

Statement on Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational, compliance controls and risk management. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that as an integral part of the system of internal control, there is an on-going Group-wide risk management process for identifying, evaluating and managing the significant risks faced by the Group. The Management has operated this process during the year under review and the process is subjected to regular review by the Board. Prior to the change in the Board composition, the Group has a Risk Management Council which is chaired by the Group Managing Director and comprises Senior Management of the Group, to provide oversight and added impetus to the risk management process. Following the appointment of the Executive Director in January 2011, the Risk Management Council was renamed to Executive Risk Management Committee.

Recognising the increased importance of the risk management function, the Group has separated the functions of the risk management and internal audit into two separate departments which are now independently led by two separate Heads. The main objective is to ensure better control and clarity of focus on the key risk issues that affect the Group's activities and the implementation of appropriate mitigation measures to address them. Review meetings are carried out quarterly to establish progress and to verify the effectiveness of the actions taken. This will ensure a systematic, structured and disciplined approach to risk management is in place, consistent with the expectations of the Audit and Compliance Committee (previously known as Audit and Risk Management Committee) of the Board.

Management from each business or operations area applies a risk/ control self-assessment approach to identify the risks relating to their areas of supervision and control. These include the likelihood of these risks occurring; the consequences if they do occur and the actions being and/or to be taken to manage these risks to an acceptable level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The overall process is facilitated by the Group Risk Management Department ("Department") which is dedicated to the role.

The Department maintains regular communication and consultation with management and also facilitates risk analysis of strategic business objectives, operational initiatives and emerging issues in the Group. It also conducts periodic follow-up of the updating of risk profiles and the implementation of risk treatment measures by management. Training workshops are also conducted to keep abreast of developments in the area of risk management.

Until the beginning of the year, the key risks which were identified through the risk management process are reported to the Risk Management Council and the Board Audit and Risk Management Committee. The Divisional Risk Profiles enable the Board Audit and Risk Management Committee to focus on the key risks affecting the Group's businesses and operations and the system of internal control necessary to manage such risks. Following the change in the Board composition, a review of the Board Committees was conducted. The Board was of the view that the audit and risk were of high importance and warranted the Board to deliberate on them separately.

As a result the Audit and Risk Management Committee was split into two Committees on 10 January 2011, which are the Audit and Compliance Committee and the Risk Management Committee. As a result of the split, the key risks which are identified through the risk management process and the system of internal control to manage those risks are reported to the Senior Management and Board Committee, referred to as the Executive Risk Management Committee (*previously Risk Management Council*) and the Risk Management Committee (*previously the Audit and Risk Management Committee*).

The Group Internal Audit independently reviews the adequacy and integrity of the system of internal control in managing the key risks and formerly, reports accordingly to the Audit and Risk Management Committee on a quarterly basis. With the split of the audit and risk function into two separate Board Committees, the Group Internal Audit reports its review of the adequacy and integrity of the systems of the internal control to the Audit and Compliance Committee. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by Group Internal Audit to assess the status of implementation thereof by management. In carrying out its work, in addition to the approved annual audit plan, the Group Internal Audit also focuses on areas of priority as directed by the Audit and Compliance Committee.

The Group has a Project Review Committee (*previously known as Project Review Council*) ("PRC") to provide added assurance in the feasibility evaluation of project/investment proposals and subsequent evaluation of the progress and results of endorsed project/investment through a process of due scrutiny. The PRC provides feedback and recommendation on projects/CAPEX/investments/annual budget to the Finance & Investment Committee ("FIC"). Where areas for improvement are identified including any relating to projects/investments, the Board considers the recommendations made by the FIC and provides appropriate direction.

Management reports are presented to the Board each quarter providing financial information including key performance and risk indicators. This information are reviewed and verified by the Audit and Compliance Committee before it is presented to the Board for consideration and approval.

The Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of the Group's business objectives and operational efficiency can be attained. The Group continues to take measures to further strengthen the internal control environment.

Statement on Director's Responsibility

As required under the Companies Act 1965 ("Act"), the Directors on pages 21 to 28 of this Annual Report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 December 2010.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

Additionally, the directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board of Directors dated 29 April 2011.