

audit committee report

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee are as follows:

- 1. Ahmad Bin Haji Mohd Sharkan**
Chairman, Independent Non-Executive Director
- 2. Wong Fook Heng**
Member, Independent Non-Executive Director
- 3. Y.M. Tengku Dato' Ibrahim Petra
Bin Tengku Indra Petra**
Member, Executive Chairman & Chief Executive Officer

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee is one of the committees of the Board of Directors. The Committee does not have executive powers.

1. MEMBERSHIP OF THE AUDIT COMMITTEE

The Audit Committee comprises at least three members of the Board of Directors of which at least two-thirds of the Committee members are Independent Directors. The members choose their chair from the Independent composition of the Committee.

The Committee members are appointed by the Board of Directors, which in its opinion would exercise independent judgement based on the structure and composition of the Committee.

The Secretary to the Board of Directors shall also be secretary of this Committee.

2. MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee meets at least four times a year during the finalisation of the financial accounts of the Company and the Group for the quarterly announcements to Bursa Malaysia Securities Berhad. The principal focus of any other meeting(s) will be on management control and internal audit.

At the request of the Chair, the other Executive Directors and other executives (in particular the Head of Internal Audit) will be in attendance at Committee meetings or for selected agenda items. The representatives of the external auditors may also be invited to attend the meetings.

3. REPORTING LINE OF THE AUDIT COMMITTEE

The Audit Committee reports directly to the Board of Directors.

4. THE RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is responsible for the following:

- To examine the manner in which management ensures and monitors the adequacy of the nature, extent and effectiveness of accounting and internal control systems;

- To review the statutory accounts and other published financial statements and information;
- To monitor relationships with external auditors, to ensure that there are no restrictions on the scope of the statutory audit; to make recommendations on the auditors' appointment, remuneration and dismissal; and to review the activities, findings, conclusions and recommendations of the external auditors;
- To review arrangements established by management for compliance with regulatory and financial reporting requirements;
- To approve the appointment or termination of the Head of Internal Audit who shall have a right of direct access to the Chair of the Committee at all times; to review the scope and the nature of work of the Internal Audit Department; to receive and review reports from the Head of Internal Audit; and on occasion to commission audit engagements to be conducted on the Committee's behalf; and
- To perform any other duties as required by Bursa Malaysia Securities Berhad or any other regulatory bodies.

The purview of the Audit Committee extends to all the operations within the Company and the Group.

AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR 2006

The Audit Committee held five meetings during the financial year under review with the following attendance record:

Names of Directors	Attendance*
Ahmad Bin Haji Mohd Sharkan	5/5
Wong Fook Heng	5/5
Y.M.Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra	5/5

* Number of meetings attended/Number of meetings held

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In discharging its functions and duties, the following activities were undertaken by the Audit Committee during the year under review:

1. Reviewed the internal audit plan of the Internal Audit Department to ensure adequacy in scope and coverage on the activities of the Group;
2. Reviewed the activities and engagement reports of the Internal Audit Department;
3. Reviewed the unaudited quarterly financial reports and the audited annual financial report;
4. Reviewed the performance of the Company and the Group, and made recommendations for appropriate corrective measures to the Board of Directors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

The activities of the Internal Audit Department during the year 2006 were as follows:

1. Reviewed the accounting and internal control systems of the Company and the Group.
2. Performed assurance engagements on major operations of the Group to ascertain adherence to management's policies on:
 - Financial management
 - Contracts management
 - Project management
 - Human Resource management.
3. Conducted consultancy engagements to ascertain and explore opportunities with management to improve operating unit's cost effectiveness.
4. Conducted risk assessment on active operating units of the Group as part of the Group's continuous risk management initiative.

STATEMENT ON EMPLOYEES' SHARES OPTION SCHEME ("ESOS")

The ESOS approved by the shareholders of the Company at its Extraordinary General Meeting held on 31 January 2002 and the Bye-Laws of which was submitted to the Securities Commission vide a letter dated 12 March 2002, has not been carried out.