

# FINANCIAL REVIEW

## FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

### 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 36 to the financial statements.

Pursuant to the restructuring scheme of the Company as disclosed in Note 38 to the financial statements, certain subsidiaries and assets were disposed to a special purpose vehicle, Jeram Bintang Sdn Bhd ("JBSB") during the financial year.

### RESULTS

IN RM'000	GROUP	COMPANY
Net profit for the year	433,245	262,873

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

### 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.

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 ICULS, RCPS and RSLs of the Company other than as follows:

	NUMBER OF ORDINARY SHARES OF RM1 EACH		
	AT 1 JANUARY 2004	BOUGHT	AT 31 DECEMBER 2004
<b>THE COMPANY</b>			
<b>Direct Interest</b>			
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	1,500	–	–
			1,500

	NUMBER OF ICULS OF RM1 EACH		
	AT 1 JANUARY 2004	BOUGHT	AT 31 DECEMBER 2004
<b>THE COMPANY</b>			
<b>Direct Interest</b>			
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 RM207,999,000 to RM234,845,000 as a result of the issue of 26,846,000 new ordinary shares of the Company of RM1.00 each resulting from the conversion of 53,692,000 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 RM1.00 each at a premium of RM1.00 per share in the Company.

**ISSUE OF RCPS**

On 30 September 2004, the Company issued RM200,000,000 nominal value of RCPS of RM1 each as partial settlement to JBSB, in accordance with the restructuring scheme of the Company. The RCPS carries zero-dividend and is convertible into ordinary shares of the Company from 30 September 2004 to 28 September 2012 at the rate of RM1 nominal value of RCPS for 1 ordinary share of RM1 each. The salient terms of the RCPS are disclosed in Note 26 to the financial statements.

**ISSUE OF RSLs**

On 30 September 2004 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. The salient terms of the RSLs are disclosed in Note 28 to the financial statement.

**OTHER STATUTORY INFORMATION**

- a. Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - ii. to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (CONT'D)

- 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.

### SIGNIFICANT EVENTS

The significant events during the year are disclosed in Note 37 to the financial statements.

### RESTRUCTURING SCHEME

The restructuring scheme is as disclosed in Note 38 to the financial statements.

### AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors



DATO' ANWAR BIN HAJI @ AJI



NOORIZAH HJ ABD HAMID

Kuala Lumpur, Malaysia  
25 March 2005

## 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 54 to 114 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 2004 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  
25 March 2005

## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Noorizah Hj Abd Hamid, being the director primarily responsible for the financial management of Faber Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 114 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, 1960.

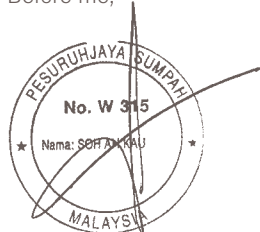
Subscribed and solemnly declared by  
the abovenamed Noorizah Hj Abd Hamid  
at Kuala Lumpur in the Federal Territory  
on 25 March 2005

}



**NOORIZAH HJ ABD HAMID**

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 (INCORPORATED IN MALAYSIA)

We have audited the accompanying financial statements set out on pages 54 to 114. 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.

We draw attention to Note 11(h) to the financial statements which states the Group as at 31 December 2004 is carrying its leasehold buildings in relation to a hotel at RM235,151,000. In accordance with MASB 23, Impairment of Assets, an enterprise should assess at each balance sheet date whether there is an indication that an asset may be impaired. Where the asset is impaired, it is required to be reduced to its recoverable amount. The Group has not undertaken an impairment review as the hotel has only partially commenced operations while certain floors are pending completion. The directors of the Company believe that the recoverable amount will approximate the net book value and adequate cash flows will be generated thereafter. As the Group has not concluded an impairment review, we are unable to obtain appropriate audit evidence to quantify the effect of the departure from MASB 23 on the carrying amount of the assets and the corresponding net loss, if any.

In our opinion:

- a. except for the effects of such adjustments, if any, resulting from the matter discussed above, 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 2004 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 36 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 except as disclosed in Note 36 to the financial statements.



**ERNST & YOUNG**  
No. AF 0039  
Chartered Accountants



**GEORGE KOSHY**  
No. 1846/07/05(J)  
Partner

Kuala Lumpur, Malaysia  
25 March 2005



# **CONSOLIDATED INCOME STATEMENT** FOR THE YEAR ENDED 31 DECEMBER 2004

IN RM'000	NOTE	2004	2003
Revenue	3	<b>609,398</b>	561,462
Cost of sales	3	<b>(385,726)</b>	(366,017)
Gross profit		<b>223,672</b>	195,445
Other operating income		<b>9,328</b>	9,023
Marketing expenses		<b>(5,055)</b>	(12,077)
Administrative expenses		<b>(42,952)</b>	(58,551)
Depreciation		<b>(46,536)</b>	(42,614)
Impairment losses of property, plant and equipment		–	(407,764)
Net gain arising from restructuring scheme	4	<b>449,262</b>	–
Other operating expenses		<b>(81,109)</b>	(81,342)
Profit/(loss) from operations	5	<b>506,610</b>	(397,880)
Interest expense	8	<b>(36,879)</b>	(72,576)
Share of loss of an associated company		–	(578)
Profit/(loss) before taxation		<b>469,731</b>	(471,034)
Taxation	9	<b>(28,322)</b>	30
Profit/(loss) after taxation but before minority interests		<b>441,409</b>	(471,004)
Minority interests	27	<b>(8,164)</b>	2,232
Net profit/(loss) for the year		<b>433,245</b>	(468,772)
Earning/(loss) per share (sen)			
Basic	10(a)	<b>202</b>	(230)
Diluted	10(b)	<b>95</b>	–

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**CONSOLIDATED  
BALANCE SHEET**  
AS AT 31 DECEMBER 2004

IN RM'000	NOTE	2004	2003
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	362,220	983,680
Other investments	13	3,522	3,699
Investment properties	14	–	22,100
Deferred expenditure	15	5,641	6,460
Real properties	16	21,547	9,812
		<b>392,930</b>	1,025,751
<b>CURRENT ASSETS</b>			
Development properties	16	22,145	42,357
Inventories	17	9,263	109,544
Receivables	18	155,214	156,269
Marketable securities	19	340	707
Cash and bank balances	20	120,386	141,641
		<b>307,348</b>	450,518
<b>CURRENT LIABILITIES</b>			
Short term borrowings	21	1,722	860
Payables	22	145,000	198,745
Tax payable	23	14,684	16,187
		<b>161,406</b>	215,792
<b>NET CURRENT ASSETS</b>		<b>145,942</b>	234,726
		<b>538,872</b>	1,260,477
<b>REPRESENTED BY:</b>			
Share capital	24	234,845	207,999
Reserves		103,754	77,222
Accumulated losses		(426,224)	(859,469)
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	25	86,312	140,004
Preference shares	26	200,000	–
Shareholders' equity/(deficit)		<b>198,687</b>	(434,244)
Minority interests	27	64,654	73,396
		<b>263,341</b>	(360,848)
Long term liabilities	28	255,500	1,605,839
Deferred tax liabilities	29	13,415	14,366
Preference shares	26	6,616	1,120
Non-current liabilities		<b>275,531</b>	1,621,325
		<b>538,872</b>	1,260,477

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** FOR THE YEAR ENDED 31 DECEMBER 2004

IN RM'000	SHARE CAPITAL	NON-DISTRIBUTABLE RESERVES			ACCUMULATED LOSSES	ICULS	PREFERENCE SHARES	TOTAL
		SHARE PREMIUM	EXCHANGE FLUCTUATION <sup>+</sup>	REVALUATION <sup>*</sup>				
<b>AT 1 JANUARY 2003</b>								
As previously stated	201,556	39,540	30,925	5,447	(385,684)	152,890	–	44,674
Prior year adjustments (Note 30)	–	–	–	(1,219)	(5,013)	–	–	(6,232)
<b>AT 1 JANUARY 2003 (RESTATED)</b>	201,556	39,540	30,925	4,228	(390,697)	152,890	–	38,442
Conversion of ICULS (Notes 24 and 25)	6,443	6,443	–	–	–	(12,886)	–	–
Impairment losses of property, plant and equipment	–	–	–	(5,117)	–	–	–	(5,117)
Reversal of deferred tax on revaluation surplus (Note 29)	–	–	–	1,203	–	–	–	1,203
Net loss for the year	–	–	–	–	(468,772)	–	–	(468,772)
<b>AT 31 DECEMBER 2003</b>	207,999	45,983	30,925	314	(859,469)	140,004	–	(434,244)
<b>AT 1 JANUARY 2004</b>	207,999	45,983	30,925	314	(859,469)	140,004	–	(434,244)
Issuance of preference shares (Note 26)	–	–	–	–	–	–	200,000	200,000
Conversion of ICULS (Notes 24 and 25)	26,846	26,846	–	–	–	(53,692)	–	–
Disposal of subsidiaries	–	–	–	(314)	–	–	–	(314)
Net profit for the year	–	–	–	–	433,245	–	–	433,245
<b>AT 31 DECEMBER 2004</b>	234,845	72,829	30,925	–	(426,224)	86,312	200,000	198,687

\* 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.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

IN RM'000	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	<b>469,731</b>	(471,034)
Adjustments for:		
Depreciation	<b>46,536</b>	42,614
Impairment losses of property, plant and equipment	–	407,764
Property, plant and equipment written off	<b>21</b>	6,252
Gain on disposal of property, plant and equipment	<b>(121)</b>	(343)
Loss on dilution of interest in subsidiaries	–	2,195
Share of loss of an associated company	–	578
Amortisation of deferred expenditure	<b>819</b>	819
Net gain arising from restructuring scheme	<b>(449,262)</b>	–
Provision for short term accumulating compensated absences	<b>1,941</b>	1,942
Provision/(reversal) for diminution in value of investments and marketable securities	<b>544</b>	(777)
Net allowance for doubtful debts	<b>1,541</b>	2,134
Bad debts written off	<b>86</b>	53
Provision for diminution in value in real properties	<b>283</b>	5,215
Write down in value of development properties	–	1,886
Inventory written down	–	6,820
Attributable (profits)/loss for developed properties	<b>(14,747)</b>	1,656
Reserve arising on consolidation	<b>(5,265)</b>	–
Reversal of provision for defect liabilities	–	(800)
Interest income	<b>(2,316)</b>	(1,963)
Interest expense	<b>36,879</b>	72,576
Unquoted investment written off	–	54
Gain on disposal of associated company	–	(1,490)
Gain on disposal of marketable securities	–	(14)
Preference shares dividend for irredeemable convertible preference shares	<b>1,792</b>	–
Operating profit before working capital changes	<b>88,462</b>	76,137
Increase in receivables	<b>(15,739)</b>	(21,092)
Decrease in real properties and development properties	<b>21,615</b>	4,988

# **CONSOLIDATED CASH FLOW STATEMENT (CONT'D)** FOR THE YEAR ENDED 31 DECEMBER 2004

IN RM'000	2004	2003
Decrease in payables	(30,321)	(23,445)
Decrease/(Increase) in inventories	10,634	(4,845)
Net cash generated from operations	74,651	31,743
Taxes paid	(28,362)	(37,287)
Interest paid	(2,364)	(5,191)
Net cash generated from/(used in) from operating activities	43,925	(10,735)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,316	1,963
Dividend received	93	8
Cash outflow arising on disposal of subsidiaries (Note 12)	(31,900)	–
Purchase of investment	(10,925)	–
Proceeds from disposal of investment	–	72
Proceeds from disposal of property, plant and equipment	223	2,861
Proceeds from disposal of investment in associates	–	19,500
Purchase of property, plant and equipment	(43,400)	(39,799)
Net cash used in investing activities	(83,593)	(15,395)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares to minority shareholders	1,912	855
Proceeds from issuance of preference shares to minority shareholder	5,496	1,120
Advances from corporate shareholders of subsidiaries	–	7,616
Draw down from borrowing	23,250	43,632
Repayment of hire purchase obligations	(91)	(50)
Dividend paid to minority shareholder	(5,647)	(8,424)
Redemption of bonds	(5,708)	–
Net cash generated from financing activities	19,212	44,749
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(20,456)</b>	<b>18,619</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>140,842</b>	<b>122,223</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)</b>	<b>120,386</b>	<b>140,842</b>

# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

IN RM'000	NOTE	2004	2003
Revenue	3	<b>18,706</b>	35,106
Other operating income		<b>962</b>	1,289
Administrative expenses		<b>(8,161)</b>	(4,293)
Depreciation		<b>(258)</b>	(326)
Allowance for doubtful debts		<b>(193)</b>	(323,878)
Impairment losses of investment in subsidiaries		–	(190,580)
Impairment losses of property, plant and equipment		–	(2,201)
Net gain arising from restructuring scheme	4	<b>261,967</b>	–
Other operating expenses		<b>(8,028)</b>	(6,534)
Profit/(loss) from operations	5	<b>264,995</b>	(491,417)
Interest expense	8	<b>(1,385)</b>	(30,880)
Profit/(loss) before taxation		<b>263,610</b>	(522,297)
Taxation	9	<b>(737)</b>	10,413
Net profit/(loss) for the year		<b>262,873</b>	(511,884)

# BALANCE SHEET

AS AT 31 DECEMBER 2004

IN RM'000	NOTE	2004	2003
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	517	3,881
Investments in subsidiaries	12	61,963	56,519
Other investments	13	398	398
		<b>62,878</b>	60,798
<b>CURRENT ASSETS</b>			
Receivables	18	302,896	824,547
Cash and bank balances	20	5,293	22,318
		<b>308,189</b>	846,865
<b>CURRENT LIABILITIES</b>			
Short term borrowings	21	12	43
Payables	22	195,398	185,185
Tax payable	23	–	11,775
		<b>195,410</b>	197,003
<b>NET CURRENT ASSETS</b>		<b>112,779</b>	649,862
		<b>175,657</b>	710,660
<b>REPRESENTED BY:</b>			
Share capital	24	234,845	207,999
Reserves		72,829	45,983
Accumulated losses		(606,531)	(869,404)
ICULS	25	86,312	140,004
Preference shares	26	200,000	–
Shareholders' deficit		(12,545)	(475,418)
Long term liabilities	28	188,202	1,186,078
		<b>175,657</b>	710,660

