

CORPORATE GOVERNANCE STATEMENT

1 INTRODUCTION

The Board of Directors (the “Board”) of the Company recognizes that the practice of good corporate governance in conducting the business and affairs of the Group with integrity, transparency and professionalism are key components for the Group’s continued growth and success. These will not only safeguard and enhance shareholders value but will at the same time ensure that the interests of other stakeholders are protected.

The Board is pleased to report to the shareholders in particular and other stakeholders in general on the manner the Company has applied the Principles as set out in Part 1 of the Malaysian Code on Corporate Governance (“the Code”) as well as the extent of compliance with the Best Practices as set out in Part 2 of the Code.

2 THE BOARD OF DIRECTORS

2.1 Composition, Size and Effectiveness of the Board

The Board is led and managed by an experienced Board with a wide range of expertise. The Board is primarily responsible for charting the strategic direction of the Group. The Board meets at least four (4) times a year with additional meetings convened as and when necessary.

The Board currently has 7 members comprising the Chairman (Non Independent Non Executive Director), Deputy Chairman (Non Independent Non Executive Director), Managing Director, 1 Non Independent Non Executive Director and 3 Independent Non Executive Directors. The Company is in compliance with the Bursa Securities Listing Requirements which require at least two directors or one-third of the total number of Directors, whichever is higher, to be Independent Directors. The Board retains full and effective control of the Company. The Managing Director has direct responsibilities for business operations whilst non-executive directors have the necessary skill and experience to bring independent judgments to bear on the issues relating to strategy, performance and resources. Key matters, such as approval of annual and interim results, acquisitions and disposals, material agreements, major capital expenditures, budgets and long term plans would require Board’s approval.

The Board views that the number and composition of the current Board members are sufficient and well-balanced for the Company to carry out its duties effectively, whilst providing greater assurance that no individual or small group of individuals can dominate Board’s decision making.

To ensure that there is balance of power and authority, the roles of the Chairman/Deputy Chairman and Managing Director are separated and clearly defined. The Chairman/Deputy Chairman is primarily responsible for the orderly conduct and effectiveness of the Board, including but not limited to organizing information necessary for the Board to deal with the agenda of meetings, whilst the Managing Director is responsible for the operating units, organizational effectiveness and implementation of Board policies and decisions.

Other than the Chairman and the Managing Director, the shareholders or stakeholders may convey any concerns that they may have to the Chairperson of the Audit Committee, who is also an Independent Non Executive Director.

2.2 Principal Duties and Responsibilities

The Board assumes six principal stewardship's responsibilities:

- a Reviewing and adopting a strategic plan for the Company. The Board will review and approve the 5 year strategic plan for the Group.

The strategic and business plan for the period 2009 – 2013 was tabled, discussed and approved by the Board at its meeting on 20 November 2008.

Additionally on an ongoing basis as the need arises, the Board will assess whether projects, purchases and sale of equity as well as other strategic consideration being proposed at Board meetings during the year are in line with the objectives and broad outline of the adopted strategic plans.

- b Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed. At Board meetings, all key operations matters will be discussed and expert advice will be sought if necessary.

The performances of the various operating units of the Group represent the major element of the Board agenda.

The Group uses Key Performance Indicator ("KPI") system as the primary driver and anchor to its performance management system, of which is continually refined and enhanced to reflect the changing business circumstances.

- c Identifying principal risks and ensure the implementation of appropriate systems to manage these risks. The Group has set up a Risk Management Committee for this purpose to assist the Board.

The principal objectives of the Enterprise Risk Management are, amongst others, to meet the strategies, goal and objectives of the Group; to safeguard financial and non-financial assets of the Group; to allocate and optimize the use of resources and to comply with policies, procedures, guidelines, laws and regulations. For further information of the Risk Management Committee, please refer to page 071 of the Annual Report.

- d Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.

