

Strategy-Focused Team

Senior Management

Nationwide Express is run by a group of young yet matured, and very experienced team. The strategic think tank is the backbone to the successes of the Group.

EN. MOHAMAD NOR ABAS

Head Human Resources & Administration Division

Mohamad Nor, 48, holds a Masters in Business Administration from Ohio University, USA and a Certificate in Personal Management from Malaysian Institute of Personnel Management.

A HR practitioner with more than 15 years experience in the banking industry. He has been with Nationwide Express since 1997 as Head of Human Resources & Administration Division, responsible for all HR and Administration matters of the group.

EN. MOHD SHUKRI ABD AZIZ

Head Information System Department

Mohd Shukri Abd Aziz, 39, obtained his Masters Degree in Computer Science from Eastern Washington University, USA.

An experienced technocrat, Shukri has spent the last 13 years in the area of system development and project management through his previous employment with Mesiniaga Berhad, Shell Malaysia Trading, Faber Medi-Serve Sdn. Bhd, and Kumpulan Fima Berhad. In 2000, he joined Nationwide Express to spearhead the e-commerce project. In the following years, he has enhanced the group IT's capabilities by implementing the countrywide logistics system, web-based Track and Trace System, and Fleet management system.

MR. KUMARAYAH KRISHNASAMY

Head Domestic Operation Division

Mr. Kumarayah, 40, holds an Advance Diploma Business Administration.

He has been working in the Courier Industry since 1983. For the last 20 years, he has gained wide experience in the courier service business having served in a Multinational Courier company. Joined Nationwide Express in 1985, since day 1 of the company. He is now the Head of Division overseeing overall Operation Division of the company.

EN. AHMAD ZAKI MOHD SATAR

Head Business Development

Encik Ahmad Zaki, 33, holds a Bachelor of Accountancy Degree from International Islamic University.

He previously worked with KPMG for more than four years in the areas of auditing, financial and corporate advisory before joining Nationwide Express in 1999 as Head of Internal Audit. His contribution further extends to business development including formulating and developing strategies as well as identifying business opportunities for the group.



EN. MOHD AZLAN ABDULLAH

Head Finance Division

Mohd Azlan, 32, obtained his Bachelor of Arts (Hons.) in Accountancy from the University of Northumbria, United Kingdom in 1994. He later pursued his postgraduate degree in Master of Business Administration at the University of Edinburgh, United Kingdom.

He started his career with the Global Corporate Investment Bank Division at Citibank Bhd in 1997. He joined Nationwide Express in March 2003 to head the Finance Division, responsible for all financial affairs and company secretarial matters of the Group.

Azlan is a member of the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA).

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► **From Left:**

Rozilawati Basir, Mohd Shukri Abd Aziz, Mohd Azlan Abdullah, Mohamad Nor Abas, Ahmad Zaki Mohd Satar, Kumarayah Krishnasamy



Statement on Corporate Governance

The Board of Directors of Nationwide Express Courier Services Berhad ("NECSB") is committed to ensure that the highest standards of Corporate Governance ("Code") are practiced throughout the Group as a fundamental part of discharging its responsibilities to safeguard shareholders' investment and ultimately enhance shareholders' value.

In view of this, NECSB has taken steps to ensure compliance with the Code as follows:

1. BOARD OF DIRECTORS

Composition of the Board

The Board currently consists of eight (8) members, comprising seven (7) Non-Executive Directors and one (1) Executive Director/Chief Executive Officer. Four (4) of the Non-Executive Directors are independent. A brief profile of each Director is presented on pages 7 to 11 of this Annual Report.

YBhg Dato' Dr Mohd Noor bin Ismail is the Chairman of the Board while Cik Rozilawati binti Haji Basir acts as the Executive Director/Chief Executive Officer of the Company. There is a clear division of responsibility between these two roles to ensure a balance of power and authority. The Chairman is the head of the Board and the primary responsibilities, amongst others, are providing overall leadership to the Board and ensuring that the Group's corporate objectives are met. The Executive Director/Chief Executive Officer is primarily responsible for making and implementing operational decisions and managing the day-to-day operations of the Group.

The Board has a balanced of Executive and Non-Executive Directors, with one-third Independent Non-Executive Directors. The Board has ensured the appointment of an Independent Director who is not a member of management and the appointee is free of any relationship which could interfere with the exercise of independent opinion and the ability to act in the best interest of the Group. The Board is of the view that its four (4) Independent Non-Executive Directors who have extensive knowledge and experience are justifiable to represent the investment of the public and minority interests.