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2004

IN RM'000	SHARE CAPITAL	NON- DISTRIBUTABLE SHARE PREMIUM	ACCUMULATED LOSSES	ICULS	PREFERENCE SHARES	TOTAL
<b>AT 1 JANUARY 2003</b>	201,556	39,540	(357,520)	152,890	–	36,466
Conversion of ICULS (Notes 24 and 25)	6,443	6,443	–	(12,886)	–	–
Net loss for the year	–	–	(511,884)	–	–	(511,884)
<b>AT 31 DECEMBER 2003</b>	207,999	45,983	(869,404)	140,004	–	(475,418)
Conversion of ICULS (Notes 24 and 25)	26,846	26,846	–	(53,692)	–	–
Issuance of preference shares (Note 26)	–	–	–	–	200,000	200,000
Net profit for the year	–	–	262,873	–	–	262,873
<b>AT 31 DECEMBER 2004</b>	<b>234,845</b>	<b>72,829</b>	<b>(606,531)</b>	<b>86,312</b>	<b>200,000</b>	<b>(12,545)</b>



# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

IN RM'000	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	263,610	(522,297)
Adjustments for:		
Depreciation	258	326
Impairment losses of property, plant and equipment	–	2,201
Gain on disposal of property, plant and equipment	–	(398)
Provision for short term accumulating compensated absences	–	49
Allowance for doubtful debts	193	323,878
Net gain arising from restructuring scheme	(261,967)	–
Impairment losses of investment in subsidiaries	–	190,580
Bad debts written off	50	35
Interest income	(1,220)	(33,857)
Interest expense	1,385	30,880
Dividend income	(16,555)	–
Operating loss before working capital changes	(14,246)	(8,603)
(Increase)/decrease in receivables	(6,480)	27,432
Increase in payables	5,183	1,018
Cash flows (used in)/generated from operations	(15,543)	19,847
Taxes paid	(12,512)	(2,407)
Interest paid	(3)	(7)
Net cash (used in)/generated from operating activities	(28,058)	17,433
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,220	501
Dividend received	20,631	–
Purchase of investments	(10,925)	–
Proceeds from disposal of property, plant and equipment	2	1,719
Purchase of property, plant and equipment	146	(104)
Net cash generated from investing activities	11,074	2,116
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligations, representing net cash used in financing activities	(41)	(39)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,025)</b>	<b>19,510</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>22,318</b>	<b>2,808</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)</b>	<b>5,293</b>	<b>22,318</b>

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 36.

Pursuant to the restructuring scheme of the Company as disclosed in Note 38, certain subsidiaries and assets were disposed to a special purpose vehicle, Jeram Bintang Sdn Bhd ("JBSB") during the financial year.

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 7,204 (2003: 8,172) and 43 (2003: 42) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 March 2005.

## 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.

The new applicable MASB adopted in these financial statements since the previous financial year is MASB 32, Property Development Activities.

This standard requires retrospective application. Apart from the inclusion of the new policy and extended disclosures as required by the standard, the adoption of this standard has not had a material effect on the financial statements presented, nor led to a restatement of prior year results.

### 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 36 for the financial year ended 31 December 2004, 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.

## NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2004

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### b. Basis of Consolidation (Cont'd)

##### i. Subsidiaries (Cont'd)

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.

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 companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

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, 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).

## e. Property, Plant and Equipment and Depreciation (Cont'd)

### i. Hotel Properties

Hotel properties comprise freehold and leasehold land and the hotel building thereon. It is the Group's practice to maintain all its hotel properties in high standard and condition in order to maintain their image and market share. Because of this, the hotel properties maintain residual values at least equal to their respective book values such that depreciation would be insignificant. Accordingly, no depreciation is provided on freehold hotel properties or those properties with unexpired lease periods of 50 years or more.

It is the Group's policy to appraise the hotel properties once in every three years, by independent professional valuers based on the open market value basis. As a matter of prudence, any surplus arising therefrom unless if considered by the directors to be permanent in nature will not be incorporated in the financial statements. Any deficit arising, if considered by the directors to be permanent in nature, will be charged to the income statement.

### ii. Other Property, Plant and Equipment

No depreciation is provided on capital work-in-progress and freehold land. Depreciation of other property, 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:

Leasehold land	50 years or over the leasehold period
Buildings	2% - 10%
Plant and equipment	5% - 20%
Motor vehicles	20%
Furniture and fittings	10% - 20%
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. Investment Properties

Investment properties consist of investments in land and buildings that are not substantially occupied for use by, or in the operations of the Group.

Investment properties are treated as long term investments and are stated at valuation. Revaluations are based on valuations by an independent valuer at least once every three years. An increase in carrying amount arising from the revaluation of investment properties, if considered by the directors to be permanent in nature, is credited to equity as a revaluation surplus; any decrease is first offset against any available revaluation surplus on an earlier valuation in respect of the same investment property and is thereafter recognised as an expense. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to the retained profits.

## g. Real Properties and Development Properties

### i. Real Properties

Real properties 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).

## NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2004

### g. Real Properties and Development Properties (Cont'd)

#### i. Real Properties (Cont'd)

Real properties 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.

#### ii. Development Properties

Development properties 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

Development properties 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.

## 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.

## 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.

# NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2004

## m. Employee Benefits (Cont'd)

### 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.

## 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. Development properties

Revenue from sale of development properties 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.

### 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.

## 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.

**o. Foreign Currencies (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:

IN RM	2004	2003
South Africa Rand	<b>0.67</b>	0.57
United States Dollars	<b>3.80</b>	3.80

**p. Deferred Expenditure**

Deferred expenditure relates to pre-commencement 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 instalments 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.

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.



## NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2004

### s. Financial Instruments (Cont'd)

#### i. Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates and investment properties 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 development properties 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"), Redeemable 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:

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Sales of goods				
- properties	113,206	32,307	—	—
- hotels	45,643	56,827	—	—
Services rendered				
- properties	5,180	6,807	—	—
- hotels	23,123	7,632	—	—
- facilities management	356,424	377,253	—	—
- others	494	—	1,250	1,750
Rental income				
- properties	8,343	12,389	—	—
- hotels	56,892	68,239	—	—
Dividend income				
- subsidiaries	—	—	16,555	—
- others	93	8	—	—
Interest income from subsidiaries	—	—	901	33,356
	609,398	561,462	18,706	35,106

#### b. Cost of Sales

Cost of sales of the Group consists of the following:

IN RM'000	GROUP	
	2004	2003
Sales of goods		
- properties	97,182	33,990
- hotels	30,070	35,467
Services rendered		
- hotels	16,850	18,209
- facilities management	241,624	278,351
	385,726	366,017

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/loss before taxation, assets and liabilities of the Group are analysed in Note 34.

### 4. NET GAIN ARISING FROM RESTRUCTURING SCHEME

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Waiver of accreted yield on RCSB	250,894	—	250,894	—
Novation of RCSB liability to JBSB	929,460	—	929,460	—
Issuance of RCPS	(200,000)	—	(200,000)	—
Issuance of RSLs	(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 are disclosed in Note 38.

# NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2004

## 5. PROFIT/(LOSS) FROM OPERATIONS

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

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Staff costs (Note 6)	178,790	181,122	3,291	3,221
Audit fee				
- statutory	264	268	28	28
- other services	255	5	255	5
Allowance for doubtful debts				
- third parties	1,541	2,184	193	—
Bad debts written off	86	53	50	35
Provision for diminution in value				
- investment and marketable securities	544	—	—	—
- real properties	283	5,215	—	—
Write down in value of				
development properties	—	1,886	—	—
Non-executive directors'				
remuneration excluding benefits-in-kind (Note 7)	732	730	402	384
Property, plant and equipment written off	21	6,252	—	—
Inventory written down	—	6,820	—	—
Rent of land and buildings paid/payable to				
- third parties	923	661	—	—
- subsidiaries	—	—	303	404
Hire of equipment	832	649	—	—
Loss on dilution of interest in subsidiaries				
(Note 12)	—	2,195	—	—
Unquoted investment written off	—	54	—	—
Amortisation of deferred expenditure	819	819	—	—
Management fees to:				
- hotel operator	2,608	4,289	—	—
- affiliated company	79	184	79	105
Preference shares dividend for irredeemable				
convertible preference shares (Note 26)	1,792	—	—	—

And crediting:

Reversal of allowance for doubtful debts	—	(50)	—	—
Interest income	(2,316)	(1,963)	(319)	(501)
Reversal of provision for diminution in				
investment and marketable securities	—	(777)	—	—
Gain on disposal of property, plant and equipment	(121)	(343)	—	(398)
Gain on disposal of				
- associated company	—	(1,490)	—	—
- marketable securities	—	(14)	—	—
Property rental income from				
- subsidiaries	—	—	—	(18)
- third parties	(885)	(999)	—	—
Realised gain on foreign exchange	(137)	(90)	—	—
Reserve arising on consolidation realised	(5,265)	—	—	—
Reversal of provision for defect liabilities	—	(800)	—	—

**6. STAFF COSTS**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Wages and salaries	133,852	142,102	2,717	2,628
Social security costs	1,717	1,765	13	12
Short term accumulating compensated absences	1,941	1,942	–	49
Contribution to Employees Provident Fund (“EPF”)	17,532	17,615	371	357
Other staff related expenses	23,748	17,698	190	175
	178,790	181,122	3,291	3,221

Included in staff costs of the Group and of the Company are executive directors' remuneration excluding benefits-in-kind amounting to RM3,417,000 (2003: RM2,670,000) and RM489,000 (2003: RM431,000) respectively as further disclosed in Note 7.

**7. DIRECTORS' REMUNERATION**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
<b>DIRECTORS OF THE COMPANY</b>				
Executive				
Salaries and other emolument	338	313	338	313
Bonus	91	62	91	62
Contribution to EPF	60	56	60	56
Benefits-in-kind	18	39	18	39
	507	470	507	470
Non-Executive				
Fees*	480	512	318	305
Allowances*	93	94	84	79
Benefits-in-kind	50	43	50	43
	623	649	452	427
<b>OTHER DIRECTORS</b>				
Executive				
Salaries and other emolument	1,891	1,696	–	–
Bonus	646	166	–	–
Contribution to EPF	243	299	–	–
Allowances*	148	78	–	–
Benefits-in-kind	146	105	–	–
	3,074	2,344	–	–
Non-Executive				
Fees	143	108	–	–
Allowance	16	16	–	–
	159	124	–	–
Total	4,363	3,587	959	897
Total excluding benefits-in-kind	4,149	3,400	891	815

# NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2004

## 7. DIRECTORS' REMUNERATION (CONT'D)

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 6)	3,417	2,670	489	431
Total non-executive directors' remuneration excluding benefits-in-kind (Note 5)	732	730	402	384
Total directors' remuneration excluding benefits-in-kind	4,149	3,400	891	815

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

	NUMBER OF DIRECTORS	
	2004	2003
<b>EXECUTIVE DIRECTORS:</b>		
RM450,001 - RM500,000	—	1
RM550,001 - RM600,000	1	—
<b>NON-EXECUTIVE DIRECTORS:</b>		
Below RM50,000	2	4
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	3	3

\* Included in the Group and Company is an amount of RM93,000 (2003: RM86,000) paid to affiliated companies.

**8. INTEREST EXPENSE**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Interest expense on:				
- NCRSB	<b>33,133</b>	40,779	–	–
- RCSB	–	30,873	–	30,873
- RSLs	<b>1,382</b>	–	<b>1,382</b>	–
- Advances from corporate shareholder of subsidiaries	<b>149</b>	286	–	–
- Borrowings	<b>2,215</b>	638	<b>3</b>	7
	<b>36,879</b>	72,576	<b>1,385</b>	30,880

**9. TAXATION**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Income tax expense:				
- current period	<b>30,017</b>	17,623	<b>737</b>	–
- over provision in prior period	<b>(1,624)</b>	(10,488)	–	(10,413)
Deferred tax relating to origination and reversal of temporary differences (Note 29)	<b>(71)</b>	(7,165)	–	–
	<b>28,322</b>	(30)	<b>737</b>	(10,413)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit/(loss) for the year.

# NOTES TO THE FINANCIAL STATEMENT

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## 9. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit/(loss) 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:

IN RM'000	2004	2003
<b>GROUP</b>		
Profit/(loss) before taxation	469,731	(471,034)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	131,525	(131,890)
Income not subject to tax	(132,411)	(1,039)
Expenses not deductible for tax purposes	32,821	91,392
Utilisation of previously unrecognised tax losses and capital allowances	(2,197)	(287)
Utilisation of current year's tax losses	–	(174)
Income tax over provided in prior years	(1,624)	(10,488)
Deferred tax assets not recognised during the year	368	52,456
Effects on reduced statutory tax rate on the first RM500,000 assessable profits	(160)	–
Tax expense for the year	28,322	(30)
<b>COMPANY</b>		
Profit/(loss) before taxation	263,610	(522,297)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	73,811	(146,243)
Income not subject to tax	(76,521)	(9,340)
Expenses not deductible for tax purposes	3,547	154,334
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(100)	–
Utilisation of current year's tax losses	–	(145)
Deferred tax assets not recognised during the year	–	1,394
Income tax over provided in prior years	–	(10,413)
Tax expense for the year	737	(10,413)

Tax losses and capital allowances are analysed as follows:

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Tax savings recognised during the period arising from:				
Utilisation of current year tax losses	–	174	–	145
Utilisation of unutilised tax losses brought forward from previous year	2,097	276	–	–
Tax savings recognised during the period arising from:				
Utilisation of unabsorbed capital allowances brought forward from previous year	100	11	100	–

**10. EARNINGS/(LOSS) PER SHARE****a. Basic**

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

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
Net profit/(loss) for the year (RM'000)	<b>433,245</b>	(468,772)
Weighted average number of ordinary shares in issue ('000)	<b>214,146</b>	203,706
Earnings/(loss) per share (sen)	<b>202</b>	(230)

**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, i.e. ICULS and RCPS.

	<b>GROUP</b>
	<b>2004</b>
Net profit for the year (RM'000)	433,245
Weighted average number of ordinary shares in issue ('000)	214,146
Effect of dilution:	
ICULS ('000)	43,156
RCPS ('000)	200,000
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	457,302
<b>IN SEN</b>	<b>2004</b>
Diluted earning per share	95

The effects on the basic loss per share for the prior year arising from the assumed conversion of the ICULS and RCSB as disclosed in Notes 25 and 28 respectively is anti-dilutive. Accordingly, the diluted loss per share for the prior year has not been presented.



