

Audit Committee Report

The Board is pleased to present the Report of the Audit Committee ("Committee") for the financial year ended 31 January 2009 in accordance with Paragraph 15.16 of the Listing Requirements.

The Committee reviews and monitors the integrity of the Group's financial reporting process, in addition to reviewing the Group's risk management process and system of internal controls. It also reviews the Group's audit process, compliance with legal and regulatory requirements, code of business conduct and any other matters that are specifically delegated by the Board.

1. TERMS OF REFERENCE

The Committee is duly authorised by the Board to:

- review the Group's significant accounting policies
- investigate any activities within its charter
- seek any information that it requires from any employee of the Group and to be provided with full and unrestricted access to such information
- maintain direct communication channels with the external and internal auditors
- obtain external legal or independent professional advice if necessary
- have access to the Group's resources, at the Group's expense
- convene meetings with the internal and external auditors without the executive members of the Committee, if necessary
- recommend steps or proposed courses of action, where required, to the Board on matters arising from the discharge of the Committee's duties and responsibilities

2. COMPOSITION AND MEETINGS

The Committee comprises three Board members, all of whom fulfill the qualifying criteria prescribed by the Listing Requirements of Bursa Securities. Members of the Committee including its Chairman are appointed by the Board on the recommendation

of the Nomination and Corporate Governance Committee. In accordance with the Committee's Charter, each member of the Committee may serve for a period of up to three years, extendable by no more than two additional three-year periods, so long as the members continue to be independent.

The Committee is chaired by Bernard Anthony Cragg and current members comprise Dato' Mohamed Khadar Merican and Chin Kwai Yoong, all of whom are independent Non-Executive Directors.

The Committee met five times during the financial year. Details of members and their attendance at meetings are included on page 42. The Group's external auditors, senior members of the Corporate Assurance Division (internal audit) and certain designated members of senior management also attended the meetings at the invitation of the Committee. The Company Secretary acts as the Secretary of the Committee.

The Committee also met with the external auditors twice and Corporate Assurance once in separate sessions during the financial year without the presence of management. In addition, the Committee members either collectively or individually met with the external auditors and Corporate Assurance during the financial year.

3. SUMMARY OF ACTIVITIES

During the financial year ended 31 January 2009, the Committee reviewed the statutory financial statements, quarterly financial reports and any other related formal financial statements and announcements of the Group for quality of disclosure and presentation and discussed significant issues to ensure that compliance with applicable approved accounting standards and legal requirements were met. The Committee also reviewed the external auditors' report on the Group's statutory financial statements and quarterly financial reports prior to making a recommendation to the Board for approval and public release thereof.

The Committee has also performed an assessment of the external auditors' independence, objectivity and effectiveness, including taking into consideration the provision of non-audit services by the external auditors before recommending their reappointment and remuneration. The Group has a policy on the provision of audit and non-audit services by the external auditors, the general principle being that the audit firm should not be requested to perform non-audit services that may impair the objectivity and independence of the audit firm. An analysis of the audit and non-audit services including the fees incurred is provided by the external auditors and reviewed by the Audit Committee on a quarterly basis. The Audit Committee has discussed the matter of audit independence with the external auditors and is satisfied that the independence of the audit firm is not impaired by the provision of the non-audit services. The Audit Committee has also received and reviewed written confirmation from the external auditors that they continue to be independent and objective within the meaning of applicable Malaysian and United Kingdom regulatory and professional requirements.

The Chairman of the Committee reports regularly to the Board on the activities of the Committee. In addition to those described above, other activities included:

Financial Reporting and Compliance

- Review of matters relating to the accounting, auditing, financial reporting practices and procedures of the Group.

Risk Management and Internal Control

- Review the Group risk profile and the status of the enterprise risk management process implemented by the Group and results of the process to facilitate the identification, assessment, evaluation, monitoring and management of risks.
- Review adequacy of the Group's internal operational processes to identify key organisational risks and the systems in place to monitor and manage these risks.

