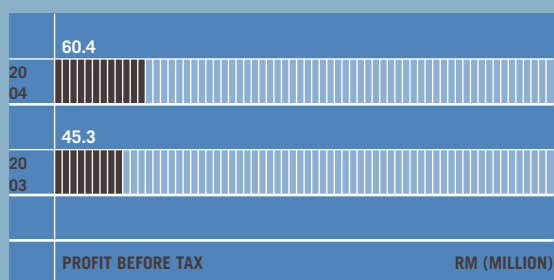
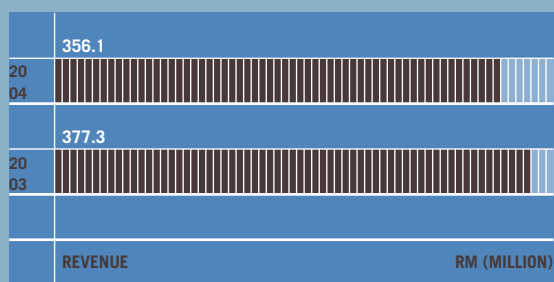


CREATING NEXT GENERATION ENVIRONMENTS FOR WELLNESS

FABER MEDI-SERVE SDN BHD (“FMS”), HOLDS A 15-YEAR CONCESSION WITH THE MINISTRY OF HEALTH (“MOH”) TO PROVIDE INTEGRATED HEALTHCARE SUPPORT SERVICES CONSISTING OF FIVE SERVICES; BIO-MEDICAL ENGINEERING MAINTENANCE, CLEANSING, CLINICAL WASTE MANAGEMENT, FACILITY ENGINEERING MAINTENANCE AND LINEN AND LAUNDRY. FMS NOW ENTERS ITS NINTH YEAR PROVIDING SUCH SERVICES TO 73 GOVERNMENT HEALTHCARE FACILITIES IN PERLIS, KEDAH, PENANG, PERAK, SABAH AND SARAWAK.



FMS CONTINUES TO POSITION ITSELF FOR THE FUTURE AS A PREMIER PROVIDER OF FACILITIES MANAGEMENT AND SUPPORT SERVICES, A LEADER IN THE PROVISION OF INTEGRATED HOUSEKEEPING AND ENGINEERING SERVICES TO HOSPITALS.



FINANCIAL REVIEW

Now into the ninth year of its concession, FMS has transformed itself from being the manager of hospital support services into an integrated healthcare facilities management services provider in line with its strategy of becoming the premier provider of facilities management and support services.

During that time FMS has strengthened its operational and financial performance, focussing on rationalising costs, improving operational efficiencies, optimising asset utilisation, developing human capital and reinforcing efforts for business expansion.

For the year under review, FMS recorded revenue of RM356.1 million, down some RM20 million from the previous year. The previous year recorded high revenue due to the recognition of additional revenue arising from the delay in finalising variation orders for work carried out on newly installed facilities and equipments in hospitals under its responsibility for the period 1997 to 2002.

On the upside, FMS registered a consolidated profit before tax of RM60.4 million, a 33.5% year-on-year improvement from 2003. Commendable indeed, this performance should be attributed to a concerted effort to rationalise costs and increase operational and financial efficiencies.

OPERATIONS REVIEW

FMS remains the main player in one of two core businesses for Faber Group Berhad. As a service provider for the 15-year Concession Agreement with the Government, FMS provides hospital support services to 73 Government healthcare facilities under the MOH in the states of Perlis, Kedah, Penang, Perak, Sabah and Sarawak, which was awarded in 1996.

FROM LEFT TO RIGHT
WELLNESS IS NOT JUST ABOUT INSTITUTIONS.
IT'S ABOUT CARING, TOO

BUILDING MAINTENANCE AT ONE OF OUR MANY SITES

FMS STAFF PROCESSING LAUNDRY AND LINEN AT ONE OF OUR MANAGED HOSPITALS



OPERATIONS REVIEW

FACILITIES MANAGEMENT

HEALTHCARE

In line with our ongoing commitment to service and quality excellence, various programmes have been implemented to enhance service levels of our housekeeping and engineering services, which include cleansing, linen and laundry, clinical waste management, facility engineering maintenance and bio-medical engineering maintenance.

Quality is short lived without consistency, and through a stringent monitoring programme, our customers experience standardised levels of services wherever we operate, be it the district hospital in the remote confines of Daro, Sarawak, or the general hospital in the bustling city of Penang.

