

THE AUDIT COMMITTEE

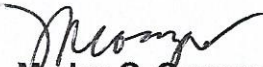
SFA Semicon Philippines Corp.
Clark Freeport Zone, Pampanga
Philippines

Annual Report of Internal Audit

For 2017, Internal Audit presented four (4) reports to Audit Committee. The scope and coverage was based on the audit plan approved by the Audit Committee. These include the review of Materials Inventory & Warehouse Management, review of term loans and the results on confirmation of vendor balances. Other desk audit activities and observations were also done during the year.

Based on the results of audit work conducted, there is a reasonable assurance that SFA Semicon has an adequate and effective system of internal control, risk management and governance that support the achievement of the company's objectives. The deficiencies in the processes and implementation of controls in certain areas did not affect the overall operations of the organization.

Management is responsive to audit recommendations and had implemented appropriate actions and corrective measures to address the audit issues. Remaining outstanding issues are continuously being monitored for resolution and progress.


Marlyn C. Ocampo
Internal Auditor