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- Review adequacy of the Group's policies and procedures relating to internal control, financial, auditing and accounting matters such that it complies with our business practices.

Internal Audit (Corporate Assurance)

- Review adequacy of the Corporate Assurance Charter and effectiveness of Corporate Assurance.
- Review the plan, scope of the Corporate Assurance function including the authority, impartiality, proficiency and adequacy of competency and resources to carry out its function.
- Review results of its reports, findings, recommendations, management response and action taken on the recommendations.
- Review effectiveness and performance of audit staff and approve appointment or termination of senior staff and note the reasons for staff resignations.

External Audit

- Nominate the firm to be retained as external auditors after taking into consideration the terms of engagement, independence of the firm and its remuneration for audit and non-audit services.
- Review the external auditors' audit plan, scope of annual audit or other examinations including:
 - the annual audit report and accompanying reports to management.
 - reports of their other examinations as well as management letters and the response from management .
 - assistance given by the Group and the Group's employees to the external auditors.

Related Party Transactions

- Review related party transactions entered into by the Group to ensure that the transactions have been conducted on the Group's normal commercial terms and that the internal control procedures relating to such transactions are sufficient.

Employee Share Option Scheme

- Review the verification performed by Corporate Assurance on the allocation of options to eligible employees to ensure compliance with the bye-laws of the 2003 Employee Share Option Scheme for the financial year under review.

Others

- Review the management quarterly report on new laws and regulations, material litigation and enterprise risk management.
- Review and recommend the Corporate Governance Statement, Statement on Internal Control and Report of the Audit Committee for inclusion in the Company's Annual Report and the Circular to Shareholders on Related Party Transactions, prior to Board approval.
- Review adequacy of the terms of reference of the Committee taking into account changes to the applicable laws, regulations, auditing principles and best practices.
- Conduct an ongoing self-assessment of its effectiveness in meeting its responsibilities on a quarterly basis.

4. CORPORATE ASSURANCE

The Group has an internal audit function, known as Corporate Assurance, led by the Head of Corporate Assurance who reports directly to the Chairman of the Committee. Corporate Assurance assists the Committee in evaluating and improving the effectiveness of risk management, control and governance processes through a systematic and disciplined approach. This is accomplished by the provision of assurance and consulting services through a programme of regular reviews and appraisals based on the Strategic Review Plan that is approved by the Audit Committee annually.

Corporate Assurance adopts a risk-based methodology in planning and conducting audits by focusing on key risks auditable areas. This approach is consistent with the Group's established framework

for designing, implementing and monitoring of its control systems. Corporate Assurance also works closely with the Enterprise Risk Management Division and the external auditors to monitor the risk governance framework and the risk management processes of the Group to ensure their effectiveness.

During the financial year, the major areas of work performed by Corporate Assurance and reported to the Audit Committee are as follows:

- Implemented the Strategic Review Plan for the financial year ended 31 January 2009 encompassing audit coverage of all significant business areas based on identification and evaluation of the respective risks and control environment.
- Performed a variety of reviews such as financial, operational and information systems audits covering principally the Astro pay-TV, radio and content operations of the Group's business. The respective operations in interactive content, talent management as well as Group corporate functions such as human resource and information technology operations were also reviewed and reported to the Audit Committee. The results of the reviews performed by Corporate Assurance were communicated to both Management and the Committee together with the implementation status of audit recommendations.
- Conducted follow-up on previous recommendations made by the external auditors as well as Corporate Assurance to ensure that appropriate corrective actions were implemented on a timely basis or within agreed timelines to assure that key risk and control concerns were being addressed effectively.
- Performed special reviews such as governance enhancement, systems implementation controls, verification of share option scheme allocations as well as approval procedures for related party transactions.

The operational costs incurred for maintaining Corporate Assurance for the financial year amounted to approximately RM2.5 million.