

Terms of Reference – Audit Committee

(approved by the Board on 25 March 2010)

1. Composition

The Committee shall comprise of at least three members from the BoD. All members shall be independent of the executive management and the majority of the members shall be independent of major shareholders. The members shall be appointed by the BoD. If available, members of the BoD with experience from accounting/auditing/financing should be appointed.

The BoD shall appoint the Committee Chair who shall chair the Committee meetings.

Each member of the Committee shall continue to be a Committee member until a successor is appointed, unless the member resigns, is removed by resolution of the BoD or otherwise ceases to be a director as a result of the vacancy.

Where a vacancy occurs, at any time in the Committee membership, it may be filled by the BoD, and shall be filled by the BoD if the membership Committee is less than three (3) directors.

Only members of the Committee have the right to attend meetings, however, the CFO should normally attend the meetings. The external auditor shall at least annually meet the Committee. Other members of the management may be invited to the meetings.

2. Secretary

The group company secretary or her nominee shall act as Secretary of the Committee unless the Committee appoints the CFO/Group Controller to do so.

3. Quorum

All members must be present to form a quorum. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meetings

The Committee shall meet at least quarterly and at such other times as required, each time in connection with the establishment of the quarterly result of the Company. The meetings can take place either in form of physical meetings or phone conferences.

The Committee shall together with the CFO establish a schedule for its work.

5. Notice of Meetings

Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof or at the request of the Secretary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any

other person required to attend with a copy to the chairman of the BoD, no less than three working days prior to the date of the meeting.

6. Authorities and Duties

The Committee shall act as an advisory committee to the BoD on issues related to financial reporting and audit of the Group, internal control routines and financial risk.

In detail, the Committee shall have the following authorities and responsibilities:

- **Financial reporting:** The Committee shall review and evaluate draft quarterly and annual accounts prior to any board discussion of the same matter and provide its recommendation to the BoD. Particular attention shall be made to:
 - Accounting principles, including development of new principles and change of existing principles;
 - Decisions on principles/numbers that opens for alternative conclusions;
 - Special transaction, including transaction with related parties;
 - Adjustments required due to audit;
 - Assumptions made for impairment testing;
 - The “going concern” assumption.
- **Budgets:** The Committee shall review and evaluate the budget process. Particular attention shall be made to:
 - The planning of the budget process;
 - The required level of details in the various budgets.

The review and evaluation of the draft budgets shall be made by the BoD.

- **Internal Control:** The Committee shall annually evaluate the Group’s internal financial control routines and procedures, routines and procedures related to financial reporting as well as financial risk management systems.
- **Auditor:** The Committee shall regularly liaise with the Group’s external auditor. Particular emphasis shall be made on:
 - Development of annual plan for the audit work as proposed by the auditor;
 - Evaluation of the auditor’s fees;
 - Proposal on change of auditor;
 - Evaluation of the auditor’s independence to the management and the Group, including the management’s use of consultancy services from the auditor;
 - Review of auditor’s numbered letters prior to the presentation of these to the BoD.

7. Minutes of the Meetings

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Minutes of Committee meetings shall be circulated to all members of the Committee and to the chairman of the BoD latest five days after the meeting and made available on request to other members of the BoD.

8. Reporting/Recommendations

The Committee Chair shall report to the BoD on the quarterly accounts and annual accounts at each board meeting where such accounts are subject to discussion. The Committee Chair shall at least once a year give an outline of the various other elements of the work of the Committee.

The Committee shall present its recommendation to the BoD on all proposals made by the management to the Committee.

The Committee shall annually review its own performance and present the review for comments to the BoD.

The Committee shall annually review the terms of reference for the Committee and recommend any changes to the BoD for approval.