



**TERMS OF REFERENCE
OF
AUDIT COMMITTEE**

Constitution and Membership

1. The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of not less than three members and at least one member of the 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 years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) 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. fulfills such other requirements as prescribed or approved by the Exchange.
2. All members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors.
3. No alternate director is to be appointed as a member of the Committee.
4. A former key audit partner shall not be appointed as a member of the Committee unless he observes a cooling-off period of at least three (3) years prior to the appointment.
5. The members of the Committee shall elect a Chairman from amongst their members who shall be an Independent Director.
6. The term of office and performance of the Committee and each of its members shall be reviewed annually by the Nominating Committee.

Authority

7. The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from the external auditors, person(s) carrying out the internal audit function or activity and any employees and all employees are directed to co-operate with any request made by the Committee.



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8. The Committee shall have the resources which are required to perform its duties.
9. The Committee is authorised to obtain independent professional or other advice if it considers necessary.
10. The Committee should 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.

Functions and Duties

11. The functions and duties of the Committee shall be:-
 - (i) To review the following and report the same to the Board of Directors:-
 - (a) with the external auditors, the audit plan;
 - (b) with the external auditors, their evaluation of the system of internal control;
 - (c) with the external auditors, their audit report;
 - (d) the assistance given by the employees of the Company to the external auditors;
 - (e) the quarterly results and year end financial statements prior to the approval of the Board of Directors, focusing particularly on:-
 - changes in or implementation of accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions and how these matters are addressed;
 - compliance with accounting standards and other legal requirements;
 - (f) 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;



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- (g) the external auditors' management letter and management's response;
 - (h) any letter of resignation and the written explanations of the resignation from the external auditors of the Company; and
 - (i) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- (ii) To consider the major findings of internal investigations and management's response;
 - (iii) To discuss problems and reservations arising from the audit and any matter the auditors may wish to discuss (in the absence of management where necessary);
 - (iv) To review, assess and monitor the performance, suitability and independence of external auditors;
 - (v) To consider the appointment or re-appointment of the external auditors, the audit fee and any questions of dismissal or resignation where explanations are provided;
 - (vi) To recommend the nomination of a person or persons as external auditors;
 - (vii) To perform any other functions or duties as may be agreed to by the Committee and the Board.
 - (viii) To do the following in relation to the internal audit function:-
 - (a) review the adequacy of the scope, functions, competency and resources of the internal audit function, including the authority of the internal audit;
 - (b) review the internal audit programme, processes and the results of the internal audit programme, processes or investigations undertaken, and where necessary, ensure appropriate actions are taken on the recommendations of the internal audit function;
 - (c) review any appraisal or assessment of the performance of members of the internal audit function;



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- (d) approve any appointment or termination of senior staff members of the internal audit function; and
- (e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Quorum and Attendance at Meetings

- 12. A quorum shall be two (2) members and the majority of members present must be Independent Directors.
- 13. The Head of Finance, the Head of Internal Audit and representative(s) of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon invitation of the Committee. However, at least twice in a financial year, the Committee shall meet with the external auditors, the internal auditors or both, excluding executive board members and employees of the Company, whenever deemed necessary.
- 14. The external auditors may request a meeting.
- 15. The Secretary to the Committee shall be the Company Secretary.

Frequency of Meetings and Minutes

- 16. Meetings shall be held not less than four (4) times in a financial year.
- 17. Minutes of each meeting shall be distributed to each member of the Board.