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## 11. PROPERTY, PLANT AND EQUIPMENT

			PLANT, EQUIPMENT, FURNITURE AND MOTOR VEHICLES	CROCKERY, GLASSWARE, CUTLERY AND LINEN	CAPITAL WORK-IN- PROGRESS	TOTAL
IN RM'000	FREEHOLD LAND AND BUILDINGS	LEASEHOLD LAND AND BUILDINGS				
GROUP						
COST/VALUATION						
At 1 January 2004	611,557	293,183	353,362	23,881	378,749	1,660,732
Additions	435	14,630	19,632	1	8,702	43,400
Disposals	(5,451)	(19)	(355)	–	–	(5,825)
Transfer	–	224,657	3,120	–	(227,777)	–
Disposal of subsidiaries	(606,493)	(248,025)	(192,129)	(23,882)	(151,756)	(1,222,285)
Written off	–	–	(46)	–	–	(46)
At 31 December 2004	48	284,426	183,584	–	7,918	475,976
Representing:						
At cost	48	284,426	183,584	–	7,918	475,976
At valuation	–	–	–	–	–	–
	48	284,426	183,584	–	7,918	475,976
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
At 1 January 2004:						
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
	235,331	163,145	212,931	16,138	49,507	677,052
Charge for the year	72	11,965	33,798	701	–	46,536
Disposals	(2,201)	–	(272)	–	–	(2,473)
Written off	–	–	(25)	–	–	(25)
Disposal of subsidiaries	(233,154)	(151,264)	(156,570)	(16,839)	(49,507)	(607,334)
At 31 December 2004	48	23,846	89,862	–	–	113,756
Analysed as:						
Accumulated depreciation	48	23,846	89,862	–	–	113,756
NET BOOK VALUE						
At 31 December 2004	–	260,580	93,722	–	7,918	362,220

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

	FREEHOLD LAND AND BUILDINGS	LEASEHOLD LAND AND BUILDINGS	PLANT, EQUIPMENT, FURNITURE FITTINGS AND MOTOR VEHICLES	CROCKERY, GLASSWARE, CUTLERY AND LINEN	CAPITAL WORK-IN- PROGRESS	TOTAL
IN RM'000						
GROUP (CONT'D)						
NET BOOK VALUE						
At 31 December 2003	376,226	130,038	140,431	7,743	329,242	983,680
DETAILS AT 1 JANUARY 2003						
Cost	542,436	277,736	326,428	23,881	396,281	1,566,762
Valuation	70,095	18,430	435	–	–	88,960
Accumulated depreciation	1,170	37,231	175,825	13,724	–	227,950
Accumulated impairment losses	–	–	–	–	–	–
DEPRECIATION CHARGE						
FOR 2003	4,844	5,381	29,975	2,414	–	42,614
IMPAIRMENT LOSSES						
FOR 2003	229,317	120,533	8,407	–	49,507	407,764
			FREEHOLD LAND	LEASEHOLD LAND	PLANT, EQUIPMENT, FURNITURE, FITTINGS AND MOTOR VEHICLES	TOTAL
IN RM'000						
COMPANY						
COST						
At 1 January 2004			5,450	–	3,898	9,348
Additions			–	–	146	146
Disposals			(5,450)	–	(4)	(5,454)
At 31 December 2004			–	–	4,040	4,040
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
At 1 January 2004:						
Accumulated depreciation			–	–	3,266	3,266
Accumulated impairment losses			2,201	–	–	2,201
			2,201	–	3,266	5,467
Charge for the year			–	–	258	258
Disposals			(2,201)	–	(1)	(2,202)
At 31 December 2004			–	–	3,523	3,523
Analysed as:						
Accumulated depreciation			–	–	3,523	3,523

# NOTES TO THE FINANCIAL STATEMENT

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

IN RM'000	FREEHOLD LAND	LEASEHOLD LAND	PLANT, EQUIPMENT, FURNITURE, FITTINGS AND MOTOR VEHICLES	TOTAL
<b>COMPANY</b>				
<b>NET BOOK VALUE</b>				
At 31 December 2004	–	–	517	517
At 31 December 2003	3,249	–	632	3,881
<b>DETAILS AT 1 JANUARY 2003</b>				
Cost	5,450	1,278	4,026	10,754
Accumulated depreciation	–	–	3,129	3,129
Accumulated impairment losses	–	–	–	–
Depreciation charge for 2003	–	–	326	326
Impairment losses for 2003	2,201	–	–	2,201

- a. Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation, the net book values that would have been included in the financial statements of the Group are as follows:

IN RM'000	2004	2003
<b>REVALUATION DONE IN 2003:</b>		
Freehold land and buildings	–	605,543
Leasehold land and buildings	–	250,571
Plant, equipment, furniture and fittings	–	143,942
Crockery, glassware, cutlery and linen	–	7,743
Capital work- in-progress	–	383,645

- b. The Group's freehold land and buildings comprise:

### 2004

IN RM'000	COST	VALUATION	TOTAL
Freehold buildings	48	–	48

### 2003

IN RM'000	COST	VALUATION	TOTAL
Freehold buildings	48	3,629	3,677
Hotel properties	–	607,880	607,880
	48	611,509	611,557

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

c. The Group's leasehold land and buildings comprise:

**2004**

IN RM'000	COST	VALUATION	TOTAL
Long term lease			
Leasehold building	885	–	885
Short term lease			
Hotel properties	280,515	–	280,514
Leasehold land	3,026	–	3,026
	284,426	–	284,425

**2003**

IN RM'000	COST	VALUATION	TOTAL
Long term lease			
Hotel properties	–	93,068	93,068
Leasehold building	885	–	885
Short term lease			
Hotel properties	22,500	173,704	196,204
Leasehold land	3,026	–	3,026
	26,411	266,772	293,183

d. Net book values of property, plant and equipment held under hire purchase arrangements are as follows:

IN RM'000	GROUP	COMPANY
<b>MOTOR VEHICLES</b>		
2004	2	2
2003	198	138

e. During the year, the Group and Company acquired property, plant and equipment with an aggregate cost of RM43,400,000 (2003: RM39,860,000) and RM146,000 (2003: RM104,000) of which Nil (2003: RM61,000) and Nil (2003: Nil) respectively were acquired by means of hire purchase arrangement.

f. Property, plant and equipment of the Group and of the Company have been pledged to banks for the following:

IN RM'000	GROUP	COMPANY
<b>2004</b>		
Banking facilities granted to subsidiaries	350,799	–
<b>2003</b>		
Bonds issued by the Company	413,291	3,249
Bonds issued by a subsidiary	221,770	–
Banking facilities granted to subsidiaries	340,121	–
	975,182	3,249

## NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2004

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

- g. Property, plant and equipment of the Group and of the Company amounting to RM19,372,000 (2003: RM30,748,000) and RM2,667,000 (2003: RM2,203,000) respectively have been fully depreciated and are still in use.
- h. Included in leasehold buildings of the Group is an amount of RM235,151,000 (2003: RM224,657,000 was included in capital work-in-progress) incurred for a hotel, Sheraton Hanoi.

In accordance with MASB 23, Impairment of Assets, an enterprise should assess at each balance sheet date whether there is an indication that an asset may be impaired. Where the asset is impaired, it is required to be reduced to its recoverable amount. The Group has not undertaken an impairment review as the hotel has only partially commenced operations while certain floors are pending completion. The directors of the Company believe that the recoverable amount will approximate the net book value and adequate cash flows will be generated thereafter.

### 12. INVESTMENTS IN SUBSIDIARIES

IN RM'000	COMPANY	
	2004	2003
Unquoted shares at cost	260,140	261,587
Less: Accumulated impairment losses	(198,177)	(205,068)
	61,963	56,519

In prior year, unquoted shares with a carrying value of RM56,519,000 have been pledged as securities for the bonds issued by the Company. In the current financial year, these assets have been discharged pursuant to the completion of the restructuring scheme of the Company.

Details of the subsidiaries are listed in Note 36.

- a. Pursuant to the restructuring scheme of the Company as disclosed in Note 38, the following subsidiaries (collectively known as "affected subsidiaries") were disposed of for a cash consideration of RM0.08 each. The deemed disposal date is 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

- b. As explained in Note 37, the Group disposed its 49% equity interest in Inter Heritage (M) Sdn Bhd ("IHSB") for cash consideration of RM1 resulting in a decrease in its equity interest in IHSB from 51% to 2%. The deemed disposal date is 21 September 2004.

**12. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The disposals disclosed in (a) and (b) had the following effects on the Group's financial results for the year:

<b>IN RM'000</b>	<b>AFFECTED SUBSIDIARIES 2004</b>	<b>IHSB 2004</b>	<b>TOTAL 2004</b>
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)

The disposals disclosed in (a) and (b) had the following effects on the financial position of the Group as at the end of the year:

<b>IN RM'000</b>	<b>AFFECTED SUBSIDIARIES 2004</b>	<b>IHSB 2004</b>	<b>TOTAL 2004</b>
Property, plant and equipment (Note 11)	401,441	213,510	614,951
Investment properties (Note 14)	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 29)	(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)

## NOTES TO THE FINANCIAL STATEMENT

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### 12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- c. As disclosed in Note 37, the Company on 31 March 2004 acquired a 63% equity interest in Intensive Quest Sdn Bhd ("IQSB"), an investment holding company for a total cash consideration of RM10,925,000. On 5 August 2004, IQSB was placed under member voluntary liquidation.

IQSB has distributed its investment in Faber Medi-Serve Sdn Bhd ("FMS") to its shareholders during the year. As a result, the Group's effective interest in FMS increased from 57% to 70%. The reserve arising on consolidation is RM5,265,000.

- d. In prior year, pursuant to the Shareholders' Agreements entered into by a subsidiary, Faber Medi-Serve Sdn Bhd in relation to its subsidiaries, Healthtronics (M) Sdn Bhd ("HSB") and Cermin Kenyalang Sdn Bhd ("CKSB"), HSB and CKSB issued 199,998 and 699,998 new ordinary shares on 21 May 2003 and 18 August 2003, respectively. As a result, the effective equity interest of the Group in these subsidiaries have been diluted to 34% and 31% respectively.

The fair value of the assets and liabilities from the dilution of the interests in these subsidiaries in prior year is as follows:

IN RM'000	HSB 21.5.2004	CKSB 18.8.2004	TOTAL
Fair value of net assets diluted:			
Property, plant and equipment	1,048	20	1,068
Cash and bank balance	1	30	31
Receivables	13,087	3,146	16,233
Payables	(11,934)	(2,121)	(14,055)
Fair value of net assets	2,202	1,075	3,277
Net assets diluted	1,453	742	2,195

**13. OTHER INVESTMENTS**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Unquoted shares at cost	<b>17,594</b>	15,788	<b>398</b>	398
Less: Provision for diminution in value	<b>(14,072)</b>	(12,089)	–	–
	<b>3,522</b>	3,699	<b>398</b>	398

The increase in provision for diminution in value amounting to RM1,806,000 relates to provision for Inter Heritage (M) Sdn Bhd which was previously included in investment in subsidiaries.

**14. INVESTMENT PROPERTIES**

IN RM'000	GROUP	
	2004	2003
At valuation:		
Freehold land	–	12,696
Building	–	9,404
	–	22,100

In prior year, the freehold land and building had been pledged as security for the bonds issued by the Company.

**15. DEFERRED EXPENDITURE**

IN RM'000	GROUP	
	2004	2003
Pre-commencement expenses	<b>12,153</b>	12,153
Less: Accumulated amortisation	<b>(6,512)</b>	(5,693)
	<b>5,641</b>	6,460



# NOTES TO THE FINANCIAL STATEMENT

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## 16. REAL PROPERTIES AND DEVELOPMENT PROPERTIES

### a. Real Properties:

IN RM'000	FREEHOLD LAND	LEASEHOLD LAND	DEVELOPMENT EXPENDITURE	TOTAL
<b>GROUP</b>				
<b>AT 31 DECEMBER 2004:</b>				
<b>At cost</b>				
At 1 January 2004	6,255	778	14,066	21,099
Additions	–	11,667	3,858	15,525
Transfer to development properties	–	–	(3,507)	(3,507)
At 31 December 2004	6,255	12,445	14,417	33,117
<b>Accumulated Impairment Loss</b>				
At 1 January 2004	6,204	–	5,083	11,287
Additions	51	–	232	283
At 31 December 2004	6,255	–	5,315	11,570
<b>Carrying Amount at</b>				
<b>31 December 2004</b>	–	12,445	9,102	21,547
<b>AT 31 DECEMBER 2003:</b>				
<b>At cost</b>				
At 1 January 2003	7,142	936	14,191	22,269
Additions	–	–	2,018	2,018
Disposals	(887)	–	(632)	(1,519)
Transfer to development properties	–	(158)	(1,511)	(1,669)
At 31 December 2003	6,255	778	14,066	21,099
<b>Accumulated Impairment Losses</b>				
At 1 January 2003	4,467	–	1,605	6,072
Additions	1,737	–	3,478	5,215
At 31 December 2003	6,204	–	5,083	11,287
<b>Carrying Amount at</b>				
<b>31 December 2003</b>	51	778	8,983	9,812

In previous years, a subsidiary, Rimbuan Melati Sdn Bhd ("RMSB") 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 RM81,000,000. The consideration would be settled by way of transfer of land amounting to RM48,300,000 to RMSB and cash of RM32,700,000.

