

TANCO HOLDINGS BERHAD
(Company No. : 3326-K)

AUDIT COMMITTEE

Composition of Audit Committee

1. The Audit Committee shall be appointed by the Board of Directors from among its members and all the members must be non-executive directors, with a majority of them, being independent directors.
2. The Audit Committee shall include at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years working experience and have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the 1st Schedule of the Accountants Act 1967 or a person who fulfils such other requirements as prescribed or approved by the Exchange.
3. No alternate Director shall be appointed as a member of the Audit Committee.
4. The members of the Audit Committee shall elect a chairman from among their number and that person so elected need to be an Independent Non-Executive Director.
5. In the event that a member or the Chairman of the Audit Committee resigns, dies or for any other reason ceases to be a member or Chairman with the result that the number of members is reduced to below three (3) or there is no Chairman in the Committee, the Board of Directors shall, within three (3) months of that event, appoint such number of new members or Chairman

Terms of Memberships

The term of office and performance of the Committee and each of its members shall be reviewed by the Nominating Committee annually.

Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference, and shall be given the resources and full access to information, which it needs to do.

The Audit Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity and 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.

Duties

The duties of the Audit Committee should include the following:-

- (i) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- (ii) To review with the external auditors before the audit commences, the nature and scope of the audit and their audit plan;
- (iii) To review the assistance given by the Company's officers to the internal and external auditors;
- (iv) To review the quarterly and year-end financial statements of the Company, prior to the approval of the Board of Directors, focusing particularly on:-
 - any changes in accounting policies and practices;
 - significant and unusual events;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements;
- (v) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- (vi) To review the external auditors' management letter and management's response;
- (vii) To do the following in relation to the internal audit function :-
 - review 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;
 - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of internal auditor;
 - take cognizance of the resignation of the internal auditor and to provide the resigning internal auditor an opportunity to submit his reason(s) for resigning.
- (viii) To consider any related party transactions or conflict of interests that may arise within the Company or Group;
- (ix) To consider the major finding of internal investigations and management's response;
- (x) To report promptly to the Bursa Malaysia Securities Berhad ("Bursa Securities") on matters reported by the Audit Committee to the Board which have not been satisfactorily resolved resulting in a breach of Listing Requirements of Bursa Securities;
- (xi) To verify the allocation of options pursuant to Share Issuance Scheme ("SIS for eligible employees in compliance with the criteria of the SIS at the end of each financial year; and
- (xii) To consider other topics as defined by the Board.

Attendance at Meetings

The Group Financial Controller, internal auditors and a representative of the external auditors shall attend meetings upon the invitation of the Audit Committee. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without Executive Board members present at least twice a year.

The Company Secretary shall be the secretary of the Audit Committee. The secretary shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Audit Committee members and to the other members of the Board of Directors.

Quorum

The quorum of the Audit Committee Meetings shall consist of a majority of members of whom is Independent.

Frequency of Meetings

The Audit Committee shall meet not less than four (4) times a year. In addition, the Chairman may call a meeting of the Audit Committee if requested to do so by any Audit Committee member or by the external auditors if they consider it necessary.