

AUDIT COMMITTEE REPORT

MEMBERS OF THE COMMITTEE

Megat Dziauddin Megat Mahmud	Chairman & Senior Independent Non-Executive Director <i>(Appointed as Chairman with effect from 19 July 2011)</i>
Dato' Syed Ariff Fadzillah Syed Awalluddin	Independent Non-Executive Director
P. Raveenderen	Non-Independent Non-Executive Director
Paisol Ahmad	Non-Independent Non-Executive Director
Yusoff Yaacob	Independent Non-Executive Director <i>(Appointed with effect from 19 July 2011)</i>

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 (1) member of the Committee must be a member of the Malaysian Institute of Accountants or eligible for membership.

The members of the Audit Committee must elect a Chairman among themselves who is 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 must 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 must be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.

It must 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 review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
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 to be in compliance with Bursa Malaysia requirements;

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8. To review any related-party transactions and any conflict of interests 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 (2/3rd) of the members with independent directors forming the majority.

A minimum of four (4) 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.

The Chairman of the Committee shall invite any person to be in attendance to assist the Committee 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 five (5) 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. Megat Dziauddin Megat Mahmud	5/5
ii. Dato' Syed Ariff Fadzillah Syed Awalluddin	5/5
iii. P. Raveenderen	5/5
iv. Paisol Ahmad	5/5
v. Yusoff Yaacob (<i>appointed with effect from 19 July 2011</i>)	-

The main activities that took place during the meetings were:

1. Reviewed 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 2011;
3. Reviewed the external auditors' audit plan for the year ended 31 March 2011;
4. Reviewed the external auditors' management letter and Management's response thereto. Meetings without the presence of the Management were also held with the external auditors;
5. Reviewed the disclosure statements in the annual report to be in compliance with Bursa Malaysia requirements;
6. Reviewed and recommended to the Board for adoption of the new and revised Financial Reporting Standards issued by the Malaysian Accounting Standard Board;
7. Considered and recommended to the Board that there be no payment of any interim and final dividends;
8. Reviewed the results of the internal audits carried out in the year and the adequacy of actions taken by Management; and
9. Reviewed the Internal Audit Department's annual audit plan for the year 2011.

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.

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INTERNAL AUDIT DEPARTMENT

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

For the financial year ended 31 March 2011, the total costs incurred for the Group Internal Audit function were RM 2,067,000.

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

1. Conducted audits of the various business portfolios/departments of the Group;
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 annual audit plans and budget for the Audit Committees' consideration.