

**AUDIT COMMITTEE
TERMS OF REFERENCE**

PURPOSE

The Audit Committee ("AC") is established as a committee of the Board of Directors ("Board"). The primary objectives of the AC are as follows:-

1. To assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' ("the Group") management of business, financial risk processes, accounting and financial reporting practices;
2. To determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
3. Serve as an independent and objective party from management in the review of the financial information of the Company and Group presented by management for the distribution to shareholders and the general public;
4. Provide direction and oversight over the internal and external auditors of the Company to ensure their independence from management;
5. To evaluate the quality of audits conducted by the internal and external auditors on the Company and Group.

MEMBERSHIP

The AC of the Company shall comprise at least **three (3)** members, a majority of whom shall be Independent Directors and shall all be composed of Non-Executive Directors, at least one (1) member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with Paragraph 15.09(1)(c)(ii) of the Listing Requirement of Bursa Securities. The Chairman of the AC shall be an Independent Non-Executive Director elected by the AC from amongst its members. No Alternate Directors can be appointed as a member of the AC.

If a member of the AC resigns, dies and for any reason ceases to be a member resulting in the non compliance with the above paragraph, the Board shall, within three (3) months of that event, appoint such number of new members as may be required.

The AC shall have no executive powers.

AUTHORITY

The AC wherever necessary and reasonable for the performance of its duties, shall be in accordance with the procedures determined by the Board:-

1. Have authority to investigate any matter within its terms of reference;
2. Have the resources in order to perform its duties and responsibilities as set out in its terms of reference;
3. Have full and unrestricted access to any information pertaining to the Company and the Group;
4. Have direct communication channels to the internal and external auditors and person(s) carrying out the internal audit function or activity, if any;

5. Be able to obtain, at the expense of the Company, external legal or other independent professional advice if it considers necessary; and
6. Be able to convene meetings with the external auditors, without the attendance of the executive members of the Group, whenever deemed necessary.

MEETINGS AND MINUTES

Meetings shall be held at least four (4) times a year or more frequently as circumstances dictate. Additional meetings shall be scheduled as considered necessary by the AC and the Chairman. The AC may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Committee may request other directors, members of management, Internal Auditors and External Auditors, as applicable, to participate on the Committee meeting, as necessary to carry out the Committee's responsibilities. Either the internal or external auditors, may, at any time, request a meeting with the AC with or without management's attendance.

The AC shall meet at least twice a year with the internal and external auditors without the attendance of the executive members of the Committee and the management of the Company. The quorum for a meeting of the AC shall be two (2) members present and both of whom must be independent non-executive directors.

The Company Secretary shall be the Secretary of the Committee. AC meeting agendas shall be the responsibility of the Chairman with input from the Committee members. The Chairman may also ask the management to participate in this process. Written materials including information requested by the AC from the management, Internal Audit and External Auditors shall be received together with the agenda for the meetings.

The AC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the AC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the fact thereon stated. Such minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board.

The AC shall report to the Board on each meeting. The minutes of Committee meeting shall be available to the Board members.

SCOPE OF ACTIVITIES

The duties of the AC shall include the following:-

- (i) Consider the appointment and re-appointment of the External Auditor, the audit fee and any questions of resignation or dismissal, and enquire into the independence, resources and competency of the External Auditors in performing their work;
- (ii) Discuss the nature and scope of the audit and any significant problems that may be foreseen with the external auditors before the audit commences and ensure that the audit is carry out effectively and efficiently for the Company and the Group;
- (iii) Discuss the impact of any proposed changes in accounting policies on future financial statements with the management and External Auditors;
- (iv) Review the quarterly interim financial information and year-end financial statements before submission to the Board, focusing particularly on:

- (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from the audit;
 - (d) the going concern assumptions;
 - (e) compliance with accounting standards; and
 - (f) compliance with regulatory requirements.
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- (v) Discuss problems and reservations arising from the interim and final audits, and any other matters that the external auditor may wish to discuss (in the absence of management where necessary);
 - (vi) Review the External Auditor's management letter and management's response, and monitor the implementation of any recommendation thereon;
 - (vii) 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;
 - (viii) Review the internal audit programme and ensure effective co-ordination between the Internal and External Auditors;
 - (ix) Review any appraisal or assessment of the performance of members of the internal audit function, if applicable;
 - (x) Approve any appointment or termination of senior staff members of the internal audit functions, if applicable;
 - (xi) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning, if applicable;

- (xii) Consider the key findings of the internal audit review and management's response, and monitor the implementation of any recommendation thereon;
- (xiii) Keep under review the effectiveness of internal control systems;
- (xiv) Review any related party transactions that may arise within the Company or Group;
- (xv) Report promptly to Bursa Securities on matters reported by the AC to the board of directors which have not been satisfactorily resolved, resulting in a breach of listing requirements;
- (xvi) Review procedures established by management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Group's operations;
- (xvii) Disclose details of the activities of AC, the number of AC meetings held in a financial year, details of attendance of each AC members in respect of AC meetings and details of relevant training attended by each AC members;
- (xviii) Review and approve any non-audit services, if any provided by the External Auditors to ensure that the nature and extent of such services will not compromise the independence and objectivity of the External Auditors; and
- (xix) Carry out such other assignments as defined by the Board.