



TERMS OF REFERENCE OF AUDIT COMMITTEE

1. INTRODUCTION

The Audit Committee is governed by its written terms of reference, which spells out its authorities and duties in accordance with Paragraph 15.11 of the Listing Requirements and are as detailed below:-

2. MEMBERSHIP

The members of the Audit Committee shall be appointed by the Board of Directors ("Board") from amongst the directors on the Board and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the Committee must be Non-Executive Directors and at least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and experience as prescribed or approved by the Bursa Securities.

The Chairman of the Committee shall be an Independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

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

The quorum shall consist of two (2) members and a majority of the members present must be Independent Directors.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Nominating Committee must review the term of office and performance of an Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

3. Procedure of Audit Committee

The Company Secretary shall be the Secretary responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Audit Committee members prior to the meeting.

The Company Secretary will be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee members and to the other members of the Board and also ensures that the minutes are properly kept and produced for inspection if required.

The Company Secretary shall also ensure all appointments to Audit Committee are properly made.

4. Frequency of Meetings

Meetings shall be held not less than four (4) times a year. The Head of Finance and representatives of the Internal Auditor shall normally attend such meetings. Other members of the Board and employees may also attend upon the invitation of the Audit Committee.

At least twice a year, the Audit Committee shall meet the External Auditors without the presence of the executive Board members and employees.

Upon the request of the External Auditor, the Chairman of the Audit Committee must convene a meeting of the Committee to consider any matter the External Auditor believes should be brought to the attention of the Directors or Shareholders.

5. Authority

In performing its duties, the Audit Committee is authorised by the Board as follows:

- (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 both the Internal and External Auditors and to all employees of the Group;
- (d) be able to obtain external legal or other independent professional advice as necessary.

6. Functions

The functions of the Audit Committee are:

Risk Management & Internal Control

- i) To review the Group risk profile on a quarterly basis with focus on the key or significant risks identified affecting the Group;
- ii) To review the status of the adequacy and effectiveness of the policies and procedures and system of internal control to monitor and manage risks; and
- iii) To review the Statement on Risk Management and Internal Control for the Financial Year ended for inclusion in the Annual Report.

External Audit

- i) To consider the appointment or re-appointment of the External Auditors, the audit fees and any questions of resignation or dismissal.

- ii) To review and discuss with the External Auditors:
- the audit plan, nature and scope of the audit;
 - the External Auditors' evaluation of the system of internal controls, their management letter and audit report;
 - problems and reservations arising from the interim and final audits and any matter the External Auditors may wish to discuss (in the absence of Management, where necessary); and
 - the External Auditors' management letter and Management's response.

Internal Audit

- i) To review and discuss with the Internal Auditors:
- the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
 - the internal audit programme process, the results of the internal audit process, process of investigations undertaken and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function.
- ii) To review and assess the performance of the internal audit function as a whole.
- iii) To approve the appointment or termination of the head of internal audit, and review any appraisal or assessment of the performance of members, of the internal audit function and to keep itself informed of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning.

Financial Reporting

To review the quarterly and year-end financial statements, prior to the approval by the Board, focusing particularly on:

- changes in or implementation of major accounting policy changes;
- Significant matters highlighted including financial reporting issues, significant judgements made by management;
- significant and unusual events or transactions, and how these matters are addressed;
- the going concern concept; and
- compliance with accounting standards and other legal requirements.

Related Party Transaction And Conflict Of Interest Situations



To review 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.

Report Breaches To The Exchange

To report to the Bursa Securities where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities.

Approve the Internal Audit Charter

Approve the Internal Audit Charter which defines the objective, scope, authority, responsibility and access of the Internal Audit function in the Group.

7. Audit Committee Report

The Audit Committee is to prepare for the Board's consideration and approval the Audit Committee Report at the end of each financial year. The report must disclose the following:

- the Audit Committee's composition, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
- the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;
- a summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year and how it has met its responsibilities; and
- a summary of the work of the internal audit function.

8. Training

The Audit Committee members shall be provided with appropriate and timely training.

An induction programme will also be provided for new Audit Committee members.