

Statement on Corporate Governance

The Board of Directors of Arab-Malaysian Corporation Berhad (“AMCORP”) is committed in ensuring that the principles and best practices in corporate governance established by the Malaysian Code on Corporate Governance (“Code”) are well applied in AMCORP. The Board views this as a fundamental part of its responsibilities to protect and enhance shareholders' value. Accordingly, the Board has and will continue to play an active role in improving governance practices in the Group's operations and timeliness in corporate disclosure and financial reporting.

This statement below sets out the manner in which AMCORP has applied and complied with the best practices of the Code throughout the financial year.

BOARD OF DIRECTORS

AMCORP is led and managed by an experienced Board consisting of members with a wide range of business, financial, technical and public service backgrounds. This brings depth and diversity in expertise and perspectives to the leadership of a highly challenging business environment. The profiles of the members of the Board, appearing on pages 12 to 17 of the Annual Report, illustrate an impressive spectrum of experiences vital to the direction and management of AMCORP.

Composition of the Board

The Board consists of nine (9) members, of whom four (4) are Executive Directors, and four (4) out of the five (5) Non-Executive Directors are independent as defined by the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

The Chairman of the Board, Y. Bhg. Tan Sri Dato' Azman Hashim, also holds an executive position in the Company. Although the Board is mindful of the dual role held by the Chairman, it is of the opinion that the strong presence of Independent Non-Executive Directors on the Board provides an effective check and balance at all times.

The independent directors have been providing strong support towards the effective discharge of duties and responsibilities of the Board and fulfill their role by the exercise of independent judgment and objective participation in the proceedings and decision-making process of the Board.

The Board has not appointed any independent directors to fulfill the role of a Senior Independent Non-Executive Director as recommended in the Code. Instead, concerns pertaining to the Group may be conveyed by the shareholders and the public individually to any of the independent directors.

Duties and Responsibilities of the Board

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium term and long term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. The Board also reviews the action plans that are implemented by the Management to achieve business targets. The Board's other main duties include regular oversight of the Group's business operations and performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently.

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Board Meetings

Board meetings are held at least five (5) times annually, with additional meetings convened as and when necessary. During the financial year, five (5) board meetings were held. Details of each Director's meeting attendance during the financial year are as follows:

Name of Director	Board Meetings Attendance
Tan Sri Dato' Azman Hashim <i>Executive Chairman, Non-Independent Executive Director</i>	5/5
Dato' Azlan Hashim <i>Executive Vice Chairman, Non-Independent Executive Director</i>	3/5
Prof. Tan Sri Dato' Dr. Mohd Rashdan bin Haji Baba <i>Independent Non-Executive Director</i>	5/5
General (Rtd) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali <i>Independent Non-Executive Director</i>	5/5
Tan Sri Dato' Lee Lam Thye <i>Independent Non-Executive Director</i>	5/5
Dato' Ab. Halim bin Mohyiddin <i>Independent Non-Executive Director</i>	4/5
Azmi Hashim <i>Non-Independent Non-Executive Director</i>	3/5
Soo Kim Wai <i>Managing Director, Non-Independent Executive Director</i>	5/5
Shalina Azman <i>Deputy Managing Director, Non-Independent Executive Director</i>	4/5

Access to Information

The Board and the board committees are supplied with an agenda and relevant up-to-date information for review prior to each meeting to enable them to make informed decisions.

The Board members, whether as a full board or in their individual capacity, have full and timely access to all relevant information on the Group's businesses and affairs to discharge their duties effectively. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretaries. The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. Procedures are also in place for the Directors and board committees to seek independent professional advice if so required by them.

Appointment of Board Members

The Company has in place formal and transparent procedures for the appointment of new Board members as well as the proposed re-appointment/re-election of Directors seeking re-appointment/re-election at the annual general meeting. These procedures ensure that all nominees to the Board are first considered by the Nomination Committee taking into account the required mix of skills and experience and other qualities, before making a recommendation to the Board for their approval.

Re-election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

In accordance with the Articles of Association of AMCORP, all Directors are subject to re-election by rotation at least once in every three (3) years and a re-election of Directors shall take place at each annual general meeting.

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Continuing Education of Directors

All members of the Board have attended the Mandatory Accreditation Programme.

During the financial year ended 31 March 2005, the Directors have also attended various courses accredited by Bursa Securities under the Continuing Education Programme ("CEP").

With the repeal of the Practice Note No. 15/2003, being guidelines on CEP requirements, effective from 1 January 2005, the Board will keep track and monitor the progress of Directors' training on a regular basis and a report on the status of Directors' training activities would be compiled and tabled at the Board meetings.

Directors' Remuneration

The Remuneration Committee reviews annually the performance of the Executive Directors and furnishes recommendation to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year.

The determination of the remuneration of Executive and Non-Executive Directors is a matter of the Board as a whole with the interested Directors abstaining from discussions with respect to their remuneration.

Details of the remuneration of the Directors for the financial year ended 31 March 2005 are as follows:

Aggregate Remuneration by Category	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Basic salaries, bonuses and EPF	7,201	-
Fees and allowances	-	236
Gratuity	750	-
Benefits-in-kind	263	-
Total	8,214	236

The number of Directors whose total remuneration fall within the respective bands are as follows:

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,000 & below	-	5
RM550,001 - RM600,000	1	-
RM1,300,001 - RM1,350,000	1	-
RM2,300,001 - RM2,350,000	1	-
RM3,950,001 - RM4,000,000	1	-

BOARD COMMITTEES

The Board has delegated certain responsibilities to Board committees, namely, the Audit Committee, Nomination Committee, Remuneration Committee and Employees' Share Option Scheme Committee to support and assist the Board in discharging its fiduciary duties and responsibilities.

