

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

(1) Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of at least three members. All the members must be non-executive directors, with a majority of them are independent directors. At least one member of the Committee:

- (i) must be a member of the Malaysian Institute of Accountants (“MIA”); or
- (ii) if he is not a member of the MIA, he must have at least three years working experience and
 - he must have passed the examinations specified in Part I of the 1st Schedule to the Accountant Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967; or
- (iii) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairman from amongst their number who shall be an independent director. **The quorum shall be 2 members, a majority of whom shall be independent directors.**

(2) Attendance at Meetings

The Management and the internal auditors and representatives of the external auditors shall normally attend meetings. Other directors and employees of the Company may attend meetings at the Committee’s invitation. The Committee shall be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Company Secretary shall be the secretary of the Committee.

(3) Frequency of Meetings

Meetings shall be held not less than four times a year. The external auditors may request a meeting if they consider that one is necessary.

(4) Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all the employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of an outsider with relevant experience and expertise, if it considers this necessary.

(5) Duties

The duties of the Committee shall be:

- (i) to consider the appointment or re-appointment of the external auditors, the audit fees and any questions of nomination, resignation or dismissal.
- (ii) to discuss with the external auditors before the audit commences the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved.
- (iii) to discuss with the external auditors the evaluation of the system of internal controls, audit report and ensure assistance given by the employees to the external auditors.
- (iv) to review the quarterly and year-end financial statements before submission to the Board, focusing particularly on:
 - any changes or implementation of changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - **significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;**
 - the going concern assumption;
 - compliance with accounting standards; and
 - compliance with Bursa Malaysia Securities Berhad and legal requirements.
- (v) to discuss problems and reservations arising from the interim and final audits and any matters the external auditor may wish to discuss (in the absence of management, where necessary).
- (vi) to review the external auditors' management letter and management's response.
- (vii) to do the following in respect of the internal audit function:
 - review 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.
 - review the internal audit programme and processes and results of the internal audit programme, processes and investigation and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function.
 - review any appraisal or assessment of the performance of the members of the internal audit function.

- approve the appointment or termination of senior staff members of the internal audit function.
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (viii) to consider any related party transaction and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (ix) to consider the major findings of internal investigations and management's response and ensure co-ordination between internal and external auditors.
- (x) to consider the appointment of the internal auditors, the fee and any questions of nomination, resignation or dismissal.
- (xi) to assess the adequacy and integrity of the risk management and internal audit system through independent reviews conducted and reports it received from the internal auditors, the external auditors and the management.
- (xii) to verify the allocation of options pursuant to an employee share option scheme to ensure compliance with the allocation criteria.
- (xiii) to consider other topics, as defined by the Board.

(6) Reporting

The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.