The Board's responsibility in this aspect is being closely supported by the Group Human Resource division. As the first step, the Board had in the beginning of 2007 engaged an external consultant to provide an overview proposal in respect of the Group's human policy. After several years of continuous efforts in emphasizing and communicating the importance of succession planning, the subject has now become an ongoing agenda being reviewed at various high-level management and operational meetings of the Group.

- e Developing and implementing an investor relations programme or shareholder communications policy for the Company.

Various strategies and approaches were employed by the Group including conducting press interviews and investor briefings so as to ensure that investors and shareholders are well-informed about the Group affairs and developments.

- f Reviewing the adequacy and the integrity of the Company's internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

The Board's function as regard to fulfilling the above responsibility is supported and reinforced through the various Committees established at both the Board and management level. Aided by an independent function of the Group Internal Audit Division, the active functioning of these Committees through their regular meetings/discussions would provide a strong check and balance and reasonable assurance on the adequacy of the Group's internal controls. Details on the Group Internal Audit functions are further discussed in the Internal Control Statement and Audit Committee Report in this Annual Report.

2.3 Relationship of the Board to Management

The Organisational Chart and the Group Authority Limits and Guidelines define, amongst others, the limits to management responsibilities. At the end of each financial year the Board will set KPI that should be achieved by the management for the next financial year.

In between meetings, the Managing Director meets regularly with the Chairman and other Board members (where necessary) to keep them abreast of current development. Circular Resolutions are used for determination of matters arising in between meetings.

2.4 Use of Board and Management Committees

The Group has formed several committees to facilitate the operations of the Group. Each committee has written terms of reference defining their scope, powers and responsibilities. The list of committees includes, amongst others:

Board Committees:

- i Executive Committee

The Board of Directors (the "Board") has established an Executive Committee ("Exco"), which comprises both executive and non-executive directors.

The following are the members of the Exco:

Ahamad bin Mohamad

Chairman

Jamaludin bin Md Ali

Member

Sheik Sharufuddin bin Sheik Mohd

Member

The functions of Exco include the following:

- a Policy formulation and planning
- b Perform strategic and corporate planning
- c Review and recommend authority levels or limits
- d Investment decisions up to certain pre-defined limits
- e Capital expenditure approvals up to defined limits
- f Approval of detailed operational budgets
- g Quarterly review of accounts and budgets
- h Selection of panel of contractors and consultants for future tenders for project commitments
- i Selection and recruitment of Senior Executives

ii Audit Committee

Pursuant to paragraph 15.16 of the Listing Requirements of Bursa Securities Malaysia Berhad (“Bursa Securities”), the Audit Committee Report for the financial year, which sets out the composition, terms of reference and a summary of activities of the Audit Committee, is contained on pages 076 - 079 of this Annual Report.

iii Nomination and Remuneration Committee

In line with Johor Corporation’s (JCorp’s) Group-wide corporate practice, the Board has approved that the functions of the Committee to be taken over by the Group Nomination and Remuneration Committee (“NRC”) of JCorp, the ultimate holding corporation of QSR Brands Bhd. QSR Brands Bhd is directly represented at the JCorp Group NRC by its Chairman, Deputy Chairman and Managing Director who are respectively the Chairman and official members of the JCorp Group NRC.

This approach in centralizing NRC functions is not an uncommon practice among top global companies and leading Multi National Corporations. The prime consideration is the strategic advantage that the Centre provides by allowing wider access and greater reach to a much larger pool of talent, skills and expertise as well as to benchmark remunerations on a group-wide basis.

The terms of reference of the NRC are as follows:

PURPOSE

The Nomination and Remuneration Committee (“the Committee”) is established primarily to:

A Nomination

- 1 Identify and recommend candidates for Board directorship of Public Listed Companies within the Johor Corporation Group (“PLC”);
- 2 Recommend directors to fill the seats on Board Committee;
- 3 Evaluate the effectiveness of the Board of PLCs and Board Committee (including the size and composition) and contributions of each individual director;
- 4 Ensure an appropriate framework and plan for Board of PLC succession.

