

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 ongoing group-wide risk management process for identifying, evaluating and managing the significant risks faced by the Group. Management has operated this process during the year under review up to the date of approval of the annual report; and the process is subjected to regular review by the Board. 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.

Management from each business or operations area apply a risk/control self-assessment approach to identify the risks relating to their area; 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 the desired 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 risk registers are eventually compiled to form the Group Risk Profile for reporting to the Risk Management Council and also Audit Committee of the Board. The overall process is facilitated by the Risk Management Facilitators who are dedicated to the role.

The Risk Management Facilitators maintain regular communication and consultation with management and also facilitate risk analysis of business or operational initiatives/issues emerging in the Group; conduct periodic follow-up of the updating of risk profiles and the implementation of risk treatment measures by management; facilitate analysis of "just-in-case" risk scenarios; and conduct risk management training workshops. The Group Risk Profile enables the Audit Committee to focus on the key risks inherent in the Group's businesses and operations and the system of internal control necessary to manage such risks.

The Group Internal Audit independently reviews the adequacy and integrity of the system of internal control in managing the key risks and report accordingly to

the Audit Committee on a quarterly basis. Where significant 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, the Group Internal Audit focuses on areas of priority as determined by risk analysis which are incorporated in the annual audit plan approved each year by the Audit Committee.

The Group has a 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 reviews and approves all projects to be submitted to the Finance and Investment Committee of the Board. Management reports are presented to the Board each quarter providing financial information including key performance and risk indicators. Where areas for improvement are identified including any relating to projects/investments, the Board considers the recommendations made by the Finance and Investment Committee. There were no material weaknesses in the system of internal control that would require separate disclosure in this Annual Report.

Statement on director's responsibility

As required under the Companies Act 1965 ["Act"], the Directors on pages 070 to 074 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 2007.

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 judgement 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 28 February 2008.