue from sale of property development is accounted for by the percentage of completion method as described in Note 2.2 (d).

(iii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2 (e).

(iv) Land Sale

Land sales arising from joint venture project are calculated on a proportion of total contract value which sales considerations received to date bear to total sales consideration receivable for those contracts.

Land sales arising from outright sales are recognised upon the transfer of risks and rewards.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(o) Revenue Recognition (cont'd)

(v) Management Fees

Management fees for services provided to Group companies are recognised on an accrual basis.

(vi) Revenue from Hotel Operations

Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis.

(vii) Rental Income

Rental income is recognised on a straight-line basis over the term of the lease.

(vii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(viii) Dividend

Dividend income is recognised when the Group's right to receive payment is established.

(p) Affiliated Company

An affiliated company represents companies within the UEM Group Berhad (formerly known as United Engineers (Malaysia) Berhad Group), a corporate shareholder of Faber Group Berhad.

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs

In addition to the Group and the Company having adopted all new and revised FRSs mandatory for its operations, for financial periods beginning on or after 1 January 2006, the Group has early adopted the new and revised FRS117: Leases.

At the date of authorisation of these financial statements, the following FRSs, amendments to FRS and Interpretations were not early adopted by the Group and the Company. However, they were in issue but are not yet effective:

i) FRS 124 – Related Party Transactions
ii) FRS 139 – Financial Instruments: Recognition and Measurement
iii) FRS 6 – Exploration for and Evaluation of Mineral Resources
iv) Amendment to FRS 119: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
v) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
vi) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
vii) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
viii) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
ix) IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
x) IC Interpretation 7: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
xi) IC Interpretation 8: Scope of FRS 2

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd)

FRS 6 is not relevant to the Group's and the Company's operations and the adoption of the above amendments and Interpretations will have no impact to the financial statements of the Group and of the Company except for the following:

(i) Amendment to FRS 119: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The amendment to FRS119 introduces the option of an alternative recognition approach for actuarial gains and losses arising from post employment defined benefit plan. It may impose additional recognition requirements for-multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group and the Company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements. The Group will apply the amendment from financial period beginning 1 January, 2007.

(ii) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

This amendment requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. Prior to this amendment, exchange differences arising on monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated either in the functional currency of the reporting entity or the foreign operation. The Group will apply this amendment from financial periods beginning 1 January 2008. As it is not possible to reasonably estimate the exchange rates applicable to such monetary items for future periods, the directors are therefore unable to determine if the initial adoption of this amendment will have a material impact on the consolidated financial statements for the financial year ending 31 December 2008.

The principal changes in accounting policies of the Group and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 101: Presentation of Financial Statements

Prior to 1 January 2006, minority interest at the balance sheet were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(e), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(e)(i). These changes in presentation has no impact on the Company's financial statements.

(b) FRS 138 : Intangible Assets

Prior to 1 January 2006, acquired computer software and licenses that do not form an intergral part of the related hardware was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 138 has resulted in a change in the accounting policy relating to the classification of acquired computer software and licences that do not form an intergral part of the related hardware from property, plant and equipment to intangible assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd)

(b) FRS 138 : Intangible Assets (cont'd)

Prior to 1 January 2006, development expenditure incurred on projects to design and develop the operating systems for the provision of the hospital support services was classified as deferred expenditure and was stated at cost less accumulated amortisation. The adoption of the revised FRS 138 has resulted in a change in the accounting policy relating to the classification of development expenditure from deferred expenditure to intangible assets.

(c) FRS 117: Leases

(i) Leasehold Land Held For Own Use

Prior to 1 January 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(ii) Initial Direct Costs

Prior to 1 January 2006, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the profit or loss in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. In general, the Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group and the Company.

(d) FRS 121: The Effects of Changes in Foreign Exchange Rates

Prior to 1 January 2006, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, were recognised in equity in the consolidated financial statements. Under the revised FRS 121, such exchange differences are now recognised in profit or loss. These changes in presentations have been applied retrospectively and as disclosed in Note 2.3(e), certain comparatives have been restated. There were no effects on the consolidated income statement and balance sheet for the year ended 31 December 2006 and the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd)

e. Summary of Effects and Changes Arising from Adoption of New and Revised FRSs

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year:

(i) Effects on Balance Sheets as at 31 December 2006

	Increase/(Decrease)				
Description of Change	**FRS101 Note 2.3(a) RM'000**	**FRS 138 Note 2.3(b) RM'000**	**FRS 117 Note 2.3(c) RM'000**	**FRS 121 Note 2.3(d) RM'000**	**Total RM'000**
Group					
Property, plant and equipment	–	**(3,380)**	**(20,362)**	–	**(23,742)**
Prepaid lease payments	–	–	**20,362**	–	**20,362**
Deferred expenditure	–	**(4,003)**	–	–	**(4,003)**
Intangible assets	–	**7,383**	–	–	**7,383**
Total equity	**82,105**	–	–	–	**82,105**
Company					
Property, plant and equipment	–	**(37)**	–	–	**(37)**
Intangible assets	–	**37**	–	–	**37**

(ii) Restatement of Comparatives

The following comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

	Previously stated	Increase/(Decrease)				
Description of change	**RM'000**	**FRS101 Note 2.3(a) RM'000**	**FRS 138 Note 2.3(b) RM'000**	**FRS 117 Note 2.3(c) RM'000**	**FRS 121 Note 2.3(d) RM'000**	**Total RM'000**
At 31 December 2005						
Group						
Property, plant and equipment	345,935	–	(3,495)	(22,779)	–	319,661
Prepaid lease payments	–	–	–	22,779	–	22,779
Deferred expenditure	4,822	–	(4,822)	–	–	–
Intangible assets	–	–	8,317	–	–	8,317
Total equity	231,393	65,812	–	–	–	297,205

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Judgements and Estimates

(a) Judgements

In the process of preparing these financial statements, there were no significant judgements made in applying the accounting policies of the management which may have significant effects of the amounts recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revenue Recognition

Within total consolidated revenue for the year ended 31 December 2006, management has estimated that RM7,088,000 is attributable to work performed on instruction from the respective hospitals under the Hospital Support Services Agreement. These work done are variations from the original Hospital Support Services Agreement either for new hospitals, replacement hospitals, additions to existing hospitals and/or extensions of current services in the present hospitals.

The actual values of the variation orders have to be agreed by the Ministry of Health ("MoH") following approvals from Sistem Hospital Awasan Taraf Sdn. Bhd. ("SIHAT"), the external party certifying the work done and the Director of each hospital concerned. As such, there is a significant time lag between the final contract from MoH and the commencement of work done by the Group.

Management estimates are based on their previous experience with MoH and the following assumptions:

(a) The rates adopted for each of the required services are the pre-approved rates from MoH;

(b) For cleansing services, management has estimated the total floor areas of the facilities from the floor plans provided for the areas, which have commenced operations;

(c) For facilities engineering maintenance and biomedical engineering maintenance services, management has estimated the respective hospital's assets values for facilities maintenance; and

(d) The associated costs incurred for the services provided are incurred in the period and charged to the profit and loss account.

Historically, MoH has honoured its commitment to enter into a formal agreement for these variations. It is therefore appropriate to recognise revenue on these transactions for the current financial year.

(ii) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment of the Group's Hospital Support Services subsidiaries amounting to RM179,891,000 is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 15 years. These are common life expectancies applied, given the tenure of the Hospital Support Services Agreement. Changes in the expected level of usage, technological developments and the non-renewal of the Hospital Support Services agreement would adversely impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Judgements and Estimates (cont'd)

(b) Key Sources of Estimation Uncertainty (cont'd)

(iii) Property Development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

(iv) Income Taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(v) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets amounting to RM5,234,000 is mainly related to two property development companies, Rimbunan Melati Sdn Bhd and Faber Union Sdn Bhd, which management estimates they are probable to generate future levels of taxable profits. Further details are contained in Note 30.

3. REVENUE

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Sale of properties	**151,781**	25,117	**–**	–
Services rendered:				
– facilities management	**420,872**	380,650	**–**	–
– non-healthcare facilities management	**7,178**	8,272	**–**	–
– management fees	**–**	–	**5,543**	4,223
Revenue from hotel operations	**46,806**	32,674	**–**	–
Construction contracts	**11,060**	55,318	**–**	–
Rental income from properties	**110**	193	**–**	–
Gross dividend income				
– subsidiaries	**–**	–	**23,037**	45,441
– others	**–**	17	**–**	–
Interest income from subsidiaries	**–**	–	**–**	1,005
	637,807	502,241	**28,580**	50,669

4. COST OF SALES

	Group 2006 RM'000	Group 2005 RM'000
Property development costs (Note 14(b))	**94,851**	17,111
Construction contracts costs	**6,578**	43,709
Services rendered:		
– facilities management	**305,733**	262,756
– non-healthcare facilities management	**3,408**	3,331
– hotels	**5,422**	4,390
	415,992	331,297

5. OTHER INCOME

Included in other income are:

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Interest income	**3,670**	2,932	**1,042**	621
Bad debt recovered	**1,650**	12,784	**–**	–
Gain on disposal of joint development profit entitlement	**2,273**	–	**–**	–
Gain on disposal of plant and equipment	**51**	144	**36**	28
Gain on disposal of other investment	**–**	142	**–**	–
Write back of accruals	**1,857**	–	**1,778**	–

6. FINANCE COSTS

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Interest expense on:				
– RSLS	**5,697**	5,478	**5,697**	5,478
– Loan from corporate shareholder of a subsidiary	**118**	149	**–**	–
– ICPS	**1,792**	1,792	**–**	–
– Bank borrowings	**7,969**	4,858	**–**	–
	15,576	12,277	**5,697**	5,478
Less: interest capitalised in qualifying assets:				
– Property development costs (Note 14(b))	**(2,867)**	(742)	**–**	–
– Cost of construction contracts (Note 21)	**–**	(31)	**–**	–
	12,709	11,504	**5,697**	5,478

Borrowing costs capitalised in the qualifying assets during the financial year arose on the general borrowing pool and have been calculated by applying a capitalisation rate of 8.0% (2005: 8.0%) per annum to expenditure on such assets.

7. PROFIT BEFORE TAX

The following amounts have been included at arriving at profit before tax:

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Employee benefits expenses (Note 8)	**170,939**	158,215	**5,678**	3,209
Non-executive directors' remuneration excluding benefits-in-kind (Note 9)	**839**	813	**403**	382
Auditors' remuneration:				
– statutory	**126**	126	**20**	20
– others	**70**	–	**–**	–
Operating leases:	**4,793**	3,799	**441**	420
– minimum lease payments of land and buildings	**4,054**	2,981	**441**	420
– minimum lease payments of plant and machineries	**739**	818	**–**	–
Amortisation of prepaid land lease payments (Note 15)	**1,137**	1,211	**–**	–
Amortisation of intangible assets (Note 16)	**1,550**	1,468	**32**	–
Bad debts written off	**981**	–	**472**	–
Depreciation of property, plant and equipment (Note 13)	**31,443**	31,458	**169**	224
Impairment of land held for property development (Note 14(a))	**2,561**	–	**–**	–
Impairment of property development costs (Note 14(b))	**316**	–	**–**	–
Loss on disposal of property, plant and equipment	**2,679**	–	**–**	–
Management fees to:				
- hotel operator	**400**	507	**–**	–
- affiliated company	**156**	145	**156**	113
Net unrealised foreign exchange loss	**43**	–	**–**	–
Realised loss on foreign exchange	**–**	128	**–**	–
Provisions (Note 25)	**1,365**	825	**–**	–
Property, plant and equipment written off	**–**	7	**–**	–
Provision for doubtful debts	**4,511**	1,018	**552**	–
Reversal of impairment of land held for property development (Note 14(a))	**–**	(9,683)	**–**	–
Reversal of provision for diminution in investment and marketable securities	**(4)**	(1)	**–**	–
Reversal of provision for doubtful debts	**(17)**	(1,198)	**–**	(163)
Writeback of provision fo diminuition in value of real properties	**–**	(3,358)	**–**	–
Write down of inventories	**1,798**	–	**–**	–

8. EMPLOYEE BENEFITS EXPENSES

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Wages and salaries	**133,132**	128,617	**3,955**	2,556
Social security contributions	**1,711**	1,594	**20**	14
Contributions to defined contribution plans	**17,514**	17,075	**441**	447
Increase in liability for defined benefit plan (Note 24)	**1,155**	553	**–**	–
Share options granted under EES (Note 33)	**1,638**	–	**1,005**	–
Other benefits	**15,789**	10,376	**257**	192
	170,939	158,215	**5,678**	3,209

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM3,536,000 (2005: RM2,640,000) and RM1,576,000 (2005: RM710,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Directors of the Company				
Executive				
Salaries and other emoluments	**466**	402	**466**	402
Bonus	**126**	215	**126**	215
Contribution to defined contribution plans	**90**	93	**90**	93
Share options granted under EES	**894**	–	**894**	–
Benefits-in-kind	**73**	52	**73**	52
	1,649	762	**1,649**	762
Non-Executive				
Fees	**538**	543	**322**	318
Allowances	**94**	79	**81**	64
Benefits-in-kind	**66**	64	**66**	64
	698	686	**469**	446
Other Directors				
Executive				
Salaries and other emoluments	**1,259**	1,172	**–**	–
Bonus	**244**	382	**–**	–
Contribution to defined contribution plans	**238**	251	**–**	–
Allowances	**156**	125	**–**	–
Share options granted under EES	**63**	–	**–**	–
Benefits-in-kind	**93**	83	**–**	–
	2,053	2,013	**–**	–
Non-Executive				
Fees	**186**	172	**–**	–
Allowances	**21**	19	**–**	–
	207	191	**–**	–
Total	**4,607**	3,652	**2,118**	1,208
Total excluding benefits-in-kind	**4,375**	3,453	**1,979**	1,092

9. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	**3,536**	2,640	**1,576**	710
Total non-executive directors' remuneration excluding benefits-in-kind (Note 7)	**839**	813	**403**	382
Total directors' remuneration excluding benefits-in-kind	**4,375**	3,453	**1,979**	1,092

