

## group financial summary

### Consolidated Balance Sheet

	As at 30 June (RM Million)				
	1997	1998	1999	2000	2001
Fixed assets	1,203.8	1,645.7	1,583.6	1,555.4	1,551.5
Other assets	49.7	53.9	54.8	60.6	50.6
Current assets	615.0	351.1	362.5	421.2	411.7
Total assets	1,868.5	2,050.7	2,000.9	2,037.2	2,013.8
Current liabilities	(875.4)	(1,234.6)	(1,641.7)	(1,807.1)	(360.3)
	993.1	816.1	359.2	230.1	1,653.5
Represented by:					
Share capital	324.0	324.0	324.0	324.0	162.0
Non-distributable reserves	5.4	39.9	33.4	35.7	34.3
Retained profits/(loss)	400.9	76.8	(84.5)	(217.8)	(120.1)
Shareholders' funds	730.3	440.7	272.9	141.9	76.2
Minority interests	69.3	65.5	68.9	73.1	76.3
Long term liabilities	193.5	309.9	17.4	15.1	1,501.0
	993.1	816.1	359.2	230.1	1,653.5

### Consolidated Profit & Loss Account

	Year ended 30 June (RM Million)				
	1997	1998	1999	2000	2001
Turnover	245.1	414.8	438.9	470.2	499.3
Profit/(loss) before taxation	117.7	(330.7)	(119.9)	(114.9)	(103.3)
Taxation	(22.4)	(7.1)	(34.3)	(14.9)	(9.0)
Profit/(loss) after taxation	95.3	(337.8)	(154.2)	(129.8)	(112.3)
Minority interests	(4.5)	13.8	(4.0)	(3.5)	48.0
Profit/(loss) attributable to shareholders	90.8	(324.0)	(158.2)	(133.3)	(64.3)
Retained profit/(loss) for the year	90.8	(324.0)	(158.2)	(133.3)	(64.3)

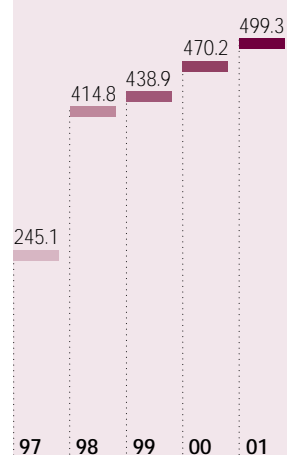
## Highlights

	Year ended 30 June (RM Million)				
	1997	1998	1999	2000	2001
Earnings/(loss) per share (sen)	28.0	(100.0)	(48.8)	(82.3)	(39.7)
Net tangible assets per share (sen)	220	127	76	36	34
Current ratio (times)	0.7	0.28	0.22	0.23	1.1
Liquidity ratio (times)	0.06	0.04	0.05	0.06	0.31
Gearing ratio (times)	1.0	2.2	3.7	7.2	16.4
Earnings before interest and depreciation on total gross assets (%)	8.4	(11.9)	2.0	1.5	3.1
Pre-tax profit/(loss) as a percentage of turnover (%)	48	-80	-27	-25	-21
Pre-tax profit/(loss) as a percentage of shareholders funds at year end (%)	16	-75	-44	-81	-136

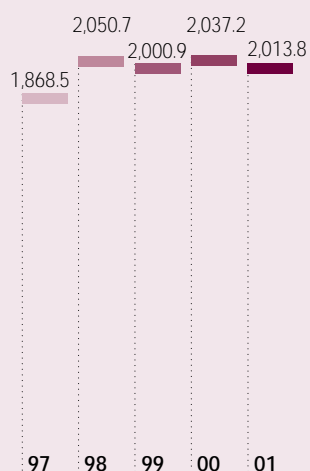
## Consolidated

	Year ended 30 June			Half-year ended 31 December		
	2001 RM Million	2000 RM Million	+/- Percentage change	2000 RM Million	1999 RM Million	+/- Percentage change
Turnover	499.3	470.2	+6	242.8	233.0	+4
Profit before interest and depreciation	49.3	28.8	+71	31.5	23.7	+33
Profit/(loss) before taxation	(103.3)	(114.9)	-10	(42.1)	(45.3)	-7
Profit/(loss) after taxation and minority interest	(64.3)	(133.3)	-52	(5.3)	(54.3)	-90
Paid-up capital	162.0	324.0	-50	162.0	324.0	-50
Shareholders funds	76.2	141.9	-46	138.7	224.2	-38
Net tangible assets	55.0	118.3	-53	117.1	200.4	-42
Profit/(loss) before taxation as a percentage of turnover	-20.7%	-24.4%	-15	-17.3%	-19.4%	-11
Profit/(loss) after taxation as a percentage of turnover	-12.9%	-28.3%	-54	-2.2%	-23.3%	-90
Profit/(loss) before taxation as a percentage of shareholders' funds	-135.6%	-81.0%	+67	-30.4%	-14.0%	+117
Profit/(loss) after taxation as a percentage of shareholders' funds	-84.4%	-93.9%	-10	-3.8%	-24.2%	-84
Return on paid-up capital	-39.7%	-41.1%	-3	-3.3%	-16.7%	-80
Earnings/(loss) per share	(39.7) sen	(41.1) sen	-3	(3.3) sen	(16.7) sen	-80
Net tangible assets per share	33.9 sen	36.5 sen	-7	72.3 sen	61.8 sen	+17

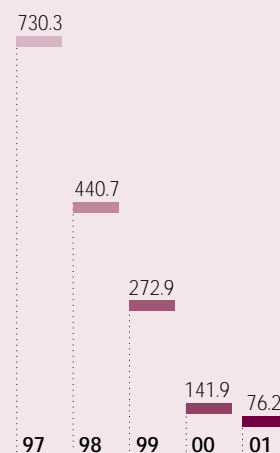
## 5-year group financial highlights



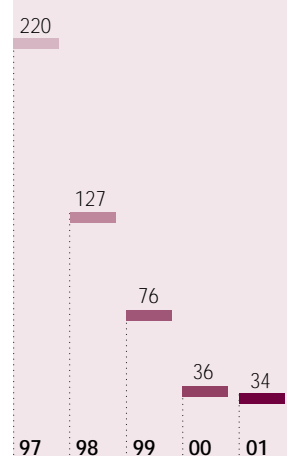
Turnover RM(Million)



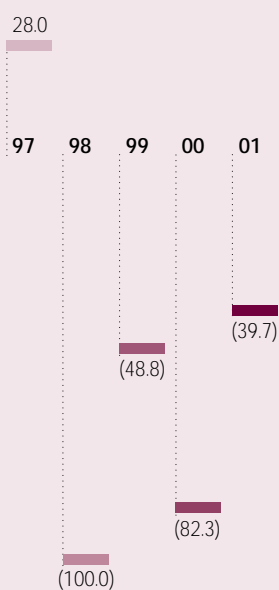
Total Assets RM(Million)



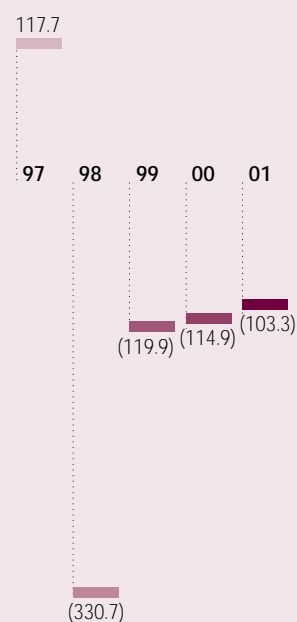
Shareholders' Funds RM(Million)



Net Tangible Assets per Share (Sen)



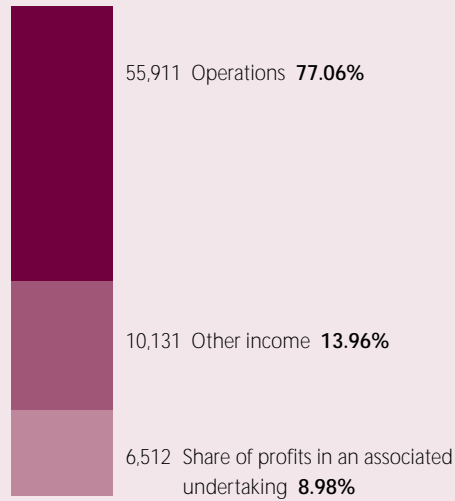
Earnings/(Loss) per Share RM(Million)



Profit/(Loss) before Tax RM(Million)

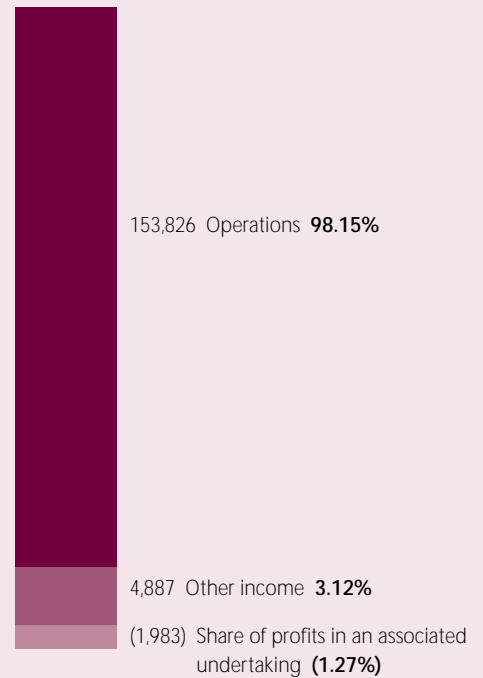
## value added statement

**2000**  
Total 72,554 RM(Million)

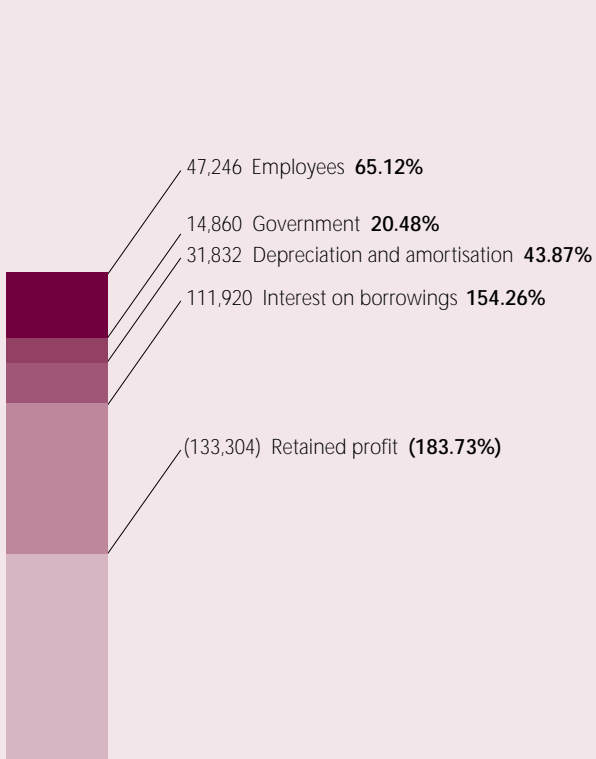


Group Gross Operating Profit

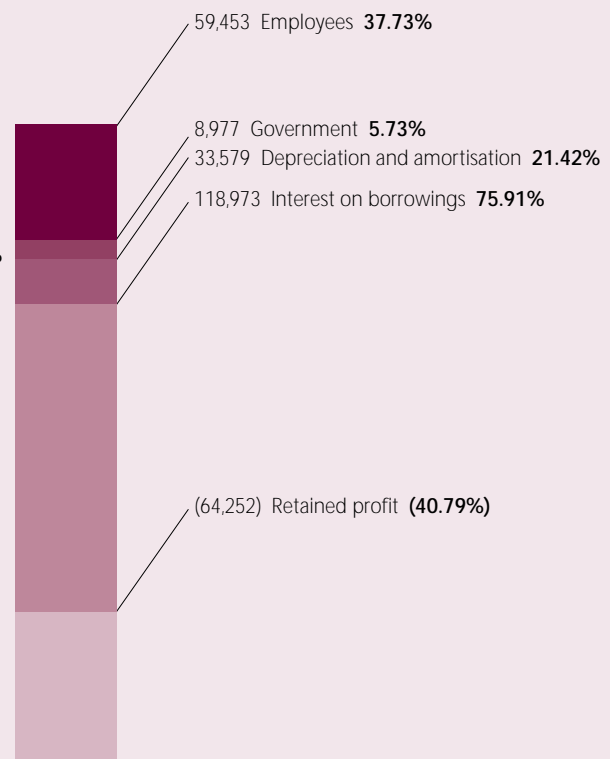
**2001**  
Total 156,730 RM(Million)



**2000**  
Total 72,554 RM(Million)



**2001**  
Total 156,730 RM(Million)



Disbursement of the Group's Gross Operating Profit

## the group's major events

### 1 July 2000

Faber Medi-Serve Sdn Bhd ("FMS") takeover the Linen and Laundry Services at Northern Zones for 25 hospitals in Perak, Pulau Pinang, Kedah and Perlis from Laundry Installation Asia Pacific Sdn Bhd.

### 7 August 2000

The Proposed Composite Scheme of Arrangement under Section 176 of the Companies Act, 1965 of each of Faber Group Berhad ("FGB"), Faber Hotels Holdings Sdn Bhd ("FHH") and Subang Jaya Hotel Development Sdn Bhd ("SJHD") and their respective Scheme Creditors and the Proposed Capital Reduction of FGB were sanctioned by the High Court.

### 18 August 2000

Merlin Inn Cameron Highlands was awarded ISO9002 on hotel operations from Lloyd's Register Quality Assurance Singapore.

### 23 August 2000

The copy of the Court Order approving the Scheme of Arrangement and confirming the Proposed Capital Reduction of FGB was lodged with the Registrar of Companies. The effective date of both the Proposed Scheme of Arrangement and Proposed Capital Reduction of FGB is on 23 August 2000.

### 23 August 2000

Inter-Heritage (M) Sdn Bhd ("IHSB"), a 51%-owned subsidiary of FHH, entered into various agreements with RHB Sakura Merchant Bankers Berhad and existing financiers of IHSB to restructure the existing revolving underwriting facility of RM218 million of IHSB and convert the same into RM252.8 million non-convertible redeemable secured bonds under the auspices of the Corporate Debt Restructuring Committee.

### 30 August 2000

IHSB issued RM252.8 million non-redeemable secured bonds to the primary subscribers namely Phileo Allied Bank (M) Berhad, Perwira Affin Bank Berhad, EON Bank Berhad, RHB Sakura Merchant Bankers Berhad, Arab-Malaysian Bank Berhad and Hong Leong Bank Berhad, and RHB Sakura Merchant Bankers Berhad acts as the trustee to the above-mentioned bondholders.

### 13 September 2000

FGB entered into the following agreements pursuant to the Proposed Composite Scheme of Arrangements:

- 1 Subscription Agreement with Commerce International Merchant Bankers Berhad ("CIMB") as the Facility Agent, the secured bank creditors of FGB as the Subscribers relating to the issue and subscription of up to RM1.56 billion 2000/2005 RCBS ("the Bonds"), and various other agreements in relation to the issue of the bonds comprising, inter alia, the Trust Deed and the Security Documents with Universal Trustee (M) Berhad ("Universal") as the Trustee for the Bonds, the Depository and Paying Agency Agreement with Universal as the Trustee for the Bonds, Bank Negara Malaysia as the Central Depository or Paying Agent and CIMB as the Lead Arranger, and
- 2 Subscription Agreement with CIMB as the Facility Agent and the unsecured bank creditors of FGB as the Subscribers relating to the issue and subscription of up to RM51.26 million 2000/2005 ICULS and the Trust Deed with Universal, as the Trustee for the ICULS in relation to the issue of the ICULS.

### 1 October 2000

FMS takeover the Linen and Laundry Services at East Malaysia for 37 hospitals at Sabah and Sarawak from Eastbourne Services Sdn Bhd.