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B Remuneration

- 1 Provide assistance to the Johor Corporation and the Board of PLCs in determining the remuneration of executive directors, senior management and Chief Executive Officer. In fulfilling these responsibilities, the Committee is to ensure that executive directors and applicable senior management of Johor Corporation and PLCs:
 - Are fairly rewarded for their individual contribution to overall performance;
 - That the compensation is reasonable in light of the Company's objectives; and
 - That the compensation is similar to other companies.
- 2 Establish the Managing Director/Chief Executive Officer's goals and objectives; and
- 3 Review the Managing Director/Chief Executive Officer's performance against the goals and objectives set.

MEMBERSHIP

The Committee shall consist of at least the representative of Johor Corporation and PLCs as follows:

- 1 Tan Sri Dato' Muhammad Ali bin Hashim (Chairman)
President & Chief Executive Officer, Johor Corporation
- 2 Tan Sri Datuk Arshad Ayub
Independent Representative
- 3 Kamaruzzaman bin Abu Kassim
Senior Vice President - Corporate Services/Chief Operating Officer, Johor Corporation
- 4 Datin Paduka Siti Sa'diah Sheikh Bakir
Managing Director, KPJ Healthcare Berhad
- 5 Ahamad bin Mohamad
Managing Director, Kulim (Malaysia) Berhad
- 6 AFM Shafiqul Hafiz
Managing Director, Johor Land Berhad
- 7 Rozan bin Mohd Sa'at
Senior Vice President - Intrapreneur Division, Johor Corporation and Managing Director, Sindora Berhad
- 8 Jamaludin bin Md Ali
Managing Director, QSR Brands Bhd and KFC Holdings (Malaysia) Bhd

The appointment of a Committee member terminates when the member ceases to be a director of PLCs, or as determined by the Board of Johor Corporation.

The Committee shall have no executive powers.

In the event of equality of votes, the Chairperson of the Committee shall have a casting vote. In the absence of the Chairperson of the Committee, the members present shall elect one of their numbers to chair the meeting.

MEETINGS

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairperson. The Committee may establish procedures from time to time to govern its meeting, keeping of minutes and its administration.

The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Johor Corporation. The Committee may request other directors, members of management, counsels and consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. Non-Committee directors and members of management in attendance may be required by the Chairperson to leave the meeting of the Committee when so requested.

The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agendas shall be the responsibility of the Committee Chairperson with input from the Committee members. The Chairperson may also request management to participate in this process. The agenda of each meeting including supporting information shall be circulated at least seven days before each meeting to the Committee members and all those who are required to attend the meeting.

The Committee shall cause the minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meeting of the Committee. Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting, and if so signed, shall be the conclusive evidence without any further proof of the facts thereon stated.

The Committee, through its Chairperson, shall report to the Board of PLCs at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board of PLCs, the Committee shall provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board of PLCs in making a disclosure in the Annual Report of PLCs and Johor Corporation in accordance with the Best Practices of the Malaysian Code on Corporate Governance Part 2 AAIX.

The Chairperson of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the PLCs.

SCOPE OF ACTIVITIES

The duties of the NRC shall include the following:

A Nomination

- 1 To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board of respective PLCs;
- 2 To review annually and recommend to the Board with regards to the structure, size, balance and composition of the Board of PLCs and Committees including the required mix of skills and experience, core competencies which non-executive directors should bring to the Board and other qualities to function effectively and efficiently;