In accordance with the requirements of the Code, the Board has identified YBhg Tan Sri Dato' (Dr) Arshad bin Ayub as the senior Independent Non-Executive Director to be available for communication of any concerns of the stakeholders where it could be inappropriate to be dealt with by the Non-Executive Chairman or Executive Director/ Chief Executive Officer.

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibilities for determining the Company's overall strategic direction as well as development and control of the Group. Key issues such as approval of all corporate announcements including the announcement of the quarterly financial results prior to releasing them to the KLSE as well as material agreements, major capital expenditures, budgets and succession planning for the top management are reserved for the Board. During the twelve months ended 31 March 2003, four (4) Board meetings were held. A majority of the Directors attended all the Board meetings held during the Directors' tenure in office. Details of the Directors' meetings attendance are disclosed on page 3 of this Annual Report.

The Board has set up an Executive Committee ("Exco") which comprises of three (3) members, two (2) of whom are non-independent and non-executive directors. The Exco assists the Board in dealing with significant business matters of the Group, which arise out of ordinary course of the business.

The Board has also delegated specific responsibilities to other Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee. All Committees have written terms of reference. The Chairman of the various Committees will brief the Board on the outcome of the Committees meetings and minutes of these meetings are circulated to the full Board.

Supply Of Information

Each Board member receives monthly operating results, including a comprehensive review and analysis. Prior to each Board meeting, Directors are sent an agenda and a full set of Board papers

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which include the information relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters for each agenda to be discussed at the meeting. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. Guidelines are in place concerning the contents, presentations and delivery of papers to the Board for each Board meeting, so that the directors have enough information to be properly briefed.

The Board as a whole determines, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and in appropriate, circumstances, in furtherance of their duties, at the Group's expense.

Directors also have direct access to the advice and services of the Group Company Secretary who is responsible for ensuring that Board procedures are followed.

Appointments of the Board and Re-election

The Board has established a Nomination Committee on 20 August 2002 comprising of four (4) Independent Non-Executive Directors. This Committee is entrusted with the specific task of recommending new Executive or Non-Executive Directors to the Board and for assessing Directors on an on-going basis. During the twelve months ended 31 March 2003, the Nomination Committee met three (3) times. The Committee members are listed in the Corporate Information.

Newly appointed directors are briefed by the Chairman, Company Secretary and members of the management on the nature of business and current issues within the Company and the Group. Newly appointed Directors are also given the opportunity to visit and familiarise themselves with the Company's operations to better understand the Company's business.

The Articles of Association of the Company provide that at the first annual general meeting (AGM) of the Company, all the directors shall retire from office and at least one-third of the Board are subject to retirement by rotation at each subsequent AGM. The directors to retire in each year are the Directors who have been

longest in the office since their appointment and re-appointment. The Articles of Association of the Company also provide that all the Board members including the Executive Director shall retire from office at least in each three years and shall be eligible for re-election.

As the date of this statement, all the Directors have attended the Mandatory Accreditation Training Programme prescribed by the KLSE. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge, where applicable.

2. DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Board has set up a Remuneration Committee on 20 December 2000 comprising of four (4) Independent Non-Executive Directors. The Remuneration Committee reviews all annual salaries, incentives and other employment conditions for the Executive Director. Information prepared by independent consultants and appropriate survey data on the remuneration practice of comparable companies is taken into consideration. During the twelve months ended 31 March 2003, the Remuneration Committee met two (2) times. The Committee members are in the Corporate Information.

The remuneration for the Non-Executive Directors is determined by the Board during which the interested Directors will abstain from deliberating.

The Company pays its Directors annual fees, which are approved by the shareholders. In addition members of the Board Committees are paid allowances for each meeting they attend.

Remuneration Package

The remuneration package of Directors is as follows:-

- **Basic Salaries and Fees**

The Remuneration Committee recommends to the Board the basic salary (which is inclusive of statutory employer contributions to the Employees Provident Fund) for the Executive Director after taking into account

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her performance, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

- **Annual Incentive ("Bonus Scheme")**

The Group sets up a Bonus Scheme for all employees including the Executive Director. The criteria for the scheme are dependent upon the financial performance of the Company. Bonus payable to the Executive Director is reviewed by the Remuneration Committee and approved by the Board.

- **Directors' Remuneration**

- **Retirement Plan**

Contributions are made to the Employees Provident Fund the national mandatory defined contribution plan in respect of Malaysian resident Executive Director.

- **Other Benefits**

Other benefits include car and driver and medical coverage for the Directors.