**31 October 2000**

In relation to the Composite Scheme of Arrangement, FGB issued and allotted a total of RM231,969,662 nominal amount of Zero Coupon ICULS 2000/2005 to all Unsecured Scheme Creditors of FGB, FHHSB and SJHD.

**3 November 2000**

ISO9002 Certification at Sibu Clinical Waste Incineration Plant by SGS Yarsley International Certification Services Limited of the United Kingdom.

**3 November 2000**

In relation to the Composite Scheme of Arrangement, FGB issued a total of RM1,561,652,149 nominal value of Zero Coupon RCBS 2000/2005 to all Bank Secured Creditors of FGB.

**8 November 2000**

An announcement was made to KLSE on the closure of its Record of Depositors and Register of Members at 5.00 p.m. on 5 December 2000 for the purpose of determining the entitlement of shareholders of FGB to the consolidated shares pursuant to the reconstruction of the share capital of FGB.

**16 November 2000**

An announcement was made to KLSE on the Notice of its 37th Annual General Meeting to be held on 13 December 2000 at Sheraton Imperial, Kuala Lumpur.

**1 December 2000**

FGB announced that the members' voluntary winding-up of Merlin Management Corporation Pte Ltd and Merlin Interhotel Reservations Systems Pte Ltd have been completed and the said companies have been effectively dissolved.

**1 December 2000**

FM Property Management Sdn Bhd took over the facility and property management of Vista Komanwel, a 1,567-unit condominium development developed by Vistajati Holdings Sdn Bhd, a wholly owned subsidiary of United Engineers (Malaysia) Berhad.

**11 December 2000**

An announcement was made to KLSE on the proposed disposal by FGB to Fastpan Holdings Sdn Bhd of two parcels of land held under Geran 33277 Lot No. 924 and Geran 33278 Lot No. 926 both at Seksyen 0057, Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM12.0 million.

**13 December 2000**

FGB announced that all resolutions proposed at FGB's 37th Annual General Meeting held on 13 December 2000 were approved.

#### **21 December 2000**

FGB announced that on 19 December 2000, Faber Union Sdn Bhd entered into separate sale and purchase agreements with 7 purchasers for the disposal of 28 pieces of vacant freehold bungalow lots land held under Lot. No.3486-3506, H.S.(D) 191-211 D.T.L and Lot 3509-3515, H.S. (D) 213-219 D.T.L together with 1 vacant lot of land earmarked for a proposed Tenaga Nasional Berhad Sub-Station held under Lot No. 3507, H.S. (D) 212 D.T.L., all situated in Bandar Glugor, Daerah Timur Laut, Negeri Pulau Pinang for a total cash consideration of RM7,739,699.00.

#### **22 December 2000**

The trading of FGB's entire issued and paid-up capital after the capital reconstruction comprising 162,016,244 ordinary shares of RM1.00 was resumed.

FGB's RM231,969,662 nominal value of irredeemable convertible unsecured loan stocks 2000/2005 ("ICULS") issued pursuant to the Composite Scheme of Arrangement were admitted and listed to the Official List of KLSE and were quoted under the "Loans" sector on the Main Board of KLSE.

#### **10 January 2001**

The disposal of land by FGB to Fastpan Holdings Sdn Bhd was completed.

#### **12 January 2001**

FMS was the winner of Presidents' Choice Award for 'Exemplary Company for Quality Excellence' at the Renong Group Quality Convention held at Port Dickson in recognizing the achievements and contributions by companies and individuals towards improving quality and productivity.

#### **15 January 2001**

The disposal of 100% equity interest comprising 1,000,000 ordinary shares of RM1.00 each in Syfix Sdn Bhd ("Syfix") by Faber Haulage Sdn Bhd, a wholly-owned subsidiary of FGB under a Management Buy-Out Scheme for cash consideration of RM1.00 was completed. Syfix had accordingly ceased to be a subsidiary of FGB.

#### **15 March 2001**

An announcement was made to KLSE that the subsidiary companies of FGB namely, Hikmat Sekata Sdn Bhd, Mados-Faber Sdn Bhd, Faber Corporation Berhad, Merlin Penang Sdn Bhd and Faber Flows Sdn Bhd, for which an application to the Registrar of Companies ("ROC") for strike off from the Register was made earlier, have been effectively struck off from the register of the ROC and duly dissolved.

#### **6 June 2001**

Faber Development Holdings Sdn Bhd ("FDH") handed over the 798-unit medium-low and low cost apartments known as Taratak Muhibbah (Phase 4A) to purchasers.

**7 June 2001**

FDH handed over the 320-unit condominium project known as Tiara Faber to purchasers.

**18 June 2001**

The Hotels Division won the following Malaysian Tourism Awards – Sheraton Imperial Kuala Lumpur as runner-up for "Malaysia's Leading Luxury Hotel" and Sheraton Hotels and Resorts as runner-up in the "Outstanding Contribution to Tourism Awards".

**27 June 2001**

Y. Bhg. Tan Sri Halim Saad resigned as Director and Executive Vice Chairman of FGB.

**11 July 2001**

En. Ahmad Pardas Senin was appointed as Director of FGB and Member of the Audit Committee of FGB.

**25 September 2001**

Sheraton Imperial Kuala Lumpur was awarded "Best Business Hotel in Malaysia", an event organised by Business Asia Magazine and Bloomberg Television, Hong Kong.

**22 October 2001**

Y. Bhg. Dato Abdullah Mohd Yusof, Tuan Haji Bidari Tan Sri Datuk Mohamed, Y. Bhg. Dato' Moehamad Izat bin Achmad Habechi Emir and Y. Bhg. Dato' Syed Abdul Bari resigned as Directors of FGB. Y. Bhg. Dato' Syed Abdul Bari and Y. Bhg. Dato' Moehamed Izat had also resigned as Members of the Audit Committee. Y. Bhg. Dato' Anwar bin Aji, Y. Bhg. Datuk Zainal Abidin bin Alias, Y. Bhg. Dato' Mohamed Zain bin Mohamed Yusuf and Ms. Elakumari a/p Kantilal were appointed as Directors of FGB. Y. Bhg. Dato' Anwar was also elected as Chairman of FGB to succeed Y. Bhg. Dato' Abdullah.

**29 October 2001**

FGB announced to KLSE on the changes for the composition of its Audit Committee, in particularly the resignation of Y. Bhg. Dato' Ikmal Hijaz bin Hashim and En. Ahmad Pardas Senin as Members of the Audit Committee and the resignation of Y. Bhg. Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff as Chairman.

The announcement also included the appointment of Y. Bhg. Datuk Zainal Abidin bin Alias, Y. Bhg. Dato' Mohamed Zain bin Mohamed Yusuf and Ms. Elakumari Kantilal as Members of the Audit Committee. Y. Bhg. Datuk Zainal was elected as Chairman of the Audit Committee to succeed Y. Bhg. Dato' (Dr) Mohamed Ishak, who remained a Member of the Audit Committee. The changes were to take effect from 26 October 2001.



## corporate governance statement

The Malaysian Code on Corporate Governance (the "Code") was formalised with the aim of providing transparent business practices and good corporate governance in Public Listed Companies. The Code is enforceable after financial year ending 30 June 2001 and provides investors and the public with the state of the company's activities and conduct.

The Board of Directors of Faber Group Berhad (the "Board") is committed to accomplish the highest standard of Corporate Governance in Faber Group ("Faber"). Currently, the Board is moving towards full compliance with all the Principles in Part 1 of the Code and is also committed to ensuring adoption of the Best Practice as recommended in Part 2 of the Code.

### The Board of Directors

The thrust of Faber's corporate governance is rooted on an independent and effective Board, who, in overseeing the overall conduct of the business, sets policies and strategies to progress the Company.

The Board's composition represents a mix of knowledge, skills and expertise relevant to the activities of Faber Group. A brief background of each Director is presented on pages 12 to 13.

The Board comprises a mix of seven Non-Executive Directors and one Executive Director. Following the successful completion of the takeover of United Engineers (Malaysia) Berhad, the ultimate holding company by Syarikat Danasaham Sdn Bhd, four new Directors were appointed effective 22 October 2001. The new Directors are Y. Bhg. Dato' Anwar bin Aji, Y. Bhg. Dato' Mohamed Zain bin Mohamed Yusuf, Y. Bhg. Datuk Zainal Abidin bin Alias and Ms. Elakumari Kantilal. The four have succeeded Y. Bhg. Dato' Abdullah Mohd Yusof, Tuan Haji Bidari Tan Sri Datuk Mohamed, Y. Bhg. Dato' Syed Abdul Bari Shahabudin and Y. Bhg. Dato' Moehamad Izat bin Achmad Habechi Emir.

Currently, two out of seven Non-Executive Directors are Independent Directors. The Board is in the process of appointing another Independent Director before 31 December 2001 to ensure a balanced Board, where no one group of Directors or individual member dominates the Board's discussion or decision-making.

### Supply of Information

Information plays a key role in the Board's decision-making and in setting up the policies and strategies of the Company. In furtherance of their duties, the Board has unrestricted access to timely and accurate information, which is not only confined to qualitative and quantitative information, but also to other information deemed suitable such as customer satisfaction, product and service quality, market share, market reaction and environmental performance. In addition, the Directors have access to the advice and services of the Company Secretary to enable the Board to discharge its duties effectively.

Board meetings are prepared diligently and are structured with a pre-determined agenda. Prior to meetings, Board papers, which include operational, financial and corporate information, are circulated to the Board members to provide time for the Directors to read and contemplate the issues. During the meetings, the Management will provide details on each issue raised for discussion or as supplementary information.

The Board meets at least four times every year. During the financial year ended 30 June 2001, the Board has met five times. During the meetings, the Board has full, timely and unrestricted access to all relevant information to allow the Directors to function effectively.

The Board has also access to information outside Board meetings. Where required, the Board has the authority to source for independent or expert advice from outside the Group at the Company's expense.

## Appointments and Re-election of the Board

The Board is responsible for the appointments of Directors. In order to improve its effectiveness, the Board is in the process of formulating the terms of reference of the Nomination Committee and Remuneration Committee as well as identifying the composition of the Committee members.

At each Annual General Meeting, one-third of the Directors will retire and offer themselves for re-election. In practice, this means that every Director will stand for re-election at least once every three (3) years. Pursuant to the Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements, the Managing Director will stand for re-election at least once in every three years. Faber will incorporate this provision in its Articles of Association of which will be proposed to its shareholders for approval at the forthcoming Extraordinary General Meeting.

There is also a clear division of duties between the Chairman and Managing Director of Faber. Whilst the duty of the Chairman is to lead the Board in setting the policies of Faber, the Managing Director is responsible to ensure implementation of the policies and operational decision-making.

### Nomination Committee

The Board intends to set up a Nomination Committee represented by Non-Executive Directors as majority. The Committee would be responsible to nominate to the Board individuals as Directors and recommend measures to upgrade the effectiveness of the Board members. In making these recommendations, due consideration shall be given to the required mix of skills and experience that the proposed Directors should bring to the Board. Various Directors' contribution will be evaluated periodically to exercise effectiveness in the decision making of the Directors.

### Remuneration Committee

The Board also intends to set up a Remuneration Committee comprising Non-Executive Directors, as majority. The Committee would be responsible to recommend to the Board fees for the Directors based on market factors. Whilst the principle of attract and retain is adopted, the Directors' concerned are required to abstain from voting in respect of the individual's remuneration.

### Directors Training

In keeping abreast with the latest development of corporate governance, the Board is encouraged to attend continuous education programmes and seminars.

For the current year, the majority of the Directors have attended trainings on Malaysian Code on Corporate Governance and the Mandatory Accreditation Trainings as required under the KLSE rulings, jointly organised by the Research Institute of Investment Analysts Malaysia and Renong Berhad. Arrangements will be made for newly appointed Directors who have not attended this programme to do so in the near future. Arrangements will also be made for Audit Committee members to attend the National Conference on Internal Auditing, organised by the Institute of Internal Auditors Malaysia and the Malaysian Association of Certified Public Accountants.

As part of the continuous education process, Faber is also in the process of documenting a Board Policy Manual, which would address and formalise Directors' training in the future.

### Remuneration of Directors

The Executive Directors are rewarded based on their corporate and individual performance and responsibilities in the Company. The Non-Executive Directors are remunerated based on fixed annual fees approved by the shareholders.

## Shareholders

### Communication with Shareholders and Investors

Faber has always placed high emphasis on communication with its shareholders on any major developments of the Group and on a timely basis. The Company's annual reports have comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results feed investors with financial information.

Apart from the mandatory public announcements through the KLSE for the Group's financial results and corporate developments, and with the advent of information technology and Internet activities, Faber has also set up a website at [www.fabergroup.com.my](http://www.fabergroup.com.my) for timely dissemination of announcements to all stakeholders, and for feedback. From the continuously updated webpage, an individual could obtain corporate, financial and non-financial information about the Group.

Recognising the importance of sound information dissemination, Faber is planning to establish an Investor Relations Programme to provide structured information flow and communication to shareholders.

The principal forum for dialogue with shareholders is the Annual General Meeting, during which the investors are encouraged to participate and pose questions to the Board regarding operational and financial information. The Annual General Meeting also allows investors an opportunity to interface directly with the Board and seek first-hand information on the above matters. Extraordinary General Meetings are held as and when shareholders' approvals are required on specific matters and shareholders are notified of such meetings in accordance with KLSE requirements.

## Accountability and Audit

### Financial Reporting

The Directors are responsible to ensure that the financial statements prepared are drawn up in accordance with the provisions of Companies Act 1965 and applicable to the Approved Accounting Standards in Malaysia. As such, the assessment of the Group's operations and prospects are presented in a balanced and easily understood manner.

Before releasing to the KLSE, the quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors. The details of the Company and the Group financial statements are drawn in the Financial Statements section in the Annual Report.

Even though the requirement to disclose quarterly financial results has been made mandatory by KLSE in 1999, Faber has started announcing quarterly financial statements in the print media way back in the mid 1990s prior to the KLSE rulings.

## Internal Control

The Directors wish to reiterate that utmost attention is given to the state of internal controls in the Company's systems. The Board acknowledges its overall responsibility for the Group's system of internal control, and the need to review its effectiveness to ensure it is consistent with the Company's overall objectives.

Whilst the Board recognises that risks cannot be eliminated completely, the system of internal controls within Faber mitigates the risks and provides assurance to the protection of shareholders' investments and Company's assets.

The methods adopted within Faber include consideration given to the control environment, information and communication, and control procedures. The Audit Committee assists the Board in fulfilling this obligation and through the internal and external audits, would monitor and review the levels of assurance within the organisation. In addition, compliance audit functions have been established within Faber to provide additional monitoring and reporting of adherence to Company's policies and procedures.

The Audit Committee meets quarterly with additional meetings as and when needed. During the financial year, the Committee has met five times. The functions in accordance with the terms of reference of the Audit Committee are illustrated in the Audit Committee Report in the Annual Report.

## Risk Management

The Board is responsible for identifying principal risks and in ensuring the implementation of appropriate systems to manage these risks. In doing so, the Board reviews the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulation, rules, directives and guidelines.

The Management is responsible for identifying and evaluating key risks areas which are assessed on a continual basis and may be associated with other internal or external sources including control breakdowns, disruption in information systems, competition, natural disasters and regulatory requirements. In addition, Faber commits utmost importance on safeguarding the Company's assets through assessment of insurance policies annually.

## Relationship with Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee. The external auditors, Messrs. Arthur Anderson has continued to report to the Audit Committee their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements.

The Audit Committee has always maintained a professional relationship with the auditors and also meets the external auditors without the presence of the Management at least once a year.

## audit committee report

The Audit Committee comprises the following Non-Executive Directors :

Members	Position
Y. Bhg. Datuk Zainal Abidin bin Alias *	Chairman
Y. Bhg. Dato' Mohamed Zain bin Mohamed Yusuf *	Member
Ms. Elakumari a/p Kantilal <sup>++Ø</sup>	Member

\* Independent Non-Executive

<sup>++</sup> Non-Independent Non-Executive

<sup>Ø</sup> Member of Malaysian Institute of Accountants

### Composition and Terms of Reference

#### *Composition*

The Audit Committee shall be appointed by the Directors from amongst their numbers via a Directors' resolution and shall be composed of not fewer than three (3) members of whom a majority shall be Independent Directors.

