

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee ("AC") is appointed by the Board of Directors from among its members and for the year under review the composition of the AC remained the same as the previous year, with three (3) members, all of whom are Independent Non-Executive Directors:-

Chairman	Lee Chaing Huat
Members	Datuk Azizan bin Abd Rahman Abdul Rahman Bin Achmed

TERMS OF REFERENCE

Composition of the AC

The AC shall be appointed by the Board from among its members and shall consist of not less than three (3) members fulfilling the following requirements:-

- a) all members are non-executive directors, with a majority of them being independent directors; and
- b) at least one member (or such number of members as may be required by Bursa Securities) shall:-
 - i) be a member of the Malaysian Institute of Accountants; or
 - ii) has/have such financial related qualification or experience as may be required by Bursa Securities.

The AC shall elect the chairperson from among its members who shall be an independent director.

In the event that a member of the AC resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Terms of Membership

Members of the AC shall be appointed for an initial term of three (3) years. The Board shall review the term of office and performance of the AC and each of its members at least once every three (3) years.

Meetings

The AC shall meet at least four (4) times a year. The chairperson shall convene a meeting of the AC if requested to do so by any member, the Management or the internal or external auditors to consider any matter within the scope and responsibilities of the AC.

Attendance at Meetings

The Head of Internal Audit, President and Chief Financial Officer shall normally attend the meetings. However, the AC may invite the external auditors and any person to be in attendance to assist it in its deliberations.

Secretary to AC

Any one (1) of the company secretaries shall be the secretary of the AC. The agenda together with relevant explanatory papers and documents shall be circulated to AC members prior to each meeting.

The secretary shall be responsible for keeping the minutes of the meetings of the AC, circulating them to its members and ensuring compliance with Bursa Securities' requirements.

Quorum

A quorum shall consist of a majority of AC members who are independent directors.

Authority and Rights

The Company has established an internal audit function which is independent of the activities it audits and reports directly to the AC.

The AC is authorised by the Board to:

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| <i>Authority</i> | <ul style="list-style-type: none"> • Investigate any matter within its terms of reference; • Have the resources which are required to perform its duties; • Have full and unrestricted access to any information pertaining to the Company; • Obtain independent professional or other advice; and |
| <i>Rights</i> | <ul style="list-style-type: none"> • Have direct communication with the external auditors and person(s) carrying out the internal audit function or activity (if any); • To convene meetings with the external auditors, the internal auditors or both, without the attendance of other directors and employees of the Company, whenever deemed necessary. |

The AC, whenever necessary and reasonable, for the performance of its duties, may seek any independent professional advice at the Company's expense to enable it to discharge its fiduciary duties diligently.

Duties and Responsibilities

The duties and responsibilities of the AC are:-

- To review the Company's and the Group's quarterly and annual financial statements before submission to the Board. The review shall focus on:
 - changes in accounting policies and practices
 - major judgmental areas
 - significant audit adjustments from the external auditors
 - the going concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements

- To review with the external auditors their audit plan, scope and nature of audit for the Company and the Group.
- To consider the appointment of the external auditors, the terms of reference of their appointment, and question their resignation or dismissal, where applicable.
- To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group by reviewing the external auditors' management letters and Management's response in connection thereto.
- To hear from the external auditors issues and concerns arising from their audits.
- To review the adequacy of the scope, functions, competency and resources of the internal audit function and ensure it has the necessary authority to carry out its work.
- To review the internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to the audit findings.
- To review any related party transactions that may arise within the Company or the Group.
- To report to the Board its activities, significant results and findings.
- To undertake such other responsibilities as may be agreed between the AC and the Board.

MEETINGS

During the financial year, the AC had held six (6) meetings and the attendance of the members was as below:-

Members	Attendance
Lee Chaing Huat	6 out of 6 meetings
Abdul Rahman Bin Achmed	6 out of 6 meetings
Datuk Azizan bin Abd Rahman	6 out of 6 meetings

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

Financial Statements

The External Auditors presented to the AC their Audit Planning Memorandum for the financial year ended 31 December 2009 on 18 November 2009 on the scope of audit and areas of emphasis. All issues pertaining to the audit of the financial statements by the External Auditors were noted by the AC and it was satisfied that these issues had been adequately resolved and appropriately dealt with in the financial statements of the Group. The AC reviewed the quarterly and year end financial statements before recommending to the Board for approval.

Internal Audit

Risks were assessed and the annual audit plan for the year 2010 had been presented to and approved by the AC at its meeting on 18 November 2009. During the year, audits were performed in accordance with the annual audit plan. Risk-based audit reviews were conducted on areas of concern, as well as on all significant areas pertinent to the Group. Audit reports incorporating audit recommendations were forwarded to Management for its necessary actions and presented to the AC and Board at their regular meetings. Corrective actions undertaken had been re-assessed at subsequent audits and found to be satisfactory. The AC had appraised and was satisfied with adequacy of actions taken by the Management in resolving the reported audit issues and the timeliness of implementing suggested improvement measures.

INTERNAL AUDIT FUNCTION

The Group Internal Audit Department assists the AC in discharging its duties and responsibilities. Its role is to undertake regular and systematic reviews of internal control and then provide the AC with independent and objective reports on the adequacy of internal controls and procedures in the operating business entities within the Group as well as the extent of compliance with the Group's policies and procedures. It also reports on compliance with applicable laws, regulations, directives and other externally enforced compliance requirements.

The activities carried out during the year were as follows:-

- The Group Internal Audit Department continually reviewed and undertook audits of the Group operations throughout the year.
- It participated in certain management meetings and from such attendance, had a better understanding of the business operations.
- It also conducted special projects and investigations requested by management.

Manpower

On the average, there were 19 internal auditors in the audit team to undertake the audits of the Group, comprising 5 Malaysian internal auditors, 10 Fijian internal auditors and 4 PNG internal auditors.

Audits done

In total, 38 audits were conducted in 2009. These exclude occupational health and operational risks audits done in Fiji and PNG.

Training

In addition to in-house training, the audit team had attended training courses and professional seminars to upgrade their skills and knowledge.