

BOARD COMMITTEES

AUDIT COMMITTEE

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Objective

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

2. Composition

- (a) The Audit Committee must comprise of not less than three (3) members and all members must be Non-Executive Directors, with majority as independent directors being directors independent of management free of any relationship that in the opinion of the Board would interfere with the exercise of independent judgment on Audit Committee Members.
- (b) The Chairman of the Audit Committee shall be an Independent Director. In the absence of the Chairman, other members shall amongst themselves elect a Chairman who is also an independent director.
- (c) At least one (1) 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 three (3) years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- (d) Alternate Director is not allowed to become a member of the Audit Committee.
- (e) If the number of members is reduced to below three (3) by reason of resignation, death or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to fulfil the minimum requirement.

3. Attendance

At the request of the Chairman, Directors and employees will be in attendance at the Audit Committee Meetings or for selected agenda items and representatives of the External Auditors and Internal Auditors or person(s) carrying out the internal audit function or activity may also be invited.

4. Meetings

- (a) The Audit Committee shall meet at least four (4) times a year and the quorum shall be two (2) provided always that majority of the members present must be independent directors.
- (b) At least twice a year the Audit Committee shall meet with the External Auditors without Executive Board members present.
- (c) At least once a year the Audit Committee shall meet with the Internal Auditors or person(s) carrying out the internal audit function or activity without the present of Management or whenever it deems necessary.
- (d) The Company Secretary 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 and supported by explanatory documentation to committee members prior to each meeting. The Secretary shall also be responsible for keeping the minutes of meeting of the Audit Committee and circulating them to Audit Committee members and to the other members of the Board.
- (e) Notice of Audit Committee meetings shall be given to all Audit Committee members unless the Audit Committee waives such requirement. Notice of Audit Committee meeting may be given by telephone or facsimile and the contemporaneous linking together by telephone or such other electronic communication of a number of the Audit Committee members being not less than the quorum shall be deemed to constitute a meeting of the Audit Committee wherever in the world they are, as long as:
 - (i) the quorum is met;
 - (ii) at the commencement of the meeting each Audit Committee member acknowledges the presence thereof to all the other Audit Committee members taking part and such participation shall be deemed to be presence in person;
 - (iii) each of the Audit Committee members taking part is able to hear each of them subject as hereinafter mentioned throughout the meeting;
 - (iv) the members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that a members' telephone is accidentally disconnected during the meeting and the proceeding thereof shall be deemed to be as valid as if the telephone had not been disconnected;
 - (v) all information and documents are made equally available to all participants prior to or at/during the meeting; and
 - (vi) a minutes of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if certified by both the Chairman and the Secretary of the Company.
- (f) Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.
- (g) A resolution in writing signed or approved by all of the Audit Committee shall be valid and effectual as a resolution passed at a meeting of the Audit Committee.

5. Authority

The Audit Committee is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee. The Audit Committee shall have unrestricted access to both Internal Auditors or person(s) carrying out the internal audit function or activity and External Auditors and is authorized by the Board to obtain outside legal or other independent professional advice if it considers necessary.

6. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:

- (a) To review the quarterly results and year end financial statement prior to the approval by the Board focusing particularly on:
 - the going concern assumption;
 - compliance with applicable financial reporting standards and other legal requirements;
 - any changes in accounting policies and practices; and
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed.
- (b) To review the following with External Auditors and report the same to the Board:
 - the audit plan and report;
 - evaluation of system of internal controls; and
 - problems and reservation arising from interim and financial audits.
- (c) To review in relation to the Internal Audit Function:
 - 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 works;
 - the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - the internal audit plan, consider the major findings of internal audit, fraud, investigation and actions and steps taken by management in response to audit findings; and
 - any appraisal or assessment of the performance of members of the internal audit function.
- (d) To monitor related party transactions and conflict-of-interest situations that may arise within the Company or Group.
- (e) To review any letter of resignation from External Auditors, and/or Internal Auditors or person(s) carrying out the internal audit function or activity of the Company or Group, whether there is reason to believe that the Company or Group's External Auditors and/or Internal Auditors or person(s) carrying out the internal audit function or activity are not suitable for re-appointment.
- (f) To review any recommendations on the nomination of a person or persons as External Auditors or Internal Auditors or person(s) carrying out the internal audit function or activity.

- (g) To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and Group by reviewing External Auditor's management letter and Management's response.
- (h) To undertake such other responsibilities as may be agreed by the Audit Committee and the Board.
- (i) To review and monitor the suitability and independence of external auditors.
- (j) To obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (k) To receive and review the report from Risk Management Committee and to meet and sit with the Risk Management Committee whenever the Audit Committee deems necessary.

7. Review of Composition of Audit Committee

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Nomination Committee annually to determine whether the Audit Committee and its members have carried out their duties in according with the Terms of Reference.

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