

Audit Committee

Role of the Audit Committee

The Audit Committee shall be a standing sub-committee of the Board. The Committee's role is to act on behalf of the Board of Directors and oversee all material aspects of the Company's financial reporting, control and audit functions. The Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders and on Company processes for the management of business/financial risk and for compliance with significant applicable legal, ethical and regulatory requirements.

Membership of the Committee

The Committee shall consist of at least one, and no more than four, independent, non-executive Board Directors. Committee members shall have: (1) knowledge of the primary industries in which the Company operates; (2) the ability to read and understand fundamental financial statements, including a company's balance sheet, income statement, statement of cash flows and key performance indicators; and (3) the ability to understand key business and financial risks and related controls and control processes. The Committee shall have access to its own counsel and other advisors at the Committee's sole discretion.

At least one member should be literate in business and financial reporting and control, including knowledge of the regulatory requirements, and should have past employment experience in finance or accounting or other comparable experience or background. The Committee Chairman shall be selected by the Committee members or by the Nominations and Remuneration Committee.

Operating principles of the Committee

The Committee shall fulfil its responsibilities within the context of the following overriding principles:

1. Communications

The Chairman and others on the Committee shall, to the extent appropriate, maintain an open avenue of contact throughout the year with senior management, other committee chairs and other key Committee advisors (external auditors, etc), as applicable, to strengthen the Committee's knowledge of relevant current and prospective business issues.

2. Meeting agenda

Committee meetings shall be the responsibility of the Committee Chairman, with input from Committee members. It is expected that the Chairman would ask for the management and key Committee advisors, and perhaps others, to participate in this process.

3. Expectations and information needs

The Committee shall communicate Committee expectations and the nature, timing and extent of Committee information needs to management, and external auditors. Written materials, including key performance indicators and measures related to key business and financial risks, shall be received from management, auditors and others at least one week in advance of meeting dates. Meeting conduct will assume Committee members have received written materials in sufficient depth to participate in Committee dialogue.

4 External resources

The Committee shall be authorised to access internal and external resources, as the Committee requires, to carry out its responsibilities.

5 Meeting attendees

The Committee shall request members of management, external legal experts, external auditors, as applicable, to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. Periodically and at least annually, the Committee shall meet in private session with only the Committee members. It shall be understood that either external auditors or external experts, may, at any time, request a meeting with the Committee or Committee Chairman with or without management's attendance. In any case, the Committee shall meet in executive session separately with external auditors, at least annually.

6 Meeting frequency

The Committee shall meet at least semi annually. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman.

7 Reporting to the Board of Directors

The Committee, through the Committee Chairman, shall report periodically, as deemed necessary, but at least annually, to the full Board. In addition, minutes from Committee meetings, separately identifying monitoring activities from approvals, shall be available to each Board Director at least one week prior to the subsequent Board of Director's meeting.

The principal Responsibilities of the Committee

1 Financial reporting

- Review and assess the annual and interim financial statements before they are released to the public or filed.
- Review and assess the key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditor's views, and the basis for audit conclusions.
- Approve changes in important accounting principles and the application thereof in both interim and annual financial reports.
- Advise financial management and the external auditors that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
- Review reports from the independent auditors concerning critical accounting policies, all alternative treatments of financial information that were discussed with management and other material written communications between the auditors and management.
- Review with independent auditors any audit problems or difficulties and management's response.
- Discuss with management all earnings press releases as well as financial information and earnings guidance provided to analysts and ratings agencies.

2 Risks and controls

- Review and assess the Company's business and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk.
- Review and assess the Company's system of internal controls for detecting accounting and financial reporting errors, fraud and defalcations, legal violations, and non-compliance with the corporate code of conduct. In that regard, review the related findings and recommendations of the external auditors, together with management's responses.
- Discuss with management policies and programmes in respect of risk management and risk assessment.

3 External auditors

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- Recommend the selection of the external auditors for approval by the Board of Directors.
- Instruct the external auditors that they are responsible to the Board of Directors and the Committee as representatives of the shareholders. In that regard, confirm that the external auditors will report all relevant issues to the Committee in response to agreed expectations.
- Approve, in advance, all auditing and non-auditing services provided by the Company's independent auditors.
- Review the performance of the external auditors.
- Obtain a formal written statement from the external auditors on their independence. Additionally, discuss with the auditors any relationships or non-audit services that may affect their objectivity or independence.
- Consider, in consultation with the external auditors, their audit scopes and plans to ensure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
- Review with management and the external auditors the result of the annual audits, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions and changes in accounting principles, and accounting estimates requiring significant judgements.
- Provide a medium for the external auditors to discuss with the Committee their judgements about the quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Company.