



TERMS OF REFERENCE AUDIT COMMITTEE

ADOPTED BY THE BOARD ON 28TH OF MAY 2015

ORASCOM CONSTRUCTION PLC

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1. INTRODUCTION

- (a) The Board shall establish and maintain the Audit Committee, as a standing committee of the Board, to monitor and review the Company's internal and external audit functions and internal controls. The main roles and responsibilities of the Audit Committee shall be set out in these written terms of reference (**Terms of Reference**) and be made available on the Company's website.
- (b) The Terms of Reference have been prepared by the Board pursuant to Clause 11 of the By-Laws.
- (c) All capitalised terms and expressions shall have the meanings set out in Clause 2 of the By-Laws, except where a contrary meaning is set out below.

2. RESPONSIBILITIES

- (a) The Audit Committee advises the Board in relation to its responsibilities set forth in these Terms of Reference and shall prepare Board resolutions with regards to such responsibilities.
- (b) While the Audit Committee has the responsibilities and powers set forth in these Terms of Reference, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with DFSA accepted accounting principles and Applicable Laws.
- (c) Neither these Terms of Reference nor any activity of the Audit Committee shall release the Company's Board, the External Auditor or internal auditors from their duties and responsibilities.

3. COMPOSITION

- (a) The Audit Committee shall have an appropriate balance of skills, experience, independence and knowledge of the Company's business.
- (b) The Board shall appoint at least two (2) independent Non-Executive Directors to the Audit Committee. Independence of Directors shall be assessed in accordance with Clause 3.5 of the By-Laws.
- (c) Non-Executive Directors shall form the majority of the Audit Committee.
- (d) At least one of the independent Non-Executive Directors appointed to the Audit Committee should have recent and relevant financial expertise.
- (e) The Board shall appoint an independent Non-Executive Director as the chair of the Audit Committee.
- (f) The Company Secretary shall extend his support and responsibilities to the Audit Committee.

4. DUTIES AND POWERS

- (a) The Audit Committee shall support the Board by undertaking the following duties and responsibilities:
- (i) monitoring the integrity of the Company's financial statements and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgments contained in them;
 - (ii) reviewing the Company's internal financial controls and, unless expressly addressed by a separate risk committee of the Board or the Board itself, internal controls and risk management systems;
 - (iii) monitoring and reviewing the effectiveness of the Company's internal audit function;
 - (iv) reviewing the adequacy of arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action; and
 - (v) managing the relationship between the Board and the External Auditors, as set out in Clause 15 of the By-Laws and Clause 5 below.

- (b) The following Annexes to these Terms of Reference contain further details on some of the duties of the Audit Committee described in Clause 4(a):

Annex 1 – Supervision of audit functions;

Annex 2 – Supervision of financial reporting and publications;

Annex 3 – Supervision of compliance with Applicable Laws;

Annex 4 – Financing and finance-related strategies; and

Annex 5 – Oversight of the Company's annual report.

- (c) The Board and the Company Secretary shall ensure that the Audit Committee has access to sufficient resources to enable it to carry out its responsibilities effectively. This shall include access to expertise as required and timely and comprehensive information relating to the Company's affairs.

5. DUTIES REGARDING THE EXTERNAL AUDITOR

- (a) The Audit Committee shall act as the Company's principal point of contact with the External Auditor.
- (b) The Audit Committee's primary obligations regarding the External Auditors are as follows:
- (i) making recommendations to the Board in respect of the appointment, re-appointment, removal and terms of engagement, including remuneration, of the External Auditor;
 - (ii) reviewing and monitoring the External Auditor's independence and objectivity and the effectiveness of the audit process; and

- (iii) developing and implementing policy on the engagement of the External Auditor to supply non-audit services.

6. MEETINGS

- (a) The Audit Committee shall meet at least four (4) times per year and as often as required for a proper functioning of the Audit Committee. The Audit Committee shall meet at least once a year with the External Auditor.
- (b) Meetings of the Audit Committee shall be scheduled annually, in advance and in close time proximity before the meetings of the Board.
- (c) Meetings of the Audit Committee shall be called by the Company Secretary and chair of the Audit Committee.
- (d) Appropriate notice of the meetings shall be made to the Audit Committee's members and the agenda for the meeting shall be circulated to the Audit Committee's members at least seven (7) business days before the date of the meeting.
- (e) The chair of the Audit Committee shall set the agenda for meetings, chair the Audit Committee meetings and ensure and actively promote the proper functioning of the Audit Committee.
- (f) The Company Secretary shall prepare minutes of the meetings of the Audit Committee make them available to the Board.

7. REPORTING TO THE BOARD AND THE SHAREHOLDERS

- (a) Where the Board makes a request for information from the Audit Committee, the Audit Committee shall provide the Board with a report of its deliberations, findings and recommendations. The reports of meetings of the Audit Committee are distributed among all members of the Board as soon as possible after the meeting concerned.
- (b) At the request of the Board, the chair of the Audit Committee shall provide the Board with information and findings that materialise through the discussions of the Audit Committee.
- (c) The chair of the Audit Committee shall be available in the Annual General Meeting to answer any shareholder questions relating to the duties and responsibilities of the Audit Committee.
- (d) Every Non-Executive Director has unrestricted access to all records of the Audit Committee.
- (e) The annual report shall include a description of the Audit Committee's work and responsibilities. Where the Audit Committee directs internal auditors or External Auditors to provide non-audit services, the annual report shall explain to shareholders how auditor objectivity and independence is safeguarded.

