

# **ASTINO BERHAD**

## **APPROVED TERMS OF REFERENCE OF AUDIT COMMITTEE**

### **OBJECTIVES**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities.

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes

### **COMPOSITION**

- (a) The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, all the members must be Non-Executive Directors, with majority of them being Independent Non-Executive Directors of the Company.
- (b) The Committee shall include at least one person who is a member of the Malaysian Institute Of Accountants or a person who must have at least three years' working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 or is a member of the associations of accountants specified in Part II of the aforesaid schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (c) No alternate Director shall be appointed as a member of Committee.
- (d) The Committee shall elect a Chairman amongst its members who is an Independent Non-Executive Director.
- (e) If a member of the Committee resigns, dies or for any reason ceases to be a member with the results that the number of members is reduced to below three, the Board shall within three months of the event appoint such number of new members as may be required to fill the vacancy.
- (f) The Board via Nomination Committee shall review the terms of office and performance of the Committee and each of its members at least once every three years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### ***QUORUM AND PROCEDURES***

- (a) Meetings shall be conducted at least four times a year or more frequency as circumstances dictates and with the external auditors without the presence of any Executive Directors of the Company as and when necessary.
- (b) The Company Secretary shall be the Secretary of the Committee. The Secretary with the concurrence of the Chairman shall draw up an agenda, which shall be circulated together with the relevant supporting documentation, at least seven days prior to each meeting to the members of the Committee. The minutes of each meeting shall be kept and distributed to members of the Committee and the Board of Directors.
- (c) In order to form a quorum for the meeting, the majority of at least two members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

## ***AUTHORITY***

The Committee is authorized by the Board to investigate any activity within the Committee's term of reference. It shall have full and unrestricted access to any information pertaining to the Group.

The Committee shall have direct communication channel with the external auditors and the senior management of the Group. The Committee shall also have the right to obtain outside legal or other independent professional advice whenever deemed necessary and to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Where the Committee is of the view that a matter reported by the Committee to the Board has not been satisfactory resolved resulting in a breach of the Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to the Bursa Securities.

## ***DUTIES AND RESPONSIBILITIES***

The duties and responsibilities of the Committee shall be:

- (a) Review with the external auditors, the audit scope and plan, including any changes to scope of the audit plan.
- (b) Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- (c) Review the internal and external audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
- (d) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
- (e) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- (f) Review any appraisal or assessments of the performance of members of the internal audit function.
- (g) Review the adequacy and internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors evaluation of the said systems.
- (h) Direct and where appropriate supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- (i) Review the quarterly and year end financial statements of the Group before submission to the Board of Directors, focusing particularly on: -
  - changes in or implementation of major accounting policies;
  - significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions, and how these matters are addressed;
  - significant adjustment arising from the audit;
  - the going concern assumption; and

- compliance with accounting standards and other legal requirements.
- (j) Review and monitor any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity.
  - (k) To continue disclose to the relevant authority in respect of any management or business arrangements entered into between the Company or the Group and its local or foreign associated and related companies, which may result in a conflict of interest situation.
  - (l) Performing any other relevant duties assigned by the Board of Directors.

### ***REPORTING PROCEDURE***

The Chairman of the Committee shall report on each meeting to the Board. The Committee shall prepare reports, at least once a year, to the Board summarizing the Committee's activities during the year in discharging its duties and responsibilities and the related significant results and findings.