The land title would be transferred by GOM to RMSB upon RMSB 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 2004, the value of works certified for the FRU Project amounts to RM18,363,000 of which RM10,950,000 is settled via the partial transfer of land value and RM7,413,000 payable via cash.

As at 31 December 2004, the land bond provided to GOM amounts to RM37,350,000 and land capitalised amounts to RM11,667,000 which includes other incidental costs for the land. As at 31 December 2004, the transfer of land title to RMSB is still pending. The land bond shall take effect from the date of registration of the transfer of the land as the bond is secured against the land.

**16. REAL PROPERTIES AND DEVELOPMENT PROPERTIES (CONT'D))****b. Development Properties**

IN RM'000	2004	2003
<b>GROUP</b>		
Development properties at 1 January:		
Freehold land	<b>8,501</b>	16,727
Leasehold land	<b>8,877</b>	11,985
Development costs	<b>106,369</b>	222,876
	<b>123,747</b>	251,588
Cost incurred during the year:		
Development costs	<b>73,648</b>	24,992
	<b>197,395</b>	276,580
Reversal of completed projects	–	(154,502)
	<b>197,395</b>	122,078
Cost recognised in income statement:		
At 1 January	<b>81,390</b>	201,902
Recognised during the year	<b>97,182</b>	33,990
Reversal of completed projects	–	(154,502)
At 31 December	<b>178,572</b>	81,390
Transfers:		
From real properties	<b>3,507</b>	1,669
To inventories	<b>(185)</b>	–
	<b>3,322</b>	1,669
Development properties cost at 31 December	<b>22,145</b>	42,357
Included in property development costs incurred during the year is:		
Bank guarantee charges	<b>592</b>	–

The accumulated impairment loss for real properties mainly consist:

- A leasehold land and development expenditure costing RM4,096,000 (2003: 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 (2003:RM1,605,000)
- A wholly owned subsidiary, Mont Hill Sdn Bhd entered into a joint-venture agreement with a third party on 31 March 1993 to develop approximately 147 acres of land in Sepang, Selangor Darul Ehsan into residential and commercial properties. In view of the right to develop has lapsed and the demand for new residential properties is not expected to improve, the directors are of the opinion that this project has no realisable value. Hence, the freehold land and development expenditure incurred for this project costing RM9,682,000 (2003: RM9,682,000) was fully provided for in the prior year.

In prior year, real properties of the Group amounting to RM299,000 have been charged to financial institutions as security for the bonds issued by the Company. In the current financial year, these assets have been discharged pursuant to the completion of the restructuring scheme of the Company.

# NOTES TO THE FINANCIAL STATEMENT

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## 17. INVENTORIES

IN RM'000	GROUP	
	2004	2003
At cost:		
Food and beverage	422	733
Consumables	8,457	10,312
	8,879	11,045
At net realisable value:		
Properties held for resale	384	98,499
	9,263	109,544

In the prior year, properties held for resale amounting to RM98,301,000 had been charged as security for the bonds issued by the Company.

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM14,124,000 (2003: RM17,805,000).

## 18. RECEIVABLES

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Trade receivables (Notes a & b)	136,757	132,213	—	—
Less: Allowance for doubtful debts	(2,158)	(2,384)	—	—
	134,599	129,829	—	—
Due from subsidiaries (Note c)	—	—	1,031,098	1,783,086
Due from subsidiary not consolidated (Note c)	170	—	170	—
Due from affiliated companies (Note c)	520	749	510	664
Third party advances (Note d)	1,785	1,785	—	—
Deposits	2,276	2,094	—	—
Prepayments	10,227	12,487	5	276
Tax recoverable	2,504	970	156	156
Sundry receivables	5,646	10,471	632	3,804
	23,128	28,556	1,032,571	1,787,986
Less: Allowance for doubtful debts	(2,513)	(2,116)	(729,675)	(963,439)
	20,615	26,440	302,896	824,547
Total	155,214	156,269	302,896	824,547

The Group's normal trade credit term ranges from 30 to 45 (2003: 30 to 45) days. Other credit terms are assessed and approved on a case-by-case basis.

**18. RECEIVABLES (CONT'D)**

As at 31 December 2004, 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 68% (2003: 70%) of the total trade receivables.

- a. Included in trade receivables are rental and service charges receivable from affiliated companies amounting to RM7,011,000 (2003: RM6,754,000). The normal credit term granted to the affiliated companies is 30 (2003: 30) days.
- b. Included in trade receivables are RM7,665,000 (2003: RM1,553,000) 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.
- 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 Sepang. In accordance to the agreement, KSB will provide land and MHSB will provide funding for the project. The advances amounting to RM1,785,000 in previous years 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 debt in prior year.

The movement in allowance for doubtful debts is as follows:

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
At the beginning of year	<b>4,500</b>	2,869	<b>963,439</b>	639,568
Transfer from income statement				
- Allowance for doubtful debts	<b>1,541</b>	2,184	<b>193</b>	323,878
- Reversal of allowance for doubtful debts	—	(50)	—	—
Disposal of subsidiaries	<b>(1,084)</b>	—	—	—
Doubtful debts written off	<b>(286)</b>	(503)	<b>(233,957)</b>	(7)
At the end of year	<b>4,671</b>	4,500	<b>729,675</b>	963,439

**19. MARKETABLE SECURITIES**

IN RM'000	GROUP	
	2004	2003
Shares quoted in Malaysia at cost	<b>816</b>	816
Less: Provision for diminution in value	<b>(476)</b>	(109)
	<b>340</b>	707
Market value of quoted shares	<b>340</b>	707

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## 20. CASH AND CASH EQUIVALENTS

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Cash on hand and at banks	85,724	72,571	3,993	4,420
Deposits with:				
- licensed banks	28,862	65,518	1,000	17,696
- licensed discount house	5,800	3,552	300	202
Cash and bank balances	120,386	141,641	5,293	22,318
Less: Bank overdrafts (Note 21)	—	(799)	—	—
Cash and cash equivalents	120,386	140,842	5,293	22,318

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

- RM55,119,000 (2003: RM22,282,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.
- In prior year, placement of funds of the Group in a Debt Reserve Account amounted to RM8,835,000. The monies in the Debt Reserve Account is held to meet coupon payments and redemption of bonds issued by a former subsidiary, Inter Heritage (M) Sdn Bhd pursuant to its debt restructuring exercise.
- RM702,000 (2003: RM659,000) 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 RM4,025,000 (2003: RM2,935,000) have been pledged for banking facilities utilised by certain subsidiaries.

Included in the deposits of the Group are the following:

- RM2,030,000 (2003: RM2,529,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.
- RM3,354,000 (2003: RM3,149,000) 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:

IN %	GROUP		COMPANY	
	2004	2003	2004	2003
Licensed banks	2.70	2.80	3.00	2.70
Licensed discount house	2.67	2.72	2.70	2.70

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

IN DAYS	GROUP		COMPANY	
	2004	2003	2004	2003
Licensed banks	81	33	18	9
Licensed discount house	7	7	1	1

**21. SHORT TERM BORROWINGS**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Secured:				
Bank overdrafts (Note 20)	–	500	–	–
Secured loan (Note 28)	<b>1,710</b>	–	–	–
Hire purchase payables (Note 28)	<b>12</b>	61	<b>12</b>	43
	<b>1,722</b>	561	<b>12</b>	43
Unsecured:				
Bank overdrafts (Note 20)	–	299	–	–
	<b>1,722</b>	860	<b>12</b>	43

In prior year, the weighted average interest rate of bank overdrafts at the balance sheet date of the Group was 7.9% per annum.

**22. PAYABLES**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Trade payables (Note a)	<b>47,056</b>	65,915	–	–
Due to subsidiaries (Note d)	–	–	<b>188,056</b>	175,303
Due to affiliated companies (Note d)	<b>382</b>	289	<b>304</b>	211
Accruals	<b>53,139</b>	57,079	<b>3,593</b>	5,970
Preference share dividend for irredeemable convertible preference shares	<b>1,792</b>	–	–	–
Due to hotel operators	–	2,856	–	–
Sundry payables	<b>21,003</b>	19,163	<b>1,613</b>	1,869
Provision for sinking fund (Note b)	<b>5,973</b>	6,259	–	–
Provision for late delivery (Note c)	<b>597</b>	622	–	–
Amount payable to hotel creditors for construction of hotels	<b>10,369</b>	20,100	<b>1,832</b>	1,832
Deposits refundable	<b>4,385</b>	9,388	–	–
Accrued interest payable	–	7,584	–	–
Due to corporate shareholder of subsidiaries (Note e)	<b>304</b>	9,490	–	–
	<b>97,944</b>	132,830	<b>195,398</b>	185,185
Total	<b>145,000</b>	198,745	<b>195,398</b>	185,185

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2003: 30 to 90 days).

- a. In prior year, included in trade payables of the Group is an amount of RM17,088,000 due to an affiliated company, Propel Johnson Controls (M) Sdn Bhd.

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### 22. PAYABLES (CONT'D)

- b. The movement in provision for sinking fund is as follows:

IN RM'000	GROUP	
	2004	2003
At the beginning of year	6,259	6,280
Additional provision	477	586
Amount utilised	(763)	(607)
At the end of year	5,973	6,259

- c. The movement in provision for late delivery is as follows:

IN RM'000	GROUP	
	2004	2003
At the beginning of year	622	689
Amount paid	(25)	(67)
At the end of year	597	622

- d. The amounts due to subsidiaries and affiliated companies are unsecured, interest-free and have no fixed terms of repayment.
- e. The amounts due to corporate shareholders of subsidiaries are unsecured, have no fixed terms of repayment and interest-free. In the prior year, an amount due of RM4,000,000 attracted interest of 4% per annum.

### 23. TAX PAYABLE

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Tax payable	14,684	16,187	–	11,775

Included in the current year tax payable for the Group is RM6,076,000 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 RM98,300,000. However, the value of the property as valued by the Jabatan Penilaian & Perkhidmatan Harta is RM120,000,000 resulting in the tax payable. The Group has appealed against the valuation amount. The payment is pending the outcome of the appeal.

### 24. SHARE CAPITAL

IN RM'000	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES OF RM1 EACH		AMOUNT	
	2004	2003	2004	2003
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	207,999	201,556	207,999	201,556
Conversion of ICULS at the rate of RM2.00 nominal value of ICULS for one (1) ordinary share of RM1.00 each (Note 25)	26,846	6,443	26,846	6,443
At the end of year	234,845	207,999	234,845	207,999

## 25. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

IN RM'000	GROUP AND COMPANY	
	2004	2003
ICULS	140,004	152,890
Amount converted to ordinary shares (Note 24)	(53,692)	(12,886)
	<b>86,312</b>	140,004

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.

## 26. PREFERENCE SHARES

IN RM'000	GROUP				COMPANY			
	NUMBER OF SHARES		AMOUNT		NUMBER OF SHARES		AMOUNT	
	2004	2003	2004	2003	2004	2003	2004	2003
a. RCPS of RM1.00 each:								
At beginning of year	–	–	–	–	–	–	–	–
Issued during the year	200,000	–	200,000	–	200,000	–	200,000	–
At end of year	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	–	–	–	–	–	–	–	–
Issued and paid-up during the year	5,496	–	5,496	–	–	–	–	–
At end of year	5,496	–	5,496	–	–	–	–	–
c. ICPS of RM0.50 each:								
At beginning of year	2,240	–	1,120	–	–	–	–	–
Issued and paid-up during the year	–	2,240	–	1,120	–	–	–	–
At end of year	2,240	2,240	1,120	1,120	–	–	–	–
Classified as liabilities	7,736	2,240	6,616	1,120	–	–	–	–



## NOTES TO THE FINANCIAL STATEMENT

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### 26. PREFERENCE SHARES (CONT'D)

#### a. RCPS

The RCPS are 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'0000
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

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. Hence, the RCPS have been classified within equity.

#### b. RPS

The RPS were issued by a subsidiary, Rimbunan Melati Sdn Bhd for working capital purposes to its minority shareholder. The RPS have no voting rights and entitle to a fixed non-cumulative preferential dividends at a rate of 5% per annum. The RPS have no fixed term of redemption.

#### c. ICPS

The ICPS were issued by a subsidiary, Healthtronics Sdn Bhd to its minority shareholder. The ICPS carry a net dividend of RM0.80 per ICPS effective from financial year 2004 payable on a cumulative basis until full conversion. The ICPS has a tenure of 6 years maturing on 31 December 2008. Upon maturity, the ICPS shall be converted on the basis of two ICPS for one new ordinary share of Healthtronics Sdn Bhd.

### 27. MINORITY INTERESTS

IN RM'000	GROUP	
	2004	2003
At the beginning of year	73,396	81,002
Dilution during the year	(13,171)	–
Addition during the year	1,912	3,050
Transfer to/(from) income statement	8,164	(2,232)
Dividend paid and declared	(5,647)	(8,424)
At the end of year	64,654	73,396

The dilution during the year was as a result of the increase in the Group's effective interest in Faber Medi-Serve Sdn Bhd as disclosed in Note 12 (c).

