

SAPURA INDUSTRIAL BERHAD (COMPANY NO : 17547-W)

AUDIT COMMITTEE TERMS OF REFERENCE

Size and Composition

The Board shall by resolution appoint members of the Audit Committee, which shall comprise at least three (3) non-executive directors, the majority of whom shall be independent directors as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR). At least one member of the Committee is an accountant and fulfils requirements of the MMLR.

The Committee shall elect a chairperson from among its members who is not an executive director or employee of the Company or any related corporation.

In the event of any vacancy in the Audit Committee resulting in non-compliance of the provisions of MMLR, the Board shall fill the vacancy within three (3) months.

Term of Membership

Members of the Committee shall be appointed for an initial term of three (3) years after which they will be reappointed on such terms as may be determined by the Board of Directors.

Appointment of a key audit partner as a member of Audit Committee shall observe a cooling-off period of at least THREE (3) years before being appointed as a member of Audit Committee.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

Access

The Committee shall have unlimited access to all information and documents relevant to its activities, to the Internal and External Auditors, and to Senior Management of the Company and its subsidiaries. The Committee is also authorised to take such independent professional and legal advice, as it considers necessary.

Meetings

The Audit Committee shall hold at least four (4) regular meetings per financial year, and such additional meetings as the chairperson shall decide in order to fulfil its duties and if requested to do so by any Committee member, the Management or the Internal or External Auditors. The Committee may invite any person to be in attendance to assist it in its deliberations.

A quorum shall consist of a majority of Independent Committee members and shall not be less than two (2).

The Company Secretary or any person appointed by the Committee for this purpose shall act as Secretary of the Committee.

Duties and Responsibilities

1. Review the adequacy and effectiveness of risk management, internal control and governance system instituted in the Group.
2. Discuss with the External Auditors before the audit commences, the nature and scope of the audit.
3. Review with the External Auditors :
 - a. the audit plan;
 - b. the evaluation of the system of internal accounting control;
 - c. the audit report on the financial statements.
4. Review the assistance given by the Company's officers to the External Auditors.
5. Review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
6. Review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
7. Review of the quarterly results and year end financial statements with the Management and the External Auditors prior to them being approved by the Board of Directors, focusing particularly on :
 - a. changes in or implementation of major accounting policy and practices;
 - b. significant and unusual events; and
 - c. compliance with applicable approved accounting standards and other legal and regulatory requirements.

8. Review of any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
9. Consider any matters the External Auditors may wish to bring to the attention of the Directors or shareholders.
10. Consider the major findings of internal investigations and management's response.
11. Review of any significant transactions which are not a normal part of the Company's business.
12. To recommend to the Board the appointment and reappointment of the External Auditors and any question of their resignation or dismissal.
13. Such other responsibilities as may be agreed to by the Audit Committee and the Board of Directors.