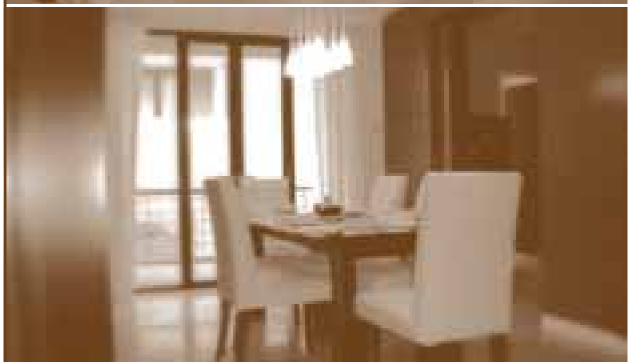
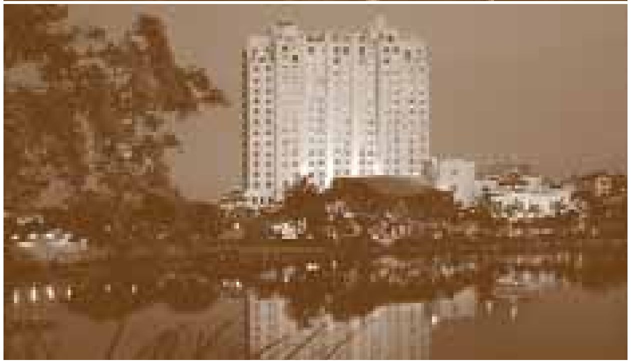
financial review



FINANCIAL REVIEW

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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 2005.

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 37 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	42,335	28,400
Minority interests	(12,302)	–
Net profit for the year	30,033	28,400

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statement of changes in equity.

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.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

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
Dato' 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
Azmanuddin Haq bin Ahmad
Puasa bin Osman

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, Irredeemable Convertible Unsecured Loan Stocks ("ICULS"), Redeemable Convertible Preference Shares ("RCPS") or Redeemable Secured Loan Stocks ("RSLS") of the Company or any other body corporate.

DIRECTORS' BENEFITS (CONT'D)

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 7 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 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 January 2005	Converted from ICULS	Sold	At 31 December 2005
The Company				
Direct Interest				
Dato' (Dr) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	1,500	–	–	1,500
Azmanuddin Haq bin Ahmad	–	50,000	–	50,000

	Number of ICULS of RM1 Each			
	At 1 January 2005	Bought	Converted	At 31 December 2005
The Company				
Direct Interest				
Azmanuddin Haq bin Ahmad	100,000	–	(100,000)	–

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from RM234,845,000 to RM278,001,000 as a result of the issue of 43,156,000 new ordinary shares of the Company of RM1.00 each resulting from the conversion of 86,312,000 ICULS of RM1 each into fully paid ordinary shares at the conversion rate of RM2.00 nominal value of ICULS for one fully paid ordinary share of RM1 each at a premium of RM1.00 per share in the Company.

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

OTHER STATUTORY INFORMATION (CONT'D)

(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.

(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.

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

Dato' Anwar bin Haji @ Aji

Noorizah Hj Abd Hamid

Kuala Lumpur, Malaysia
20 March 2006

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 62 to 124 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 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

Dato' Anwar bin Haji @ Aji

Noorizah Hj Abd Hamid

Kuala Lumpur, Malaysia
20 March 2006

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 62 to 124 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 20 March 2006

S. Sunthara Moorthy a/l S. Subramaniam

Before me,

SOH AH KAU, AMN
PESURUHJAYA SUMPAH
26, Jalan Beremi
50200 Kuala Lumpur
03 2141 2878
COMMISSIONER FOR OATHS

report of the auditors
to the members of Faber Group Berhad

We have audited the accompanying financial statements set out on pages 62 to 124. 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 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 2005 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 37 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 material to the consolidated financial statements 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
20 March 2006

consolidated income statement

for the year ended 31 December 2005

	Note	2005 RM'000	2004 RM'000 (restated)
Revenue	3(a)	**502,241**	609,398
Cost of sales	3(b)	**(332,400)**	(385,726)
Gross profit		**169,841**	223,672
Other income		**5,044**	9,328
Administrative expenses		**(32,748)**	(42,952)
Depreciation	11	**(33,194)**	(47,683)
Bad debts written off recovered		**10,000**	–
Net gain arising from restructuring scheme	4	**–**	449,262
Other expenses		**(42,869)**	(86,164)
Profit from operations	5	**76,074**	505,463
Finance costs	8	**(11,504)**	(36,184)
Profit before taxation		**64,570**	469,279
Taxation	9	**(22,235)**	(28,322)
Profit after taxation but before minority interests		**42,335**	440,957
Minority interests	29	**(12,302)**	(8,028)
Net profit for the year		**30,033**	432,929
Earning per share (sen)			
Basic	10(a)	**12**	202
Diluted	10(b)	**7**	95

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

consolidated balance sheet
as at 31 December 2005

	Note	2005 RM'000	2004 RM'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**345,935**	363,331
Other investments	13	**897**	3,522
Deferred expenditure	14	**4,822**	5,641
Land held for property development	15(a)	**62,028**	21,547
		413,682	394,041
CURRENT ASSETS			
Property development costs	15(b)	**52,014**	21,520
Inventories	16	**17,952**	18,291
Receivables	17	**160,135**	146,811
Marketable securities	19	**192**	340
Cash and cash equivalents	20	**129,689**	120,386
		359,982	307,348
CURRENT LIABILITIES			
Provision for liabilities	21	**6,778**	6,570
Retirement benefit obligations	22	**138**	–
Short term borrowings	23	**25,088**	1,722
Payables	24	**144,320**	137,761
Tax payable	25	**5,666**	14,684
		181,990	160,737
NET CURRENT ASSETS		**177,992**	146,611
		591,674	540,652
REPRESENTED BY:			
Share capital	26	**278,001**	234,845
Non-distributable reserves		**148,336**	103,754
Accumulated losses		**(394,944)**	(424,977)
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	27	**–**	86,312
Preference shares	28	**200,000**	200,000
Shareholders' equity		**231,393**	199,934
Minority interests	29	**65,812**	65,187
		297,205	265,121
Retirement benefit obligations	22	**343**	
Long term liabilities	30	**271,744**	255,500
Deferred tax	31	**13,766**	13,415
Preference shares	28	**8,616**	6,616
Non-current liabilities		**294,469**	275,531
		591,674	540,652

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

consolidated statement of changes in equity

for the year ended 31 December 2005

	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation+ RM'000	Revaluation* RM'000	Accumulated Losses RM'000	ICULS RM'000	Preference Shares RM'000	Total RM'000
	<----- Non-Distributable Reserves ---->							
At 1 January 2004	207,999	45,983	30,925	314	(859,469)	140,004	–	(434,244)
Group share of prior year adjustment #	–	–	–	–	1,563	–	–	1,563
Balance as at 1 January 2004 as restated	207,999	45,983	30,925	314	(857,906)	140,004	–	(432,681)
Issuance of preference shares (Note 28)	–	–	–	–	–	–	200,000	200,000
Conversion of ICULS (Notes 26 and 27)	26,846	26,846	–	–	–	(53,692)	–	–
Disposal of subsidiaries	–	–	–	(314)	–	–	–	(314)
Net profit for the year	–	–	–	–	432,929	–	–	432,929
At 31 December 2004	234,845	72,829	30,925	–	(424,977)	86,312	200,000	199,934
At 1 January 2005	**234,845**	**72,829**	**30,925**	**–**	**(426,224)**	**86,312**	**200,000**	**198,687**
Group share of prior year adjustment #	**–**	**–**	**–**	**–**	**1,247**	**–**	**–**	**1,247**
Balance as at 1 January 2005 as restated	**234,845**	**72,829**	**30,925**	**–**	**(424,977)**	**86,312**	**200,000**	**199,934**
Conversion of ICULS (Notes 26 and 27)	**43,156**	**43,156**	**–**	**–**	**–**	**(86,312)**	**–**	**–**
Exchange fluctuation not recognised in income statement	**–**	**–**	**1,426**	**–**	**–**	**–**	**–**	**1,426**
Net profit for the year	**–**	**–**	**–**	**–**	**30,033**	**–**	**–**	**30,033**
At 31 December 2005	**278,001**	**115,985**	**32,351**	**–**	**(394,944)**	**–**	**200,000**	**231,393**

* This reserve includes the cumulative net change in fair value of freehold land and building and leasehold land and building.

\+ Comprise all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

\# Restatement of prior financial statements in relation to a foreign subsidiary are due to the following:

1. Understatement of depreciation and amortisation charges of property, plant and equipment following the construction of a fixed asset register in the year ended 31 December 2005; and

2. Adjustment required to consistently apply the foreign subsidiary interest capitalisation accounting policy of its loan interest for its qualifying assets for the year ended 31 Deceember 2004.

The Group's share of the prior year adjustments above are as stated in the consolidated statement of changes in equity and the minority interest share is as disclosed in Note 29.

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

consolidated cash flow statement

for the year ended 31 December 2005

	2005 RM'000	2004 RM'000
Operating Activities		
Cash receipts from customers	**494,037**	532,043
Cash payments to suppliers	**(289,565)**	(261,034)
Cash payments to employees and for expenses	**(177,557)**	(196,358)
Cash generated from operations	**26,915**	74,651
Interest paid	**(6,799)**	(2,364)
Taxes paid	**(30,902)**	(28,362)
Net cash flow (used in)/generated from operating activities	**(10,786)**	43,925
Investing activities		
Purchase of investment	**–**	(10,925)
Proceeds from disposal of property, plant and equipment	**703**	223
Proceed from disposal of investment	**10,141**	–
Interest received	**2,932**	2,316
Dividend received	**14**	93
Purchase of property, plant & equipment	**(16,364)**	(43,400)
Cash outflow arising on disposal of subsidiaries (Note 12)	**–**	(31,900)
Net cash flow used in investing activities	**(2,574)**	(83,593)
Financing activities		
Repayment of hire purchase obligations	**(18)**	(91)
Repayment of Balance Sum owed to Jeram Bintang Sdn. Bhd. ("JBSB")	**(8,870)**	–
Proceeds from issuance of ordinary shares to minority shareholders	**–**	1,912
Proceeds from issuance of redeemable preference shares to minority shareholders	**2,000**	5,496
Drawdown of other secured loans	**46,761**	23,250
Redemption of RCSB (Note 30 (b))	**–**	(5,708)
Dividend paid to minority shareholders by a subsidiary	**(11,677)**	(5,647)
Preference dividend paid to minority shareholders of a subsidiary	**(1,792)**	–
Repayment of secured loan	**(3,741)**	–
Net cash flow generated from financing activities	**22,663**	19,212
Net Change in Cash and Cash Equivalents	**9,303**	(20,456)
Cash and cash equivalents as at beginning of financial year	**120,386**	140,842
Cash and Cash Equivalents as at End of Financial Year	**129,689**	120,386
Cash and Cash Equivalents comprise the following:		
Short term deposits	**64,429**	34,662
Cash and bank balances	**65,260**	85,724
	129,689	120,386

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

income statement
for the year ended 31 December 2005

	Note	2005 RM'000	2004 RM'000
Revenue	3(a)	**50,669**	18,706
Other operating income		**1,821**	962
Administrative expenses		**(989)**	(8,161)
Depreciation	11	**(224)**	(258)
Net gain arising from restructuring scheme	4	**–**	261,967
Other operating expenses		**(4,933)**	(8,221)
Profit from operations	5	**46,344**	264,995
Finance costs	8	**(5,478)**	(1,385)
Profit before taxation		**40,866**	263,610
Taxation	9	**(12,466)**	(737)
Net profit for the year		**28,400**	262,873

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

balance sheet

as at 31 December 2005

	Note	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**455**	517
Investments in subsidiaries	12	**62,114**	61,963
Other investments	13	**398**	398
		62,967	62,878
CURRENT ASSETS			
Receivables	17	**286,459**	302,896
Cash and cash equivalents	20	**31,914**	5,293
		318,373	308,189
CURRENT LIABILITIES			
Short term borrowings	23	**–**	12
Payables	24	**180,681**	195,398
		180,681	195,410
NET CURRENT ASSETS		**137,692**	112,779
		200,659	175,657
REPRESENTED BY:			
Share capital	26	**278,001**	234,845
Non-distributable reserves		**115,985**	72,829
Accumulated losses		**(578,131)**	(606,531)
ICULS	27	**–**	86,312
Preference shares	28	**200,000**	200,000
Shareholders' funds/(deficit)		**15,855**	(12,545)
Long term liabilities	30	**184,804**	188,202
		200,659	175,657

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

statement of changes in equity
for the year ended 31 December 2005

	Share Capital RM'000	Non-Distributable Share Premium RM'000	Accumulated Losses RM'000	ICULS RM'000	Preference Shares RM'000	Total RM'000
At 1 January 2004	207,999	45,983	(869,404)	140,004	–	(475,418)
Conversion of ICULS **(Notes 26 and 27)**	26,846	26,846	–	(53,692)	–	–
Issuance of preference shares **(Note 28)**	–	–	–	–	200,000	200,000
Net profit for the year	–	–	262,873	–	–	262,873
At 31 December 2004	234,845	72,829	(606,531)	86,312	200,000	(12,545)
Conversion of ICULS **(Notes 26 and 27)**	43,156	43,156	–	(86,312)	–	–
Net profit for the year	–	–	28,400	–	–	28,400
At 31 December 2005	**278,001**	**115,985**	**(578,131)**	**–**	**200,000**	**15,855**

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

cash flow statement

for the year ended 31 December 2005

	2005 RM'000	2004 RM'000
Operating Activities		
Cash receipts from customers	**4,277**	363
Cash payments to employees and for expenses	**(3,909)**	(15,178)
Cash generated from operations	**(368)**	(14,815)
Interest paid	–	(3)
Income taxes paid	**(12,466)**	(12,512)
Net cash flow used in operating activities	**(12,098)**	(27,330)
Investing activities		
Purchase of investment	**–**	(10,925)
Investment in subsidiary	**151**	–
Interest received	**621**	1,220
Dividend received	**45,441**	20,631
Purchase of property, plant and equipment	**(162)**	(146)
Proceeds from disposal of property, plant and equipment	**28**	2
Net Inter-company receipts	**1,528**	5,272
Net cash flow generated from investing activities	**47,607**	16,054
Financing activities		
Repayment of hire purchase obligations	**(18)**	(41)
Repayment of Balance Sum owed to JBSB	**(8,870)**	–
Redemption of RCSB	**–**	(5,708)
Net cash flow from financing activities	**(8,888)**	(5,749)
Net Change in Cash and Cash Equivalents	**26,621**	**(17,025)**
Cash and cash equivalents as at beginning of financial year	**5,293**	22,318
Cash and Cash Equivalents as at End of Financial Year	**31,914**	**5,293**
Cash and Cash Equivalent comprise the following :		
Short term deposits	**31,072**	1,300
Cash and bank balances	**842**	3,993
	31,914	5,293

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

1. CORPORATE INFORMATION

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 37.

