

B.I.G. INDUSTRIES BERHAD (195285-D)
TERMS OF REFERENCE OF AUDIT COMMITTEE

1. OBJECTIVES

The primary objectives of the Audit Committee are to:

- (i) provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiary companies' accounting and management controls, financial reporting and business ethics policies.
- (ii) provide greater emphasis on the audit function by serving as the focal point for communication between non-committee Directors, the External Auditors, Internal Auditors and the management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's External Auditors, the integrity of the management and the adequacy of disclosure to shareholders.
- (iii) monitor compliance with the Group's policies and procedures in order to provide assurance on the effectiveness of the Group's internal control, policies and procedures.
- (iv) undertake such additional duties as may be appropriate and necessary to assist the Board.
- (v) serve as an independent and objective party in the review of the financial information presented by the management for distribution to shareholders and the general public.

2. AUTHORITY

The Committee is authorised by the Board to investigate any activities within its terms of reference. It shall have:

- (i) full and unrestricted access to any information pertaining to the Company and its subsidiary / associated companies;
- (ii) direct communication channels with both the External Auditors and Internal Auditors; and
- (iii) full access to any employee or member of the management.

The Committee is also authorised by the Board to obtain legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

3. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the Audit Committee will need to undertake the following duties and responsibilities as summarised below and to report the same to the Board accordingly:

- (i) To review the Group's quarterly results and the Group's and the Company's year-end / annual financial statements before submission to the Board.

The review shall focus on:

- any change in or implementation of major accounting policies and practices
 - significant judgements made by management
 - significant issues arising from audit and matters highlighted including financial reporting issues
 - the going concern assumption
 - compliance with the accounting standards
 - compliance with stock exchange, legal and regulatory requirements
 - significant and unusual events or transactions and matters are addressed
- (ii) To review with the External Auditors the following:
- the audit plan, scope and nature of the audit for the Company and the Group
 - the evaluation of the system of internal controls
 - audit report
 - problems and reservations arising from their interim and final audits
 - the assistance given by employees of the Company or Group to the External Auditors
- (iii) To review the internal audit functions on the following:
- 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
 - the internal audit programme, internal control, risk management, processes, risk profiles, risk registers, 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
 - internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit and risk management findings
- (iv) To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics.
- (v) To review any related party transaction and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure, profile or course of conduct that raises questions of management integrity.
- (vi) To review:
- any letter of resignation from the External Auditors of the Company or Group
 - whether there is reason (support by grounds) to believe that the Company's or Group's External Auditors are not suitable for re-appointment
 - any recommendation on the nomination of a person or persons as External Auditors
- (vii) To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group by reviewing the External Auditors' management letters / report, risk registers, internal audit letters / reports and management response.

- (viii) To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- (ix) To report to the Board its works, significant results and findings.