

**LBC EXPRESS HOLDINGS, INC.**  
**AUDIT COMMITTEE CHARTER**

A. Overview and Objective

The Audit Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

This Audit Committee Charter (“the Charter”) sets out the mandate, significance, membership, operations and functions of the Committee of the Company and provides the guidelines which shall govern the performance of its duties and responsibilities.

B. Structure and Operation

Authority

The Committee shall have the authority to conduct or authorize the investigation into any matter within its scope of responsibility and all employees and Directors are enjoined to cooperate as requested by the Committee, without interference or censorship by management; evaluate compliance with the code of conduct for management; and review management’s competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions.

The Committee shall have full access to management, personnel and records for the purpose of performance of its duties and responsibilities. The Committee may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. The Committee shall be provided with sufficient resources by the Company to discharge its duties.

Membership and Qualifications

The Audit Committee shall consist of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have accounting, audit and finance backgrounds. Each member shall have adequate understanding at least or competence at most of the corporation’s financial management systems. The chair of the Audit Committee should not be the chairman of the Board or of any other committees and should be an independent director.

A majority vote of the members of the Board, constituting a quorum, shall elect the Chairman and the members of the Committee either during the Organizational Board Meeting of the Company or, if there is a vacancy, during any meeting of the Board.

Meetings

The Committee shall meet in person or via telephone/video-conference at least quarterly and at such times and places as it considers appropriate. The Chairman of the Committee, any Committee member, or the Corporate Secretary of the Company may call a meeting of the Committee.

Attendance of at least two (2) Committee members shall constitute a quorum for the committee to transact business. The Committee shall act only on the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum.

The Chairman of the Committee shall preside in all meetings of the Committee. In the absence of the Committee Chairman, the Committee members present shall elect one of their members as Chairman of the meeting.

The Company's Corporate Secretary shall be the secretary of the Committee, in the absence of the Corporate Secretary, the Assistant Corporate Secretary.

A notice of each meeting confirming the date, time and venue shall be given to each member of the Committee at least two (2) working days prior to the date of the meeting. The notice will include the agenda to be discussed during the meeting.

Full minutes of the proceedings of, and resolutions made during the committee meetings shall be kept by the Corporate Secretary. Notices, minutes, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.

### C. Duties and Responsibilities

#### Financial Statements

- Reviews and approves the Interim and Annual Financial Statements before their submission to the Board with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Areas where a significant amount of judgment has been exercised
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements

#### Internal Audit

- Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

- Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee; and
- Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations.

#### External Audit

- Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- Reviews the disposition of the recommendations in the External Auditor's management letter;
- Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and
- Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

#### Other Functions

- Perform such other powers and functions as set forth in the Corporation's Manual of Corporate Governance; and
- Perform such other power and functions which the Board may delegate in compliance with laws and rules on corporate governance

#### D. Reporting Process

The Chairman of the Committee, or in his absence, the member elected by the members present in a meeting, shall report to the Board about Committee activities, issues, and related recommendations made by the Committee.

The Committee shall prepare an annual report of its activities to the Board for inclusion in the Company's annual report.

E. Performance Evaluation

The Committee shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.

The Committee shall likewise revisit this Charter on a yearly basis to evaluate new standards in best governance practices. All proposed changes and amendments to this Charter shall require approval of the Board.

F. Amendment

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

G. Adoption by the Subsidiaries

This Charter may be adopted by the relevant subsidiaries of the Corporation taking into consideration: (a) their relevant business needs and operations; and (b) the relevant laws of the place of their incorporation.

Approved by:

A handwritten signature in black ink, appearing to read 'Miguel A. Camahort', written over a faint, light-colored signature line.

**MIGUEL A. CAMAHORT**  
**President & CEO**