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 Klang Lama, 58100 Kuala Lumpur.

The number of employees in the Group and in the Company at the end of the financial year were 7,417 (2004: 7,204) and 41 (2004: 43) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 March 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as listed in Note 37 for the financial year ended 31 December 2005, except for the following:

Company	Reason for Exclusion
Sate Yaki Sdn. Bhd.	In liquidation
Merlino Enterprise Sdn. Bhd.	In liquidation
Intensive Quest Sdn. Bhd.	In liquidation

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless losses cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investment in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless losses cannot be recovered.

(c) Goodwill and Reserve Arising on Consolidation

Goodwill and reserve arising on consolidation is written off to the income statement as and when it is incurred.

(d) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Land Use Rights, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Land Use Rights, Plant and Equipment and Depreciation (cont'd)

No depreciation is provided on capital work-in-progress and freehold land. Depreciation of property, land use rights, plant and equipment is provided 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:

Land use rights	30 years
Leasehold land	50 years or over the leasehold period
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%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) 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.

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.

(g) 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

Land held for property development is reclassified as development properties 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Land Held for Property Development and Property Development Costs (cont'd)

(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.

(h) Inventories

(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 costs of land, constructions and appropriate development overheads.

(ii) Food, Beverage and Consumables

The above 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 costs to be incurred in marketing, selling and distribution.

(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.

(j) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases (cont'd)

(i) Finance leases

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.

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 charged to the income statement 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 consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(k) Provision for Liabilities

Provisions for liabilities 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, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(l) 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, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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.

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 in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 of the Group. 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 non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

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.

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Property development costs

Revenue from sale of property development is accounted for by the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue Recognition (cont'd)

(iii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset unless collectibility is in doubt.

(iv) Dividend income

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

(v) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(vi) Rental income and management fees

Rental income and management fees are recognised on an accrual basis.

(vii) Land sales

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.

(viii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(f).

(o) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign Currencies (cont'd)

(ii) Foreign entities (cont'd)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

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

	2005 RM	2004 RM
South Africa Rand	**0.67**	0.67
United States Dollars	**3.78**	3.80

(p) Deferred Expenditure

Deferred expenditure relates to expenses incurred on the design and development of an operating system for the provision of hospital support services. These expenses are amortised in equal annual installments over the concession period of fifteen years, commencing 28 October 1996, unless the directors consider that a continuing benefit will not accrue.

(q) Affiliated Companies

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

(r) Impairment of Assets

The carrying amount of the Group's and the Company's assets are reviewed at each balance sheet reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same asset, with the excess of the impairment loss charged to the income statement.

All reversals of impairment losses are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the carrying amount of the assets does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(s) Financial Instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Financial Instruments (cont'd)

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) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) 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 charged or credited to the income statement.

(iii) 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.

(iv) 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.

(v) Interest-Bearing Borrowings

Interest-bearing overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property development and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(vi) Equity Instruments

Ordinary shares, irredeemable convertible unsecured loan stocks and redeemable convertible preference shares are classified as equity.

(vii) Irredeemable Convertible Preference Shares ("ICPS"), Redeemable Convertible Secured Bonds ("RCSB"), Non-Convertible Redeemable Secured Bonds ("NCRSB"), Redeemble Preference Shares ("RPS") and Redeemable Secured Loan Stocks ("RSLS").

ICPS, RCSB, NCRSB, RPS and RSLS are regarded as liabilities. The interest on these instruments are charged to the income statement as an expense in the period in which they are incurred.

3. REVENUE AND COST OF SALES

(a) Revenue

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Sale of properties	**25,117**	94,843	**–**	–
Services rendered				
– non-healthcare facilities management	**8,272**	5,674	**–**	–
– facilities management	**380,650**	356,424	**–**	–
– management fees from subsidiaries	**–**	–	**4,223**	1,250
Revenue from hotel operations	**32,674**	125,658	**–**	–
Construction contracts	**55,318**	18,363	**–**	–
Rental income from properties	**193**	8,343	**–**	–
Gross dividend income				
– subsidiaries	**–**	–	**45,441**	16,555
– others	**17**	93	**–**	–
Interest income from subsidiaries	**–**	–	**1,005**	901
	502,241	609,398	**50,669**	18,706

(b) Cost of Sales

Cost of sales of the Group consists of the following:

	Group	
	2005 RM'000	**2004 RM'000**
Property development costs (Note 15 (b))	**17,111**	80,104
Construction contracts costs	**43,765**	17,078
Services rendered		
– hotels	**11,595**	46,920
– facilities management	**259,929**	241,624
	332,400	385,726

The cost of sales incurred in relation to the Group's revenue represents the cost of goods and services rendered, production and development cost, labour cost and related overheads.

(c) Segment information on revenue, profit before taxation, assets and liabilities of the Group are analysed in Note 35.

4. NET GAIN ARISING FROM RESTRUCTURING SCHEME

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Waiver of accreted yield on RCSB (Note 30 (b))	–	250,894	–	250,894
Novation of RCSB liability to JBSB	–	929,460	–	929,460
Issuance of RCPS (Note 28 (a))	–	(200,000)	–	(200,000)
Issuance of RSLS (Note 30 (f))	–	(135,564)	–	(135,564)
Acknowledgement of sum owing to JBSB	–	(51,442)	–	(51,442)
Intercompany debts written off	–	(389,226)	–	(385,964)
Loss on disposal of assets	–	(102,877)	–	(3,250)
Gain on disposal of subsidiaries	–	148,017	–	–
Net assumption of amount due from existing subsidiaries	–	–	–	(142,167)
	–	449,262	–	261,967

The salient terms of the restructuring scheme which was completed in the prior year are disclosed in Note 38.

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Staff costs (Note 6)	**158,215**	178,790	**3,209**	3,291
Audit fee				
– statutory	**126**	264	**20**	28
– other services	**–**	255	**–**	255
Allowance for doubtful debts				
– third parties	**1,018**	1,541	**–**	193
Bad debts written off	**–**	86	**–**	50
Provision for diminution in value				
– investment and marketable securities	**2,773**	544	**–**	–
– real properties	**–**	283	**–**	–
Non-executive directors' remuneration excluding benefits-in-kind (Note 7)	**813**	732	**382**	402
Property, plant and equipment written off	**7**	21	**–**	–
Rent of land and buildings paid/payable to				
– third parties	**2,981**	923	**420**	–
– subsidiaries	**–**	–	**–**	303
Hire of equipment	**818**	832	**–**	–
Amortisation of deferred expenditure (Note 14)	**819**	819	**–**	–
Management fees to:				
– hotel operator	**1,507**	2,608	**–**	–
– affiliated company	**113**	79	**113**	79
Realised loss on foreign exchange	**128**	–	**–**	–

5. PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
And crediting:				
Reversal of allowance for doubtful debts	**(1,198)**	–	**(163)**	–
Interest income	**(2,932)**	(2,316)	**(621)**	(319)
Reversal of provision for diminution in investment and marketable securities	**(1)**	–	**(1)**	–
Write back of provision for diminution in value of real properties	**(3,358)**	–	**–**	–
Gain on disposal of property, plant and equipment	**(144)**	(121)	**(28)**	–
Gain on disposal of other investment	**(142)**	–	**–**	–
Property rental income from				
– third parties	**–**	(885)	**–**	–
Realised gain on foreign exchange	**–**	(137)	**–**	–
Reserve arising on consolidation realised	**–**	(5,265)	**–**	–

6. STAFF COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Wages and salaries	**127,125**	133,852	**2,556**	2,717
Social security costs	**1,594**	1,717	**14**	13
Short term accumulating compensated absences	**1,492**	1,941	**–**	–
Contribution to Employees Provident Fund ("EPF")	**17,075**	17,532	**447**	371
Defined benefit plan (Note 22)	**553**	–	**–**	–
Other staff related expenses	**10,376**	23,748	**192**	190
	158,215	178,790	**3,209**	3,291

Included in staff costs of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM2,412,000 (2004: RM3,417,000) and RM710,000 (2004: RM489,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Directors of the Company				
Executive				
Salaries and other emolument	**402**	338	**402**	338
Bonus	**215**	91	**215**	91
Contribution to EPF	**93**	60	**93**	60
Benefits-in-kind	**52**	18	**52**	18
	762	507	**762**	507
Non-Executive				
Fees *	**543**	480	**348**	318
Allowances *	**79**	93	**64**	84
Benefits-in-kind	**64**	50	**64**	50
	686	623	**446**	452
Other Directors				
Executive				
Salaries and other emolument	**1,005**	1,891	**–**	–
Bonus	**355**	646	**–**	–
Contribution to EPF	**217**	243	**–**	–
Allowances	**125**	148	**–**	–
Benefits-in-kind	**83**	146	**–**	–
	1,785	3,074	**–**	–
Non-Executive				
Fees	**172**	143	**–**	–
Allowances	**19**	16	**–**	–
	191	159	**–**	–
Total	**3,424**	4,363	**1,208**	959
Total excluding benefits-in-kind	**3,225**	4,149	**1,092**	891
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 6)	**2,412**	3,417	**710**	489
Total non-executive directors' remuneration excluding benefits-in-kind (Note 5)	**813**	732	**382**	402
Total directors' remuneration excluding benefits-in-kind	**3,225**	4,149	**1,092**	891

7. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of Directors	
	2005	**2004**
Executive directors:		
RM550,001 – RM600,000	**–**	1
RM600,001 – RM650,000	**–**	–
RM650,001 – RM700,000	**–**	–
RM700,001 – RM750,000	**–**	–
RM750,001 – RM800,000	**–**	–
RM800,001 – RM850,000	**1**	–
Non-Executive directors:		
Below RM50,000	**2**	2
RM50,001 – RM100,000	**3**	3
RM100,001 – RM150,000	**2**	3
RM150,001 – RM200,000	**1**	–

* Included in the Group and Company is an amount of RM87,000 (2004: RM93,000) paid to affiliated companies.

8. FINANCE COSTS

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Interest expense on:				
– NCRSB	**–**	33,133	**–**	–
– RSLS	**5,478**	1,382	**5,478**	1,382
– Advances from corporate shareholder of subsidiaries	**149**	149	**–**	–
– Preference shares dividend for irredeemable convertible preference shares (Note 28)	**1,792**	1,792	**–**	–
– Borrowings	**4,858**	1,702	**–**	3
	12,277	38,158	**5,478**	1,385
Less: interest capitalised in qualifying assets:				
Property development costs (Note 15 (b))	**(742)**	(1,974)	**–**	–
Cost of construction contracts (Note 18)	**(31)**	–	**–**	–
	11,504	36,184	**5,478**	1,385

9. TAXATION

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Income tax expense:				
– current year	**21,904**	30,017	**12,466**	737
– over provision in prior year	**(20)**	(1,624)	**–**	–
Deferred tax (Note 31):				
– Relating to origination and reversal of temporary differences	**323**	(71)	**–**	–
– under provision in prior years	**28**	–	**–**	–
	22,235	28,322	**12,466**	737

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year.