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	No. of Directors	
	2006	**2005**
Executive directors:		
RM500,000 – RM1,000,000	**–**	1
RM1,000,001 – RM1,500,000	**–**	–
RM1,500,001 – RM2,000,000	**1**	–
Non-executive directors:		
Below RM50,000	**3**	2
RM50,001 – RM100,000	**3**	3
RM100,001 – RM150,000	**2**	2
RM150,001 – RM200,000	**1**	1

10. TAXATION

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Current income tax:				
Malaysian income tax	**41,701**	21,904	**6,742**	12,466
Over provision in prior years:				
Malaysian income tax	**(9,786)**	(20)	**–**	–
	31,915	21,884	**6,742**	12,466
Deferred tax (Note 30):				
– Relating to origination and reversal of temporary differences	**(4,812)**	323	**–**	–
– Relating to changes in tax rates	**(430)**	–	**–**	–
– (Over)/under provision in prior years	**(1,730)**	28	**–**	–
	(6,972)	351	**–**	–
Total income tax expenses	**24,943**	22,235	**6,742**	12,466

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group	2006 RM'000	2005 RM'000
Profit before taxation	**89,598**	64,570
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	**25,087**	18,080
Income not subject to tax	**(4,407)**	(4,602)
Expenses not deductible for tax purposes	**10,713**	2,349
Deferred tax recognised at different tax rates	**178**	–
Utilisation of previously unrecognised tax losses and capital allowances	**(657)**	(64)
Deferred tax assets not recognised during the year		
– Malaysian subsidiaries	**1,457**	323
– Foreign subsidiary	**4,760**	6,251
Effects on opening deferred tax of relating to reduction in Malaysian Income Tax rate	**(430)**	–
Effects on reduced statutory tax rate on the first RM500,000 assessable profits	**(242)**	(110)
Deferred tax (over)/underprovided in prior years	**(1,730)**	28
Income tax over provided in prior years	**(9,786)**	(20)
Income tax expense for the year	**24,943**	22,235

10. TAXATION (CONT'D)

Company

	2006 RM'000	2005 RM'000
Profit before taxation	**16,594**	40,866
Taxation at Malaysian statutory tax rate of 28% (2005 : 28%)	**4,646**	11,443
Income not subject to tax	**–**	(257)
Expenses not deductible for tax purposes	**2,153**	1,291
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(294)**	(29)
Deferred tax assets not recognised during the year	**237**	18
Income tax expense for the year	**6,742**	12,466

Tax savings during the financial year arising from:

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Utilisation of unutilised tax losses brought forward from previous year	**(300)**	(64)	**–**	–
Utilisation of unabsorbed capital allowances brought forward from previous year	**(357)**	–	**(294)**	(29)

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group 2006	Group 2005
Profit attributable to ordinary equity holders of the Company (RM'000)	**36,674**	30,033
Weighted average number of ordinary shares in issue ('000)	**286,713**	251,153
Basic earning per share (sen)	**12.8**	12.0

11. EARNINGS PER SHARE (CONT'D)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. RCPS.

	Group	
	2006	**2005**
Profit attributable to ordinary equity holders of the Company (RM'000)	**36,674**	30,033
Weighted average number of ordinary shares in issue ('000)	**286,713**	251,153
Effects of dilution:		
RCPS ('000)	**180,000**	200,000
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**466,713**	451,153
Diluted earning per share (sen)	**7.9**	6.7

12. DIVIDENDS

At the Forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 2% less 27% taxation on 298,001,000 ordinary shares, amounting to a dividend payable of RM4,351,000 (1.46 sen net per ordinary share) will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2007.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Plant, Equipment, Furniture Fittings and Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At 31 December 2006				
Cost				
At 1 January 2006	253,621	191,370	439	445,430
Additions	761	11,368	5,759	17,888
Disposals	–	(6,778)	–	(6,778)
Transfer	–	272	(272)	–
Exchange differences	(15,979)	(841)	–	(16,820)
At 31 December 2006	238,403	195,391	5,926	439,720
Accumulated Depreciation				
At 1 January 2006	26,592	99,177	–	125,769
Charge for the year (Note 7)	14,476	16,967	–	31,443
Disposals	–	(3,826)	–	(3,826)
Exchange differences	(2,342)	(211)	–	(2,553)
At 31 December 2006	38,726	112,107	–	150,833
Net Carrying Amount				
At 31 December 2006	199,677	83,284	5,926	288,887

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Buildings RM'000	Plant, Equipment, Furniture Fittings and Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At 31 December 2005				
Cost				
At 1 January 2005	246,904	173,989	7,918	428,811
Prior period adjustment*	3,554	(1,453)	–	2,101
Restated 1 January 2005	250,410	172,536	7,918	430,864
Additions	4,435	13,126	275	17,836
Disposals	–	(1,646)	–	(1,646)
Transfer	–	7,754	(7,754)	–
Written off	–	(324)	–	(324)
Exchange differences	(1,224)	(76)	–	(1,300)
At 31 December 2005	253,621	191,370	439	445,430
Accumulated Depreciation				
At 1 January 2005	10,436	84,383	–	94,819
Prior period adjustment*	1,501	(511)	–	990
Restated 1 January 2005	11,889	83,872	–	95,761
Charge for the year (Note 7)	14,739	16,719	–	31,458
Disposals	–	(1,087)	–	(1,087)
Written off	–	(317)	–	(317)
Exchange differences	(36)	(10)	–	(46)
At 31 December 2005	26,592	99,177	–	125,769
Net Carrying Amount				
At 31 December 2005	227,029	92,193	439	319,661

Prior period adjustment

As disclosed in the Notes to the Consolidated Statement of Changes in Equity, a foreign subsidiary has constructed a Fixed Assets Register ("FAR") that provides a detailed breakdown of fixed assets by categories. The FAR helped to provide a more reasonable estimate of depreciation expenses for 2005, which indicated that the foreign subsidiary had under-estimated depreciation in 2004. As a result, opening carrying value for 2005 has been restated to reflect this prior period error.

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Plant, Equipment, Furniture, Fittings and Motor Vehicles RM'000
Company	
At 31 December 2006	
Cost	
At 1 January 2006	**3,980**
Additions	**191**
Disposals	**(157)**
At 31 December 2006	**4,014**
Accumulated Depreciation	
At 1 January 2006	**3,525**
Charge for the year (Note 7)	**169**
Disposals	**(122)**
At 31 December 2006	**3,572**
Net carrying amount	
At 31 December 2006	**442**
At 31 December 2005	
Cost	
At 1 January 2005	3,919
Additions	162
Disposals	(101)
At 31 December 2005	3,980
Accumulated Depreciation	
At 1 January 2005	3,402
Charge for the year (Note 7)	224
Disposals	(101)
At 31 December 2005	3 ,525
Net carrying amount	
At 31 December 2005	455

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The net carrying amount of property, plant and equipment of the Group pledged as securities as borrowings (Note 26) are as follows:

	Group 2006 RM'000	Group 2005 RM'000
Buildings	**190,762**	218,114
Plant and equipment, furniture and fittings	**80,986**	91,151
	271,748	309,265

(b) Property, plant and equipment of the Group and of the Company amounting to RM23,427,000 (2005: RM20,030,000) and RM2,990,000 (2005: RM2,990,000) respectively have been fully depreciated and are still in use.

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Freehold Land RM'000	Leasehold Land RM'000	Development Expenditure RM'000	Total RM'000
Group				
At 31 December 2006				
At cost				
At 1 January 2006	–	**40,805**	**23,111**	**63,916**
Additions	–	**123**	**5,781**	**5,904**
Transfer to property development costs (Note 14(b))	–	**(14,277)**	**(7,139)**	**(21,416)**
Written off	–	–	**(132)**	**(132)**
At 31 December 2006	–	**26,651**	**21,621**	**48,272**
Accumulated Impairment Losses				
At 1 January 2006	–	**51**	**1,837**	**1,888**
Impairment losses for the year (Note 7)	–	–	**2,561**	**2,561**
At 31 December 2006	–	**51**	**4,398**	**4,449**
Carrying Amount at 31 December 2006	–	**26,600**	**17,223**	**43,823**

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(a) Land Held for Property Development (cont'd)

Group	Freehold Land RM'000	Leasehold Land RM'000	Development Expenditure RM'000	Total RM'000
At 31 December 2005				
At cost				
At 1 January 2005	6,205	12,497	14,416	33,118
Additions	–	39,771	12,188	51,959
Disposal	–	–	(1,443)	(1,443)
Transfer to property development costs (Note 14 (b))	–	(11,463)	–	(11,463)
Write off	(6,205)	–	(2,050)	(8,255)
At 31 December 2005	–	40,805	23,111	63,916
Accumulated Impairment Losses				
At 1 January 2005	6,205	51	5,315	11,571
Reversal of impairment losses (Note 7)	(6,205)	–	(3,478)	(9,683)
At 31 December 2005	–	51	1,837	1,888
Carrying Amount at 31 December 2005	–	40,754	21,274	62,028

(b) Property Development Costs

Group	Freehold Land RM'000	Leasehold Land RM'000	Development Expenditure RM'000	Total RM'000
At 31 December 2006				
Cumulative property development costs				
At 1 January 2006	**6,404**	**11,896**	**69,048**	**87,348**
Costs incurred during the year	**–**	**26,147**	**93,196**	**119,343**
Transfer from land held for property development (Note 14 (a))	**–**	**14,277**	**7,139**	**21,416**
Unsold units transferred to inventories	**–**	**–**	**(3,451)**	**(3,451)**
At 31 December 2006	**6,404**	**52,320**	**165,932**	**224,656**
Cumulative costs recognised in income statement				
At 1 January 2006	**–**	**(151)**	**(35,183)**	**(35,334)**
Recognised during the year (Note 4)	**–**	**–**	**(94,851)**	**(94,851)**
Impairment losses for the year (Note 7)	**–**	**(316)**	**–**	**(316)**
At 31 December 2006	**–**	**(467)**	**(130,034)**	**(130,501)**
Property development costs at 31 December 2006	**6,404**	**51,853**	**35,898**	**94,155**

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property Development Costs (cont'd)

Group	Freehold Land RM'000	Leasehold Land RM'000	Development Expenditure RM'000	Total RM'000
At 31 December 2005				
Cumulative property development costs				
At 1 January 2005	6,404	8,877	167,919	183,200
Costs incurred during the year	–	–	36,921	36,921
Transfer from land held for property development (Note 14(a))	–	11,463	–	11,463
Reversal of completed projects	–	(8,444)	(134,828)	(143,272)
Unsold units transferred to inventories	–	–	(964)	(964)
At 31 December 2005	6,404	11,896	69,048	87,348
Cumulative costs recognised in income statement				
At 1 January 2005	–	(8,595)	(152,900)	(161,495)
Recognised during the year (Note 4)	–	–	(17,111)	(17,111)
Reversal of completed projects	–	8,444	134,828	143,272
At 31 December 2005	–	(151)	(35,183)	(35,334)
Property development costs at 31 December 2005	6,404	11,745	33,865	52,014

(i) Included in property development costs incurred during the financial year is:

	Group 2006 RM'000	Group 2005 RM'000
Interest expense	**2,867**	742

(ii) Two subsidiaries of the Group, namely Faber Grandview (Sabah) Sdn Bhd and Country View Development Sdn Bhd, carried out a review of the recoverable amount of its land held for property development and property development costs during the current financial year. The review led to the recognition of impairment losses of RM2,561,000 (included in "Administrative Expenses" as disclosed in Note 7). The recoverable amount was based on valuation reports by independent valuers, Henry Butcher Malaysia (Sabah) Sdn Bhd and Henry Butcher Malaysia (Sandakan) Sdn Bhd dated 28 September 2006 and 11 January 2007 respectively. The valuation of Faber Grandview's property development costs was based on depreciated replacement costs and of Country View Development was based on comparison method.

(iii) Land held for property development and property development costs of a subsidiary, namely Rimbunan Melati Sdn Bhd, with carrying value of RM51,675,000 (2005: RM51,437,000) are pledged as security for its borrowings. (Note 26).

15. PREPAID LAND LEASE PREMIUMS

	Group 2006 RM'000	Group 2005 RM'000
At 1 January	**22,779**	24,112
Amortisation during the year (Note 7)	**(1,137)**	(1,211)
Exchange differences	**(1,280)**	(122)
At 31 December	**20,362**	22,779
Analysed as:		
Long term leasehold land	**3,058**	3,135
Short term leasehold land	**17,304**	19,644
	20,362	22,779

Leasehold land with an aggregate carrying value of RM 20,362,000 (2005: RM22,779,000) are pledged as securities for borrowings (Note 26).

16. INTANGIBLE ASSETS

Group	Development expenditure M'000	Software RM'000	Total RM'000
Cost			
At 1 January 2005	12,153	9,595	21,748
Additions	–	28	28
At 31 December 2005 and 1 January 2006	**12,153**	**9,623**	**21,776**
Additions	**–**	**632**	**632**
Exchange differences	**–**	**(22)**	**(22)**
At 31 December 2006	**12,153**	**10,233**	**22,386**
Accumulated amortisation			
At 1 January 2005	6,512	5,479	11,991
Amortisation (Note 7)	819	649	1,468
At 31 December 2005 and 1 January 2006	**7,331**	**6,128**	**13,459**
Amortisation (Note 7)	**819**	**731**	**1,550**
Exchange differences	**–**	**(6)**	**(6)**
At 31 December 2006	**8,150**	**6,853**	**15,003**
Net carrying amount			
At 31 December 2006	**4,003**	**3,380**	**7,383**
At 31 December 2005	4,822	3,495	8,317

16. INTANGIBLE ASSETS (CONT'D)

Company	Software RM'000
Cost	
At 1 January 2005 and 31 December 2005	121
At 1 January 2006	**121**
Additions	**69**
At 31 December 2006	**190**
Accumulated amortisation	
At 1 January 2005 and 31 December 2005	121
At 1 January 2006	**121**
Amortisation (Note 7)	**32**
At 31 December 2006	**153**
Net carrying amount	
At 31 December 2006	**37**
At 31 December 2005	–

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM'000	2005 RM'000
Unquoted shares at cost	**260,291**	260,291
Less: Accumulated impairment losses	**(198,177)**	(198,177)
	62,114	62,114

Details of the subsidiaries are listed in Note 42.

