



TSR CAPITAL BERHAD

Registration No. 200101005393 (541149-W)
(Incorporated in Malaysia)

Terms of Reference of Audit Committee

Objectives

The principal objective of the Audit Committee (“Committee”) is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate disclosure and transparency, public accountability of the Company and its subsidiaries. The Committee also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility and integrity to the Company’s shareholders.

Composition

The Committee shall consist of not less than three (3) members, all must be Non-Executive Directors, with a majority of the members being Independent Directors appointed by the Board. All members of the Audit Committee should be financially literate and at least one is a member of the Malaysian Institute of Accountants. If he or she is a former key audit partner, he or she only can be appointed to be a member of Audit Committee after a lapse of three (3) from last audit engagement.

No alternate director is to be appointed as a member of the Committee. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference. In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), the vacancy must be filled within three (3) months.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

Authority

The Committee is authorised by the Board to :

1. investigate any activity within the scope of the Committee’s duties;
2. have the resources which are required to perform its terms of reference;
3. have full and unrestricted access to any information as required to perform their duties;
4. obtain any information it requires from any employee(s);
5. obtain outside legal or independent professional advice;
6. be able to convene meetings with external auditors or both, excluding the attendance of other directors and employees of the Group, and with other external parties, whenever deemed necessary;

7. have the authority to form management / sub-committee(s) if deemed necessary and fit; and
8. have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit.

Duties and Responsibilities

To review the following and report the same to the Board of Directors of the Company:

1. the audit plan with external auditors;
2. with the external auditors, his evaluation of the system of the internal controls;
3. with the external auditors, their management letter and the management's response;
4. with the external auditors, their audit report;
5. the assistance given by the employees of the Company to the external auditors;
6. the nomination or re-appointment of the external auditors and their audit fees as well as matters pertaining to resignation or change of the external auditors;
7. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work ;
8. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
9. to review quarterly results, and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on :
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events;
 - compliance with approved accounting standards and other legal requirements;
 - compliance with the Listing Requirements;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - major judgmental areas.
10. to review any related party transaction 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.
11. to report its findings on the financial and management performance and other material matters to the Board;
12. to consider the major findings of internal investigations and management's response; and
13. To review the following and report the same to the Board of Directors of the Company;
 - any letter of resignation from the External Auditors of the company;
 - whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment; and
 - any other matters as directed by the Board.

The Committee shall establish an internal audit function which is independent of the activities it audits.

The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.

The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

The Committee shall prepare an Annual Report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's Annual Report.

The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting.

All recommendations and findings of the Committee shall be submitted to the Board for approval.

The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Securities.

Meetings

1. The Committees shall meet at least four (4) times per financial year to discuss any matters raised by the Auditors in discharging their functions. The quorum for a meeting of the Audit Committee shall be two (2) of which the majority must be independent directors.
2. The Secretaries to the Audit Committee shall be the Company Secretaries of the Company or any other person appointed by the Committee. The Secretaries shall be responsible for the co-ordination of administrative details including calling the meetings, voting and keeping of minutes.
3. A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required.
4. The procedures of the meeting are as follows :
 - The members may regulate their meetings as they think fit;
 - Every notice convening meetings shall specify the place, the day, the hour and the agenda of the meeting and shall be given to all members at least (1) one day before the meeting.
 - Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have any casting vote including but not limiting to the case where the quorum is made up of only two (2) members;

- The Minutes of the meetings shall be kept at the registered office of the Company;
- The Audit Committee shall report on each meeting to the Board.

Review of the Terms of Reference

The Terms of Reference shall be reviewed and may be amended by the Committee as and when it deems appropriate and shall be presented to the Board for approval.