

HUMAN RESOURCE DEVELOPMENT

HUMAN CAPITAL AND THE DEVELOPMENT THEREOF CONTINUES TO BE AN IMPORTANT PART OF THE FABER PHILOSOPHY, WITH OVER SEVEN THOUSAND STAFF MEMBERS. DURING THE YEAR UNDER REVIEW FABER INVESTED OVER RM2 MILLION IN TRAINING.

A company's capital cannot be measured alone on percentages of paid up capital, volume of stock traded or the length of its production lines. Indeed, a new kind of capital is becoming increasingly more important to the overall well being of the organisation.

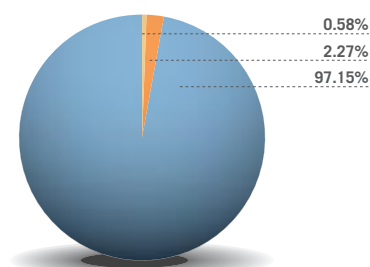
Human Capital has gone from being a buzzword to an absolute necessity in the 21st century. As one of Malaysia's foremost employers, with over 7,000 employees on our payroll, Faber recognises this fact and considers investment in its human resources as paramount to its success.

And yes, actions do speak louder than words. During 2004 alone the Group invested RM2.7 million on training and development, focused principally on increasing and enhancing organisational capacity at all levels, including:

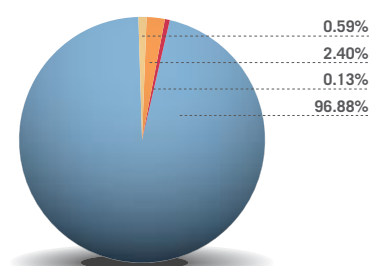
- The development of a functional and managerial competency framework
- The assessment of learning needs in order to identify competency gaps
- The planning and implementation of competency based programmes
- The development of career planning via both dual ladder (technical and managerial) and informal structure approaches
- The development and maintenance of a formal succession plan with regard to key positions
- The promotion of a culture of learning and knowledge sharing



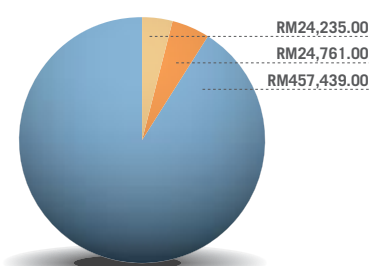
MANPOWER STATUS BY SEGMENT 2004



MANPOWER STATUS BY SEGMENT 2003

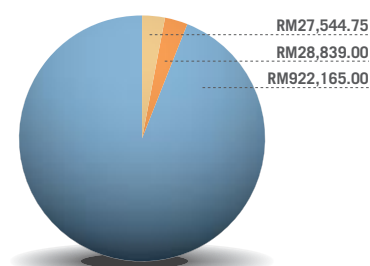


TRAINING EXPENDITURE DISTRIBUTION 2004

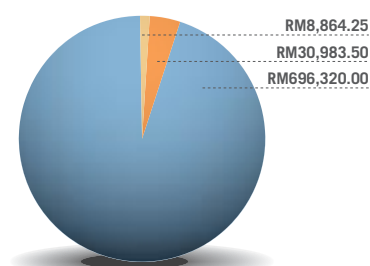


MANAGEMENT STAFF

EXECUTIVE STAFF



NON-EXECUTIVE STAFF



Typically, training and development programmes are determined by the various competencies corresponding to the functional and managerial needs of the Company. Incumbents are evaluated according to the aptitudes required to fulfil specific functions, with both managers and staff involved in identifying and planning learning agendas.

The gaps between current ability and performance requirements then serve as indicators for specific training needs, while the discrepancies between employees' own perceptions and that of their supervisors serve as indicators for further clarification of expectations.

TECHNICAL TRAINING PROGRAMMES

The Group embarked on a number of technical training initiatives during 2004 with recognised entities such as Institut Latihan Sultan Haji Ahmad Shah (ILSAS), IKRAM and the Malaysia France Institute for technical personnel, including:

- Maintenance of M&E Installations
- Standby Generator Set
- Uninterruptible Power Supply
- Cooling Tower Operation and maintenance
- Automotive Air Conditioning Maintenance & Suspension, Steering, Tyres and Wheels
- Waste Water Treatment

Other programmes included the training of FMS staff on the eCLIP, a maintenance and operation system implemented in May 2004.

OPERATIONAL TRAINING PROGRAMMES

- Budgeting and ROI for Facilities Management
- Effective Inventory Planning & Control & Warehouse Management
- Structuring Joint Venture Agreements
- Survival Guide to Branding
- Measuring Productivity for Long Term Competitiveness

MANAGERIAL AND EXECUTIVE DEVELOPMENT TRAINING PROGRAMMES

- 7 Habits of Highly Effective People
- Principle-centred Leadership
- Customer Satisfaction Management
- Shareholder Value Creation
- Risk Management for Directors & Top Management
- Organisational Learning and Systems Thinking
- The 4 Roles of Leadership

Human excellence is a trait that the Group places above all. We believe in actively motivating our workforce through multiple employee benefit programmes such as family days, quarterly staff briefings, employee recognition programmes, excellent service awards, inter-company sports and games days and community service. These initiatives represent the outward manifestation of our ongoing efforts to become Malaysia's employer of choice.



FROM LEFT TO RIGHT
QUARTERLY EMPLOYEE BRIEFINGS FOSTER A HEALTHY RELATIONSHIP
BETWEEN MANAGEMENT AND STAFF

MAJLIS BERBUKA PUASA ORGANISED BY FMS

CAKE CUTTING CEREMONY DURING THE STAFF QUARTERLY BIRTHDAY
CELEBRATION

JUBILANT EMPLOYEES UPON COMPLETION OF THE MALAY MAIL BIG WALK



QUEST FOR QUALITY

The Quest for Quality is an ongoing journey for each and every Faber staff member. During the year under review significant emphasis was placed on continual improvement with the implementation of a number of Quality Improvement Programmes (“QIPs”).

The ISO certification is one of many standards and tools adopted by the Group to strengthen core competencies and build resilience. In order to inculcate a culture of quality, each operating unit is expected to run its own programmes and initiatives. This is further supported by the incorporation of quality concepts and principles in daily operations, the benefits of which ultimately manifest themselves in the form of better products and services and improved customer satisfaction.

In 2004, FMS successfully organised the Citra Gemilang Awards for the third consecutive year, as one of the Group’s Continuous Improvement Programmes. This Programme alone has already resulted in an estimated saving of over half a million Ringgit – money that has been allocated to other areas within the FMS such as staff training, research and development, as well as being used to further improve products and services.

We believe that the savings from programmes such as this could easily reach several million Ringgit once they are rolled out in all 73 of FMS’s sites. Apart from reducing costs and improving productivity, the programme also serves to boost morale and improve communications between staff and management.

Other successful programmes introduced in 2004, were the 5S Programme (Sort, Simplify, Shine, Standardise and Sustain), and the Six-Sigma Programme, which strive to improve internal processes, optimise resources and reduce costs through enhanced effectiveness and efficiency. The Six-Sigma is a comprehensive system for building and sustaining business performance, success and leadership, and has been credited by many organisations with enhancing performance and raising shareholder’s value.

As part of FMS’s journey towards total quality management, the company encourages and accords recognition to its vendors, suppliers and business partners who have themselves been accredited with quality certifications through a structured programme. This in turn has enabled them to compete on a level playing field with international companies.

Aside from these projects, other activities were carried out within the Group, such as:

- QIPs, such as Business Continuity Plan (“BCP”) Control Self-Assessment (“CSA”), Compilation of Media News of the Group and Preparation of Manual for Accounts Receivable Module in IFCA Accounting System, at Corporate Office level, and
- Improvements in system documentation, especially on technical drawings and enhancement of data analysis, in the Property Development Division.

In conclusion, QIPs will not stop here. They are an integral part of our continued Quest for Quality.



15 JANUARY 2004

An Extraordinary General Meeting (“EGM”) of the shareholders of FGB was held to seek shareholders’ approval of the following:-

- proposed acquisition by FGB of a 63% equity interest in Intensive Quest Sdn Bhd (“IQSB”) comprising 315,000 ordinary shares of RM1.00 each in IQSB for a total cash consideration of RM10,925,258.00 (“the Proposed IQSB Acquisition”),
- proposed settlement of the litigations involving Medlux Overseas (Guernsey) Limited (“MOG”), FGB, Faber Healthcare Management Sdn Bhd, Faber Medi-Serve Sdn Bhd (“FMS”), and IQSB (“the Proposed Settlement”), and
- proposed entry by FMS into a conditional Managed Network Service Agreement with Telekom Malaysia Berhad in relation to the provision, installation, testing and commissioning of an internet protocol-virtual private network for five (5) years for a total contract sum of RM6,371,133.00 (“the Proposed Appointment”).

The Proposed IQSB Acquisition, the Proposed Settlement and the Proposed Appointment were approved by the shareholders.

19 FEBRUARY 2004

Aseambankers Malaysia Berhad (“Aseambankers”) had on behalf of FGB submitted to the Securities Commission (“SC”) for their consideration the application on the Proposed Restructuring Scheme.

15-18 MARCH 2004

FMS participated as speaker, exhibitor and corporate sponsor in the Waste Management 2004 Conference at Putra World Trade Centre (“PWTC”), Kuala Lumpur.

31 MARCH 2004

FMS launched 5S programme (Sort, Simplify, Shine, Standardise and Sustain) to enhance operational effectiveness, and promote a safer and more conducive workplace at its Headquarters. The programme will be rolled-out to other sites in 2005.

9 APRIL 2004

Commerce International Merchant Bankers Berhad (“CIMB”) had on behalf of FGB released an announcement on the completion of the Proposed IQSB Acquisition and the Proposed Settlement. Following the completion on the Proposed IQSB Acquisition, IQSB becomes a 63% owned subsidiary company of FGB.

15 APRIL 2004

Healthtronics (M) Sdn Bhd (“Healthtronics”) organised a seminar on Biomedical Equipment Maintenance Management at Sheraton Subang Hotel & Towers, Subang Jaya with invited speakers from United States of America, Kumpulan Perubatan Johor and supported by the Association of Private Hospitals Malaysia (“APHM”).

28 MAY 2004

Aseambankers had on behalf of FGB announced that the SC had on 27 May 2004 approved the Proposed Restructuring Scheme comprising the following under Section 32(5) of the Securities Commission Act, 1993 and the Foreign Investment Committee Guidelines for the Acquisition of Assets, Mergers and Take-Overs, 1974:-

- proposed transfer of a selection of FGB’s subsidiaries and assets to Jeram Bintang Sdn Bhd (“JBSB”), a special purpose vehicle (“Proposed Transfer of Assets”),
- proposed waiver of the accreted yield from the date of issuance to 10 April 2003,
- proposed novation of liability under Zero Coupon Redeemable Convertible Secured Bonds Due 2005 (“RCSB”) and proposed issuance of bonds by JBSB in settlement of FGB’s total liability under the RCSB as at the implementation date,
- proposed issuance of Redeemable Convertible Preference Shares (“RCPS”) and Redeemable Secured Loan Stocks (“RSLs”) to JBSB (“Proposed Issuance of RCPS and RSLs to JBSB”),
- proposed acknowledgement of debt and settlement of the balance sum amounting to RM51.442 million,
- proposed management and maintenance arrangements between JBSB and its subsidiary companies with FGB, and
- proposed settlement of the restructured RCSB amounting up to RM929.460 million.

The approval from SC was subjected to a number of conditions which include, inter-alia:-

- Aseambankers/FGB should appoint an independent firm of auditors (which is experienced in conducting investigative audits and is not the existing or previous firm of auditors of the FGB Group) to conduct an investigative audit within two (2) months from the date of this decision letter so as to ascertain the reason(s) for the losses incurred by the FGB Group, including taking necessary actions to recover the past losses,

FROM LEFT TO RIGHT
THE LAUNCHING OF THE SIX-SIGMA PROJECT BY THE MANAGING
DIRECTOR OF FMS

AWARENESS CAMPAIGN FOR ISO CERTIFICATION RENEWAL

FGB PARTICIPATED IN THE INVEST MALAYSIA EXHIBITION



GROUP CORPORATE CALENDAR

and lodging reports to the relevant authorities for any breach of laws/regulations. The directors and management of FGB are required to provide all necessary assistance to the auditors during the course of the investigative audit. The said investigative audit should be completed within six (6) months from the date of the appointment of the independent firm of auditors. Four (4) copies of the investigative audit report are required to be submitted to the SC after the completion of the audit and the results of the audit are to be announced, and

- FGB should provide written confirmation to the SC that the proposed disposal of Inter-Heritage (M) Sdn Bhd ("IHSB") has been completed prior to the implementation of the Proposed Restructuring Scheme.

Further to the above, FGB had on the same day entered into a conditional sale and purchase agreement between JBSB and its wholly-owned subsidiary, Canggih Pesaka Sdn Bhd for the Proposed Transfer of Assets.

23-26 JUNE 2004

FMS participated in the International Healthcare Show ("IHS") 2004 at Sunway Exhibition Centre. Organised by the APHM, the IHS is the biggest healthcare exhibition in the region.

24 JUNE 2004

FGB had announced the entry by Healthtronics, a 60% owned subsidiary company of FMS into a Memorandum of Understanding ("MOU") with Brufors Logistics Services ("Brufors") to explore the possibility of undertaking projects and ventures together in the domain of Biomedical Engineering Maintenance Services ("BEMS") and Electronics Facility Engineering Maintenance Services ("E-FEMS") in Brunei Darussalam.

The implementation of the joint-venture contemplated under the MOU shall commence upon the execution of a joint-venture agreement within one (1) year from the execution of the MOU (with an option to be extended for a period of another six (6) months) or upon the issuance of the letter of award, whichever is earlier, failing which the MOU shall lapse unless further extended by Healthtronics and Brufors.

The proposed equity stake of Healthtronics and Brufors in the joint venture company contemplated under the MOU shall be 70% and 30% respectively.

26 JUNE 2004

Official launch of Danau Villa by Faber Union Sdn Bhd ("FUSB") a project comprising 64 units of 3-storey Terrace Villa in Taman Danau Desa, Kuala Lumpur.

28 JUNE 2004

FGB held its 41st AGM and EGM.

At the 41st AGM, the shareholders approved all the resolutions put to the shareholders.

At the EGM, the shareholders of FGB approved the following:-

- Proposed Restructuring Scheme, and
- Proposed amendment of the Memorandum and Articles of Association of FGB pursuant to the Proposed Restructuring Scheme and Proposed Issuance of RCPS and RSLs to JBSB.

22-23 JULY 2004

FMS organised its third Gemilang Konvensyen to create awareness and encourage continual improvement programmes to further enhance operational efficiency at all FMS's operational sites. The event was graced by YB Datuk Kong Cho Ha, Deputy Minister of Science, Technology And Innovation.

26 JULY 2004

FGB announced that Messrs Monteiro & Heng, Chartered Accountants ("Monteiro & Heng") had been appointed as the Independent Auditor to carry out investigative audit to ascertain reasons for the losses incurred by the FGB Group.

The investigative audit is to be completed within six (6) months from the date of appointment of Monteiro & Heng and upon completion, four (4) copies of the investigative audit report will be submitted to the SC and an announcement will be made on the results of the audit.

4 AUGUST 2004

CIMB had on behalf of FGB released an announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") on the entry by Faber Hotels Holdings Sdn Bhd ("FHHSB"), a wholly owned subsidiary of FGB into a conditional sale and purchase agreement with United Engineers Malaysia Berhad ("UEM") for the disposal of 10,512,316 Class A Ordinary Shares of RM1.00 each ("IHSB Shares") and 9,779,215 Convertible Redeemable Cumulative Preference Shares of RM1.00 each ("CRCPS")



FROM LEFT TO RIGHT
FABER 41ST AGM AND EGM ON 28 JUNE 2004

QUESTION AND ANSWER SESSION WITH THE PRESS AFTER THE AGM AND EGM

FGB BONDHOLDERS' MEETING

FGB AND SUBSIDIARIES CONTRIBUTE TO THE ASIAN TSUNAMI RELIEF FUND

in IHSB representing 49% of the 51% equity interest in IHSB for a total cash consideration of RM1.00 ("Proposed Disposal of IHSB").

In conjunction with the execution of the sale and purchase agreement, both FGB and FHHSB have entered into the following:-

- Deed of Adherence between Granton International Limited ("Granton"), FGB, FHHSB, and UEM, which sets out the covenants and undertakings of the parties in relation to the Joint Venture Agreement dated 19 July 1993 between Granton and FGB and the Deed of Agreement dated 29 June 1994 between Granton, FGB and FHHSB; and
- Consent Deed Re Loan Agreement and management agreement between Sheraton Overseas Management Corporation ("SOMC"), FGB, FHHSB, IHSB and UEM, which sets out the covenants and undertakings of the parties in relation to the following:-
 - Management Contract dated 27 March 1991 between SOMC and IHSB ("Management Contract"),
 - Addendum Agreement to the Management Contract dated 19 July 1993 between SOMC and IHSB, and
 - Loan Agreement dated 25 February 2003, Charge dated 15 July 2003, Debenture dated 25 February 2003, Second Supplemental Assignment Agreement dated 25 February 2003 and Supplemental Designated Accounts Charge dated 25 February 2003 between SOMC and IHSB, and Security Sharing Agreement dated 25 February 2003 between SOMC, IHSB and RHB Sakura Merchant Bankers Berhad.

5 AUGUST 2004

FMS launched its Six Sigma Pilot Project, a business improvement strategy aimed at cost savings through improvement in processes.

6 AUGUST 2004

FGB had announced that IQSB has been placed under Members' Voluntary Liquidation ("the MVL"), following the passing of a special resolution by its members at an EGM held on 5 August 2004. The MVL was in line with the agreement between FGB and MOG, the shareholders of IQSB to voluntarily wind-up IQSB in accordance with applicable laws of Malaysia.

13 AUGUST 2004

FGB held a Bondholders' Meeting to seek the Bondholders' approval of the proposed amendment to the definition of Implementation Date ("Proposed Amendment to the Definition of Implementation Date") as defined in the Restructuring Deed dated 22 December 2003 between FGB, FGB's 16 subsidiaries therein, JBSB and Universal Trustee (Malaysia) Berhad in relation to the Proposed Restructuring Scheme and the implementation of the said scheme.

The Bondholders had at the meeting approved the Proposed Amendment to the Definition of Implementation Date.

25-29 AUGUST 2004

FGB participated in the INVEST Malaysia 2004, a four-day exhibition featuring Malaysian capital market under the UEM Group at the PWTC, Kuala Lumpur.

30 AUGUST 2004

An EGM of FGB was held to seek shareholders' approval on the Proposed Disposal of IHSB.

The shareholders of FGB had at the meeting approved the Proposed Disposal of IHSB.

3 SEPTEMBER 2004

FMS presented a paper titled "Prolonging Asset Life Through Effective Asset Management" and was the corporate sponsor at the Facilities Management Conference organised by Marcus Evans in Kuala Lumpur.

6-7 SEPTEMBER 2004

FMS jointly organised a workshop "Towards Enhancing Public And Private Sector Consolidation" in Ipoh with Perak's State Health Department and Accountant General's Office.

21 SEPTEMBER 2004

CIMB had on behalf of FGB released an announcement to Bursa Securities that the Proposed Disposal of IHSB has been completed.

22 SEPTEMBER 2004

Aseambankers had on behalf of FGB provided a written confirmation to the SC on the completion of the Proposed Disposal of IHSB.

24-25 SEPTEMBER 2004

Staff of FGB and its subsidiaries enjoyed an overnight trip of Family Outing at Bukit Merah Laketown Resort, Perak Darul Ridzuan.



GROUP CORPORATE CALENDAR

30 SEPTEMBER 2004

Aseambankers had on behalf of FGB released an announcement to Bursa Securities that the Proposed Restructuring Scheme has been completed.

30 SEPTEMBER 2004

FUSB participated in the Real Estate And Housing Developers Association Malaysia – Malaysia Property Expo (“REHDA-MAPEX”) exhibition from 30 September 2004 to 3 October 2004 at Mid Valley Exhibition Centre.

6-7 OCTOBER 2004

FMS participated as the award sponsor in the Hospital Management Asia 2004 Conference held in Bangkok, Thailand.

29 OCTOBER 2004

FGB participated in the “Majlis Berbuka Puasa Bersama Media” organised by the UEM Group at Sheraton Subang Hotel & Towers, Subang Jaya.

5 NOVEMBER 2004

Bursa Securities notified FGB that FGB had regularised its financial condition and no longer triggered any of the criteria under Paragraph 2.0 of Practice Note 4/2001 (“PN4”), and with effect from 9.00 a.m., 8 November 2004, FGB was reclassified from the PN4 Condition sector to the Trading/Services sector.

5 NOVEMBER 2004

Handing over of vacant possession of 14 units of double storey semi detached houses located in Taman Grandview, Sandakan, Sabah by Faber Grandview Development (Sabah) Sdn Bhd.

15-17 NOVEMBER 2004

Healthtronics participated and presented a paper on Biomedical Engineering at the India Health Summit in Madras, India.

3 DECEMBER 2004

FUSB participated in the Home Ownership Campaign 2004 at Mid Valley Exhibition Centre from 3 to 5 December 2004.

18 DECEMBER 2004

Official launch of Casa Desa Condominium by FUSB, a project comprising 410 units condominium in Taman Desa, Kuala Lumpur.

28 DECEMBER 2004

FGB participated in the UEM Group's Year End Get Together 2004 at Sheraton Subang Hotel & Towers, Subang Jaya.

29 DECEMBER 2004

Handing over of vacant possessions of the following projects by FUSB to the purchasers:-

1. Plaza Danau II – 68 units of 4-storey shop offices, Taman Danau Desa, Kuala Lumpur
2. 14 units of Taratak Muhibbah Shoplot, Taman Desa, Kuala Lumpur
3. Taratak Muhibbah – 266 units of low cost apartment, Taman Danau Desa Kuala Lumpur

31 DECEMBER 2004

Handing over of vacant possessions by FUSB for the completion of Danau Murni Condominium comprising 500 units condominium in Taman Danau Desa, Kuala Lumpur.

6 JANUARY 2005

Directors, Management and staff of FGB and its subsidiaries contributed RM58,700 in cash and other contributions in kind namely food and clothings to the Asian Earthquake Tsunami Disaster Relief Fund to the Malaysian Red Crescent Society.

27 JANUARY 2005

FGB announced that Healthtronics had established a Branch Office in Philippines under the name of Healthtronics (M) Sdn Bhd – Philippines Branch to explore and secure business opportunities and to provide support for Healthtronics operations in the provisions of BEMS and E-FEMS in Philippines.

3 MARCH 2005

FGB announced the change in the name of companies in FGB Group as follows:-

- FM Property Management Sdn Bhd, a wholly owned subsidiary company of FGB to “Faber Facilities Sdn Bhd (“FFSB”)”,
- Malaysian Bagus Travel and Tours Sdn Bhd, a wholly owned subsidiary company of FFSB to “Faber Facilities Management Sdn Bhd”, and
- Merlin Management Corporation Sdn Bhd, a wholly owned subsidiary company of FFSB to “Faber Facilities Solution Sdn Bhd”.

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED

ANNOUNCEMENT OF UNAUDITED QUARTERLY RESULTS

FIRST QUARTER

SECOND QUARTER

THIRD QUARTER

FOURTH QUARTER

31 DECEMBER 2004

25 MAY 2004

16 AUGUST 2004

29 NOVEMBER 2004

25 FEBRUARY 2005

2 Corporate

Faber enters new chapter

By THE STRAITS TIMES

THE FABER GROUP has entered a new chapter in its history as it begins its restructuring process, according to its chairman and chief executive officer, Mr. Tan Sri. The group, which has been in the construction and real estate development business for over 40 years, is currently undergoing a major restructuring exercise. This involves the sale of its non-core assets and the consolidation of its core businesses. The group's chairman, Mr. Tan Sri, said that the restructuring was necessary to ensure the group's long-term sustainability and growth. He added that the group was committed to providing high-quality services to its customers and to creating value for its shareholders.



Faber makes impressive return to profitability

By MURYUSHDALAEY
THE STRAITS TIMES

FABER Group Ltd, which completed its restructuring in September, reported an impressive turnaround in its financial performance for the first nine months of 2010.



Three-month price: RM189.7 million, RM134.6 million. Following its restructuring exercise, Faber's two core businesses have shown a significant improvement in their financial performance.

Faber price rises to new 52-week high

FINANCIAL TIMES: Faber Group, said to be the last leg of Faber's restructuring exercise. The company recently said it expects its earnings to rise sharply for the next six months. This comes after a period of volatility in the stock price, which has been trading at a low of 0.15 in late 2009. The stock has since recovered and is now trading at a new 52-week high of 0.40.

Faber may re-challenge previous high

Taking Stock

By THE STRAITS TIMES

LAST week, shares in the Faber Group, which has been in the construction and real estate development business for over 40 years, were trading at a low of 0.15. This was a significant low for the group, which has been in the business for over 40 years. The group's chairman, Mr. Tan Sri, said that the low price was a reflection of the group's restructuring exercise. He added that the group was committed to providing high-quality services to its customers and to creating value for its shareholders.

A spanking clean business



Roundtable 5

Faber completes debt revamp scheme

FABER Group Ltd has completed its debt restructuring exercise, which involved the sale of its non-core assets and the consolidation of its core businesses. The group's chairman, Mr. Tan Sri, said that the restructuring was necessary to ensure the group's long-term sustainability and growth. He added that the group was committed to providing high-quality services to its customers and to creating value for its shareholders.

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Making an About-Turn

After a rather difficult patch, Faber bounces back with renewed zeal and focus.

By Samuel Kuan

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City & Country



Faber's grand plans

Faber Development Holdings has made a name for itself developing Taman Desa and Taman Desa Desa. It now intends to exit the address.

Faber set to be out of PN4 as it executes revamp scheme

By THE STRAITS TIMES

Faber's organizational review



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STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors remains fully committed to achieving and maintaining high standards of corporate governance and effective application of the principles and best practices set out in the Malaysian Code of Corporate Governance throughout the Faber Group of Companies.

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

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

A BALANCED BOARD

The Board of Directors comprises nine (9) members of which one is of Executive capacity. Four (4) of the Non-executive Directors are independent as defined by the Listing Requirements of Bursa Securities. None of the Directors has any personal vested interest in FGB.

With eight-ninths of the Board composition being non-executive and more than two-thirds of the Non-Executive Directors being independent there is a board balance.

The Board has maintained its mix of Directors from diverse professional background with a wide range of experience and expertise in finance and corporate affairs.

STEWARDSHIP RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board has assumed the following six specific responsibilities in discharging their stewardship responsibilities pursuant to Best Practices in Corporate Governance:-

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

compliance with applicable laws, regulations, rules, directives and guidelines.

The roles of the Chairman and the Managing Director are clearly outlined and are distinct and separate. The Board delegates certain responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. All committees have written terms of reference and submit to the Board reports of their proceedings and deliberations. The Chairman of the various committees will report to the Board the outcome of the Committee meetings and are incorporated in the minutes of the full Board meeting. The Board, however, retains full responsibility for the direction and control of the Faber Group.

BOARD MEETINGS

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

A total of eight (8) Board meetings were held during the financial year ended 31 December 2004. The details of the Directors' attendance are as follows:-

NAME OF DIRECTOR	STATUS	NO. OF MEETINGS ATTENDED
Dato' Anwar bin Haji @ Aji	Non-Independent, Non-Executive Chairman	8
Datuk Zainal Abidin bin Alias	Senior Independent, Non-Executive Director	8
Dato' Mohamed Zain bin Mohamed Yusuf	Independent, Non-Executive Director	7
Dato' Ikmal Hijaz bin Hashim	Non-Independent, Non-Executive Director	6
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	Independent, Non-Executive Director	8
Elakumari a/p Kantilal	Non-Independent, Non-Executive Director	8
Azmanuddin Haq bin Ahmad	Non-Independent, Non-Executive Director	8
Puasa bin Osman	Independent, Non-Executive Director	8
Noorizah binti Hj Abd Hamid	Managing Director	7

Total number of the meetings held during the year was 8

SUPPLY OF INFORMATION

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

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

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

APPOINTMENT TO THE BOARD

Nomination Committee

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

NAME OF DIRECTOR	STATUS
Datuk Zainal Abidin bin Alias (Chairman)	Senior Independent, Non-Executive Director
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	Independent, Non-Executive Director
Azmanuddin Haq bin Ahmad	Non-Independent, Non-Executive Director

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

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

senior executive or any director or shareholder and to recommend to the Board candidates to fill the Audit, Nomination, Remuneration and other Board Committees

- Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.

The Nomination Committee had met two (2) times during the financial year ended 31 December 2004. All members of the Nomination Committee have attended the Meetings.

An assessment of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director and a review of the required mix of skills and experience and other qualities, including core competencies, which non-executive Directors of FGB should bring to the Board of FGB was carried out by the Nomination Committee. The Nomination Committee reported that based on their findings, the Board, Board Committees and individual Directors are highly effective.

All Directors have attended and successfully completed the Mandatory Accreditation Programme. In addition, seminars and conferences organised by Bursa Securities Malaysia Berhad ("Bursa Securities"), relevant regulatory bodies and professional bodies on areas concerning Directors' responsibilities and corporate governance issues are communicated to the Board for their participation at such seminars and conferences.

In accordance to the provisions of the Listing Requirements of Bursa Securities, all Directors have also attended Continuing Education Programme on inter-alia rules and regulation in Malaysia, internal auditing - governance and assurance, updates on regulatory issues, risk management, directors' remuneration, investor information and integrated corporate and business planning.

Re-election

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

Remuneration Committee

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

STATEMENT ON CORPORATE GOVERNANCE

NAME OF DIRECTOR	STATUS
Dato' Mohamed Zain bin Mohamed Yusuf (Chairman)	Independent, Non-Executive Director
Datuk Zainal Abidin bin Alias	Senior Independent, Non-Executive Director
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	Independent, Non-Executive Director

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

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

The Remuneration Committee has met once during the year. All members of the Remuneration Committee attended the meeting.

Details of Directors Remuneration

The breakdown of the remuneration of the Directors of FGB payable by FGB as well as subsidiary companies of FGB where they are a Board member for the financial year ended 31 December 2004, by category are shown below:-

EMOLUMENTS	EXECUTIVE DIRECTOR (RM'000)	NON-EXECUTIVE DIRECTORS (RM'000)	TOTAL (RM'000)
Fees	63^^	480	543
Allowance	8^^	93	101
Salaries	338	—	338
Bonus	91	—	91
Contribution to Employees Provident Fund	60	—	60

EXECUTIVE DIRECTOR EMOLUMENTS	NON-EXECUTIVE DIRECTORS (RM'000)	TOTAL (RM'000)	(RM'000)
Estimated Money Value of Benefits-in-kind	18	50	68
Total	578	623	1,201

NOTES

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

The number of directors whose total remuneration during the year fall within the following band is as follows:-

RANGE OF DIRECTORS' REMUNERATION	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTORS	TOTAL
Below RM50,000	—	2	2
RM50,001 to RM100,000	—	3	3
RM100,001 to RM150,000	—	3	3
RM550,001 to RM600,000	1	—	1

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

On 30 September 2004, Faber Group conducted a media release on its completion of its debt restructuring. Further, in November 2004, Faber Group had organized Media Analyst Briefing, particularly on the Faber Group's third quarter unaudited quarterly results.

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

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

ACCOUNTABILITY AND AUDIT

The Board is committed to providing a clear, balanced and comprehensive account of the financial position of Faber Group through quarterly and annual announcements of its results as well as through the Chairman's review and statement of operations in FGB's Annual Report. The Directors have ensured that the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia have been applied in preparing financial statements.

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

RELATIONSHIP WITH THE AUDITORS

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

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance states that the board of a listed company should “maintain a sound system of internal control to safeguard shareholders’ investment and the company’s assets”. In accordance to Paragraph 15.27 (b) of The Listing Requirements of Bursa Securities, the Board of Directors FGB is pleased to make the following statement.

RESPONSIBILITY OF THE BOARD

The related principal responsibilities of the Board on risk and internal control include:-

- i. identifying principal risks and ensure the implementation of appropriate control systems to manage these risks
- ii. reviewing the adequacy and the integrity of Faber Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board affirms the importance of ensuring that a sound system of internal control and effective risk management practices are in place in Faber Group. As such, the Board is committed in improving the effectiveness of internal control, risk management and governance processes of Faber Group. However, no system is foolproof and it should be acknowledged that the system in place could only provide reasonable and not absolute assurance against material misstatement, loss and fraud. The system of internal control covers, inter alia, risk management, financial, operational and compliance controls.

During the year, the Board embarked on establishing procedures to implement in full the recommendations of the ‘Guidance for Directors of Public Listed Companies Statement of Internal Control’ for Faber Group. These procedures, which are subject to regular review, are intended to provide an ongoing process for identifying, evaluating and managing the significant risk faced by the Group.

RISK ASSESSMENT FRAMEWORK

The Risk Management Framework adopted by Faber Group is firmly embedded in its management system. The objective of this framework is to provide guidance to facilitate a structured approach in identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the subsidiaries to holding company in timely manner. During the period under review, the Risk Facilitators at holding and subsidiaries level jointly with all Business

Units Heads conducted the Risk Management Workshop. The risk profiles and action plans to mitigate the risks were updated before being tabled at Risk Management Steering Committee (“RMSC”) meetings for further discussion.

The RMSC has the overall responsibility to review the entire risk management processes and procedures and to provide feedback to the Audit Committee and Board of Directors on a regular basis. The RMSC reports directly to the Audit Committee of FGB.

CONTROL SELF-ASSESSMENT

Central to the Group’s Internal Control and Risk Management system is the Control Self-Assessment (“CSA”) process, which is currently being developed for Faber Medi-Serve Sdn Bhd. The CSA project plan started in June 2004 for the Hospital Support Services. A checklist for all five services has been developed setting out the various key controls and process requirement which will be continuously improved over time based on feedbacks received.

The pilot project was conducted at selected hospitals and briefing to all Facility Managers and 29 Regional staff were carried out in December 2004. Implementation of the CSA is scheduled to be in 2005.

With the implementation of CSA, a new culture of self-assessment would take place. The internal auditor would merely play the facilitator’s role since CSA process empowers the operational heads to evaluate control and identify the risks that may hinder the achievement of their business objectives.

ELEMENTS OF INTERNAL CONTROL

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

- Appointment of Four (4) Independent Directors to ensure that they are independent from Management to enable and if necessary to raise difficult and probing questions.
- Appointment of Board Committees which have been delegated with specific responsibilities with written terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations for the Board’s decision.

- Appointment of Managing Director (“MD”)/ Chief Executive Officer (“CEO”) in the management of various companies within the Group. The MD/CEO's appointment, roles and responsibilities, and authority limits are set by the respective Board.
- Establishment of the Discretionary Authority Limit (“DAL”) which sets the limit for operating and capital expenditure for each level of management within Faber Group. The DAL is regularly reviewed and revised to ensure its effectiveness.
- Availability of appropriate organisational structure, appropriate assignment of authority and responsibility and Policies and Procedures in the management of the business affairs of the Group and a Code of Conduct to ensure Faber Group employees are of high integrity and ethical values. Job descriptions defining each task, and competency required and the availability of Performance Management System as a mean to assess staff performance. Employees' knowledge, skills and abilities are further enhanced through continuous education, training and development activities, which will enable them to operate and monitor the system of internal control effectively.
- Establishment of Performance Monitoring and Budgetary System as tools for Management to monitor performance and measure against the strategic plan approved by the Board, covering all key financial and operational indicators. A detailed budgeting process is established, requiring all key operating companies in the Faber Group to prepare budgets annually, which are discussed and approved by the Board. Effective reporting system on actual performance against approved budgets is in place and significant variances are followed up by the Management.
- Availability of a computerised financial system that produces monthly management statements and quarterly forecast performances which allows Management to focus on areas of concern.
- Review of internal control system is carried out on a regular basis by the internal audit function. Results of such reviews are reported regularly to the Audit Committee. The work of the internal audit function is based on areas of priority as identified in the Risk Assessment Exercise which is described in detail under Risk Assessment Framework above and in accordance with the Annual Audit Plan approved by the Audit Committee. The Audit Committee holds regular meetings to deliberate on

findings and recommendations for improvements by both the internal and external auditors on the state of the internal control system, and reports back to the Board.

AUDIT COMMITTEE REPORT

The Audit Committee consists of four (4) members of the Board of which three (3) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. FGB has complied fully with Para 15.10 of the Bursa Securities Listing Requirements which requires the majority of the Audit Committee to be Independent Directors.

The members of the Audit Committee and their details are as follows:

	POSITION
Datuk Zainal Abidin bin Alias*	Chairman
Dato' Mohamed Zain bin Mohamed Yusuf*	Member
Ms Elakumari a/p Kantilal++#	Member
Encik Puasa Bin Osman*	Member

* Independent Non-Executive Director

++ Non-independent Non-Executive Director

Member of the Malaysian Institute of Accountants

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2004, the Audit Committee held a total of eight (8) meetings which exceeded the minimum of four (4) meetings a year. The Audit Committee papers for the meetings were distributed to the members with sufficient notification. The details of the attendance of the Audit Committee members are as follows:

NAME OF COMMITTEE MEMBER	NO. OF MEETINGS ATTENDED	NO OF MEETINGS HELD DURING THE FINANCIAL YEAR
Datuk Zainal Abidin bin Alias	8	8
Dato' Mohamed Zain bin Mohamed Yusuf	7	8
Ms Elakumari a/p Kantilal	8	8
Encik Puasa Bin Osman	8	8

The Managing Director, General Manager of the Internal Audit of FGB, Senior Management of subsidiary companies and representatives from the External Auditors were invited to attend Audit Committee meetings whenever necessary. The Company Secretary, Ms Gwee Ooi Teng, is the Secretary to the Audit Committee.

ACTIVITIES

The activities of the Audit Committee during the financial year ended 31 December 2004 include the following:-

1. Reviewed and deliberated on a total of 12 audit report assignments and 3 follow-up audit report assignments produced by the Internal Audit Department of FGB.

2. Reviewed and deliberated on a total of 3 audit reports on special audit assignments conducted by the UEM Group Internal Audit.
3. Reviewed the unaudited quarterly financial statements and the audited financial statements of Faber Group for recommendation for approval by the Board, upon being satisfied that inter-alia, the financial reporting and disclosure requirements of the relevant authorities had been complied with. Where necessary, the external auditors joined Audit Committee meetings to highlight audit issues, if any.
4. Attended relevant briefing and seminars conducted by external parties and/or professional associations to keep abreast with the latest practices, development and updates pertaining to duties and responsibilities and functions of an Audit Committee.
5. Reviewed the processes and investigations undertaken by the Internal Audit Department, the audit findings and risk analysis on each audit assignments and emphasized on follow-up audits to ensure that appropriate corrective actions are implemented.
6. Reviewed the standards and systems of internal control, and the evaluation and comments from internal and external auditors.
7. Reviewed the manpower strength of the Internal Audit Department to ensure that the Internal Audit Department has sufficient resources to carry out its activities including evaluation and assessment of the performance of the General Manager of Internal Audit.
8. Reviewed related party transactions and recurrent related party transactions of a revenue or trading nature to ascertain as to whether they are undertaken on arm's length basis on normal commercial terms not detrimental to minority shareholders.
9. Reviewed the Risk Management Framework for the Faber Group and Management Action Plans.
10. Reviewed and approved the Annual Audit Plan for calendar year 2005. In its review of the Annual Audit Plan, the Audit Committee reviewed the scope and coverage of the audit of the respective business units of the Faber Group and the Internal Audit's basis of assessment and risk rating of the proposed areas of audit.

11. During the year, the Audit Committee had a meeting with the external auditors in the absence of the Management to discuss issues arising during the final audit.
12. Reviewed the reappointment of the external auditors and the annual audit fee, and made recommendation to the Board.
- vi. Be able to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary; and
- vii. The attendance of any particular Audit meeting by other Directors and employees of FGB shall be at the Committee's invitation and discretion and must be specific to the relevant meeting.

TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee are to:-

- i. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the Company's accounting policies and internal controls, financial reporting practices and business ethics policies.
- ii. Maintain through scheduled meetings, a direct line of communication between the Board and the external auditors, internal auditors and Management.
- iii. Undertake such additional duties as may be appropriate and necessary to assist the Board. However, whether or not the Audit Committee should undertake any additional duties rests on the Board's viewpoint on corporate needs and the environment in which FGB operates.

Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:-

- i. Have explicit authority to investigate any matter within its terms of reference;
- ii. Have the resources which are required to perform its duties;
- iii. Have full, free and unrestricted access to any information, records, properties and personnel of FGB and of any other companies within the Faber Group;
- iv. Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- v. Be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend the Committee's meetings (if required) and to brief the Committee thereof;

Duties And Responsibilities

The main duties and responsibilities of the Audit Committee collectively are as follows:-

- i. Recommend to the Board the annual appointment of a suitable accounting firm to act as external auditors, negotiate on the annual audit fee and/or additional fee, consider any letter of resignation or dismissal and evaluate the basis of billings, if requested. Amongst the factors to be considered for the appointment are the adequacy of the experience and resources of the firm the persons assigned to the audit and the recommended audit fee payable thereof;
- ii. Discuss with the external auditors before audit commences, the nature and scope of the audit, the annual audit plan and ensure co-ordination where more than one audit firm is involved;
- iii. Review the quarterly interim results and annual financial statements of FGB and the Faber Group, before recommending to the Board for deliberation, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements.
- iv. Discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss in the absence of the Management where necessary;
- v. Review the external auditors' Management letter, Management's response and Audit Report;
- vi. Review the assistance and co-operation given by the Faber Group's officers to the external and internal auditors;

AUDIT COMMITTEE REPORT

- vii. Review with the internal and external auditors their evaluations of the systems and standards of internal control and any comments they may have with respect to improving control;
- viii. Consider the major findings of internal investigations and Management's response;
- ix. Review any related party transaction and conflict of interest situation that, may arise within the Faber Group including any transactions, procedure or course of conduct that raises questions of Management integrity;
- x. Avail to the internal and external auditors a private, confidential audience at any time they desire and requested through the Committee Chairman, with or without the prior knowledge of the Management;
- xi. Oversee the internal audit function by reviewing:
 - The adequacy of the scope, functions and the resources of the internal audit function and that it has the necessary authority to carry out its work;
 - The internal audit programme, processes, the result of the internal audit programme, processes or investigations undertaken whether or not appropriate action is taken on the recommendations of the internal audit function;
 - Review appraisee or assessment of the performance of members of the internal audit function;
 - Approve any appointment or termination of senior members of the internal audit;
 - Be informed of resignations of senior members of the internal audit and provide the resigning staff member an opportunity to submit his reason for resigning; and
 - Act upon the Board of Directors' request to investigate and report on any issues or concerns with regards to the management of the Company.
- xii. Promptly report to Bursa Securities matters which result in a breach of the listing requirements.

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

INTERNAL AUDIT FUNCTION

The Company has an in-house Internal Audit Department set-up since August 1994. The Internal Audit Department carries out a regular review of the operations of companies in the Group as per the Annual Audit Plan approved by the Audit Committee. The principal roles of the Internal Audit Department are:

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

During the financial year ended 31 December 2004, the Internal Audit Department has engaged the services of the UEM Group Internal Audit to undertake a number of special audit assignments.

Meetings

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

The quorum for meetings of the Audit Committee shall be 3 members and the majority of the members present shall be independent directors.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF AUDITED FINANCIAL STATEMENTS

THE DIRECTORS ARE REQUIRED BY THE COMPANIES ACT, 1965 TO PREPARE FINANCIAL STATEMENTS FOR EACH FINANCIAL YEAR THAT GIVE A TRUE AND FAIR VIEW OF THE STATE OF AFFAIRS OF THE COMPANY AND THE GROUP AT THE END OF THE FINANCIAL YEAR AND OF THEIR RESULTS AND CASH FLOWS FOR THE FINANCIAL YEAR THEN ENDED.

In preparing the financial statements the Directors have:-

- considered the applicable approved Malaysian accounting standards
- adopted and consistently applied appropriate accounting policies
- made judgement and estimates that are prudent and reasonable.

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

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