The functions and/or terms of reference of the Board committees, as well as the authority delegated by the Board to the respective committees have been clearly defined by the Board. The Chairmen of the various committees report the outcome of the committee meetings to the Board and minutes of the meetings of Board Committees are tabled for the Board's perusal.

The Board committees in AMCORP are as follows:

Audit Committee

A full Audit Committee Report enumerating its membership, terms of reference and activities during the financial year is set out on pages 34 to 38 of this Annual Report.

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Nomination Committee

The Nomination Committee is made up entirely of Non-Executive Directors. The members of the Nomination Committee are as follows:

Chairman : General (Rtd) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali
Independent Non-Executive Director

Members : Prof. Tan Sri Dato' Dr. Mohd Rashdan bin Haji Baba
Independent Non-Executive Director

Tan Sri Dato' Lee Lam Thye
Independent Non-Executive Director

Azmi Hashim
Non-Independent Non-Executive Director

The Nomination Committee is responsible for reviewing the Board's structure, size and composition regularly, as well as making recommendation to the Board with regard to any changes that are deemed necessary. It also recommends the appointment of new members to the Board and reviews the required mix of skills, experience, competence and other qualities which Non-Executive Directors should bring to the Board. The Nomination Committee meets as and when required, and at least once a year.

Remuneration Committee

The Remuneration Committee is made up entirely of Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

Chairman : Prof. Tan Sri Dato' Dr. Mohd Rashdan bin Haji Baba
Independent Non-Executive Director

Members : General (Rtd) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali
Independent Non-Executive Director

Tan Sri Dato' Lee Lam Thye
Independent Non-Executive Director

The main objective of the Remuneration Committee is to set the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for Executive Director(s) and other members of the staff of the Group with the aim to attract, retain and motivate individuals of highest quality. The Remuneration Committee meets as and when required, and at least once a year.

Employees' Share Option Scheme ("ESOS") Committee

The members of the ESOS Committee are as follows:

Chairman : Tan Sri Dato' Azman Hashim
Non-Independent Executive Director

Members : Prof. Tan Sri Dato' Dr. Mohd Rashdan bin Haji Baba
Independent Non-Executive Director

Soo Kim Wai
Non-Independent Executive Director

The principal duties and responsibilities of the ESOS Committee are to construe the ESOS and the options grant under the ESOS and to recommend to the Board the rules and regulations relating to the share option scheme and its administration. The ESOS Committee only meets as and when required.

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COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to regular and proactive communication with shareholders and investors. Formal channels of communication are used to communicate to the shareholders and investors on all major developments of the Group on a timely basis.

In addition to quarterly financial reports and various disclosure and announcements made to Bursa Securities, the other key channel of communication with shareholders and investors is the annual report of AMCORP, where comprehensive details on the financial results and activities of the Group are provided.

The Company's annual general meeting is an important forum for dialogue and interaction with shareholders. At the annual general meeting, the Chairman of the Board would present to the shareholders a comprehensive review of the financial performance of the Group for the financial year and outline the prospects of the Group for the subsequent financial year. Shareholders have the liberty to raise questions on the proposed resolutions at the meeting as well as matters relating to the Group's businesses and affairs.

The Company is also committed to its investor relations activities to ensure that the Group's strategies, operational activities and financial performance are well understood and that such information is made available to the investors in a timely manner. Open discussions and briefings for research analysts, fund managers and institutional investors are conducted from time to time upon request. A website is also maintained by the Group at www.amcorp.com.my to enable easy and convenient access to up-to-date information relating to the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and comprehensive assessment of the Group's financial performance through the annual audited financial statements and quarterly financial results to shareholders. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, the Directors have consistently used and applied the appropriate and relevant accounting policies and made judgments and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Company and the Group keep proper accounting records in accordance with the provisions of the Companies Act, 1965 to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

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Internal Control

The Board acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as internal procedures and guidelines. However, in view of the size and complexity of the operations of the Group which involved the acceptance and management of a wide variety of risks, the internal control system is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses.

The Statement on Internal Control, which provides an overview of the state of internal control within the Group, is set out in page 33 of this Annual report.

Audit Committee

The Audit Committee conducts review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.

The minutes of the Audit Committee meetings are tabled to the Board for perusal and for action where appropriate. Highlights of activities carried out by the Audit Committee during the year are detailed in the Audit Committee Report on pages 34 to 38.

Relationship with Auditors

It is the policy of the Audit Committee to meet the external auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the Management whenever deemed necessary.

The roles of both the external and internal auditors are further described in the Audit Committee Report.

OTHER INFORMATION

Non-audit Fees

The amount of non-audit fees paid to external auditors for the financial year ended 31 March 2005 is RM290,000/-.

Material Contracts

Other than disclosed in the financial statements, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests.

Share Buy-backs

The Company had, on 29 September 2004, obtained its shareholders' approval to purchase up to 10% of the issued and paid-up ordinary share capital of the Company.

During the financial year ended 31 March 2005, the Company purchased a total of 4,034,200 ordinary shares. As at the end of the financial year, the total number of treasury shares retained by the Company is 4,054,200 shares. Further details of the shares bought-back by the Company are disclosed in Note 28 to the Financial Statements.