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- 3 To consider, evaluate and propose to the Board any new board appointments, whether of executive or non-executive position. In making a recommendation to the Board of PLCs on the candidate for directorship, the Committee shall have regard to:
 - Size, composition, mix of skills, experience, competencies and other qualities of the existing Board of PLCs, level of commitment, resources and time that the recommended candidate can contribute to the existing Board; and
 - Best Practices of the Malaysian Code on Corporate Governance Part 2 AAllI which stipulate that non-executive directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board and that independent non-executive directors should make up at least one-third of the membership of the Board of PLCs.
- 4 To propose to the Board of the PLCs the responsibilities of non-executive directors, including membership and Chairpersonship of Board Committees.
- 5 To evaluate and recommend the appointment of senior executive positions, including that of the Managing Director or Chief Executive and their duties and the continuation (or not) of their service.
- 6 To establish and implement processes for assessing the effectiveness of the Board of PLCs as a whole, the Committees of the Board and for assessing the contribution of each director.
- 7 To evaluate on an annual basis:
 - The effectiveness of each director's ability to contribute to the effectiveness of the Board and the relevant Board Committees and to provide the necessary feedback to the directors in respect of their performance;
 - The effectiveness of the Committees of the Board; and
 - The effectiveness of the Board of PLCs as a whole.
- 8 To recommend to the Board:
 - Whether directors who are retiring by rotation should be put forward for re-election; and
 - Termination of membership of individual director in accordance with policy, for cause of other appropriate reasons.
- 9 To establish appropriate plans for succession at Board level, and if appropriate, at senior management level.
- 10 To provide for adequate training and orientation of new directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regard to their contribution to the Board and Company.
- 11 To consider other matters as referred to the Committee by the Board.

B Remuneration

- 1 To establish and recommend the remuneration structure and policy for directors and key executives, if applicable, and to review for changes to the policy as necessary.
- 2 To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of executive directors.

- 3 To review and recommend the entire individual remuneration packages for each of the executive director and, as appropriate, other senior executives, including: the terms of employment or contract of employment/service; any benefit, pension or incentive scheme entitlement; any other bonuses, fees and expenses; and any compensation payable on the termination of the service contract.
- 4 To review with the Managing Director/Chief Executive Officer, his/her goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.
- 5 To review the performance standards for key executives to be used in implementing the Group's compensation programs where appropriate.
- 6 To consider and approve compensation commitments/severance payments for executive directors and key executives, where appropriate, in the event of early termination of the employment/service contract.
- 7 To consider other matters as referred to the Committee by the Board.

iv Risk Management Committee

The Board has established the Risk Management Committee ("RMC") and the Enterprise Risk Management ("ERM") framework. The principal objectives of the ERM are, amongst others, to meet the strategies, goal and objectives of the Group; to allocate and optimize the use of resources and to comply with policies, procedures, guidelines, laws and regulations.

The Audit Committee will oversee the effectiveness of ERM process across the Group whereby the Board retains the overall risk management responsibility.

The principal roles and responsibilities of RMC:

- Create a high-level risk strategy (policy) aligned with Group's strategic business objectives;
- Communicate board vision, strategy, policy, responsibilities, and reporting lines to all employees across the Group;
- Identify and communicate to the Board the critical risks (present or potential) the Group faces, their changes, and the management action plans to manage the risks;
- Perform risk oversight and review risk profiles and organisational performance;
- Aggregating the Group's risk position and yearly reporting to the Board on the risk situation/ status;
- Set performance measures for the Group; and
- Provide guidance to the business units on the Group's and business unit's risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board.

Management Committees

- i Top Management Committee ("TMC")
 - 1 The terms of reference and objectives of the TMC are as follows:
 - a Manages the Group in all aspects of business;
 - b Implements strategic business plans and policies as approved by the Board of Directors
 - c Identifies, formulates and prioritizes strategic issues and charts strategic directions for action by the Management and staff

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- 2 The members of the TMC comprise the following:
 - 1 Managing Director
 - 2 Director – Integrated Poultry & Food Manufacturing
 - 3 Director – Legal & Corporate Services
 - 4 Director – Group Finance
 - 5 President – KFC & Pizza Hut
 - 6 Vice President – Group Finance, MIS & Corporate Planning

Decisions taken will be by majority.

Appointment of members is by the Exco.