At least one member of the Audit Committee :

- i) must be a member of the Malaysian Institute of Accountants; or
- ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and :
  - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

An alternate Director shall not be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Director of the Company.

The Company Secretary of the Company shall be the Secretary of the Audit Committee.

### Terms of Reference

#### *Objectives*

The primary objectives of the Audit Committee are to :

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

### **Authority**

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

- i) Have explicit authority to investigate any matter within its terms of reference;
- ii) Have the resources which are required to perform its duties;
- iii) Have full, free and unrestricted access to any information, records, properties and personnel of the Company and of any other companies within the Group;
- iv) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- v) Be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend the Committee's meetings (if required) and to brief the Committee thereof;
- vi) Be able to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary; and
- vii) The attendance of any particular audit meeting by other Directors and employees of the Company shall be at the Committee's invitation and discretion and must be specific to the relevant meeting.

### **Duties and Responsibilities**

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

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

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

#### **Audit Committee Report and Statements in Annual Report**

The Audit Committee is to assist the Board of Directors of the Company to prepare an Audit Report at the end of each financial year to be included and published in the annual report of the Company to include the following :

- i) The composition of the Audit Committee including the name, designation and directorship of the members (whether the Directors are independent or otherwise);
- ii) The terms of reference of the Audit Committee;
- iii) The number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;
- iv) A summary of the activities carried out by the Audit Committee in the discharge of its functions and duties for the financial year of the Company; and
- v) A summary of the activities of the Internal Audit Department.

The Audit Committee is to assist the Board of Directors of the Company to make the following additional statements in the annual report of the Company :

- i) A statement explaining the Board of Directors' responsibility for preparing the annual audited accounts; and
- ii) A statement about the state of internal controls of the Company as a group (after the same is reviewed by the external auditors with regard to the state of internal controls and the results thereof reported).

#### **Meetings**

The Audited Committee will meet at least (4) times a year although such additional meetings may be called at any time at the discretion of the Chairman.

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

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

### Attendance at Meetings

During the financial year ended 30 June 2001, the Audit Committee held a total of 5 meetings. The details of attendance of the Committee members are as follows :

Name of Committee Member	No. of Meetings Attended
Y. Bhg. Datuk Zainal Abidin bin Alias *	—
Y. Bhg. Dato' Mohamed Zain bin Mohamed Yusuf *	—
Ms. Elakumari a/p Kantilal *	—
En. Ahmad Pardas Senin ~ <sup>o</sup>	—
Y. Bhg. Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff +	5/5
Y. Bhg. Dato' Ikmal Hijaz bin Hashim <sup>o</sup>	4/5
Y. Bhg. Dato' Syed Abdul Bari Shahabudin #	5/5
Y. Bhg. Dato' Moehamad Izat bin Achmad Habechi Emir #	3/5

\* Appointed as a member of the Audit Committee on 26 October 2001

^ Appointed as a member of the Audit Committee on 11 July 2001

<sup>o</sup> Resigned as a member of the Audit Committee on 26 October 2001

+ Resigned as Chairman on 26 October 2001 and as a Member of the Audit Committee on 8 November 2001

# Resigned as a member of the Audit Committee on 22 October 2001

The Managing Director, Chief Operating Officer, the Internal Auditors of the Company, Senior Management of subsidiary companies and representatives from Messrs Arthur Anderson & Co., are invited to attend Audit Committee meetings whenever necessary. The Company Secretary, Ms. Gwee Ooi Teng is the Secretary to the Audit Committee.

### Activities

The following activities were performed by the Audit Committee during the financial year ended 30 June 2001 :

1. Reviewed and approved the Annual Audit Plan of the Company for the calendar year 2001. In its review of the Annual Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group and the Internal Audit's basis of assessment and risk rating of the proposed areas of audit.
2. Reviewed and deliberated on a total of 7 audit report assignments and 13 follow-up audit report assignments conducted by the Internal Audit Department of the Company.
3. Reviewed and deliberated on a total of 2 audit reports on special audit assignments conducted by the Renong Group Internal Audit.
4. Reviewed the unaudited quarterly financial statements and the audited accounts of the Company and the Group and recommending the same for approval by the Board, upon being satisfied that inter-alia, the financial reporting and disclosure requirements of the relevant authorities had been complied with.
5. Attended relevant briefing and seminars conducted internally within the Renong Group and conducted by external parties and/or professional associations to keep abreast with the latest practices, development and updates pertaining to duties and responsibilities and functions of an Audit Committee.
6. Reviewed the processes and investigations undertaken by the Internal Audit Department, the audit findings and risk analysis on each audit assignments and emphasized on follow-up audits to ensure that appropriate corrective actions are taken and recommendations of the Internal Audit are implemented.

### Internal Audit Functions

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

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



# financial statements



The directors hereby submit their report together with the audited financial statements of the Company and of the Group for the financial year ended 30 June 2001.

### Principal Activities

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

The principal activities of the subsidiaries are described in Note 32 to the financial statements.

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

### Results

	Group (RM'000)	Company (RM'000)
Net (loss)/profit for the year	(64,252)	3,121

### 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 dividends in respect of the current financial year.

### Reserves and Provisions

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

### Bad and Doubtful Debts

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that 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.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount provided for as doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent.

### Current Assets

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Company and of the Group have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company and of the Group misleading.

### Valuation Methods

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

### Contingent and Other Liabilities

At the date of this report, there does not exist :

- a) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
- b) any contingent liability of the Company or of the Group which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Company or of the Group to meet their obligations when they fall due.

### Change of Circumstances

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 Company or of the Group which would render any amount stated in the financial statements misleading.

### Items of an Unusual Nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

### Significant Events

During the year,

- a) the Company and its subsidiaries namely Faber Hotels Holdings Sdn Bhd and Subang Jaya Hotel Development Sdn Bhd ("Scheme Companies"), implemented a composite scheme of arrangement, inter-alia, involving :
  - i) the issuance of RM1,561,652,000 nominal value of 5-year Zero Coupon Redeemable Convertible Secured Bonds ("RCSB") to repay debts outstanding to the secured financial institution creditors of the Company and the issuance of up to RM231,970,000 nominal value of 5-year Zero Coupon Irredeemable Convertible Unsecured Loan Stocks ("ICULS") to repay debts outstanding to the unsecured financial institution creditors of the Company of up to RM51,260,000 and the unsecured creditors of the Scheme Companies of RM180,710,000;
  - ii) the Company reduced its issued and paid-up share capital from RM324,033,000 to RM162,016,000 through the cancellation of RM0.50 from every ordinary shares of RM1.00 each and the consolidation of 2 ordinary shares RM1.00 each, as per the composite scheme of arrangement.
  - iii) the listing of and the quotation for the ICULS and the new ordinary shares of RM1.00 each in the Company on the Kuala Lumpur Stock Exchange.

The composite scheme of arrangement was completed during the financial year.

- b) a subsidiary, Inter Heritage (M) Sdn Bhd ("Inter Heritage") formulated a debt restructuring scheme in the prior year, under the purview of the Corporate Debt Restructuring Committee involving the issuance of RM252,784,000 nominal value of 5-year Non-Convertible Redeemable Secured Bonds with Zero Coupon rate for the first two years and followed by 2%, 3% and 3.5% per annum in the next three years to provide a yield to maturity of 12% per annum, to repay the secured debts outstanding to the financial institution creditors.

The scheme was implemented during the financial year.

- c) the Company entered into a Sale and Purchase Agreement with Fastpan Holdings Sdn Bhd for the disposal of 2 parcels of land located along Jalan P Ramlee, Kuala Lumpur, for a total cash consideration of RM12 million. The disposal was completed during the financial year.

### Directors

The directors who served since the date of the last report are :

Dato' Anwar bin Haji @ Aji (appointed on 22 October 2001)  
 Datuk Zainal Abidin bin Alias (appointed on 22 October 2001)  
 Dato' Mohamed Zain bin Mohamed Yusuf (appointed on 22 October 2001)  
 Elakumari a/p Kantilal (appointed on 22 October 2001)  
 Ahmad Pardas Senin (appointed on 11 July 2001)  
 Dato' Ikmal Hijaz bin Hashim  
 Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff  
 Christopher Lawrence Bachran  
 Dato' Abdullah Mohd Yusof (resigned on 22 October 2001)  
 Haji Bidari Tan Sri Datuk Mohamed (resigned on 22 October 2001)  
 Tan Sri Halim Saad (resigned on 27 June 2001)  
 Dato' Syed Abdul Bari Shahabudin (resigned on 22 October 2001)  
 Dato' Haji Moehamad Izat bin Achmad Habechi Emir (resigned on 22 October 2001)

In accordance with the Company's Articles of Association, Dato' Anwar bin Haji @ Aji, Datuk Zainal Abidin bin Alias, Dato' Mohamed Zain bin Mohamed Yusuf, Elakumari a/p Kantilal, Ahmad Pardas Senin and Dato' Ikmal Hijaz bin Hashim retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with the Kuala Lumpur Stock Exchange Listing Requirements, Christopher Lawrence Bachran, the Managing Director has to retire at the forthcoming Annual General Meeting. He will however, not so retire as adherence to the Listing Requirements would result in the Company being in breach of the contract of employment with him.

### Directors' Benefits

Other than the deemed benefits, if any, arising from transactions disclosed in this report and in the financial statements :

- i) during and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate; and
- ii) since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the 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 other than as follows :

	Number of Ordinary Shares of RM1 each			
	1 July 2000	Bought	Capital Reduction	30 June 2001
<b>The Company</b>				
Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff				
Direct	3,000	—	(1,500)	1,500

#### Number of Employees and Principal Place of Business

The number of employees in the Group and the Company at the end of the year was 3,313 and 37 respectively. The principal place of business of the Company is located at 20th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, Off Jalan Klang Lama, 58100 Kuala Lumpur.

#### Ultimate Holding Company

The directors regard Renong Berhad, a public listed company incorporated in Malaysia, as the ultimate holding company.

#### Audit Committee

The members of the Audit Committee are :

Datuk Zainal Abidin bin Alias (Chairman/Independent Non-Executive Director)

Dato' Mohamed Zain bin Mohamed Yusuf (Member/Independent Non-Executive Director)

Elakumari a/p Kantilal (Member/Non-Independent Non-Executive Director)

Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff (Member/Non-Independent Non-Executive Director)

The functions of the Audit Committee are, inter alia, to review accounting policies, internal controls and financial statements of the Company and where necessary, to make the recommendation to the Board of Directors.

In performing its functions, the Audit Committee reviewed the overall scope of external audit and met with the Company's auditors to discuss the results of their examinations and their evaluation of the system of internal accounting controls of the Company. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors.

The Audit Committee reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as the auditors' report thereon and recommended to the Board of Directors the re-appointment of Arthur Andersen & Co. as statutory auditors.

#### Auditors

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

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



Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff



Christopher Lawrence Bachran

Kuala Lumpur  
26 October 2001

We, **Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff** and **Christopher Lawrence Bachran**, being two of the directors of **Faber Group Berhad**, do hereby state that, in the opinion of the directors, the financial statements set out on pages 52 to 84, give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2001 and of their results and cash flows for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

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



Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff



Christopher Lawrence Bachran

Kuala Lumpur  
26 October 2001

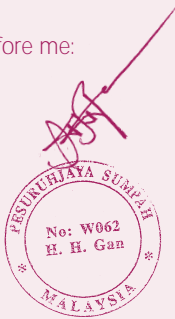
statutory declaration

I, **Christopher Lawrence Bachran**, the director primarily responsible for the financial management of **Faber Group Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 52 to 84 are, to the best of my knowledge and belief 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 **Christopher Lawrence Bachran** )  
at Kuala Lumpur in Wilayah Persekutuan )  
on 26 October 2001 )

  
**Christopher Lawrence Bachran**

Before me:



Commissioner for Oaths

To the Shareholders of Faber Group Berhad

We have audited the financial statements set out on pages 52 to 84. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- a) the financial statements have been properly prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of :
  - i) the state of affairs of the Group and the Company as at 30 June 2001 and of their results and cash flows 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;
- b) the accounting and other records and the registers required by the Act to be kept by the Company and 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 of the subsidiaries of which we have not acted as auditors, as indicated in Note 32 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 Company's financial statements 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 these purposes.

The auditor's reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.



Arthur Anderson & Co.  
No. AF 0103  
Public Accountants

26 October 2001



George Koshy  
No. 1846/07/03 (J)  
Partner of the Firm



# consolidated balance sheet

AS AT 30 JUNE 2001

	Note	2001 (RM'000)	2000 (RM'000)
<b>Assets Employed</b>			
Fixed assets	3	1,551,474	1,555,397
Interest in associated companies	5	23,002	25,030
Investments	6	6,316	11,885
Intangible assets	7	21,253	23,650
		1,602,045	1,615,962
<b>Current Assets</b>			
Cash and bank balances	8	57,599	44,089
Short term deposits	9	53,858	62,044
Debtors	10	122,765	130,438
Stocks	11	106,501	106,758
Development properties	12	71,015	77,920
		411,738	421,249
<b>Current Liabilities</b>			
Bank overdrafts	13	838	40,865
Term loans	14	–	978,463
Creditors	15	293,004	702,351
Taxation	16	66,403	61,562
Due to holding company	17	–	23,899
		360,245	1,807,140
<b>Net Current Assets/(Liabilities)</b>		51,493	(1,385,891)
		1,653,538	230,071
<b>Financed By :</b>			
Share capital	18	162,016	324,033
Reserves		(85,770)	(182,116)
<b>Shareholders' Funds</b>		76,246	141,917
Irredeemable Convertible Unsecured Loan Stocks	19	231,970	–
Minority Shareholders' Interests	20	76,292	73,092
Long Term Liabilities	21	1,269,030	15,062
		1,653,538	230,071

The accompanying notes are an integral part of this balance sheet.

## consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 (RM'000)	2000 (RM'000)
Revenue	22	499,321	470,247
Cost of sales	22	(289,765)	(274,679)
Gross profit		209,556	195,568
Other operating income		4,887	10,131
Marketing expenses		(14,007)	(12,117)
Administrative expenses		(31,740)	(30,953)
Provision for diminution in value of investments		(5,569)	–
Other operating expenses		(145,461)	(172,168)
Profit/(loss) from operations	23	17,666	(9,539)
Finance costs, net	24	(118,973)	(111,920)
Share of (loss)/profit of an associated company		(1,983)	6,512
Loss before taxation		(103,290)	(114,947)
Taxation	25	(8,977)	(14,860)
Loss after taxation but before minority interests		(112,267)	(129,807)
Minority interests	20	48,015	(3,497)
Net loss for the year		(64,252)	(133,304)
Loss per share (sen)	27	39.7	82.3

The accompanying notes are an integral part of this statement.

# consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2001

		Reserves			
		Non-distributable			
	Share Capital (RM'000)	Exchange Fluctuation (RM'000)	Revaluation (RM'000)	Accumulated Losses (RM'000)	Total (RM'000)
At 1 July 1999					
As previously reported	324,033	27,959	5,447	(78,980)	278,459
Prior year adjustment (Note 26)	—	—	—	(5,556)	(5,556)
As restated	324,033	27,959	5,447	(84,536)	272,903
Net loss for the year	—	—	—	(133,304)	(133,304)
Currency translation differences representing gains not recognised in income statement	—	2,318	—	—	2,318
At 30 June 2000	324,033	30,277	5,447	(217,840)	141,917
Capital reduction (Note 18)	(162,017)	—	—	162,017	—
Currency translation differences representing loss not recognised in income statement	—	(1,419)	—	—	(1,419)
Net Loss for the year	—	—	—	(64,252)	(64,252)
At 30 June 2001	162,016	28,858	5,447	(120,075)	76,246

The accompanying notes are an integral part of this statement.

