

SCIENTEX BERHAD
AUDIT COMMITTEE
TERMS OF REFERENCE

Composition

1. The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and shall consist of not less than three (3) members whereby 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 three (3) years' working experience and;
 - a) he must have passed the examinations specified in Part I of the First 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 First Schedule of the Accountants Act 1967; or
 - iii) must hold a degree/master/doctorate in accounting or finance and have at least three (3) years' post qualification experience in accounting and finance; or
 - iv) must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
2. All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.
3. No alternate Director is to be appointed as a member of the Audit Committee.
4. The members of the Audit Committee must elect a Chairman from amongst their number who is an Independent Non-Executive Director.
5. In the event of any vacancy in Audit Committee resulting in non-compliance of paragraphs 1, 2 and 4 above, the Board shall within three (3) months of that event, appoint such new members as may be required to fill the vacancy.
6. The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually.

Authority

The Audit Committee is authorised by the Board to:

- i) investigate any matter within its terms of reference;
- ii) have the resources which are required to perform its duties.

- iii) have full and unrestricted access to any information pertaining to the Company and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the Audit Committee.
- iv) obtain outside legal or other independent professional advice as necessary to assist the Audit Committee in fulfilling its duties.
- v) have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity.
- vi) convene any 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 and Duties

The functions and duties of the Audit Committee include the following:-

- i) to review the following and report the same to the Board
 - a) with the external auditors, the audit plan;
 - b) with the external auditors, their evaluation of the system of internal controls;
 - c) with the external auditors, their audit report;
 - d) the assistance given by the employees of the Company 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 work;
 - f) the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - g) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:-
 - changes in or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements; and
 - 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.
- ii) to discuss problems and reservations arising from the final audit, and any matter the auditors may wish to discuss (in the absence of management where necessary).
- iii) to recommend the nomination of a person or persons as external auditors and consider the appointment of the external auditors and to review its subsequent re-appointment, the audit fee and any questions of resignation or dismissal and report the same to the Board.

- iv) to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

Meetings and Reporting Procedures

The Audit Committee shall meet at least four (4) times in a financial year. The Chairman may call for additional meetings at any time at his discretion or if requested to do so by any member or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee. The quorum for a meeting shall consist not less than two (2) members, the majority of those present must be Independent Directors.

The Group Financial Controller, representative of the external auditors, other Board members, employees and/or external independent professional advisers may attend meetings upon the invitation of the Audit Committee.

Notice of the proposed agenda for each meeting is distributed in a timely manner to the members of the Audit Committee. As a reporting procedure, the secretary of the Audit Committee shall keep the minutes of each meeting and circulate to the members of the Audit Committee and also to all members of the Board for notation and action, where necessary.