- 3 Meetings are to be held on every Wednesday or as and when it deems necessary basis.

ii Agreement Committee

The principal term of reference of the Agreement Committee is to assist the Group in preparing and reviewing the terms and conditions of legal documents for corporate and/or commercial transactions to be entered into by the Group.

iii Asset Committee

The principal term of reference of the Asset Committee is to acquire properties of existing rented premises as well as procuring/disposing of suitable sites for outlets expansion and other operations of the Group.

iv Tender Committee

The principal term of reference of the Tender Committee is to review and evaluate tenders of purchase and expenditures and to make such appropriate recommendations to the relevant Committees for approval.

3 SUPPLY OF INFORMATION

Operations Meetings are held once a month during which the Managing Director will be briefed by management on all operational aspects of the Group. During the meetings, they will be furnished with information on the progress of the operating units i.e. activities, performance, planned projects and problems arising so as to enable the former to participate in problem solving and decision-making process. The Group has also established a Top Management Committee wherein Divisional Directors and Top Senior Executives will meet weekly to, amongst others, set the management direction of the Group and provide the general management and corporate leadership. The Top Management Committee is also to facilitate collective decision-making at the top management level of the Company's stratum. The terms of reference of the Top Management Committee is set out on pages 071 - 072.

Board Meetings are scheduled 4 times a year and additional meetings are held as and when required. The specific agendas tabled for the Board's deliberation are the key financial and operational results and performances of the Group, Company and its subsidiaries, strategic and corporate initiatives such as approval of corporate plans and budgets, acquisitions and disposals of material assets, major investments, and changes to management and control structure of the Group, including key policies, procedures and authority limits. The total number of Board Meetings held during the financial year was five (5). The Directors are provided with adequate Board Papers together with the agenda and minutes of the previous meeting on a timely manner prior to the Board Meeting so as to give the Directors time to deliberate on the issues to be raised at the meeting. Pursuant to the revised Code issued in 2007, all conclusions and deliberations of the Board meetings were duly recorded and minutes kept by the Company Secretary.

Directors have access to information within the Company and to the advice and services of the Company Secretaries. The Directors may also obtain independent professional advice, in furtherance of their duties. The Board is always provided with not just quantitative information but also those of qualitative nature that is pertinent and of a quality necessary to allow the Board to effectively deal with matters that are tabled in the meeting. These include current updates of the Group's performances and external factors that may influence its business.

4 APPOINTMENT OF NEW DIRECTORS

The number and composition of Board membership are reviewed on a regular basis to ensure the effectiveness of the Board for the long term interest of the Company. In the event of a need to appoint new member(s) of the Board, Johor Corporation, in its NRC will nominate a qualified candidate with the required core competency to effectively discharge his/her role as a Director of the Company. In any case, the appointment of the Board Member(s) is effected only after the official approval by the Board.

5 RE-ELECTION OF THE BOARD OF DIRECTORS

In compliance with Paragraph 7.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all directors shall retire once at least in every 3 years.

In accordance with Article 89 of the Articles of Association of the Company, the following directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

- a Tan Sri Dato' Muhammad Ali bin Hashim
- b Ahamad bin Mohamad
- c Jamaludin bin Md Ali

6 DIRECTORS' TRAINING

The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centres to have an insight on the Group's operations which would assist the Board to make effective decisions relating to the Group. All Board members have attended and completed the Mandatory Accreditation Programme ("MAP") as required by the Bursa Malaysia Securities Berhad ("Bursa Securities"). Save and except for those directors that were appointed after the repealed of Practice Note 15/2003 on 1 January 2005, each director has also accumulated the requisite minimum 72 Continuing Education Programme points by 31 December 2005 as requested by Bursa Securities. Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates. For the year under review, the Directors had continuingly kept abreast with the development in the market place with the aim of enhancing their skills, knowledge and experience in order to fulfill their duties as Directors.