## 28. LONG TERM LIABILITIES

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
a. Hire purchase obligations				
Minimum lease payments:				
Not later than 1 year	12	63	12	43
Later than 1 year and not later than 2 years	7	55	7	20
	19	118	19	63
Less: Future finance charges	(1)	(9)	(1)	(4)
Present value of hire purchase liabilities	18	109	18	59
Present value of hire purchase liabilities:				
Not later than 1 year	12	61	12	43
Later than 1 year and not later than 2 years	6	48	6	16
	18	109	18	59
Representing hire purchase liabilities:				
Due within 12 months (Note 21)	12	61	12	43
Due after 12 months	6	48	6	16
	18	109	18	59
b. NCRSB	–	252,784	–	–
Add: Accrued interest payable	–	107,978	–	–
	–	360,762	–	–
c. RCSB	1,186,062	1,561,652	1,186,062	1,561,652
Waiver of accereted yield (Note 4)	(250,894)	–	(250,894)	–
Amount redeemed	(5,708)	(24,718)	(5,708)	(24,718)
Amount novated pursuant to the restructuring scheme of the Company	(929,460)	–	(929,460)	–
Interest in suspense	–	(350,872)	–	(350,872)
	–	1,186,062	–	1,186,062
d. Secured loan				
Maturity of secured loan:				
Within one year	1,710	–	–	–
More than 1 year and less than 2 years	6,840	1,710	–	–
More than 2 years and less than 5 years	20,520	20,520	–	–
5 years or more	37,812	21,402	–	–
	66,882	43,632	–	–
Representing:				
Due within 12 months (note 21)	1,710	–	–	–
Due after 12 months	65,172	43,632	–	–
	66,882	43,632	–	–
Amount payable to hotel creditors for construction of hotels	–	13,209	–	–
e. Due to corporate shareholder of a subsidiary	2,126	2,126	–	–
f. RSLs	185,528	–	185,528	–
Interest in suspense	(48,582)	–	(48,582)	–
	136,946	–	136,946	–
g. Balance sum owing to JBSB	51,250	–	51,250	–
Total long term liabilities	255,500	1,605,839	188,202	1,186,078

## NOTES TO THE FINANCIAL STATEMENT

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### 28. LONG TERM LIABILITIES (CONT'D)

- a. The hire purchase facility attracted interest during the year of between 4.5% to 6.6% (2003: 4.50% to 6.6%) per annum.

- b. **NCRSB**

The principal features of the 5-year NCRSB are as follows:

The RM252,784,000 nominal value of the NCRSB 2000/2005 were issued at its nominal value and carry a zero coupon rate for the first two years, followed by 2%, 3% and 3.5% per annum in the next three years respectively, to provide a yield to maturity of 12% per annum. At the end of its tenure, the bonds will be redeemed at its nominal value.

The NCRSB were issued by a former subsidiary, Inter Heritage (M) Sdn Bhd to repay its secured debts outstanding to the respective financial institution creditors. In prior year, the NCRSB were secured by way of a fixed and floating charge over all assets of the subsidiary, as disclosed in Note 11.

- c. **RCSB**

The principal features of the 5-year Zero Coupon RCSB are as follows:

The RM1,561,652,000 nominal amount of the RCSB 2000/2005 were issued at 61.39% of the nominal amount and carry a yield to maturity of 10% per annum on a semi-annual basis. The RCSB may be converted into new ordinary shares in the Company at a conversion price of RM1.67, at the option of the RCSB holders from the first anniversary date after issuance of the RCSB up to the maturity date or the date of declaration of an event of default, whichever is the earlier.

The RCSB is not redeemable for cash except upon maturity in November 2005. Redemption prior to the maturity date is at the option of the Company. However, the Company has given the following undertakings as stipulated in the trust deed agreement dated 13 September 2000:

- I. The Company will redeem RM1,212,000,000 of the RCSB from the proceeds of the disposal of Strategic Charged Assets and Other Charged Assets based on the following time frame:
  - i. for the year beginning on the issue date to November 2003, shall not be less than RM229,000,000;
  - ii. by November 2004 shall not be less than RM374,000,000; and
  - iii. by November 2005 shall not be less than RM1,212,000,000.
- II. If for any reason, the values referred to in (a)(i) and (ii) are not achievable, the disposal shall be deferred to the subsequent year subject to the consent of the bondholders.

The RCSB were issued to repay the debts outstanding to the secured financial institution creditors of the Company. In prior year, the RCSB are secured by way of a fixed and floating charge over all assets as referred to in Notes 11, 12, 14, 16 and 17.

As disclosed in Note 38, the Company has completed its restructuring scheme during the year. Pursuant to the scheme, the RCSB's liability has been novated to JBSB.

- d. The secured loan which is 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 2004, average at 3.75% (2003:3.68%).

## 28. LONG TERM LIABILITIES (CONT'D)

The loan is 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 from the Bank for Foreign Trade of Vietnam is also guaranteed by a mortgage agreement dated 12 September 2003 between Vimas as the mortgagor, and the Bank for Foreign Trade of Vietnam, as the mortgagee. 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.

- 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 averaged at 7% (2003: 7%).

f. **RSLs**

During the financial year, 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
- g. The Balance Sum is secured as disclosed in Note 38(v) and repayable over the next 8 years from the date of completion of the restructuring scheme on 30 September 2004.

## 29. DEFERRED TAX

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
At beginning of year, as previously stated	14,366	16,502	—	—
Prior year adjustments (Note 30)	—	6,232	—	—
At beginning of year, as restated	14,366	22,734	—	—
Recognised in the income statement (Note 9)	(71)	(7,165)	—	—
Disposal of subsidiaries (Note 12)	(880)	—	—	—
Reversal from equity	—	(1,203)	—	—
At end of year	13,415	14,366	—	—

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## 29. DEFERRED TAX (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

### Deferred Tax Liabilities of the Group:

IN RM'000	ACCELERATED CAPITAL ALLOWANCE	REVALUATION SURPLUS	PREPAYMENT OF LINEN	DEFERRED EXPENDITURE	TOTAL
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
At 1 January 2003, as previously stated	51,993	–	2,884	2,038	56,915
Prior year adjustments	–	6,232	–	–	6,232
At 1 January 2003, as restated	51,993	6,232	2,884	2,038	63,147
Recognised in the income statement	(6,834)	(4,166)	(821)	(229)	(12,050)
Reversal from equity	–	(1,203)	–	–	(1,203)
At 31 December 2003	45,159	863	2,063	1,809	49,894

### Deferred Tax Assets of the Group:

IN RM'000	TAX LOSSES UNABSORBED AND CAPITAL ALLOWANCE	ACCRUALS FOR DIRECT COST	OTHER PAYABLES	TOTAL
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)
At 1 January 2003	(36,599)	(3,811)	(3)	(40,413)
Recognised in the income statement	3,168	2,083	(366)	4,885
At 31 December 2003	(33,431)	(1,728)	(369)	(35,528)

### Deferred Tax Liabilities of the Company:

IN RM'000	ACCELERATED CAPITAL ALLOWANCE
At 1 January 2004	45
Recognised in the income statement	2
At 31 December 2004	47
At 1 January 2003	73
Recognised in the income statement	(28)
At 31 December 2003	45

**29. DEFERRED TAX (CONT'D)****Deferred Tax Assets of the Company:**

IN RM'000	TAX LOSSES AND UNABSORBED CAPITAL ALLOWANCE
At 1 January 2004	(45)
Recognised in the income statement	(2)
At 31 December 2004	(47)
At 1 January 2003	(73)
Recognised in the income statement	28
At 31 December 2003	(45)

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

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Unused tax losses	44,367	580,809	7,848	7,876
Unabsorbed capital allowance	4,568	257,818	521	880
Unused investment tax allowance	561	299,690	—	—
Unutilised pioneer losses	—	1,988	—	—
Provisions	4,730	1,642	—	—
Provision for impairment losses	—	103,111	—	—
Accelerated depreciation	—	39	—	—
	54,226	1,245,097	8,369	8,756

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.

**30. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT****a. Changes in Accounting Policies**

In prior year, the Group and the Company applied three new MASB Standards, which became effective during that year, and accordingly modified certain accounting policies. The changes in the accounting policy for income tax has resulted in prior year adjustments as discussed below:

**MASB 25: Income Taxes**

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

# NOTES TO THE FINANCIAL STATEMENT

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## 30. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONT'D)

### b. Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

IN RM'000	GROUP	
	2004	2003
<b>EFFECTS ON ACCUMULATED LOSSES:</b>		
At beginning of year, as previously stated	–	(385,684)
Effects of adopting MASB 25	–	(5,013)
At beginning of year, as restated	–	(390,697)
<b>EFFECTS ON REVALUATION RESERVES:</b>		
At beginning of year, as previously stated	–	5,447
Effects of adopting MASB 25	–	(1,219)
At beginning of year, as restated	–	4,228

Comparative amounts as at 31 December 2002 have been restated as follows:

IN RM'000	PREVIOUSLY STATED	ADJUSTMENTS	RESTATED
<b>GROUP</b>			
Deferred tax liabilities (Note 29)	16,502	6,232	22,734

## 31. CAPITAL COMMITMENTS

IN RM'000	GROUP	
	2004	2003
a. Approved and contracted for:		
Purchase of property, plant and equipment	2,321	1,654
Others	–	1,125
	2,321	2,779
Approved but not contracted for:		
Purchase of property, plant and equipment	271	11,529
Construction of a hotel	–	16,141
	271	27,670
b. Obligations on:		
Rental of premises:		
Not later than 1 year	1,309	654
Later than 1 year and not later than 2 years	362	226
Later than 2 years and not later than 5 years	144	146
	1,815	1,026
Rental of equipment:		
Not later than 1 year	306	591
Later than 1 year and not later than 2 years	165	569
Later than 2 years and not later than 5 years	258	496
	729	1,656
Total	5,136	33,131

**32. CONTINGENT LIABILITIES (UNSECURED)**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
a. Guarantees issued to financial institutions	–	–	<b>1,852</b>	3,244
b. Litigations (unsecured)				
Claim for negligence	<b>91</b>	–	–	–
Claim for breach of contract	–	22	–	22
Claim for alleged wrongful termination of sale and purchase agreement	<b>26,179</b>	26,179	–	–
Claim for alleged wrongful termination of employment contract	<b>2,427</b>	2,338	<b>2,427</b>	2,338
Claim for alleged non payment of debts	<b>502</b>	885	–	–
	<b>29,199</b>	29,424	<b>2,427</b>	2,360

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

c. In addition to the above, the Group has the following additional contingent liabilities:

- i. On 2 December 1999, Medlux Overseas (Guernsey) Limited ("MOG"), a minority shareholder of Faber Medi-Serve Sdn Bhd ("FMS"), filed a petition pursuant to Section 181 of the Companies Act, 1965 and obtained an injunction to prevent the payment and distribution of dividends by FMS to all its shareholders. The petition contains numerous grievances and allegations raised by MOG, including inter-alia, the justification and validity of management fees of RM1,170,000 and interest on advances of RM2,024,000 charged by the Company to FMS.

Subsequently, the Company and a subsidiary, Faber Healthcare Management Sdn Bhd filed an application to set aside the injunction and affidavits in opposition to MOG's injunction application.

Arising from a Consent Order entered into on 17 December 1999, MOG has allowed payment of dividends to Class A shareholders and partial payment to the sole Class B shareholder.

On 18 April 2001, the High Court dismissed the injunction applied by MOG and MOG appealed to the Court of Appeal. Subsequently, the Court of Appeal dismissed the appeal and MOG again appealed to the Federal Court. The Court of Appeal has ordered that no dividend to be paid until the disposal of the hearing of leave to appeal to the Federal Court. On 28 January 2002, Medlux's application for leave of appeal to the Federal Court in respect of the dismissed injunction preventing declaration and payment of dividends based on Article 4A was dismissed by the Federal Court.

Therefore, the petition was fixed for case management on 30 July 2002 where the Court decided that the case management will only be heard upon hearing the Company's appeal against the Senior Assistant Registrar's decision in allowing amendments to the petition to include 2 more defendants. The Company's application against the order of amending the petition has been fixed for hearing on 7 May 2003. In light of the dismissal of the above 2 defendants application, the Company withdrew its appeal and the petition was fixed for case management on 2 December 2003 wherein the Judge directed the Company and other respondent to file their affidavit in reply by the next mention date on 8 March 2004 wherein was adjourned to 10 June 2004.



# NOTES TO THE FINANCIAL STATEMENT

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## 32. CONTINGENT LIABILITIES (UNSECURED) (CONT'D)

The directors have sought legal advice and based on the legal advice, the directors are of the opinion that it is difficult to ascertain the limit of the suit liability at this stage. In the interim, the parties have entered into a settlement deed on 17 November 2003 to resolve the dispute between the parties, provided that all obligations set out therein are complied by all parties on or before 8 April 2004. Therefore, MOG's solicitors have written to the Court on 12 April 2004 to bring forward the mention date from 10 June 2004 earlier in order for all parties to file in their respective consent order and for MOG to file in their notice of withdrawal wherein the Court has reverted with a new mention date on 29 April 2004 for the above purpose. On 29 April 2004, the parties have pursuant to the Deed of Settlement, entered their consent order and subsequently filed the necessary notice of discontinuance on all appeals.

- ii. A subsidiary, Vimas received a claim of RM3,423,000 from Peakciti Consortium ("Consortium"), the contractors for remaining and reinstatement works of the Sheraton Hanoi Hotel, as the application for Extension of Time and Direct Loss/Expense Claim, which is made on the following basis:

- Additional preliminary costs to cover lodging, utilities, etc.
- Financing costs
- Costs of labour for the additional four ("4") months
- All other costs related to the delay

Vimas has rejected this claim from Consortium on the ground that Extension of Time was the direct result of the Consortium's failure to comply with the terms of the letter of awards and as such, Vimas would bear no responsibility to the Consortium's losses.

To the date of this report, there have been no further claims from the Consortium. The directors are of the opinion that likelihood of the crystallisation of the above claims is remote.

## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Management fee expense/ (income) from affiliated companies				
- UEM Group Management Sdn Bhd	79	184	79	105
- Vistajati Holdings Sdn Bhd	(282)	(288)	—	—
Office and car park rental income from affiliated companies				
- Rangkaian Segar Sdn Bhd	(640)	(744)	—	—
- Pengurusan Lebuhraya Bhd	(995)	(1,728)	—	—
- Setia Haruman Sdn Bhd	—	(36)	—	—
- Crest Petroleum Berhad	—	(64)	—	—
- TL Geohydrographics Sdn Bhd	—	(48)	—	—
- Petcon (M) Sdn Bhd	—	(69)	—	—
- Probadi Sdn Bhd	—	(116)	—	—
- Teknik Lengkap Sdn Bhd	—	(135)	—	—
- TL Offshore Sdn Bhd	—	(257)	—	—
- Projek Lebuhraya Utara-Selatan Berhad	(1,981)	(2,535)	—	—
- Projek Penyelenggaraan Lebuhraya Berhad	(628)	(816)	—	—
- Prolink Development Sdn Bhd	(13)	(311)	—	—
- UEM Genisys (M) Sdn Bhd	(140)	(192)	—	—
- UEM Construction Sdn Bhd	(715)	(818)	—	—

**33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
Office and car park rental income from affiliated companies				
- UEM Builders Berhad	(258)	(184)	-	-
- Vistajati Holdings Sdn Bhd	(135)	(179)	-	-
- Kualiti Alam Sdn Bhd	(205)	(212)	-	-
- United Engineers (M) Berhad	(147)	(141)	-	-
- UEM Environment Sdn Bhd	-	(212)	-	-
- Time Telecommunications Sdn Bhd	-	(43)	-	-
- Kuari Pati Sdn Bhd	(1)	(64)	-	-
Technical fees paid to MOG	750	375	-	-
Settlement fees payable to MOG	-	3,500	-	-
Interest paid/payable to corporate shareholders	149	286	-	-
Interest income from subsidiaries	-	-	(901)	(33,356)
Property rental income from subsidiaries	-	-	-	(18)
Management fees from subsidiaries	-	-	(756)	(1,750)
Professional fees from a subsidiary	-	-	(568)	(316)
Office and car park rental payable to subsidiaries	-	-	303	407
Proceeds from disposal of land to a subsidiary	-	-	-	1,650

On 15 January 2004, a subsidiary, Faber Medi-Serve Sdn Bhd entered into a Managed Network Service Agreement with an affiliated company, Telekom Malaysia Berhad in relation to the provision, installation, testing and commissioning of an internet protocol-virtual private network to provide internet protocol data connectivity to all locations specified by the Company via a wide area network for a period of five years at a total contract sum of RM6,371,000.

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.

**34. 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. Transport - investment holding in a company principally engaged in haulage and transportation;
- iv. Facilities Management - provision of hospital support services.

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.

# NOTES TO THE FINANCIAL STATEMENT

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## 34. SEGMENT REPORTING (CONT'D)

IN RM'000	PROPERTIES		HOTEL		TRANSPORT	
	2004	2003	2004	2003	2004	2003
<b>REVENUE</b>						
External sales	126,684	51,503	125,658	132,697	–	–
Inter-segment sales						
- Interest income	–	–	–	–	–	–
- Others	945	1,113	–	–	–	–
Total revenue	127,629	52,616	125,658	132,697	–	–
<b>RESULTS</b>						
Segment results	18,043	(9,860)	177,248	(425,028)	–	1,301
Interest expense						
- Others	–	–	(35,346)	(41,589)	–	–
- Intercompany	–	–	–	(33,356)	–	–
	18,043	(9,860)	141,902	(499,973)	–	1,301
Share of net loss of an associate	–	–	–	–	–	(578)
Profit/(loss) before taxation	18,043	(9,860)	141,902	(499,973)	–	723
Taxation	(11,658)	(892)	–	4,166	–	(4)
Profit/(loss) after taxation	6,385	(10,752)	141,902	(495,807)	–	719
Minority interests	(100)	217	7,618	17,196	–	–
Net profit/(loss)	6,285	(10,535)	149,520	(478,611)	–	719
<b>OTHER INFORMATION</b>						
Segment assets	269,979	277,063	296,300	1,006,322	799	799
Segment liabilities/ Consolidated total liabilities	71,527	36,603	963,158	483,712	8,303	16,337
Capital expenditure	73	138	27,787	22,997	–	–
Depreciation and amortisation	493	560	31,577	29,697	–	–
Impairment losses	–	1,549	–	404,014	–	–
Non cash expenses other than depreciation, amortisation, impairment losses and interest	(15,249)	16,671	(173,545)	8,897	–	(912)

### b. Geographical Segment:

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

### IN RM'000

Malaysia  
Vietnam  
Consolidated

FACILITIES MANAGEMENT		OTHERS		ELIMINATION		GROUP	
2004	2003	2004	2003	2004	2003	2004	2003
356,072	377,253	984	9	–	–	609,398	561,462
–	–	–	33,356	–	(33,356)	–	–
–	–	19,382	17,050	(20,327)	(18,163)	–	–
356,072	377,253	20,366	50,415	(20,327)	(51,519)	609,398	561,462
60,414	45,390	265,537	(475,351)	(14,632)	465,668	506,610	(397,880)
–	(107)	(1,533)	(30,880)	–	–	(36,879)	(72,576)
–	–	–	–	–	33,356	–	–
60,414	45,283	264,004	(506,231)	(14,632)	499,024	469,731	(470,456)
–	–	–	–	–	–	–	(578)
60,414	45,283	264,004	(506,231)	(14,632)	499,024	469,731	(471,034)
(17,373)	(13,100)	(4,188)	5,576	4,897	4,284	(28,322)	30
43,041	32,183	259,816	(500,655)	(9,735)	503,308	441,409	(471,004)
(1,882)	(1,369)	80	–	(13,880)	(13,812)	(8,164)	2,232
41,159	30,814	259,896	(500,655)	(23,615)	489,496	433,245	(468,772)
237,279	238,852	401,713	1,295,720	(505,792)	(1,342,487)	700,278	1,476,269
86,213	105,272	449,639	1,375,695	(1,141,903)	(180,502)	436,937	1,837,117
15,320	16,965	220	104	–	(344)	43,400	39,860
14,965	12,850	320	326	–	–	47,355	43,433
–	–	–	2,201	–	–	–	407,764
2,094	1,277	(278,279)	(811)	–	825	(464,979)	25,947
TOTAL REVENUE FROM EXTERNAL CUSTOMERS		SEGMENT ASSETS		CAPITAL EXPENDITURE			
2004	2003	2004	2003	2004	2003	2004	2003
596,259	561,462	426,867	1,221,952	19,319	16,789		
13,139	–	273,411	254,317	24,081	23,071		
609,398	561,462	700,278	1,476,269	43,400	39,860		

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## 35. 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 2004 are as follows:

IN RM'000	GROUP		COMPANY	
	2004	2003	2004	2003
<b>FINANCIAL ASSETS</b>				
Floating rate	34,662	69,070	1,300	17,898
Interest free	242,296	232,276	307,131	829,209
Total	276,958	301,346	308,431	847,107
<b>FINANCIAL LIABILITIES</b>				
Fixed rate	143,580	1,558,517	136,964	1,186,121
Floating rate	69,008	46,557	–	–
Interest free	196,250	200,470	246,648	185,185
Total	408,838	1,805,544	383,612	1,371,306

The weighted average interest rates on the financial assets and liabilities as at 31 December 2004 are as follows:

IN %	GROUP		COMPANY	
	2004	2003	2004	2003
<b>FINANCIAL ASSETS</b>				
Floating rate	2.69	2.80	2.90	2.70
<b>FINANCIAL LIABILITIES</b>				
Fixed rate	5.00	10.46	4.00	10.00
Floating rate	4.09	3.58	–	–

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

IN %	GROUP		COMPANY	
	2004	2003	2004	2003
Secured loan	4.00	4.00	–	–
Bank overdraft	–	7.90	–	–
Hire purchase	5.55	5.80	5.55	5.10
Due to corporate shareholders of subsidiaries	7.00	5.04	–	–
RCSB	–	10.00	–	10.00
NCRSB	–	12.00	–	–
RSLs	4.00	–	4.00	–

### 35. FINANCIAL INSTRUMENTS (CONT'D)

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

IN %	GROUP		COMPANY	
	2004	2003	2004	2003
RPS	5.00	–	–	–
ICPS	160.0	160.0	–	–

#### 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 IN RM'000	SOUTH AFRICAN RAND	US DOLLAR
<b>AT 31 DECEMBER 2004:</b>		
<b>Receivables</b>		
Ringgit Malaysia	1,230	40,226
<b>AT 31 DECEMBER 2003:</b>		
<b>Receivables</b>		
Ringgit Malaysia	1,230	35,997

#### 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.

# NOTES TO THE FINANCIAL STATEMENT

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## 35. FINANCIAL INSTRUMENTS (CONT'D)

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

### i. Maturity of bonds and borrowings

IN RM'000	GROUP	
	2004	2003
More than five years		
RSLs	136,946	–
RPS	5,496	–
Secured loan	37,812	21,402
Balance Sum owing to JBSB	51,250	–
Between two and five years		
ICPS	1,120	–
Secured loan	20,520	20,520
Between one and two years		
RCSB	–	812,062
NCRSB	–	252,784
Secured loan	6,840	1,710
Hire purchase	6	48
Within one year		
RCSB	–	374,000
Secured loan	1,710	–
Hire purchase	12	61
Bank overdraft	–	799
	<b>261,712</b>	<b>1,483,386</b>
Represented by:		
RCSB	–	1,186,062
NCRSB	–	252,784
RSLs	136,946	–
RPS	5,496	–
ICPS	1,120	–
Secured loan	66,882	43,632
Hire purchase	18	109
Bank overdraft	–	799
Balance Sum owing to JBSB	51,250	–
	<b>261,712</b>	<b>1,483,386</b>

### 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 2004, 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 68% (2003: 70%) of the total trade receivables.

**35. FINANCIAL INSTRUMENTS (CONT'D)****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.

**36. SUBSIDIARIES**

Detail of subsidiaries are as follows:

INCORPORATED IN MALAYSIA	ISSUED AND PAID-UP SHARE CAPITAL RM	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
		2004	2003	
Merlion Credit Corporation Bhd (14534-X)	6,000,000	100	100	Dormant
Semangat Holdings Sdn Bhd (74910-M)	1,000,000	–	100	In liquidation which was completed on 13 January 2004
TC Parking Sdn Bhd (43231-U)	20,002	100	100	Investment holding
Shaybon Sdn Bhd (214582-P)	5,000,000	–	100	In liquidation which was completed on 19 March 2004
Faber Healthcare Management Sdn Bhd (365178-M)	2	100	100	Investment holding
Faber Medi-Serve Sdn Bhd (109818-H)	43,170,010	70	57	Provision of hospital support services
Merlin Inn (Melaka) Sdn Bhd (109825-K)	2	–	100	In liquidation which was completed on 13 January 2004
Merlin Inn Muar Sdn Bhd (108663-D)	2	–	100	In liquidation which was completed on 19 March 2004
Merlin Travel & Tours Sdn Bhd (34627-V)	50,000	–	100	In liquidation which was completed on 13 January 2004



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## 36. SUBSIDIARIES (CONT'D)

INCORPORATED IN MALAYSIA	ISSUED AND PAID-UP SHARE CAPITAL RM	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
		2004	2003	
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
FM Management Services Sdn Bhd (113888-K)	2	–	100	In liquidation which was completed on 13 January 2004
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
Hotel Merlin Cameron Highlands Bhd (3535-W)	4,500,000	–	100	Hotel proprietor
Hotel Merlin Kuantan Sdn Bhd (3449-T)	3,333,330	–	100	Hotel proprietor
Merlin Inn Johor Bahru Sdn Bhd (16960-M)	10,000,000	–	100	Hotel proprietor
Faber Labuan Sdn Bhd (109827-V)	2	100	100	Investment holding
Malaysian Bagus Travel and Tours Sdn Bhd (103775-H)	1,000,000	100	100	Dormant
Merlin Labuan Sdn Bhd (109695-U)	2	–	100	Hotel proprietor
Merlin Tower Hotel Sdn Bhd (57490-A)	8,000,003	100	100	Dormant
Mersing Merlin Inn Sdn Bhd (18861-W)	1,000,000	–	100	Ceased operations
Bernam Valley Sdn Bhd (81251 K)	100,000	–	100	In liquidation which was completed on 13 January 2004
Subang Jaya Hotel Development Sdn Bhd (44190-A)	36,311,609	–	100	Hotel proprietor
Fraser's Hill Merlin Hotel Sdn Bhd (24126-W)	2,000,000	51	51	Ceased operations
Faber Kompleks Sdn Bhd (12314-T)	15,000,000	–	100	Hotel proprietor
Merlin Management Corporation Sdn Bhd (27817-X)	100,000	100	100	Hotel management services

## 36. SUBSIDIARIES (CONT'D)

INCORPORATED IN MALAYSIA	ISSUED AND PAID-UP SHARE CAPITAL RM	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
		2004	2003	
Langkawi Island Resort Sdn Bhd (61904-X)	34,479,864	–	100	Hotel proprietor
Inter Heritage (M) Sdn Bhd (186852-H)	41,411,289	2	51	Hotel development and hotel proprietor
Merlin Highway Inns Sdn Bhd (333748-P)	2	–	100	In liquidation which was completed on 13 January 2004
Faber Development Holdings 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 Centre Sdn Bhd (13832-P)	3,000,000	–	100	Property management
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
Faber Development Sdn Bhd (56857-P)	16,000,000	–	100	In liquidation which was completed on 13 January 2004
FM Property Management Sdn Bhd (107920-D)	50,000	100	100	Property management
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
Faber Plaza Sdn Bhd (271751-D)	20,586,002	-	100	Property management
Rimbunan Melati Sdn Bhd (304034-U)	5,000,000	55	55	Property development
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

# NOTES TO THE FINANCIAL STATEMENT

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## 36. SUBSIDIARIES (CONT'D)

INCORPORATED IN MALAYSIA	ISSUED AND PAID-UP SHARE CAPITAL RM	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
		2004	2003	
Hasil Lintang Sdn Bhd (191100-H)	50,000	100	100	Ceased operations
Cermin Cahaya Sdn Bhd (417909-M)	2	70	57	Provision of cleaning services
Healthtronics (M) Sdn Bhd (415187-M)	200,000	42	34	Provision of biomedical engineering maintenance services and electronic facilities engineering maintenance services
Cermin Kenyalang Sdn Bhd (582764-H)	700,000	39	31	Provision of laundry services
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	–	In liquidation

INCORPORATED IN MALAYSIA	ISSUED AND PAID-UP SHARE CAPITAL	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION
		2004	2003		
Belaire Investments (Proprietary) Ltd <sup>+</sup> (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

<sup>+</sup> Subsidiaries not audited by Ernst & Young

<sup>\*</sup> The auditors' reports on the financial statements of this subsidiary, Vimas Joint Venture Company Limited ("Vimas") was qualified on an "except for" basis in regards to the possible impairment of its leasehold building.