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	366	369	366	369
Bonus	27	54	27	54
Benefits-in-kind	14	27	14	27
	<u>407</u>	<u>450</u>	<u>407</u>	<u>450</u>
Non-Executive:				
Fees	146	119	146	119
Other Directors:				
Non-Executive:				
Fees	13	4	-	-
Total excluding benefits-in-kind	<u>552</u>	<u>546</u>	<u>539</u>	<u>542</u>

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	No. of Directors	
	2003	2002
Executive directors:		
RM150,000 - RM200,000	1	1
RM200,001 - RM250,000	<u>1</u>	<u>1</u>
Non-Executive directors:		
Below RM25,000	<u>7</u>	<u>6</u>

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3. SHAREHOLDERS

Dialogue Between the Company and Investors

As part of the Board's responsibility in developing and implementing an investor relation programme, discussions were held between the Executive Director and analyst/investors throughout the year. Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the KLSE has been made.

In addition, the annual and interim reports, together with the Company's earnings announcements, share price information, and other extensive information about the Company are available on www.nationwide2u.com.

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and annual reports are sent out to shareholders at least 21 days before the date of the meeting.

Beside the usual agenda for the Annual General Meeting, the Board presents the progress and performance of the business as contained in the annual report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide responses to questions from the shareholders during these meetings.

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to KLSE and the annual report to shareholders, the Directors have a responsibility to present a fair statement of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 28 of this Annual Report.

Internal Controls

Information on the Group's internal control is presented in the Statement on Internal Control laid out on pages 27 to 28.

Relationship with Auditors

The role of the Audit Committee in relation to the External Auditors is disclosed in the Report on Audit Committee set out on pages 13 to 14. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

Statement of Compliance with the Best Practices of the Code

The Company is committed in achieving high standards of Corporate Governance throughout the Group and in the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 1 August 2003.

DATO' DR MOHD NOOR BIN ISMAIL
Non Executive Chairman

Statement on Internal Control

RESPONSIBILITY

The Board has overall responsibility for the Group's system of internal control, which includes financial, operational, compliance and risk management necessary for the Group to achieve its business objectives within an acceptable risk profile. The role of management is to implement the Board's policies on risk and control.

The Board takes all the necessary steps to maintain a sound system of internal control by periodically reviewing its adequacy and integrity. A sound system of internal control, however, can only provide a reasonable, but not absolute assurance against misstatements, loss, fraud or the breach of set regulations and is designed to manage rather than to eliminate the risk of failure to achieve business objectives.

In order to achieve a sound system of internal control, the Board is assisted by various committees, which include the Executive Committee and Audit Committee.

Executive Committee

The current Executive Committee ("Exco") comprises of three (3) members, two (2) of whom are non-independent and non-executive directors. The Exco assists the Board in dealing with significant business matters of the Group, which arise out of the ordinary course of the business.

Audit Committee

The current Audit Committee comprises four (4) members of the Board, all of whom are independent directors. The Audit Committee assists the Board to oversee the Group's financial reporting system as well as the internal and external audit processes. The Audit Committee reports to the Board its findings upon deliberating the issues or matters for the Board's attention brought up by the management, the auditors as well as the regulators.

Its terms of reference together with the Audit Committee Report are disclosed in pages 13 - 14 of the Annual Report.

KEY PROCESSES

The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the whole financial year under review and up to date of approval of the annual report and financial statements.

The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the publication - Statement of Internal Control: Guidance for Directors of Public Listed Companies.

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal control, are as follows:

- The Group manages the principal risks of the business through various committees, which include the Cost Management Committee, Tender Committee and Financial Committee. During the financial year under review, the management has also established the Price Committee in order to manage price related risks of the business. Due to the importance of risk management to the Group, the management has also established a Risk Management Committee in April 2003, which is currently in the process of implementing a formalised risk management framework to ensure that all significant risks are adequately addressed and managed at all levels of the Group.
- The Board receives and reviews regular reports from the management of various lines of business, on the key operating statistics, legal and regulatory matters.
- There is comprehensive budgeting and forecasting system. Each line of business submits a business plan annually for approval by the Board. The results of the lines of business are reported monthly and variances analysed against budget and acted on in a timely manner. Forecasts are revised on a half-yearly basis, taking into account significant business risks.
- 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

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Group. The Audit Committee conducts an annual review on the adequacy of the internal audit department's scope of work and resources.

- The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with management on the action taken on internal control issues identified in report prepared by the Group Internal Audit Department, the external auditors and the Management.
- There is a framework for investment appraisal covering the acquisition or disposal of any business, acceptance of projects,

application for capital expenditure and approval on borrowings. Post implementation reviews are conducted and reported to the Board.

- The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety of training and development programmes.

Statement made in accordance with the resolutions of the Board of Directors dated 28 May 2003.

Statement of Directors' Responsibility in Relation to the Financial Statement

This statement is prepared as required by the Listing Requirements of the KLSE.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.