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:

	2005 RM'000	2004 RM'000
Group		
Profit before taxation	**64,570**	469,279
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	**18,080**	131,398
Income not subject to tax	**(4,602)**	(132,411)
Expenses not deductible for tax purposes	**2,349**	25,835
Utilisation of previously unrecognised tax losses and capital allowances	**(63)**	(2,197)
Utilisation of current year's tax losses	**(1)**	–
Income tax over provided in prior years	**(20)**	(1,624)
Deferred tax under provided in prior years	**28**	–
Deferred tax assets not recognised during the year		
– Malaysian subsidiaries	**323**	368
– Foreign subsidiary	**6,251**	7,113
Effects on reduced statutory tax rate on the first RM500,000 assessable profits	**(110)**	(160)
Tax expense for the year	**22,235**	28,322
Company		
Profit before taxation	**40,866**	263,610
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	**11,443**	73,811
Income not subject to tax	**(257)**	(76,521)
Expenses not deductible for tax purposes	**1,291**	3,547
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(29)**	(100)
Deferred tax assets not recognised during the year	**18**	–
Tax expense for the year	**12,466**	737

9. TAXATION (CONT'D)

Tax losses and capital allowances are analysed as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax savings recognised during the period arising from:				
Utilisation of current year tax losses	**1**	–	**–**	–
Utilisation of unutilised tax losses brought forward from previous year	**(63)**	2,097	**–**	–
Tax savings recognised during the period arising from:				
Utilisation of unabsorbed capital allowances brought forward from previous year	**–**	100	**–**	100

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share of the Group is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2005	2004 (restated)
Net profit for the year (RM'000)	**30,033**	432,929
Weighted average number of ordinary shares in issue ('000)	**251,153**	214,146
Basic earnings per share (sen)	**12**	202

The comparatives basic earnings per share has been restated to take into account the effect of the prior year adjustments arising from the changes in accounting policy as set out in the Notes to the Consolidated Statement of Changes in Equity on net profit for the year.

10. EARNINGS PER SHARE (CONT'D)

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year 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.

	Group 2005	Group 2004 (restated)
Net profit for the year (RM'000)	**30,033**	432,929
Weighted average number of ordinary shares in issue ('000)	**251,153**	214,146
Effect of dilution:		
RCPS ('000)	**200,000**	200,000
ICULS ('000)	**–**	43,156
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**451,153**	457,302
	2005 sen	**2004 sen**
Diluted earning per share (sen)	**7**	95

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Plant, Equipment, Furniture, Fittings and Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
Group					
Cost					
At 1 January 2005	**48**	**284,426**	**183,584**	**7,918**	**475,976**
Prior period adjustment *	**–**	**3,554**	**(1,453)**	**–**	**2,101**
Restated 1 January 2005	**48**	**287,980**	**182,131**	**7,918**	**478,077**
Additions	**–**	**3,011**	**13,078**	**275**	**16,364**
Disposals	**–**	**–**	**(1,646)**	**–**	**(1,646)**
Transfer	**–**	**–**	**7,754**	**(7,754)**	**–**
Written off	**–**	**–**	**(324)**	**–**	**(324)**
At 31 December 2005	**48**	**290,991**	**200,993**	**439**	**492,471**

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Plant, Equipment, Furniture, Fittings and Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
Accumulated Depreciation					
At 1 January 2005	**48**	**23,846**	**89,862**	**–**	**113,756**
Prior period adjustment *	**–**	**1,501**	**(511)**	**–**	**990**
Restated 1 January 2005	**48**	**25,347**	**89,351**	**–**	**114,746**
Charge for the year	**–**	**15,836**	**17,358**	**–**	**33,194**
Disposals	**–**	**–**	**(1,087)**	**–**	**(1,087)**
Written off	**–**	**–**	**(317)**	**–**	**(317)**
At 31 December 2005	**48**	**41,183**	**105,305**	**–**	**146,536**
Net Book Value					
At 31 December 2005	**–**	**249,808**	**95,688**	**439**	**345,935**
At 31 December 2004 (restated)	–	262,633	92,780	7,918	363,331

Details at 1 January 2004	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Plant, Equipment, Furniture Fittings and Motor Vehicles RM'000	Crockery, Glassware, Cutlery and Linen RM'000	Capital Work-in-Progress RM'000	Total RM'000
Cost	48	26,411	165,723	–	250,617	442,799
Valuation	611,509	266,772	187,639	23,881	128,132	1,217,933
Accumulated depreciation	6,014	42,612	204,524	16,138	–	269,288
Accumulated impairment losses	229,317	120,533	8,407	–	49,507	407,764
Depreciation charge for 2004 (restated)	72	13,590	33,320	701	–	47,683

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 both 2004 and 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.

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

	Freehold Land and Buildings RM'000	Plant, Equipment, Furniture, Fittings and Motor Vehicles RM'000	Total RM'000
Company			
Cost			
At 1 January 2005	**48**	**4,040**	**4,088**
Additions	**–**	**162**	**162**
Disposals	**–**	**(101)**	**(101)**
At 31 December 2005	**48**	**4,101**	**4,149**
Accumulated Depreciation			
At 1 January 2005	**48**	**3,523**	**3,571**
Charge for the year	**–**	**224**	**224**
Disposals	**–**	**(101)**	**(101)**
At 31 December 2005	**48**	**3,646**	**3,694**
Net Book Value			
At 31 December 2005	**–**	**455**	**455**
At 31 December 2004	–	517	517
Details at 1 January 2004			
Cost	5,450	3,898	9,348
Accumulated depreciation	–	3,266	3,266
Accumulated impairment losses	2,201	–	2,201
Depreciation charge for 2004	–	258	258

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

(a) The Group's leasehold land and buildings comprise:

	Cost RM'000
2005	
Long term lease	
Leasehold building	**885**
Short term lease	
Hotel properties	**287,080**
Leasehold land	**3,026**
	290,991
2004 (Restated)	
Long term lease	
Leasehold building	885
Short term lease	
Hotel properties	280,515
Leasehold land	3,026
	284,426

(b) The net book value of property, plant and equipment of the Group and of the Company have been pledged to banks for the following:

	Group RM'000	Company RM'000
2005		
Banking facilities granted to subsidiaries	**248,457**	**–**
2004		
Banking facilities granted to subsidiaries	350,799	–

(c) Property, plant and equipment of the Group and of the Company amounting to RM20,030,000 (2004: RM19,372,000) and RM2,990,000 (2004: RM2,667,000) respectively have been fully depreciated and are still in use.

12. INVESTMENTS IN SUBSIDIARIES

	Company 2005 RM'000	2004 RM'000
Unquoted shares at cost	**260,291**	260,140
Less: Accumulated impairment losses	**(198,177)**	(198,177)
	62,114	61,963

Details of the subsidiaries are listed in Note 37.

a) The financial statements of a foreign subsidiary have been prepared asuming the foreign subsidiary will continue as a going concern. The foreign subsidiary's accumulated losses as at the balance sheet date was RM103,467,000 and its current liabilities exceeded its current assets by RM44,221,000 as at that date. In view thereof, the foreign subsidiary's ability to continue in business 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.

b) In the prior year pursuant to the restructuring scheme of the Company disclosed in Note 38, the following subsidiaries (collectively known as "affected subsidiaries") were disposed for a cash consideration of RM0.08 each. The deemed disposal date was 30 September 2004.

   Hotel Merlin Kuantan Sdn. Bhd.
   Mersing Merlin Inn Sdn. Bhd.
   Faber Kompleks Sdn. Bhd.
   Merlin Labuan Sdn. Bhd.
   Subang Jaya Hotel Development Sdn. Bhd.
   Langkawi Island Resort Sdn. Bhd.
   Hotel Merlin Cameron Highlands Bhd.
   Merlin Inn Johor Bahru Sdn. Bhd.
   Faber Plaza Sdn. Bhd.
   Faber Centre Sdn. Bhd.

c) In the prior year, the Group had also disposed its 49% equity interest in Inter Heritage (M) Sdn. Bhd. ("IHSB") for a cash consideration of RM1 resulting in a decrease in its equity interest in IHSB from 51% to 2%. The deemed disposal date was 21 September 2004.

   In 2005, the Group disposed its remaining 2% equity interest in IHSB for a cash consideration of RM142,000 and conditional upon the acquirer repaying advances of RM10 million extended by the Group in the past. The deemed disposal date was 30 August 2005.

   The disposals disclosed in (b) and (c) had the following effects on the Group's financial results for the year ended 31 December 2004.

	Affected subsidiaries 2004 RM'000	IHSB 2004 RM'000	Total 2004 RM'000
Revenue	72,380	41,559	113,939
Profit from operations	5,086	915	6,001
Net profit/(loss) for the year	4,898	(32,217)	(27,319)

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The disposals disclosed in (b) and (c) had the following effects on the financial position of the Group as at 31 December 2004.

	Affected subsidiaries 2004 RM'000	IHSB 2004 RM'000	Total 2004 RM'000
Property, plant and equipment (Note 11)	401,441	213,510	614,951
Investment properties	22,100	–	22,100
Inventories	684	283	967
Trade and other receivables	67,034	5,550	72,584
Cash and bank balances	6,757	25,645	32,402
Trade and other payables	(18,744)	(167,592)	(186,336)
Intercompany balances	(1,162,217)	(17,588)	(1,179,805)
Bank overdrafts	(500)	–	(500)
Tax payable	(1,877)	–	(1,877)
Deferred taxation (Note 31)	(880)	–	(880)
Long term liabilities	–	(252,784)	(252,784)
Net liabilities disposed	(686,202)	(192,976)	(879,178)
Realisation of:			
Depreciation reversed at group	–	23,670	23,670
Deferred income reversed at group	–	(1,964)	(1,964)
Provision for impairment losses at group	(7)	(22,476)	(22,483)
Post revaluation reserve	2,612	–	2,612
Provision for amount due from these subsidiaries	715,741	13,587	729,328
	32,144	(180,159)	(148,015)
Total disposal proceeds	(1)	(1)	(2)
Gain/(loss) on disposal to the Group	32,143	(180,160)	(148,017)
Cash outflow arising on disposals:			
Cash consideration, representing cash inflow on disposals	1	1	2
Cash and cash equivalents of subsidiaries disposed	(6,257)	(25,645)	(31,902)
Net cash outflow of the Group	(6,256)	(25,644)	(31,900)

13. OTHER INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares at cost	**3,522**	17,594	**398**	398
Less: Provision for diminution in value	**(2,625)**	(14,072)	**–**	–
	897	3,522	**398**	398

13. OTHER INVESTMENTS (CONT'D)

As disclosed in Note 12(c) above, the Group disposed its remaining 2% equity interest in IHSB for a cash consideration of RM142,000 and conditional upon the acquirer repaying advances of RM10 million extended by the Group in the past. The deemed disposal date was 30 August 2005. The disposal of IHSB had resulted in a net gain to the Group of RM142,000 as disclosed in Note 5 and bad debts written off recovered of RM10 million.

14. DEFERRED EXPENDITURE

	Group 2005 RM'000	Group 2004 RM'000
Development expenditure at cost	**12,153**	12,153
Less: Accumulated amortisation	**(7,331)**	(6,512)
	4,822	5,641

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

Group At 31 December 2005:	**Freehold Land RM'000**	**Leasehold Land RM'000**	**Development Expenditure RM'000**	**Total RM'000**
At cost				
At 1 January 2005	**6,205**	**12,497**	**14,416**	**33,118**
Additions	**–**	**39,771**	**12,188**	**51,959**
Disposed	**–**	**–**	**(1,443)**	**(1,443)**
Transfer to property development costs	**–**	**(11,463)**	**–**	**(11,463)**
Written Off	**(6,205)**	**–**	**(2,050)**	**(8,255)**
At 31 December 2005	**–**	**40,805**	**23,111**	**63,916**
Accumulated Impairment Loss				
At 1 January 2005	**6,205**	**51**	**5,315**	**11,571**
Reversal of Impairment	**(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**

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

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

Group At 31 December 2004:	Freehold Land RM'000	Leasehold Land RM'000	Development Expenditure RM'000	Total RM'000
At cost				
At 1 January 2004	6,205	830	10,557	17,592
Additions	–	11,667	3,859	15,526
At 31 December 2004	6,205	12,497	14,416	33,118
Accumulated Impairment Loss				
At 1 January 2004	6,205	–	5,083	11,288
Impairment losses for the year	–	51	232	283
At 31 December 2004	6,205	51	5,315	11,571
Carrying Amount at 31 December 2004	–	12,446	9,101	21,547

(b) Property development costs

Group	2005 RM'000	2004 RM'000
Development properties at 1 January:		
Freehold land	**6,404**	8,501
Leasehold land	**8,877**	8,877
Development costs	**167,918**	109,877
Reclassified to due from customer on contract (Note 18)	**–**	(5,482)
	183,199	121,773
Cost incurred during the year:		
Transfer from land held for property development	**11,463**	–
Development costs	**36,921**	73,648
Reclassified to due from customer on contract (Note 18)	**–**	(12,222)
	231,583	183,199
Cost recognised in income statement:		
At 1 January	**161,494**	81,390
Recognised during the year (Note 3(b))	**17,111**	80,104
At 31 December	**178,605**	161,494
Transfers:		
To inventories	**(964)**	(185)
Development properties cost at 31 December	**52,014**	21,520
Included in property development costs incurred during the year is:		
Interest expenses on borrowings (Note 8)	**742**	1,974

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

(a) The accumulated impairment loss for real properties mainly consist:

(i) A leasehold land and development expenditure costing RM4,096,000 (2004: RM4,096,000) were revalued by the directors of a subsidiary in 1993 based on its open market value, resulting in impairment of RM1,605,000 (2004: RM1,605,000).

(ii) A wholly owned subsidiary, Mont Hill Sdn. Bhd. ("MHSB") had entered into a joint-venture agreement with a third party, Konsortium Sepang Berhad ("KSB"), on 31 March 1993 to develop approximately 147 acres of land in Sepang, Selangor Darul Ehsan into residential and commercial properties. In prior years, the directors were of the opinion that this project has no realisable value as the development rights had lapsed on 31 December 2004. Hence, the freehold land and development expenditure incurred for this project costing RM9.68 million (2004: RM9.68 million) was fully impaired and provision for doubtful debt of RM1.93 million (2004: RM1.93 million) was made in the prior year.

