

Report of the Audit Committee

TERMS OF REFERENCE

Membership

- The Audit Committee shall have a minimum of three (3) directors, a majority of whom are independent.
- The Chairman of the Audit Committee shall be an Independent Non-executive Director.
- At least one member of the Committee:-
 - i. must be a member of the Malaysian Institute of Accountants (MIA); or
 - ii. if not a member of MIA:
 - he must have at least three years of working experience; and
 - he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

Meeting

- The quorum shall be two members, who must be Independent Directors.
- The Group Internal Auditor and a representative of the external auditor shall be invited to attend the meeting.

Authority

The Audit Committee shall have:-

- i. the authority to seek any information relevant to its activities from employees of the Company and Group.
- ii. the necessary resources required to carry out its duties and is authorised to obtain such independent professional advice it considers necessary.
- iii. full and unlimited access to any information and documents pertaining to the Company and the Group.

Responsibilities

- To review the financial reporting to external parties carried out by the Group.
- To review the accounting policies of the Group.
- To review the scope and audit programmes of the internal and external auditors and any material issues arising from these audits.
- To review the effectiveness of the Group's systems of accounting and internal controls.
- To review the effectiveness of the Group's risk management process.
- To recommend to the Board the appointment of the external auditors and the level of their fees.
- To consider any related party transactions that may arise within the Group.

MEMBERS AND MEETINGS

The Audit Committee comprises of three (3) members, all of whom are Non-executive Directors.

A total of six (6) meetings were held during the year. The status and attendance record of each of the members during the year, are as follows:-

Name	Status of Directorship	Number of Meeting	
		Held	Attended
Tan Sri Dato' Dr. Mohamed Yusof bin Hashim (Chairman)	Independant Non-Executive	6	6
Dato' N. Sadasivan	Independant Non-Executive	6	6
Abdul Rahim bin Abdul Hamid (appointed w.e.f. 03/04/2006)	Independent Non-Executive	4	4
Paisol bin Ahmad (resigned w.e.f. 03/04/2006)	Non-Independent Non-Executive	2	2

ACTIVITIES DURING THE YEAR

The following activities were carried out by the Audit Committee during the year:-

- i. Reviewed and approved the internal audit plan for the year.
- ii. Reviewed the audit reports of the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management responses thereon.
- iii. Reviewed the quarterly and annual reports of the Group prior to submission to the Board of Directors for consideration and approval.
- iv. Reviewed the related party transactions entered into by the Group and the disclosure of such transactions in the annual report and circular on recurrent related party transactions.

- v. Reviewed the Group risk profile, risk assessment reports from the Risk Management Council and the management process for identifying, evaluating and managing the significant risks faced by the Group.
- vi. Reviewed with the External Auditors, their management letter and the management reports.
- vii. Evaluated the performance of the External Auditors and made recommendations to the Board of Directors on their re-appointment and audit fees.

INTERNAL AUDIT

The Company has an internal audit department whose principal responsibility is to undertake regular and systematic risk-based assessments

of the systems of internal control so as to provide reasonable assurance that such systems are adequate and continue to operate effectively in managing the key risks of the Company and Group.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on page 71.

RELATIONSHIP WITH EXTERNAL AUDITORS

The External Auditors are invited to all the meetings of the Audit Committee and they attended all the meetings of the Committee during the year. The Audit Committee also met once during the year with the External Auditors without the presence of Executive Board Members and Management.