The financial statements of the foreign subsidiary, Vimas Joint Venture Company Limited, for the year ended 31 December 2006 have been prepared on the assumption that the subsidiary will continue to operate as a going concern. The foreign subsidiary's accumulated losses as at the balance sheet date was USD31,849,000 (RM120,270,000) and its current liabilities exceeded its current assets by USD9,633,000 (RM34,020,000) as at that date. In view thereof, the subsidiary's ability to continue to operate as a going concern is dependent upon achieving future profitable operations and/or the continuing support from its shareholders. The shareholders of the foreign subsidiary have confirmed their commitment to continue to provide financial support so that it can meet its liabilities as they fall due.

18. OTHER INVESTMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unquoted shares at cost	**3,522**	3,522	**398**	398
Less: Accumulated impairment losses	**(2,625)**	(2,625)	**–**	–
	897	897	**398**	398

19. INVENTORIES

	Group	
	2006 RM'000	2005 RM'000
Cost		
Food and beverage	**395**	284
Consumables	**1,931**	6,779
	2,326	7,063
Net realisable value		
Consumables	**14,482**	9,727
Properties held for sale	**3,014**	1,162
	17,496	10,889
	19,822	17,952

20. TRADE AND OTHER RECEIVABLES

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Current				
Trade receivables				
Third parties	**111,880**	142,315	**–**	–
Corporate shareholders of a subsidiary	**1,000**	–	**–**	–
Accrued billings in respect of property development costs	**48,861**	–	**–**	–
Construction contracts:				
Due from customers (Note 21)	**1,100**	3,365	**–**	–
	162,841	145,680	**–**	–
Less: Provision for doubtful debts:				
Third parties	**(2,859)**	(2,252)	**–**	–
Total trade receivables, net	**159,982**	143,428	**–**	–
Other receivables				
Amount due from related parties:				
Subsidiaries	**–**	–	**1,011,108**	1,013,837
Affiliated companies	**9**	532	**–**	533
	9	532	**1,011,108**	1,014,370
Deposits	**5,025**	1,968	**113**	–
Prepayments	**7,102**	2,384	**–**	–
Tax recoverable	**1,850**	1,184	**155**	155
Sundry receivables	**16,527**	12,878	**3,446**	1,276
	30,513	18,946	**1,014,822**	1,015,801
Less: Provision for doubtful debts:				
Third parties	**(6,143)**	(2,239)	**(582)**	(30)
Subsidiaries	**–**	–	**(729,312)**	(729,312)
	(6,143)	(2,239)	**(729,894)**	(729,342)
Other receivables, net	**24,370**	16,707	**284,928**	286,459
Total	**184,352**	160,135	**284,928**	286,459
Non-current				
Trade receivables				
Amount due from a corporate shareholder of a subsidiary	**7,580**	–	**–**	–
Other receivables				
Amount due from related party				
– Affiliated company	**4,183**	–	**–**	–
Total non-current trade and other receivables	**11,763**	–	**–**	–

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Credit Risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to forty five days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non interest bearing.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk except for a subsidiary, Faber Medi-Serve Sdn Bhd.

As at 31 December 2006, Faber Medi-Serve Sdn. Bhd., has a significant concentration of credit risk in the form of outstanding balances due from the Government of Malaysia representing approximately 56% (2005: 80%) of the total Group's trade receivables.

(b) Included in trade receivables of the Group is RM101,000 (RM3,507,000) being sums retained by stakeholders in relation to completed development projects of a subsidiary.

Stakeholders sum are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2006 RM'000	**2005 RM'000**
Current	**101**	3,507

(c) Amounts due from Related Parties (Current)

Amounts due from all related parties are non-interest bearing and repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

(d) Amounts due from Related Parties – Affiliated Company (Non-current)

The sums are amount owing from Opus International (M) Berhad for office rental at Faber Towers. This outstanding sums are settled via monthly installment payment over 42 months. The amount is interest free and unsecured.

(e) Amount due from Related Parties – Corporate Shareholder of a Subsidiary (Non – current)

The amount due from the corporate shareholder of a subsidiary relate to the undue portion of the sale proceeds of the Development Agreement between the Corporate Shareholder and the subsidiary. The amount is interest free and unsecured. The amount is due on September 2008.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of other receivables are disclosed in Note 40.

21. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2006 RM'000	Group 2005 RM'000
Construction costs incurred todate	**68,932**	59,331
Attributable profits	**15,772**	12,894
	84,704	72,225
Less : Progress billings	**(83,641)**	(68,860)
	1,063	3,365
Due from customer on contract (Note 20)	**1,100**	3,365
Due to customer on contract (Note 29)	**(37)**	–
	1,063	3,365
Advances received on contract included within trade payable (Note 29)	**–**	7,239

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group 2006 RM'000	Group 2005 RM'000
Interest expense	**–**	31

Rimbunan Melati Sdn Bhd, a subsidiary of the Group entered into an agreement with the Government of Malaysia ("GOM") for the construction of a new base for the Federal Reserve Unit of the Royal Malaysian Police Force ("FRU Project") for a contract value of RM81.00 million. The consideration would be settled by way of transfer of land amounting to RM48.30 million to the Company and cash of RM32.70 million.

As at 31 December 2006, the FRU project has been handed over to GOM and the Company had provided the maintenance bond of RM4.05 million to GOM for the duration of the defects liability period of 24 months.

22. MARKETABLE SECURITIES

	Group 2006 RM'000	Group 2005 RM'000
Shares quoted in Malaysia at cost	**816**	816
Less: Impairment lossess	**(620)**	(624)
At net realisable value	**196**	192
Market value of quoted shares	**196**	192

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash on hand and at banks	**73,064**	64,429	**1,948**	842
Deposits with:				
– licensed banks	**17,502**	32,188	**–**	–
– other financial institutions	**84,021**	33,072	**29,950**	31,072
Cash and bank balances	**174,587**	129,689	**31,898**	31,914

(a) Included in cash at bank of the Group are the following amounts of:

(i) RM47,456,000 (2005: RM48,352,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations;

(ii) RM1,481,000 (2005: RM395,000) placed in a sinking fund account for the purpose of expenditure incurred on repair and maintenance on properties managed by certain subsidiaries.

(b) Included in the fixed deposits of the Group are RM4,053,000 (2005: RM3,683,000) placed in a sinking fund account. The sinking funds are maintained for the purposes of expenditure to be incurred on repair and maintenance on properties managed by certain subsidiaries.

(c) Deposits with licensed banks of the Group amounting to RM4,478,000 (2005: RM5,285,000) are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2006, the subsidiaries have utilised guarantee facilities amounting to RM9,047,000 (2005: RM27,318,000) (Note 26).

(d) Deposits with licensed banks of the Group amounting to RM362,000 (2005: nil) are pledged as securities for borrowings (Note 26).

(e) For the purpose of the cash flow statements, cash and cash equivalents comprise cash and bank balances of the Group and the Company.

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

24. EMPLOYEE BENEFITS

Retirement benefit obligations

Certain subsidiaries operate an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 55, on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuary, Mercer Zainal Consulting dated 6 March 2006.

The amounts recognised on the balance sheet and income statement are determined as follows:

	Group	
	2006 **RM'000**	**2005** **RM'000**
Present value of unfunded defined benefit obligations	**2,110**	1,904
Less: Unrecognised transition liability	**(553)**	(1,423)
Net liability	**1,557**	481
Analysed as:		
Current	**276**	138
Non-current:		
Later than 1 year but not later than 2 years	**195**	143
Later than 2 years	**1,086**	200
	1,281	343
	1,557	481

The amount recognised in the income statement are as follows:

Current service costs	**243**	210
Interest cost	**136**	108
Transition amount recognised	**776**	235
Total included in employee benefits expense (Note 8)	**1,155**	553

Of the Group's charge for the year, RM1,155,000 (2005: RM553,000) has been included in other expenses.

Movements in the net liability in the current year were as follows:

	Group	
	2006 **RM'000**	**2005** **RM'000**
At 1 January	**481**	–
Recognised in income statement	**1,155**	553
Contributions paid	**(79)**	(72)
At 31 December	**1,557**	481

Principal actuarial assumptions used:

	2006 **%**	**2005** **%**
Discount rate	**6.5**	6.5
Expected rate of salary increases	**5.0**	5.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

25. PROVISIONS

Group	Sinking Fund RM'000	Late Delivery Charges RM'000	Total RM'000
At 31 December 2006:			
At 1 January 2006	**6,196**	**582**	**6,778**
Additional provision (Note 7)	**458**	**907**	**1,365**
Utilisation of provision	**(817)**	**–**	**(817)**
At 31 December 2006	**5,837**	**1,489**	**7,326**
Current	**–**	**907**	**907**
Non-current:			
Later than 5 years	**5,837**	**582**	**6,419**
	5,837	**1,489**	**7,326**
At 31 December 2005			
At 1 January 2005	5,973	597	6,570
Additional provision (Note 7)	825	–	825
Utilisation of provision	(602)	(15)	(617)
At 31 December 2005	6,196	582	6,778
Current	–	–	–
Non-current:			
Later than 5 years	6,196	582	6,778
	6,196	582	6,778

(a) Sinking Fund

Under the provision of the Housing Development (Control and Licensing) Act 1966 (Act 118) & Regulations, the purchasers are required to contribute to the sinking fund upon the dates they take vacant possession and all the funds accumulated into the sinking fund shall be held by the vendor in trust for the purchaser.

(b) Late Charges

Provision for late charges is in respect of certain property development projects undertaken by certain subsidiaries. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements.

26. BORROWINGS

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Short term borrowings				
Secured:				
Revolving credits	–	2,000	–	–
Term loans	**8,987**	3,853	–	–
Bridging loan	**15,498**	19,235	–	–
	24,485	25,088	–	–
Long term borrowings				
Secured:				
Term loans	**56,808**	75,202	–	–
Bridging loan	–	9,612	–	–
Redeemable Secured Loan Stock (Note 27)	**148,121**	142,424	**148,121**	142,424
Balance Sum owing to Jeram Bintang Sdn Bhd ("JBSB") (Note 28)	**38,893**	42,380	**38,893**	42,380
	243,822	269,618	**187,014**	184,804
Unsecured:				
Redeemable Preference Shares (Note 34)	**7,496**	7,496	–	–
Irredeemable Cumulative Non-voting Convertible Preference Shares (Note 34)	**1,120**	1,120	–	–
Loan from a corporate shareholder of a subsidiary	**1,063**	2,126	–	–
	9,679	10,742	–	–
Total long term borrowings	**253,501**	280,360	**187,014**	184,804
Total Borrowings				
Revolving credits	–	2,000	–	–
Term loans	**65,795**	79,055	–	–
Bridging loan	**15,498**	28,847	–	–
Redeemable Secured Loan Stocks	**148,121**	142,424	**148,121**	142,424
Balance Sum owing to JBSB	**38,893**	42,380	**38,893**	42,380
Redeemable Preference Shares	**7,496**	7,496	–	–
Irredeemable Cumulative Non-voting Convertible Preference Shares	**1,120**	1,120	–	–
Amount due to corporate shareholder of a subsidiary	**1,063**	2,126	–	–
	277,986	305,448	**187,014**	184,804

26. BORROWINGS (CONT'D)

The salient terms of the borrowings are:

(a) Foreign Term Loans (Secured)

The two secured term loans obtained from the Bank for Foreign Trade of Vietnam by Vimas Joint Venture Company Limited are repayable via seventeen (17) semi-annual installments commencing from 30 September 2005 and bear interest at the higher of 4% per annum or Sibor 6 months plus 2.5%, which in 2006, averaged at 5.95% (2005: 5.95%). The term loans are denominated in USD and the balance outstanding as at 31 December 2006 is USD17,526,000 (2005: USD18,381,000) of which USD1,440,000 (2005: USD1,020,000) is due within the next twelve months.

The loans are guaranteed by an equity pledge agreement dated 12 September 2003 between a subsidiary, Faber Labuan Sdn Bhd and Ho Tay Corporation (the "Owners"), as the pledgors, and Bank for Foreign Trade of Vietnam, as the pledgee. Thus, the secured loan is secured against Faber Labuan Sdn Bhd's investment in Vimas Joint Venture Company Limited ("Vimas"). The loans are also guaranteed by another equity pledge agreement dated 6 September 2004 between the same parties.

The term loans from the Bank for Foreign Trade of Vietnam are also guaranteed by a mortgage agreement dated 12 September 2004 between Vimas as the mortgagor, and the Bank for Foreign Trade of Vietnam as the mortgagee. The loans are also guaranteed by second mortgage agreement dated 6 September 2004 between the same parties. According to this agreement, Vimas mortgaged the land use right and the right, title and interest of Vimas's assets as security for the loan.

(b) Bridging and Term Loan (Secured)

The secured bridging and term loans of Rimbunan Melati Sdn Bhd, a subsidiary, were obtained to part finance the development of the Exchanged Land obtained from the Government of Malaysia in relation to the construction of the FRU Complex. Concurrent to bridging and term loan agreement, the subsidiary also obtained RM54.90 million Bank Guarantee Facilities ("BG Facilities"), which is principally utilised to extend the Maintenance Bond required by the Government of Malaysia in relation to the FRU Contract and the Exchanged Lands.

The secured bridging loan, term loan and the BG facilities of the subsidiary are secured by the following:

(i) First legal charge over the Exchanged Land held under Geran 33388 for Lot 55311 in Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan measuring approximately 100.816 acres (Note 15); and

(ii) A fixed and floating debenture over the subsidiary's present and future assets.

