

Securities and Exchange Commission – SEC

ACCOUNTABILITY AND AUDIT

D.1 FINANCIAL REPORTING

Principle D.1 The Board should present a balanced and understandable assessment of the Company’s financial position, performance and prospects.

D.1.1 The Board’s responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.

D.1.2 The Directors’ Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that:

- The Company has not engaged in any activity which contravenes laws and regulations.
- The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.
- The Company has made all endeavors to ensure the equitable treatment of shareholders.
- The business is a going concern, with supporting assumptions or qualifications as necessary.
- They have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if it is unable to make any of these declarations, to explain why it is unable to do so.

D.1.3 The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of financial statements, together with a statement by the Auditors about their reporting responsibilities.

D.1.4 The Annual Report should contain a “Management Discussion & Analysis”, discussing, among other issues:

- Industry structure and developments.
- Opportunities and threats.
- Risks and concerns.
- Internal control systems and their adequacy.
- Social and environmental protection activities carried out by the Company.
- Financial performance.
- Material developments in human resource/industrial relations.
- Prospects for the future.

D.1.5 The Directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary. The matters to which the Board should give due consideration when adopting the going-concern assumption are set out in **Schedule E** to this Code.

D.1.6 In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken.

D.2 INTERNAL CONTROL

Principle D.2 The Board should maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets.

D. 2.1 The Directors should, at least annually, conduct a review of the effectiveness of the Group's system of internal controls, so as to be able to report to shareholders as required in D.1.2. This could be made the responsibility of the Audit Committee.

D. 2.2 Companies which do not have an internal audit function should from time to time review the need for one.