Apart from this requirement, the Group has implemented a Directors' Programme policy wherein all new directors who are appointed from among the Group's Senior Executives must attend a Directors' course administered and organized by JCorp and pass the examination set prior to being eligible for appointment to the Board. All new directors will be given comprehensive briefing of the Group's history, operations and financial control systems in order to provide them with first-hand knowledge of the Group's operations.

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7 DIRECTORS' REMUNERATION

The remuneration framework for Executive Director has an underlying objective of attracting and retaining director needed to run the Company successfully. Remuneration packages of Executive Director are structured to commensurate with corporate and individual's performance. The Non-Executive Directors are remunerated based on fixed annual fees approved by the shareholders of the Company.

The details on the remuneration of the directors are as follows:

	Fees * RM	Fees - Subsidiary RM	Allowance RM	Allowance Subsidiary RM	Total RM
EXECUTIVE DIRECTOR					
Jamaludin bin Md Ali	40,000	17,532	-	1,169	58,701
NON-EXECUTIVE DIRECTORS					
Tan Sri Dato' Muhammad Ali bin Hashim	80,000	35,064	10,000	2,337	127,401
Ahamad bin Mohamad	60,000	23,376	6,000	1,169	90,545
Dato' Dr Ridzuan bin Mohd Akil	40,000	-	13,500	-	53,500
YAM Dato' Seri Syed Amir Abidin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail	40,000	-	7,500	-	47,500
Kua Hwee Sim	40,000	-	17,500	-	57,500
Sheik Sharufuddin bin Sheik Mohd	40,000	-	13,500	-	53,500
	300,000	58,440	68,000	3,506	429,946

*Fees to be approved at the forthcoming AGM.

8 SHAREHOLDER RELATIONSHIP

The Group recognizes the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via annual reports, quarterly financial results, circulars to shareholders and the various announcements released from time to time.

The management holds discussions and dialogues with analysts and investors on a regular basis. During the discussions and dialogues, presentations based on permissible disclosures are made to the analysts and investors to provide details on the Group i.e. financial performance, any major developments and future plans. Apart from the mandatory requirement to make public announcements via the Bursa Securities, the Group also disseminates information through press releases on corporate events, product launches and any significant developments of the Group.

In addition to the above, the Group has an interactive web-site available at <http://www.qsrbrands.com.my> to communicate with investors and the investing public. The web-site is being used as a forum to answer inquiries and provide information on the activities of the Group.

The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders of the Company. Besides the usual agenda of the Annual General Meeting, the Board presents the progress and performance of the business. Thereafter, the shareholders are presented with the opportunity to participate in question and answer sessions with the Directors.

9 ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure that the Group had used all the applicable accounting policies consistently, and that the policies are supported by reasonable and prudent judgment and estimates. The Audit Committee assists the Board in ensuring the accuracy, adequacy and completeness of the information to be disclosed. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 075 of the Annual Report.

The quarterly reports, prior to tabling to the Board of Directors for approval will be reviewed and approved by the Audit Committee.

Internal Control

The Group's Statement on Internal Control is set out on pages 080 - 082 of this Annual Report.

Relationship with the Auditors

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors. The external auditors meet and report their findings to the Audit Committee pursuant to their audit for each financial year.

The Group's internal audit department, reporting to the Audit Committee performs regular reviews of business processes to assess the effectiveness of internal controls and highlight significant risks impacting the Group. The Audit Committee conducts annual reviews on the adequacy of the internal audit department's scope of work and resources.

The Report of the Audit Committee is set out on pages 076 - 079 of the Annual Report.

10 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The provisions of the Companies Act, 1965 require the directors to be responsible in preparing the financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for the financial year then ended. In complying with these requirements, the directors are responsible for ensuring that proper accounting records are maintained and suitable accounting policies are adopted and applied consistently. In cases whereby judgment and estimates were required, the directors have ensured that these were made prudently and reasonably.

The Directors also ensured that all applicable accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

In addition, the Directors are also responsible for safeguarding the assets of the Company by taking reasonable steps to prevent and detect fraud and other irregularities.