## consolidated cash flow statement

FOR THE YEAR ENDED 30 JUNE 2001

	2001 (RM'000)	2000 (RM'000)
<b>Cash Flow from Operating Activities</b>		
Loss before taxation	(103,290)	(114,947)
Adjustments for :		
Depreciation	33,579	31,832
Fixed assets written off	153	1,937
Net loss on disposal of fixed assets	135	21
Share of loss/(profit) retained in associated company	1,983	(7,952)
Amortisation of intangible assets	2,847	1,308
Provision/(write back) of diminution in value of investments	5,569	(480)
Provision for doubtful debts	224	431
Tax recoverable written off	239	–
Bad debts written off	161	184
Development expenditure written off	165	319
Interest income	(3,039)	(2,266)
Bad debts recovered	(21)	–
Dividend income	–	(9)
Interest expenses	122,012	114,186
Gain on disposal of subsidiaries	–	(203)
Waiver of debts from restructuring exercise	(4,974)	–
Unrealised gain on foreign exchange	(792)	(128)
Cash flow generated from operations before working capital changes	54,951	24,233
Decrease/(increase) in debtors	7,374	(29,257)
Decrease/(increase) in development properties	6,740	(6,391)
(Decrease)/increase in creditors	(9,601)	51,564
Decrease in stocks	257	238
Increase in due from/to holding company	(303)	(1,861)
Cash flow generated from operations	59,418	38,526
Taxation paid	(2,861)	(5,700)
(Increase)/decrease in intangible assets	(450)	308
Interest paid	(273)	(3,763)
Exchange fluctuation reserve	(1,419)	2,318
Net cash flow generated from operating activities	54,415	31,689

## consolidated cash flow statement (contd.)

FOR THE YEAR ENDED 30 JUNE 2001

	2001 (RM'000)	2000 (RM'000)
<b>Cash Flow from Investing Activities</b>		
Interest received	3,039	2,266
Dividend received	–	9
Net liabilities of subsidiaries disposed *	–	324
Proceeds from sale of fixed assets	13,643	4,343
Purchase of fixed assets	(43,587)	(12,068)
Net cash flow used in investing activities	(26,905)	(5,126)
<b>Cash Flow from Financing Activities</b>		
Repayment of term loans	–	(117)
Repayment of hire purchase obligations	(157)	(1,460)
Redemption of bonds	(22,002)	–
Net cash flow used in financing activities	(22,159)	(1,577)
<b>Cash and Cash Equivalents</b>		
Net increase	5,351	24,986
Bank overdraft converted into loan stock	40,000	–
Cash from subsidiaries disposed	–	(121)
At the beginning of year	65,268	40,403
At the end of year	110,619	65,268
<b>Cash and Cash Equivalents Comprise :</b>		
Cash and bank balances	57,599	44,089
Short term deposits	53,858	62,044
Bank overdrafts	(838)	(40,865)
	110,619	65,268
<b>* Summary of effects of disposal of subsidiaries :</b>		
Net Liabilities of subsidiaries disposed	–	(324)
Cash and bank balances	–	121
Profit on disposal of subsidiaries	–	203
Proceeds from disposal of investment in subsidiaries	–	** –

\*\* Cash proceeds are RM1.00

The accompanying notes are an integral part of this statement.

## balance sheet

AS AT 30 JUNE 2001

	Note	2001 (RM'000)	2000 (RM'000)
<b>Assets Employed</b>			
Fixed assets	3	7,688	19,390
Interest in subsidiaries	4	1,405,674	1,312,009
Investments	6	283	283
Intangible assets	7	–	101
		<b>1,413,645</b>	<b>1,331,783</b>
<b>Current Assets</b>			
Cash and bank balances		2,241	241
Short term deposits	9	71	8,913
Debtors	10	6,192	5,904
Due from holding company		288	–
		<b>8,792</b>	<b>15,058</b>
<b>Current Liabilities</b>			
Bank overdrafts		–	40,000
Term loans	14	–	760,463
Creditors	15	5,372	339,368
Taxation	16	28,663	29,754
Due to holding company	17	–	23,899
		<b>34,035</b>	<b>1,193,484</b>
<b>Net Current Liabilities</b>		<b>(25,243)</b>	<b>(1,178,426)</b>
		<b>1,388,402</b>	<b>153,357</b>
<b>Financed By :</b>			
Share capital	18	162,016	324,033
Accumulated losses		(5,570)	(170,708)
<b>Shareholders' Funds</b>		<b>156,446</b>	<b>153,325</b>
Irredeemable Convertible Unsecured Loan Stocks	19	231,970	–
Long Term Liabilities	21	999,986	32
		<b>1,388,402</b>	<b>153,357</b>

The accompanying notes are an integral part of this balance sheet.

## income statement

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 (RM'000)	2000 (RM'000)
Revenue	22	105,381	93,017
Other operating income		840	401
Administrative expenses		(1,218)	(2,176)
Other operating expenses		(4,419)	(6,612)
Profit from operations	23	100,584	84,630
Finance costs, net	24	(97,408)	(90,691)
Profit/(loss) before taxation		3,176	(6,061)
Taxation	25	(55)	(155)
Net profit/(loss) for the year		3,121	(6,216)

The accompanying notes are an integral part of this statement.

## statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2001

	Share Capital (RM'000)	Accumulated Losses (RM'000)	Total (RM'000)
At 1 July 1999	324,033	(164,492)	159,541
Net loss for the year	–	(6,216)	(6,216)
At 30 June 2000	324,033	(170,708)	153,325
Net profit for the year	–	3,121	3,121
Capital reduction (Note 18)	(162,017)	162,017	–
At 30 June 2001	162,016	(5,570)	156,446

The accompanying notes are an integral part of this statement.

## cash flow statement

FOR THE YEAR ENDED 30 JUNE 2001

	2001 (RM'000)	2000 (RM'000)
<b>Cash Flow from Operating Activities</b>		
Profit/(loss) before taxation	3,176	(6,061)
Adjustments for :		
Depreciation	309	305
Fixed assets written off	–	1,388
Profit on disposal of fixed assets	(73)	(6)
Amortisation of intangible assets	101	134
Provision for amount due from subsidiaries	–	2,384
Bad debts written off	–	1,065
Interest income	(101,080)	(90,631)
Interest expenses	97,408	90,691
Cash flow used in operations before working capital changes	(159)	(731)
Increase in debtors	(289)	(3,470)
(Decrease)/increase in creditors	(1,817)	118,801
Increase/(decrease) in intercompany balances	7,128	(116,918)
Cash flow generated from/(used in) operations	4,863	(2,318)
Taxation paid	(1,146)	(332)
Interest paid	(5)	(249)
Net cash flow generated from/(used in) operating activities	3,712	(2,899)
<b>Cash Flow from Investing Activities</b>		
Proceeds from sale of fixed assets	12,110	29
Purchase of fixed assets	(644)	(10)
Net cash flow generated from investing activities	11,466	19
<b>Cash Flow from Financing Activities</b>		
Placement of funds in debt reserve account	(1,000)	–
Repayment of hire purchase obligations	(18)	(64)
Redemption of bonds	(22,002)	–
Net cash flow used in financing activities	(23,020)	(64)
<b>Cash and Cash Equivalents</b>		
Net increase	(7,842)	(2,944)
Bank overdraft converted into loan stock	40,000	–
At the beginning of year	(30,846)	(27,902)
At the end of the year	1,312	(30,846)
<b>Cash and Cash Equivalents Comprise :</b>		
Cash and bank balances	1,241	241
Short term deposits	71	8,913
Bank overdrafts	–	(40,000)
	1,312	(30,846)

The accompanying notes are an integral part of this statement.



# notes to the financial statements

30 JUNE 2001

## 1. Principal Activities

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

The principal activities of the subsidiaries are described in Note 32.

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

## 2. Significant Accounting Policies

### a) Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets and comply with applicable approved accounting standards in Malaysia.

### b) Revenue Recognition

#### i) *Development Projects*

Income from development projects is recognised on a percentage of completion method on the proportion of development cost incurred to date against total estimated cost where the outcome of the projects can be determined to a reasonable degree of certainty. Any estimated losses on these projects are recognised in advance of completion to the extent determinable.

#### ii) *Hotel, Catering and Healthcare*

Revenue is recognised net of discounts upon rendering of services.

#### iii) *Dividend Income*

Dividends from subsidiaries and other investments are recognised on declared basis.

#### iv) *Interest Income*

Interest income are recognised on an accrual basis.

### c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as listed in Note 32 for the year ended 30 June 2001 except for the following :

#### **Company**

Sate Yaki Sdn Bhd  
Merlino Enterprise Sdn Bhd  
Semangat Holdings Sdn Bhd  
Shaybon Sdn Bhd  
Merlin Inn (Melaka) Sdn Bhd  
Merlin Inn Muar Sdn Bhd  
Merlin Travel and Tours Sdn Bhd  
FM Management Services Sdn Bhd  
Bernam Valley Sdn Bhd  
Merlin Highway Inn Sdn Bhd  
Faber Development Sdn Bhd

#### **Reason for Exclusion**

In liquidation  
In liquidation  
In liquidation  
In liquidation  
In liquidation  
In liquidation  
In liquidation  
In liquidation  
In liquidation  
In liquidation  
In liquidation

Companies acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The excess of the purchase price over the fair value of the net assets of subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation. Goodwill or reserve arising on consolidation is written off if it is not supported by any intrinsic value.

#### **d) Investments**

A subsidiary is a company in which the Company holds, directly or indirectly, more than 50% of its issued voting share capital as a long term investment and exercises control over the management.

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value.

Investment in associated companies includes a company other than subsidiaries in which the Group has a long term equity interest of between 20% to 50%. Investment in associated companies is stated at cost less provision for any permanent diminution in value or at cost plus adjustments to reflect changes in the Group's share of net assets of the associated companies.

The consolidated income statement includes the Group's share of the results of the associated company and the Group's interest in the associated company is stated at cost plus adjustments to reflect changes in the Group's share of net assets of the associated company.

The details of the Group's associated companies are shown in Note 33.

Investments in quoted shares are stated at the lower of cost and market value on an aggregate basis and other unquoted shares are stated at cost less provision for any permanent diminution in value.

#### **e) Fixed Assets and Depreciation**

Fixed assets are stated at cost or valuation less accumulated depreciation.

##### *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 a 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.

The related maintenance expenditure is dealt with in the income statement. In order to establish whether hotel properties have maintained residual values at least equal to their respective book values, all hotel properties are appraised by independent professional valuers at least once in every three years on the existing use basis. Revaluation surpluses, if considered by the directors to be permanent in nature, are incorporated in the financial statements through the Asset Revaluation Reserve after approval has been obtained from the relevant authorities. Any reductions in the value of hotel properties below their original costs is charged against operating profit in the income statement. The last valuation done was in August 2000 which gave rise to a value above the book value of hotel properties in the financial statements.

##### *ii) Investment Properties*

Investment properties are held for investment potential and rental. The related maintenance expenditure is dealt with in the income statement. In order to establish whether the properties have maintained residual values at least equal to their respective book values, the properties are appraised by independent professional valuers at least once in every three years on the existing use basis. Revaluation surpluses if considered by the directors to be permanent in nature, are incorporated in the financial statements through the Asset Revaluation Reserve after approval has been obtained from the relevant authorities. Any reduction in the values of the properties below their original costs are taken to the income statement and treated as normal revenue items. No depreciation is provided on investment properties. The last valuation done was in August 2000 which gave rise to a value above the book value of investment properties in the financial statements.

iii) *Other Fixed Assets*

Depreciation was not provided for crockery, glassware, cutlery and linen in the previous year prior to financial year 2000 as it was treated as base stock. In financial year 2000, the directors had adopted a policy to depreciate these assets over their estimated useful lives, to comply with Malaysian Accounting Standards Board Standard No. 15. The effect of this change has resulted in the increase in accumulated depreciated in respect of prior year by RM5,556,000 in financial year 2000.

On other fixed assets, depreciation is computed principally on a straight-line method based on their estimated useful lives of the related assets. No depreciation is provided on capital work-in-progress. The annual rates of depreciation are as follows :

Leasehold land	50 years
Buildings	2% – 10 %
Plant and equipment	5% – 20%
Motor vehicles	20%
Furniture and fittings	10% – 20%
Crockery, glassware, cutlery and linen	10%

f) **Intangible Assets**

i) *Renong Scholarship*

This is in respect of contribution to Renong Group Scholarship Trust Fund for the provision of Scholarships to deserving Malaysian Students to advance their education at local/overseas universities. This expenses have been written off during the year.

ii) *Pre-branding Expenses*

Pre-branding expenses represent direct cost incurred in connection with the Sheraton branding of the hotel. These expenses have been written off during the year.

iii) *Preliminary and Pre-operating Expenses*

Preliminary and pre-operating expenses have been written off in accordance with Malaysian Accounting Standards Board No.1, except for the expenditure incurred prior to the opening of a hotel in Vietnam. This expenditure will be written off upon commencement of its operations.

iv) *Pre-commencement Expenses*

Pre-commencement expenses relating to the privatisation of hospital support services are amortised in equal annual instalments over the concession period of fifteen years.

g) **Stocks**

i) *Property held for Resale*

The above comprise stock of properties completed and held for resale. This is stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes costs of land, construction and appropriate development overheads.

ii) *Food, Beverage, Consumables and Stores*

The above are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of stocks comprise cost of purchase of stocks.

h) **Finance Lease and Hire Purchase Assets**

The cost of assets acquired under finance lease and hire purchase are capitalised and are depreciated in accordance with the policy set out in (e) above. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance expenses are included as liabilities in the financial statements. The finance expenses are charged to the income statement over the period of the respective agreements.

**i) Foreign Currency Conversion**

Foreign currency transaction during the year are converted into Ringgit Malaysia at the rate of exchange ruling at the transaction dates. Assets and liabilities in foreign currency at the balance sheet date are translated into Ringgit Malaysia at the rate of exchange ruling at that date. Gains and losses arising from the conversion of foreign currency amounts are taken to the income statement and treated as normal revenue items other than intercompany loans which are taken to exchange fluctuation reserve.

The financial statements of foreign subsidiaries have been translated into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date. On consolidation, exchange differences arising on translation are taken to exchange fluctuation reserve.

The exchange rates ruling at balance sheet date are as follows :

	2001 (RM'000)	2000 (RM'000)
United States Dollars	3.80	3.80
South Africa Rand	0.47	0.53

**j) Development Properties and Expenditure**

- i) Development properties and expenditure are stated at cost plus profit attributable to development less foreseeable losses. Cost comprises land and building costs and related development expenditure common to the whole project. In cases where progress billings, received and receivable exceed contract costs plus attributable profits less foreseeable losses, the excess amount is shown separately as overclaims.
- ii) Direct cost incurred on proposals and procurement for major projects are capitalised as development expenditure until it is established that no benefit will accrue from such proposals and procurement in which case, such costs will be charged to the income statement. Amount capitalised on successful awards are transferred to the work-in-progress account.

**k) Bad Debts**

Bad debts are written off as soon as it is established that these are irrecoverable. Specific provision is made for known doubtful debts.

