

MATRIX CONCEPTS HOLDINGS BERHAD

(414615-U)

TERMS OF REFERENCE OF AUDIT COMMITTEE

MEMBERSHIP

1. The Audit Committee shall be appointed by the Board from amongst their members and shall consist of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors.
2. 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' of working experience and:
 - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
3. The members of the Audit Committee shall elect a Chairman from amongst their members who is not the Chairman of the Board of the Company.
4. In the event of any vacancy in the Audit Committee, within three (3) months of that event, the Board shall appoint new members to make up the minimum number of three (3) members. The Chairman of the Audit Committee, if vacancy arises, the position must be filled within three (3) months.
5. No alternate Director shall be appointed as a member of the Audit Committee.
6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee and update to the Board annually.

SECRETARY

1. The Company Secretary shall be the Secretary of the Audit Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board.

AUTHORITY

The Audit Committee is authorised by the Board:

1. To investigate any activity within its terms of reference;
2. To have the resources required to perform its duties;
3. To have full and unrestricted access to information about the Company and the Group;
4. To have unrestricted access to both the internal and external auditors and to all employees of the Group;
5. To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
6. To obtain external legal or other independent professional advice as necessary;
7. To be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary; and
8. 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 Bursa Malaysia Listing Requirements, the Committee shall promptly report such matters to the authorities.

FUNCTIONS

The functions of the Audit Committee shall be:

1. To review with the external auditors and report to the Board:
 - the audit planning memorandum;
 - their evaluation of the system of internal controls;
 - their audit reports, to ensure that their recommendations regarding management weaknesses are implemented;
 - the annual financial statements and recommend the adoption of the financial statements;
 - the audit fees; and
 - any related party transactions and conflict of interest that may arise within the Company and the Group including any transaction, procedure or course of conduct that raise questions of management integrity.

2. To review with the internal auditors and report to the Board:
 - the Group's internal control procedures, including organizational and operational controls;
 - the internal audit's scope of work, functions, competency and resources and that it has the necessary authority to carry out its work;
 - the annual internal audit Plan;
 - the results of audit findings and other relevant reports;
 - the assistance given by the Company's officers to the internal auditors;
 - the regular management information and to ensure that audit recommendations regarding management weaknesses are effectively implemented; and
 - to review, approve and note the following relating to the internal audit function:
 - i) to review any appraisal or assessment of the performance of members (or the independent professional service provider firm as the case may be) of the internal audit function;
 - ii) to approve any appointment or termination of senior staff members (or the independent professional service provider firm as the case may be) of the internal audit function; and
 - iii) to note resignation of internal audit staff members (or the independent professional service provider firm as the case may be) and providing the staff members (or the independent professional service provider firm as the case may be) an opportunity to submit his/their reasons for resigning.
3. To review the Group's quarterly financial results and year end financial statements, prior to the approval by the Board of Directors focusing particularly on:
 - changes in or implementation of major accounting policy;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
4. To review and recommend the appointment of the external auditors.
5. To review on any removal or resignation of the external auditors.
6. To undertake such other functions as may be agreed to by the Audit Committee and the Board.

MEETINGS

1. Meetings shall be held not less than four (4) times a year.
2. The quorum for each meeting shall be two (2) members present.
3. The Group Managing Director, Group Deputy Managing Director, the Chief Financial Officer and the internal auditors shall normally be invited to attend the meetings. Other Board members and employees may also attend the meetings upon the invitation of the Audit Committee.
4. At least once (1) a year, the Audit Committee shall meet with the external auditors without the presence of management and Executive Directors.
5. The Chairman of the Audit Committee shall report on matters discussed and reviewed at each meeting to the Board.

GOVERNANCE

1. All members of the Audit Committee should be relatively financially literate to be able to understand matters under the purview of the Audit Committee including the financial reporting process in addition to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
2. The Audit Committee to assess on an annual basis, the suitability, objectivity and independence of the external auditors that consider among others:-
 - the competence, audit quality and resource capacity of the external auditor in relation to the audit;
 - the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
3. In the event that a former audit partner is being considered as a member of Audit Committee, such appointment can only be effected after a cooling period of two (2) years.