8. MISCELLANEOUS

- (a) The Audit Committee shall periodically review its Terms of Reference and report its conclusions to the Board. Where appropriate, the Audit Committee shall recommend any proposed changes to the Board.
- (b) The Board can at all times amend these Terms of Reference and/or revoke any powers granted by it to the Audit Committee.

SCHEDULE 1

SUPERVISION OF AUDIT FUNCTIONS

1. Assess and evaluate the External Auditor and the lead partner of the audit team of the External Auditor.
2. Oversee the External Auditor's compliance with Clause 15 of the By-Laws, the Auditor Module of the DFSA Rulebook (the **Auditor Module**) and the accounting and auditing standards acceptable to the DFSA.
3. Obtain and review a report from the External Auditor (at least annually) regarding (a) the External Auditor's internal quality control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five months with respect to one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues and (d) all relationships between the External Auditor and the Company.
4. Evaluate the qualifications, performance and independence of the External Auditor, including considering whether the External Auditor's quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the External Auditor's independence, and taking into account the opinions of the Senior Management Members and internal auditors.
5. Review and discuss annually with the External Auditor, the internal audit function and the Board the internal audit charter and the independence of the audit process pursuant to the Applicable Laws, the Articles of Association and the By-Laws.
6. Meet with the External Auditor prior to the audit to discuss the planning, scope and staffing of the audit.
7. Review the appointment and replacement of the head of the internal audit function.
8. Review the reports most significant to the Board prepared by internal audit function and the Board's response.
9. Discuss with the External Auditor and the Board the internal audit function's responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
10. If there is no internal audit function, the Audit Committee shall review annually the need for an internal auditor. Based on this review, the Audit Committee shall make a recommendation on this to the Board.

SCHEDULE 2

SUPERVISION OF FINANCIAL REPORTING AND PUBLICATIONS

1. Review and discuss with the Board and the External Auditor the annual audited financial statements including any relevant disclosures made pursuant to the Applicable Laws and the By-Laws.
2. Review and discuss with the Board and the External Auditor the interim financial statements prior to their release, including the results of any review by the External Auditors of the interim financial statements.
3. Review and discuss reports of the External Auditor on:
 - (a) all major elements of the accounting policies and the methods used;
 - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Board or any member thereof, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditor; and
 - (c) other important written communications between the External Auditor and the Board or one of its members, eg management letters.
4. Discuss with the Board and the External Auditor the consequences of legislative or regulatory initiatives as well as of off-balance structures for the financial reporting by the Company.
5. Discuss with the Board the Company's major financial risk exposures and the steps the Board has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

SCHEDULE 3

SUPERVISION OF COMPLIANCE WITH APPLICABLE LAWS

1. Obtain reports from the Board, the head of the internal audit service of the Company and the External Auditor to the effect that the Company and its subsidiaries comply with the Applicable Laws, the Articles of Association and any other internal rules of the Company.
2. Review reports on and intended disclosures on insider and Related Party Transactions. Advise the Board on policy and procedures of the Company for compliance with Applicable Laws.
3. Discuss with the Board and the External Auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
4. Discuss with the relevant persons in the legal department of the Company the legal issues that may materially affect the financial reports or the policy of the Company regarding its compliance with legislation and regulations.
5. Discuss serious matters of judgment and significant legal steps taken against or by the Company.

SCHEDULE 4

FINANCING AND FINANCE-RELATED STRATEGIES

1. Review and discuss with the Board at least once a year the general financial strategy of the Company.
2. Review and discuss with the Board the financial policy and financial procedures of the Company, including its currency, policies and procedures.

SCHEDULE 5

OVERSIGHT OF THE COMPANY'S ANNUAL REPORT

Pursuant to Section Appendix 6 of the Auditor's Module and Article 44 of the Markets Law, the Company must prepare an annual financial report. The Audit Committee, alongside the Board, shall state whether the financial statements included in the annual financial report have been properly prepared and whether the annual financial report includes the following requirements:

- (a) financial statements for the previous year that are audited by an External Auditor in accordance with accounting and auditing standards acceptable to the DFSA and that are accompanied with an audit reports as specified in Auditor Module;
- (b) a review of the Company's operations during the year and the results of those operations;
- (c) details of any significant changes in the Company's state of affairs during the financial year;
- (d) details relating to the Company's principal activities during the year and any significant changes in the nature of those activities during the year;
- (e) details of any matter or circumstance that has arisen since the end of the year that has significantly affected or may significantly affect:
 - (i) the Company's operations in future financial years and the results of those operations; or
 - (ii) the Company's state of affairs in future financial years; and
- (f) likely developments in the Company's operations in future financial years and the expected results of those operations;
- (g) a statement of auditors required under Article 46(2) of the Markets Law;
- (h) a statement by Directors whether or not, in their opinion, the business of the Company is a going concern, with supporting assumptions or qualifications as necessary; and
- (i) details relating to the identity and holdings of any connected person of the Company.