**l) Deferred Taxation**

Deferred taxation is provided under the liability method in respect of all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

**m) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

### 3. Fixed Assets

Group	Total (RM'000)	Freehold Land and Buildings (RM'000)	Leasehold Land and Buildings (RM'000)	Plant, Equipment, Furniture, Fittings and Motor Vehicles (RM'000)	Crockery, Glassware, Cutlery and Linen (RM'000)	Capital Work-in- Progress (RM'000)
<b>Cost/Valuation</b>						
At 1 July 2000	1,682,678	653,116	345,183	285,439	23,896	375,044
Additions	43,587	3,302	311	14,282	–	25,692
Disposals	(14,310)	(12,860)	(587)	(848)	(15)	–
Write offs	(454)	–	–	(305)	(149)	–
<b>At 30 June 2001</b>	<b>1,711,501</b>	<b>643,558</b>	<b>344,907</b>	<b>298,568</b>	<b>23,732</b>	<b>400,736</b>
At cost	1,575,685	526,607	326,477	298,133	23,732	400,736
At valuation						
1983	70,510	51,645	18,430	435	–	–
1984	22,473	22,473	–	–	–	–
1986	2,083	2,083	–	–	–	–
1990	40,750	40,750	–	–	–	–
	1,711,501	643,558	344,907	298,568	23,732	400,736
<b>Accumulated Depreciation</b>						
At 1 July 2000	127,281	251	16,897	102,229	7,904	–
Charge	33,579	99	3,194	27,862	2,424	–
Disposals	(243)	–	–	(238)	(5)	–
Write offs	(590)	–	–	(527)	(63)	–
<b>At 30 June 2001</b>	<b>160,027</b>	<b>350</b>	<b>20,091</b>	<b>129,326</b>	<b>10,260</b>	<b>–</b>
<b>Net Book Value</b>						
<b>At 30 June 2001</b>	<b>1,551,474</b>	<b>643,208</b>	<b>324,816</b>	<b>169,242</b>	<b>13,472</b>	<b>400,736</b>
At 30 June 2000	1,555,397	652,865	328,286	183,210	15,992	375,044
<b>Depreciation</b>						
Year ended 30 June 2000	31,832	101	4,048	25,335	2,348	–

Company	Total (RM'000)	Freehold Land (RM'000)	Leasehold Land (RM'000)	Plant, Equipment, Furniture, Fittings and Motor Vehicles (RM'000)
<b>Cost</b>				
At 1 July 2000	22,110	17,450	1,278	3,382
Additions	644	–	–	644
Disposals	(12,210)	(12,000)	–	(210)
<b>At 30 June 2001</b>	<b>10,544</b>	<b>5,450</b>	<b>1,278</b>	<b>3,816</b>
<b>Accumulated Depreciation</b>				
At 1 July 2000	2,720	–	–	2,720
Charge	309	–	–	309
Disposals	(173)	–	–	(173)
<b>At 30 June 2001</b>	<b>2,856</b>	<b>–</b>	<b>–</b>	<b>2,856</b>
<b>Net Book Value</b>				
<b>At 30 June 2001</b>	<b>7,688</b>	<b>5,450</b>	<b>1,278</b>	<b>960</b>
At 30 June 2000	19,390	17,450	1,278	662
<b>Depreciation</b>				
Year ended 30 June 2000	305	–	–	305

a) The Group's freehold land and buildings comprise :

	Cost (RM'000)	Valuation (RM'000)	Total (RM'000)
Freehold land	5,451	40,750	46,201
Freehold buildings	3,677	–	3,677
Investment properties	994	21,106	22,100
Hotel properties	516,485	55,095	571,580
	526,607	116,951	643,558

b) The Group's leasehold land and buildings comprise :

	<b>Cost (RM'000)</b>	<b>Valuation (RM'000)</b>	<b>Total (RM'000)</b>
<b>Long Term Lease</b>			
Hotel properties	216,273	5,795	222,068
Others	1,278	–	1,278
	217,551	5,795	223,346
<b>Short Term Lease</b>			
Hotel properties	108,926	12,635	121,561
	326,477	18,430	344,907

c) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net book value of the land and buildings that would have been included in the financial statements of the Group are as follows :

	<b>2001 (RM'000)</b>	<b>2000 (RM'000)</b>
Freehold land and buildings	102,509	102,793
Leasehold land and buildings	3,357	3,462

d) Assets held under leasing and hire purchase agreements at net book value are as follows :

<b>Motor Vehicles</b>	<b>Group (RM'000)</b>	<b>Company (RM'000)</b>
<b>2001</b>	<b>52</b>	<b>52</b>
<b>2000</b>	<b>732</b>	<b>97</b>

e) In prior year, fixed assets of the Group and the Company amounting to RM1,342,816,000 and RM17,451,000 respectively have been pledged to banks for loan and overdraft facilities extended to the Group and the Company.

In the current year, fixed assets of the Group and the Company amounting to RM1,345,082,000 and RM6,729,000 respectively have been pledged to banks for its bonds.

f) Fixed assets of the Group and of the Company amounting to RM11,863,000 (2000 : RM6,767,000) and RM1,688,000 (2000 : RM1,623,000) respectively have been fully depreciated and are still in use.

g) In August 2000, the investment properties were revalued by a firm of professional valuers using the open market value basis. The revalued amount of RM32,000,000 has not been incorporated in the financial statements.

h) Included in capital work-in-progress of the Group are amounts of RM352,623,000 (2000 : RM352,623,000) incurred for the construction of two hotels namely, Sheraton Hanoi and Sheraton Kuantan which has been temporarily suspended pending the sourcing of funds to complete the said projects. The directors are currently undertaking a study to establish the viability, funding requirements and timing of the projects in light of the current market conditions with the view of re-commencing the said projects.

#### 4. Interest in Subsidiaries

	Company	
	2001 (RM'000)	2000 (RM'000)
Investment in subsidiaries, at cost	261,587	261,587
Provision for diminution in value	(14,488)	(14,488)
	<b>247,099</b>	<b>247,099</b>
Amount due from subsidiaries	1,620,057	1,525,170
Provision for doubtful debts	(286,233)	(286,233)
	<b>1,333,824</b>	<b>1,238,937</b>
Amount due to subsidiaries	(175,249)	(174,027)
	<b>1,405,674</b>	<b>1,312,009</b>

The movement in provision for doubtful debts is as follows :

	2001 (RM'000)	2000 (RM'000)
At the beginning of year	286,233	286,126
Transfer from income statement	–	2,384
Doubtful debts written off	–	(2,277)
At the end of year	<b>286,233</b>	<b>286,233</b>

In the prior year, the investment in subsidiaries with a carrying value of RM247,099,000 have been pledged as securities for banking facilities granted to the Company.

In the current year, the investment in subsidiaries with a carrying value of RM247,099,000 have been pledged as securities for the bonds issued by the Company.

The amounts are unsecured and are not repayable within the next twelve months. Included in the amount due from subsidiaries is RM1,061,918,000 (2000 : RM581,169,000) which bears interest of 10.0% (2000 : 13.31% to 13.63%) per annum.

The details of the subsidiaries are disclosed in Note 32 to the financial statements.



## 5. Interest in Associated Companies

	Group	
	2001 (RM'000)	2000 (RM'000)
Unquoted shares in Malaysia, at cost	10,000	10,000
Group's share of post acquisition retained profits	13,002	15,030
	<b>23,002</b>	<b>25,030</b>
Represented by :		
Share of net tangible assets	<b>23,002</b>	<b>25,030</b>

The Group financial statements include the Group's share of the profit of MISC Haulage Services Sdn Bhd which is based on the management financial statements as at 30 June 2001. The shares in the said company have been pledged as security for loans granted to the associated company.

The details of the associated companies are disclosed in Note 33 to the financial statements.

## 6. Investments

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
At cost				
Unquoted shares, in Malaysia	16,226	16,226	783	783
Quoted shares, in Malaysia	875	875	–	–
Total	<b>17,101</b>	<b>17,101</b>	<b>783</b>	<b>783</b>
Provision for diminution in value of				
unquoted shares	(10,100)	(4,805)	(500)	(500)
quoted shares	(685)	(411)	–	–
	<b>6,316</b>	<b>11,885</b>	<b>283</b>	<b>283</b>
Market value of quoted shares	<b>190</b>	<b>453</b>	<b>–</b>	<b>–</b>

## 7. Intangible Assets

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Renong Scholarship	2,826	2,826	1,193	1,193
Less: Amortisation	(2,826)	(2,573)	(1,193)	(1,092)
	–	253	–	101
At cost :				
Preliminary expenses	26	26	–	–
Pre-operating expenses	13,257	12,807	–	–
Pre-commencement expenses	12,135	12,135	–	–
	25,418	24,968	–	–
Less: Amounts written off	(4,165)	(3,330)	–	–
	21,253	21,638	–	–
Pre-branding expenses	1,759	1,759	–	–
Less: Amounts written off	(1,759)	–	–	–
	–	1,759	–	–
	21,253	23,650	–	101

## 8. Cash and Bank Balances

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

- RM37,103,000 (2000 : RM6,593,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.
- Placement of funds of the Group and the Company in a Debt Reserve Account amounting to RM5,172,000 (2000 : Nil) and RM1,000,000 (2000 : Nil) respectively. The monies in the Debt Reserve Account is held to meet coupon payments and redemption of the bonds issued by the subsidiary pursuant to its debt restructuring exercise.

## 9. Short Term Deposits

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Fixed deposits with licensed commercial banks	52,127	56,899	–	8,098
discount houses	–	3,330	–	–
other licensed corporation	1,731	1,815	71	815
	53,858	62,044	71	8,913

Fixed deposits of the Group amounting to RM2,201,000 (2000 : RM15,044,000) have been pledged for banking facilities granted.

Included in the short term deposits of the Group is RM13,751,000 (2000 : RM18,589,000) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.

Short term deposits of the Group and Company in the prior year amounting to RM2,562,000 is placed in a sinking fund account in favour of licensed financial institutions for banking facilities obtained.

Also included in the short term deposits of the Group is RM291,000 (2000 : RM331,000) placed in a sinking fund account for the purpose of expenditure incurred on repair and maintenance on properties managed by FM Property Management Sdn Bhd, a wholly owned subsidiary of Faber Group Berhad.

## 10. Debtors

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Trade debtors	87,581	101,180	–	–
Provision for doubtful debts	(1,455)	(1,505)	–	–
	86,126	99,675	–	–
Other debtors	35,311	28,974	6,192	5,904
Amount rechargeable to Propel-Johnson Control (M) Sdn Bhd, a company in which a past director and the holding company have interests	4,360	4,820	–	–
Provision for doubtful debts	(3,032)	(3,031)	–	–
	36,639	30,763	6,192	5,904
	122,765	130,438	6,192	5,904

The movement in provision for doubtful debts is as follows :

	Group	
	2001 (RM'000)	2000 (RM'000)
At the beginning of year	4,536	4,997
Transfer from income statement		
Provision for doubtful debts	224	431
Write back of provision for doubtful debts	(17)	(322)
Arising from subsidiaries deconsolidated	–	(8)
Doubtful debts written off	(256)	(562)
At the end of the year	4,487	4,536

## 11. Stocks

	Group	
	2001 (RM'000)	2000 (RM'000)
Properties held for resale	105,470	105,493
Food and beverage	818	969
Consumables	213	296
	<b>106,501</b>	<b>106,758</b>

Properties held for resale amounting to RM105,000,000 have been charged as securities for the bonds issued by the Company during the year. In the prior year, properties held for resale amounting to RM105,000,000 were charged as securities for banking facilities of the Group. In August 2000, the property was revalued by a firm of professional valuers using the open market value basis. The revalued amount which was RM131,000,000 has not been incorporated in the financial statements.

## 12. Development Properties

	Group	
	2001 (RM'000)	2000 (RM'000)
Properties in the course of development :		
Freehold land, at cost	14,147	14,147
Leasehold land, at cost	11,904	11,977
Development expenditure	194,824	151,262
Proportion of estimated profit accrued on uncompleted units	13,588	3,173
	<b>234,463</b>	<b>180,559</b>
Progress payments received and receivable	<b>(181,040)</b>	<b>(121,771)</b>
	<b>53,423</b>	<b>58,788</b>
Undeveloped properties :		
Freehold land, at cost	2,708	2,783
Leasehold land, at cost	957	957
Development expenditure	13,927	15,392
	<b>17,592</b>	<b>19,132</b>
<b>Total</b>	<b>71,015</b>	<b>77,920</b>

The undeveloped properties of the Group amounting to RM2,559,000 have been charged to financial institutions as securities for the bonds issued by the Company. In prior year, the undeveloped properties of the Group amounting to RM4,272,000 have been charged to financial institution as securities for loan and banking facilities granted to the Company.

### 13. Bank Overdrafts (Secured)

The bank overdrafts in the prior year were secured by way of fixed charges over certain landed properties of the Group and attracted interest at 10.3% per annum.

### 14. Term Loans

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Secured	–	935,843	–	717,843
Unsecured	–	42,620	–	42,620
	–	978,463	–	760,463

The term loans in the previous year were secured by way of fixed and floating charges over all the assets of the Company and certain subsidiaries. The term loans were utilised by certain subsidiaries and the interest rates applicable which varied between 9.3% to 12.3% per annum were recharged to the relevant subsidiaries.

During the financial year, as elaborated in Note 19 and 21, the term loan was settled via the issuance of Redeemable Convertible Secured Bonds, Irredeemable Convertible Unsecured Loan Stocks and Non-Convertible Redeemable Secured Bonds.

### 15. Creditors

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Trade creditors	84,898	108,837	–	–
Sundry creditors, accruals and provisions	48,468	69,612	3,608	8,819
Amount payable to hotel creditors for construction of hotels	120,801	253,272	1,764	155,798
Deposits refundable	8,830	8,048	–	–
Accrued interest payable	26,007	211,205	–	174,751
Due to a corporate shareholder of a subsidiary	4,000	51,377	–	–
	208,106	593,514	5,372	339,368
Total	293,004	702,351	5,372	339,368

Included in trade creditors is an amount of RM40,100,000 (2000 : RM54,718,000) due to a company in which a past director and the holding company have interests.

The amount due to a corporate shareholder is unsecured, interest free and has no fixed term of repayment.

### 16. Taxation

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Taxation	66,403	61,562	28,663	29,754

Included in the above for the Group :

- i) and the Company is additional assessment of RM28,608,000 (2000 : RM28,911,000) raised for the years of assessment 1980 to 1992 as a result of the disallowance of interest expense in the tax computation. The Group and Company have appealed against the additional assessment raised. While the appeal is being considered the Group and the Company are paying a monthly instalment of RM119,000 until September 2002 and thereafter the balance will be repaid via monthly instalments of RM4,662,000.
- ii) is an additional assessment for Real Property Gains Tax of RM11,487,00 (2000 : RM11,487,000) raised for the year of assessment 1997 pertaining to the sale of shares in a former subsidiary, Cipriani Sdn Bhd as a result of adopting a different basis of valuation by the tax authorities. The Group has appealed against the additional assessment raised and no payments have been paid for the additional assessment pending the outcome of the appeal.

#### 17. Due to Holding Company

The amount in the prior year was unsecured, interest free and had no fixed term of repayment. The amount has been settled pursuant to the debt restructuring exercise.

#### 18. Share Capital

	Group and Company	
	2001	2000
	(RM'000)	(RM'000)
a. Authorised	3,000,000	3,000,000
b. Issued and fully paid-up		
At 1 July	324,033	324,033
Cancellation of RM0.50 from every ordinary share of RM1.00 each and the consolidation of 2 ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each, as per the composite scheme of arrangement	(162,017)	–
At 30 June	162,016	324,033

#### 19. Irredeemable Convertible Unsecured Loan Stocks

	Group		Company	
	2001	2000	2001	2000
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	231,970	–	231,970	–

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

The ICULS were issued to repay the debts outstanding to the unsecured financial institution creditors of the Company of RM51,260,000 as well as the unsecured creditors of the Scheme Companies of RM180,710,000.

