

**MALTON BERHAD
AUDIT COMMITTEE
TERMS OF REFERENCE**

Objectives of the Audit Committee

The primary objectives of the Committee are to:-

1. Maintain, through regularly scheduled meetings, an open line of communication between the Board, Management, external auditors and internal auditors;
2. Oversee and appraise the quality of the audits conducted by the external auditors and internal auditors; and
3. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the Company's administrative, operating and accounting controls.

Membership of the Audit Committee

1. The Company shall appoint an Audit Committee from amongst its directors and shall consist of not less than three in numbers, all of whom shall be non-executive directors with a majority of them being independent directors.
2. At least one member of the Audit 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 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. fulfills such other requirements as prescribed by Bursa Malaysia Securities Berhad.
3. No alternate director shall be appointed as a member of the Committee.
4. If a member of the Committee for any reason ceases to be a member with the result that the number is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.
5. The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

Chairman of the Audit Committee

The members of the Committee shall elect a Chairman from among themselves who shall be an independent director subject to the endorsement of the Board of Directors.

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Authority of the Audit Committee

The Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

1. Have authority to investigate any matter within its terms of reference;
2. Have the resources which are required to perform its duties;
3. Have full and unrestricted access to any information pertaining to the Group;
4. Have direct communication channels with the external auditors and also the internal auditors;
5. Be able to obtain independent professional advice or other advice necessary for the discharge of its duties; and
6. Be able to convene meeting with the external auditors and/or internal auditors excluding the attendance of other directors and/or employees, whenever deemed necessary.

The Chairman of the Committee shall engage on a continuous basis with senior management on matters affecting the Group.

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

Key Functions and Responsibilities

The primary functions of the Committee are to review the following and report the same to the Board of Directors:-

1. The audit plan, audit report and evaluation of the system of internal controls with the external auditors and assistance given by the employees of the Group to the external auditors;
2. The adequacy of scope, functions and resources of the internal audit function and the necessary authority to carry out its duties;
3. The internal audit programme and processes, the results of the internal audit programme, processes and/or investigation undertaken and whether or not appropriate actions are taken on the recommendation the internal audit function and/or the Committee;
4. The quarterly results and year-end financial statements, prior to review by the Board of Directors, focusing particularly on:-
 - i. Changes in or implementation of major accounting policy changes;

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- ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions , and how these matters are addressed; and
 - iii. compliance with accounting standards and other legal requirements.
5. Any related party transaction and conflict of interest situation that may arise within the Group including review of management integrity;
6. Audit programme and processes of the external auditors including evaluation of the performance and audit independence of the external auditors;
7. Any resignation of external auditors of the Company; and
8. Recommendation for nomination of a person or persons as external auditors.

Meetings and Reporting of the Audit Committee

1. The quorum in respect of a meeting of the Committee shall be a majority of independent directors.
2. The Committee shall meet each quarter of a financial year to review the unaudited results of the Group and on an annual basis, to review the audited financial statements. Additional meetings may be convened, as the Chairman shall decide, in order to fulfill its duties.
3. The Company Secretary or any person appointed by the Audit Committee shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee Members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the members and to the other members of the Board of Directors. The Chairman shall convene a meeting of the Committee to consider any matter that the external auditors believe should be brought to the attention of the directors and/or shareholders of the Company.
4. It is only upon an invitation of the Committee that any other directors and/or employees of the Company may attend a meeting of the Committee.
5. All or any member of the Committee may participate in a meeting of the Committee by telephone conferencing, video conferencing or any communication equipment that allows all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.