

# **MARCO HOLDINGS BERHAD**

(Company No. : 89858-P) (Incorporated In Malaysia)

## **MARCO AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

#### **Membership**

The Marco Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members. All the Audit Committee members must be non-executive directors, with a majority of them being independent directors. Alternate director(s) cannot be appointed as member(s) of the Committee. In the event of any vacancy in the Committee which results in non-compliance of paragraph 15.09 (1) and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Main Market LR”), the vacancy shall be filled within 3 months.

At least one member of the Committee must be qualified under paragraph 15.09 (1)(c) of the Main Market LR.

The Chairman of the Committee shall be an independent director appointed by the Committee.

#### **Frequency of Meetings**

Meetings shall be held not less than four times in each financial year. In addition, the Chairman of the Committee may call a meeting of the Committee upon the request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Board and shareholders.

Majority members present in person who are independent non-executive directors shall be a quorum.

#### **Secretaries**

The Company Secretaries shall be the Secretaries of the Committee.

#### **Authority**

The Marco Audit Committee shall, at the Company’s expense, have the following authority and rights:-

1. full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
2. be provided with the necessary resources which are required to perform its duties.
3. the right to investigate into any matter within its Terms Of Reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.
4. the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.
5. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
6. may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

## **Duties**

The Marco Audit Committee shall report to the Board of Directors either formally in writing, or verbally, as it considers appropriate on the matters within its Terms Of Reference.

The duties of the Marco Audit Committee shall be :-

1. To discuss with the external auditors before the audit commences, the nature and scope of the audit, audit plan and ensure co-ordination where more than one (1) audit firm is involved;
2. To review the audit report with the external auditors;
3. To review the assistance given by the Company's officers to the external auditors and to meet with the external auditors without executive board members' present at least twice a year;
4. To review the quarterly results and year-end financial statements of the Company and the Group, prior to the approval by the Board, focusing particularly on:
  - a. changes in or implementation of major accounting policy changes;
  - b. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - c. significant adjustments arising from the audit;
  - d. the going concern assumption;
  - e. compliance with accounting standards, regulatory and other legal requirements; and
5. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management, where necessary);
6. To review any related party transaction and conflict of interest situation that arose, persist or may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
7. To review the adequacy of the scope, competency and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;
8. To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning, if the staff member concerned so desires;
9. To review any internal audit plan, processes, the results of the internal audit assessments, investigations undertaken and whether or not appropriate action is taken on the recommendations;
10. To review any evaluation made on the systems of internal controls with the internal and external auditors;
11. To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;
12. To consider any resignation or removal of the External Auditors, and to furnish such written explanation or representation from the External Auditors to Bursa Malaysia Securities Berhad;

13. To review and monitor the suitability and independence of external auditors, to obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
14. To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
15. The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company;
16. To carry out an evaluation of the performance of the Internal Auditors on an annual basis;
17. In the event of a proposal to appoint a former key audit partner of the External Auditors as a member of the Audit Committee, to ensure that such former key audit partner has observed a cooling-off period of at least three years from his/her last engagement as external audit partner for the Company; and
18. To undertake such other functions as may be agreed by the Marco Audit Committee and the Board.

### **Performance Review**

The term of office and performance of the Marco Audit Committee and each of its members shall be reviewed by the Nomination Committee of the Company annually to determine whether the Audit Committee and members have carried out their duties in accordance with the Audit Committee's Terms of Reference.