The repayment of the balance of the bridging and term loans are subject to a minimum aggregate redemption sums during the respective periods stated below:

Period	Minimum aggregate redemption sums RM'000
1 January 2007 to 31 March 2007	6,730
1 April 2007 to 30 June 2007	4,666
1 July 2007 to 30 September 2007	5,765
1 October 2007 to 31 December 2007	2,239
	19,400

26. BORROWINGS (CONT'D)

(b) Bridging and Term Loan (Secured) (cont'd)

The subsidiary is also bound to redeem sold units/parcels of the Exchanged Land development subject to the following terms and the minimum aggregate redemption sums set out above:

(i) for each sold unit/parcel and the selling prices forms part of the first RM20,000,000 sales value, no redemption sum shall be payable to the Lender for the redemption of such sold unit/parcel from the Lender;

(ii) for each sold unit/parcel and the selling price forms part of the next RM80 million sales value (i.e. the sold unit/parcel that the selling price forms part of the sales between RM20 million and RM100 million), the redemption sum payable to the Lender for that sold unit/parcel shall be 10% of the selling price of that sold unit/parcel; and

(iii) for each sold unit/parcel and the selling price forms part of the sales values of RM100 million and above, the redemption sum payable to the Lender shall be 20% of the selling price of that sold unit/parcel.

(c) Revolving Credit (Secured)

The outstanding balances of a subsidiary's secured Syndicated Banking Facilities, which comprise overdraft, revolving credit, bank guarantee and combined trade facilities are as follows:

	2006 RM'000	**2005 RM'000**
Revolving credit	–	2,000
Letter of credit	**6,841**	–
Bank guarantees	**3,219**	–
Bank guarantees issued for Performance Bonds to GOM (Note 38)	**19,684**	15,083

The Syndicated Banking Facilities are secured by a Debenture and a Deed of Assignment of Proceeds dated 27 December 1996 by way of the following:

(i) A first fixed charge over all sums paid or may from time to time become due and payable to the subsidiary ("the Proceeds") by the GOM pursuant to the Concession Agreement dated 28 October 1996, all its uncalled capital, its present and future goodwill, patents, trademarks, licenses and concessions and all its present and future plant, equipment and machinery, motor vehicles and furniture and fittings; and

(ii) A first floating charge over all the present and future lands undertakings and other properties and assets of the company both movable and immovable, not otherwise charged in (c)(i) above.

(d) Loan from Corporate Shareholder of a Subsidiary

The loan from a minority shareholder of a subsidiary company, Healthtronics (M) Sdn Bhd is unsecured, and bears interest at 1% (2005: 1%) above the Base Lending Rate ("BLR") per annum. The BLR for year 2006 is 6% (2005: 6%) per annum. The repayment of loan from minority shareholder shall be subordinated to the payment of the dividends on the ICPS (Note 34 c) to the shareholder but shall rank pari passu to the payment of dividends on the ordinary shares, the proportion of which shall be approved by the Board of Directors of the subsidiary.

Other information on financial risks and borrowings are disclosed in Note 40.

27. REDEEMABLE SECURED LOAN STOCKS ("RSLS")

On 30 September 2004, the Company issued RM185,528,000 nominal value of RSLS of RM1 each as partial settlement to Jeram Bintang Sdn Bhd pursuant to its Debt Restructuring Scheme.

Ths RSLS comprise RM135,564,000 of RSLS issued and 4% coupon compounded annually up to maturity amounting to RM49,964,000 nominal value payable in the form of RSLS annually in arrears at each anniversary date.

The salient terms of the RSLS are as follow:

(i) The RSLS shall be redeemed for cash on the maturity date, which is 8 years from the date of issuance of 30 September 2004.

(ii) The RSLS are secured by a charge over:

– 30,599,998 issued and paid-up ordinary shares of RM1 each in Faber Medi-Serve Sdn Bhd ("FMS") by Faber Healthcare Management Sdn Bhd; and

– 2 issued and paid-up ordinary shares of RM1 each in FMS by the Company.

The Security Interest created to secure the Balance Sum due to Jeram Bintang Sdn Bhd, (Note 28) shall rank in priority and security over the Security Interest to secure the RSLS. The RSLS constitute unsubordinated obligations of the Company.

(iii) The RSLS bear coupon at the rate of 4% per annum compounded annually. The coupon payment is made in the form of RSLS payable annually in arrears at each anniversary date as follows:

At end Year from date of issue	Amount RM'000
1	5,423
2	5,639
3	5,865
4	6,100
5	6,344
6	6,597
7	6,861
8	7,135
	49,964

28. BALANCE SUM DUE TO JERAM BINTANG SDN BHD

On 30 September 2004, following the completion of its Debt Restructuring, the Company acknowledged the Balance Sum of RM51,442,000 due to Jeram Bintang Sdn Bhd.

The Balance Sum is interest free and is repayable over a period of 8 years from the date of completion of the restructuring scheme. The Balance Sum is secured as follows:

(i) assignment of dividends receivable from FMS on 315,000 ordinary shares held by Intensive Quest Sdn Bhd (“IQSB”) in FMS amounting to RM24 million by the Company;

(ii) assignment of net profits from the development of Casa Palma land amounting to RM15.33 million by Faber Union Sdn Bhd;

28. BALANCE SUM DUE TO JERAM BINTANG SDN BHD (CONT'D)

(iii) assignment of a share of the Group's portion of net profits from the joint venture in respect of the development of Taman Sri Desa land amounting to RM3.207 million by Faber Union Sdn Bhd;

(iv) assignment of net profits from the development of Faber Grandview land amounting to RM1.81 million by Faber Grandview Development (Sabah) Sdn Bhd;

(v) assignment of net profits from the development of Country View land amounting to RM7.093 million by Country View Development Sdn Bhd;

(vi) charge over 30,599,998 issued and paid-up ordinary shares of RM1.00 each in FMS by Faber Healthcare Management Sdn Bhd; and

(vii) charge over 2 issued and paid-up ordinary shares of RM1.00 each in FMS by the Company.

During the year ended 31 December 2006, the Group and Company paid RM3,486,000 as partial settlement of the Balance Sum due to Jeram Bintang Sdn Bhd. (2005: RM8,870,000).

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Current				
Trade payables				
Third parties	**42,530**	33,101	**–**	–
Affiliated companies	**36,156**	5,521	**–**	–
Progress billings in respect of property development costs	**9,800**	3,916	**–**	–
Construction contracts:				
Due to customers (Note 21)	**37**	–	**–**	–
Advance received on contract (Note 21)	**–**	7,239	**–**	–
	88,523	49,777	**–**	–
Other payables				
Amounts due to related parties:				
– Subsidiaries	**–**	–	**161,591**	174,821
– Related companies	**18**	390	**–**	390
– Corporate shareholder of subsidiaries	**773**	350	**–**	–
– ICPS dividends payable to minority shareholder of a subsidiary	**1,792**	1,792	**–**	–
	2,583	2,532	**161,591**	175,211
Accruals	**80,933**	63,636	**3,378**	3,272
Deposits refundable	**3,472**	3,092	**–**	–
Sundry payables	**19,800**	25,283	**830**	2,198
	106,788	94,543	**165,799**	180,681
	195,311	144,320	**165,799**	180,681

29. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade Payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2005: 30 to 90 days).

Included in trade payables at 31 December 2006 are retentions of RM14,882,000 (2005: RM8,842,000) relating to construction work-in progress.

Retentions sums are unsecured, interest-free and are expected to be paid as follows:

	Group	
	2006 RM'000	**2005 RM'000**
Current	**2,686**	103
1 – 2 years	**8,543**	5,459
2 – 3 years	**3,653**	3,280
	14,882	8,842

(b) Amounts Due to Related Parties

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of other payables are disclosed in Note 40.

30. DEFERRED TAXATION

	Group	
	2006 RM'000	**2005 RM'000**
At 1 January	**13,766**	13,415
Recognised in income statement (Note 10)	**(6,972)**	351
At 31 December	**6,794**	13,766
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(4,888)**	–
Deferred tax liabilities:		
Subject to income tax	**11,682**	13,766
	6,794	13,766

30. DEFERRED TAXATION (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM'000	Linen RM'000	Intangible Assets RM'000	Total RM'000
At 1 January 2006	**11,072**	**2,730**	**1,360**	**15,162**
Recognised in the income statement	**(1,109)**	**243**	**(279)**	**(1,145)**
At 31 December 2006	**9,963**	**2,973**	**1,081**	**14,017**
At 1 January 2005	11,002	2,554	1,589	15,145
Recognised in the income statement	70	176	(229)	17
At 31 December 2005	11,072	2,730	1,360	15,162

Deferred Tax Assets of the Group:

	Tax Losses and Unabsorbed Capital Allowance RM'000	Accruals for Direct Cost RM'000	Other Payables RM'000	Total RM'000
At 1 January 2006	**(75)**	**(372)**	**(949)**	**(1,396)**
Recognised in the income statement	**28**	**(679)**	**(5,176)**	**(5,827)**
At 31 December 2006	**(47)**	**(1,051)**	**(6,125)**	**(7,223)**
At 1 January 2005	(75)	(1,073)	(582)	(1,730)
Recognised in the income statement	–	701	(367)	334
At 31 December 2005	(75)	(372)	(949)	(1,396)

30. DEFERRED TAX (CONT'D)

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowance RM'000
At 1 January 2006	**47**
Recognised in the income statement	**–**
At 31 December 2006	**47**
At 1 January 2005	47
Recognised in the income statement	–
At 31 December 2005	47

Deferred Tax Assets of the Company:

	Tax Losses and Unabsorbed Capital Allowance RM'000
At 1 January 2006	**(47)**
Recognised in the income statement	**–**
At 31 December 2006	**(47)**
At 1 January 2005	(47)
Recognised in the income statement	–
At 31 December 2005	(47)

Deferred tax assets have not been recognised in respect of the following items:

Malaysian Subsidiaries

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unused tax losses	**46,956**	45,122	**8,016**	7,860
Unabsorbed capital allowance	**3,545**	4,910	**880**	966
Unused investment tax allowance	**561**	561	**–**	–
Provisions	**2,217**	5,278	**1,565**	2,097
	53,279	55,871	**10,461**	10,923

30. DEFERRED TAX (CONT'D)

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries and of the Company are subject to no substantial changes in shareholdings of those subsidiaries and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967.

Foreign Subsidiary

	Group	
	2006 RM'000	**2005 RM'000**
Unused tax losses	**78,496**	47,729

(a) Tax Losses

Vietnamese regulations relating to the implementation of the Enterprise Income Tax Law permit the enterprises for the purposes of taxable profits to carry forward all losses within five years.

The Company is eligible to carry tax losses forward to offset against profits arising within five years from the year in which the loss was incurred.

There has been no tax assessment performed by the Tax authority for the Company during the year. The Company has not registered its tax losses carried forward method with the tax authority.

(b) Deferred Income Tax

No deferred tax asset has been recognised because there is not sufficient certainty that future taxable profits will be available against the deferred tax asset which could be utilised by the Company.

31. SHARE CAPITAL AND SHARE PREMIUM

		←	Amount	→
	Number of ordinary shares of RM1 each Share Capital (Issued and Fully paid up) '000	**Share Capital (Issued and Fully paid up) RM'000**	**Share Premium RM'000**	**Total Share Capital and Share Premium RM'000**
At 1 January 2005	234,845	234,845	72,829	307,674
Ordinary shares issued pursuant to:				
Conversion of ICULS at the rate of RM2.00 nominal value of ICULS for one (1) ordinary share of RM1 each	43,156	43,156	43,156	86,312
At 31 December 2005 and 1 January 2006	**278,001**	**278,001**	**115,985**	**393,986**
Ordinary shares issued during the year:				
Conversion of RCPS	**20,000**	**20,000**	–	**20,000**
At 31 December 2006	**298,001**	**298,001**	**115,985**	**413,986**

31. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

	Number of Ordinary Shares of RM1 Each		Amount	
	2006 '000	2005 '000	2006 RM'000	2005 RM'000
Authorised share capital				
At 1 January/31 December	**3,000,000**	3,000,000	**3,000,000**	3,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(a) Ordinary Shares Issued Pursuant to Conversion of RCPS

During the financial year, the Company issued 20,000,000 new ordinary shares of RM1 each at an issue price of RM1 each per ordinary share amounting to RM20 million pursuant to the conversion of 20,000,0000 of RM1.00 of nominal value of 8-year Redeemable Convertible Preference Shares ("RCPS") into 20,000,000 new ordinary share of Company in accordance to the Subscription Agreement constituting up to RM200,000,000 of RM1.00 nominal value of 8-year RCPS between the Company and Jeram Bintang Sdn Bhd ("JBSB") dated 17 September 2004. The conversion of the 20,000,000 RCPS by JBSB is in respect of the conversion rights attached to the RCPS for the period commencing from the 30 September 2004 ('the Issue Date') of the RCPS and ending on the first anniversary of the Issue Date.

The new ordinary shares issued and allotted upon conversion of the RCPS rank pari passu in all respects with the existing shares in issue at the conversion date, except that they will not be entitled to any dividends, rights, allotments and/or other distribution the record date of which is prior to such conversion date.

32. OTHER CAPITAL RESERVES

Group and Company

	ICULS RM'000	RCPS RM'000 (Note 33)	Total RM'000
At 1 January 2005	86,312	200,000	286,312
Conversion into ordinary shares (Note 31)	(86,312)	–	(86,312)
At 31 December 2005	–	200,000	200,000
Conversion into ordinary shares (Note 31(a))	–	(20,000)	(20,000)
At 31 December 2006	**–**	**180,000**	**180,000**

33. OTHER RESERVES

Group	Foreign Currency Translation Reserve RM'000	Share Options under EES Reserve RM'000	Total RM'000
At 1 January 2005	30,925	–	30,925
Foreign currency translation	1,426	–	1,426
At 31 December 2005	32,351	–	32,351
At 1 January 2006	**32,351**	**–**	**32,351**
Foreign currency translation	**(7,912)**	**–**	**(7,912)**
Share options granted under EES recognised in income statement (Note 8)	**–**	**1,638**	**1,638**
At 31 December 2006	**24,439**	**1,638**	**26,077**

Company	Share Options under EES Reserve RM'000
At 1 January/31 December 2005	–
At 1 January 2006	**–**
Share options granted under EES recognised in income statement (Note 8)	**1,005**
At 31 December 2006	**1,005**

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Share Options Under EES Reserve

In conjunction with UEM Group Berhad's (formerly known as United Engineers (Malaysia) Berhad) ("UEM"), group wide restructuring scheme in the financial year ended 31 December 2003, UEM undertook an Employee Equity Scheme ("EES") comprising up to 282,050,000 ordinary shares of RM1.00 each in UEM World Berhad ("EES Shares") for eligible employees of United Engineers (Malaysia) Berhad and its subsidiaries and certain of its associates ("UEM Group") and Khazanah to participate in the EES to, amongst others, meet the 25% public spread requirement for UEM World Berhad ("UEM World") under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

As an associate of UEM, eligible employees of Faber Group Berhad and its group of companies participated in the EES.

