

IFCA MSC BERHAD

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Composition of Audit Committee

The Audit Committee ('Committee') shall be appointed by the Board of Directors ('Board'), from amongst the Directors of the Company and shall fulfill the following requirements:

- I. The Committee shall consist of no fewer than three (3) members.
- II. All members must be non-executive directors, with a majority of them being independent directors.
- III. All members of the Audit Committee should be financially literate and

At least one (1) member of the Committee:

- i. must be a member of the Malaysian Institute of Accountants ('MIA');
- ii. if he/she is not a member of the MIA, he/she must have at least 3 years' working experience and;
 - (a) must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (b) 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) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- IV. No alternate director shall be appointed as a member of the Committee.
- V. The appointment of a Committee member terminates when the member ceases to be a Director.
- VI. In the event that a member of the 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 of three (3) members.
- VII. The Chairman of the Committee shall be an independent Non-Executive Director appointed by the Board and shall report on each meeting of the Committee to the Board.

VIII. The Board shall 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 their terms of reference.

2. Rights of the Committee

The Board authorises the Committee to have the following rights for the performance of its duties and responsibilities:

- I. Investigate any matter within its terms of reference.
- II. Have the Internal Audit Function report directly to the Committee.
- III. Have the resources which are required, at the Company's expense to perform its duties including appointing an internal audit outsourcing party.
- IV. Have full and unrestricted access to any information pertaining to the Company and its subsidiary companies for the purpose of discharging its functions and responsibilities.
- V. Have direct communication channels with the external auditors, person(s) carrying out the internal audit function or activity and any employee(s) of the Group.
- VI. Obtain outside legal or other independent professional advice, at the Company's expense if it considers necessary and reasonable for the performance of its duties; 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.
- VII. Have the right to pass resolutions by a simple majority of vote from the Committee and that the Chairman shall have the casting vote should a tie arise.
- VIII. The Chairman of the Audit Committee shall have access on a continuous basis to senior management, such as the chairman, the chief executive officer, the head of finance, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

3. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:

- I. To consider the nomination or appointment of the external auditors, the terms of engagement, the audit fee and resignation or dismissal of external auditors.
- II. To review the external auditors' audit plan and scope of the annual audit or other examinations for the Company and the Group.

- III. To review the external auditors and/or internal auditors' audit report, management letter and management's response.
- IV. To review with the external auditors with regard to problems and reservations arising from interim and final audits and any matter the external auditors may wish to discuss (in the absence of management where necessary).
- V. To determine the extent of cooperation and assistance given by the employees to the external auditors.
- VI. To review any financial information for publication, including the quarterly and annual financial statement before submission to the Board, focusing on:
 - a. any changes in or implementation of major accounting policies changes and practices;
 - b. significant and unusual events;
 - c. significant adjustments and issues arising from the audit;
 - d. the going concern assumption; and
 - e. compliance with approved accounting standards and other legal requirements
- VII. To review the adequacy of independence, competency, scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- VIII. To review the internal audit programme, processes, scope, and results of the audit programme, processes or investigation undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function.
- IX. To review the assessment of the performance of members of the internal audit function, approve the appointment or termination of Head of the internal audit function and provide resigning member an opportunity to submit his/her reasons for doing so and/or the performance of the outsourced internal audit service provider.
- X. To review any related party transaction entered by the Group to ensure it is within normal commercial terms and any potential conflict of interest situations that may arise within the Company or group including any transactions, procedure or course of conduct that raises questions of management integrity.
- XI. To consider the major findings of internal investigations authorised by the Board and management's response.
- XII. To report to the Bursa Malaysia Securities Berhad where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

- XIII. To review the adequacy of the Risk Management polices and procedures.
- XIV. To undertake any other activities as may be mutually agreed upon by the Committee and the Board.

4. Meetings and Quorum

- I. The Committee shall meet with reasonable notice as the Committee deem fit at least four (4) times a year or more frequently as the Committee considers necessary if requested by either any member of the Committee, the Board, the internal auditors or external auditors.
- II. The members of the Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- III. All decisions shall be decided on a show of hands by a majority of votes.
- IV. A resolution in writing signed and approved by a majority of the Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a meeting of the Committee duly called and constituted.
- V. The head of finance and head of internal audit function and representatives of the external auditors shall normally be invited to attend the meetings. The Committee may also invite non-member directors and employees to attend any of its meeting to assist in resolving and clarifying matters, where necessary.
- VI. The Committee shall meet with the external auditors at least twice a year, without executive board members present.
- VII. The majority of members present must be independent non-executive directors to form a Quorum and the number of independent non-executive directors shall not be less than two (2).

5. Secretary to Audit Committee

- I. The Committee may appoint one of its members, the Company Secretary or any employee of the Company to be the Secretary of the Committee.
- II. The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting and also be responsible or recording attendance, keeping the minutes of the meeting and circulating the minutes of the Committee meetings to all the members of the Board.