

AUDIT COMMITTEE'S REPORT

COMMITTEE MEMBER

The members of the Committee and their respective designations as at the date of this report are as follows:

Members	Designation
Beh Sui Loon <i>Chairman</i>	Independent Non-Executive Director
Oh Kim Sun	Non-Independent Non-Executive Director
Tan Teck Kiong	Independent Non-Executive Director

MEETING

The committee meets on quarterly basis with additional meetings held as and when necessary. The committee held five (5) meetings in 2016. The Company's Chief Financial Officer and Group Accountant was invited to the meetings, when required to facilitate direct communication as well as to provide clarification on accounts and specific issues.

Minutes of each meeting were recorded and tabled for confirmation at the next Audit Committee meeting and subsequently presented to the Board for notation. The Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

Number of Meetings

The details of attendance of the committee members during the financial year are as follows:-

Members	Number of meetings held during members' tenure in office	Number of meetings attended by members
Beh Sui Loon	5	5
Oh Kim Sun	5	3
Chan Gak Keong <i>(Resigned on 29 September 2016)</i>	5	5

AUDIT COMMITTEE'S REPORT (CONT'D)

SUMMARY OF WORK

During the financial year, the activities undertaken by the Committee were as follows:

1. FINANCIAL REPORTING

- Reviewed and approved the quarterly financial statements for the fourth quarter of 2016 and the annual audited financial statements of 2016 at its meeting on 26 August 2016 and 6 October 2016 respectively. The quarterly financial statements for the first, second and third quarters of 2016, were reviewed at the meetings held on 17 November 2015, 25 February 2016 and 27 May 2016 respectively. The Committee's recommendations were presented for approval at the subsequent Board meeting.

The Committee had reviewed the Group's compliance of the quarterly and year end financial statements with the Listing Requirements, Companies Act 1965 and applicable approved and new accounting standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements.

- The Committee had identified the significant financial reporting standards and other standards that may have had a significant impact on the GLB's financial statements for the financial year ended 30 June 2016.
- Reviewed the quarterly performance against the preceding correspondence quarter to date, preceding correspondence quarter and budget at each meeting.
- Reviewed and approved the Annual Report prior to presentation to the Board for approval and subsequent dispatch to the shareholders at the meeting held on 6 October 2016.

2. RELATED PARTY TRANSACTIONS

- Reviewed the related party transaction of the Company. Report any conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course that raises questions of management integrity to the Board.

3. EXTERNAL AUDIT

- In tandem with the recommendation introduced in the Code, the Committee has obtained a written assurance from Messrs Ernst & Young ("EY") as External Auditors on 27 May 2016 confirming their independence. The Committee agreed that the External Auditors are and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and they have met the criteria of suitability.
- The Committee had undertaken an assessment on the suitability and independence of the External Auditors in accordance with the Policy and Procedures for the Assessment of External Auditors. The Committee has considered the firm capabilities, professional team assigned, proposed methodology, independence and audit fee.
- On 27 May 2016, the Committee reviewed the External Auditors' 2016 Audit Plan comprising their scope of work and proposed fees for the statutory audit, including review of the Statement of Internal Control and Risk Management.
- Reviewed together with the Audit Committee the results of their audit, the audit report and recommendations in respect of improvements to the internal control procedures noted during the course of their audit at the meeting held on 25 August 2015.
- The Committee had one (1) private meeting with the External Auditors on 27 May 2016 without the presence of the CEO, Management and Internal Auditors.

AUDIT COMMITTEE'S REPORT (CONT'D)

SUMMARY OF WORK (CONT'D)

4. INTERNAL AUDIT

- The Internal Auditors conducted the audit activities in accordance with the approved internal audit plan approved by the Committee. The Committee had reviewed with the Internal Auditors the internal audit plan to ensure the adequacy of the scope and coverage of the work.
- The Internal Auditors presented the Audit Reports at the first, second and fourth quarter of the Audit Committee meetings during the year. A total of three (3) audit engagements were completed during financial year ended 30 June 2016. The Committee agreed with the internal audit findings and corrective actions on reported weaknesses recommended by the Internal Auditors.
- At the meeting on 25 February 2016, the Internal Auditors had presented to the Committee the proposed internal audit plan for the financial year 2016 and 2017. The identified scope of the review for the next two (2) years is to assist the Committee and Management in appraising the governance, risk management and internal control practices within the Company.

At the same meeting, the Committee had approved the proposed internal audit plan, taking into consideration the adequacy of scope and coverage of the suitable areas.

5. OTHERS

- Reviewed the extend of the Group's compliance with the relevant provisions set out under the Code for the purpose of issuing the Statement on Corporate Governance and Statement on Risk Management and Internal Control pursuant to the Listing Requirements at the meeting held on 6 October 2016.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional services firm which reports directly to the Committee. The Committee has full and direct access to the Internal Auditors and receives reports on all internal audits performed. The Internal Auditors provides the Board through the Committee with an independent opinion on the processes and system of internal controls of the Group.

The internal audit reviews covering the key activities of the Group were carried out based on the internal audit plan that was reviewed and approved by the Committee. Audit findings and recommendations are reported to the Committee periodically for attention and remedial action. Significant findings, recommendations for improvement and management responses were reported to the Committee, with periodic follow-up on the implementation of action plans. The Management is responsible for ensuring that remedial actions were implemented accordingly.

The scope of audit engagements were developed taking into consideration the Group's risk profile for the financial year 2016. The identified key audit areas were as follows:-

Details	Period Conducted
Human Resource and Administration	Q1
Payment Management for Operations in Indonesia	Q2
Corporate Governance Review	Q4

The Internal Auditors also participated to assist the Risk Management Coordinator in the review of the Group's Enterprise Risk Management framework and key risks during the First Quarter.

The total costs incurred for the outsourcing of the Internal Audit Function in respect of the financial year ended 30 June 2016 was approximately RM99,771.