

# Audit Committee Report

## Members of the Audit Committee

The Audit Committee comprises the following directors:-

### Chairman

Tan Yen Yeow  
Independent and Non-Executive Director

### Members

Ir. Boey Cheng Hai  
Independent and Non-Executive Director

Tham Yen Thim (Appointed on 30.11.2017)  
Independent and Non-Executive Director

Loh Seong Yew (Appointed on 02.07.2018)  
Independent and Non-Executive Director

Dato' Abdul Rahman Bin Ahmad (Ceased on 23.08.2017)  
Senior Independent and Non-Executive Director

## Terms of Reference

During the financial year, the Board, through the Nomination Committee, is satisfied that the AC and its members had discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference in ensuring the Company and its subsidiaries ("Group") upholds appropriate Corporate Governance standards. Pursuant to Paragraph 15.11 of the LR, the Terms of Reference of the AC is published on the Company's website at [www.jmr.com.my](http://www.jmr.com.my).

## Summary of Activities

There were five (5) Audit Committee meetings held during the financial year. The following details the attendance record of the Audit Committee members:-

| Members   | Attendance |
|---|------------|
| Tan Yen Yeow  | 5/5        |
| Ir. Boey Cheng Hai                                  | 5/5        |
| Tham Yen Thim (Appointed on 30.11.2017)             | 2/2        |
| Dato' Abdul Rahman Bin Ahmad (Ceased on 23.08.2017) | 3/3        |

The summary activities of the Audit Committee during the financial year under review are as follows:-

### 1. Financial Reporting

- Reviewed the quarterly and annual financial statements of the Company and of the Group with the executive director, focusing particularly on appropriate accounting policies adopted by the Management, any adjustments arising from the audits, prudent judgements and reasonable estimates made by the Management are in accordance with the financial reporting standards and other legal requirements to ensure that the financial statements presented a true and fair view of the Group's financial performance before recommending them to the Board for approval.

### 2. Related Party Transactions

- Reviewed the report by the Management in respect of recurrent related party transactions and possible conflict of interest situation that may arise within the Company or the Group to ensure all related party transactions were undertaken on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies, which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. During the year under review, there were no related party transactions involving the interest of the directors or major shareholders of the Company.

## Audit Committee Report (cont'd)

### Summary of Activities (continued)

#### 3. External Audit

- Reviewed with the external auditors, the external audit plan, nature and scope of the audit plan and coordination of the external auditors to meet the key deliverables timeline.
- Reviewed with the external auditors, the audit review memorandum arising from audits of the Company and its subsidiaries together with comments and responses of the management including the assistance given by the management and employees of the Group.
- Assessed the independence, resources and the overall performance of the external auditors and upon assessment, recommended them to the Board for re-appointment.
- Held private sessions with the external auditors without the presence of the executive director or the Management of the Company to enquire about any extraordinary matters or material concerns related to the Group which required immediate attention of the Audit Committee.

#### 4. Risk Management & Internal Control

- Reviewed with the internal auditors, the internal audit plan to ensure adequate coverage of key functional areas and business activities of the Group.
- Reviewed with the internal auditors, the internal audit reports to ensure appropriate corrective actions had been taken by the management to implement the audit recommendations.
- Reviewed with the internal auditors, the follow-up review reports on the status of implementation by the Management of the audit recommendations.
- Reviewed and report to the Board on the risks profile and the activities by the Risk Management Committee in mitigating the principal risks identified.
- Reviewed and report to the Board on the adequacy of the scope, function and effectiveness of the internal audit function.
- Assessed and report to the Board on the resources, competencies and the overall performance of the internal auditors.

#### 5. Annual Reports

- Reviewed the Statement on Risk Management and Internal Control, Audit Committee Report and Corporate Governance Disclosures and recommended to the Board for inclusion in the Company's Annual Report.

#### Internal Audit Function

The Company's internal audit function is carried out by BDO Governance Advisory Sdn. Bhd., an independent professional accounting and consulting firm. It reports directly and provides the Committee with independent and objective assurance on the adequacy and integrity of its system of internal controls and the extent of compliance towards the Group's existing policies and procedures, applicable laws and regulations.

During the financial year ended 31 March 2018, the internal auditors had reviewed the systems of internal control on sales to receipts process and human resource management. Sales to receipts process covering the areas in sales forecasting, managing and processing of sales, product pricing, delivery shipment/arrangement, outgoing quality control, customer database maintenance, customer credit evaluation and monitoring/management of overdue debts. While human resource management covering the areas in recruitment plan, recruitment, transfer and resignation control procedures, performance appraisal and reward process, training and development plan, processing and management of payroll, management of employee benefit schemes and disciplinary issues, and management of employee profiles.

The total cost incurred in relation to the conduct of the internal audit functions of the Group during the financial year ended 31 March 2018 amounted to RM33,527.