

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Constitution

The Audit Committee was formed pursuant to a resolution passed by the Board of Directors on 23 May 2007. Objective

- a) The Audit Committee is to serve as a focal point for communication between Directors, the external auditors, internal auditors and the Management on matters in connection with accounting, reporting and controls.
- b) The Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities for ensuring quality, integrity and reliability of the practices of the Group.
- c) The Audit Committee will reinforce the independence of the Group's external and internal auditors.

Membership

- a) The Audit Committee shall comprise at least 3 directors.
- b) No alternate directors shall be appointed to the Audit Committee.
- c) All the Audit Committee members must be non-executive directors, with a majority of them being independent directors.
- d) At least one member of the Audit Committee:
 - Must be a member of the Malaysian Institute of Accountants; or
 - If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountant's Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant's Act, 1967; or
 - Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- e) Members of the Audit Committee shall elect a Chairman who shall be an Independent Non-Executive Director, from among themselves.
- f) The term of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every 3 years.
- g) In the event of any vacancy in the Audit Committee resulting in the number of members is reduced to below 3, the vacancy must be filled within 3 months.

Functions

The key functions of the Audit Committee are to review the interim quarterly results and the annual audited financial statements and to make the appropriate recommendations to the Board of Directors. In addition, the Audit Committee will review the reports of the internal auditors as well as those of the external auditors and to instruct management to take the appropriate actions to rectify whatever shortcomings reported. All significant breaches especially those in contravention of existing rules and regulations and laws will be reported to the Board of Directors and the regulatory authorities where appropriate.

The Audit Committee will review related party transactions on a quarterly basis to ensure that such transactions are not at a disadvantage to the Group and where appropriate, have the prior approval of the disinterested shareholders at a general meeting.

The Audit Committee will also review the adequacy of the internal controls and assist in identifying risks pending the formalization of a risk management committee, to ensure that inadequacies of internal controls and risks are rectified or mitigated.

The Audit Committee will meet with the external auditors at least twice a year without the presence of the Management.

Procedures

The Audit Committee shall regulate its procedures as follows:

- a) The Audit Committee shall hold at least 4 meetings in each financial year;
- b) A member of the Audit Committee may at any time summon a meeting of the Audit Committee;
- c) Notice calling for a meeting of the Audit Committee shall be given to its members at least 3 days before the meeting or at shorter notice as the Audit Committee members shall determine or agree;
- d) The quorum necessary for the transaction of business at an Audit Committee meeting shall be two and the majority of members present must be independent directors;
- e) Questions arising at any Audit Committee meeting shall be decided by the majority vote of its members present. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote; and
- f) Minutes of each Audit Committee meeting shall be kept by the Company Secretary.

Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties. The Committee is also authorized by the Board to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary.

The Committee is also authorized to convene meetings with external auditors, the internal auditors or both, without other board members and employees present, whenever deemed necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be:

- a) To recommend the nomination of a person or persons as external auditors and review any letter of resignation from external auditors;
- b) To review with the external auditors, the audit plan and audit report;
- c) To review with the external auditor, his evaluation of the system of internal controls;
- d) To review the assistance given by the employees of the Company to the external auditor;
- e) To review 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;
- f) To review the internal audit programme, processes, the results of the internal audit programmed, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- g) To review the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.
- h) To review any related party transaction and conflict of interest situation that may arise within the listed company or group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- i) To review whether there is reason (supported by grounds) to believe that the listed company's external auditor is not suitable for re-appointment.

Rule IS.09(1)(c)

At least one member of the audit 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 3 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) fulfils such other requirement as prescribed by the Exchange*

* The following qualifications are also acceptable:

- (a) a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance**;
- (b) at least 7 years' experience being a chief financial officer of a company or having the function of being primarily responsible for the management of the financial affairs of a company.

** Persons who are members of professional accountancy organizations which have been admitted as full members of the International Federation of Accountants and who have at least 3 years' post qualification experience in accounting or finance are deemed to fulfill the qualifications set out in (a) above.