Subsequently, on 28 March 2005, MHSB and KSB had signed a Deed of Revocation whereby KSB has agreed to pay a total sum of RM4.43 million being the reimbursement towards expenses incurred by MHSB in four instalments. MHSB has received two instalments amounting to RM2.78 million in the current year whilst the balance of RM1.65 million will be paid in year 2006.

KSB is required to strictly comply with the payment consideration in the manner stated in the Deed of Revocation on or before the due date of each instalment failing which MHSB shall reserve its rights to revert to the earlier agreement by KSB to buy back the development rights at RM7.26 million. In consideration of the above and based on payment received to date, MHSB had written off the real properties totaling RM8.24 million. The remaining payment receivable in year 2006 shall then be recognised as income in year 2006.

(b) Land held for property development and property development costs of a subsidiary, namely Rimbunan Melati Sdn Bhd, with carrying value of RM51.44 million (2004: Nil) are pledged as security for its borrowings. (Note 30 (d)).

16. INVENTORIES

	Group	
	2005 RM'000	**2004 RM'000**
At cost:		
Food and beverage	**284**	422
Consumables	**16,506**	17,485
	16,790	17,907
At net realisable value:		
Properties held for resale	**1,162**	384
	17,952	18,291

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM13.86 million (2004: RM14.12 million).

17. RECEIVABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
i) **TRADE RECEIVABLES**				
Trade receivables (Notes b)	**142,315**	136,757	–	–
Due from customer on contract (Note 18)	**3,365**	625	–	–
	145,680	137,382	–	–
Less: Allowance for doubtful debts	**(2,252)**	(2,158)	–	–
	143,428	135,224	–	–
ii) **OTHER RECEIVABLES**				
Due from subsidiaries (Note c)	–	–	**1,013,837**	1,031,098
Due from subsidiary not consolidated (Note c)	**170**	170	**170**	170
Due from affiliated companies (Note c)	**532**	520	**533**	510
Third party advances (Note d)	–	1,785	–	–
Deposits	**1,968**	2,276	–	–
Prepayments	**2,384**	1,199	–	5
Tax recoverable	**1,184**	2,504	**155**	156
Sundry receivables	**12,708**	5,646	**1,276**	632
	18,946	14,100	**1,015,971**	1,032,571
Less: Allowance for doubtful debts	**(2,239)**	(2,513)	**(729,512)**	(729,675)
	16,707	11,587	**286,459**	302,896
Total	**160,135**	146,811	**286,459**	302,896

The Group's normal trade credit term ranges from 30 to 45 (2004: 30 to 45) days. Other credit terms are assessed and approved on a case-by-case basis.

As at 31 December 2005, a subsidiary namely 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 80% (2004: 68%) of the total Group's trade receivables.

(a) Included in trade receivables are rental and service charges receivable from affiliated companies amounting to RM6,361,000 (2004: RM7,011,000). The normal credit term granted to the affiliated companies is 30 (2004: 30) days.

(b) Included in trade receivables are RM3,507,000 (2004: RM7,665,000) being sums retained by stakeholders in relation to a completed development project of a subsidiary.

(c) The amounts due from subsidiaries and affiliated companies are unsecured, interest-free and have no fixed terms of repayment.

17. RECEIVABLES (CONT'D)

(d) In previous years, a subsidiary, Mont Hill Sdn. Bhd. ("MHSB") entered into a joint venture agreement with Konsortium Sepang Berhad ("KSB") to develop residential and commercial properties. In accordance to the agreement, KSB will provide land and MHSB will provide funding for the project. The advances amounting to RM1.931 million relates to advances given to KSB for the development of the said project. The project has been suspended in previous years due to soft demand for similar housing projects in the same vicinity. MHSB had fully provided for this debts in previous year.

Subsequently, on 28 March 2005, MHSB and KSB had signed a Deed of Revocation whereby KSB has agreed to pay a total sum of RM4.43 million being the reimbursement towards expenses incurred by MHSB in four instalments. MHSB has received two instalments amounting to RM2.78 million in the current year whilst the balance of RM1.65 million will be paid in year 2006. In consideration of the above and based on payment received to date, MHSB had reversed to entire provision for doubtful debt.

The movement in allowance for doubtful debts is as follows:

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
At the beginning of year	**4,671**	4,500	**729,675**	963,439
Transfer from income statement				
– Allowance for doubtful debts	**1,018**	1,541	**–**	193
– Reversal of allowance for doubtful debts	**(1,198)**	–	**(163)**	–
Disposal of subsidiaries	**–**	(1,084)	**–**	–
Doubtful debts written off	**–**	(286)	**–**	(233,957)
At the end of year	**4,491**	4,671	**729,512**	729,675

18. DUE FROM CUSTOMERS ON CONTRACTS

	Group	
	2005 RM'000	**2004 RM'000**
Construction costs incurred todate	**59,331**	17,703
Attributable profits	**12,894**	1,285
	72,225	18,988
Less : Progress billings	**(68,860)**	(18,363)
Due from customer on contract (Note 17)	**3,365**	625

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

	Group	
	2005 RM'000	**2004 RM'000**
Interest expense (Note 8)	**31**	–

18. DUE FROM CUSTOMERS ON CONTRACTS (CONT'D)

In previous years, 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.

The land title would be transferred by GOM to the Company upon the Company providing GOM with a land bond equivalent to the value of the land less the value of works certified for the new project.

As at 31 December 2005, the value of works certified for the FRU Project amounted to RM68.86 million of which RM41.06 million had been settled via the transfer of land value and RM20.58 million payable via cash.

As at 31 December 2005, the Company had provided the land bond to GOM which amounted to RM18.03 million and land capitalised amounts to RM51.44 million which includes other incidental costs for the land. On 24 June 2005 GOM had transferred the land title to the Company eventhough total work done had not been completed and fully certified. As such the balance sum on the land amounting to RM7.24 million has been recognised as a liability to GOM until full completion of FRU contract. (Note 24)

19. MARKETABLE SECURITIES

	Group	
	2005	**2004**
	RM'000	**RM'000**
Shares quoted in Malaysia at cost	**340**	816
Market value of quoted shares	**192**	340

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	**64,429**	85,724	**842**	3,993
Deposits with:				
– licensed banks	**62,010**	28,862	**29,822**	1,000
– licensed discount house	**3,250**	5,800	**1,250**	300
Cash and cash equivalents	**129,689**	120,386	**31,914**	5,293

20. CASH AND CASH EQUIVALENTS (CONT'D)

Included in the cash and bank balances of the Group are the following:

(i) RM48,352,000 (2004: RM55,119,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.

(ii) RM395,000 (2004: RM702,000) placed in a sinking fund account for the purpose of expenditure incurred on repair and maintenance on properties managed by certain subsidiaries.

Fixed deposits of the Group amounting to RM5,285,000 (2004: RM4,025,000) are on lien for bank guarantee facilities granted to certain subsidiaries. As at 31 December 2005, the subsidiaries have utilised guarantee facilities amounting to RM27,318,000 (2004: RM3,794,000).

Included in the fixed deposits of the Group are the following:

(i) RMNil (2004: RM2,030,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.

(ii) RM3,683,000 (2004: RM3,354,000) 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.

The weighted average interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2005 %	**2004 %**	**2005 %**	**2004 %**
Licensed banks	**3.00**	2.70	**3.10**	3.00
Licensed discount house	**2.72**	2.67	**2.75**	2.70

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2005 Days	**2004 Days**	**2005 Days**	**2004 Days**
Licensed banks	**232**	81	**260**	18
Licensed discount house	**7**	7	**7**	1

21. PROVISION FOR LIABILITIES

	Sinking fund RM'000	Late delivery charges RM'000	Total RM'000
Group			
At 31 December 2005:			
At 1 January 2005	**5,973**	**597**	**6,570**
Additional provision during the year	**825**	**–**	**825**
Utilisation of provision during the year	**(602)**	**(15)**	**(617)**
At 31 December 2005	**6,196**	**582**	**6,778**
At 31 December 2004:			
At 1 January 2004	6,259	622	6,881
Additional provision during the year	477	–	477
Utilisation of provision during the year	(763)	(25)	(788)
As 31 December 2004	5,973	597	6,570

(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.

22. RETIREMENT BENEFIT OBLIGATIONS

Certain subsidiaries operates 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 amounts recognised on the balance sheet and income statement are determined as follows:

	Group	
	2005	**2004**
	RM	**RM**
Present value of funded defined benefit obligations	**1,904**	–
Less: Fair value of plan assets	**–**	–
Present value of unfunded defined benefit obligations	**1,904**	–
Less : Unrecognised transition liability	**(1,423)**	–
Net liability	**481**	
Analysed as:		
Current	**138**	–
Non-current	**343**	–
	481	–

The amount recognised in the income statement are as follows:

	Group	
	2005	**2004**
	RM	**RM**
Current service costs	**210**	–
Interest cost	**108**	–
Transition amount recognised	**235**	–
Total included in staff costs (Note 6)	**553**	–

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	Group	
	2005	2004
	RM	RM
At 1 January	–	–
Recognised in income statement	553	–
Contributions paid	(72)	–
At 31 December	481	–
Principal actuarial assumptions used:		
Discount rate	6.5%	–
Future salary increases	5.0%	–

23. SHORT TERM BORROWINGS

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Secured:				
Secured loan (Note 30(c))	3,853	1,710	–	–
Other secured loans (Note 30(d))	21,235	–	–	–
Hire purchase payables (Note 30(a))	–	12	–	12
	25,088	1,722	–	12

24. PAYABLES

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
i) **TRADE**				
Trade payables	38,622	47,056	–	–
Progress billings in respect of property development costs	3,916	–	–	–
	42,538	47,056	–	–

24. PAYABLES (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
ii) **OTHER**				
Due to subsidiaries (Note a)	**–**	–	**174,821**	188,056
Due to affiliated companies (Note a)	**390**	382	**390**	304
Accruals	**63,636**	52,470	**3,272**	3,593
Preference share dividend for irredeemable convertible preference shares payable to minority shareholder of a subsidiary	**1,792**	1,792	**–**	–
Sundry payables	**15,637**	21,003	**420**	1,613
Amount payable to hotel creditors for construction of hotels	**9,646**	10,369	**1,778**	1,832
Deposits refundable	**3,092**	4,385	**–**	–
Payment to GOM (Note b)	**7,239**	–	**–**	–
Due to corporate shareholder of subsidiaries (Note c)	**350**	304	–	–
	101,782	90,705	**180,681**	195,398
Total	**144,320**	137,761	**180,681**	195,398

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2004: 30 to 90 days).

(a) The amounts due to subsidiaries and affiliated companies are unsecured, interest-free and have no fixed terms of repayment.

(b) The amount is in relation to the settlement of land transferred by the GOM to a subsidary company. The settlement is equivalent to the value of the land less the value of works as certified, carried out by the subsidiary for the Government Federal Reserve Unit Complex as described in Note 18.

(c) The amount due to corporate shareholders of a subsidiary is unsecured, has no fixed terms of repayment and is interest-free.

25. TAX PAYABLE

	Group 2005 RM'000	Group 2004 RM'000
Tax payable	**5,666**	14,684

Included in the prior year tax payable for the Group is RM6.08 million in relation to provision for taxation on gain on disposal of Faber Tower, a property held for resale included in inventories in prior year. The carrying value of this property is RM98.30 million. However, the value of the property as valued by the Jabatan Penilaian & Perkhidmatan Harta is RM120.00 million resulting in the tax payable. The Group has appealed against the valuation amount and Jabatan Penilaian and Perkhidmatan Harta has revised the valuation to RM101.50 million. The Group has submitted an appeal to the Inland Revenue Board for a revised taxation.

26. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares of RM1 Each		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000
(a) Authorised:				
At beginning/end of year	**3,000,000**	3,000,000	**3,000,000**	3,000,000
(b) Issued and fully paid:				
At the beginning of year	**234,845**	207,999	**234,845**	207,999
Conversion of ICULS at the rate of RM2.00 nominal value of ICULS for one (1) ordinary share of RM1.00 each (Note 27)	**43,156**	26,846	**43,156**	26,846
At the end of year	**278,001**	234,845	**278,001**	234,845

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Group and Company	
	2005 RM'000	2004 RM'000
ICULS	**86,312**	140,004
Amount converted to ordinary shares (Note 26)	**(86,312)**	(53,692)
	–	86,312

The ICULS are convertible into fully paid ordinary shares of the Company during the period from 1 November 2001 to 31 October 2005, at the rate of RM2.00 nominal value of ICULS for one (1) fully paid ordinary share of RM1.00 each at premium of RM1.00 per share in the Company. The ICULS were fully converted into ordinary shares on the mandatory conversion date on 31 October 2005.