## 20. Minority Shareholders' Interests

	Group	
	2001 (RM'000)	2000 (RM'000)
At the beginning of year	73,092	68,905
Disposal of subsidiaries	–	(30)
Transfer from income statement	(48,015)	3,497
Cancellation of prior year dividends of a subsidiary	–	720
Capitalisation of prior year advances	51,215	–
At the end of year	76,292	73,092

## 21. Long Term Liabilities

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
a) Leasing and hire purchase obligations				
Future minimum payments are as follows :				
Payable within one year	36	264	36	87
Payable between one and five years	44	28	44	22
	80	292	80	109
Less: Finance charges	(14)	(69)	(14)	(25)
	66	223	66	84
Representing leasing and hire purchase liabilities :				
Due within 12 months	28	191	28	52
Due after 12 months	38	32	38	32
	66	223	66	84
b) Deferred taxation				
At the beginning of year	15,030	15,381	–	–
Transfer from/(to) income statement (Note 25)	1,230	(351)	–	–
At the end of year	16,260	15,030	–	–
Deferred taxation is in respect of the timing differences between depreciation and corresponding capital allowances	58,071	53,679	–	–
c) Non-Convertible Redeemable Secured Bonds (*NCRSB*)	252,784	–	–	–
d) Redeemable Convertible Secured Bonds (*RCSB*)	1,561,652	–	1,561,652	–
Amount redeemed	(22,002)	–	(22,002)	–
Less: Interest in suspense	(539,702)	–	(539,702)	–
	999,948	–	999,948	–
Total long term liabilities	1,269,030	15,062	999,986	32

## 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 subsidiary to repay its secured debts outstanding to the financial institution creditors. The NCRSB are secured by way of a fixed and floating charge over all assets of a subsidiary as disclosed in Note 3 to the financial statements.

## 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 were issued to repay the debts outstanding to the secured financial institution creditors of the Company. The RCSB are secured by way of a fixed and floating charge over all assets as referred to in Note 3 to the financial statements.

Whilst the market value and estimated realisable value of the Group's assets exceed its liabilities as at the balance sheet date, there are uncertainties as to their realisation of these values in the future to meet the obligations of the bond redemption. The economic and market conditions both in the country and globally would affect the ability of the Group to meet its planned strategy of divestment of assets for the purpose of bond redemption. Clearly the above indications are at an early stage and there are uncertainties as to whether or not the actual event will result in satisfactory conclusions. The continuity of the Group in the longer term depend on the timely and successful conclusion of the structured and systematic disposal of the Group's assets.

## 22. Revenue and Cost of Sales

Revenue of the Group and Company consist of the following :

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Hotel and catering	134,763	115,609	—	—
Properties	86,254	83,620	—	—
Healthcare	275,303	269,768	—	—
Dividend income	3,001	1,250	—	—
Interest income	—	—	101,081	90,608
Management fees	—	—	4,300	2,409
	499,321	470,247	105,381	93,017

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.



### 23. Profit/(Loss) from Operations

	Group		Company	
	2001	2000	2001	2000
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Profit/(loss) from operations has been arrived at after charging :				
Audit fee	243	237	28	28
Provision for doubtful debts	224	431	–	–
Provision for amount due from subsidiaries	–	–	–	2,384
Bad debts written off	161	184	–	1,065
Development expenditure written off	165	319	–	–
Directors' fees	366	355	132	136
Fixed assets written off	153	1,937	–	1,388
Rent of land and buildings				
third parties	357	593	–	–
subsidiaries	–	–	239	197
Loss on disposal of fixed assets	208	21	–	–
Hire of equipment	305	186	–	–
Amortisation of intangible assets	2,847	1,308	101	134
Management fees to :				
hotel operator	5,025	3,664	–	–
a company in which the holding company has interest	–	360	26	73
Depreciation	33,579	31,832	309	305
Staff costs	59,453	47,246	2,644	1,672
Directors' salaries and other benefits*	1,955	1,726	322	421
Tax recoverable written off	239	–	–	–
Project management fee paid to a company in which				
the holding company has interest	1,047	2,298	–	–
Contracted cost paid and payable to a company in which				
a past director and the holding company has interests	177,068	184,691	–	–
And crediting :				
Gain on disposal of subsidiaries	–	203	–	–
Write back of provision for diminution in value	–	480	–	–
Profit on disposal of fixed assets	73	–	73	6
Bad debts recovered	21	–	–	–
Gross dividends from quoted shares in Malaysia	–	9	–	–
Property rental income				
subsidiaries	–	–	229	199
third parties	515	950	48	96
Unrealised gain on foreign exchange	792	128	–	–
Waiver of debts from restructuring exercise	4,974	–	–	–

\* The estimated monetary value of other benefits of the Company not included in the above received by the directors is RM12,000 (2000 : RM21,000).

## 24. Finance Costs, Net

	Group		Company	
	2001	2000	2001	2000
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Included in finance costs are :				
Interest expense	122,012	114,186	97,408	90,691
Interest receivable	3,039	2,266	–	–

## 25. Taxation

	Group		Company	
	2001	2000	2001	2000
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Malaysian				
current year	7,520	12,658	55	–
underprovision in prior years	181	1,506	–	155
Deferred taxation (Note 21)	1,230	(351)	–	–
	8,931	13,813	55	155
Share of taxation of associated company	46	1,047	–	–
	8,977	14,860	55	155

The disproportionate taxation charge for the Group is principally due to the absence of Group relief for losses suffered by certain subsidiaries.

The disproportionate taxation charge for the Company is due to certain expenses disallowed for taxation purposes. The Company has unabsorbed tax losses carried forward of approximately RM6,249,000 (2000 : RM2,589,000), which can be used to offset against future taxable profits subject to agreement with the tax authority.

As at 30 June 2001, the Company has a potential deferred tax benefit of approximately RM1,669,000 (2000 : RM725,000), arising principally from tax losses carried forward and unutilised capital allowances, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

## 26. Prior Year Adjustment

The prior year adjustment represents the effect of the change in accounting policy for fixed assets as disclosed in Note 2(e)(iii).

The prior year adjustment affecting the years ended 30 June is as follow :

	RM'000
1999	2,348
1998 and before	3,208
	5,556

## 27. Loss Per Share

The current year basic loss per share has been calculated based on the consolidated loss after taxation and minority interests of RM64,252,000 and based on the number of ordinary shares in issue subsequent to the capital reduction of 162,016,000.

As a result of the capital reduction exercise, the loss per share for the prior year comparative figure has been recomputed based on the reduced number of ordinary shares of 162,016,000 and the consolidated loss after taxation and minority interests of RM133,304,000.

The fully diluted loss per share is the same as the basic loss per share as the fully diluted loss per share is anti-dilutive.

## 28. Capital Commitments

	Group	
	2001 (RM'000)	2000 (RM'000)
Approved and contracted for	81,735	81,846
Approved but not contracted for	57,000	57,000
	138,735	138,846

## 29. Contingent Liabilities (Unsecured)

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
a. Guarantees issued to financial institutions	–	–	3,244	3,244
b. Litigations (Unsecured)				
Claim for alleged wrongful termination of sale and purchase agreement	26,179	26,179	–	–
Claim for alleged wrongful termination of employment contract	4,005	4,305	4,005	4,305
Claim for alleged late delivery or late issue of certificate of fitness	92	520	–	–
Claim for alleged non-payment of debts	5,030	3,972	–	–
	35,306	34,976	4,005	4,305

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

- 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 RM1,169,994 and interest on advances of RM2,024,373 charged by the Company to FMS.

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 2000, 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.

The Court of Appeal dismissed the appeal and MOG has now 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 13 August 2001. However, the matter was further adjourned when it came up for hearing on 18 September 2001. Whilst awaiting the next hearing date, FMS' solicitor is preparing the necessary documents to seek direction from the Court regarding declaration of dividend based on Article 4A of the FMS Article of Association.

- ii) A third party has made a legal claim against Faber Union Sdn Bhd, a subsidiary, for alleged breach of contract for unspecified damages in relation to the construction of 1,064 units 4-block low cost apartments together with car parks on part of the land known as Lot PT 1700 Taman Desa, Kuala Lumpur. The subsidiary has counter-claimed for RM2,190,000 for wrongful termination of the contract.

Based on the legal advice, the directors are of the opinion that the Group is not liable for any liabilities which arise from the above claim.

### 30. Significant Related Party Transactions

	Group		Company	
	2001 (RM'000)	2000 (RM'000)	2001 (RM'000)	2000 (RM'000)
Management fees paid to HBN Management, a company in which the holding company has interest	89	360	26	73
Project management fee paid to Electronic Data Interchange, a company in which the holding company has interest	1,047	2,298	—	—
Contracted cost paid and payable to Propel Johnson Control, a company in which a past director and the holding company have interests	177,068	184,691	—	—
Interest income from subsidiaries	—	—	101,080	90,608
Property rental income from subsidiaries	—	—	229	199
Management fees from subsidiaries	—	—	4,300	2,409

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with third parties.

### 31. Segment Reporting

By Industries	Revenue (RM'000)	Profit/(Loss)	Total Assets (RM'000)
		before Taxation (RM'000)	
<b>2001</b>			
Properties	86,255	11,931	287,582
Hotels and catering	134,763	(123,886)	1,488,647
Transport	3,000	441	25,199
Healthcare	275,303	12,328	194,426
Others	–	(2,121)	17,949
Group's share of associated company profit before taxation	–	(1,983)	–
	<b>499,321</b>	<b>(103,290)</b>	<b>2,013,783</b>
<b>2000</b>			
Properties	83,611	11,393	289,697
Hotels and catering	115,120	(137,388)	1,472,051
Transport	1,250	387	26,227
Healthcare	269,768	17,667	204,525
Others	498	(13,518)	44,711
Group's share of associated company profit before taxation	–	6,512	–
	<b>470,247</b>	<b>(114,947)</b>	<b>2,037,211</b>

Segment reporting is not disclosed by geographical regions due to the insignificant amounts involved.

### 32. Subsidiary Companies

Details of the subsidiaries are as follows :

	Issued and Paid-up Share Capital (RM)	Percentage of Shareholding		Nature of Business
		2001 (%)	2000 (%)	
Incorporated in Malaysia				
Merlion Credit Corporation Bhd (14534-X)	6,000,000	100	100	Dormant
Semangat Holdings Sdn Bhd (74910-M)	1,000,000	100	100	In liquidation
TC Parking Sdn Bhd (43231-U)	20,002	100	100	Investment holding
Shaybon Sdn Bhd (214582-P)	5,000,000	100	100	In liquidation
Faber Healthcare Management Sdn Bhd (365178-M)	2	100	100	Investment holding

Company Name	Issued and Paid-up Share Capital (RM)	Percentage of Shareholding		Nature of Business
		2001 (%)	2000 (%)	
Incorporated in Malaysia				
Faber Medi-Serve Sdn Bhd (109818-H)	43,170,010	57	57	Hospital support services
Merlin Inn (Melaka) Sdn Bhd (109825-K)	2	100	100	In liquidation
Merlin Inn Muar Sdn Bhd (108663-D)	2	100	100	In liquidation
Merlin Travel & Tours Sdn Bhd (34627-V)	50,000	100	100	In liquidation
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	100	In liquidation
Renown Alliance Sdn Bhd (325061-K)	2	100	100	Investment holding
Faber Hotels Holdings Sdn Bhd (107611-V)	95,279,551	100	100	Investment holding
Hotel Merlin Cameron Highlands Bhd (3535-W)	4,500,000	100	100	Hotel proprietor
Hotel Merlin Kuantan Sdn Bhd (3449-T)	3,333,330	100	100	Hotel proprietor
Merlin Inn Johor Bahru Sdn Bhd (16960-M)	10,000,000	100	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	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	100	Ceased operations
Bernam Valley Sdn Bhd (81251-K)	100,000	100	100	In liquidation
Subang Jaya Hotel Development Sdn Bhd (44190-A)	36,311,609	100	100	Hotel proprietor
Fraser's Hill Merlin Hotel Sdn Bhd (24126-W)	2,000,000	51	51	Ceased operation
Faber Kompleks Sdn Bhd (12314-T)	15,000,000	100	100	Hotel proprietor
Merlin Management Corporation Sdn Bhd (27817-X)	100,000	100	100	Hotel management services

	Issued and Paid-up Share Capital (RM)	Percentage of Shareholding		Nature of Business
		2001 (%)	2000 (%)	
Incorporated in Malaysia				
Langkawi Island Resort Sdn Bhd (61904-X)	34,479,864	100	100	Hotel proprietor
Inter Heritage (M) Sdn Bhd (186852-H)	41,411,289	51	51	Hotel development and hotel proprietor
Merlin Highway Inns Sdn Bhd (333748-P)	2	100	100	In liquidation
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 and management
Faber Centre Sdn Bhd (13832-P)	3,000,000	100	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 and management
Faber Development Sdn Bhd (56857-P)	16,000,000	100	100	In liquidation
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	100	Property management
Rimbunan Melati Sdn Bhd (304034-U)	272,222	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
Hasil Lintang Sdn Bhd (191100-H)	50,000	100	100	Ceased operations
Faber Corporation Bhd (193021-D)	2	–	100	In dissolution
Merlin Inn Penang Sdn Bhd (49309-P)	2	–	100	In dissolution
Faber Flows Sdn Bhd (107921-A)	100,000	–	100	In dissolution
Mados-Faber Sdn Bhd (317690-U)	2	–	100	In dissolution
Hikmat Sekata Sdn Bhd (321891-P)	2	–	100	In dissolution

	Issued and Paid-up Share Capital (RM)	Percentage of Shareholding 2000 and 1999 (%)	Percentage of Shareholding 2000 and 1999 (%)	Nature of Business	Country of Incorporation
<b>Incorporated outside Malaysia</b>					
Belaire Investments (Proprietary) Ltd <sup>+</sup> (94/05691/07)	Rand100	100	100	Ceased operations	South Africa
Vimas Joint Venture Company Limited <sup>++</sup> (SCCI No. 578/GP)	US\$30,000,000	70	70	Hotel development and hotel proprietor	Vietnam
Merlin Interhotel Reservations System Pte Ltd <sup>*</sup>	S\$40,000	–	100	In liquidation	Singapore
Merlin Hotels (Australia) Pty Ltd <sup>+</sup> (5796318)	A\$33,600,002	–	100	In liquidation	Australia
Merlin Management Corporation Pte Ltd <sup>*</sup> (02160/198/IE)	S\$700,002	–	100	In liquidation	Singapore

\* Subsidiary companies audited by a firm affiliated to Arthur Andersen & Co.

<sup>+</sup> Subsidiary companies not audited by Arthur Andersen & Co.

<sup>++</sup> The Auditor's Report included an "Emphasis of Matter" on the going concern of the said company.

### 33. Associated Companies

	Percentage of Shareholding 2001 and 2000 (%)	Percentage of Shareholding 2001 and 2000 (%)	Nature of Business	Country of Incorporation
MISC Haulage Services Sdn Bhd <sup>+</sup> (112038-H)	25	25	Haulage and transportation	Malaysia
Merlin Inn (Kedah) Sdn Bhd <sup>+</sup> (57284-T)	30	30	In liquidation	Malaysia

<sup>+</sup> Associated companies not audited by Arthur Andersen & Co.



### 34. Significant Events

During the year,

- a) the Company and its subsidiaries namely Faber Hotels Holdings Sdn Bhd and Subang Jaya Hotel Development Sdn Bhd ("Scheme Companies"), implemented a composite scheme of arrangement inter-alia, involving :
  - i) the issuance of up to RM1,561,652,000 nominal value of 5-year Zero Coupon Redeemable Convertible Secured Bonds ("RCSB") to repay debts outstanding to the secured financial institution creditors of the Company and the issuance of RM231,970,000 nominal value of 5-year Zero Coupon Irredeemable Convertible Unsecured Loan Stocks ("ICULS") to repay the debts outstanding to the unsecured financial institution creditors of the Company of up to RM51,260,000 and the unsecured creditors of the Scheme Companies of RM180,710,000;
  - ii) the Company reduced its issued and paid-up share capital from RM324,033,000 to RM162,016,000 through the cancellation of RM0.50 from every ordinary share of RM1.00 each and the consolidation of 2 ordinary shares of RM1.00 each, as per the composite scheme of arrangement.
  - iii) the listing of and the quotation for the ICULS and the new ordinary shares of RM1.00 each in the Company on the Kuala Lumpur Stock Exchange.

The composite scheme of arrangement was completed during the financial year.

- b) a subsidiary, Inter Heritage (M) Sdn Bhd ("Inter Heritage") formulated a debt restructuring scheme in the prior year, under the purview of the Corporate Debt Restructuring Committee involving the issuance of RM252,784,000 nominal value of 5-year Non-Convertible Redeemable Secured Bonds with Zero Coupon rate for the first two years and followed by 2%, 3% and 3.5% per annum in the next three years to provide a yield to maturity of 12% per annum, to repay the secured debts outstanding to the financial institution creditors.

