

INTERNAL AUDIT CHARTER

1. MISSION

To add value to the overall organisational performance and independently ascertain whether the on-going processes for controlling operations throughout LBS Bina Group Berhad ("LBS" or "Company") and its subsidiaries (collectively referred to "the Group") are adequately designed and functioning in an effective manner.

2. OBJECTIVE

To provide independent and objective assessment and assurance that the Group's risk management, internal controls and governance processes are operating effectively and efficiently.

3. ROLE AND SCOPE OF ACTIVITIES

The role of Internal Audit is to assist the Board of Director, Audit Committee and Management to carry out their oversight responsibilities effectively in establishing cost-effective controls, assessing risks, recommending measures to mitigate those risks and assuring proper controls and governance processes. It also assists in the creation of shareholders' confidence in the Company's system of internal control.

The Internal Audit Function's scope of activities is to ascertain, through selective testing, that the processes for controlling, as they have been designed and represented by Management, are adequate and functioning in an effective manner to ensure:

- resources are adequately protected;
- significant financial, managerial, and operating information are accurate and reliable; and
- employees' actions are in compliance with the LBGB's policies, standards, procedures, and applicable laws and regulations.

4. ACCOUNTABILITY

The Internal Audit Function, in the discharge of its duties, shall be accountable to the Audit Committee to:

- provide quarterly an assessment of the adequacy and effectiveness of the Group's processes for controlling its activities;
- report significant issues related to the processes for controlling the activities of the Group and provide information concerning such issues through resolution; and
- periodically provide information on the status and results of the Internal Audit Plan.

5. RESPONSIBILITY

The Internal Audit Function has responsibility to:

- develop an Annual Internal Audit Plan, based on significant exposures to loss or failure, and submit that plan to the Audit Committee for approval;
- consider the scope of work of External Auditors and regulatory examiners, as appropriate, for the purpose of providing optimal audit coverage to the Group;
- implement the Internal Audit Plan as approved by the Audit Committee;
- issue periodic reports to the Audit Committee summarising results of audit activities;
- maintain professional Internal Auditors with sufficient knowledge, skills and experience to meet the requirements of this Charter; and
- evaluate and assess controls coincident with the introduction of major changes to systems.

6. AUTHORITY

The Internal Auditors are authorised to:

- have unrestricted access to all the Group's functions, records, property, and personnel;
- have full and free access to the Audit Committee; and
- allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.

The Internal Auditors are not authorised to:

- perform any operational duties for Group; and
- initiate or approve accounting transactions external to the Internal Audit Department.

7. INDEPENDENCE

To provide for the independence of the Internal Auditing Function, the Internal Audit will report to the Audit Committee.

8. STANDARDS OF AUDIT PRACTICE

The Internal Audit Function shall meet the Standards for the Professional Practice of Internal Auditing, as adopted by the Institute of Internal Auditors.

9. REVIEW OF INTERNAL AUDIT CHARTER

This Charter has been endorsed by the Audit Committee and is made available for reference on Company's corporate website and internal computer networking system.

It shall be reviewed by the Audit Committee and update whenever necessary to ensure its effective implementation. Any subsequent amendments to the Charter should only be approved by the Audit Committee.