In the year under review, FMS was awarded the contract for the provision of hospital support services to the new district hospital in Likas, Sabah bearing testament to the Company's consistent service delivery, increasing the total number of healthcare facilities managed to 73.

For strategic reasons, with specific focus on improving operational and financial efficiencies, RM6 million has been invested for the implementation and maintenance of an Internet Protocol Virtual Private Network ("IPVPN") for all its locations including hospitals, offices and plants, to enable data-entry on online real-time basis. This investment will improve operational productivity and efficiency over the next 5 years, increasing information communication bandwidth by 300% whilst reducing its annual maintenance costs by 43%.

In responding to the anticipated increase in demand for linen processing, FMS has also invested RM9.6 million in two new central laundry plants in Kamunting, Perak and Bintulu, Sarawak which will increase the Company's linen processing capacity by 8 tons a day, whilst centralising operations to achieve economies of scale and further enhance efficiency in operations.

FMS continues to invest in its human capital. Our 6,754 staff members benefit from training in both technical and managerial areas, providing opportunities for career development. In order to achieve this, FMS has formed strategic alliances with local institutes such as the Sultan Haji Ahmad Shah Training Institute (ILSAS) and IKRAM College of Technology to customise the training modules. Other collaborative arrangements include a three year old alliance with the University of Malaya in the area of bio-medical engineering which involves the design of technical courses for the Company's National Training Centre, as well as research on design for medical devices and the provision of qualified technical personnel.

FMS's training expenditure for the year under review exceeded RM2.08 million, with executive and non-executive staff attending training for an average of 6.4 and 5.4 days, respectively. These opportunities and benefits made available to FMS staff are part of the Company's dedication to be an "Employer of Choice." As part of its Corporate Social Responsibility program, FMS' reciprocal efforts to society are demonstrated through continued positive contributions made to the community and its commitment to ensuring positive impact of its operations on the environment.



With the objective of expanding its services beyond the existing market, this year has seen FMS aggressively creating awareness in the domestic and regional marketplace, promoting its services and sharing its experience in the success of the Malaysian Integrated Hospital Support Services model. FMS has been actively participating as exhibitor and speaker at regional conferences organised in Malaysia and in the region.

The exposure and mileage received from these events has strengthened FMS's reputation as an industry leader and as a source of authority in the area of integrated facilities management and hospital support services.

Many of the aforementioned promotional efforts have culminated in new business being secured; Healthtronics (M) Sdn Bhd ("Healthtronics"), the Bio-medical engineering business arm of FMS, has made significant progress in penetrating the regional market with 12 more service contracts signed with private hospitals in the Philippines bringing it to a total of 13 hospitals. Healthtronics is also currently servicing 4 public hospitals in Brunei.

Cermin Cahaya Sdn Bhd, the cleansing business arm of FMS, is expanding its business into the non-healthcare sector, offering its services to commercial building owners. Its current focus remains the enhancement of service delivery and operational efficiency with the objective of breaking into Malaysia's competitive cleansing industry.

MOVING FORWARD

The healthcare industry has evolved, with patients and users demanding better facilities and services. FMS takes a proactive approach to healthcare, remaining at the forefront of this industry by offering a more holistic approach to hospital support services.

Using its experience and track record at home as a key asset to securing new businesses and developing new products and services, FMS will continue to expand into growing marketplaces in Malaysia and offer high-value services for export to the region.

It is expected that FMS will continue to contribute significantly to the Group's income in the coming financial year.

FROM LEFT TO RIGHT
MECHANICAL MAINTENANCE PERFORMED BY A FACILITIES
MANAGEMENT ENGINEER

THE FACILITIES MANAGEMENT DIVISION PROVIDES CLEANSING
AND JANITORIAL SERVICES, AMONGST OTHERS

THE HUMAN SIDE OF WELLNESS

FMS HAS SUCCESSFULLY POSITIONED ITSELF AT THE FOREFRONT
OF THE WELLNESS INDUSTRY



OPERATIONS REVIEW

FACILITIES MANAGEMENT NON-HEALTHCARE

FM Property Management Sdn Bhd, a wholly-owned subsidiary of Faber Development Holdings Sdn Bhd ("FDH") has been restructured with a view to growing its facilities management portfolio. The exercise was successfully completed in February 2005 and the new entity known as Faber Facilities Sdn Bhd ("FFSB") becomes one of the business units of Faber Group Berhad. FFSB offers amongst others, the Building Management & Maintenance services, Safety, Health & Security services and Tenancy Management.