28. PREFERENCE SHARES

	Group				Company			
	Number of Shares		Amount		Number of Shares		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000	2005 '000	2004 '000	2005 RM'000	2004 RM'000
a) RCPS of RM1.00 each								
At beginning of year	**200,000**	–	**200,000**	–	**200,000**	–	**200,000**	–
Issued during the year	**–**	200,000	**–**	200,000	**–**	200,000	**–**	200,000
At end of year	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000
Classified as equity			**200,000**	200,000			**200,000**	200,000
b) RPS of RM1.00 each								
At beginning of year	**5,496**	–	**5,496**	–	**–**	–	**–**	–
Issued and paid-up during the year	**2,000**	5,496	**2,000**	5,496	**–**	–	**–**	–
At end of year	**7,496**	5,496	**7,496**	5,496	**–**	–	**–**	–
c) ICPS of RM0.50 each:								
At beginning of year/ end of year	**2,240**	2,240	**1,120**	1,120	**–**	–	**–**	–
Classified as liabilities			**8,616**	6,616			**–**	–

a) 8-year Redeemable Convertible Preference Shares ("RCPS")

Pursuant to the restructuring scheme, which was completed in the prior year as disclosed in Note 38, 200 million of RM1.00 nominal value of RCPS were issued to JBSB as partial settlement of the amount owing to JBSB. It is 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	20,000
30 September 2005 to 29 September 2006	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

28. PREFERENCE SHARES (CONT'D)

a) 8-year Redeemable Convertible Preference Shares ("RCPS") (cont'd)

There is no dividend payable on the RCPS and the redemption of the RCPS by the Company at 100% of its nominal value 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. Furthermore, the RCPS have no voting rights. Hence, the RCPS have been classified within equity. As at 31 December 2005, there was no conversion of RCPS into new ordinary shares of the company.

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.

29. MINORITY INTERESTS

	Group	
	2005	**2004 (restated)**
	RM'000	**RM'000**
As at 1 January		
As previously stated	**64,654**	73,396
Prior year adjustments	**533**	669
As at 1 January (as restated)	**65,187**	74,065
Dilution during the year	**–**	(13,171)
Addition during the year	**–**	1,912
Transfer from income statement	**12,302**	8,028
Dividend paid and declared	**(11,677)**	(5,647)
At 31 December	**65,812**	65,187

30. LONG TERM LIABILITIES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
(a) Hire purchase obligations				
Minimum lease payments:				
Not later than 1 year	–	12	–	12
Later than 1 year and not later than 2 years	–	7	–	7
	–	19	–	19
Less: Future finance charge	–	(1)	–	(1)
Present value of hire purchase liabilities	–	18	–	18
Present value of hire purchase liabilities:				
Not later than 1 year	–	12	–	12
Later than 1 year and not later than 2 years	–	6	–	6
	–	18	–	18
Representing hire purchase liabilities:				
Due within 12 months (Note 23)	–	12	–	12
Due after 12 months	–	6	–	6
	–	18	–	18
(b) RCSB	–	1,186,062	–	1,186,062
Waiver of accreted yield (Note 4)	–	(250,894)	–	(250,894)
Amount redeemed	–	(5,708)	–	(5,708)
Amount novated pursuant to the restructuring scheme of the Company	–	(929,460)	–	(929,460)
	–	–	–	–

30. LONG TERM LIABILITIES (CONT'D)

		Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(c)	Secured loans				
	Maturity of secured loans:				
	Within one year	**3,853**	1,710	**–**	–
	More than 1 year and less than 2 years	**5,401**	6,840	**–**	–
	More than 2 years and less than 5 years	**26,931**	20,520	**–**	–
	5 years or more	**33,252**	37,812	**–**	–
		69,437	66,882	**–**	–
	Representing:				
	Due within 12 months (Note 23)	**3,853**	1,710	**–**	–
	Due after 12 months	**65,584**	65,172	**–**	–
		69,437	66,882	**–**	–
(d)	Other secured loans				
	Short term portion of bridging loan (Note 23)	**19,235**	–	**–**	–
	Bridging loan	**9,612**	–	**–**	–
	Term loan	**9,618**	–	**–**	–
	Revolving credit (Note 23)	**2,000**	–	**–**	–
		40,465	–	**–**	–
	Maturity of other secured loans:				
	Within one year	**21,235**	–	**–**	–
	More than 1 year and less than 2 years	**19,230**	–	**–**	–
		40,465	–	**–**	–
	Representing:				
	Due within 12 months (Note 23)	**21,235**	–	**–**	–
	Due after 12 months	**19,230**	–	**–**	–
		40,465	–	**–**	–
(e)	Due to corporate shareholder of a subsidiary	**2,126**	2,126	**–**	–
(f)	RSLS	**185,528**	185,528	**185,528**	185,528
	Interest in suspense	**(43,104)**	(48,582)	**(43,104)**	(48,582)
		142,424	136,946	**142,424**	136,946
(g)	Balance sum owing to JBSB	**42,380**	51,250	**42,380**	51,250
	Total long term liabilities	**271,744**	255,500	**184,804**	188,202

30. LONG TERM LIABILITIES (CONT'D)

The salient terms of long term liabilities are:

(a) The hire purchase facility attracted interest during the year ranging between 4.5% to 6.6% (2004: 4.5% to 6.6%) per annum.

(b) The two secured loans obtained from the Bank for Foreign Trade of Vietnam is 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 2005, averaged at 5.95% (2004: 3.75%).

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 loan are also guaranteed by another equity pledge agreement dated 6 September 2004 between the same parties.

The 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 in and to its property, plant and equipment.

The two loans are denominated in United States Dollar (USD). The USD balances of the secured balances as at 31 December 2005 was USD18.381 million (2004: USD17.601 million).

(c) Bridging and term loans

The secured bridging and term loans of 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 Performance Bond and the Land 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; 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 2006 to 31 March 2006	2,721
1 April 2006 to 30 June 2006	3,378
1 July 2006 to 30 September 2006	7,241
1 October 2006 to 31 December 2006	5,895
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	2,069
	38,465

30. LONG TERM LIABILITIES (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 RM80,000,000 sales value (i.e. the sold unit/parcel that the selling price forms part of the sales between RM20,000,000 and RM100,000,000), 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 RM100,000,000 and above, the redemption sum payable to the Lender shall be 20% of the selling price of that sold unit/parcel.

(d) Revolving credit

A subsidiary has the following outstanding balances on its secured Syndicated Banking Facilities, which comprise an overdraft, revolving credit, bank guarantee and combined trade facilities:

	2005 RM'000	**2004 RM'000**
Revolving credit (Note 30)	**2,000**	–
Bank guarantees issued for Performance Bonds to the Government of Malaysia (Note 33)	**15,083**	15,161

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:

1. 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 Government of Malaysia pursuant to the Concession Agreement dated 28 October 1996, all its uncalled capital, its present and future goodwill, patents, trademarks, licences and concessions and all its present and future plant, equipment and machinery, motor vehicles and furniture and fittings; and

2. A first floating charge over all the present and future lands undertakings and other properties and assets of the company both movable and inmovable, not otherwise charged in (1) above.

The weighted average effective interest rates at the balance sheet date for the secured revolving credit for the year ended 31 December 2005 is 7.25% p.a.

(e) The amount due to corporate shareholder of a subsidiary is unsecured, has no fixed terms of repayment and bears interest of 1% above base lending rate which average at 7% (2004: 7%).

(f) **RSLS**

Pursuant to the restructuring scheme which was completed in the prior year as disclosed in Note 38, the Company issued RM185,528,000 nominal value of RSLS of RM1 each as partial settlement to JBSB comprising of 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 RSLS shall be redeemed for cash on the maturity date which is 8 years from the date of issuance of 30 September 2004.

The RSLS is secured by a charge over:

(i) 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

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

30. LONG TERM LIABILITIES (CONT'D)

(g) The Balance Sum is repayable over the 8 years from the date of completion of the restructuring scheme on 30 September 2004 as disclosed in Note 38. 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 RM24.00 million;

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

(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 RM3.21 million;

(iv) assignment of net profits from the development of Country View land amounting to RM7.09 million;

(v) assignment of net profits from the development of Faber Grandview land amounting to RM1.81 million;

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

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

31. DEFERRED TAX

	Group	
	2005 RM'000	**2004 RM'000**
At beginning of year	**13,415**	14,366
Recognised in the income statement (Note 9)	**351**	(71)
Disposal of subsidiaries (Note 12)	**–**	(880)
At end of year	**13,766**	13,415

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:

	Accelerated Capital Allowance RM'000	**Revaluation Surplus RM'000**	**Linen RM'000**	**Intangible Assets RM'000**	**Total RM'000**
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**
At 1 January 2004	45,159	863	2,063	1,809	49,894
Disposal of subsidiaries	(33,435)	(863)	–	14	(34,284)
Recognised in the income statement	(722)	–	491	(234)	(465)
At 31 December 2004	11,002	–	2,554	1,589	15,145

31. DEFERRED TAX (CONT'D)

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 2005	**(75)**	**(1,073)**	**(582)**	**(1,730)**
Recognised in the income statement	**–**	**701**	**(367)**	**334**
At 31 December 2005	**(75)**	**(372)**	**(949)**	**(1,396)**
At 1 January 2004	(33,431)	(1,728)	(369)	(35,528)
Disposal of subsidiaries	33,363	–	41	33,404
Recognised in the income statement	(7)	655	(254)	394
At 31 December 2004	(75)	(1,073)	(582)	(1,730)

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowance RM'000
At 1 January 2005	**47**
Recognised in the income statement	**–**
At 31 December 2005	**47**
At 1 January 2004	45
Recognised in the income statement	2
At 31 December 2004	47

Deferred Tax Assets of the Company:

	Tax Losses and Unabsorbed Capital Allowance RM '000
At 1 January 2005	**(47)**
Recognised in the income statement	**–**
At 31 December 2005	**(47)**
At 1 January 2004	(45)
Recognised in the income statement	(2)
At 31 December 2004	(47)

31. DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

Malaysian Subsidiaries

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Unused tax losses	**45,122**	44,164	**7,860**	7,848
Unabsorbed capital allowance	**4,910**	5,110	**966**	**1,071**
Unused investment tax allowance	**561**	561	**–**	–
Provisions	**5,278**	5,109	**2,097**	1,940
	55,871	54,944	**10,923**	10,859

The unused tax losses, unabsorbed capital allowances, unused investment tax allowance and other timing differences are available indefinitely for offset against future taxable profits of the Group and Company in which those items arose subject to the Inland Revenue Board's approval. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of the Group as they have arisen in subsidiaries that have a recent history of losses.

Foreign Subsidiary

	Group	
	2005 RM'000	**2004 RM'000**
Unused tax losses	**47,729**	25,404

Vietnamese regulations relating to the implementation of the Enterprise Income Tax Law permit enterprises for the purposes of calculating taxable profits to carry forward all losses within five years. 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 subsidiary. Furthermore, although tax estimations reflected in the financial statements are believed to be accurate, adjustments could result if these tax estimations are not accepted by the tax authorities.

32. CAPITAL COMMITMENTS

	Group	
	2005 RM'000	**2004 RM'000**
(a) Approved and contracted for:		
Purchase of property, plant and equipment	**885**	2,321
Approved but not contracted for:		
Purchase of property, plant and equipment	**–**	271

32. CAPITAL COMMITMENTS (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000
(b) Obligations on:		
Rental of premises:		
Not later than 1 year	**2,989**	1,309
Later than 1 year and not later than 2 years	**946**	362
Later than 2 years and not later than 5 years	**668**	144
	4,603	1,815
(c) Obligations on:		
Rental of equipment:		
Not later than 1 year	**302**	306
Later than 1 year and not later than 2 years	**162**	165
Later than 2 years and not later than 5 years	**241**	258
	705	729
Total	**6,193**	5,136

	Company 2005 RM'000	Company 2004 RM'000
Obligations on:		
Rental of premises:		
Not later than 1 year	**420**	–
Later than 1 year and not later than 2 years	**–**	–
Later than 2 years and not later than 5 years	**–**	–
	420	–

33. CONTINGENT LIABILITIES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 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	**–**	–

33. CONTINGENT LIABILITIES (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
(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	**15,083**	15,161	**–**	–
(d) Bank guarantee issued to authorities	**5,550**	4,980	**–**	–
Unsecured:				
(a) Guarantees issued to financial institutions	**–**	–	**1,852**	1,852
(b) Litigations (unsecured)				
Claim for negligence	**108**	91	**–**	–
Claim for alleged wrongful termination of sale and purchase agreement	**26,179**	26,179	**–**	–
Claim for alleged wrongful termination of employment contract	**211**	2,427	**2,427**	2,427
Claim for alleged non payment of debts	**1,484**	502	**–**	–
	27,982	29,199	**2,427**	2,427

The directors are of the opinion that the likelihood of the crystallisation of the above claims are remote.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Management fee expense/(income) from affiliated companies				
– UEM Group Management Sdn. Bhd.	**145**	79	**113**	79
– Vistajati Holdings Sdn. Bhd.	**(282)**	(282)	**–**	–
Property development related work				
– UEM Construction Sdn. Bhd.	**24,622**	–	**–**	–
– UEM Builders Berhad	**1,050**	–	**–**	–
Technical fees paid to MOG	**375**	750	**–**	–
Retainer fees paid to MOG	**875**	–	**–**	–
Interest paid/payable to corporate shareholders	**149**	149	**–**	–
Office and car park rental income from affiliated companies				
– Rangkaian Segar Sdn. Bhd.	**–**	(640)	**–**	–
– Pengurusan Lebuhraya Bhd.	**–**	(995)	**–**	–
– Projek Lebuhraya Utara-Selatan Berhad	**–**	(1,981)	**–**	–
– Projek Penyelenggaraan Lebuhraya Berhad	**–**	(628)	**–**	–
– Prolink Development Sdn. Bhd.	**–**	(13)	**–**	–
– UEM Genisys (M) Sdn. Bhd.	**–**	(140)	**–**	–
– UEM Construction Sdn. Bhd.	**–**	(715)	**–**	–
– UEM Builders Berhad	**–**	(258)	**–**	–
– Vistajati Holdings Sdn. Bhd.	**–**	(135)	**–**	–
– Kualiti Alam Sdn. Bhd.	**–**	(205)	**–**	–
– United Engineers (M) Berhad	**–**	(147)	**–**	–
– Kuari Pati Sdn. Bhd.	**–**	(1)	**–**	–
Interest income from subsidiaries	**–**	–	**(1,005)**	(901)
Management fees from subsidiaries	**–**	–	**(2,582)**	(756)
Professional fees from a subsidiary	**–**	–	**(692)**	(568)
Office and car park rental payable to subsidiaries	**–**	–	**–**	303

