

# statement on internal control

**The Board is responsible for the Company's system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational and compliance controls and risk management.**

The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that as an integral part of the system of internal control, there is an ongoing risk management process for identifying, evaluating and managing the significant risks faced by the Company. Management has operated this process during the year under review up to the date of approval of the annual report; and the process is subjected to regular review by the Board. The Company has a Risk Management Committee which is chaired by the Managing Director and comprises Senior Management of the Company, to provide oversight and added impetus to the risk management process.

Management from each operations area apply a risk/control self-assessment approach to identify the risks relating to their area; the likelihood of these risks occurring; the consequences if they do

occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each operation having its respective risk register. The overall process is facilitated by the Risk Management Facilitators who are dedicated to the role.

The Risk Management Facilitators communicate and consult with management and also facilitate risk analysis of business or operational initiatives/issues emerging in the Company; conduct follow-up of the updating of risk profiles and the implementation of risk treatment measures by management; facilitate analysis of "just-in-case" risk scenarios; and organize a risk management training workshop during the financial year ended 31 December 2006.

The key risks which are identified through the risk management process are reported to the Risk Management Committee and also Audit Committee of the Board. This enables the Audit Committee to focus on the key risks

inherent in the Company's business and operations and the system of internal control necessary to manage such risks.

Internal Audit independently reviews the adequacy and integrity of the system of internal control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by Internal Audit to assess the status of implementation thereof by management. In carrying out its work, Internal Audit focuses on areas of priority as determined by risk analysis which are incorporated in the annual audit plan approved each year by the Audit Committee.

There were no material weaknesses in the system of internal control that would require separate disclosure in this Annual Report.