Other reserves represent the allocation of the Employee Equity Scheme for eligible employees of the Group by UEM.

34. PREFERENCE SHARES

	Group				Company			
	Number of Shares		Amount		Number of Shares		Amount	
	2006 '000	2005 '000	2006 RM'000	2005 RM'000	2006 '000	2005 '000	2006 RM'000	2005 RM'000
Nominal value-issued and fully paid								
a) RCPS of RM1.00 each								
At 1 January	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000
Conversion into ordinary shares (Note 31)	**(20,000)**	–	**(20,000)**	–	**(20,000)**	–	**(20,000)**	–
At 31 December	**180,000**	200,000	**180,000**	200,000	**180,000**	200,000	**180,000**	200,000
Classified as Other Capital Reserves within Equity (Note 32)			**180,000**	200,000			**180,000**	200,000
b) RPS of RM1.00 each								
At 1 January	**7,496**	5,496	**7,496**	5,496	**–**	–	**–**	–
Issued and paid-up during the year	**–**	2,000	**–**	2,000	**–**	–	**–**	–
At 31 December	**7,496**	7,496	**7,496**	7,496	**–**	–	**–**	–
c) ICPS of RM0.50 each:								
At 1 January and 31 December	**2,240**	2,240	**1,120**	1,120	**–**	–	**–**	–
Classified as Borrowings (Note 26)			**8,616**	8,616			**–**	–

(a) 8-year Redeemable Convertible Preference Shares ("RCPS")

On 30 September 2004, the Company issued 200 million of RM1.00 nominal value of RCPS to JBSB as partial settlement of the amount owing to JBSB pursuant to the Debt Restructuring scheme.

The salient terms of the RCPS are as follows:

(i) The RCPS are convertible into fully paid ordinary shares of the Company during the period from 30 September 2004 (being the date of issue) to 28 September 2012 at the rate of RM1.00 nominal value of RCPS for one (1) new fully paid ordinary share of RM1.00 each as follows:

From 30 September 2004 (date of issue)	Maximum Amount Convertible RM'000
30 September 2004 to 29 September 2005 (converted)	*20,000
30 September 2005 to 29 September 2006 (Note 44)	20,000
30 September 2006 to 29 September 2007	20,000
30 September 2007 to 29 September 2008	25,000
30 September 2008 to 29 September 2009	25,000
30 September 2009 to 29 September 2010	30,000
30 September 2010 to 29 September 2011	30,000
30 September 2011 to 28 September 2012	30,000
	200,000

34. PREFERENCE SHARES (CONT'D)

(a) 8-year Redeemable Convertible Preference Shares ("RCPS") (cont'd)

* During the year, JBSB exercised their conversion rights attached to the RCPS for the period commencing from the 30 September 2004 and ending on the first anniversary of the Issue Date. 20 million nominal value RM1 RCPS were converted into new ordinary shares of RM1 of the Company.

(ii) No dividends are payable on the RCPS.

(iii) The tenure of the RCPS is eight (8) years. The maturity date of the RCPS is the eighth anniversary from the date of issue of the RCPS i.e 28 September 2012.

(iv) Redemption of the RCPS is at 100% of its nominal value and is only allowed at the sole option of the Company at any time during the tenure of the RCPS. Any RCPS not redeemed or converted shall on maturity date be automatically converted into ordinary shares of the Company.

(v) The RCPS carry no right to attend and vote at any general meeting of the Company, unless the meeting is convened for the purpose of reducing capital or winding up or sanctioning the sale of the principal undertaking of the company or where the proposition to be submitted to the meeting directly affects the rights of the RCPS holders.

(b) Redeemable Preference Shares ("RPS")

A subsidiary, Rimbunan Melati Sdn. Bhd. had issued 16,659,091 Non-voting Non-cumulative Redeemable Preference shares of RM1.00 each to its shareholders. The above amount is attributable to the minority shareholder of the subsidiary. The RPS have no voting rights and entitled to a fixed non-cumulative preferential dividends at a rate of 5% per annum. The RPS have no fixed term of redemption.

(c) Irredeemable Cumulative Non-voting Convertible Preference Shares ("ICPS")

A subsidiary, Healthtronics Sdn. Bhd. had issued 1.68 million of RM1.00 each of ICPS (Class A) shares to its holding company, Faber Medi-Serve Sdn Bhd and 2.24 million of RM0.50 each of ICPS (Class B) to its minority shareholder pursuant to a Shareholders Agreement dated 21 May 2002.

The above amount is attributable to the ICPS (Class B) held by the minority shareholder.

The ICPS (Class B) carry a net dividend of RM0.80 per ICPS (Class B) effective from financial year 2004 payable on a cumulative basis until full conversion. The ICPS (Class B) has a tenure of 6 years maturing on 31 December 2008. Upon maturity, the ICPS (Class B) shall be converted on the basis of two ICPS (Class B) for one new ordinary share of Healthtronics Sdn. Bhd. The ICPS (Class B) are not redeemable for cash.

35. MINORITY INTERESTS

The minority shareholders' share of loss in the subsidiary companies is limited to their share of the paid up capital of the subsidiary companies. The balance of the loss will be borne by the Group until such time that the subsidiary companies are able to generate profits. The minority share of the loss for the financial year and cumulative loss which are borne by the Group are RM4,784,000 (2005: RM24,600) and RM4,978,000 (2005: RM239,000) respectively.

36. OPERATING LEASE ARRANGEMENTS

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings and certain plant and machineries. These leases have an average life of between 3 and 5 years with no renewal or purchase option included in the contracts.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of those agreements. The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities and the total of future aggregate minimum sublease receipts expected to be received under non-cancellable subleases, are as follows:

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Future minimum rental payments:				
Not later than 1 year	**3,093**	3,291	**441**	420
Later than 1 year and not later than 2 years	**2,561**	1,108	**–**	–
Later than 2 years and not later than 5 years	**277**	909	**–**	–
	5,931	5,308	**441**	420

37. CAPITAL COMMITMENTS

	Group	
	2006 RM'000	**2005 RM'000**
Capital expenditure		
Approved and contracted for:		
Purchase of property, plant and equipment	**17,438**	885
Approved but not contracted for:		
Purchase of property, plant and equipment	**726**	–

38. CONTINGENT LIABILITIES

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Secured:				
(a) Performance bond extended to Government of Malaysia in respect of security for the due performance of the contract awarded for the FRU project	**4,050**	4,050	**–**	–
(b) Land bond extended to Government of Malaysia in respect of value of exchanged land less the value of certified works done	**–**	8,370	**–**	–
(c) Performance bond extended to Government of Malaysia in respect of security for the due performance of the Hospital Support Services Concession Agreement dated 28 October 1996	**19,684**	15,083	**–**	–
(d) Performance bond to General Authority for Health Services for the Emirate of Abu Dhabi	**2,620**	–	**–**	–
(e) Bank guarantee issued to authorities	**4,996**	5,550	**–**	–
Unsecured:				
(a) Guarantees issued to financial institutions	**–**	–	**1,852**	1,852
(b) Litigation				
Claim for negligence	**108**	108	**–**	–
Claim for alleged wrongful termination of sale and purchase (i)	**26,179**	26,179	**–**	–
Claim for alleged wrongful termination of employment contract	**211**	211	**211**	211
Claim for alleged non payment of debts	**1,484**	1,484	**–**	–
	27,982	27,982	**211**	211

(i) 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 the Company, 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 RM26,179,000.

38. CONTINGENT LIABILITIES (CONT'D)

(i) Nova Hill Sdn Bhd ("NHSB") vs. FUSB (KLHC Suit No. S7(S1)S4-22-379-1992) (cont'd)

The Company's lawyers have filed an application for security for cost on the grounds that NHSB is a nominal company and has not shown any evidence that it would be able to satisfy an order of cost if the decision is in favour of FUSB. The Court took cognisance that the application for security for cost has to be heard before the commencement of the trial. The Court dismissed the application for security for cost with no order to cost. On 24 September 2002, the trial date from 14 – 17 October 2002 was vacated to 21 – 23 October 2002 and was again fixed to continue the trial on 7 and 8 November 2002. On 8 November 2002, the Plaintiff's case was concluded, whilst the Defendant's (FUSB) case began on 27 and 28 January 2003, and continued with the witness on 24 June and 21 July 2003. The Learned Judge directed both parties to file their respective submission by 6 October 2003 and due to the plaintiff's response to the defendant's submission, a reply was filed on 22 October 2003. The Judge heard submissions on 11 December 2003 and was fixed for decision on 12 January 2004 of which was adjourned to 14 January 2004 wherein the Plaintiff's claim was dismissed with cost.

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. 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 judgement in the Court of Appeal. On the said date i.e. 26 May 2006, the court again awarded FUSB a sum of RM23,671 as cost.

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.

39. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Management fee expense/(income) from affiliated companies				
– UEM Group Management Sdn. Bhd.	**156**	145	**156**	113
– Vistajati Holdings Sdn. Bhd.	**(282)**	(282)	**–**	–
Property development related work				
– UEM Construction Sdn. Bhd.	**38,333**	24,622	**–**	–
– UEM Builders Berhad	**13,226**	1,050	**–**	–
– UEM Group Berhad	**392**	–	**–**	–
Fees paid to MOG, a minority shareholder of FMS:				
Technical fees	**–**	375	**–**	–
Retainer fees	**1,500**	875	**–**	–
Interest paid/payable to minority shareholder of subsidiary	**118**	149	**–**	–
Interest income from subsidiaries	**–**	–	**–**	(1,005)
Management fees from subsidiaries	**–**	–	**(4,040)**	(2,582)
Professional fees from a subsidiary	**–**	–	**(401)**	(692)
Revenue from sales of land to a minority shareholder of Rimbunan Melati	**22,227**	–	**–**	–

39. RELATED PARTY DISCLOSURES (CONT'D)

(i) The property development related contracts with affiliated companies were made according to the published prices and conditions offered by these related parties to their major customers, except that a longer credit period of up to six months is normally granted.

(ii) The technical fees related contracts with minority shareholder were made according to the published prices and conditions offered by this related party to their major customers, except that a longer credit period of up to six months is normally granted.

(iii) The interest expense arose from the loan from a minority shareholder of a subsidiary company, Healthtronics (M) Sdn Bhd. Further details are disclosed in Note 26(d).

(iv) The rendering of services to subsidiaries and related companies were made according to the published prices and conditions offered to the major customers of the Group and the Company, except that a longer credit period of up to six months is normally granted.

Information regarding outstanding balances arising from related party transactions as at 31 December 2006 are disclosed in Note 20 and Note 29.

40. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risks (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	3-4 Years RM'000	4-5 Years RM'000	More than 5 Years RM'000	Total RM'000
At 31 December 2006									
Group									
Fixed rate									
RSLS	26	**4.00**	–	–	–	–	–	(148,121)	(148,121)
RPS	26	**5.00**	–	–	–	–	–	(7,496)	(7,496)
ICPS	26	**160.00**	–	–	(1,120)	–	–	–	(1,120)
Amount due to corporate shareholder of a subsidiary	26	**7.00**	–	–	–	–	–	(1,063)	(1,063)
Floating rate									
Cash and bank balances	23	**3.13**	101,523	–	–	–	–	–	101,523
Term loans	26	**6.23**	(8,987)	(5,050)	(6,380)	(9,087)	(9,709)	(26,582)	(65,795)
Bridging loan	26	**8.00**	(15,498)	–	–	–	–	–	(15,498)
Company									
Fixed rate									
RSLS	26	**4.00**	–	–	–	–	–	(148,121)	(148,121)
Floating rate									
Cash and bank balances	23	**3.34**	29,950	–	–	–	–	–	29,950

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risks (cont'd)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	3-4 Years RM'000	4-5 Years RM'000	More than 5 Years RM'000	Total RM'000
At 31 December 2005									
Group									
Fixed rate									
RSLS	26	4.00	–	–	–	–	–	(142,424)	(142,424)
RPS	26	5.00	–	–	–	–	–	(7,496)	(7,496)
ICPS	26	160.00	–	–	(1,120)	–	–	–	(1,120)
Amount due to corporate hareholder of a subsidiary	26	7.00	–	–	–	–	–	(2,126)	(2,126)
Floating rate									
Cash and bank balances	23	2.89	65,260	–	–	–	–	–	65,260
Revolving credit	26	5.10	(2,000)	–	–	–	–	–	(2,000)
Term loans	26	6.23	(3,834)	(5,050)	(6,380)	(9,087)	(9,709)	(44,995)	(79,055)
Bridging loan	26	8.05	(19,235)	(9,612)	–	–	–	–	(28,847)
Company									
Fixed rate									
RSLS	26	4.00	–	–	–	–	–	(142,424)	(142,424)
Floating rate									
Cash and bank balances	23	3.34	31,072	–	–	–	–	–	31,072

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

(c) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate.

