

**TERM OF REFERENCE FOR AUDIT COMMITTEE****1. COMPOSITION OF AUDIT COMMITTEE**

1.1 The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, all of the Audit Committee members must be Non-Executive Directors with a majority of them being Independent Directors. The members of the Committee shall elect a chairman from among their members who shall be an Independent Non-Executive Director. An alternate Director must not be appointed as a member of the Committee.

1.2 At least one member of the Committee:

- Must be a member of the Malaysian Institute of Accountants; or
- If not a member of the Malaysian Institute of Accountants, that member must have at least 3 years' working experience and; must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or must be a member of one of the associations of the accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
- Fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

**2. AUTHORITY**

2.1 The Committee shall have the authority to investigate any matter of the Company and its subsidiaries within its terms of reference or otherwise directed by the Board. It shall have

- i. Unrestricted access to any information pertaining to the Company and its subsidiaries;
- ii. The resources which are required to perform its duties;
- iii. Direct communication channels with both the external auditors and internal auditors;
- iv. Full access to all employees of the Group;
- v. To convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, wherever deemed necessary.

2.2 The Committee is also authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and reasonable for the performance of its duties.

**3. MEETING AND MINUTES**

3.1 The Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties.

3.2 The Committee may invite any person to be in attendance to assist it in its deliberations.

3.3 The Company Accountant, Head of Internal Audit Division and the External Auditors or their representatives shall be expected to attend all meetings of the Committee. At least twice a year the Committee shall meet the External Auditors without the presence of the Executive Board members.

3.4 A quorum shall be two (2) of which one shall be an Independent Non-Executive Directors.

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- 3.5 The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.
- 3.6 The Company Secretary shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the chairman and circulating it, supported by explanatory documentation to Committee members prior to each meeting.
- 3.7 The Committee shall be reporting to the full Board from time to time its recommendation for consideration and implementation and the actual decision shall be the responsibility of the Board of Director after considering the recommendation of the Committee.
- 3.8 The Secretary shall also be responsible for recording the proceedings of the Audit Committee and the minutes of meetings tabled at Board meetings.

**4. DUTIES**

- 4.1 The duties of the Committee should include the following:
- To consider any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - To review the quarterly unaudited financial results announcements, the audited financial statements of the Group before recommending for the Board of Directors approval, focusing on:
    - compliance with accounting standards and regulatory requirements
    - any changes in accounting policies and practices
    - compliance with Stock Exchange and other statutory requirements
    - going concern issues of any activities
    - significant and unusual issues arising from the audit
  - To discuss with the external auditor, the evaluation of the system of internal controls;
  - To consider and recommend the appointment of the external auditors, their remuneration and any questions of resignation or dismissal;
  - To recommend the nomination of a person or persons as external auditors;
  - To assist the Board in the review of adequacy and effectiveness of the internal control system;
  - To review the risk management policies and practices of the Group to ensure their effectiveness;
  - To assist the Board in the preparation of the Audit Committee Report for inclusion in the Annual Report ;
  - To discuss with the external auditors, their audit plan and the scope of audit and ensure co-ordination where more than one audit firm is involved;
  - To review the assistance given by the employees of the Group to the external auditors;
  - To carry out such other responsibilities, functions or assignments as may be directed by the Board of Directors from time to time.
  - To review the external auditor's management letter and management's response;

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- To do the following, in relation to the internal audit function:-
  - to review the internal audit programme and consider the findings arising from internal audit report or other internal investigations and management's response and to determine appropriate corrective actions required by management;
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resignation staff member an opportunity to submit his reasons for resignation.
- To consider other topics as defined by the board.