

IBL LTD

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

1. Overall Purpose/Objectives

- 1.1 The Audit and Risk Committee, while assisting the Board in fulfilling its oversight responsibilities, will also be responsible for any other functions as may be designated by the Board. The Audit and Risk Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, the ethical behaviour of the Company, its executives and senior officials, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.
- 1.2 In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. The Committee will work and liaise with all other Board committees, as and when necessary.
- 1.3 The Committee will not perform any management functions or assume any management responsibilities. It will provide a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board. The Committee will mainly make recommendations to the Board for its approval or final decision. To perform his or her role effectively, each Committee Member must have an understanding of the detailed responsibilities of Committee membership as well as be provided with a comprehensive overview of the Company's business, operations, and risks.

2. Membership

- 2.1 The members of the Committee shall be appointed by the Board of IBL Ltd from amongst the non-executive Directors of the Company. The Committee shall consist of a Chairman and at least two other Board members out of which at least one shall be an independent non-executive Director. The Chairman of the Board, the Chief Executive Officer or the Chief Finance Officer shall not be members of the Committee.
- 2.2 Members shall be appointed for a three-year term of office and, to ensure continuity, shall be automatically reviewed unless vacation is requested by the Board.
- 2.3 All members should be independent of management, financially literate and capable of making a valuable contribution to the Committee. Ideally, at least one member should possess a professional qualification from one of the professional accountancy bodies.
- 2.4 The duties and responsibilities of a member of the Audit and Risk Committee are in addition to those set out for a member of the Board of Directors.
- 2.5 The Chairperson of the Audit and Risk Committee shall be nominated by the Board for a one-year term of office and shall be automatically reappointed unless the Board decides otherwise. In the absence of the Chairperson of the Audit and Risk Committee, the members present shall choose one of their number to be Chairperson of the meeting.

- 2.6 The Board will have the power at any time to remove any member from the Audit and Risk Committee and to fill any vacancy created by such removal.

3. Attendance at Meetings

- 3.1 The Chief Financial Officer, Internal Auditor and External Auditor may be invited to attend meetings. The Chairperson of the Committee may invite the Chairman of the Board, other Board members or any other assurance providers to attend all or part of a Committee meeting for specific agenda items.
- 3.2 The Committee may instruct any officer or employee of the Company to attend any meeting and provide pertinent information as and when necessary.
- 3.3 Notwithstanding 6.1 below, the Committee shall meet, at least once a year, with the Internal Auditor and the External Auditors without the presence of executive management to discuss any matters that either the Committee or these two believe should be discussed privately.

4. Secretary

- 4.1 The Company Secretary or his nominee shall act as Secretary of the Committee. The Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration.

5. Quorum

- 5.1 The quorum necessary for the transaction of business shall be two members.

6. Frequency of Meetings

- 6.1 The Audit and Risk Committee shall hold sufficient scheduled meetings per annum to discharge fully all aspects of its terms of reference. It shall meet as often as would be necessary to achieve its objectives, but at least four times a year. All Committee members are expected to attend each meeting in person or by means of audio, or audio and visual communication.
- 6.2 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the external audit lead partner or head of internal auditor if they consider it necessary.

7. Notice of Meetings

- 7.1 Notice of each meeting confirming the venue, time and date together with a detailed agenda of items to be discussed and supporting documents shall be circulated to each member of the Committee, any other person required to attend, not less than five working days before the date of the meeting.

8. Proceedings at Meetings

- 8.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2 Draft minutes shall be circulated no later than 10 working days to all Committee members. Once approved, the minutes should be circulated to all other members of the Board unless, in the opinion of the Committee Chairman, would be inappropriate.
- 8.3 The Committee members shall declare their interest as soon as a conflict or potential conflict of interest arises.
- 8.4 The Committee members must have privileged access to any information that it needs, well in advance of scheduled meetings. Where necessary, this includes access to external resources, legal counsel, and financial and other professional advisors.
- 8.5 The Committee members must be fully prepared for Committee meetings to provide appropriate and constructive input on matters discussed.

9. Reporting Responsibilities

- 9.1 The committee chairperson shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the board on how it has discharged its responsibilities. This report shall include:
 - 9.1.1. The significant issues that it considered in relation to the financial statements and how these were addressed.
 - 9.1.2. Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor.
 - 9.1.3. Any other issues on which the Board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall compile a report on its activities to be included in the company's annual report. This report should include:
 - 9.3.1 Explanation on how the committee has addressed the effectiveness of the external audit process
 - 9.3.2. The significant issues the committee considered in relation to the financial statements, how these were addressed having regard to matters communicated by the auditor.

- 9.4 The Committee shall exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the board's assessment of whether the company is a going concern.
- 9.5 The Committee Chairperson shall attend the annual meeting to answer shareholder questions on the committee's activities.

10. Remuneration

- 10.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, members of the Committee may be paid such remuneration in respect of their appointment as shall be fixed by the board. Such special remuneration in respect of their appointment as shall be in addition to the annual fees payable to directors.
- 10.2 The chairperson of the Committee shall, in addition to his or her remuneration as member, receive a further sum as determined by the board.

11. Authority

- 11.1 The Committee is authorised by the Board to investigate any activity it deems appropriate. It is authorised to have full access to the Company's records, facilities or to seek any information from any officer or employee of the Company all of whom are directed to co-operate with any request made by the Committee.
- 11.2 The Committee is authorised to engage any firm of accountants, lawyers or other professionals as the Committee sees fit to provide the independent counsel and advice and to assist in any review or investigation on such matters as the Committee deems appropriate.
- 11.3 The Committee is authorised to publish in the organisation's annual report, details of any issues that cannot be resolved between the Committee and the Board.