FFSB's current portfolio consist of the following:

- Facilities management of 3,500 units of condominium /apartment developed by FDH in Taman Desa and Taman Danau Desa, Kuala Lumpur namely Danau Permai, Danau Impian, Danau Idaman, Tiara Faber, Danau Murni and Taratak Muhibbah 1 & 2.
- Facilities management of 1,567 units of condominium in Vista Komanwel A, B and C, Bukit Jalil, Kuala Lumpur developed by Vistajati Holdings Sdn Bhd.
- Facilities management of two commercial properties owned by subsidiaries of Jeram Bintang Sdn Bhd namely Faber Towers in Kuala Lumpur and Penang Plaza in Pulau Pinang having net lettable areas of 500,000 sq ft and 100,000 sq ft respectively.
- Car park management of more than 2,000 bays in Faber Towers and Century Square 1, Cyberjaya.

MOVING FORWARD

FFSB will continue to look outside the United Engineers (Malaysia) Berhad ("UEM") group for growth opportunities, and is currently in negotiations with various parties for total facilities management of their properties and facilities. There is considerable opportunities for FFSB to offer its experience and expertise in the area of facilities management as the government places greater focus on the systematic maintenance of public facilities such as schools, government offices and staff quarters by allocating up to RM500 million for this programme.



FROM LEFT TO RIGHT
FFSB PROVIDES FACILITIES MANAGEMENT OF 1,567 UNITS OF
CONDOMINIUM IN VISTA KOMANWEL A, B AND C, BUKIT JALIL,
KUALA LUMPUR

DANAU PERMAI ONE OF THE MANY CONDOMINIUMS MANAGED
BY FFSB

QUALITY LIVING IS PART OF THE WELLNESS PHILOSOPHY



PRIME LOCATION. QUALITY FINISHING.

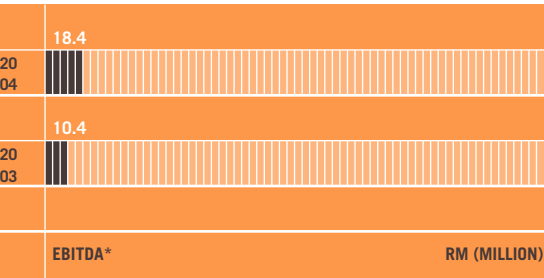
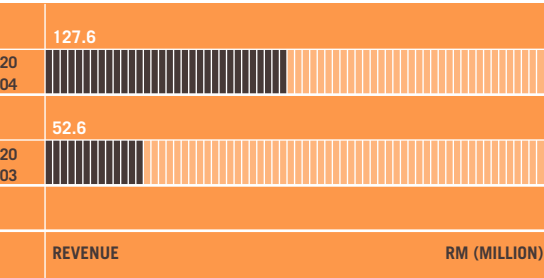
FABER'S PROPERTY DEVELOPMENT DIVISION CONTINUED TO HOLD BY ITS OWN DESPITE STIFF COMPETITION FROM OTHER PROPERTY DEVELOPERS. ITS PROPERTY ARM, FABER DEVELOPMENT HOLDING SDN BHD ("FDH") HAS ALREADY ESTABLISHED ITS REPUTATION WITH THE DEVELOPMENT OF TAMAN DANAU DESA AND TAMAN DESA IN KUALA LUMPUR. A COMBINATION OF FACTORS THAT INCLUDE THE PRIME LOCATION OF ITS DEVELOPMENT PROJECTS, EXCELLENT INFRASTRUCTURE, INNOVATIVE DESIGN AND QUALITY FINISHING HAVE MADE FDH'S PROPERTIES MUCH SOUGHT AFTER.



OPERATIONS REVIEW

PROPERTY DEVELOPMENT

THE PROPERTY DEVELOPMENT DIVISION IS EXPECTED TO CONTINUE TO CONTRIBUTE TO THE GROUP'S REVENUE. WE ARE BULLISH ABOUT THE FUTURE OF THIS DIVISION, WITH A NUMBER OF PROJECTS EITHER UNDERWAY, OR IN THE PIPELINE.



* EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION BEFORE EXCEPTIONAL ITEMS

FINANCIAL REVIEW

Revenue for FY2004 increased by 143% to RM127.6 million, up from RM52.6 million in 2003. Earnings before interest, taxation, depreciation and amortisation before exceptional items rose 74% to RM18.4 million, from RM10.4 million the previous year. This upturn is ascribed to an improvement in sales volumes, as well as a higher percentage of billable progress on projects that were launched in the 2001 / 2002 financial years.

In third quarter of the financial year, the Property Development Division has disposed Faber Towers, Faber Plaza Sdn Bhd and Faber Centre Sdn Bhd as part of Faber Group's restructuring exercise.

OPERATIONS REVIEW

In the year under review, Faber Development Holdings Sdn Bhd ("FDH"), through its wholly-owned subsidiary, Faber Union Sdn Bhd ("FUSB"), launched two major projects; Danau Villa in June 2004, and Casa Desa Condominium in December 2004. Danau Villa, which is located next to Tasik Desa, comprises 64 units of 3-storey link houses offering generous built-up areas ranging from 3,014 square feet to 3,662 square feet. Construction works began in September 2004 and is expected to complete in 2006. With an attractive selling price ranging from RM712,000 to RM1,033,000 per unit depending on land size and built-up area, the units focus on luxury finishings and value for money for discerning customers looking for quality living.

Casa Desa Condominium is a 410-unit condominium located on an elevated piece of land, and comprises five tower blocks with a five-level car park podium and two low-rise blocks. Works on substructure began in September 2004 and the project is expected to complete in 2007. Each unit has a built-up area ranging from 916 square feet to 2,704 square feet and a selling price ranging from RM210,000 to RM682,600.



During the financial year, the Property Development Division completed and handed over three projects in Taman Danau Desa, Kuala Lumpur, and one project in Sandakan, Sabah; namely:

- Danau Murni Condominium (a 500-unit condominium) in Taman Danau Desa, completed and handed over on 31 December 2004. All 500 units were sold prior to completion.
- Plaza Danau II (68 units of four-storey shop-offices) in Taman Danau Desa, completed and handed over to purchasers on 29 December 2004, ahead of schedule. With selling prices of RM900,000 for intermediate units, and between RM1.88 million to RM2.38 million for corner units, the development was launched in January 2002 to an overwhelming response with all units sold 6 months prior to completion.
- Taratak Muhibbah (266 units of low cost apartments) in Taman Danau Desa, completed, fully sold and handed over to purchasers on 29 December 2004. With completion of the last block, it marks the company's successful contribution to society in helping the Government to eradicate illegal squatters by making available a total of 1,064 units of affordable housing to purchasers in the low income bracket.
- Taman Grandview (14 units of double storey semi-detached houses) in Sandakan, Sabah, completed and handed over on 5 November 2004.

Through its 55%-owned subsidiary, Rimbunan Melati Sdn Bhd ("RMSB"), has commenced work in January 2004 on the Federal Reserve Unit ("FRU") Complex in Cheras for the Government. The complex, valued at RM81.0 million, is currently 44% completed and is scheduled for completion and hand-over by end 2005. When completed, it will provide a total of 484 residential units, an administration centre, and other facilities for the FRU.

As payment for the abovementioned development, the Government will transfer to RMSB 100.8 acres of land in Kepong valued at RM48.3 million, with the balance to be paid in cash. The land will then be developed into a mixed residential and commercial development. The first phase will be launched by mid 2005. The development of the project is over five years. RMSB with assistance from the government, is currently in negotiation with squatters on the appropriate compensation for their eviction from the site.

In 2005, the Property Development Division plans to launch 32 units of walk-up apartments in Lucky Heights, Kota Kinabalu, Sabah as well as the development of the remaining 9.9 acres of prime land located next to Tasik Desa, adjacent to Danau Villa. The Division is also actively looking into other potential land for development with other companies and private owners, with the view towards establishing joint ventures or outright purchase.

With the support and commitment of its staff, the Property Development Division was also successful in obtaining its certification of compliance with ISO 9001:2000 standards on 28 October 2004.

FROM LEFT TO RIGHT
PLAZA DANAU II, ONE OF THE COMMERCIAL PROJECTS COMPLETED AND
HANDED OVER TO PURCHASERS IN 2004

FDH IS RESPONSIBLE FOR THE POPULAR AND RAPIDLY GROWING TAMAN DESA

INTERIORS OF CASA DESA CONDOMINIUM, WHICH WAS LAUNCHED IN
DECEMBER 2004