The scheme was implemented during the financial year.

- c) the Company entered into a Sale and Purchase Agreement with Fastpan Holdings Sdn Bhd for the disposal of 2 parcels of land located along Jalan P Ramlee, Kuala Lumpur, for a total cash consideration of RM12 million. The disposal was completed during the financial year.

### 35. Holding and Ultimate Holding Company

The holding and ultimate holding company is Renong Berhad, a company incorporated in Malaysia.

### 36. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 37. Currency

All amounts are stated in Ringgit Malaysia.

## Analysis of Shareholders as per the Record of Depositors as at 26 October 2001

Authorised Share Capital	:	RM3,000,000.00
Issued and fully paid	:	RM162,016,244.00
Class of shares	:	Ordinary shares of RM1.00 each
No. of shareholders	:	38,956
Voting rights	:	1 vote per ordinary share

	No. of Holders	Total Holdings	Percentage
<b>Size of Holdings</b>			
less than 1,000	26,377	7,951,562	4.91
1,000 – 10,000	11,799	29,123,695	17.98
10,001 – 100,000	738	18,080,619	11.16
100,001 – to less than 5% of issued shares	41	9,618,100	5.94
5% and above of issued shares	1	97,242,268	60.02
<b>Total</b>	<b>38,956</b>	<b>162,016,244</b>	<b>100.00</b>

## Category of Shareholders as per the Record of Depositors as at 26 October 2001

Size of Holdings	No. of Holders		Percentage		No. of Shares		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual	24,980	772	64.12	1.98	25,596,253	4,041,202	15.80	2.49
Body Corporate								
Banks/Finance Companies	71	1	0.18	*	652,125	881	0.40	*
Investment Trust/Foundations/ Charities	3	–	0.01	–	5,600	–	*	–
Industrial and Commercial Companies	251	31	0.64	0.08	98,129,743	568,389	60.57	0.35
Government Agencies/Institutions	6	–	0.02	–	572,168	–	0.35	–
Nominees	2,900	9,941	7.44	25.52	7,075,191	25,374,692	4.37	15.66
Others	–	–	–	–	–	–	–	–
<b>Total</b>	<b>28,211</b>	<b>10,745</b>	<b>72.42</b>	<b>27.58</b>	<b>132,031,080</b>	<b>29,985,164</b>	<b>81.49</b>	<b>18.51</b>

Note : \* Insignificant

### 30 Largest Shareholders as per the Record of Depositors as at 26 October 2001

No.	Shareholders	No. of Shares	Percentage
1.	Universal Trustee (Malaysia) Berhad Cantuman Bahagia Sdn Bhd	97,242,268	60.02
2.	UOBM Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Ngan Tang Joo	809,200	0.50
3.	Tan Ju Hong	789,100	0.49
4.	HDM Nominess (Asing) Sdn Bhd Keppel Securities Pte Ltd for Tan Ju Hong	589,900	0.36
5.	Menteri Kewangan Malaysia Section 29 (SICDA)	527,390	0.33
6.	Lee It Hoe	488,924	0.30
7.	The Central Depository (Pte) Limited	406,220	0.25
8.	Ong Ping Lan	350,500	0.22
9.	Lim Seng Chee	322,400	0.20
10.	Mayban Securities Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Ng Teck Hoe	290,000	0.18
11.	JB Nominees (Asing) Sdn Bhd APS Asset Management Pte Ltd for Sampo Life Insurance Co. Ltd	265,000	0.16
12.	Arab-Malaysian Nominees (Tempatan) Sdn Bhd MIMB Aberdeen Asset Management Sdn Bhd for Employees Provident Fund (7/836-2)	250,000	0.15
13.	HDM Nominees (Tempatan) Sdn Bhd OUB Securities Pte Ltd for Sim Li Siang	245,974	0.15
14.	Wah Tat Nominees (Tempatan) Sdn Bhd Dr. Chua Ching Geh	240,000	0.15
15.	Yeah Seok Boon	235,000	0.15
16.	Employees Provident Fund	222,500	0.14
17.	Tang Kee Hiong	200,000	0.12
18.	Ong Bee Lian	185,000	0.11
19.	Arab-Malaysian Finance Berhad Pledged Securities for Gan Eng Kwong	177,500	0.11
20.	Mrs. Lee Ming Fang Nee Seow Ming Fang	176,242	0.11
21.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZV6M for State Street Bank and Trust Funds for Employee Trusts	174,650	0.11
22.	Chase Malaysia Nominees (Asing) Sdn Bhd DFA Emerging Markets Fund	170,300	0.11

30 Largest Shareholders as per the Record of Depositors as at 26 October 2001 (Contd.)

No.	Shareholders	No. of Shares	Percentage
23.	DB (Malaysia) Nominee (Asing) Sdn Bhd UBS AG Singapore for Roadway Limited	156,500	0.10
24.	Ong Bee Lian	152,500	0.09
25.	Thong & Kay Hian Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Teo Kin Hua	150,000	0.09
26.	OSK Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Soon Dit Woo	150,000	0.09
27.	HDM Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Tan Tong Meng	150,000	0.09
28.	Wah Tat Nominees (Tempatan) Sdn Bhd Dr. Chua Ching Geh	130,000	0.08
29.	Ong Koh Hou @ Won Kok Feng	130,000	0.08
30.	Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Puai Ling	130,000	0.08
<b>Total</b>		<b>105,507,068</b>	<b>65.12</b>

Direct and Indirect Interests of Directors in the listed issuer as per the Register of Directors' Shareholdings (maintained under Section 134 of the Companies Act, 1965) as at 26 October 2001

Directors	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 bin Haji Mohamed Ariff	1,500	*	—	—
Elakumari a/p Kantilal	—	—	—	—
Christopher Lawrence Bachran	—	—	—	—
Ahmad Pardas Senin	—	—	—	—

As at 26 October 2001, none of the Directors of Faber has any direct and/or indirect interest in any related corporation of Faber.

**Note :** \* Insignificant

Substantial Shareholders as per the Register of Substantial Shareholders as at 26 October 2001

Name of Substantial Shareholders	No. of ordinary shares of RM1.00 each held in Faber		Percentage
	Direct	Indirect	
Cantuman Bahagia Sdn Bhd (a)	97,242,268	—	60.02
Fleet Group Sdn Bhd (b)	—	97,242,268	60.02
Renong Berhad (c)	—	97,242,268	60.02
United Engineers (Malaysia) Berhad (d)	—	97,242,268	60.02
TIME Engineering Berhad (d)	—	97,242,268	60.02
Ikral Capital Sdn Bhd (d)	—	97,242,268	60.02
Y.Bhg.Tan Sri Halim Saad (e)	—	97,242,268	60.02

- a. Held through Universal Trustee (Malaysia) Berhad
- b. Deemed interested by virtue of its substantial interest in Cantuman Bahagia Sdn Bhd
- c. Deemed interested by virtue of its substantial interest in Fleet Group Sdn Bhd
- d. Deemed interested by virtue of its substantial interest in Renong Berhad
- e. By virtue of his substantial shareholding, direct and indirect in Renong Berhad

## Analysis of holdings of Zero Coupon Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

Issued	:	RM231,969,662
No. of ICULS holders	:	181
Voting rights	:	None

	No. of Holders	Total Holdings	Percentage
<b>Size of Holdings</b>			
less than 1,000	—	—	—
1,000 – 10,000	39	203,912	0.09
10,001 – 100,000	63	2,681,536	1.16
100,001 – to less than 5% of ICULS issued	74	80,472,633	34.69
5% and above of ICULS issued	5	148,611,581	64.07
<b>Total</b>	<b>181</b>	<b>231,969,662</b>	<b>100.00</b>

m30 Largest ICULS holders as at 26 October 2001

No.	Shareholders	No. of ICULS held	Percentage
1.	Mayban Nominees (Asing) Sdn Bhd Nomura Singapore Limited for Shimizu Corporation	65,480,880	28.23
2.	Renong Berhad	24,224,000	10.44
3.	PAB Nominee (Tempatan) Sdn Bhd Affin Bank Berhad	23,456,388	10.11
4.	CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Urus Sdn Bhd	18,520,242	7.98
5.	RHB Nominees (Asing) Sdn Bhd Sheraton Overseas Management Corporation	16,930,071	7.30
6.	PAB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Federal Furnitures Industries Sdn Bhd	9,518,912	4.10
7.	Kasugi Prima Sdn Bhd	8,550,250	3.69
8.	AMSEC Nominees (Tempatan) Sdn Bhd Arab-Malaysian Bank Berhad	6,031,459	2.60
9.	GDP Architects Sdn Bhd	5,440,248	2.35
10.	TAISEI Corporation	4,770,000	2.06
11.	Seloga Jaya Sdn Bhd	4,754,839	2.05
12.	Intria Bina Sdn Bhd	4,445,000	1.92
13.	Ekovest Berhad	3,981,716	1.72
14.	Bumiputra-Commerce Bank Berhad	3,251,927	1.40
15.	Road Builder (M) Sdn Bhd	2,981,850	1.29
16.	Syarikat Pemasaran Sejati Sdn Bhd	2,455,903	1.06
17.	KCA International Designers Sdn Bhd	1,402,400	0.60
18.	Syarikat Letrik Winlite Sdn Bhd	1,382,015	0.60
19.	Gan Kam Ming	1,188,000	0.51
20.	Jurutera Budiman Sdn Bhd	1,072,821	0.46
21.	Abdul Rahim bin Mohd Hashim	784,500	0.34
22.	Kevin Chong Cheong Pong	784,500	0.34
23.	Universal Trustee (Malaysia) Berhad Faber Group Scheme Creditors ICULS Trust B	770,280	0.33
24.	Syarikat Letrik Winlite Sdn Bhd	719,491	0.31
25.	Juaraconsult Sdn Bhd	694,000	0.30
26.	T Y Lin (SEA) Sdn Bhd	676,647	0.29
27.	Seng Hup Corporation Bhd (Special Administrators Appointed)	672,052	0.29
28.	Jalex Sdn Bhd	617,299	0.27
29.	Syarikat Pembinaan Ng Malaysia Sdn Bhd	572,595	0.25
30.	Acoustic & Lighting System Sdn Bhd	546,000	0.24
<b>Total</b>		<b>216,676,375</b>	<b>93.41</b>

## 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 30.6.2001 (RM'000)	Last Date of Revaluation or if none; date of acquisition
<b>Faber Group Berhad</b>								
PT 23538 Sungai Petani, Kedah	Vacant land	3.74 acres	–	Vacant Land	Freehold	–	5,451	7.9.1995
Lot 65 Kamunting, Perak	Incinerator plant	5.87 acres	17,007	Incinerator for hospitals clinical waste	Leasehold	–	1,278	6.3.1996
<b>Hotels Division</b>								
Subang Jaya Hotel Development Sdn Bhd Jalan SS12/2 Subang Jaya, Selangor	Redevelopment of a 504-room hotel known as Sheraton Subang Hotel & Towers	405,108 sq. ft.	468,000	Hotel Building	Freehold	21	278,332	1.2.1984
Merlin Inn Johor Bahru Sdn Bhd Jalan Bukit Meldrum Johor Bahru, Johor	An 8-storey 75-room hotel known as Merlin Inn Johor Bahru (South Wing)	18,889 sq. ft.	60,400	Hotel Building	Freehold	19	18,202	1986
	A 6-storey 50-room hotel known as Merlin Inn Johor Bahru (North Wing)	26,703 sq. ft.	43,830	Hotel Building	Freehold	15	9,377	1986
Mersing Merlin Inn Sdn Bhd Jalan Endau Mersing, Johor	A 31-room hotel known as Merlin Inn Resort Mersing	123,057 sq. ft.	22,544	Hotel Building	Freehold	22	2,278	15.8.1983
	Vacant land for development	317,552 sq. ft.	–	Vacant Land	Freehold	–	291	15.8.1983
Hotel Merlin Kuantan Sdn Bhd Teluk Cempedak Kuantan, Pahang	Proposed redevelopment to construct a 268-room hotel known as Sheraton Kuantan	913,453 sq. ft.	–	Hotel Building	Leasehold 75 years (18.2.2039)	29	115,481	15.8.1983



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 30.6.2001 (RM'000)	Last Date of Revaluation or if none; date of acquisition
Hotel Merlin Cameron Highlands Bhd Tanah Rata Cameron Highlands Pahang	A 66-room hotel known as Merlin Inn Resort Cameron Highlands	474,804 sq. ft.	64,067	Hotel Building	Leasehold 99 years (19.11.2035)	39	17,151	15.8.1983
Faber Kompleks Sdn Bhd Jalan Larut, Penang	A 279-room hotel known as Sheraton Penang	39,365 sq. ft.	350,000	Hotel Building	Freehold	16	94,819	15.8.1983
Langkawi Island Resort Sdn Bhd Pulau Langkawi, Kedah	A 207-room known as Sheraton Perdana Resort Langkawi	4,333,567 sq. ft.	239,000	Hotel Building	Leasehold 59 years (21.8.2032)	28	111,643	22.8.1973
Merlin Labuan Sdn Bhd Jalan Merdeka Labuan	A 183-room hotel known as Sheraton Labuan Hotel	65,340 sq. ft.	236,000	Hotel Building	Leasehold 99 years (31.12.2090)	10	77,027	31.12.1991
Inter-Heritage (M) Sdn Bhd Jalan Sultan Ismail Kuala Lumpur	A 398-room hotel known as Sheraton Imperial Hotel	84,893 sq. ft.	957,184	Hotel Building	Freehold	6	311,129	1990
Vimas Joint Venture Co Ltd K5 Nghì Tam Village Hanoi, Vietnam	A proposed construction of a 299-room hotel known as Sheraton Hanoi Hotel & Towers	214,751 sq. ft.	–	Hotel Building	Leasehold 30 years (5.4.2023)	7	293,422	6.4.1993

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 30.6.2001 (RM'000)	Last Date of Revaluation or if none; date of acquisition
<b>Property Division</b>								
<b>Faber Union Sdn Bhd</b>								
Lot 51566 Taman Desa, Kuala Lumpur	3 storey office and shopping podium and 21 storey tower blocks known as Faber Towers	2.63 acres	868,518	Office use rental	Freehold	11	105,122	1991
Lot 35283 Taman Desa Kuala Lumpur	Vacant land for development	5.91 acres	–	Vacant Land	Freehold	–	6,623	1971
Lot 35284 Taman Desa Kuala Lumpur	Vacant land for development of condominiums	1.25 acres	–	Vacant Land	Freehold	–	1,190	1971
Overseas Union Garden Off Jalan Kelang Lama Kuala Lumpur	Vacant land	0.48 acres	–	Vacant Land	Freehold	–	1,374	1983
Taman Sri Desa Ipoh, Perak	Vacant land for mixed development	14.23 acres	–	Vacant Land	Leasehold 99 years expiring 13.9.2090	–	4,532	1982
PT 4343 Desa Business Park Taman Desa Kuala Lumpur	Vacant lot for commercial use	0.34 acres	–	Vacant Land	Freehold	–	2,770	1971

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 30.6.2001 (RM'000)	Last Date of Revaluation or if none; date of acquisition
<b>Faber Centre Sdn Bhd</b> Taman Desa Kuala Lumpur	Commercial space at Taman Desa	0.48 acres	–	Rental	Freehold	15	3,629	1981
<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)	–	2,273	1982
CL015395196 Kota Kinabalu, Sabah	Development of condominiums known as Lucky Heights	5.44 acres	–	Vacant Land for development	Leasehold 999 years (20.8.2925)	–		
<b>Faber Grandview Development (Sabah) Sdn Bhd</b> Taman Grandview Off Mile 1.5, Jalan Utara Sandakan, Sabah	Vacant land for development of terrace houses, semi- detached houses and flats (Phase 2&3)	10.7 acres	–	Vacant Land	Leasehold 999 years (4.9.2881)	–	4,767	1981
<b>Faber Plaza Sdn Bhd</b> Jalan Burmah, Penang	A shopping complex consisting of a 3-storey podium block and a 6-storey tower block of office space known as Penang Plaza	2.06 acres	134,798	Office use rental	Freehold	17	22,100	1983