The currencies giving rise to this risk are primarily United States Dollars (USD) and United Arab Emirates Dirham (AED Dirham). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign Currency Risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies	USD RM'000	South African Rand RM'000	AED Dirham RM'000
At 31 December 2006			
Receivables			
Ringgit Malaysia	**3,290**	**–**	**2,171**
At 31 December 2005:			
Receivables			
Ringgit Malaysia	6,862	685	–

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

As at 31 December 2006, the Group has a significant concentration of credit risk in the form of outstanding balances arising from amount due from the government to a subsidiary, Faber Medi-Serve Sdn. Bhd. representing approximately 56% (2005: 80%) of the total trade receivables.

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values.

41. SEGMENT INFORMATION

(a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business Segments

The Group is organised into four major business segments:

(i) Property Development – the development of residential and commercial properties;
(ii) Hotels – management and operations of hotels;
(iii) Facilities Management Healthcare – provision of hospital support services;
(iv) Facilities Management Non Healthcare – provision of facilities management

Other business segment includes investment holding which is not of sufficient size to be reported separately.

(c) Geographical Segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's four business segments operate in two geographical areas:

(i) Malaysia – the operations in this area are principally facilities management healthcare, facilities management non-healthcare, property development and investment holding.

(ii) Vietnam – the operations in this area are principally through Vimas, which owns a hotel in Vietnam.

(d) Allocation Basis and Transfer Pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

41. SEGMENT INFORMATION (CONT'D)

	Properties		Hotels		Facilities Management Non-Healthcare		Facilities Management Healthcare		Others		Elimination		Group	
	RM'000 2006	RM'000 2005	RM'000 2006	RM'000 2005	RM'000 2006	RM'000 2005	RM'000 2006	RM'000 2005	RM'000 2006	RM'000 2005	RM'000 2006	RM'000 2005	RM'000 2006	RM'000 2005
Revenue														
External sales	**162,949**	80,543	**46,807**	32,676	**7,347**	7,916	**419,183**	379,056	**1,521**	2,050	–	–	**637,807**	502,241
Inter-segment sales – Others	–	–	–	–	–	–	–	–	**42,927**	28,133	**(42,927)**	(28,133)	–	–
Total revenue	**162,949**	80,543	**46,807**	32,676	**7,347**	7,916	**419,183**	379,056	**44,448**	30,183	**(42,927)**	(28,133)	**637,807**	502,241
Results														
Segment results	**51,405**	18,729	**(1,463)**	40	**(1,577)**	983	**54,421**	60,056	**43,325**	24,999	**(43,804)**	(28,733)	**102,307**	76,074
Finance costs	**(26)**	(49)	**(5,039)**	(4,036)	–	–	**(1,947)**	(1,941)	**(5,697)**	(5,478)	–	–	**(12,709)**	(11,504)
Profit/(loss) before taxation	**51,379**	18,680	**(6,502)**	(3,996)	**(1,577)**	983	**52,474**	58,115	**37,628**	19,521	**(43,804)**	(28,733)	**89,598**	64,570
Income tax expense	**(10,160)**	(4,429)	**(33)**	–	**(57)**	(357)	**(14,729)**	(17,447)	**(12,459)**	(21,036)	**12,495**	21,034	**(24,943)**	(22,235)
Profit/(loss) after taxation	**41,219**	14,251	**(6,535)**	(3,996)	**(1,634)**	626	**37,745**	40,668	**25,169**	(1,515)	**(31,309)**	(7,699)	**64,655**	42,335
Assets														
Segment assets	**362,873**	316,426	**424,990**	379,835	**74,745**	77,919	**259,527**	239,759	**439,964**	339,557	**(710,984)**	(579,832)	**851,115**	773,664
Liabilities														
Segment liabilities	**135,329**	116,894	**638,298**	651,755	**589,763**	590,855	**94,470**	88,088	**392,319**	395,674	**(1,342,962)**	(1,366,807)	**507,217**	476,459
Other segment information														
Capital expenditure	**117**	580	**761**	3,823	**153**	70	**17,292**	11,728	**197**	163	–	–	**18,520**	16,364
Depreciation	**270**	361	**15,757**	17,397	**51**	57	**15,066**	13,643	**299**		–	–	**31,443**	31,458
Amortisation	**46**	–	**1,099**	1,172	**3**	6	**1,508**	1,501	**31**	281	–	–	**2,687**	2,960
Non cash expenses other than depreciation, amortisation, impairment losses and interest	**4,609**	3,516	–	1,216	**2,987**	400	**2,861**	1,868	**1,593**	2,791	–	–	**12,050**	9,791

Geographical Segment:

The Group operates mainly in Malaysia except for a subsidiary, Vimas which operates a hotel in Vietnam.

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysia	**591,000**	469,567	**625,027**	518,345	**17,148**	12,469
Vietnam	**46,807**	32,674	**226,088**	255,319	**1,372**	3,895
Consolidated	**637,807**	502,241	**851,115**	773,664	**18,520**	16,364

42. SUBSIDIARIES

Details of subsidiaires are as follows:

Name of subsidiaries	Country of Incorporation	Issued and Paid-Up Share Capital RM	Proportion of Ownership Interest and Voting Power 2006 %	2005 %	Principal Activities
Held by the Company:					
Faber Hotels Holdings Sdn. Bhd.	Malaysia	95,279,551	**100**	100	Investment holding
Faber Development Holdings Sdn. Bhd.	Malaysia	28,260,006	**100**	100	Investment holding
Faber Facilities Sdn. Bhd.	Malaysia	200,000	**100**	100	Facilities maintenance and investment holding
Faber Healthcare Management Sdn. Bhd.	Malaysia	2	**100**	100	Investment holding
TC Parking Sdn. Bhd.	Malaysia	20,002	**100**	100	Investment holding
Renown Alliance Sdn. Bhd.	Malaysia	2	**100**	100	Investment holding
Faber Haulage Sdn. Bhd.	Malaysia	610,002	**100**	100	Investment holding
Merlion Credit Corporation Bhd.	Malaysia	6,000,000	**100**	100	Dormant
Merlino Enterprises Sdn. Bhd.	Malaysia	450,000	**100**	100	In members liquidation
Sate Yaki Sdn. Bhd.	Malaysia	5,000,000	**60**	60	In members liquidation
Intensive Quest Sdn. Bhd.	Malaysia	500,000	**63**	63	In members liquidation
Belaire Investments (Proprietary) Ltd *	South Africa	Rand 100	**100**	100	Ceased operations
Held by Faber Healthcare Management Sdn Bhd					
Sehat Technologies Sdn. Bhd.	Malaysia	500,000	**51**	51	Manufacturing and assembly of healthcare equipment
Faber Medi-Serve Sdn. Bhd.	Malaysia	54,000,010	**70**	70	Provision of hospital support services
Held by Faber Medi- Serve Sdn Bhd					
Cermin Cahaya Sdn. Bhd.	Malaysia	2	**100**	100	Provision of cleaning services

42. SUBSIDIARIES (CONT'D)

Details of subsidiaires are as follows:

Name of subsidiaries	Country of Incorporation	Issued and Paid-Up Share Capital RM	Proportion of Ownership Interest and Voting Power 2006 %	2005 %	Principal Activities
Held by Faber Medi- Serve Sdn Bhd (cont'd)					
Healthtronics (M) Sdn. Bhd.	Malaysia	200,000	**60**	60	Provision of biomedical engineering maintenance services and engineering maintenance services and electronic facilities engineering maintenance services
Fresh Linen Services Sdn. Bhd. *(formerly known as Cermin Kenyalang Sdn. Bhd.)*	Malaysia	700,000	**55**	55	Provision of laundry processing activities
Held by Healthronics (M) Sdn Bhd					
Healthronics Inc *	Philippines Peso	130,000	**100**	100	Ceased operations
Held by Faber Development Holdings Sdn Bhd:					
Faber Union Sdn. Bhd.	Malaysia	50,000,000	**100**	100	Property development
Rimbunan Melati Sdn. Bhd.	Malaysia	21,659,091	**55**	55	Property development
Faber Grandview Development (Sabah) Sdn. Bhd.	Malaysia	4,500,000	**100**	100	Property development
Faber Heights Management Sdn. Bhd.	Malaysia	2	**100**	100	Property development
Country View Development Sdn. Bhd.	Malaysia	1,200,000	**100**	100	Property development
Mont Hill Sdn. Bhd.	Malaysia	2	**100**	100	Dormant
Mutiara Unik (M) Sdn. Bhd.	Malaysia	2	**100**	100	Dormant
Held by Mutiara Unik (M) Sdn Bhd:					
Jiwa Unik Sdn. Bhd.	Malaysia	100,000	**51**	51	Dormant

42. SUBSIDIARIES (CONT'D)

Details of subsidiaires are as follows:

Name of subsidiaries	Country of Incorporation	Issued and Paid-Up Share Capital RM	Proportion of Ownership Interest and Voting Power 2006 %	2005 %	Principal Activities
Held by Faber Facilities Sdn Bhd:					
Faber Facilities Management Sdn. Bhd.	Malaysia	1,000,000	**100**	100	Facilities maintenance
Faber Facilities Solution Sdn. Bhd.	Malaysia	100,000	**100**	100	Facilities maintenance
Faber Star Facilities Management Limited **	India	RS500,000,000	**51**	–	Facilities management in India
Held by Faber Hotels Holdings Sdn Bhd:					
Faber Labuan Sdn. Bhd.	Malaysia	2	**100**	100	Investment holding
Merlin Tower Hotel Sdn. Bhd.	Malaysia	8,000,003	**100**	100	Dormant
Fraser's Hill Merlin Hotel Sdn. Bhd.	Malaysia	2,000,000	**51**	51	Ceased operations
Held by Faber Labuan Sdn Bhd:					
Vimas Joint Venture Company Limited *	Vietnam	US$30,000,000	**70**	70	Hotel proprietor
Held by Faber Haulage Sdn Bhd:					
Firstgain Holdings Sdn. Bhd.	Malaysia	1,000,000	**100**	100	Ceased operations
Hasil Lintang Sdn. Bhd.	Malaysia	50,000	**100**	100	Ceased operations

* Audited by member firms of Ernst & Young Global in the respective countries
** Audited by firms other than Ernst & Young

43. SIGNIFICANT EVENTS

(a) On 22 March 2006, Faber Facilities Sdn Bhd ("FFSB"), a wholly owned subsidiary company of FGB, entered into a Joint Venture Agreement ("JVA") with Singa Real Estates Limited ("SREL") in which the parties have agreed to, inter-alia, establish a joint venture for the purpose of undertaking facilities management services business in India, namely in the State of Delhi, Haryana, Uttar Pradesh, Maharashtra, Rajasthan and Punjab.

FFSB and SREL had on 1 August 2006 incorporated a limited company in India, namely Faber Star Facilities Management Limited ("Faber Star").

FFSB presently holds 25,500 equity shares of Rs10.00 in Faber Star representing 51% of the issued and paid-up share capital of Faber Star. The remaining 24,500 equity shares of Rs10.00 in Faber Star representing 49% of the issued and paid-up share capital of Faber Star is held by SREL and its nominees.

(b) On 8 May 2006, the Company announced that Faber Union Sdn Bhd ("FUSB"), a wholly owned subsidiary had entered into a Joint Venture Development Agreement ("JVDA") with 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 effective date of commencement of the Project and the sales launch in respect of the UEM Land shall be within one year from the date of the JVDA or upon obtaining the necessary approval for the launching of the sales for the Project, whichever is the later and FUSB is to complete the Project within thirty-six months from the day of the said delivery of vacant possession of the UEM Land or from the date of issue of the Development Order whichever is the later.

In consideration of UEM agreeing and allowing FUSB to carry out and complete the construction Works of the Project and rendering its management services pursuant to the JVDA, FUSB shall pay UEM a sum of RM3,921,600 on the following basis:

Payment	**Schedule**	**%**	**Amount RM'000**
1st	Upon signing the JVDA	10	392
2nd	1 year after signing the JVDA	30	1,176
3rd	2 years after signing the JVDA	30	1,176
4th	3 years after signing the JVDA	30	1,176

The first payment has been made in May 2006 and is reflected in property development costs.

(c) On 14 July 2006, Faber Medi-Serve Sdn Bhd ("FMS"), a 70% owned subsidiary company entered into a Memorandum of Understanding ("MOU") 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.

In accordance with the provisions of the MOU, following the expiration of the MOU on 12 March 2007, both FMS and ASHL agreed to extend the MOU for a further period of 60 days until 26 April 2007.

FMS and ASHL are presently finalising a set of definitive agreements, namely the Joint Venture Agreement.

43. SIGNIFICANT EVENTS (CONT'D)

(d) On 31 August 2006, FMS entered into a Memorandum of Understanding ("MOU") with Prima Fabrics Pty Ltd. ("PFPL) in relation to collaboration in respect of operating a laundry plant for the purposes of providing linen and laundry services in Australia.

Following the expiration of the MOU on 29 December 2006, both FMS and PFPL have agreed on an extension of the MOU for a further period of 75 days until 15 March 2007.

On 21 March 2007, FMS centered into a Joint Venture Agreement (“JVA”) with PFPL and Faber Linen Laundry and Laundry Pty Ltd (“Faber L & L”)

(e) On 4 September 2006 the Company entered into a Joint Venture cum Shareholders' Agreement (“JVcSA”) with Ekovest Berhad (“Ekovest”) to apply to the Government of Malaysia (“the Government”), 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 (hereinafter referred to as 'the Project').

Ekovest-Faber Sdn Bhd' ('Ekovest-Faber') will be utilised as the incorporated joint venture vehicle, to implement and carry-out the Project in accordance with the terms and conditions contained in the JVcSA.

As at 31 December 2006, Ekovest and the Company are revising the terms of the Award.

(f) FGB had on 20 December 2006 entered into a Joint Venture cum Shareholders’Agreement (“JVcSA”) 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, KSSB and/or its subsidiaries will operate the food catering business in the establishments where proposals have been successful.

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

(g) 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 1 year following its incorporation, registration and licensing unless mutually extended by the Parties.

The Parties are presently in the process of incorporating FLLC.

44. SUBSEQUENT EVENT

On 15 March 2007, the Company received a notice in respect of conversion by JBSB of 20,000,000 RCPS into 20,000,000 Ordinary Shares of RM1 each (the "New Ordinary Shares") in the Company in accordance to the Subscription Agreement between the Company and JBSB dated 17 September 2004.