**37. SIGNIFICANT EVENTS**

- i. During the year, the Company acquired 63% equity interest in Intensive Quest Sdn Bhd ("IQSB"), an investment holding company comprising 315,000 ordinary shares of RM1.00 each in IQSB for a total cash consideration of RM10,925,258. On 5 August, 2004, a liquidator has been appointed to liquidate IQSB.
- ii. On 4 August 2004, a wholly-owned subsidiary, Faber Hotels Holdings Sdn Bhd ("FHHSB") has entered into a conditional shares sale and purchase agreement with United Engineers (Malaysia) Berhad ("UEM"), the single largest shareholder of the Company for the disposal of 10,512,316 Class A Inter Heritage (M) Sdn Bhd ("IHSB") shares and 9,779,215 convertible redeemable cumulative preference shares representing 49% equity interest in IHSB for a total cash consideration of RM1.00. The disposal has been completed during the year.

**38. RESTRUCTURING SCHEME**

- a. In prior year, the Company announced that it is an "Affected Listed Issuer" pursuant to Practice Note 4/2001 ("PN4") of the Listing Requirements of Bursa Malaysia Securities Berhad. As an "Affected Listed Issuer", the Company is required to comply with the time schedule to regularise its financial position in compliance with PN4. In view of this issue, the Company announced a proposed restructuring scheme.

On 19 February 2004, the Company submitted its restructuring scheme to the Securities Commission ("SC") for approval. The scheme was approved by SC on 27 May 2004.

On 28 May 2004, the Company entered into a conditional sale and purchase agreement with Jeram Bintang Sdn Bhd ("JBSB"), a special purpose vehicle for the restructuring scheme and its wholly-owned subsidiary, Canggih Pesaka Sdn Bhd for the transfer of assets pursuant to the scheme.

On 28 June 2004, the scheme was approved by shareholders of the Company. The scheme was completed on 30 September 2004 and subsequently, the Company was uplifted from its PN4 status.

The details of the restructuring scheme are as follows:

- i. Transfer of the following subsidiaries and assets of the Group to JBSB at a nominal value of RM1.00;

**SUBSIDIARIES**

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

**ASSETS**

PT23538 Sungai Petani Land, Kedah  
 FT 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;

# NOTES TO THE FINANCIAL STATEMENT

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## 38. RESTRUCTURING SCHEME (CONT'D)

- iii. Novation of liability under the RCSB to JBSB as at the implementation date and issuance of bonds by JBSB in settlement of such novated liability;

### IN RM'000

Amount outstanding as at 31 December 2003	1,186,062
Less: Waiver of accreted yield from date of issuance to 10 April 2003	(250,894)
	935,168
Less: Redemption from disposal proceeds of certain assets	(5,708)
The amount to be novated to JBSB and restructured	929,460

- iv. after the novation of the RCSB to JBSB, there will be a debt owing by the Company to JBSB. The debt owing would be set off against the net amount due to the Group from the subsidiaries disposed. The resulting amount still payable by the Company to JBSB were settled in part by:
- issuance of up to 200,000,000 Redeemable Convertible Preference Shares ("RCPS") at RM1 each by the Company to JBSB;
  - issuance of up to nominal value of RM185,528,000 Redeemable Secured Loan Stocks ("RSLs") by the Company to JBSB comprising of RM135,564,000 nominal value of RSLs to be 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 by:
- assignment of dividends receivable from FMS on 315,000 ordinary shares held by Intensive Quest Sdn Bhd ("IQSB") in FMS amounting to RM24.0 million;
  - assignment of net profits from the development of Casa Palma land amounting to RM15.332 million;
  - assignment of a share of the Group's portion of net profits from the joint venture in respect of the development of Taman Sri Desa land amounting to RM3.207 million;
  - assignment of net profits from the development of Country View land amounting to RM7.093 million; and
  - assignment of net profits from the development of Faber Grandview land amounting to RM1.810 million.
  - charge over 30,599,998 issued and paid-up ordinary shares of RM1.00 each in FMS by Faber Healthcare Management Sdn Bhd.
  - charge over 2 issued and paid-up ordinary shares of RM1.00 each in FMS by the Company.
- 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.

## SHARE PRICE MOVEMENT

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Share price movement for the period from 1 January 2004 to 17 March 2005



**HIGHEST PRICE** during this period is **0.72** on **7 October 2004**

**LOWEST PRICE** during this period is **0.28** on **18 May 2004**

**HIGHEST VOLUME** during this period is **117,608** on **1 September 2004**

## ANALYSIS OF SHAREHOLDINGS

Analysis of Shareholders as per the Record of Depositors as at 4 March 2005

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 : RM441,161,780 (Divided into 241,161,780 ordinary shares of RM1.00 each and 200,000,000 preference shares of RM1.00 each)

### PREFERENCE SHARES

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 Shares of RM1.00 each

No. of shareholders : 32,259

Voting rights : 1 vote per ordinary share

NO. OF HOLDERS	HOLDINGS	TOTAL HOLDINGS	PERCENTAGE
1,022	Less than 100	46,304	0.02
23,157	100 – 1,000	9,145,216	3.79
6,522	1,001 – 10,000	24,271,366	10.06
1,364	10,001 – 100,000	39,605,819	16.42
193	100,001 – to less than 5% of issued shares	70,850,807	29.38
1	5% and above of issued shares	97,242,268	40.32
<b>32,259</b>	<b>TOTAL</b>	<b>241,161,780</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS

Category of Shareholders of Ordinary Shares as per the Record of Depositors as at 4 March 2005

SIZE OF HOLDINGS	NO. OF HOLDERS		PERCENTAGE		NO. OF SHARES		PERCENTAGE	
	MALAYSIAN	FOREIGN	MALAYSIAN	FOREIGN	MALAYSIAN	FOREIGN	MALAYSIAN	FOREIGN
Individual	23,453	888	72.70	2.75	78,182,762	4,007,243	32.42	1.66
Body Corporate								
Banks/Finance								
Companies	50	1	0.15	*	1,659,045	881	0.69	0.00
Investments								
Trust/ Foundations/ Charities	17	0	0.05	0	4,177,762	0	1.73	0.00
Industrial and Commercial Companies	226	24	0.70	0.07	106,809,208	189,681	44.29	0.08
Government								
Agencies/ Institutions*	6	0	0.02	0	475,637	0	0.20	0.00
Nominees	2,395	5,199	7.42	16.12	25,060,036	20,599,525	10.39	8.54
<b>TOTAL</b>	<b>26,147</b>	<b>6,112</b>	<b>81.04</b>	<b>18.94</b>	<b>216,364,450</b>	<b>24,797,330</b>	<b>89.72</b>	<b>10.28</b>

NOTE: \* INSIGNIFICANT

30 Largest Shareholders of Ordinary Shares as per Record of Depositors as at 4 March 2005

NO. SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
1. United Engineers (Malaysia) Berhad	97,242,268	40.32
2. United Engineers (Malaysia) Berhad	4,513,075	1.87
3. HDM Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Tan Ju Hong</i>	3,960,100	1.64
4. BHLB Trustee Berhad <i>TA Comet Fund</i>	3,848,700	1.60
5. PAB Nominee (Tempatan) Sdn Bhd <i>Affin Bank Berhad (Loan Recovery)</i>	2,500,000	1.04
6. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Zulkeflee bin Mohamad Nor (M09)</i>	2,000,000	0.83
7. GDP Architects Sdn Bhd	1,960,124	0.81
8. Lau Kiing Woi	1,478,500	0.61
9. Lau Kueng Suong	1,333,500	0.55
10. Chua Ching Geh	1,280,000	0.53
11. Hamzah bin Bakar	1,015,000	0.42
12. Aminuddin Yusof Lana	1,000,000	0.41
13. Ahmad Sabri bin Omar	947,000	0.39
14. Southern Investment Bank Berhad <i>Kumpulan Wang Simpanan Pekerja for Wong Yee Hui (EP0021)</i>	882,650	0.37
15. Lim Seng Chee	862,400	0.36
16. UOBM Nominees (Asing) Sdn Bhd <i>DMG &amp; Partners Securities Pte Ltd for Ngan Tang Joo</i>	809,200	0.34
17. Chee Wei Kong	742,900	0.31
18. Mah Hung Hwa	732,900	0.30
19. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Fong Siling (CEB)</i>	700,000	0.29

NO. SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
20. Affin Securities Sdn Bhd <i>CLR (201) for UOB Kay Hian Private Limited</i>	700,000	0.29
21. Southern Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Mrs Lee Ming Fang Nee Seow Ming Fang</i>	665,000	0.28
22. RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Eng King</i>	660,000	0.27
23. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Susy Ding (CEB)</i>	650,000	0.27
24. Mayban Securities Nominees (Asing) Sdn Bhd <i>OCBC Securities Private Limited for Tan Ju Hong</i>	589,900	0.24
25. Tan Tiang Jok	545,000	0.23
26. Nurhanim binti Abdul Rahim	544,000	0.23
27. Chua Ching Geh	540,000	0.22
28. Kuasatek Pictures Sdn Bhd	500,000	0.21
29. Yeoh Seok Boon	486,500	0.20
30. Akmal bin Mukarram	471,400	0.20
<b>TOTAL</b>	<b>134,160,117</b>	<b>55.63</b>

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 4 March 2005

	NO. OF ORDINARY SHARES OF RM1.00 EACH			
	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 Kantilai	—	—	—	—
Azmanuddin Haq bin Ahmad	—	—	—	—
Puasa bin Osman	—	—	—	—
Noorizah binti Hj Abd Hamid	—	—	—	—

As at 4 March 2005, none of the Directors of Faber has any direct and/or indirect interest in any related corporation of Faber.

NOTE: \* INSIGNIFICANT

Substantial Shareholders of Ordinary Shares as per the Register of Substantial Shareholders as at 4 March 2005

	NO. OF ORDINARY SHARES OF RM1.00 EACH			
	DIRECT	PERCENTAGE	INDIRECT	PERCENTAGE
United Engineers (Malaysia) Berhad	101,755,343	42.19	—	—
Khazanah Nasional Berhad <sup>(a)</sup>	—	—	101,755,343	42.19

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



## ANALYSIS OF ICULS HOLDERS

Analysis of holdings of Zero Coupon Irredeemable Convertible Unsecured Loan Stocks ("ICULS") as at 4 March 2005

Issued : RM73,678,587  
No. of ICULS holders : 310  
Voting rights : None

NO. OF HOLDERS	SIZE OF HOLDINGS	NO. OF HOLDINGS	PERCENTAGE
15	Less than 100	888	*
19	100 – 1,000	15,256	0.02
97	1,001 – 10,000	581,512	0.79
120	10,001 – 100,000	4,581,734	6.22
53	100,001 – to less than 5% of ICULS issued	30,256,766	41.07
6	5% and above of ICULS issued	38,242,431	51.90
<b>310</b>	<b>TOTAL</b>	<b>73,678,587</b>	<b>100.00</b>

NOTE: \* INSIGNIFICANT

30 Largest ICULS holders as at 4 March 2005

NO. ICULS HOLDERS	NO. OF ICULS HELD	PERCENTAGE
1. PAB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Federal Furniture Industries Sdn Bhd (Corp Banking)</i>	9,518,912	12.92
2. United Engineers (Malaysia) Berhad	7,365,165	10.00
3. PAB Nominee (Tempatan) Sdn Bhd <i>Affin Bank Berhad (Loan Recovery)</i>	6,456,388	8.76
4. Kasugi Prima Sdn Bhd	6,150,250	8.35
5. Taisei Corporation	4,770,000	6.47
6. Ekovest Berhad	3,981,716	5.40
7. Renong Berhad	3,621,000	4.91
8. Intria Bina Sdn Bhd	3,569,155	4.84
9. Road Builder (M) Sdn Bhd	2,981,850	4.05
10. Syarikat Pemasaran Sejati Sdn Bhd	2,455,903	3.33
11. Seloga Jaya Sdn Bhd	2,410,246	3.27
12. Jurutera Budiman Sdn. Bhd	1,072,821	1.46
13. Universal Trustee (Malaysia) Berhad	770,280	1.05
14. Juaraconsult Sdn Bhd	694,000	0.94
15. Pembinaan Duta Idaman Sdn Bhd	681,089	0.92
16. T. Y. Lin International Sdn. Bhd.	676,647	0.92
17. Jalex Sdn Bhd	590,143	0.80
18. Olive Lim Swee Lian	586,000	0.80
19. Syarikat Pembinaan Ng Malaysia Sdn Bhd	572,595	0.78
20. CIMB Nominees (Tempatan) Sdn Bhd <i>Commerce International Merchant Bankers Berhad</i>	543,233	0.74
21. Mohd Ali bin Abd Karim	484,231	0.66
22. Pakatan Reka Arkitek Sdn Bhd	482,693	0.66
23. United Tradewind Trading Sdn Bhd	468,000	0.64
24. Globe Engineering Sdn Bhd	405,612	0.55

NO. ICULS HOLDERS	NO. OF ICULS HELD	PERCENTAGE
25. Abdul Samad bin Omar	400,000	0.54
26. Tenaga Jalgas Sdn Bhd	400,000	0.54
27. Hussein & K.H Chong Sdn Bhd	366,311	0.50
28. Globe Engineering Sdn Bhd	343,116	0.47
29. Acoustic & Lighting System Sdn Bhd	316,000	0.43
30. Jurutera Perunding Valdun Sdn Bhd	302,365	0.41
<b>TOTAL</b>	<b>63,435,721</b>	<b>86.10</b>

Direct and indirect interest of the Directors in the ICULS of the listed issuer as at 4 March 2005

	NO. OF ICULS OF RM1.00 EACH			
	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	—	—	—	—
Elakumari a/p Kantilai	—	—	—	—
Azmanuddin Haq bin Ahmad	100,000	*	—	—
Puasa bin Osman	—	—	—	—
Noorizah binti Hj Abd Hamid	—	—	—	—

