

AUDIT AND RISK COMMITTEE

Members

Mrs.	Samila Sivaramen
Messrs.	Juan-Carlos Albizzati

Terms of Reference

As per minutes of first committee meeting held on 24th January 2006, the terms of reference will be based on the terms highlighted in the Code of Corporate Governance.

Model Terms of Reference of Audit Committee:

Auditors, external and internal audit

The Committee may be requested to recommend to the board which firm(s) should be appointed as external auditor(s). Several firms should be screened and the Committee should obtain written or verbal proposals to enable it to arrive at its recommendation.

The Committee will:

- Evaluate the independence and effectiveness of the external auditor(s) and consider any non-audit services rendered by such auditors as to whether this substantively impairs their independence;
- Evaluate the performance of the external auditor(s);
- Consider and make recommendations on the appointment and retention of the external auditor(s), and any questions of resignation or dismissal of the auditor(s);
- Discuss and review, with the external auditor(s) before the audit commences, the auditor(s) engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure co-ordination (where more than one audit firm is involved) and maintenance of a professional relationship between them;
- Negotiable procedures, subject to agreement, beyond minimum statutory and professional duties - there are certain minimum nonnegotiable procedures required from the external auditors;
- Agree to the timing and nature of reports from the external auditor(s);
- Consider any problems identified in going concern or statement of internal control;
- Make suggestions as to problem areas that the audit can address;
- Consider any accounting treatments, significant unusual transactions, or accounting judgements, that could be contentious;
- Identify key matters arising in the current year's management letter and satisfy itself that these are being properly followed up;
- Consider whether any significant ventures, investments or operations are not subject to external audit;

- Review overall audit role, explore objectives, minimise duplication, discuss implications of new auditing standards and ensure that the external audit fees will sustain a proper audit and provide value for money; and
- Obtain assurance from the external auditor(s) that adequate accounting records are being maintained.

Financial statements

- The Committee will examine and review the annual financial statements, the interim reports, the accompanying reports to shareowners, the preliminary announcement of results and any other announcement regarding the company's results or other financial information to be made public, prior to submission and approval by the board, focusing particularly on:
 - The implementation of new systems;
 - Tax and litigation matters involving uncertainty;
 - Any changes in accounting policies and practices;
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The basis on which the company has been determined a going concern;
 - Capital adequacy;
 - Internal control;
 - Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
 - The efficiency of major adjustments processed at year end;
 - Compliance with the financial conditions of loan covenants; and
 - Reviewing special documents such as prospectuses as and when prepared.

Internal control and internal audit

- An important role of the Committee will be to monitor and supervise the effective function of the internal audit, ensuring that the roles and functions of the external audit with internal audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the company's systems of internal control and reporting. This will include:
 - Evaluating the performance of internal audit;
 - Discuss and review, with the internal auditor(s) before the audit commences, the auditor(s) engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure co-ordination (where more than one audit firm is involved) and maintenance of a professional relationship between them;
 - Reviewing the internal audit function's compliance with its mandate as approved by the Committee;
 - Reviewing the effectiveness of the company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
 - Considering the appointment, dismissal or re-assignment of the head of the internal audit function;

- Reviewing and approving the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal control;
- Reviewing the adequacy of corrective action taken in response to significant internal audit findings;
- Reviewing significant matters reported by the internal audit function;
- Reviewing the objectives and the operations of the internal audit function;
- Assessing the adequacy of performance of the internal audit function, and the adequacy of available internal audit resources;
- Reviewing the co-operation and co-ordination between the internal and external audit functions and co-ordinating the formal internal audit work plan with external auditors to avoid duplication of work;
- Reviewing significant differences of opinion between management and the internal audit function;
- Maintaining proper and adequate accounting records;
- Evaluating the independence and effectiveness of the internal auditors;
- Controlling the overall operational and financial reporting environment;
- Safeguarding company's assets against unauthorised use or disposal;
- Directing and supervising investigations into matters within its scope, for example, evaluations of the effectiveness of the company's internal control, cases of employee fraud, misconduct or conflict of interest.

Ethics

- There are a number of statutory, common law and other requirements that cover the ethical behaviour of directors, managers and officers of companies. In addition, the company can establish a clearly defined and documented code of ethics. The directors must declare the nature and extent of their interest in contracts.
- Exceptions to the Code of Ethics will need to be reported in the compliance reports prepared by the Compliance Officer.
- The Committee will be responsible for:
 - Monitoring the ethical conduct of the company, its executives and senior officials;
 - Reviewing any statements on ethical standards or requirements for the company and assisting in developing such standards and requirements;
 - Compliance with the requirements of the articles of association;
 - Compliance with the law and regulations of any other applicable statute and of controlling bodies;
 - Identification of any violations of ethical conduct; and
 - Environmental and social issues.
- The Committee will also give recommendations on any potential conflict of interest or questionable situations of a material nature.

Model Terms of Reference of Risk Committee:

- The Committee together with the company's legal advisor, will review any legal matters that could have a significant impact on the company's business.
- The Committee will review executive management reports detailing the adequacy and overall effectiveness of the company's risk management function and its implementation by management, and reports on internal control and any recommendations, and confirm that appropriate action has been taken.
- The Committee will review the risk philosophy, strategy and policies recommended by the executive management and consider reports by the executive management. The Committee will ensure compliance with such policies, and with the overall risk profile of the company. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk, which together cover detailed combined risks such as:
 - Interest rate risk;
 - Country risk;
 - Counterpart risk, including provisioning risks;
 - Currency and foreign exchange risk;
 - Technology risk;
 - Price risk;
 - Disaster recovery risk;
 - Operational risk,
 - Prudential risk;
 - Reputational risk
 - Competitive risk;
 - Legal risk
 - Compliance and control risks;
 - Sensitivity risks, e.g. environmental, health and safety;
 - Concentration of risks across a number of portfolio dimensions;
 - Investment risk;
 - Asset evaluation risk; and
 - Other risks appropriate to the business which may be identified from time to time.
- The Committee will review the adequacy of insurance coverage.
- The Committee will review risk identification and measurement methodologies.
- The Committee will monitor procedures to deal with and review the disclosure of information to clients.
- The Committee will have due regard for the principles of governance and codes of best practice.
- The Committee will liaise with the board in respect of the preparation of the Committee's report to shareholders as required.