The New Ordinary Shares to be issued and alloted upon conversion of RCPS shall rank pari passu in all respects with the existing shares in issue at the conversion date, except that they will not be entitled to any dividends, rights, allotments and/or other distribution the record date of which is prior to such conversion date.

share price movement

Share price movement for the period from 16 March 2006 to 5 April 2007

HIGHEST PRICE during this period is **1.10** on **9 February 2007**
LOWEST PRICE during this period is **0.40** on **23 Mar 2006**
HIGHEST VOLUME during this period is **408,215** on **8 February 2007**

analysis of shareholdings

ANALYSIS OF SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 2 APRIL 2007

Authorised Share Capital	:	RM3,000,000,000.00 (Divided into 2,800,000,000 ordinary shares of RM1.00 each and 200,000,000 preference shares of RM1.00 each)
Issued and fully paid	:	RM478,001,053 (Divided into 298,001,053 ordinary shares of RM1.00 each and 180,000,000 preference shares of RM1.00 each)

Preference Shares (not listed)

Class of shares	:	Redeemable Convertible Preference Share of RM1.00 each
No. of shareholders	:	1 namely Jeram Bintang Sdn Bhd
Voting rights	:	Voting rights are not general but restricted to issues that affect the rights and interest of preference shareholders

Ordinary Shares

Class of shares	:	Ordinary Share of RM1.00 each
No. of shareholders	:	26,694
Voting rights	:	1 vote per ordinary share

NO. OF HOLDERS	HOLDINGS	TOTAL HOLDINGS	PERCENTAGE
1,005	Less than 100	44,214	0.01
19,294	100 – 1,000	7,434,970	2.49
5,163	1,001 – 10,000	19,416,762	6.52
1,048	10,001 – 100,000	33,267,341	11.16
182	100,001 to less than 5% of issued shares	114,685,498	38.48
2	5% and above of issued shares	123,152,268	41.33
26,694	**Total**	**298,001,053**	**100.00**

Category of Shareholders of Ordinary Shares as per the Record of Depositors as at 2 April 2007

SIZE OF HOLDINGS	NO. OF HOLDERS MALAYSIAN	NO. OF HOLDERS FOREIGN	PERCENTAGE MALAYSIAN	PERCENTAGE FOREIGN	NO. OF SHARES MALAYSIAN	NO. OF SHARES FOREIGN	PERCENTAGE MALAYSIAN	PERCENTAGE FOREIGN
Individual	20,442	804	76.56	3.01	66,437,798	3,911,840	22.29	1.31
Body Corporate								
Banks/Finance Companies	44	1	0.16	*	1,669,015	881	0.56	0.00
Investments Trust/ Foundations/ Charities	5	–	0.02	–	15,862	–	0.01	–
Industrial and Commercial Companies	267	25	1.00	0.09	151,463,881	5,313,919	50.83	1.78
Government Agencies/ Institutions	6	–	0.02	–	469,537	–	0.16	–
Nominees	1,896	3,204	7.11	15.12	30,534,714	38,183,606	10.25	12.81
Total	**22,660**	**4,034**	**83.75**	**16.25**	**250,590,807**	**47,410,246**	**84.09**	**15.91**

NOTE: * INSIGNIFICANT

30 Largest Shareholders of Ordinary Shares as per Record of Depositors as at 2 April 2007

NO.	SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
1.	United Engineers (Malaysia) Berhad	103,152,268	34.61
2.	Universal Trustee (Malaysia) Berhad	20,000,000	6.71
3.	ECM Libra Avenue Nominees (Asing) Sdn. Bhd. *DMG & Partners Securities Pte Ltd for Keen Capital Investment Ltd (N2-60391)*	12,359,600	4.15
4.	United Engineers (Malaysia) Berhad	8,195,657	2.75
5.	Geo-Mobile Asia Sdn. Bhd.	5,742,200	1.93
6.	HDN Nominees (Asing) Sdn. Bhd. *DBS Vickers Secs (S) Pte Ltd for Tan Ju Hong*	4,707,800	1.58
7.	Mayban Nominees (Tempatan) Sdn. Bhd. *Mayban Trustees Berhad for Public Aggressive Growth Fund (N14011940110)*	4,099,800	1.38
8.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. *Public Smallcap Fund*	3,518,700	1.18
9.	Chua Ching Geh	3,464,500	1.16
10.	Cambrew Asia Limited	2,705,700	0.91
11.	Gan Seong Liam	2,514,500	0.84
12.	Taisei Corporation	2,385,000	0.80
13.	Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB for Kasugi Prima Sdn. Bhd. (PB)*	2,144,125	0.72
14.	Ekovest Berhad	1,990,858	0.67
15.	RCI Ventures Sdn. Bhd.	1,813,000	0.61
16.	Citigroup Nominees (Asing) Sdn. Bhd. *Citigroup GM Inc for Trivesco Capital Management Limited*	1,778,800	0.60
17.	Lim Soon Huat	1,731,800	0.58
18.	Chang Cheng Huat	1,583,500	0.53
19.	Mayban Securities Nominee (Asing) Sdn. Bhd. *OCBC Securities Private Limited for Tan Ju Hong*	1,581,900	0.53

NO.	SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
20.	Mayban Nominess (Asing) Sdn. Bhd *CIMB-GK Securities Pte. Ltd. for Madeline Goh (200044)*	1,500,000	0.50
21.	Road Builder (M) Sdn. Bhd.	1,490,925	0.50
22.	Syarikat Pemasaran Sejati Sdn. Bhd.	1,227,951	0.41
23.	HDM Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Swee Yee (M12)*	1,221,500	0.41
24.	Toh Yew Keong	1,200,000	0.40
25.	Seloga Jaya Sdn. Bhd.	1,184,947	0.40
26.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt an for Credit Suisse (SG BR-TST-Asing)*	1,100,000	0.37
27.	Mayban Nominees (Asing) Sdn. Bhd. *ALPHA Securities Pte. Ltd. (260550)*	1,000,000	0.34
28.	Green Country Valley Sdn. Bhd.	952,800	0.32
29.	Lim Seng Chee	887,200	0.30
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Tin Kwong*	882,900	0.30
Total		**198,117,931**	**66.48**

Direct and Indirect Interest of the Directors in the Ordinary Shares of the listed issuer as per the Register of Directors' Shareholdings (maintained under Section 134 of the Companies Act, 1965) as at 2 April 2007

	NO. OF ORDINARY SHARES OF RM1.00 EACH			
Directors	**DIRECT**	**PERCENTAGE**	**INDIRECT**	**PERCENTAGE**
Dato' Anwar bin Haji @ Aji	–	–	–	–
Datuk Zainal Abidin bin Alias	–	–	–	–
Datuk Mohamed Zain bin Mohamed Yusuf	–	–	–	–
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	1,500	*	–	–
Dato' Ikmal Hijaz bin Hashim	–	–	–	–
Elakumari a/p Kantilal	–	–	–	–
YM Raja Azmi bin Raja Nazuddin	–	–	–	–
Puasa bin Osman	–	–	–	–
Adnan bin Mohammad	–	–	–	–

As at 2 April 2007, none of the Directors of Faber has any direct and/or indirect interest in any related corporation of Faber.

NOTES: * INSIGNIFICANT

Substantial Shareholders of Ordinary Shares as per the Register of Substantial Shareholders as at 2 April 2007

	NO. OF ORDINARY SHARES OF RM1.00 EACH			
SUBSTANTIAL SHAREHOLDERS	**DIRECT**	**PERCENTAGE**	**INDIRECT**	**PERCENTAGE**
United Engineers (Malaysia) Berhad ("UEM")	111,347,925	37.36	–	–
Universal Trustee (M) Berhad	20,000,000	6.71	–	–
Mr. Goh Nan Kioh	105,000	&	18,670,200[a]	6.26
Khazanah Nasional Berhad[b]	–	–	111,347,925	37.36

& **INSIGNIFICANT**

(a) **HELD VIA COMPANIES NAMELY, RCI VENTURES SDN BHD, A.A ASSETS NOMINEES (ASING) SDN. BHD/DMG PARTNERS SECURITIES PTE LTD AND GEO-MOBILE ASIA SDN BHD OF WHICH MR GOH IS DEEMED INTERESTED BY VIRTUE OF SECTION 6A OF THE COMPANIES ACT, 1965**

(b) **DEEMED INTERESTED BY VIRTUE OF ITS SUBSTANTIAL INTEREST IN UEM**

properties held by the group

LOCATION AND ADDRESS	DESCRIPTION OF PROPERTIES	APPROX. LAND AREA	GROSS BUILT-UP AREA (SQ. METERS)	EXISTING USE	TENURE (EXPIRY DATE)	APPROX. AGE (YEARS)	NET BOOK VALUE AS AT 31.12.2006 (RM'000)	LAST DATE OF REVALUATION OR IF NONE; DATE OF ACQUISITION
FACILITIES MANAGEMENT DIVISION								
FABER MEDI-SERVE SDN BHD								
Lot No. 65 Kamunting Industrial Estate Kamunting, Perak	Incinerator plant with single-storey administration block plus laundry plant with double-storey administration block and ancillary facilities	5.87 acres	3,332.0	Incinerator for clinical waste and laundry plant	Leasehold	10	1,492	14.11.2002
Lot No. 37 Kuala Ketil Industrial Estate Mukim of Tawar District of Baling, Kedah	Laundry plant with double-storey administration block and ancillary facilities	2.24 acres	2,471.7	Laundry plant	Leasehold (26.3.2056) 60 years	10	1,024	19.5.2003
Lot No. 131 (CL215359890) & Lot No. 132 (CL215359907) SEDCO Industrial Estate Lok Kawi, Sabah	Incinerator and laundry plant with double-storey administration block and ancillary facilities	0.51 acres	1,980.7	Incinerator for clinical waste and plant for laundry plant	Leasehold (13.12.2042)	6	536	10.4.2000
COUNTRY VIEW DEVELOPMENT SDN BHD								
CL015027237 Kota Kinabalu Sabah	Vacant land for development of condominiums known as Lucky Heights	4.78 acres	–	Vacant land	Leasehold 999 years (2.12.2920)	–	2,645	2006
FABER GRANDVIEW DEVELOPMENT (SABAH) SDN BHD								
Taman Grandview Off Mile 1.5, Jalan Utara Sandakan, Sabah	Vacant land for development	3.03 acres	–	Vacant land	Leasehold 999 years (4.9.2881)	–	NIL	2006
Rimbunan Melati Sdn Bhd Lot 55311 PT 11133 Jalan 1/34A Kepong Entrepreneurs 52100 Kuala Lumpur	Vacant land for mixed development	61.29 acres	–	Vacant land	Leasehold 99 years (25.11.2103)	–	41,177	3.02.2005
HOTEL DIVISION								
Vimas Joint Venture Co Ltd, K5 Nghi Tam Village, Hanoi, Vietnam	A 299-room hotel known as Sheraton Hanoi Hotel & Tower	26,921 sq. meters	29,192	Hotel building	Leasehold 30 years	12	216,614	6.10.2005

other information

Utilisation of Proceeds
There were no proceeds raised by FGB from any corporate proposals during the financial year ended 31 December 2006.

Shares Buy-Backs
There were no share buy-backs during the financial year ended 31 December 2006.

Employees Share Option Scheme ("ESOS")
There were no ESOS undertaken by FGB during the financial year ended 31 December 2006.

Options, Warrants or Convertible Securities Exercised
During the financial year ended 31 December 2006, Jeram Bintang Sdn Bhd ("JBSB") converted 20,000,000 Redeemable Convertible Preference Shares ("RCPS") of RM1.00 each into 20,000,000 Ordinary Shares of RM1.00 each. JBSB is the sole holder of RM200,000,000.00 of RCPS issued by FGB's pursuant to the Restructuring Scheme completed in September 2004.

FGB's additional 20,000,000 new ordinary shares of RM1.00 each arising from the RCPS conversion was listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on 25 July 2006.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
FGB has not sponsored any ADR or GDR programme for the financial year ended 31 December 2006.

Sanctions and/or Penalties (Only for Penalties Made Public)
There were no sanctions and/or penalties imposed on the FGB Group, its Directors or Management by relevant regulatory bodies.

Non-Audit Fees
No non-audit fees was paid and payable by the FGB Group to its auditors or a firm or company affiliated to the auditors' firm for the financial year ended 31 December 2006.

Variation in Results
There is no material variance between the audited results and the previously announced unaudited results for the financial year ended 31 December 2006.

Profit Guarantee
FGB did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2006.

Material Contracts
There were no material contracts entered into by the FGB Group which involve its Directors' and major shareholders' interests either still subsisting at the end of the financial year 31 December 2006 or entered into since the end of the previous financial year.

recurrent related party transactions

The shareholders of FGB had at the 42nd Annual General Meeting ('AGM') and 43rd AGM held on 5 May 2005 and 2 May 2006 respectively, granted their approval ('the Shareholders' Mandate') for FGB and its subsidiary companies ('the FGB Group') to enter into the categories of recurrent related party transactions ('Recurrent Related Party Transactions') of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business, on terms not more favourable to the Related Parties than those generally available to the public and with those related parties as set out in the Circular to Shareholders dated 11 April 2005 and 10 April 2006.

