

AUDIT COMMITTEE- TERMS OF REFERENCE

TERMS OF MEMBERSHIP

The Audit Committee is appointed by the Board of Directors amongst its members and consists of at least three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors.

The Committee shall include at least one member:

- (a) who must be a member of the Malaysian Institute of Accountants (“MIA”); or
- (b) if he is not a member of the MIA, he must have at least three (3) years working experience and
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 ; or
 - (ii) 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
- (c) he must fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (‘Bursa Securities’).

The Chairman of the Audit Committee shall be elected from amongst the Committee Members and he shall be an Independent Director.

Any vacancy in the Committee resulting in the non-compliance with requirements on composition of Audit Committee and the election of an independent chairman of the Audit Committee, must be filled within three (3) months.

The Nomination Committee will annually review the term of office and the performance of the Audit Committee and each of its members.

No Alternate Director was appointed as a member of the Audit Committee.

MEETINGS AND QUORUM OF THE AUDIT COMMITTEE

The Audit Committee shall meet at least four (4) times a year and the quorum shall be at least two (2) persons with the majority being Independent Directors.

The Executive Directors, Financial Officers, Internal Auditor and a representative of the External Auditors shall normally be invited to attend the Meeting but may be asked to leave a meeting as and when deemed necessary by the Audit Committee. Other members of the Board and employees may attend the meetings upon the invitation of the Audit Committee. At least twice a year or whenever deemed necessary, the Audit Committee shall meet the External Auditors without the presence of other directors and employees. The Audit Committee shall meet the Internal Auditor at least once a year without the presence of other directors and employees.

The Company Secretary shall act as the secretary to the Audit Committee.

DUTIES

The duties and responsibilities of the Audit Committee shall include the following:-

- (i) To nominate and appoint the External Auditors, to review any questions of resignation or dismissal and to conduct assessment of the performance and independence of the External Auditors and made its recommendations to the Board on their re-appointment and fees;
- (ii) To discuss with the External Auditors the audit plan and audit report, the evaluation of the systems of internal control and the extent of assistance rendered by employees to the External Auditors.
- (iii) To review the External Auditors' management letter and the management's response;
- (iv) To discuss problems and reservations arising from the interim and final audits, and any matter which the External Auditors may wish to discuss (in the absence of the management, where necessary);
- (v) To review and report to the Board if there is reason (supported by grounds) to believe that the External Auditors is not suitable for reappointment;
- (vi) To review the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on:
 - any changes in or implementation of major accounting policies and practices;
 - matters highlighted including financial reporting issues, significant judgments made by management ,significant and unusual events or transactions, and how these matters are addressed;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with the accounting standards and other legal requirements.
- (vii) To appoint senior staff members of the internal audit function or the outsource of the internal audit function and to do the following:-
 - 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 plan of the work programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether appropriate action is taken on the recommendations of the internal audit function, including recommendations and actions taken;
 - Approve any appointment or termination of senior staff members of the internal audit function or the outsource of the internal audit function;

- Being informed of any resignation of internal audit staff members and to provide the resigning staff member an opportunity to submit his/her reasons for resigning; and
 - Review any appraisal or assessment of the performance of members of the internal audit department.
- (viii) To consider any related party transactions and conflict of interests situation 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 other functions as may be directed by the Board.

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Audit Committee has the responsibility to promptly report such matter to Bursa Securities.

AUTHORITY

In undertaking its work, the Audit Committee is authorized by the Board:-

- To investigate any activity within its Terms of Reference and it shall have unrestricted access to the Internal Auditors, the External Auditors, and to all employees of the Group;
- Have access to sufficient resources, provided by the Company in order to carry out its duties, including access to the Company Secretary for assistance as required;
- To have full and unrestricted access to information pertaining to the Company and the Group; and
- To obtain external legal or other independent professional advice, if required.

PROCEDURE OF AUDIT COMMITTEE

The Audit Committee regulates its own procedures which include:

- (i) the calling of meetings;
- (ii) the notice to be given of such meetings;
- (iii) the voting and proceedings of such meetings;
- (iv) the keeping of minutes; and
- (v) the custody, protection and inspection of such minutes.