



## **LANDMARKS BERHAD**

Registration No. 198901007900 (185202-H)

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

#### **TERMS OF REFERENCE**

The Audit Committee was established by the Board of Directors (“Board”) of Landmarks Berhad (“Landmarks” or “Company”) on 22 February 1993 to act as a Committee of the Board to fulfil its fiduciary responsibilities. The authority, functions, and duties of the Committee shall be extended to the subsidiary companies of Landmarks (“Group”). The Committee was re-named the Audit and Risk Management Committee on 28 November 2007, with the additional responsibility for the risk management functions of the Group.

#### **1. Composition**

The Board shall elect the Committee members from amongst themselves, comprising no fewer than three (3) directors, where the majority shall be independent directors but preferably all should be independent directors. All members of the Committee shall be non-executive directors. At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Chairman of the Committee shall be an independent non-executive director who is not the Chairman of the Board.

No alternate director of the Board shall be appointed as a member of the Committee.

A former key audit partner of the external auditors shall only be appointed a member of the Committee after he has relinquished his position as a key audit partner of the Company or Group for at least three (3) years.

#### **2. Meetings**

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for a meeting of the Committee, the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present. Participation at meetings of the Committee by any member may be via instantaneous telecommunication device, with or without visual capacity.

The Company Secretary shall be appointed Secretary of the Committee. The Secretary, in conjunction with the Chairman, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee. The minutes of all Committee meetings shall be circulated to members of the Board.

The Committee shall meet at least twice annually with the external auditors and/or internal auditors without the presence of the other members of the Board and management to discuss any matter with the Committee.

A resolution in writing signed by all members shall be valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

### **3. Authority**

The Committee is authorised by the Board to investigate any activity within its duties and responsibilities. It is authorised to seek any information it requires from any employee and employees are directed to cooperate with any request made by the Committee. The Committee can obtain, at the expense of the Company, independent legal or other professional advice if it considers necessary.

### **4. Duties and Responsibilities**

The Committee shall primarily be responsible to review and report the following to the Board:

#### **External Audit**

- to review the nature and scope of the audit plan with the external auditors;
- to meet and discuss any key concerns with the external auditors at least twice a year without the presence of management;
- to review the audit report, external auditors' management letter and management's response;
- to assess the assistance given by employees to the external auditors;
- to consider the appointment, re-appointment, resignation or dismissal of the external auditors and the audit fees;
- to annually assess and confirm the suitability, objectivity, independence and performance of the external auditors;
- to approve provision of non-audit services by the external auditor and its affiliates; and
- to consider and review information presented in the Annual Transparency Report of the audit firm.

#### **Internal Audit**

- to review the adequacy of the scope, functions and resources of the internal audit function and the authority to carry out its work;
- to review the internal audit programme, the processes and the results of any investigation undertaken and the recommendations from the internal audit;
- to review any major findings of internal audit investigations and the management response;
- to review the appraisal or assessment of the performance of the members of the internal audit function; and
- to consider the appointment or termination of senior staff members of the internal audit function or the outsourced service provider.

## **Risk Management & Internal Controls**

- to review the adequacy and integrity of internal control systems, including risk management and management information systems;
- to review and test the risk management and internal control framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks;
- to evaluate the system of internal controls with the external auditors;
- to review the Group risk profile on a quarterly basis with focus on the key or significant risks identified affecting the Group;
- to recommend to the Board its findings and proposed course of actions to be taken by management to mitigate risk; and
- to review the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

## **Financial Reporting**

- to review the quarterly results and year-end financial statements, focusing particularly on:
  - changes in or implementation of major accounting policies and practices;
  - significant matters highlighted including financial reporting issues and significant judgments made by management;
  - significant and unusual events or transactions and how these matters are addressed;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.

## **Related Party Transaction and Conflict of Interest**

- to review and report on any related party transaction and conflict of interest situation that have been declared or arise, persisted or may arise in any transaction, procedure or course of conduct and the measures to be taken to deal with, resolve, eliminate or mitigate the related party transaction or conflict of interest.

The Committee shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

## **5. Continuous Professional Development**

All members of the Committee should undertake continuous training to keep updated on relevant developments in accounting and auditing standards, practices and rules.