12. Responsibilities of the Committee

The Audit and Risk Committee shall:

12.1 Internal Controls and Risk Management Systems

- 12.1.1. Keep under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems.
- 12.1.2. Review and approve the statements to be included in the annual report concerning internal controls and risk management.

12.2 Internal Audit

- 12.2.1. Review and approve the charter of the internal audit function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate standards for internal auditors.
- 12.2.2. Review and assess the annual internal audit work plan.
- 12.2.3. Approve the appointment and termination of the internal auditors.
- 12.2.4. Receive report on the results of the internal auditors' work on a periodic basis.
- 12.2.5. Review and monitor management's responsiveness to the internal auditors' findings and recommendations.
- 12.2.6. Ensure the internal auditors have direct access to the Chairman of the Board and to the Committee Chairperson and is accountable to the Committee.
- 12.2.7. Meet with the internal auditors at least once a year without the presence of management.
- 12.2.8. Monitor and review the effectiveness of Company's internal audit function, in the context of the Company's overall risk management system.
- 12.2.9. Safeguarding organisation's assets against unauthorised use or disposal.
- 12.2.10. Directing and supervising investigations into matters within its scope, for example, evaluations of the effectiveness of the organisation's internal control, cases of employee fraud, misconduct or conflict of interest.

12.3 External Audit

- 12.3.1. Consider and make recommendations to the Board as regards the appointment, re-appointment and removal of the Company's external auditors.
- 12.3.2. Meet regularly with the external auditors (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least, once a year, without management being present, to discuss the auditors' remit and any issues arising from the audit.
- 12.3.3. Review the management letter and management's response to the auditors' findings and recommendations.
- 12.3.5. Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the organisation (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.

- 12.3.6. Oversee the relationship with the external auditor including (but not limited to): recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted.

12.4 Financial Statements

- 12.4.1. Examine and review the quality and integrity of the financial statements, including annual and quarterly reports, and any other formal announcement relating to the organisation's financial performance.
- 12.4.2. Review and report to the board on significant financial reporting issues and judgements, having regard to matters communicated by the auditor
- 12.4.3. Review and challenge, where necessary:
- 12.4.3.1. Consistency of, any changes to significant accounting policies yearly basis and across company/group
 - 12.4.3.2. Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements
 - 12.4.3.3. Methods used to account for significant or unusual transactions where different approaches are possible
 - 12.4.3.4. Significant adjustments resulting from audit
 - 12.4.3.5. Whether the company has followed appropriate accounting standards and make appropriate estimates and judgements taking views of the external auditor
 - 12.4.3.6. Clarity and completeness of disclosure in the financial reports and the context in which statements are made
 - 12.4.3.7. All material information presented with the financial statements, such as business review and corporate governance statements relating to the audit and to risk management
 - 12.4.3.8. Where the committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the board
 - 12.4.3.9. The basis on which the organisation has been determined a going concern
 - 12.4.3.10. Capital adequacy and internal controls

- 12.4.3.11. Compliance with the financial conditions of any loan covenants
- 12.4.3.12. Reviewing special docs (e.g. prospectus)

12.5 Narrative Reporting

- 12.5.1. Where requested by the board, review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess the Company's performance, business model and strategy.

12.6 Compliance, whistleblowing and fraud

- 12.6.1. Review the adequacy and security of the organisation's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 12.6.2. Review the company's procedures for detecting fraud.
- 12.6.3. Review the company's systems of internal controls for the prevention of bribery and receive reports on non-compliance.
- 12.6.4. Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company's compliance function.
- 12.6.5. Review significant transactions not directly related to the organisation's normal business as the Committee might deem appropriate.
- 12.6.6. Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the organisation.

12.7 Other matters

- 12.7.1. Be responsible for co-ordination of the internal and external auditors.
- 12.7.2. Be provided with appropriate and timely training both in the form of an induction programme for new members and on an ongoing basis for all members.

13. Compliance with Laws and Regulations

The Audit and Risk Committee shall:

- 13.1. Give due consideration to laws and regulations, the Code of Corporate Governance, SEM Listing Rules and other applicable rules, as appropriate.

- 13.2. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- 13.3. Obtain regular updates from management and the Company's legal counsel regarding compliance matters.
- 13.4. Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- 13.5. Review the findings of any examinations by regulatory agencies.

14. Other Responsibilities

The Committee shall:

- 14.1. Perform other oversight functions as requested by the full Board.
- 14.2. Have regard to the principles of governance and code of best practice as contained in the Code of Corporate Governance.
- 14.3. If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 14.4. Review and update the charter; receive approval of changes from the Board.
- 14.5. Review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.
- 14.6. Ensure that arrangements are in place for the appropriate and independent investigation of such matters and for appropriate follow-up action, and that any matters relevant to the Committee's responsibilities are brought to its attention.
- 14.7. Conduct an appropriate review, on an ongoing basis, of all related party transactions for potential conflict of interest situations and review and monitor all related party transactions in accordance with the Company's policy.
- 14.8. Review, prior to submission and approval by the Board, special documents, such as prospectuses and information sheets, as and when prepared.
- 14.9. Evaluate the Committee's own performance on a regular basis.