



AUDIT COMMITTEE – TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

1. Composition

The Audit Committee shall be appointed by the Directors from among their members (pursuant to a resolution of the Board of Directors) which fulfil the following requirements:-

- a) The Audit Committee must be composed of no fewer than 3 members;
- b) A majority of the Audit Committee must be Independent Directors;
- c) All members of the Audit Committee must be Non-Executive Directors;
- d) All members of the Audit Committee must be financially literate; and
- e) At least one member of the Audit Committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of (a) to (c) above, the vacancy must be filled within 3 months of that event.

No Alternate Director shall be appointed as a member of the Audit Committee.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.



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2. Functions

The functions of the Audit Committee are as follows:

- a) Review the following and report the same to the Board of Directors:
 - i) with the external auditors, the audit plan;
 - ii) with the external auditors, his evaluation of the system of internal controls;
 - iii) with the external auditors, his audit report;
 - iv) the assistance given by the Company's employees to the external auditors; and
 - v) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- c) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- f) To review the external auditors' management letter and management's response;
- g) To assist the Board in establishing an internal audit function which is independent of the activities it audits and to do the following:
 - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointments or termination of senior staff members of the internal audit function;
 - take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning; and
 - include in the Audit Committee report, a summary of the activities of the internal audit function or activity.



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- h) To consider the major findings of internal investigations and management's response; and
- i) To consider other areas as defined by the Board.

3. Rights of the Audit Committee

The Audit Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- a) Have authority to investigate any matter within its terms of reference;
- b) Have the resources which are required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company;
- d) Have direct communication channels with employees of the Company, the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) Be able to obtain independent professional or other advice; and
- f) Be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

4. Meetings

The Audit Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least twice a year the Audit Committee shall meet with the external auditors, internal auditors or both, without executive Board members and employees present.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member, the Company's Chief Executive, or the internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board.

A quorum shall consist of a majority of Independent Directors.

By invitation of the Audit Committee, the Company must ensure that other Directors and employees attend any particular Audit Committee Meeting specific to the relevant meeting.

The Chairman of the Committee shall engage on a continuous basis with Senior Management, such as the Managing Director, Financial Controller, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Group.

The Board should appoint internal auditors who will report functionally to the Audit Committee directly and the Audit Committee is to review their performance. The Head of Internal Audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.