

Terms of Reference - Audit Committee

MEMBERSHIP

Members of the Committee are appointed by the Board.

In accordance with the QFMA Corporate Governance Code the Committee shall be comprised of at least three members the majority of whom should be Independent.

At least one member must have financial and audit experience.

The Chairman should be an Independent Director.

The Board has appointed three Independent Directors and the CEO, a qualified accountant.

Only members of the Committee have the right to attend meetings. However, other individuals such as the Chairman of the Board, CEO, CFO, other Directors, representatives from Internal Audit and the finance function may be invited to attend all or part of any meeting as and when appropriate.

The external auditors are invited to attend meetings as appropriate and to report on the annual audit.

The Audit committee may consult at the company's expense any independent expert or consultant.

Appointments to the Committee are for a period of up to three years which may be extended by the Board.

QUORUM

The quorum necessary for the transaction of business is two, including at least one Independent Director.

FREQUENCY OF MEETINGS AND INTERNAL AUDIT REVIEW

The Committee should meet at least once every three months at appropriate times in the reporting and audit cycle and otherwise as required. The Internal Auditor will report to the Board through the Audit Committee and the Audit Committee will receive Quarterly an Internal Audit Report including a review of the Internal Control System of the company.

The Committee will keep minutes of its meetings.

NOTICE OF MEETINGS

The Committee Chairman or a delegated member of the Committee may give notice of a meeting together with an agenda at three working days notice.

ANNUAL GENERAL MEETING

The Chairman of the Committee will attend the Annual General Meeting prepared to answer any shareholder questions on the Committee's activities.

DUTIES AND AUDIT COMMITTEE CHARTER

In accordance with the QFMA Corporate Governance Code the main role and responsibilities of the Audit Committee are contained in its Audit Committee Charter detailed below :

Audit Committee Charter

1. to adopt a policy for appointing the External Auditors; and to report to the Board of Directors any matters that, in the opinion of the Committee, necessitate action and to provide recommendations on the necessary procedures or required action;
2. to oversee and follow up the independence and objectivity of the external auditor and to discuss with the external auditor the nature, scope and efficiency of the audit in accordance with International Standards on Auditing and International Financial Reporting Standards;
3. to oversee, the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports , and to review such statements and reports. In this regard particularly focus on:
 - a. Any changes to the accounting policies and practices;
 - b. Matters subject to the discretion of Senior Executive Management;
 - c. The major amendments resulting from the audit;
 - d. Continuation of the Company as a viable going concern;
 - e. Compliance with the accounting standards designated by the Authority;
 - f. Compliance with the applicable listing Rules in the Market; and
 - g. Compliance with disclosure rules and any other requirements relating to the preparation of financial reports;
4. to coordinate with the Board of Directors, Senior Executive Management and the Company's Chief Financial Officer or the person undertaking the latter's tasks, and to meet with the external auditors at least once a year;
5. to consider any significant and unusual matters contained or to be contained in such financial reports and accounts. And to give due consideration to any issues raised by the Company's Chief Financial Officer or the person undertaking the latter's tasks, or the Company's compliance officer or external auditors;
6. to review the financial and Internal Control and risk management systems;

7. to discuss the Internal Control systems with the management to ensure management's performance of its duties towards the development of efficient Internal Control systems;
8. to consider the findings of principal investigations in Internal Control matters requested by the Board of Directors or carried out by the Committee on its own initiative with the Boards' approval;
9. to ensure coordination between the Internal Auditors and the External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls;
10. to review the Company's financial and accounting policies and procedures;
11. to review the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from Senior Management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive management's reply ;
12. to ensure the timely reply by the Board of Directors to the queries and matters contained in the External Auditors' letters or reports;
13. to develop rules, through which employees of the Company can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions. And to ensure that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal. Such rules should be submitted to the Board of Directors for adoption.
14. to oversee the Company's adherence to professional conduct rules;
15. to ensure that the rules of procedure related to the powers assigned to the Board of Directors are properly applied;
16. to submit a report to the Board of Directors on the matters contained in this Article ;
17. to consider other issues as determined by the Board of Directors;

REPORTING

The Committee Chairman reports formally to the Board on its proceedings.

In the event of any disagreement between the Audit Committee's recommendations and the Board's decision, including where the Board refuses to follow the Committee's recommendation concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendation and the reasons behind the Board of Directors decision not to follow the recommendations.