

STATEMENT ON INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity to ensure that shareholders' investment and the Group's assets are safeguarded. However, due to its inherent limitations, the Group's system of internal control by its nature can only manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

The Board is committed towards operating a sound system of internal control and recognises that the system must continuously evolve to support the Group's operations in a dynamic business environment. As such, the Board will ensure that appropriate initiatives are implemented when and where necessary to further enhance the Group's system of internal control.

RISK MANAGEMENT

The Board confirms that as an integral part of the system of internal control, there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process, which was in place throughout the financial year, is subject to regular review by the Board through its Audit Committee.

The Group's Enterprise-wide Risk Management (ERM) framework, implemented since 2006, continues to ensure that a structured and consistent methodology and approach is practiced across the Group to identify, assess, monitor and manage the key risks faced by the various business units.

The key elements of this ERM framework include:

- ERM Principles which require, amongst others, that risk management should be embedded into major business processes and day-to-day management, that each business unit and head office function is expressly responsible for managing the risks associated with its areas of accountability and that all significant risks must be proactively identified, assessed, managed, monitored and reported on.
- An ERM Organisation Structure which provides clearly defined lines of accountability and roles and responsibilities of all concerned, right from the Board (through its Audit Committee), the ERM Committee, Senior Management down to business unit management and risk owners.
- A clearly defined ERM Process which comprises five (5) broad steps – risk identification, risk assessment, risk response, risk monitoring and risk reporting.

The ERM Committee, which comprises members of Senior Management, continues to play a vital role in overseeing the implementation of the ERM Framework, periodically reviewing the Group Risk Register and reporting of Group Risk Profile and significant risks to the Audit Committee.

Pursuant to Paragraph 15.27 (b) of the Bursa Malaysia Listing Requirements, the Board of Directors is pleased to provide the following Statement on Internal Control of the Group (excluding associate companies, as the Board does not have control over their operations, management or internal control system) for the financial year under review.

INTERNAL AUDIT

The Group has an internal audit function which reports directly to the Audit Committee and is independent of the activities or operations of the business units under review. Its primary responsibility is to undertake regular and systematic reviews of the internal control system so as to provide reasonable assurance that such system operates adequately and effectively. The annual internal audit plan is developed using a risk-based approach, and is reviewed and approved by the Audit Committee.

During the year, the internal audit function has carried out independent and objective reviews in accordance with the approved audit plan and provided the Audit Committee with periodic reports highlighting significant findings and recommendations and/or agreed management action plans to further strengthen the controls where appropriate.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the other key elements of the Group's system of internal control are described below:

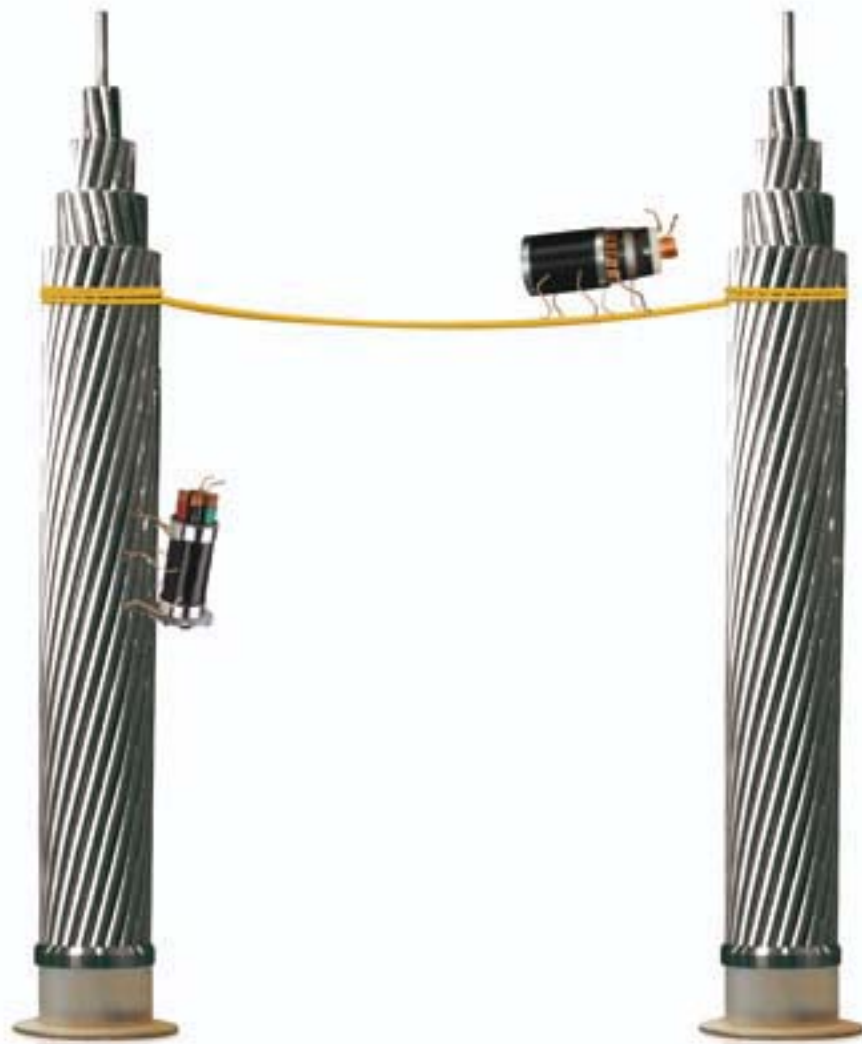
- An organisational structure with key responsibilities clearly defined and clear reporting lines within companies, the Group and up to the Board and its Committees.
- Group Policies and Guidelines, which set out the policies, procedures and expected standards for the Group's operations.
- Established Authority Table with clearly defined delegation of authority and financial limits to management personnel so as to minimise the risks of unauthorised transactions.

- A detailed budgeting process which requires all business units to prepare budget and business plan on an annual basis. The Board reviews and approves the Group's annual budget while Management monitors the monthly results of the Group against budget.
- Monthly performance reporting and review requiring the submission of timely monthly operational and financial performance reports by all business units. This comprehensive information on performances and key indicators are presented and reviewed at the monthly Management Review Meeting and the Executive Committee Meeting.
- Quarterly review of key business variables and the monitoring of the achievements of the Group's performance by the Board and Audit Committee.
- Control Self-Assessments (CSA) Checklists have been implemented by core operating units with a focus to ascertain the level of control adequacy and compliance.

CONCLUSION

The Board is of the view that the current internal control system of the Group is generally sound and effective. During the financial year, there were no major weaknesses in internal control resulting in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

This statement is made in accordance with the resolution of the Board dated 6 April 2009.



INTELLIGENCE DEFINED...

