

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Constitution

The Terms of Reference of the Audit Committee were established by the Board on 26 April 1994. Subsequently, amendments were made to the terms of reference and approvals were sought at the Company's Board Meetings held on 29 March 2001 and 26 March 2008.

Objective

The objective of the Audit Committee is to assist the Board in fulfilling its responsibilities for the accounting and internal control systems, the financial reporting procedures, the audit process and compliance with the Main Market Listing Requirements.

Membership

The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members. All the Audit Committee members must be non-executive directors, with a majority of them being Independent Directors. At least one (1) member of the Audit Committee:-

- a) Must be a member of the Malaysian Institute of Accountants; or
- b) If he is not a member of the Malaysian Institute of Accountants, 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 (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii. Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

No alternate director shall be appointed as a member of the Audit Committee. The members of the Audit Committee shall select a Chairman from among their numbers who shall be an Independent Director.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board, via the Nominating Committee, every year to determine whether the Audit Committee members have carried out their duties effectively and in accordance with the terms of reference.

Authority

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

- a) Have authority to investigate any matter within its terms of reference;
- b) Have the resources which are required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company;
- d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) Be able to obtain independent professional or other advice; and
- f) 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

The functions of the Audit Committee shall be to review the following and report the same to the Board:-

- a) The appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors;
- b) With the external auditors, their audit plans and audit reports;
- c) With the external auditors, their evaluation of the system of internal controls and risk management;
- d) The assistance given by the Company's employees to the external auditors;
- e) 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 works;
- f) The internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- g) The quarterly results and year financial statement, prior to the approval by the Board, 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) Any related party transactions 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;

- i) Whether there is reason (supported by grounds) to believe that the Company's external auditor are not suitable for re-appointment; and
- j) The allocation of options pursuant to a share scheme for employees at the end of each financial year.

Meetings

Meetings shall be held not less than four (4) times a year. The External Auditors may request a meeting if they consider that one is necessary. The Chairman shall convene a meeting whenever any member of the Audit Committee requests for a meeting by giving not less than three (3) clear days' notice thereof unless such requirement is waived by all members. However, consent from member that is overseas is not required. Written notice of the meeting together with the agenda shall be given to the members of the Audit Committee. In the event that the Chairman is unable to attend a meeting, a member of the Audit Committee shall be nominated as Chairman of the meeting. The nominated Chairman shall be an Independent Chairman.

In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be Independent Directors and any decision shall be by a simple majority. The Chairman of the Audit committee or in his absence, the Chairman of the meeting shall not have a casting vote.

In the event that the Chairman is unable to attend a meeting, a member of the Audit Committee shall be nominated as Chairman of the meeting. The nominated Chairman shall be an Independent Chairman.

The Audit Committee may invite other Directors and employees to the meeting to brief the Audit Committee on issues that are incorporated into agenda.

Reporting Procedure

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