Appendix I: List of indicators to be aware of and questions to be posed to management - financial reporting

The following is a list of indicators that the audit committees should be aware of in relation to financial reporting:

- sharp fall in the company's share price
- overly complex transactions and company structures
- deterioration in the collection of debts and/or quality of debtors
- increase in amounts owing to creditors
- ongoing or previous investigations by regulators
- unusual rapid growth
- regular deferral of capital expenditure
- unrealistic earning expectations by the financial community
- excessive or inappropriate performance-based compensation
- gearing or liquidity forecast to be a problem
- loan agreement covenants not being complied with
- results appear unrealistically high in the given industry and economic conditions
- key ratios deteriorating or differing greatly compared to its peers
- last minute transactions that resulted in significant revenue
- delay in the issuance of financial reports

Directors should consider what further actions or information they require on financial reporting and tailor the questionnaire accordingly. For example, all "No" answers may require further explanation. Also, directors may wish to organise a series of detailed presentations from relevant senior management on specific issues.

The questionnaire, which is not meant to be exhaustive, covers a broad range of issues, some of which may not be applicable or only relevant to certain types of companies. Accordingly, the scope and nature of the questions should be adapted to suit the circumstances of the company's activities, relevant legislation (including overseas reporting requirements) and perceived contentious reporting issues. The questionnaire would typically be completed by the chief financial officer.

A. Overall

1. Do the company's financial statements comply in all respects with applicable approved accounting standards and other relevant reporting requirements? ☐ Yes ☐ No

B. Accounting policies

2. Are there any new applicable approved accounting standards or other authoritative pronouncements in the current period? ☐ Yes ☐ No

3. Are there any changes to the company's accounting policies this year? ☐ Yes ☐ No

C. Going concern

4. Does the company or any of its controlled entities have a liquidity or solvency problem? ☐ Yes ☐ No

5. Have cash flow forecasts been prepared to determine whether the company's liabilities can be met as and when they fall due? ☐ Yes ☐ No

D. Cash

6. Have bank reconciliations been performed regularly and reviewed by an appropriate person? ☐ Yes ☐ No

7. Are any cash balances of controlled entities or those held in foreign countries subjected to any restrictions? If yes, please describe. ☐ Yes ☐ No

E. Investments

8. Is the company trading in shares? ☐ Yes ☐ No

9. Are there established authority limits covering investments? ☐ Yes ☐ No

10. Have there been incidences where the limits of authority were not adhered to? ☐ Yes ☐ No

F. Account receivable

11. Are there any new types of transactions giving rise to complex revenue recognition considerations? ☐ Yes ☐ No

12. Is the provision for doubtful receivables adequate? ☐ Yes ☐ No

13. Has adequate provision been raised for sales returns? ☐ Yes ☐ No

14. Has the company observed a correct cut-off for its sales transactions? ☐ Yes ☐ No

G. Inventories

15. Do the relationships between inventory movements, inventories at year-end, trade receivables and sales revenue appear reasonable? ☐ Yes ☐ No

16. Are there material adjustments made to the book inventory to reflect the physical inventory? ☐ Yes ☐ No

17. Is the company's method of valuing inventories consistent with most companies in the industry and in line with applicable approved accounting standards? ☐ Yes ☐ No

18. Is the provision for obsolete and excess inventory adequate? ☐ Yes ☐ No

19. Have all anticipated variations and claims relating to construction contracts and other service contracts been considered in the determination of contract outcome? ☐ Yes ☐ No

20. Have expected losses on construction contracts and other service contracts been recognised immediately? ☐ Yes ☐ No

21. Have profits on construction contracts and other service contracts been properly determined in accordance with appropriate accounting standards? ☐ Yes ☐ No

H. Property, plant and equipment

22. Have all major acquisitions of property, plant and equipment been subjected to a duly authorised approval process? ☐ Yes ☐ No

23. Has there been any valuation conducted on the land and buildings in accordance with the applicable approved accounting standards and if so, is it appropriately disclosed in the financial statements, where required? ☐ Yes ☐ No

24. Are the useful lives and methods used to depreciate plant and equipment reasonable? ☐ Yes ☐ No

25. Has a review of idle plant and surplus premises, including leased assets and premises, been performed for possible impairment? ☐ Yes ☐ No

26. If borrowing costs have been capitalised in property, plant and equipment, has the capitalisation been carried out as allowed by applicable approved accounting standards? ☐ Yes ☐ No

27. If the company has capital commitments on the purchase of property, plant and equipment, have appropriate disclosures required by the Companies Act 2016 been made in terms of amounts approved but not contracted for; and amount contracted but not provided for in the financial statements? ☐ Yes ☐ No

