

MEDICAL DISPOSABLES AND SUPPLIES LIMITED
CHARTER FOR AUDIT AND COMPLIANCE COMMITTEE

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1. Purpose

The Audit and Compliance Committee assists the Board of Directors (“the Board”) of Medical Disposables and Supplies Limited (“MDS”) in the oversight of the integrity of the financial statements of the company, the effectiveness of the internal control over financial reporting, the independent auditor’s qualifications and independence, the performance of the company’s internal audit function and the company’s compliance with legal and regulatory requirements.

2. Membership

The committee shall be appointed by the Board of Directors of MDS. The majority of committee members shall be independent non-executive directors and the committee shall consist of not less than three directors. A quorum shall be two directors.

The committee chairperson shall be appointed by the Board from among the independent non-executive directors.

3. Attendance at meetings

The Managing Director, the General Manager, the Financial Controller, and a representative of the external auditors shall attend meetings at the invitation of the committee.

There should be at least one meeting a year, or part thereof, where the external auditors attend without management present.

The Company Secretary shall be secretary of the committee.

4. Frequency of meetings

Meetings shall be held quarterly, and shall coincide with key dates in the Company’s financial reporting cycle to shareholders. The committee shall convene additional meetings as circumstances require.

External auditors or internal auditors may request a meeting if they consider that one is necessary.

5. Authority

The committee is authorised by the Board to:

- investigate any activity within its terms of reference;
- seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the committee; and
- obtain outside legal or independent professional advice, and such advisors may attend meetings as necessary.

6. Responsibilities

The committee’s responsibilities shall be:

Internal Control

- Consider the effectiveness of the company’s risk management and internal control systems;
- Review and discuss with the General Manager and the Financial Controller the company’s internal controls and procedures and any material control weaknesses and fraud.
- Review with management and the external auditors their assessments of the effectiveness of the company’s internal controls and procedures for financial reporting.

External Audit

- to appoint, recommend the retention of and oversee the work of the independent external auditor employed to conduct the annual audit (including resolution of disagreements between the auditors and management regarding financial reporting), assess the independence of the external auditor, ensuring that key partners are rotated at appropriate intervals;

- to recommend to the Board the approval of the audit fee and pre-approve any fees in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity;
- to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in accounting standards and other regulatory requirements;
- to oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- to review the external auditor's management letter and management's response;
- following completion of the annual audit, review separately with the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of activities or access to required information, and any accounting adjustments that were noted or proposed by the auditor and were unrecorded as immaterial or otherwise.
- to evaluate the performance of the external auditor and provide feedback as a basis for the continuation of the auditor's services.

Internal Audit

- to ensure that an internal audit function is adequately resourced or is outsourced;
- to review the Company's procedures for handling allegations from whistleblowers;
- to review management's and the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting and risk management;

Financial Statements

- to review, and challenge where necessary, the actions and judgments of management, in relation to the monthly and annual financial statements before submission to the Board, paying particular attention to:
 - i. critical accounting policies and practices, and any changes in them;
 - ii. decisions requiring a major element of judgment;
 - iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - iv. the clarity of disclosures;
 - v. significant adjustments resulting from the audit;
 - vi. the going concern assumption.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations;
- Obtain regular updates from management regarding compliance matters;
- Review all related party transactions to ensure that these are in compliance with the policy on Related Party Transactions.

Other

- to consider other topics, as defined by the Board.

7. Reporting procedures

The secretary shall circulate the minutes of meetings of the committee to all members of the Board, and the committee chairperson or, as a minimum, another member of the committee, shall attend the Board meeting at which the accounts are approved.

The committee members shall participate in the annual review of their work as part of the Board evaluation process.

The chairperson shall attend the Annual General Meeting and shall answer questions, through the chairperson of the Board, on the audit committee's activities and its responsibilities.

8. Review of Charter

The Committee shall review and reassess the adequacy of this Charter biennially and amend it if necessary.