

PLB ENGINEERING BERHAD
(CO. NO.: 418224-X)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst the non-executive Directors and shall consist of not less than three members, with a majority of them being independent Directors. The members of the Audit Committee shall elect a Chairman from among their numbers, and who shall be an independent Director. An alternate Director shall not be appointed as a member of the Audit Committee.

Any question arising at any Committee meeting shall be decided by a majority of votes and a determination by a majority of committee. In the case of an equality of votes the Chairman shall have a casting vote.

At least one member of the Audit Committee:

- (i) shall be a member of the Malaysian Institute of Accountants; or
- (ii) if not a member of the Malaysian Institute of Accountants, the member shall have at least three years' working experience and:
 - (a) shall have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) shall be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the Audit Committee members have carried out their duties in accordance with the terms of reference.

Meetings and Minutes

Meetings shall be held at least four times a year, and at least twice a year, the Committee shall meet with the external auditors and internal auditors without any executive officer of the Group being present. The auditors, both internal and external, may request a meeting if they consider that one is necessary.

A quorum consists of two members present and a majority of whom must be independent Directors.

The Company Secretary shall act as secretary to the Audit Committee. Minutes of each meeting shall be distributed to each Board member, and the Chairman of the Committee shall report on key issues discussed at each meeting to the Board.

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Authority

The Audit Committee shall have the following authority as empowered by the Board:

- to investigate any activity within its term of reference;
- full, free and unrestricted access to any information pertaining to the Group;
- direct communication channels with the external and internal auditors, as well as all employees of the Group; and
- to obtain external independent professional advice as necessary.

INTERNAL AUDIT DEPARTMENT

Duties

The following are the main duties and responsibilities of the Committee collectively:

- 1) To review the quarterly results to Bursa Securities and year-end financial statements of the Group before submission to the Board, focusing particularly on:
 - (i) the going concern assumption;
 - (ii) any changes in accounting policies and practices;
 - (iii) significant issues arising from the audit;
 - (iv) compliance with accounting standards, regulatory and other legal requirements; and
 - (v) major judgmental areas.
- 2) To consider the nomination and appointment of external auditors, as well as their audit fee.
- 3) To consider any letter of resignation from the external auditors, and any questions of resignation or dismissal.
- 4) To discuss with the external auditors, prior to the commencement of audit, their audit plan, which shall states the nature of the audit, and to ensure co-ordination of audit, where more than one audit firm is involved.
- 5) To review with the external auditors, their evaluation of system of internal controls, their management letter and the management's response.
- 6) To review the assistance given by the employees of the Company to the external auditors.
- 7) To review the following in respect of internal audit:
 - (i) the adequacy of the audit scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions;
 - (ii) the internal audit plan, programme and activities;

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- (iii) the major findings of internal audit investigations and management's responses, and ensure appropriate actions are taken on the recommendations of the internal audit function;
 - (iv) assessment of the performance of the staff of the internal audit function;
 - (v) appointment or termination of senior staff members of the internal audit function; and
 - (vi) resignations of internal audit staff members and provide resigning staff member and opportunity to submit his/her reason for resignation.
- 8) To monitor any related party transactions and situations where a conflict of interest may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to ensure that the Directors report such transactions annually to the shareholders via the annual report.
- 9) To review the reports of the Risk Management Committee in relation to the adequacy and integrity of the Group's internal control system.
- 10) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss (in the absence of management, where necessary).
- 11) To review all prospective financial information provided to the regulators and/or the public.
- 12) To report promptly to Bursa Securities on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements of Bursa Securities.
- 13) To consider other matters as may be directed by the Board from time to time.