

## **Audit Committee Report**

### **COMPOSITION**

Mr. Oon Hock Chye, Chairman (Independent, Non-Executive Director)

En. Saffie Bin Bakar, Member (Independent, Non-Executive Director)

Mr. Yong Kim Fui, Member (Independent, Non-Executive Director)

### **OBJECTIVES**

The principal objective of the Audit Committee (the Committee) is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

### **COMPOSITION**

The Committee shall consist of at least three (3) members appointed by the Board from amongst the directors, comprising a majority of Independent Non-Executive Directors.

The Board shall ensure that at least one member of the Committee shall be:

- i) A member of the Malaysian Institute of Accountants; or
- ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
  - a) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - b) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967.

An alternate director shall not be appointed as a member of the Committee. The members of the Committee shall select a chairman from amongst the Independent Non-Executive Directors.

### **AUTHORITY**

The Committee is authorised by the Board to investigate any activity within its terms of reference.

The Committee is also authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee has full and unrestricted access to any information pertaining to the Group and the resources, which are required to perform its duties.

### **DUTIES**

The duties of the Committee shall include the following:

- \* To consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- \* To discuss with the external auditor their audit plan before the audit commences, the nature and scope of the audit and ensure coordination where more than one audit firm is involved;
- \* To discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
- \* To review the system of internal control, and in particular review the external auditor's management letter and management's response;
- \* To ensure that adequate assistance is given by the employees of the Company to the external auditors;

- \* To ensure the adequacy of the scope and resources of the internal audit functions with the necessary authority for implementation;
- \* To review the internal audit programme and its findings, ensure that investigation is undertaken with the appropriate remedial action based on the recommendations of the internal audit function;
- \* To review any appraisal or assessment of the performance of members of the internal audit function;
- \* To approve any appointment or termination of senior staff members of the internal audit function;
- \* To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- \* To review the quarterly and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:
  - i. Changes in or implementation of major accounting policies;
  - ii. Significant and unusual events;
  - iii. The going concern assumption; and
  - iv. Compliance with accounting standards and other legal requirements;
- \* To review management's monitoring of compliance with the Company's code of corporate conduct;
- \* To review with the Company's council, any legal matters that could have a significant impact on the Company's financial statements;
- \* To review the major findings of internal investigations and management's responses as well as any examinations by regulatory authorities;
- \* To review the allocation of options pursuant to share scheme for employees, transactions, procedure or course of conduct that raises questions of management integrity;
- \* To review 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 questions of management integrity; and
- \* Such other responsibilities as may be agreed to or by the Committee and the Board of Directors.

#### **RETIREMENT AND RESIGNATION**

In the event of any vacancy in a Committee resulting in non compliance with the minimum requisite number of members, the said vacancy must be filled within 3 months.

#### **REVIEW OF THE AUDIT COMMITTEE**

The Board of Directors of the Company must review the terms of office and performance of a Committee and each of its members at least once every 3 years to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.

#### **MEETINGS**

The Committee shall meet at least four (4) times per financial year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The quorum of the meeting is two (2) and majority of members present must be independent directors.

A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required. However, at least twice a year the Committee shall meet with the external auditors without the Executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The procedures of the meeting are as follows:

- \* The members may regulate their meetings as they think fit;
- \* Every notice convening meetings shall specify the place, the day, time and the agenda of the meeting and shall be given to all members at least one day before the meeting;
- \* Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have a casting vote including but not limiting to the case where the quorum is made up of only two (2) members;
- \* The minutes of the meetings shall be kept at the registered office of the Company; and
- \* The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

During the financial year ended 31 July 2016, four (4) meetings were held and the table of attendance of each committee member is as follows:

<b>NAME</b>	<b>NO. OF MEETINGS ATTENDED</b>
Mr. Oon Hock Chye	4/4
En. Saffie bin Bakar	4/4
Mr. Yong Kim Fui(appointed on 29.1.16)	2/2

#### **SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE**

The activities of the Audit Committee for the financial year under review include the following:

1. Reviewing and recommending for the Board's approval on the quarterly financial results and audited financial statements.
2. Reviewing with the external auditors their audit plan and management letter.

#### **INTERNAL AUDIT AND RISK MANAGEMENT**

The staff of the Group assists the Committee in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the state of internal controls for high risk areas of the Group and the extent of compliance with established policies and procedures.

During the financial year ended 31 July 2016, the Group has carried out the following activities:

- \* Reviewed operational and financial risks of the Group; and
- \* Recommended and implemented appropriate actions to be taken and being carried out to mitigate probable risk areas.