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

35. SEGMENT REPORTING

(a) Business Segments:

The Group is organised into four major business segments:

(i) Property development – the development of residential and commercial properties;
(ii) Hotels and resorts – 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.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

35. SEGMENT REPORTING (CONTD.)

Facilities

	Properties		Hotel		Non-Healthcare	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
REVENUE						
External sales	**80,543**	121,620	**32,676**	125,658	**7,916**	5,064
Inter-segment sales						
– Interest income	**–**	–	**–**	–	**–**	–
– Others	**–**	990	**–**	–	**–**	630
Total revenue	**80,543**	122,610	**32,676**	125,658	**7,916**	5,694
RESULTS						
Segment results	**18,729**	16,874	**40**	176,101	**983**	1,169
Interest expense						
– Others	**(49)**	–	**(4,036)**	(34,651)	**–**	–
– Intercompany	–	–	**–**	–	**–**	–
Profit/(loss) before taxation	**18,680**	16,874	**(3,996)**	141,450	**983**	1,169
Taxation	**(4,429)**	(11,340)	–	–	**(357)**	(318)
Profit/(loss) after taxation	**14,251**	5,534	**(3,996)**	141,450	**626**	851
Minority interests	**(3,765)**	(100)	**5,412**	7,618	**–**	–
Net profit/(loss)	**10,486**	5,434	**1,416**	149,068	**626**	851
OTHER INFORMATION						
Segment assets	**316,426**	261,213	**379,835**	295,159	**77,919**	8,766
Segment liabilities/ Consolidated total liabilities	**116,894**	62,786	**651,755**	962,489	**590,855**	8,741
Capital expenditure	**580**	66	**3,895**	27,787	**70**	7
Depreciation and amortisation	**361**	467	**17,436**	32,718	**63**	26
Non cash expenses other than depreciation, amortisation, impairment losses and interest	**(3,516)**	(15,223)	**(1,216)**	(173,545)	**(400)**	(26)

(b) Geographical Segment:

The Group operates mainly in Malaysia except for a subsidiary, Vimas which operates a hotel in Vietnam.

Malaysia
Vietnam

Consolidated

Management

Healthcare		Others		Elimination		Group	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
379,056	356,072	**2,050**	984	**–**	–	**502,241**	609,398
–	–	**–**	–	**–**	–	**–**	–
–	–	**28,133**	19,382	**(28,133)**	(21,002)	**–**	–
379,056	356,072	**30,183**	20,366	**(28,133)**	(21,002)	**502,241**	609,398
60,056	60,414	**24,999**	265,537	**(28,733)**	(14,632)	**76,074**	505,463
(1,941)	–	**(5,478)**	(1,533)	**–**	–	**(11,504)**	(36,184)
–	–	**–**	–	**–**	–	**–**	–
58,115	60,414	**19,521**	264,004	**(28,733)**	(14,632)	**64,570**	469,279
(17,447)	(17,373)	**(21,036)**	(4,188)	**21,034**	4,897	**(22,235)**	(28,322)
40,668	43,041	**(1,515)**	259,816	**(7,699)**	(9,735)	**42,335**	440,957
(2,312)	(1,882)	**(11,108)**	80	(529)	(13,880)	**(12,302)**	(8,164)
38,356	41,159	**(12,623)**	259,896	**(8,228)**	(23,615)	**30,033**	432,793
239,759	237,279	**339,556**	402,512	**(579,832)**	(505,792)	**773,663**	699,137
88,088	86,213	**395,673**	457,942	**(1,366,807)**	(1,141,903)	**476,458**	436,268
11,728	15,320	**163**	220	**–**	–	**16,436**	43,400
15,872	14,965	**281**	320	**–**	–	**34,013**	48,496
(1,868)	2,094	**2,791**	(278,279)	**–**	–	**(4,209)**	(464,979)

Total Revenue from External Customers		Segment Assets		Capital Expenditure	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
469,567	596,259	**518,344**	426,867	**12,541**	19,319
32,674	13,139	**255,319**	272,270	**3,895**	24,081
502,241	609,398	**773,663**	699,137	**16,436**	43,400

36. 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, foreign exchange, liquidity, credit and market risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group primary interest rate risk relates to interest-bearing debt. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank and pledged for banking facilities.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The interest profile of the financial assets and liabilities of the Group and of the Company as at 31 December 2005 are as follows:

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Financial Assets				
Floating rate	**65,260**	34,662	**31,072**	1,300
Interest free	**240,845**	242,296	**287,543**	307,131
Total	**306,105**	276,958	**318,615**	308,431
Financial Liabilities				
Fixed rate	**151,040**	143,580	**142,424**	136,964
Floating rate	**112,028**	69,008	**–**	–
Interest free	**194,062**	196,250	**223,061**	246,648
Total	**457,130**	408,838	**365,485**	383,612

The weighted average interest rates on the financial assets and liabilities as at 31 December 2005 are as follows:

	Group		Company	
	2005 %	**2004 %**	**2005 %**	**2004 %**
Financial Assets				
Floating rate	**2.89**	2.69	**3.09**	2.90
Financial Liabilities				
Fixed rate	**5.00**	5.00	**4.00**	4.00
Floating rate	**6.23**	4.09	**–**	–

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risk (Cont'd)

The weighted average interest rates on the financial liabilities can be further analysed as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	%	**%**	**%**	**%**
Secured loan	**6.23**	4.00	**–**	–
Short term borrowings	**7.75**	–	**–**	–
Revolving credit	**5.10**	–	**–**	–
Hire purchase	**–**	5.55	**–**	5.55
Due to corporate shareholders of subsidiaries	**7.00**	7.00	**–**	–
RSLS	**4.00**	4.00	**4.00**	–

The dividend rates on the preference shares classified as financial liabilities can be further analysed as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	%	**%**	**%**	**%**
RPS	**5**	5	**–**	–
ICPS	**160**	160	**–**	–

(c) Foreign Currency Risk

The Group's foreign currency risk is mainly due to exposure to United States Dollar arising from a foreign subsidiary in Vietnam.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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	**South African Rand RM'000**	**US Dollar RM'000**
At 31 December 2005:		
Receivables		
Ringgit Malaysia	**685**	**6,862**
At 31 December 2004:		
Receivables		
Ringgit Malaysia	1,230	40,226

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The debt maturity profile of the Group is disclosed as follows:

(i) Maturity of bonds and borrowings

	Group	
	2005	**2004**
	RM'000	**RM'000**
More than five years		
RSLS	**142,424**	136,946
RPS	**7,496**	5,496
Secured loan	**33,252**	37,812
Balance sum owing to JBSB	**42,380**	51,250
Between two and five years		
ICPS	**1,120**	1,120
Secured loan	**26,931**	20,520
Between one and two years		
Secured loan	**5,401**	6,840
Other secured loans	**19,230**	–
Hire purchase	**–**	6
Within one year		
Secured loan	**3,853**	1,710
Other secured loans	**21,235**	–
Hire purchase	**–**	12
	303,322	261,712
Represented by:		
RSLS	**142,424**	136,946
RPS	**7,496**	5,496
ICPS	**1,120**	1,120
Secured loan	**69,437**	66,882
Other secured loans	**40,465**	–
Hire purchase	**–**	18
Balance sum owing to JBSB	**42,380**	51,250
	303,322	261,712

36. FINANCIAL INSTRUMENT (CONT'D)

(e) Credit Risk

Credit risk, or the risk of counterparties defaulting is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

As at 31 December 2005, 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 80% (2004: 68%) of the total trade receivables.

(f) Market Risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices of the financial instrument or its security assets. For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into short or medium term agreements with suppliers. For security assets, the Group maintains sufficient financial resources to offer its lenders should the market value of the security assets falls below the margin required by the lenders.

(g) Fair Values

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings.

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable Securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

37. SUBSIDIARIES

Details of the subsidiaries are as follows:

Incorporated in Malaysia	Issued and Paid-up Share Capital	Equity Interest Held (%) 2005	Equity Interest Held (%) 2004	Principal Activities
Merlion Credit Corporation Bhd. (14534-X)	**6,000,000**	**100**	100	Dormant
TC Parking Sdn. Bhd. (43231-U)	**20,002**	**100**	100	Investment holding
Merlino Enterprises Sdn. Bhd. (63707-V)	**450,000**	**100**	100	In liquidation
Sate Yaki Sdn. Bhd. (72963-M)	**5,000,000**	**60**	60	In liquidation
Renown Alliance Sdn. Bhd. (325061-K)	**2**	**100**	100	Investment holding
Faber Hotels Holdings Sdn. Bhd. (107611-V)	**95,279,551**	**100**	100	Investment holding

37. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Incorporated in Malaysia	Issued and Paid-up Share Capital	Equity Interest Held (%) 2005	Equity Interest Held (%) 2004	Principal Activities
Faber Labuan Sdn. Bhd. (109827-V)	**2**	**100**	100	Investment holding
Merlin Tower Hotel Sdn. Bhd. (57490-A)	**8,000,003**	**100**	100	Dormant
Fraser's Hill Merlin Hotel Sdn. Bhd. (24126-W)	**2,000,000**	**51**	51	Ceased operations
Faber Development Holding Sdn. Bhd. (107612-D)	**28,260,006**	**100**	100	Investment holding
Faber Heights Management Sdn. Bhd. (109824-W)	**2**	**100**	100	Property management
Country View Development Sdn. Bhd. (66457-K)	**1,200,000**	**100**	100	Property development
Faber Grandview Development (Sabah) Sdn. Bhd. (51081-T)	**4,500,000**	**100**	100	Property development
Faber Union Sdn. Bhd. (10501-T)	**50,000,000**	**100**	100	Property development
Mont Hill Sdn. Bhd. (245934-T)	**2**	**100**	100	Dormant
Mutiara Unik (M) Sdn Bhd. (216202-D)	**2**	**100**	100	Dormant
Jiwa Unik Sdn. Bhd. (249878-A)	**100,000**	**51**	51	Dormant
Rimbunan Melati Sdn. Bhd. (304034-U)	**21,659,091**	**55**	55	Property development
Faber Facilities Sdn. Bhd. (107920-D)	**200,000**	**100**	100	Facilities maintenance
Faber Facilities Management Sdn. Bhd. (103775-H)	**1,000,000**	**100**	100	Facilities maintenance
Faber Facilities Solution Sdn. Bhd. (27817-X)	**100,000**	**100**	100	Facilities maintenance
Faber Haulage Sdn. Bhd. (108662-V)	**610,002**	**100**	100	Investment holding
Firstgain Holdings Sdn. Bhd. (191099-K)	**1,000,000**	**100**	100	Ceased operations
Hasil Lintang Sdn. Bhd. (191100-H)	**50,000**	**100**	100	Ceased operations
Faber Healthcare Management Sdn. Bhd. (365178-M)	**2**	**100**	100	Investment holding
Faber Medi-Serve Sdn. Bhd. (109818-H)	**54,000,010**	**70**	70	Provision of hospital support services

37. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Incorporated in Malaysia	Issued and Paid-up Share Capital	Equity Interest Held (%) 2005	Equity Interest Held (%) 2004	Principal Activities
Cermin Cahaya Sdn. Bhd. (417909-M)	**2**	**70**	70	Provision of cleaning services
Healthtronics (M) Sdn. Bhd. (415187-M)	**200,000**	**42**	42	Provision of biomedical engineering maintenance services and electronic facilities engineering maintenance services
Cermin Kenyalang Sdn. Bhd (582764-H)	**700,000**	**39**	39	Provision of laundry processing activities
Sehat Technologies Sdn. Bhd. (593202-T)	**500,000**	**51**	51	Manufacturing and assembly of healthcare equipment
Intensive Quest Sdn. Bhd. (235437-K)	**500,000**	**63**	63	In liquidation

Incorporated Outside Malaysia	Issued and Paid-up Share Capital	Equity Interest Held (%) 2005	Equity Interest Held (%) 2004	Principal Activities	Country of Incorporation
Belaire Investments (Proprietary) Ltd+ (94/05691/07)	**Rand100**	**100**	100	Ceased operations	South Africa
Vimas Joint Venture Company Limited (SCCI No. 578/GP)	**US$30,000,000**	**70**	70	Hotel development and hotel proprietor	Vietnam

\+ Subsidiaries not audited by Ernst & Young

38. RESTRUCTURING SCHEME (COMPLETED IN PRIOR YEAR)

(a) In the prior year, the Company regularised its financial position as an "Affected Listed Issuer" pursuant to Practice Note 4/2001 ("PN4") of the Listing Requirements of Bursa Malaysia Securities Berhad through a restructuring scheme that involved the transfer of assets to Jeram Bintang Sdn. Bhd. ("JBSB"), a special purpose vehicle for the restructuring scheme and its wholly-owned subsidiary, Canggih Pesaka Sdn. Bhd.

The scheme was completed on 30 September 2004 and the Company was uplifted from its PN4 status.

