



**TERMS OF REFERENCE
AUDIT COMMITTEE**

COMPOSITION

Members

- The Members shall be appointed by the Board of Directors and shall consist of not less than 3 Members, comprising wholly of Non-Executive Directors of whom majority being Independent Directors of the Company. No Alternate Directors shall be appointed members of the Committee.
- The Board shall at all times ensure that the Members should be financially literate and 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 I 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 approved by Bursa Malaysia Securities Berhad

Chairman

- The Members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

Secretary

- The Secretary of the Audit Committee shall be the Company Secretary or any other person so appointed by the Audit Committee from time to time.

NOTICE

- The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

MEETINGS

Frequency and Attendance

- The Committee shall regulate its own proceedings. The Committee shall meet at least four (4) times a year. Upon the request of any of its Members, the external auditors or Company's management, the Chairman shall convene a Meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or Shareholders.
- Other Directors and employees may attend the Audit Committee Meeting at the invitation of the Audit Committee, specific to the agenda of the meeting.

Quorum

- A quorum shall consist of two (2) Members and a majority of the Members present must be Independent Directors.

MINUTES

- The minutes of Meeting shall be circulated to all members of the Board.

AUTHORITY

The Audit Committee shall in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

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

TERMS OF OFFICE

Retirement and Resignation

- In the event of any vacancy in the Audit Committee resulting in non-compliance of the composition of Members under the Terms of Reference of the Committee, the Board of Directors shall within three (3) months of the vacancy, appoint such new Member(s) to comply with the composition of Members.

Review of the Audit Committee

- The Board of Directors shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.

FUNCTIONS AND RESPONSIBILITIES

The Committee is responsible to report to the Board of Directors for the following in its role to ensure proper management of assets, liabilities, revenue and expenses of the organisation and compliance with statutory obligations:

- To review with the external auditors:
 - the audit plan, scope and extent of the external auditor's audit examinations;
 - before commencement of audit, the nature and scope of the audit and ensure co-ordination where more than one audit firm are involved;
 - their audit report and the financial results for the year, problems and reservations arising from the audit and any matters the external auditors wish to discuss (in the absence of the Company's management where necessary); and
 - their evaluation of the system of internal controls
- To review the external auditors' management letters and management's response;
- To assess the suitability and independence of external auditors, to recommend their appointment and reappointment, their audit fees and any question of resignation or dismissal;
- To review the assistance given by the Company's employees to the external auditors;
- To convene meeting with the external auditors, the internal auditors or both, without the presence of the Executive Directors and the management of the Company at least twice a year;
- To review with the Company's management and the external auditors to ensure suitability and adequacy of accounting policies and practices, its compliance with any regulatory or other external financial reporting controls and requirements;

- To do the following in relation to the internal audit function:
 - to review the internal audit programme and 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; and
 - to review the results of the audit processes and the findings of any investigation and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function
- To approve all decisions regarding the appointment or removal of the Head of Group Internal Audit;
- To discuss with the Company's management the scope and quality of accounting and financial reporting controls in effect;
- To review the quarterly financial results and year-end financial statements and recommend to the Board of Directors focusing particularly on:
 - changes in or implementation of any principal accounting policies and practices;
 - significant judgments and unusual events or transactions arising from the audit and how these matters are addressed;
 - compliance with accounting standards and other legal requirements; and
 - the going concern assumption
- To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises question of management integrity;
- To verify the allocation of options to employees pursuant to a share scheme to ensure compliance with the allocation criteria;
- To review procedures in place to ensure that the Group is in compliance with the Companies Act, 1965, Bursa Malaysia Securities Berhad's Listing Requirements and other legislative and reporting requirements;
- To recommend to the Board of Directors any appropriate extension or changes in the duties of the Committee;
- To consider and examine such other matters as the Committee considers appropriate or as authorised by the Board of Directors;
- To evaluate risk assessment processes and measures in place are adequate to minimise any exposures to risks including frauds;
- To review and evaluate with both external and internal auditors the management procedures to ensure compliance with laws, regulations, policies and codes of practice or conduct;
- To monitor systems and procedures with the external and internal auditors to ensure that the existing level of internal control, asset protection and management information are satisfactory and effective; and
- To monitor the Group's operations via internal audit reports to ascertain the efficiency and effectiveness of the Group's operations.