

Audit And Risk Management Committee Report

AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

Chairman	Choo Seng Choon (Independent Non-Executive Director)
Members	Dato' Azahar bin Rasul (Independent Non-Executive Director) Abdul Fattah bin Mohamed Yatim (Independent Non-Executive Director)
Secretary	Laang Jhe How (Company Secretary)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. Composition

- (a) The Audit and Risk Management Committee shall be appointed by the Board from amongst themselves comprising not less than three (3) members where the majority of them shall be composed of independent non-executive directors and the CEO shall not be a member of the Audit and Risk Management Committee.
- (b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.
- (c) The term of office of the Audit and Risk Management Committee is two (2) years and may be re-nominated and appointed by the Board.
- (d) The members of the Audit and Risk Committee shall elect a Chairman from amongst themselves who shall be an independent director.
- (e) All members of the Audit and Risk Management Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit and Risk Management Committee cease to be a Director of the Company, his membership in the Audit and Risk Management Committee would cease forthwith.
- (f) No Alternate Director of the Board shall be appointed as a member of the Audit and Risk Management Committee.
- (g) If the number of members of the Audit and Risk Management Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (h) The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

2. Duties and Responsibilities

The duties and responsibilities of the Committee shall include the followings :-

Matters relating to External Audit

- (a) To review the nomination of external auditors and their audit fees;
- (b) To review the nature, scope and quality of external audit plan/arrangements;
- (c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;
- (d) To review the external auditors' audit report;
- (e) To review with the external auditors, their evaluation of the system of internal accounting controls;
- (f) To review the Company's policies and procedures with Management and external auditors to ensure the adequacy of internal accounting and financial reporting controls;

Audit And Risk Management Committee Report

(Continued)

Matters relating to External Audit (Continued)

- (g) To review any letter of resignation from the external auditors;
- (h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
- (i) To review the assistance given by the Company's officers to the external auditors.

Matters relating to Internal Audit function

- (a) To review the effectiveness of the internal audit function;
- (b) To review the internal audit programme and results of the internal audit process;
- (c) To review the follow up actions by the Management on the weakness of internal accounting procedures and controls;
- (d) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (e) To review the assistance and co-operation given by the Group and its officers to the internal auditors.

Risk Management and Internal Control

- (a) To review the adequacy of risk management framework and to provide independent assurance to the Board of Directors on the effectiveness of the Company's risk management processes;
- (b) To evaluate the quality and effectiveness of the Company's internal controls and management information systems, including compliance with applicable laws, rules and guidelines; and
- (c) To recommend to the Board of Directors the Statement of Internal Control and any changes to the said statement.

3. Authority

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company :

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have the resources which the Committee needs to perform the duties;
- (c) have full access to any information which the Committee requires in the course of performing its duties;
- (d) have unrestricted access to all employees of the Group;
- (e) have direct communication channels with the external auditors;
- (f) be able to obtain outside legal or independent professional advice in the performance of its duties at the cost of the Company; and
- (g) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

4. Meetings and Minutes

The Committee shall hold not less than four (4) meetings a year to review the quarterly results and year end financial statements. In order to form the quorum for each meeting, a minimum of two (2) members present shall be Independent Directors.

In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Secretary to the Committee shall be the Company Secretary.

Audit And Risk Management Committee Report

(Continued)

5. Internal Audit Function

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit and Risk Management Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit and Risk Management Committee. All internal audit reports will be presented to the Audit and Risk Management Committee for deliberation. The Audit and Risk Management Committee would then make the relevant recommendations for the management's further action. The total costs incurred for the outsourced internal audit function during the financial period ended 31 March 2016 year was RM9,150.

Summary of Activities

During the financial period ended 31 March 2016, in line with the terms of reference, the Committee carried out the following activities in the discharge of its functions and duties:

1. Meeting with the external auditors to review the audited financial statements for the financial period ended 31 March 2016;
2. Reviewed the audit reports of the Group prepared by the external auditors and considered the major findings by the auditors and management's responses thereto;
3. Reviewed the quarterly and year-end financial results of the Group prior to submission to the Board for consideration and approval;
4. Reviewed the disclosure of related party transactions entered into by the Group in the annual report of the Group;
5. Reviewed the audit plan, nature and scope of the external auditors and considering their audit fee;
6. Reviewed the audit plan, nature and scope as proposed by the internal auditors;
7. Reviewed the audit reports presented by the internal auditors on the findings and recommendations and ensure that they are duly acted upon by the management.

Meeting Attendance

The Committee held six (6) meetings during the financial period ended 31 March 2016. The details of the attendance are as follows:

Directors	No. of meetings attended
Choo Seng Choon	6/6
Dato' Azahar bin Rasul	6/6
Abdul Fattah bin Mohamed Yatim	6/6