38. RESTRUCTURING SCHEME (COMPLETED IN PRIOR YEAR) (CONT'D)

The details of the restructuring scheme are as follows:

(i) Transfer of the affected subsidiaries as disclosed in Note 12(a) and the assets below of the Group to JBSB at a nominal value of RM1.00;

Assets
PT 23538 Sungai Petani Land, Kedah
PT 4343 Tower Block Land, Desa Business Park, Taman Desa, Kuala Lumpur
Lot 51566 Faber Towers, Taman Desa, Kuala Lumpur

(ii) Waiver of the accreted yield of the RCSB from the date of issuance to 10 April 2003 amounting to RM250,894,000;

(iii) Novation of liability under the RCSB as at 31 December 2004 as disclosed in Note 30(b) to JBSB as at the implementation date and issuance of bonds by JBSB in settlement of such novated liability;

(iv) Following the novation of the RCSB to JBSB, the debt owing by the Company to JBSB would be set off against the net amount due to the Group from the subsidiaries disposed. The resulting amount payable by the Company to JBSB is settled in part by:

(a) issuance of up to 200,000,000 RCPS at RM1 each by the Company to JBSB;

(b) issuance of up to nominal value of RM185,528,000 RSLS by the Company to JBSB comprising of RM135,564,000 nominal value of RSLS issued and a coupon of 4% per annum compounded annually up to maturity amounting to RM49,964,000 nominal value payable in the form of RSLS.

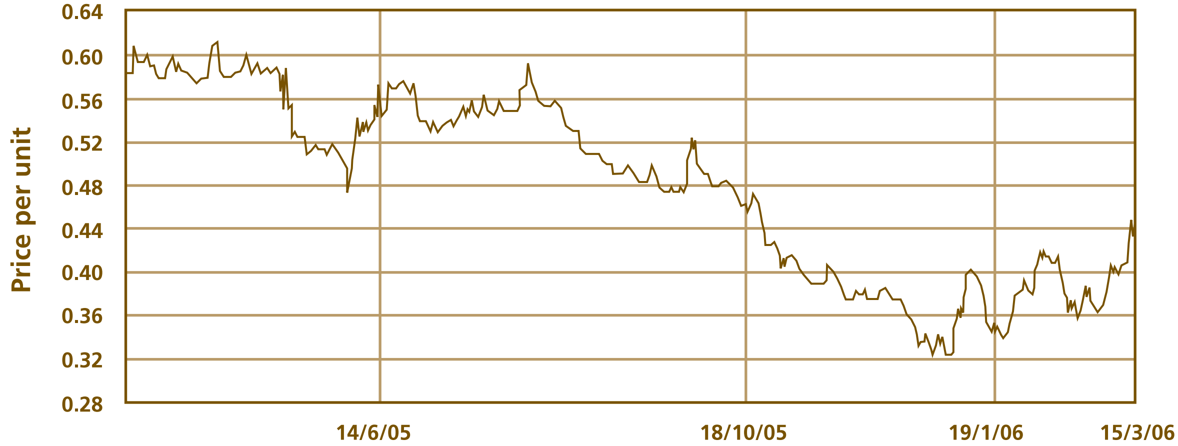
(v) after (iii) and (iv) above, the Balance Sum still payable to JBSB is RM51,442,000. The Balance Sum is secured as disclosed in Note 30 (g)

(vi) Management and maintenance arrangements between JBSB and its subsidiaries with the Company for the management of JBSB and the assets transferred over to JBSB.

39. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted.

share price movement



HIGHEST PRICE during this period is **0.62** on **14 March 2005**
LOWEST PRICE during this period is **0.315** on **3 January 2006**
HIGHEST VOLUME during this period is **98,535.00** on **12 May 2005**

analysis of shareholdings

ANALYSIS OF SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 10 MARCH 2006

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 278,001,053 ordinary shares of RM1.00 each and 200,000,000 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	:	29,881
Voting rights	:	1 vote per ordinary share

NO. OF HOLDERS	HOLDINGS	TOTAL HOLDINGS	PERCENTAGE
1,030	Less than 100	46,006	0.02
21,516	100 – 1,000	8,376,290	3.01
5,815	1,001 – 10,000	21,536,093	7.75
1,316	10,001 – 100,000	39,637,385	14.26
203	100,001 to less than 5% of issued shares	111,163,011	39.99
1	5% and above of issued shares	97,242,268	34.98
29,881	**Total**	**278,001,053**	**100.00**

Category of Shareholders of Ordinary Shares as per the Record of Depositors as at 10 March 2006

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	22,526	864	75.39	2.89	79,028,150	3,461,673	28.43	1.25
Body Corporate								
Banks/Finance Companies	59	1	0.20	*	3,251,947	881	1.17	0.00
Investments Trust/ Foundations/ Charities	9	–	0.03	–	157,562	–	0.06	–
Industrial and Commercial Companies	304	26	1.02	0.09	122,982,167	2,652,373	44.24	0.95
Government Agencies/ Institutions	6	–	0.02	–	469,787	–	0.17	–
Nominees	2,121	3,965	7.10	13.27	41,128,837	24,867,676	14.79	8.95
Total	**25,025**	**4,856**	**83.75**	**16.25**	**247,018,450**	**30,982,603**	**88.86**	**11.14**

NOTE: * INSIGNIFICANT

30 Largest Shareholders of Ordinary Shares as per Record of Depositors as at 10 March 2006

NO.	SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
1.	United Engineers (Malaysia) Berhad	97,242,268	34.98
2.	United Engineers (Malaysia) Berhad	8,195,657	2.95
3.	Mayban Nominees (Tempatan) Sdn Bhd *Mayban Trustees Berhad for Balanced Returns Fund (N14011980060)*	7,000,600	2.52
4.	ABB Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Federal Furniture Industries Sdn Bhd (Corp Banking)*	4,759,456	1.71
5.	HDM Nominees (Asing) Sdn Bhd *DBS Vickers Secs (S) Pte Ltd for Tan Ju Hong*	4,686,800	1.69
6.	CIMSEC Nominees (Tempatan) Sdn Bhd *Bumiputra-Commerce Trustee Berhad for RHB Islamic Growth Fund*	3,400,000	1.22
7.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *CIMB-Principal Asset Mgmt Bhd for Globale Ruckversicherungs-Aktiengesellschaft*	2,515,000	0.90
8.	Taisei Corporation	2,385,000	0.86
9.	CIMSEC Nominees (Tempatan) Sdn Bhd *Bumiputra-Commerce Trustee Berhad for RHB Malaysia Recovery Fund*	2,240,000	0.81
10.	Kasugi Prima Sdn Bhd	2,144,125	0.77
11.	Chua Ching Geh	2,068,900	0.74
12.	Ekovest Berhad	1,990,858	0.72
13.	Lau Kiing Woi	1,850,500	0.67
14.	Citigroup Nominees (Asing) Sdn Bhd *Citigroup GM Inc for Trivesco Capital Management Limited*	1,778,800	0.64
15.	Lim Soon Huat	1,731,800	0.62
16.	BHLB Trustee Fund *TA Comet Fund*	1,615,800	0.58
17.	HDM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Zulkeflee bin Mohamad Nor (M09)*	1,606,000	0.58

NO.	SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
18.	Road Builder (M) Sdn Bhd	1,490,925	0.54
19.	Lau Kueng Suong	1,440,400	0.52
20.	Tang Kam Kew	1,389,200	0.50
21.	Ke-Zan Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte. Ltd. for Exquisite Holdings Limited*	1,252,000	0.45
22.	GDP Architects Sdn Bhd	1,250,124	0.45
23.	Manulife Insurance (Malaysia) Berhad	1,230,000	0.44
24.	Syarikat Pemasaran Sejati Sdn Bhd	1,227,951	0.44
25.	Seloga Jaya Sdn Bhd	1,205,123	0.43
26.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Hwang-DBS Select Balanced Fund (4405)*	1,180,000	0.42
27.	Tang Kam Kew	1,158,600	0.42
28.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for the Hwang-DBS Select Opportunity Fund (3969)*	1,000,000	0.36
29.	CIMSEC Nominees (Asing) Sdn Bhd *CIMB for Aminuddin Yusof Lana (PB)*	1,000,000	0.36
30.	CIMSEC Nominees (Asing) Sdn Bhd *RHB Asset Management Sdn Bhd for Perbadanan Nasional Berhad*	1,000,000	0.36
Total		**163,035,887**	**58.65**

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 10 March 2006

	NO. OF ORDINARY SHARES OF RM1.00 EACH			
DIRECTORS	**DIRECT**	**PERCENTAGE**	**INDIRECT**	**PERCENTAGE**
Dato' Anwar bin Haji @ Aji	–	–	–	–
Datuk Zainal Abidin bin Alias	–	–	–	–
Dato' Mohamed Zain bin Mohamed Yusuf	–	–	–	–
Dato' Ikmal Hijaz bin Hashim	–	–	–	–
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	1,500	*	–	–
Elakumari a/p Kantilal	–	–	–	–
Azmanuddin Haq bin Ahmad	50,000	*	–	–
Noorizah binti Hj Abd Hamid	–	–	–	–
Puasa bin Osman	–	–	–	–

As at 10 March 2006, 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 10 March 2006

	NO. OF ORDINARY SHARES OF RM1.00 EACH			
SUBSTANTIAL SHAREHOLDERS	**DIRECT**	**PERCENTAGE**	**INDIRECT**	**PERCENTAGE**
United Engineers (Malaysia) Berhad	105,437,925	37.93		
Khazanah Nasional Berhad [(a)]	–	–	105,437,925	37.93

NOTES:

(a) DEEMED INTERESTED BY VIRTUE OF ITS SUBSTANTIAL INTEREST IN UNITED ENGINEERS (MALAYSIA) BERHAD

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 31.12.2005 (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	9	1,536	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 and ancillary facilities	2.24 acres	2,471.7	Laundry plant	Leasehold (26.3.2056) 60 years	9	1,046	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)	5	552	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)	–	2,338	1982
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)	–	2,556	1981
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	11	249,927	6.10.2005

Utilization of Proceeds
There were no proceeds raised by FGB from any corporate proposals during the financial year ended 31 December 2005.

Shares Buy-Backs
There were no share buy-backs during the financial year ended 31 December 2005.

Employees Share Option Scheme ("ESOS")
There were no ESOS undertaken by FGB during the financial year ended 31 December 2005.

Options, Warrants or Convertible Securities Exercised
FGB has not issued any options, warrants or convertible securities in respect of the financial year ended 31 December 2005.

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 2005.

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 to external audit firms by the FGB Group for the financial year ended 31 December 2005.

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 2005.

Profit Guarantee
FGB did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2005.

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 2005 or entered into since the end of the previous financial year.

recurrent related party transactions

The shareholders of FGB had at the 41st Annual General Meeting ("AGM") and 42nd AGM held on 28 June 2004 and 5 May 2005 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 4 June 2004 and 11 April 2005.

For the financial year ended 31 December 2005, the aggregate value of transactions conducted pursuant to the Shareholders' Mandate are as disclosed below:

RRPT NO.	FGB GROUP OR THE SUBSIDIARY COMPANIES OF FGB	TYPE OF TRANSACTION	RELATED PARTY	NATURE OF RELATIONSHIP AS SET OUT IN THE CIRCULAR TO SHAREHOLDERS DATED 4 JUNE 2004^	AGGREGATE VALUE OF TRANSACTIONS FROM JANUARY 2005 TO APRIL 2005 (RM)
1.	FGB Group	Staff training and development for FGB Group	UEM Group Management Sdn Bhd ("UEMG")	UEMG is a wholly owned subsidiary company of United Engineers (Malaysia) Berhad ("UEM")**.	178,097
2.	FGB Group	Administrative services for FGB Group	UEMG	UEMG is a wholly owned subsidiary company of UEM**.	63,361
3.	FGB Group	Brokerage fees (including insurance premiums) paid by FGB Group	Bradstock Insurance Brokers Sdn Bhd ("Bradstock")	Bradstock is a 30% owned associate company of Hatibudi Nominees (Tempatan) Sdn Bhd ("Hatibudi Nominees"), a wholly owned subsidiary company of UEM Land Sdn Bhd ("UEM Land"), which in turn is a wholly owned subsidiary company of UEM World Berhad ("UEM World")##.	307,973
4.	Faber Medi-Serve Sdn Bhd ("FMS")	Provision of ash disposal services by Kualiti Alam Sdn Bhd ("Kualiti Alam")	Kualiti Alam	Kualiti Alam is a wholly owned subsidiary company of UEM Environment Sdn Bhd ("UEM Environment"), which in turn is wholly owned by UEM World##. Dato' Ikmal Hijaz, a Director of FGB, is a director of Kualiti Alam and the group managing director/CEO of Pos Malaysia and Services Holdings Berhad ("Pos Malaysia"). He is also the past managing director of UEM Land (resigned with effect from 1 December 2003) and a past director of Setia Haruman Sdn Bhd ("Setia Haruman") (resigned with effect from 27 October 2003) and Vistajati Sdn Bhd ("Vistajati") (resigned with effect from 27 October 2003).	25,123