For the financial year ended 31 December 2006, the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate where the consideration of the aggregated transactions exceeds RM1 million are as follows:

RRPT NO.	FGB GROUP OR THE SUBSIDIARY COMPANIES OF FGB	TYPE OF TRANSACTION	RELATED PARTY	NATURE OF RELATIONSHIP AS AT 31 DECEMBER 2006	AGGREGATE VALUE OF TRANSACTIONS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2006 (RM'000)
1.	Faber Medi-Serve Sdn Bhd ('FMS')	Supply of chemicals and consumables	Pharmaniaga Logistics Sdn Bhd ('PLSB')	PLSB is a wholly owned subsidiary company of Pharmaniaga, which in turn is a 28.96% owned associated company of UEM Group Berhad (formerly known as United Engineers (Malaysia) Berhad) ('UEM')§.	1,130
2.	FGB Group's property development companies	Sale of property units by FGB Group's property development companies	Any Related Party who may wish to purchase properties developed by FGB Group's property development companies	–	1,200
3.	Construction related works	Rimbunan Melati Sdn Bhd ('RMSB')	Metro Kajang Sdn Bhd ('Metro Kajang')	Cekap Corporation Berhad, a wholly owned subsidiary company of Metro Kajang is a major shareholder of RMSB and its holding 45% of the equity interest of subsidiary RMSB. The remaining companies issued and paid-up share capital of RMSB is held by Faber Development Holdings Sdn Bhd.	22,227

RRPT NO.	FGB GROUP OR THE SUBSIDIARY COMPANIES OF FGB	TYPE OF TRANSACTION	RELATED PARTY	NATURE OF RELATIONSHIP AS AT 31 DECEMBER 2006	AGGREGATE VALUE OF TRANSACTIONS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2006 (RM'000)
4.	FGB Group	Rental of office space in Faber Towers and rental of ancillary facilities from Jeram Bintang Sdn Bhd ('Jeram Bintang') and its subsidiary companies ('Jeram Bintang Group')	Jeram Bintang Group	Jeram Bintang holds 180,000,000 Redeemeable Convertible Preference Shares of RM1.00 each in FGB pursuant to the Restructuring Scheme of FGB.	4,456
5.	FGB Group	Provision of facilities maintenance services	Jeram Bintang Group	– as above –	1,873
6.	FGB Group	Provision of hotel management services	Jeram Bintang Group	– as above –	1,420
7.	FGB Group	Construction related works	UEM Builders Berhad ('UEM Builders') and its subsidiary companies	UEM Builders is a 51.7% owned subsidiary company of UEM World Berhad ('UEM World')¥.	51,559
8.	FMS and its subsidiary companies	Provision of management and technical services	Medlux Overseas (Guernsey) Limited ('MOG')	MOG is a major shareholder of FMS holding 30% direct interest in FMS.	1,500

Notes:
§ FGB is a 37.36% owned associate company of UEM.
¥ UEM World is a 50.8% subsidiary company of UEM.

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT THE 44TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT BALLROOM 2, 1ST FLOOR, SIME DARBY CONVENTION CENTRE, 1A, JALAN BUKIT KIARA 1, 60000 KUALA LUMPUR ON TUESDAY, 22 MAY 2007 AT 10.00 AM FOR THE PURPOSE OF TRANSACTING THE FOLLOWING BUSINESSES:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2006 together with the Directors' and Auditors' reports therein. **Ordinary Resolution 1**

2. To approve the payment of a final dividend of RM0.02 per Ordinary share of RM1.00 each less 27% taxation in respect of the financial year ended 31 December 2006. **Ordinary Resolution 2**

3. To approve the fees payable to Directors for the financial year ended 31 December 2006. **Ordinary Resolution 3**

4. To re-elect the following Directors who are retiring in accordance with Article 66 of the Company's Articles of Association and being eligible, they have offered themselves for re-election:

   - Dato' Anwar bin Haji @ Aji **Ordinary Resolution 4**
   - Datuk Mohamed Zain bin Mohamed Yusuf **Ordinary Resolution 5**
   - Dato' Ikmal Hijaz bin Hashim **Ordinary Resolution 6**

5. To re-elect the following Directors who are retiring in accordance with Article 70 of the Company's Articles of Association and being eligible, they have offered themselves for re-election:

   - YM Raja Azmi bin Raja Nazuddin **Ordinary Resolution 7**
   - Adnan bin Mohammad **Ordinary Resolution 8**

6. To re-appoint Dato' (Dr.) Mohamad Ishak @ Ishak bin Haji Mohamed Ariff who is over the age of seventy as a Director of the Company to continue to hold office until the next annual general meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965.

   Ordinary Resolution 9

7. To re-appoint Messrs Ernst & Young as Auditors to hold office until the conclusion of the next annual general meeting and to authorize the Directors to fix their remuneration. **Ordinary Resolution 10**

As Special Business

To consider and, if thought fit, to pass the following resolutions:

8. **Proposed Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

   "THAT, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company as at the date of this Annual General Meeting ("AGM") and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **Ordinary Resolution 11**

9. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Mandate for Additional Recurrent Related Party Transactions ("the Proposal")**

"THAT the mandate granted by the Shareholders of the Company on 2 May 2006 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and its subsidiaries ("the FGB Group") to enter into the recurrent transactions of a revenue or trading nature which are necessary for the FGB Group's day-to-day operations as set out in section 2.4 (A) of the Circular ("the Circular") to Shareholders dated 30 April 2007 with the related parties mentioned therein, be and is hereby renewed AND THAT a mandate be and is hereby granted by the Shareholders of the Company for the FGB Group to enter into the additional recurrent transactions of a revenue or trading nature as set out in section 2.4 (B) of the Circular provided that the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

AND THAT the authority conferred by such renewed and granted mandate shall continue to be in force until:

- the conclusion of the next AGM of the Company following this 44th AGM at which the mandate is given, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- the expiration of the period within which the next AGM is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or
- revoked or varied by resolution passed by the Shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider expedient or necessary to give effect to the Proposal. **Ordinary Resolution 12**

10. To transact any other business for which due notice shall have been given.

NOTICE OF FINAL DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN THAT a final dividend of RM0.02 per Ordinary share of RM1.00 each less 27% taxation in respect of the financial year ended 31 December 2006, if approved by the shareholders at the 44th AGM, will be payable on 27 June 2007 to the shareholders whoes names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 28 May 2007.

A depositor shall qualify for entitlement to the dividend only in respect of:

a) shares deposited into the depositor's securities account before 12.30 p.m. on 24 May 2007 (in respect of shares which are exempted from mandatory deposit);

b) shares transferred into the depositor's securities account before 4.00 p.m. on 28 May 2007 in respect of transfers; and

c) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis accourding to the Rules of the Bursa Securities.

By Order Of The Board
MAZNAH BINTI HARON (LS000497)
SURIATI BINTI ASHARI (LS0009029)
Company Secretaries

Kuala Lumpur
30 April 2007

NOTE 1

Any member of the Company entitled to attend and vote at this Meeting is also entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.

Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

An instrument appointing a proxy, in case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorised.

The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.

NOTE 2

Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution 10, if passed, would enable the Directors to issue up to a maximum of 10% of the issued and paid up share capital of the Company as at the date of this Annual General Meeting for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next annual general meeting.

NOTE 3

Resolution pertaining to the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Mandate for Additional Recurrent Related Party Transactions

The detailed information on the Recurrent Party Transactions in relation to the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Mandate for Additional Recurrent Related Party Transactions is set out in tne Circular to Shareholders of the Company dated 30 April 2007 which was dispatched together with the Company's Annual Report 2006.

Statement Accompanying the Notice of the 44th Annual General Meeting

Pursuant to Paragraph 8.28 (2) of the Bursa Malaysia Securities Berhad Listing Requirements, appended hereunder are:

1. The names of the Directors who are standing for re-election:

   Directors retiring by rotation pursuant to Article 66 of the Articles of Association

   - Dato' Anwar bin Haji @ Aji
   - Datuk Mohamed Zain bin Mohamed Yusuf
   - Dato' Ikmal Hijaz bin Hashim

   Directors retiring pursuant to Articles 70 of the Articles Associations

   - YM Raja Azmi bin Raja Nazruddin
   - Adnan bin Mohammad

   Further details of the Directors who are standing for re-election are set out in the section on Directors' Profile in the Annual Report.

2. A total of 9 Board of Directors' Meeting were held in the financial year ended 31 December 2006 as follows:

	DATE
Board of Directors' Meeting	23 February 2006
Board of Directors' Meeting	23 March 2006
Board of Directors' Meeting	2 May 2006
Board of Directors' Meeting	25 May 2006
Board of Directors' Meeting	5 July 2006
Board of Directors' Meeting	28 August 2006
Board of Directors' Meeting	28 September 2006
Board of Directors' Meeting	23 November 2006
Board of Directors' Meeting	30 November 2006

3. Details of attendances of Directors at the Board of Directors' Meetings held in the financial year ended 31 December 2006 are as follows:

NAME OF DIRECTOR	**NO. OF MEETINGS ATTENDED** (A TOTAL OF 9 BOARD MEETINGS WERE HELD)
Dato' Anwar bin Haji @ Aji	9/9
Datuk Zainal Abidin bin Alias	9/9
Datuk Mohamed Zain bin Mohamed Yusuf	8/9
Dato' Ikmal Hijaz bin Hashim	8/9
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	7/9
Elakumari a/p Kantilal	8/9
Puasa bin Osman	8/9
Noorizah binti Hj Abd Hamid	9/9
Azmanuddin Haq bin Ahmad (resigned with effect from 28 August 2006)	4/5
YM Raja Azmi bin Raja Nazuddin (appointed with effect from 28 August 2006)	4/4

4. Date, Time and Place of the 44th Annual General Meeting

   Date : Tuesday, 22 May 2007
   Time : 10.00 a.m.
   Place : Ballroom 2, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur

proxy form

NO. OF SHARES HELD	

I/We (full name in block letters) ____________________

(CDS Account number) ____________________

of (address) ____________________

____

being a member/members of Faber Group Berhad hereby appoint (full name) ____________________

____

of (address) ____________________

____

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Forty-Fourth (44th) Annual General Meeting of the Company to be held at Ballroom 2, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 22 May 2007 at 10.00 am and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Receipt of Reports and Accounts		
Ordinary Resolution 2	Approval of Payment of Dividend		
Ordinary Resolution 3	Approval of Fees Payable to Directors		
Ordinary Resolution 4	Re-election of Director in accordance with Article 66		
Ordinary Resolution 5	Re-election of Director in accordance with Article 66		
Ordinary Resolution 6	Re-election of Director in accordance with Article 66		
Ordinary Resolution 7	Re-election of Director in accordance with Article 70		
Ordinary Resolution 8	Re-election of Director in accordance with Article 70		
Ordinary Resolution 9	Re-appointment of Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 10	Re-appointment of Auditors		
Ordinary Resolution 11	Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 12	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Mandate for Additional Recurrent Related Party Transactions		

Please indicate with "X" how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this ________ day of ________________ 2007

____
Signature/Common Seal of Shareholder(s)

NOTES

Any member of the Company entitled to attend and vote at this Meeting is also entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.

Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

An instrument appointing a proxy, in case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorised.

The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.

Affix
Stamp

The Company Secretaries
FABER GROUP BERHAD (5067-M)
20th Floor, Menara 2
Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur

group directory

FABER GROUP BERHAD
20th Floor, Menara 2, Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama, 58100 Kuala Lumpur
Tel +60 3 7628 2888 Fax +60 3 7628 2828
www.fabergroup.com.my

FACILITIES MANAGEMENT DIVISION HEALTHCARE

FABER MEDI-SERVE SDN BHD
10th Floor, Menara 2, Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama, 58100 Kuala Lumpur
Tel +60 3 7620 0000 Fax +60 3 7621 5549
www.mediserve.com.my

FMS REGIONAL OFFICE (KEDAH/PERLIS/PENANG)
No. 222, Jalan Shahab 4, Kompleks Shahab Perdana
Jalan Sultanah Sambungan, 05150 Alor Setar, Kedah
Tel +60 4 734 0910 Fax +60 4 734 0912

FMS REGIONAL OFFICE (PERAK)
1st Floor, Bangunan KWSP, Jalan Greentown
30450 Ipoh, Perak
Tel +60 5 242 2066 Fax +60 5 241 4066

FMS REGIONAL OFFICE (SABAH)
Lot 6 & 7, Lorong Grace Square 2
Jalan Pantai Sembulan, 88100 Kota Kinabalu, Sabah
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FMS REGIONAL OFFICE (SARAWAK)
6th Floor, Menara Grand,
Lot 42, Section 46, Persiaran Lucky
Jalan Ban Hock, 93100 Kuching, Sarawak
Tel +60 82 243 006 Fax +60 82 242 875

KAMUNTING INCINERATION & LAUNDRY PLANT
Lot 65, Kamunting Raya Industrial Estate
34600 Taiping, Perak
Tel +60 5 891 3360 Fax +60 5 891 3260

SIBU CLINICAL WASTE MANAGEMENT OFFICE
c/o Engineering Unit Building, Hospital Sibu
5 1/2 Miles, Jalan Ulu Oya, 96000 Sibu, Sarawak
Tel +60 84 324 006 Fax +60 84 324 006

LOK KAWI INCINERATION & LAUNDRY PLANT
Lot 131 & 132, Lok Kawi Sedco Industrial Estate
Penampang, 88200 Kota Kinabalu, Sabah
Tel +60 88 755 216 Fax +60 88 755 218

CERMIN CAHAYA SDN BHD
14th Floor, Menara 2, Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama, 58100 Kuala Lumpur
Tel +60 3 7620 0000 Fax +60 3 7625 3539

FRESH LINEN SERVICES SDN BHD
(formerly known as Cermin Kenyalang Sdn Bhd)
Kilang A, Plot 66 & 67
Lot 775, Blok 8, MTLD
Demak Industrial Park
93900 Kuching, Sarawak
Tel +60 82 433 034 Fax +60 82 433 016

HEALTHTRONICS (M) SDN BHD
Suite (P3-03), Building Information Centre,
Lot 2, Jalan 51A/243, 46100 Petaling Jaya, Selangor
Tel +60 3 7625 2525 Fax +60 3 7625 2828

NON-HEALTHCARE

FABER FACILITIES SDN BHD
Lot 113, First Floor, Faber Towers
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FABER FACILITIES SOLUTION SDN BHD
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PROPERTY DEVELOPMENT DIVISION

FABER DEVELOPMENT HOLDINGS SDN BHD
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FABER UNION SDN BHD
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RIMBUNAN MELATI SDN BHD
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FABER GRANDVIEW DEVELOPMENT (SABAH) SDN BHD
Lot No. 888, Taman Grandview, Mile 1 1/2
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