NOTE: \* INSIGNIFICANT

## PROPERTIES HELD BY THE GROUP

LOCATION AND ADDRESS	DESCRIPTION OF PROPERTIES	APPROX. LAND AREA	GROSS BUILT-UP AREA (SQ. FT.)	EXISTING USE	TENURE (EXPIRY DATE)	APPROX. AGE (YEARS)	NET BOOK VALUE AS AT 31.12.2004 (RM'000)	LAST DATE OF REVALUATION OR IF NONE; DATE OF ACQUISITION
<b>FACILITIES MANAGEMENT DIVISION</b>								
<b>FABER MEDI-SERVE SDN BHD</b>								
Lot No. 65 Kamunting, Perak	Incinerator Plant	5.87 acres	–	Incinerator for hospitals clinical waste	Leasehold	–	1,577.81	14.11.2002
Lot No. 37 Kuala Ketil Industrial Estate Mukim of Tawar District of Baling, Kedah	Laundry Plant	2.24 acres	–	–	Leasehold (26.3.2056) 60 years	–	1,066.92	19.5.2003
Lot No. 131 (CL215359890) & Lot No. 132 (CL215359907) SEDCO Industrial Estate Lok Kawi, Sabah	Incinerator and Laundry Plant	2066.3 sq. metres	–	Incinerator and laundry plant for hospital support services	Leasehold (13.12.2042)	–	568.33	10.4.2000
<b>PROPERTY DEVELOPMENT DIVISION</b>								
Lot 35283 Taman Desa, Kuala Lumpur	Land being developed	5.91 acres	–	Condominium development	Freehold	–	6,058	1971
Taman Sri Desa Ipoh, Perak	Vacant land for mixed development	0.86 acres	–	Vacant land	Leasehold 99 years expiring 13.9.2090	–	1,029	1982
<b>COUNTRY VIEW DEVELOPMENT SDN BHD</b>								
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)	–	2,314	1982
<b>FABER GRANDVIEW DEVELOPMENT (SABAH) SDN BHD</b>								
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)	–	3,224	1981
<b>HOTEL DIVISION</b>								
Vimas Joint Venture Co Ltd, K5 Nghì Tam Village, Hanoi, Vietnam	A 299-room hotel known as Sheraton Hanoi Hotel & Tower	214,751 sq. ft.	–	Hotel building	Leasehold 30 years	10	262,374	18.11.2003

### UTILISATION OF PROCEEDS

There were no proceeds raised by FGB from any corporate proposals during the financial year ended 31 December 2004.

### SHARES BUY-BACKS

There were no share buy-backs during the financial year ended 31 December 2004.

### EMPLOYEES SHARE OPTION SCHEME ("ESOS")

There were no ESOS undertaken by FGB during the financial year ended 31 December 2004.

### 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 2004 except for the issuance of RM200,000,000 nominal value of Redeemable Convertible Preference Shares of RM1.00 each to Jeram Bintang Sdn Bhd, a special purpose vehicle company for Faber Restructuring pursuant to the completion and implementation of the Restructuring Scheme of FGB on 30 September 2004.

### 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 2004.

### 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

The amount of non-audit fees paid and payable to external audit firms by the FGB Group for the financial year ended 31 December 2004 was RM621,692 in respect of tax related consultancy fees and services rendered for corporate exercises undertaken by the FGB Group.

### 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 2004.

### PROFIT GUARANTEE

FGB did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2004.

### 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 2004 or entered into since the end of the previous financial year.

## RECURRENT RELATED PARTY TRANSACTIONS

The shareholders of Faber Group Berhad ("FGB") had at the 41st Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") held on 28 June 2004 and 30 August 2004 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 14 August 2004.

For the financial period ended 31 December 2004, 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 (RM)
1.	FGB Group	Staff training and development for FGB Group  Administrative services for FGB Group	UEM Group Management Sdn Bhd ("UEMG")	UEMG is a wholly owned subsidiary company of United Engineers (Malaysia) Berhad ("UEM")**.  	277,835  63,000
2.	FGB Group	Brokerage fees (including insurance premiums) paid by FGB Group	BIB Insurance Brokers Sdn Bhd ("BIB")	BIB is a 30% owned associate company of Hatibudi Nominees (Tempatan) Sdn Bhd, 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")##.	72,124
3.	Faber Medi-Serve Sdn Bhd ("FMS")	Provision of ash disposal services	Kualiti Alam Sdn Bhd ("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 Hashim, a Director of FGB is a Director of Kualiti Alam. 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 Holdings Sdn Bhd ("Vistajati") (resigned with effect from 27 October 2003).  Azmanuddin Haq Ahmad, 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).	85,353

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 (RM)
4.	Faber Union Sdn Bhd ("FUSB")	Administration of shuttle bus services by FUSB	Projek Lebuhraya Utara-Selatan Berhad ("PLUS")	PLUS is a wholly owned subsidiary company of PLUS Expressways Berhad ("PLUS Expressways") which in turn is a 46.2% owned associate company of UEM**.	19,993
			Rangkaian Segar Sdn Bhd ("Rangkaian Segar")	Rangkaian Segar is a 22.22% owned associate company of UEM**. UEM Land and UEM Builders Sdn Bhd ("UEM Builders") respectively hold 20% and 10% of the issued and paid-up share capital of Rangkaian Segar.	5,998
			Kinta Kellas Public Limited Company ("KK") and its subsidiary companies ("KK Group")	KK is a 62.4% owned subsidiary company of UEM World##.	11,596
			UEM and its subsidiary companies ("UEM Group")	UEM is the holding company of UEM World##.	10,397
			UEM Builders and its subsidiary companies ("UEM Builders Group")	UEM Builders is a 57.1% owned subsidiary company of UEM World##.  Dato' Dr. Mohamed Ishak @ Ishak bin Haji Mohamed Ariff, a Director of FGB holds 30,000 ordinary shares of RM1.00 each in UEM Builders.	13,195
5.	Faber Facilities Sdn Bhd ("FFSB") (formerly known as FM Property Management Sdn Bhd)	Provision of facilities maintenance services	Vistajati	Vistajati is a wholly owned subsidiary company of UEM**.	439,262
			Jeram Bintang Sdn Bhd ("JBSB") and its subsidiary companies ("JBSB Group")	JBSB 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 JBSB Bonds pursuant to the Restructuring Scheme of FGB.	129,530
6.	FMS	Pharmaniaga Logistics Sdn Bhd ("PLSB")	Supply of chemicals and consumables	PLSB is a 70% owned subsidiary company of Pharmaniaga Berhad, which in turn is a 30.67% owned associate company of UEM World##.	378,842

## RECURRENT RELATED PARTY TRANSACTIONS

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 (RM)
7.	FFSB	Fees receivable from management of car park	Setia Haruman	<p>Setia Haruman is a 25% associate company of UEM Land, which in turn is a wholly owned subsidiary company of UEM World<sup>##</sup>.</p> <p>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) and a Director of Kualiti Alam (appointed with effect from 20 December 2003).</p>	176,202
8.	FGB Group	Charter of transportation	Park May Berhad ("PMB") and its subsidiary companies	PMB is a 24.9% owned associate company of UEM <sup>**</sup> .	98,000
9.	FMS and its subsidiary companies ("FMS Group")	Supply of BEMS parts and provision Planned Preventive Maintenance program	Saluran Aktif Sdn Bhd ("Saluran Aktif")	<p>Saluran Aktif is a 70% owned subsidiary company of IEA Technologies Sdn Bhd ("IEA Technologies"). The remaining issued and paid-up share capital of Saluran Aktif is held by Medical Network Engineering Sdn Bhd, which in turn is a wholly owned subsidiary company of SSP Meditech Sdn Bhd ("SSP Meditech").</p> <p>SSP Meditech is a major shareholder of Sehat Technologies Sdn Bhd ("Sehat") holding 49% of the equity interest in Sehat. The remaining issued and paid-up share capital of Sehat is held by Faber Healthcare Management Sdn Bhd.</p>	157,000
10.	Faber Labuan Sdn Bhd ("FLSB")	Tenancy	Single-Member Ho Tay Corporation (formerly known as Hotay Corporation) ("Ho Tay")	Ho Tay is a major shareholder of Vimas Joint Venture Company Limited ("Vimas") holding 30% of the equity interest in Vimas. The remaining issued and paid-up share capital of Vimas is held by FLSB.	19,000

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 (RM)
11.	FUSB	Tenancy of office space in Faber Towers and rental of ancillary facilities from FUSB	Rangkaian Segar	Rangkaian Segar is a 22.22% owned associate company of UEM**. UEM land and UEM Builders respectively hold 20% and 10% of the issued and paid-up share capital of Rangkaian Segar.	273,558
			PLUS	PLUS is a wholly owned subsidiary company of PLUS Expressways which in turn is a 46.2% owned associate company of UEM**.	833,559
			KK Group	KK is a 62.4% owned subsidiary company of UEM World##.	426,917
			UEM Group	UEM is the holding company of UEM World##.	417,898
			Telekom Malaysia Berhad ("Telekom") and its subsidiary companies	Telekom is a 32.4% owned associate company of Khazanah Nasional Berhad ("Khazanah"). Khazanah also indirectly owns 100% of UEM**.	67,489
			UEM Builders Group	UEM Builders is a 57.1% owned subsidiary company of UEM World##.  Dato' Dr. Mohamed Ishak @ Ishak bin Haji Mohamed Ariff, a Director of FGB holds 30,000 ordinary shares of RM1.00 each in UEM Builders.	743,661
12.	FUSB	Tenancy of basement and rooftop space of Faber Towers from FUSB	TT dotCom Sdn Bhd ("TTdC")	TTdC is a wholly owned subsidiary company of TIMEdotCom Berhad ("TIMEdotCom"), which in turn is a 44.7% owned associate company of TIME Engineering Berhad ("TIME"), which in turn is a 45.6% owned associated company of UEM**. TIMEdotCom is also a 30% owned associated company of Khazanah.  Elakumari a/p Kantilal, a Director of FGB, is also a Director of TIME and TIMEdotCom.	14,400



## RECURRENT RELATED PARTY TRANSACTIONS

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 (RM)
13.	FGB Group	Provision of satellite network services to FGB Group	Measat Broadcast Network Systems Sdn Bhd ("Measat")	Measat is a wholly owned subsidiary company of Astro All Asia Networks Limited ("AAN"). Khazanah holds 21.57% of the equity interest in AAN.  Khazanah also indirectly owns 100% of UEM**.	353,000

### 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 BERHAD.

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 14 AUGUST 2004	AGGREGATE VALUE OF TRANSACTIONS (RM)
1.	FGB Group	Construction related works	UEM Builders Group	UEM Builders is a 57.1% owned subsidiary company of UEM World. UEM World is a 50.8% subsidiary company of UEM. UEM is a wholly-owned subsidiary company of Danasaham which in turn is a wholly-owned subsidiary company of Khazanah.  UEM is a major shareholder of FGB holding a direct interest of 46.05% in FGB as at 10 August 2004.	5,548,396

**NOTICE IS HEREBY GIVEN THAT THE 42ND ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT NUSANTARA BALLROOM, 2ND FLOOR, SHERATON IMPERIAL, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR ON THURSDAY, 5 MAY 2005 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 2004 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 2004. **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:
  - Dato' Anwar bin Haji @ Aji **Ordinary Resolution 3**
  - Dato' Mohamed Zain bin Mohamed Yusuf **Ordinary Resolution 4**
  - Dato (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff **Ordinary Resolution 5**
4. 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 6**

#### As Special Business

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

5. **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 7**
6. **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 28 June 2004 and 30 August 2004 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 11 April 2005 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

## NOTICE OF ANNUAL GENERAL MEETING

- the disclosure of the breakdown aggregate value of the transactions conducted during a financial year will be disclosed in the annual report for the said financial year based on the following information:
  - the type of the Recurrent Transactions made, and
  - the names of the related parties involved in each type of the Recurrent Transaction made and their relationship with 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 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 earliest.

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 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  
11 April 2005

### 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 7, 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 11 April 2005 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 2004.

### Statement Accompanying the Notice of the 42nd 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

- Dato' Anwar bin Haji @ Aji
- Dato' Mohamed Zain bin Mohamed Yusuf
- Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff

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 8 Board of Directors' Meeting were held in the financial year ended 31 December 2004 as follows:-

	DATE
Board of Directors' Meeting	15 January 2004
Board of Directors' Meeting	25 February 2004
Board of Directors' Meeting	27 April 2004
Board of Directors' Meeting	25 May 2004
Board of Directors' Meeting	26 July 2004
Board of Directors' Meeting	16 August 2004
Board of Directors' Meeting	5 November 2004
Board of Directors' Meeting	29 November 2004

3. Details of attendances of Directors at the Board of Directors' Meetings held in the financial year ended 31 December 2004 are as follows:-

NAME OF DIRECTOR	NO. OF MEETINGS ATTENDED (A TOTAL OF 8 BOARD MEETINGS WERE HELD)
Dato' Anwar bin Haji @ Aji	8/8
Datuk Zainal Abidin bin Alias	8/8
Dato' Mohamed Zain bin Mohamed Yusuf	7/8
Dato' Ikmal Hijaz bin Hashim	6/8
Dato' (Dr.) Mohamed Ishak @ Ishak bin Haji Mohamed Ariff	8/8
Elakumari a/p Kantilal	8/8
Azmanuddin Haq bin Ahmad	8/8
Puasa bin Osman	8/8
Noorizah binti Hj Abd Hamid	7/8

4. Date, Time and Place of the 42nd Annual General Meeting

Date : Thursday, 5 May 2005  
 Time : 10.00 a.m.  
 Place : Nusantara Ballroom, 2nd Floor, Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur



# PROXY FORM

NO. OF SHARES HELD

I/We (full name in block letters)

(CDS Account number )

of (address)

being a member/members of Faber Group Berhad hereby appoint (full name)

of (address)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Forty-Second (42nd) Annual General Meeting of the Company to be held at Nusantara Ballroom, 2nd Floor, Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur, on Thursday, 5 May 2005 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 Auditors		
Ordinary Resolution 7	Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 8	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                      2005                      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.

STAMP

The Company Secretary  
**FABER GROUP BERHAD**

20th Floor  
Menara 2  
Faber Towers  
Jalan Desa Bahagia  
Taman Desa  
Off Jalan Kelang Lama  
58100 Kuala Lumpur