RRPT NO.	FGB GROUP OR THE SUBSIDIARY COMPANIES OF FGB	TYPE OF TRANSACTION	RELATED PARTY	NATURE OF RELATIONSHIP AS SET OUT IN THE CIRCULAR TO SHAREHOLDERS DATED 4 JUNE 2004^	AGGREGATE VALUE OF TRANSACTIONS FROM JANUARY 2005 TO APRIL 2005 (RM)
				Azmanuddin Haq, a Director of FGB is the managing director of UEM Environment (appointed with effect from 1 December 2003) and Kualiti Alam (appointed with effect from 20 December 2003). He is also a director of United Services & Automotive Industries Sdn Bhd.	
5.	FM Property Management Sdn Bhd ("FMPM")	Provision of facilities management services	Vistajati	Vistajati is a wholly owned subsidiary company of UEM**. Dato' Ikmal Hijaz, a Director of FGB, is a past director of Vistajati (resigned with effect from 27 October 2003). He is also a director of Kualiti Alam, the group managing director/CEO of Pos Malaysia and the past managing director of UEM Land (resigned with effect from 1 December 2003) and a past director of Setia Haruman (resigned with effect from 27 October 2003).	94,020
6.	FMPM	Provision of facilities management services by FMPM	Any Related Party who owns, or may in the future own, properties managed by FFSB	–	701
7.	FMS	Supply of chemicals and consumables	Pharmaniaga Logistics Sdn Bhd ("PLSB")	PLSB is a 70% owned subsidiary company of Pharmaniaga Berhad ("Pharmaniaga"), which in turn is a 30.67% owned associate company of UEM World##.	548,216
8.	FMPM	Fees receivable from management of car park	Setia Haruman	Setia Haruman is a 25% associate company of UEM Land, which in turn is a wholly owned subsidiary company of UEM World##. Dato' Ikmal Hijaz, a Director of FGB, is a past director of Setia Haruman (resigned with effect from 27 October 2003) and Vistajati (resigned with effect from 27 October 2003, the past managing director of UEM Land (resigned with effect from 1 December 2003, a director of Kualiti Alam (appointed with effect from 20 December 2003) and the group managing director/CEO of Pos Malaysia.	82,161

RRPT NO.	FGB GROUP OR THE SUBSIDIARY COMPANIES OF FGB	TYPE OF TRANSACTION	RELATED PARTY	NATURE OF RELATIONSHIP AS SET OUT IN THE CIRCULAR TO SHAREHOLDERS DATED 4 JUNE 2004^	AGGREGATE VALUE OF TRANSACTIONS FROM JANUARY 2005 TO APRIL 2005 (RM)
9.	FGB Group	Tenancy of office space in Faber Towers and rental of ancillary facilities from Faber Union Sdn Bhd	Jeram Bintang Sdn Bhd ("Jeram Bintang") and its subsidiary companies ("Jeram Bintang Group")	Jeram Bintang may hold FGB shares for a short time pursuant to conversion of equity papers in exchange for settlement of debts before mandatory sale of the Jeram Bintang Bonds pursuant to the Restructuring Scheme of FGB.	327,727
10.	FGB Group	Provision of property maintenance and management services	Jeram Bintang Group	Jeram Bintang may hold FGB shares for a short time pursuant to conversion of equity papers in exchange for settlement of debts before mandatory sale of the Jeram Bintang Bonds pursuant to the Restructuring Scheme of FGB.	946,417
11.	FGB Group	Construction related works	UEM Builders Berhad ("UEM Builders") and its subsidiary companies ("UEM Builders Group")	UEM Builders is a 51.7% owned subsidiary company of UEM World##. Dato' Dr. Mohamed Ishak bin Haji Mohamed Ariff, a Director of FGB holds 30,000 ordinary shares of RM1.00 each in UEM Builders.	8,604,989
12.	FGB Group	Charter of transportation	Park May Berhad ("PMB") and its subsidiary companies	PMB is a 24.9% owned associate company of UEM**.	8,280
13.	FGB Group	Purchase of motor vehicle	Edaran Otomobil Nasional Bhd ("EON")	EON is a 6.31% owned company of Khazanah Nasional Berhad ("Khazanah"). Khazanah also indirectly owns 100% of UEM**.	49,339

^NOTES:

** AS AT 17 MAY 2004, FGB IS A 46.18% OWNED ASSOCIATE COMPANY OF UEM.

UEM IS A WHOLLY OWNED SUBSIDIARY COMPANY OF SYARIKAT DANASAHAM SDN BHD ("DANASAHAM"), WHICH IN TURN IS A WHOLLY OWNED SUBSIDIARY COMPANY OF KHAZANAH. UEM WORLD IS A 50.8% SUBSIDIARY COMPANY OF UEM.

DATO' ANWAR BIN HAJI @ AJI, THE CHAIRMAN AND A DIRECTOR OF FGB, IS A PAST MANAGING DIRECTOR OF KHAZANAH (RESIGNED WITH EFFECT FROM 31 MAY 2004), AND A DIRECTOR OF DANASAHAM, UEM, UEM WORLD AND COMMERCE ASSET-HOLDING BHD ("CAHB").

RRPT NO.	FGB GROUP OR THE SUBSIDIARY COMPANIES OF FGB	TYPE OF TRANSACTION	RELATED PARTY	NATURE OF RELATIONSHIP AS SET OUT IN THE CIRCULAR TO SHAREHOLDERS DATED 11 APRIL 2005$^{\Omega}$	AGGREGATE VALUE OF TRANSACTIONS FROM MAY 2005 TO DECEMBER 2005 (RM)
1.	FGB Group	Staff training and development for FGB Group	UEMG	UEMG is a wholly owned subsidiary company of UEM**.	740,675
2.	FGB Group	Administrative services for FGB Group	UEMG	UEMG is a wholly owned subsidiary company of UEM**.	283,810
3.	FGB Group	Brokerage fees (including insurance premiums) paid by FGB Group	Bradstock	Bradstock is a 30% owned associate company of Hatibudi Nominees, a wholly owned subsidiary company of UEM Land, which in turn is a wholly owned subsidiary company of UEM World##.	446,023
4.	FMS	Provision of ash disposal services by Kualiti Alam	Kualiti Alam	Kualiti Alam is a wholly owned subsidiary company of UEM Environment, which in turn is wholly owned by UEM World##. Azmanuddin Haq, a Director of FGB is the managing director of UEM Environment and Kualiti Alam.	84,262
5.	Faber Facilities Sdn Bhd ("FFSB")	Provision of facilities maintenance services	Vistajati	Vistajati is a wholly owned subsidiary company of UEM**.	188,040
6.	FFSB	Provision of facilities maintenance services by FFSB	Any Related Party who owns, or may in the future own, properties managed by FFSB	–	1,767
7.	FMS	Supply of chemicals and consumables	PLSB	PLSB is a 70% owned subsidiary company of Pharmaniaga, which in turn is a 30.39% owned associate company of UEM World##.	699,554
8.	FFSB	Fees receivable from management of car park	Setia Haruman	Setia Haruman is a 25% associate company of UEM Land, which in turn is a wholly owned subsidiary company of UEM World##.	318,541
9.	FGB Group	Rental of office space in Faber Towers and rental of ancillary facilities from Jeram Bintang Group	Jeram Bintang Group	Jeram Bintang may hold FGB shares for a short time pursuant to conversion of equity papers in exchange for settlement of debts before mandatory sale of the Jeram Bintang Bonds pursuant to the Restructuring Scheme of FGB.	1,808,133

RRPT NO.	FGB GROUP OR THE SUBSIDIARY COMPANIES OF FGB	TYPE OF TRANSACTION	RELATED PARTY	NATURE OF RELATIONSHIP AS SET OUT IN THE CIRCULAR TO SHAREHOLDERS DATED 11 APRIL 2005[Ω]	AGGREGATE VALUE OF TRANSACTIONS FROM MAY 2005 TO DECEMBER 2005 (RM)
10.	FGB Group	Provision of facilities maintenance services	Jeram Bintang Group	Jeram Bintang may hold FGB shares for a short time pursuant to conversion of equity papers in exchange for settlement of debts before mandatory sale of the Jeram Bintang Bonds pursuant to the Restructuring Scheme of FGB.	1,306,049
11.	FMS Group	Cleansing services	Jeram Bintang Group	Jeram Bintang may hold FGB shares for a short time pursuant to conversion of equity papers in exchange for settlement of debts before mandatory sale of the Jeram Bintang Bonds pursuant to the Restructuring Scheme of FGB.	159,900
12.	Vimas Joint Venture Company Limited ("Vimas")	Rental of office space in Hanoi, Vietnam from Single-Member Hotay Company Limited ("Hotay")	Hotay	Hotay is a major shareholder of Vimas holding 30% of the equity interest in Vimas. The remaining issued and paid-up share capital of Vimas is held by FLSB.	30,286
13.	FGB Group	Construction related works	UEM Builders Group	UEM Builders is a 51.7% owned subsidiary company of UEM World[##]. Dato' Dr. Mohamed Ishak bin Haji Mohamed Ariff, a Director of FGB holds 30,000 ordinary shares of RM1.00 each in UEM Builders.	30,829,374
14.	FMS	Provision of management and technical services	Medlux Overseas (Guernsey) Limited ("MOG")	MOG is a major shareholder of FMS holding 30% direct interest in FMS.	875,000
15.	FMS Group	Cleansing services	UEM and its subsidiary companies	UEM is the holding company of UEM World[##].	8,767

[Ω]NOTES:

** AS AT 4 APRIL 2005, FGB IS A 42.16% OWNED ASSOCIATE COMPANY OF UEM.

UEM IS A WHOLLY OWNED SUBSIDIARY COMPANY OF KHAZANAH. UEM WORLD IS A 50.8% SUBSIDIARY COMPANY OF UEM.

DATO' ANWAR BIN HAJI @ AJI, THE CHAIRMAN AND A DIRECTOR OF FGB, IS A PAST MANAGING DIRECTOR OF KHAZANAH (RESIGNED WITH EFFECT FROM 31 MAY 2004), PAST DIRECTOR OF UEM (RESIGNED WITH EFFECT FROM 5 JULY 2004) AND UEM WORLD (RESIGNED WITH EFFECT FROM 5 JULY 2004), AND IS A DIRECTOR OF CAHB.

NOTICE IS HEREBY GIVEN THAT THE 43RD ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT DEWAN TUN HUSSEIN ONN, PUTRA WORLD TRADE CENTRE, LEVEL 2, 41, JALAN TUN ISMAIL, 50480 KUALA LUMPUR ON TUESDAY, 2 MAY 2006 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 2005 together with the Directors' and Auditors' reports therein. **Ordinary Resolution 1**

2. To approve the fees payable to Directors for the financial year ended 31 December 2005. **Ordinary Resolution 2**

3. To re-elect the following Directors who are retiring in accordance with Article 65 of the Company's Articles of Association and being eligible, they have offered themselves for re-election:

   - Datuk Zainal Abidin bin Alias **Ordinary Resolution 3**
   - Elakumari a/p Kantilal **Ordinary Resolution 4**
   - Puasa bin Osman **Ordinary Resolution 5**

4. To re-appoint Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff who is over the age of seventy years, 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 6**

5. 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 7**

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

6. **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 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 8**

7. **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 5 May 2005 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 10 April 2006 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 Annual General Meeting ("AGM") of the Company following this 43rd 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 9**

8. To transact any other business for which due notice shall have been given.

By Order Of The Board

GWEE OOI TENG
(MAICSA 0794701)
Company Secretary

Kuala Lumpur
10 April 2006

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 8, 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 is set out in the Circular to Shareholders' of the Company dated 10 April 2006 in relation to the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Mandate for Additional Recurrent Related Party Transactions which was dispatched together with the Company's Annual Report 2005.

Statement Accompanying the Notice of the 43rd 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 65 of the Articles of Association

   - Datuk Zainal Abidin bin Alias
   - Elakumari a/p Kantilal
   - Puasa bin Osman

   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 7 Board of Directors' Meeting were held in the financial year ended 31 December 2005 as follows:-

	DATE
Board of Directors' Meeting	25 February 2005
Board of Directors' Meeting	28 February 2005
Board of Directors' Meeting	31 May 2005
Board of Directors' Meeting	15 August 2005
Board of Directors' Meeting	29 September 2005
Board of Directors' Meeting	28 November 2005
Board of Directors' Meeting	23 December 2005

3. Details of attendances of Directors at the Board of Directors' Meetings held in the financial year ended 31 December 2005 are as follows:-

NAME OF DIRECTOR	**NO. OF MEETINGS ATTENDED** (A TOTAL OF 7 BOARD MEETINGS WERE HELD)
Dato' Anwar bin Haji @ Aji	7/7
Datuk Zainal Abidin bin Alias	6/7
Dato' Mohamed Zain bin Mohamed Yusuf	7/7
Dato' Ikmal Hijaz bin Hashim	5/7
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	7/7
Elakumari a/p Kantilal	6/7
Azmanuddin Haq bin Ahmad	6/7
Puasa bin Osman	6/7
Noorizah binti Hj Abd Hamid	7/7

4. Date, Time and Place of the 43rd Annual General Meeting

   Date : Tuesday, 2 May 2006
   Time : 10.00 a.m.
   Place : Dewan Tun Hussein Onn, Putra World Trade Centre, Level 2, 41, Jalan Tun Ismail,50480 Kuala Lumpur.

notes

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-Third (43rd) Annual General Meeting of the Company to be held at Dewan Tun Hussein Onn, Putra World Trade Centre, Level 2, 41, Jalan Tun Ismail, 50480 Kuala Lumpur on Tuesday, 2 May 2006 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 Fees Payable to Directors		
Ordinary Resolution 3	Re-election of Director		
Ordinary Resolution 4	Re-election of Director		
Ordinary Resolution 5	Re-election of Director		
Ordinary Resolution 6	Re-appointment of Director		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 9	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 ________________ 2006

____
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 Secretary
FABER GROUP BERHAD (5067-M)
20th Floor, Menara 2
Faber Towers
Jalan Desa Bahagia, Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur