

audit committee report

Members of the Committee

P. Raveenderen

Chairman & Senior Independent Non-Executive Director

Dato' Syed Ariff Fadzillah Syed Awalluddin

Independent Non-Executive Director

Megat Dziauddin Megat Mahmud

Independent Non-Executive Director

Membership

The Audit Committee shall be appointed by the Board and comprises at least three (3) members of whom all members must be non-executive directors and the majority shall be independent directors. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or eligible for membership.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.

The term of office shall be reviewed no less than once in every two (2) years.

Authority

The Committee is authorised by the Board to undertake any activity within its terms of reference and shall have unlimited access to all information and documents relevant to its activities, to both the internal and external auditors, as well as to all employees of the Group.

It shall also have the authority to obtain independent legal or other professional advice as it considers necessary.

Terms of Reference

The main duties of the Committee are:

1. To review and approve the annual audit plan, audit charter, budget, scope of audit procedures, audit programmes and reports of the internal auditors including actions taken on internal audit recommendations;
2. To ensure that the internal audit department has adequate and competent resources;
3. To review annually with the external auditors, the audit plan and the report including the coordination between the internal and external auditors to prevent duplication of effort;
4. To review the quarterly results and year-end financial statements before approval by the Board including the assistance given by the Company's officers to the auditors;
5. To recommend to the Board the nomination of the external auditors after evaluating their performance and to consider the auditors' remuneration and any questions of resignation or dismissal;
6. To review the external auditors' management letter and Management's response thereto;
7. To review the disclosure statements in the annual report in compliance with Bursa Malaysia requirements;
8. To review any related-party transactions and any conflict of interest situation that may arise within the Group; and
9. To review the allocation of options pursuant to the Company's Employees' Share Option Scheme.

Meetings

A quorum shall consist of at least two-thirds of the members with independent directors forming the majority.

A minimum of four meetings per year is planned. Additional meetings may be called at any time if so requested by any committee member, the Management, the internal or external auditors.

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The Chairman of the Committee shall invite any person to be in attendance to assist it in its deliberations.

The minutes of the meetings shall be circulated to the Board after confirmation.

The Secretary to the Committee shall be the Company Secretary.

For the financial year under review, a total of four (4) audit committee meetings were held. The details of attendance of the Audit Committee members were as follows:

| Name of Audit Committee member | No. of meetings attended |
|--|---------------------------------|
| i. P. Raveenderen | 4 |
| ii. Dato' Syed Ariff Fadzillah Syed Awalluddin | 4 |
| iii. Megat Dziauddin Megat Mahmud | 4 |

The main activities that took place during the meetings were:

1. Review of the quarterly results and year-end financial statements prior to approval by the Board;
2. Considered and recommended to the Board the nomination of the external auditors for the financial year ended 31 March 2008;

3. Review of the external auditors' audit plan for the year ended 31 March 2008;

4. Review of the external auditors' management letter and Management's response thereto. A meeting without the presence of the Management was also held with the external auditors;

5. Review of the related party transactions entered into by the Group;

6. Review of the disclosure statements in the annual report in compliance with Bursa Malaysia requirements;

7. Reviewed and recommended to the Board for adoption of the new and revised Financial Reporting Standards issued by the Malaysian Accounting Standard Board;

8. Considered and recommended to the Board the payment of interim and final dividends;

9. Review of the results of the internal audits carried out in the year and the adequacy of actions taken by Management; and

10. Review of the internal audit department's annual audit plan for the year 2008.

In respect of the Company's Employees' Share Option Scheme, there was no allocation of options in the year for the Audit Committee to review.

Internal Audit Department

The Internal Audit Department was set up on 2 January 1991. It is independent of the activities or operations of the operating units.

A summary of its activities for the year is as follows:

1. Conducted audits of the various business portfolios/services departments of the operating subsidiaries;
2. Conducted follow-up audits on the implementation of the Audit Committees' recommendations and Management's actions taken to improve on issues identified during the audits; and
3. Prepared the annual audit plans and budget of resources for the Audit Committees' consideration.