28. Does the company periodically take a physical inventory of property, plant and equipment? ☐ Yes ☐ No

29. Were there any significant adjustments made to the carrying value of property, plant and equipment? ☐ Yes ☐ No

    If yes, provide details of the adjustments:

I. Intangible assets

30. Have the intangible assets been impaired to reflect the useful life of the asset? ☐ Yes ☐ No

31. Is the impairment policy clearly disclosed in the financial statements? ☐ Yes ☐ No

J. Other non-current assets

32. Do all other non-current assets satisfy the definition of "asset" as defined in the applicable approved accounting standards? ☐ Yes ☐ No

33. Is the impairment policy appropriate? ☐ Yes ☐ No

34. Does the company have contingent assets and have these been disclosed according to applicable approved accounting standards? ☐ Yes ☐ No

K. Liabilities

35. Have provisions only been raised when there is a legal, equitable or constructive obligation present as a result of past transactions or events? ☐ Yes ☐ No

36. Are any assets pledged to secure borrowings? ☐ Yes ☐ No

37. If yes, have they been properly disclosed in the financial statements? ☐ Yes ☐ No

38. Has the company entered into any significant sale and lease back transactions during the financial year and if so, is the transaction appropriately recorded in accordance with applicable approved accounting standards? ☐ Yes ☐ No

39. Has the company adequately disclosed any contingent liabilities and off-balance sheet items according to applicable approved accounting standards? ☐ Yes ☐ No

L. Shareholders' equity

40. Have there been any share buybacks during the period? ☐ Yes ☐ No

41. Has the amount of any asset revaluation reserve attributable to assets disposed of been transferred to retained earnings or to a capital reserve, as appropriate? ☐ Yes ☐ No

42. Have issues of financial instruments, other than ordinary shares, been properly classified as equity or debt in accordance with applicable approved accounting standards? ☐ Yes ☐ No

M. Revenue and expenses

43. Are the methods of recognising major items of income/expense appropriate in the circumstances? ☐ Yes ☐ No

44. Are the company's methods of recognising income/expense consistent with methods used in the industry? ☐ Yes ☐ No

45. Has the gross profit on sales percentage changed significantly during the year? ☐ Yes ☐ No

46. Are the financial results of the company in line with analysts' expectations? ☐ Yes ☐ No

47. Have intra-group transactions been appropriately eliminated, including unrealised profits? ☐ Yes ☐ No

N. Taxation

48. Has the current tax liability in the financial report been calculated in accordance with current income tax laws and applicable approved accounting standards, including deferred tax? ☐ Yes ☐ No

49. Have the tax calculations been reviewed by a party independent of the preparer and who has appropriate knowledge of the tax requirements? ☐ Yes ☐ No

50. Are there any significant tax balances in dispute? ☐ Yes ☐ No

51. Has the effective tax rate been reconciled with the statutory tax rate? ☐ Yes ☐ No

O. Acquisitions/disposals

52. Have all acquisitions and disposals been subjected to due diligence procedures and board's/ shareholders' approvals, where required? ☐ Yes ☐ No

53. Has the company carried out post acquisition reviews to assess the actual performance against the proposed business case? ☐ Yes ☐ No

54. Have all discontinuing operations been properly identified and disclosed only in accordance with applicable approved accounting standards? ☐ Yes ☐ No

P. Earnings per share

55. Have any changes in capital structure or accounting policies during the year significantly affected the earnings per share? ☐ Yes ☐ No

56. Have basic and diluted earnings per share been accurately computed and disclosed in accordance with applicable approved accounting standards? ☐ Yes ☐ No

Q. General

57. Are assumptions regarding the determination of carrying value of assets and liabilities subjected to significant risks? ☐ Yes ☐ No

58. Have all major suspense, clearing or inter-office general ledger accounts been reconciled and cleared at reporting date? ☐ Yes ☐ No

59. Are there any significant post reporting date events that have a bearing on the financial report? ☐ Yes ☐ No

R. Bursa Securities Listing Requirements

60. Does the annual report comply with all of the disclosure requirements in the Bursa Securities Listing Requirements disclosures? ☐ Yes ☐ No

61. Do the quarterly reports announcements contain the required disclosures as prescribed by the Bursa Securities Listing Requirements and applicable approved accounting standards? ☐ Yes ☐ No

S. Directors' Report

62. Have all disclosures required by the Companies Act 2016 been made in the directors' report, including principal activities, review of operations, significant changes in the state of affairs, etc.? ☐ Yes ☐ No