

# **GFM SERVICES BERHAD**

## **(Company 1033141-H)**

### **AUDIT COMMITTEE**

#### **TERMS OF REFERENCE**

#### **OBJECTIVE**

The Audit Committee (“AC”) is established to act as a committee of the Board of Directors (“the Board”) to fulfill its fiduciary responsibilities as outlined in Chapter 15 at the ACE Market Listing Requirements (“Listing Requirements”) and all other relevant directive as imposed by Bursa Malaysia Securities Berhad, and to assist the Board to review the adequacy and integrity of the Group’s financial administration, risk management, internal control and reporting.

#### **1. COMPOSITION**

1.1 The AC shall fulfill the following requirements :

- a) It must comprise of not less than three (3) members;
- b) All members of the AC shall be non-executive directors with a majority of them being independent directors; and
- c) At least one member of the AC:
  - Must be a member of the Malaysian Institute of Accountants (“MIA”); or
  - If he is not a member of MIA, he must have the relevant qualification and experience as specified by the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad (“Listing Requirement”).

1.2 Members of the AC shall elect from among them a chairman who shall be an independent director.

1.3 No alternate director can be appointed as member of the AC.

1.4 In the event of any vacancy in an AC resulting with non-compliance of paras 1.1 and 1.2 above, the vacancy must be filled within three (3) months.

#### **2. AUTHORITY**

2.1 The AC shall have the authority and right, at the cost of the Company, to:

- a) Investigate any activity of the Company and its subsidiaries;
- b) To have the resources which are required to undertake its duties;
- c) Have full and unrestricted access to any information and documents pertaining to the company and its subsidiaries;
- d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- e) Seek independent professional or other advice; and
- f) Convene meeting with the internal auditors and external auditors without the presence of the Executive Directors and Management staff.

2.2 Where the AC is of the view that a matter reported by it to the Board has not been satisfactory resolved resulting in a breach of the Listing Requirements, the AC shall promptly report such matter to Bursa Malaysia Securities Berhad.

### **3. MEETINGS**

3.1 Meetings shall be held at least four (4) times annually, with due notice of issues to be discussed, or more frequently if circumstances so require the AC to do so. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

3.2 The Chairman shall, upon request of the external or internal auditors, convene a meeting of the AC.

3.3 A quorum shall consist of a majority of independent directors, with a minimum of two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

3.4 The AC members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

3.5 The AC may require the members of management, the internal auditors and representatives of the external auditors to attend any of its meetings as it determines.

3.6 Other Directors and employees may attend any particular meeting only at the AC's invitation, specific to the relevant meeting.

3.7 The Company Secretary shall be the Secretary of the AC or in his absence, another person authorized by the Chairman of the AC.

3.8 The AC should meet with the external auditors without Executive Directors present at least once a year.

3.9 Question arising during the meeting shall be decided by a majority of votes of members present, and in the case of equality of votes, the Chairman shall have a second or casting vote.

### **4. DUTIES AND RESPONSIBILITIES**

The AC shall, amongst other, discharge the following functions:

#### **4.1 Financial Reporting**

To review the quarterly result and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

- a) The going concern assumption;
  - b) Changes in or implementation of major accounting policy changes;
  - c) Significant matters including financial reporting issues, significant judgements made by Management, unusual events or transactions, and how these matters are addressed;
- and

- d) Compliance with accounting standards, Listing Requirements and other legal requirements.

#### 4.2 Related Party Transactions

To monitor and review any related party transactions that may arise within the Company or Group.

#### 4.3 External and Internal Audit

- a) To consider the suitability of the appointment and re-appointment of the audit firm, in relation to:-
- Adequacy, capability and resources of the audit firm
  - The audit firm's clientele and independence
  - The audit fees
- b) To review the audit plan, its scope and approach to auditing, and the timing
- c) To seek auditor's assessment on the risk management and internal control of the company and the Group.
- d) To review the audit reports and Management's responses to the audit findings
- e) To ensure proper assistance is provided by the Management in the course of the audit work.
- f) To evaluate the performance of the auditors on an annual basis.

#### 4.4 Risk Management and Internal Control

- a) To seek assurance from Management on whether the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management profile or model adopted by the Company.
- b) To ensure the disclosures required under the Listing Requirements pertaining to risk management and internal control accurately reflect the state of affairs of the Company and the Group.

#### 4.5 Other Duties

- a) Review the Audit Committee report for inclusion in the annual report.
- b) The Chairman of the AC shall report on the outcome of each AC meeting to the Board.
- c) To carry out such other functions as may be agreed to by the AC and the Board.

### 5. OTHER MATTERS

#### 5.1 Resolution in Writing

A resolution in writing, signed by all members of the AC for the time being entitled to receive notice of a meeting of the AC, shall be as valid and effectual as if it had been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

#### 5.2 Minutes

- a) Minutes of each meeting shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting.
- b) Minutes of each meeting, once signed, shall be distributed to the Board at the next meeting of the Board and shall be kept at the registered office of the Company.

--- end of Terms of Reference of the AC ---