

Statement on Internal Control

Your Board recognises that risk management is an integral part of the Group's business operations and has implemented a formal and ongoing process for identifying, evaluating, monitoring and managing the significant risks of failure in accordance with the guidance prescribed in the Malaysian Code on Corporate Governance. The Board of Directors is responsible for the Group's system of internal controls and risk management and for reviewing its adequacy and integrity in order to safeguard shareholders' investment and the Company's assets. These systems are designed to manage, rather than eliminate the risk of failure in achieving the Group's business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board however, does not regularly review the internal control systems of its associated companies as it does not have control over their operations. The Company's interests are safeguarded through representations on the boards of the associated companies and application of monitoring controls. These representations and monitoring controls provide the Board with information to assess the performance of the Group's investments. The financial statements of all the associated companies requiring statutory audits are audited by external auditors.

This Statement, prepared in accordance with paragraph 15.27(b) of the Listing Requirements of Bursa Securities has been approved by the Board and reviewed by the external auditors as required under paragraph 15.24. The external auditors' review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the internal control of the Group. RPG 5 does not require the external auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

1. RISK MANAGEMENT

Your Board is committed to and supports the implementation of Enterprise Risk Management ("ERM") as an integral part of the Group's practices, planning and business processes, where the identification, assessment, monitoring and reporting of risks at all levels, from strategic to operations, is an ongoing activity. The Board is assisted by the Group's Enterprise Risk Management Committee ("ERMC"), which is chaired by the Company's Chief Financial Officer and comprises senior management from each business unit. The ERMC meets on a quarterly basis to review the effectiveness of the ERM process and reports arising from risk management activities as well as to deliberate on the risks identified, controls and risk mitigation strategies which are thereafter tabled and reviewed by the Audit Committee on a quarterly basis. The key business units also have their own Risk Committee which meets on a quarterly basis to review and update their individual risk profile.

A list of the significant risk factors faced by the Group and the corresponding mitigating measures taken is included in a separate section of this report on page 38.

The ERM activities undertaken by the ERM Division on an ongoing basis include facilitating the review and update of the Group risk profile as well as the development of risk profiles for the Group's key initiatives, and providing quarterly updates on and consolidating the business units' risk profiles, including regional operations into the Group risk profile. The risks and controls identified are independently validated by the Corporate Assurance function as part of their ongoing reviews. The ERM Division also conducts risk awareness sessions and provides guidance across the Group to sustain risk awareness and a risk management culture.

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2. CONTROL ENVIRONMENT

Your Board is committed to maintaining a sound internal control structure that includes a process of continuous monitoring and review of the effectiveness of the control activities, to govern the manner in which the Group and its staff conduct themselves. Some of the key elements of the internal control structure and processes include:

- **Organisational structure**

The roles and responsibilities of the Board, Board Committees and management are clearly defined to ensure proper identification of accountability and segregation of duties to promote effective and independent stewardship in the best interests of shareholders. In particular, the Audit Committee comprising wholly of independent non-executive directors is responsible for reviewing the integrity of the Group's financial reporting process, risk management process and control systems.

- **Limits of delegated authority**

These specify the levels of authority delegated to authorised management for capital commitment and operational expenditure on behalf of the Group. The limits are reviewed and updated regularly to reflect business, operational and structural changes.

- **Documented policies and procedures**

Policies and procedures relating to finance, procurement, human resource and information systems for operating units within the Group have been established and are revised as needed to meet changing business and operational needs. Accounting systems and financial processes are governed by the Group Finance Manual.

- **Detailed budget process**

The Board is responsible for approving the consolidated Group budget on a yearly basis upon reviewing the budget for each business within the Group. As part of the budget process, performance indicators have been established for each and every business unit. Performance is monitored regularly and a reporting system highlights significant variances against budgets for investigation and follow-up by management of the respective businesses. Monthly financial and operational reports are provided to the Board with key statistics publicly disclosed to shareholders every quarter.

- **Code of Business Ethics**

A formal code emphasising the Group's corporate values, ethical behaviour and the manner in which staff, vendors and suppliers should conduct themselves has been issued and acknowledged by all employees.

- **Management assurance functions**

Management assurance functions such as Revenue Assurance and Programme Management Office have been established for the Group's Pay-TV business. The revenue assurance function provides an end-to-end process to verify the completeness, accuracy and integrity of the capturing, recording, billing, collection and reporting of all revenue producing events and transactions through a continuous process of detecting, quantifying, monitoring and reporting revenue leakages. The Programme Management Office on the other hand ensures that project timelines and deliverables are adequately monitored and conforms to accepted best practices.

- **The Corporate Assurance function**

Reporting to the Audit Committee, Corporate Assurance provides objective and independent assurance on the effectiveness of the control environment and risk management systems. Its activities are governed by a strategic review plan that is reviewed by management and approved by the Audit Committee. Subsequent revisions to the plan arising from changes to the Group's operations and priorities are reported to the Audit Committee for approval.

3. CONCLUSION

Your Board is pleased to report that there were no significant internal control deficiencies or weaknesses that resulted in material losses or contingencies to the Group for the financial year under review.