## other information – material contracts

There were no material contracts entered into by Faber and its subsidiary companies ("Faber Group") which involve its Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2001 or entered into since the end of the previous financial year other than as disclosed below :

1. Recurrent revenue transactions in respect of provision of support services on a turnkey basis in relation to certain hospitals for linen/ laundry, cleansing service, facility engineering and biomedical engineering for a period of five (5) years pursuant to an agreement dated 28 January 1997 between Faber Medi-Serve Sdn Bhd ("FMS"), a 57% subsidiary company of Faber Healthcare Management Sdn Bhd, which in turn is wholly owned by Faber, and Propel-Johnson Controls (M) Sdn Bhd ("PJC"), a 51% subsidiary company of Projek Penyelenggaraan Lebuhraya Berhad, which in turn is a 56.2% subsidiary company of United Engineers (Malaysia) Berhad ("UEM"), the holding company of Renong Berhad ("Renong"). The contract price for five (5) years is RM767,000,000 plus payment at a rate per unit for linen being RM2.80 (Northern Zone) and RM3.63 (Sabah & Sarawak) per kilogram. For the financial year ended 30 June 2001, the value of works carried out was RM 161,720,000. The said agreement is still subsisting save for services for linen and laundry, which had been terminated for the whole of Malaysia and FMS has also taken over the facility management for eighteen (18) hospitals in Sabah. These transactions were carried out on terms and conditions that were mutually agreed upon under the agreement dated 28 January 1997 entered into between PJC and FMS.
2. Recurrent revenue transactions in respect of provision of electricity to Faber Group by Tenaga Nasional Berhad ("TNB") and its subsidiary companies ("TNB Group"). TNB is an associated company of Khazanah Nasional Berhad ("Khazanah") which indirectly holds a 31% indirect interest in Renong via Syarikat Danasaham Sdn Bhd ("Danasaham"). Danasaham is a wholly-owned subsidiary company of Khazanah Nasional Berhad. The provision of electricity to Faber Group by TNB Group for the financial year ended 30 June 2001 amounted to RM16,109,063. These transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

3. Recurrent revenue transactions in respect of management fees payable by Inter Heritage (M) Sdn Bhd ("IHSB"), a wholly-owned subsidiary company of Faber Hotels Holdings Sdn Bhd ("FHH"), which in turn is wholly owned by Faber, to Sheraton Overseas Management Corporation Group ("SOMC"). SOMC is a wholly-owned subsidiary company of Starwood Hotels & Resorts Worldwide Inc. ("Starwood"), which in turn is wholly owned by Granton International Inc. Granton ("Granton"). Granton holds 41% of the equity interest in IHSB whilst the remaining is held by FHH. For the financial year ended 30 June 2001, a total of RM2,329,080 is payable by IHSB to Starwood. These transactions were carried out on terms and conditions that were mutually agreed upon under the agreement dated 27 March 1991 entered into between IHSB and SOMC.
4. Recurrent revenue transactions in respect of rental fees from Projek Lebuhraya Utara-Selatan Berhad ("PLUS"), a wholly-owned subsidiary company of UEM to Faber Union Sdn Bhd ("FUSB"), a wholly owned subsidiary company of Faber Development Holdings Sdn Bhd, which in turn is wholly owned subsidiary company of Faber. PLUS occupied a number of six floors of Faber Towers owned by FUSB. The rental fees received and receivable from PLUS to FUSB for the financial year ended 30 June 2001 amounted to RM2,249,553. These transactions were carried out on terms and conditions that were mutually agreed upon under the tenancy agreement dated 22 September 1998 entered into between PLUS and FUSB.
5. Recurrent revenue transactions in respect of rental fees from Pengurusan Lebuhraya Berhad ("PLB"), a wholly-owned subsidiary company of Kinta Kellas Sdn Bhd, which in turn is a 62.4% owned subsidiary company of UEM, to FUSB. PLB occupied a number of seven floors of Faber Towers. The rental fees received and receivable from PLB to FUSB for the financial year ended 30 June 2001 amounted to RM2,568,733. These transactions were carried out on terms and conditions that were mutually agreed upon under the respective tenancy agreements dated 29 August 1991 and 20 November 1997 entered into between PLB and FUSB.

# NOTICE IS HEREBY GIVEN THAT THE 38th Annual General Meeting

of the Company will be held at Nusantara Ballroom, 2nd Floor, Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 11 December 2001 at 10.00 a.m. for the purpose of transacting the following businesses :

## Agenda

### As Ordinary Business

1. To receive the Audited Accounts of the Company for the year ended 30 June 2001 together with the Directors' and Auditors' reports therein.
2. To approve the remuneration of Directors for the year ended 30 June 2001.
3. To re-elect Dato' Ikmal Hijaz bin Hashim who is retiring in accordance with Article 65 of the Company's Articles of Association and being eligible, has offered himself for re-election.
4. To re-elect the following Directors who are retiring in accordance with Article 70 of the Company's Article of Association and being eligible, have offered themselves for re-election :
  - i) Dato' Anwar bin Haji @ Aji
  - ii) Datuk Zainal Abidin bin Alias
  - iii) Dato' Mohamed Zain bin Mohamed Yusuf
  - iv) Elakumari a/p Kantilal
  - v) Ahmad Pardas Senin
5. To re-appoint Messrs Arthur Andersen & Co. as Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

Ordinary Resolution 9

### As Special Business

6. To consider and, if thought fit, to pass the following resolution :

'To empower the Directors, pursuant to Section 132D of the Companies Act, 1965, 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 the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company'.

Ordinary Resolution 10

7. 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  
19 November 2001

#### Notes

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.
2. 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 either given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorised.
3. 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.
4. **Note on Special Business**  
The proposed Resolution 10, if passed, would enable the Directors to issue up to a maximum of 10% of the issued 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.

## 5. Statement Accompanying the Notice of the Annual General Meeting

Pursuant to Paragraph 8.28 (2) of the Kuala Lumpur Stock Exchange Listing Requirements ("the Listing Requirements"), appended hereunder are :

5.1 Details of the Directors standing for re-election as in Agenda Items 3 and 4 of the Notice of the Annual General Meeting are as follows :

*Dato' Anwar bin Haji @ Aji (Aged 50, Malaysian)*

- Non-Independent Non-Executive Chairman
- Appointed to the Board of Directors of Faber and as Chairman of Faber on 22 October 2001.
- Holds a Master of Arts in International Studies from Ohio University, United States of America.
- Served in various Government Departments such as the Economic Planning Unit of the Prime Minister's Department from 1982 to 1984. Underwent practical training at Malaysian Tobacco Berhad from 1984 to 1985. Continued his career at the Petroleum Development Division of the Prime Minister's Department from 1986 to 1991. Previously with the Finance Division of the Ministry of Finance from 1991 to 1993 and assumed the post as Special Assistant to the Secretary General of the Ministry of Finance from 1993 to 1994. Presently the Senior General Manager of Khazanah Nasional Berhad, a post he has held since 1994.
- Directorship in other public companies includes Commerce Asset-Holding Bhd, Syarikat Prasarana Negara Bhd and United Engineers (Malaysia) Berhad.
- Does not hold any shares, directly or indirectly, in Faber or any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of Faber.
- No conflict of interest with Faber.
- Has never been charged for any offence within the past 10 years.

*Datuk Zainal Abidin bin Alias (Aged 57, Malaysian)*

- Independent Non-Executive
- Appointed to the Board of Directors of Faber on 22 October 2001. Chairman of the Audit Committee of Faber since 26 October 2001.
- Holds a Bachelor of History (Honours) from University of Malaya.
- Was with the Malaysian Diplomatic and Administrative Service in 1967 and retired in 1999 as Ambassador to Indonesia. Served in various capacities in the Ministry of Foreign Affairs as well as in various Malaysian Embassies abroad, namely in Washington D.C., Jakarta, New Delhi, Hong Kong and Tokyo. He was also Malaysia's Ambassador to Kuwait (concurrently accredited as Malaysia's Ambassador to Bahrain, Qatar, The United Arab Emirates and Oman), Thailand and The Republic of Indonesia. In the Ministry of Foreign Affairs, served as ASEAN Director General for Malaysia and as the Chief of Protocol.
- No directorship in other public company other than Faber.
- Does not hold any shares, directly or indirectly, in Faber or any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of Faber.
- No conflict of interest with Faber.
- Has never been charged for any offence within the past 10 years.



*Dato' Mohamed Zain bin Mohamed Yusuf (Aged 62, Malaysian)*

- Independent Non-Executive
- Appointed to the Board of Directors of Faber on 22 October 2001 and was appointed as a Member of the Audit Committee on 26 October 2001.
- Holds a Bachelor of Economics with Honours from University of Western Australia.
- Was with the Shell Group of Companies and while being there had attended various Senior Management Courses overseas as well as Harvard Senior Management Programme in the mid-80s. Marketing Consultant to Shell United Kingdom and Shell Caribbean whilst based in the United Kingdom from 1986 to 1988. The first person of Malaysian nationality to be appointed the Marketing Director of Shell Marketing Companies in Malaysia at the end of 1998. Subsequently elevated to the Board of Directors of the Shell Group as Executive Director, both in the upstream and downstream companies as well as other 18 Shell joint-venture companies. In 1996, resigned as Director of Shell Refining Company (Federation of Malaya) Berhad, a company listed on the Main Board of the Kuala Lumpur Stock Exchange. Presently the Chairman of Confoil (Malaysia) Sdn Bhd.
- Directorship in other public companies includes MBF Finance Berhad and MBF Unit Trust Management Berhad.
- Does not hold any shares, directly or indirectly, in Faber or any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of Faber.
- No conflict of interest with Faber.
- Has never been charged for any offence within the past 10 years.

*Dato' Ikmal Hijaz Hashim (Aged 48, Malaysian)*

- Non-Independent Non-Executive
- Appointed to the Board of Directors of Faber on 10 August 1999.
- Holds a Master of Philosophy Degree in Land Management from University of Reading, England.
- Served in the Administrative and Diplomatic Service of the Government from 1976 to 1990. Joined United Engineers (M) Berhad as the General Manager of the Malaysian-Singapore Second Crossing project. Became the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad ("PLUS") on 1 January 1993 and was appointed the Managing Director on 1 January 1995 to 30 June 1999. Resigned as the Managing Director of PLUS on 30 June 1999, but remained as a Director. On 1 July 1999, appointed as the Managing Director of Prolink Development Sdn Bhd and the Acting Chairman of the Supervisory Board, Property Division of the Renong Group. Subsequently, on 1 February 2000, he was appointed as the President of the Property Division of the Renong Group.
- Directorship in other public company includes PLUS Berhad.
- Does not hold any shares, directly or indirectly, in Faber or any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of Faber.
- No conflict of interest with Faber.
- Has never been charged for any offence within the past 10 years.

*Elakumari a/p Kantilal (Aged 44, Malaysian)*

- Non-Independent Non-Executive
- Appointed to the Board of Directors of Faber on 22 October 2001 and was appointed as a Member of the Audit Committee on 26 October 2001.
- Holds a Masters of Science in Finance and Accounting Programme of study covering financial management and reporting from the University of East Anglia, United Kingdom and Bachelor of Accounting from Universiti Kebangsaan Malaysia.
- Member of the Malaysian Institute of Accountants since 1984.
- Began her career as an Officer in the Ministry of Agriculture and Accountant General's Office in 1981 and then as the Senior Officer in the Division on Monitoring of Government owned Enterprises in the Ministry of Finance. Joined Khazanah Nasional Berhad as a Senior Manager in 1994 and was promoted to General Manager in 2000, a position she currently holds.
- Directorship in other public companies includes TIMEdotCom Berhad and TIMEdotNet Berhad.
- Does not hold any shares, directly or indirectly, in Faber or any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of Faber.
- No conflict of interest with Faber.
- Has never been charged for any offence within the past 10 years.

*Ahmad Pardas Senin (Aged 49, Malaysian)*

- Non-Independent Non-Executive
- Appointed to the Board of Directors on 11 July 2001.
- Fellow of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Inc.
- Previously with the British-American Tobacco Group from 1974 to 1991 before joining Renong in 1992 as General Manager, Finance, a position held until 1994. In 1995, appointed as the Chief Operating Officer of EPE Power Corporation Berhad and became its Managing Director from 1996 to 1998. He was the Managing Director of TT dotCom Sdn Bhd (formerly known as TIME Telecommunications Sdn Bhd) from January 1999 to May 1999. Currently, he is the Group Managing Director of Renong Berhad.
- Directorship in other public companies includes TIME Engineering Berhad, EPE Power Corporation Berhad and Renong Berhad.
- Does not hold any shares, directly or indirectly, in Faber or any of its subsidiaries.
- No family relationship with any Director and/or major shareholder of Faber.
- No conflict of interest with Faber.
- Has never been charged for any offence within the past 10 years.

In accordance with the Listing Requirements, Christopher Lawrence Bachran, the Managing Director has to retire at this Annual General Meeting. He will however, not so retire as adherence to the Listing Requirements would result in Faber being in breach of the contract of employment with him.

5.2 Details of attendances of Directors at the Board of Directors' Meeting held in the financial year ended 30 June 2001 are as follows :

Name of Director	Number of meetings attended
	(A total of five (5) Board Meetings were held)
Dato' Anwar bin Haji @ Aji *	–
Datuk Zainal Abidin bin Alias *	–
Dato' Mohamed Zain bin Mohamed Yusuf *	–
Elakumari a/p Kantilal *	–
Ahmad Pardas Senin <sup>±</sup>	–
Dato' Ikmal Hijaz bin Hashim	4/5
Dato' (Dr) Mohamed Ishak bin Haji Mohamed Ariff	5/5
Christopher Lawrence Bachran	5/5
Dato' Abdullah Mohd Yusof <sup>++</sup>	5/5
Tuan Haji Bidari Tan Sri Datuk Mohamed <sup>++</sup>	4/5
Tan Sri Halim Saad <sup>+</sup>	0/5
Dato' Syed Abdul Bari Shahabudin <sup>++</sup>	5/5
Dato' Haji Moehamad Izat bin Achmad Habechi Emir <sup>++</sup>	5/5

\* Appointed on 22 October 2001

<sup>±</sup> Appointed on 11 July 2001

<sup>++</sup> Resigned on 22 October 2001

<sup>+</sup> Resigned on 27 June 2001

5.3 Details of place, date and hour of Board of Directors' Meetings held in the financial year ended 30 June 2001 are as follows :

Date	Hour	Place
11/08/2000	2.45 p.m.	Petaling Jaya
18/10/2000	3.25 p.m.	Kuala Lumpur
17/11/2000	11.00 a.m.	Kuala Lumpur
22/02/2001	11.35 a.m.	Kuala Lumpur
18/05/2001	3.00 p.m.	Cameron Highlands



Faber Group Berhad  
(COMPANY NO. 5067-M)

No. of Shares Held

I/We (full name in block letters) .....

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 **Thirty-Eighth (38th) Annual General Meeting** of the Company to be held at **Nusantara Ballroom, 2nd Floor, Sheraton Imperial, Jalan Sultan Ismail, 50250 Kuala Lumpur**, on **Tuesday, 11 December 2001 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 Remuneration of 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-election of Director

**Ordinary Resolution 7** Re-election of Director

**Ordinary Resolution 8** Re-election of Director

**Ordinary Resolution 9** Re-appointment of Auditors

**Ordinary Resolution 10** Authority to the Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company

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..... 2001

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.

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.

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Stamp

The Company Secretary  
**Faber Group Berhad**  
20th Floor, Menara 2, Faber Towers  
Jalan Desa Bahagia  
Taman Desa, Off Jalan Klang Lama  
58100 Kuala Lumpur

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